

Special Board of Directors Meeting

April 16, 2018 ■ 8:00 a.m.

3 East Fourth Street ■ Cincinnati, OH 45202

AGENDA

1. *Call Board Meeting to Order*
 2. *Resolution 2018-04*
 3. *Adjournment*
-

Greater Cincinnati

REDEVELOPMENT AUTHORITY

BOARD ACTION REQUEST FORM

Presented By (Name/Title):	Todd Castellini	
Action Requested:	<input type="checkbox"/> Motion	<input checked="" type="checkbox"/> Resolution
Purpose of Action:	Real Estate – Resolution to authorize the Redevelopment Authority to enter into a Term Sheet to set up Preliminary Terms for the financing of a stadium and related public improvements.	

PROJECT DETAILS	
Project Name:	FC Cincinnati Stadium Project
Address:	Wade St. – Taft H. S. – 15 th ST. – John St. – Central Parkway
Neighborhood, City, State:	West End, Cincinnati, Ohio
Acres of Land:	13 acres

KEY DEAL TERMS AND ROLES	
Project Description:	FC Cincinnati is seeking assistance from the Redevelopment Authority for the construction of the FC Cincinnati soccer stadium and related public infrastructure to be generally located in the West End of the City of Cincinnati, Ohio, Hamilton County, together with associated roadway and utility improvements on the site.
Contemplated Redevelopment Authority Role:	<p>Stadium Construction:</p> <ol style="list-style-type: none"> 1. Issue approximately \$200MM of Lease Revenue Bonds. 2. Issue approximately \$22MM of Property Assessed Clean Energy “PACE” Bonds. <p>Infrastructure:</p> <ol style="list-style-type: none"> 1. Issue approximately \$20MM of Transient Occupancy Tax “TOTS” Bonds. 2. Issue approximately \$7-11MM of New Community Authority “NCA” Bonds. 3. Issue approximately \$8MM of TIF Bonds. 4. Issue approximately \$20-25MM Bonds for a new 1,000 space garage. <p>Capital Lease: Entering into a sale-leaseback arrangement with Fussball Club Cincinnati LLC (“FC Cincinnati”).</p>
Will Redevelopment Authority Own Property? Describe:	Yes, the Redevelopment Authority will hold title to the Project. FC Cincinnati is intended to have the incidents of ownership of the Stadium Site and the Stadium for federal tax purposes and to be treated as the owner for financial accounting purposes. Assets (and liabilities) associated with the Stadium will not be placed on the Redevelopment Authority’s balance sheet.
Length of Involvement / Exit:	Anticipated to be 53 years in total subject to annual renewal. The lease includes an put option.

Total Consideration (US\$):	Up to \$297MM
Other Parties/Partners and Role:	<ol style="list-style-type: none"> 1. Fussball Club Cincinnati LLC – FC Cincinnati soccer 2. GCRA – Issuer 3. County – Hamilton 4. City of Cincinnati – Assistance that contemplates: <ol style="list-style-type: none"> a.) \$2.5MM from City Capital Funds b.) \$6.3MM from proceeds from sale of Blue Ash Airport c.) \$8MM from OTR TIF d.) \$1.5MM annually from TOTS e.) \$250K annually (subject to appropriation) if TOTS are short 5. Hamilton County – Assistance contemplates a new 1,000 space garage using revenue from The Banks parking facilities
Estimated Private Investment:	\$212.5MM
Expected Economic Impact / Jobs:	Economic impact and job creation data will be provided to the Redevelopment Authority prior to final Board approval.
Economic Inclusion Plan:	A plan will be provided to the Redevelopment Authority prior to final Board approval.
Critical Dates:	N/A

IMPACT ON FINANCIALS	One Time	Budgeted / Additional Information	Recurring
Unrestricted Cash:			
Restricted Cash:			
Balance Sheet (Capital or other):			
Approximate Revenue :		Too early to determine.	

ADDITIONAL RESOURCES CONSULTED FOR THIS DOCUMENT (PRIMARY CONTACT, FIRM)		
Redevelopment Authority's Counsel:	X	GiGi Benjamin, Calfee
Developer's Counsel:	X	Richard Spoor, Keating Muething & Klekamp
Underwriter:	X	Dan Blank, RSA
FC Cincinnati	X	Jeff Berding

RESOLUTION 2018-05

A RESOLUTION EXPRESSING THE CONDITIONAL INTENTION OF THE PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY, D/B/A GREATER CINCINNATI REDEVELOPMENT AUTHORITY, TO ENTER INTO A FINANCING TERM SHEET WITH FUSSBALL CLUB CINCINNATI LLC AND TO ISSUE ITS SELF-SUPPORTING REVENUE BONDS IN ONE OR MORE SERIES TO PAY COSTS OF PUBLIC INFRASTRUCTURE IMPROVEMENTS, ENERGY IMPROVEMENTS AND A STADIUM; PROVIDING FOR A DECLARATION OF OFFICIAL INTENT UNDER FEDERAL TAX REGULATIONS WITH RESPECT TO REIMBURSEMENT OF TEMPORARY ADVANCES FROM TAX-EXEMPT OBLIGATIONS; AND RELATED MATTERS.

WHEREAS, Fussball Club Cincinnati LLC (“FC Cincinnati”) and/or an affiliated entity or entities, proposes to acquire certain real property (the “Project Site”) in the City of Cincinnati, Ohio (the “City”), County of Hamilton (the “County”) and proposes to transfer the Project Site to the Port of Greater Cincinnati Development Authority, d/b/a/ Greater Cincinnati Redevelopment Authority (the “Redevelopment Authority”) to construct on the Project Site certain public improvements, including a Parking Garage (the “Public Improvements”), and to construct on a portion of the Project Site (the “Stadium Site”) a stadium (the “Stadium” and collectively with the Public Improvements, the “Project”) for lease to FC Cincinnati. The Redevelopment Authority proposes to support the Project by (i) issuing Governmental Revenue Bonds (as defined in the Term Sheet hereinafter discussed) to finance eligible costs of the Public Improvements, (ii) entering into a sale-leaseback arrangement with FC Cincinnati, and (iii) issuing (a) taxable lease revenue bonds to pay the costs of the Stadium payable from rental payments under the lease of the Stadium (the “Lease Revenue Bonds”) and (b) PACE Bonds (as defined in the Term Sheet) payable from special assessments on the Stadium Site; and

WHEREAS, the City and the County have indicated their willingness to provide certain revenues to pay debt service on the Governmental Revenue Bonds (the “Public Sources”) and otherwise to fund the Public Improvements; and

WHEREAS, FC Cincinnati has requested that the Redevelopment Authority issue its Governmental Revenue Bonds in one or more series under the authority of Sections 4582.21 *et seq.* of the Ohio Revised Code (collectively, the “Act”), in an amount presently expected not to exceed \$80,000,000.00, to be payable from the Public Sources and other funds, the proceeds of which Governmental Revenue Bonds would be used to pay for the costs of the Public Improvements; and

WHEREAS, FC Cincinnati has also requested that the Redevelopment Authority issue its Lease Revenue Bonds in an amount presently expected not to exceed \$200,000,000 to be payable from lease payments made by FC Cincinnati as lessee of the Stadium, and its PACE

Bonds to be payable from special assessments levied on the Stadium Site, the proceeds of which Lease Revenue Bonds and PACE Bonds would be used to pay for the costs of the Stadium; and

WHEREAS, neither the Governmental Revenue Bonds, nor the PACE Bonds nor the Lease Revenue Bonds (collectively, the “Bonds”) shall represent or constitute a general obligation, debt or bonded indebtedness, or a pledge of the faith and credit of the Redevelopment Authority, the City, the County, the State or any political subdivision thereof, and the holders of the Bonds shall not be given and shall not have any right to have excises or taxes levied by this Board or the City, the County or the State or the taxing authority of any political subdivision thereof (other than a new community authority organized under Chapter 349 of the Ohio Revised Code), for the payment of bond service charges or any other costs of the Public Improvements, and the Bonds will be payable solely from the sources set forth in the Term Sheet; and

WHEREAS, United States Treasury Regulation §1.150-2 (the “Reimbursement Regulations”) prescribe conditions under which proceeds of the Governmental Revenue Bonds used to reimburse advances made for certain expenditures paid before the issuance of the Governmental Revenue Bonds will be deemed to be expended (or properly allocated to expenditures) for purposes of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, certain provisions of the Reimbursement Regulations require that there be a Declaration of Official Intent not later than 60 days following payment of the expense expected to be reimbursed from proceeds of bonds, and that the reimbursement occur within certain prescribed time periods after an expense is paid or after the property resulting from that expenditure is placed in service; and

WHEREAS, FC Cincinnati wishes to proceed with the necessary actions for the structuring of its financing program and has requested an expression of this Board’s willingness to authorize the issuance of the Bonds at a future date after the documentation relating to the financing has been prepared and completed; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Redevelopment Authority, that:

1. This Board hereby authorizes and directs the President to enter into a Term Sheet with FC Cincinnati in substantially the form attached hereto as Exhibit A, with such changes therein as are not substantially adverse to the Redevelopment Authority as the President and the Redevelopment Authority’s legal counsel may approve, such execution being conclusive evidence of approval of any such changes.

2. This Board hereby agrees to authorize and issue the Bonds in one or more series, pursuant to a plan of finance, pursuant to the Act, and to use the proceeds to pay the costs of the Project pursuant to one or more cooperative agreements among the Redevelopment Authority, the Borrower and the City and such other parties as are necessary thereto (collectively, the “Financing Agreement”); provided, however, that prior to the issuance of the Bonds (A) the

Redevelopment Authority shall have received evidence satisfactory to the President that the Redevelopment Authority's interests are appropriately represented and protected, and that all documents, certificates and related materials are in form satisfactory to the President, and of the compliance by FC Cincinnati and other necessary parties with applicable requirements of federal, State and local laws and regulations, including without limitation federal income tax law and federal securities law, (B) that the Bond documents meet with the approval of the President, and (C) the President is satisfied with all other aspects of the proposed Bond issues. FC Cincinnati will release, indemnify and hold harmless the Redevelopment Authority, its directors, officers and employees for any loss, cost, expense, claims or actions connected with this resolution, the Bonds or the Project, including without limitation the Redevelopment Authority's failure or refusal to issue the Bonds, as provided in the Term Sheet.

3. This Resolution is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal Revenue Code of 1986, as amended (the "Code"). Based upon the representations of FC Cincinnati, the Redevelopment Authority reasonably expects that certain of the costs of the Project will be reimbursed with the proceeds of the Governmental Revenue Bonds. The maximum principal amount of the Bonds to be issued as tax-exempt bonds is expected to be \$80,000,000.

4. This Board finds and determines that all formal actions of this Board concerning and relating to the adoption of this Resolution were taken in an open meeting of this Board and that all deliberations of this Board and of any committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

5. This Resolution shall be in full force and effect immediately upon its adoption.

On motion of _____, seconded by _____, the foregoing Resolution was duly adopted.

Ayes:

Nays:

Resolution Adopted. _____

The undersigned, Secretary of the Board of Directors of the Port of Greater Cincinnati Development Authority, d/b/a/ Greater Cincinnati Redevelopment Authority, certifies that the foregoing is a true and correct excerpt from the minutes of the regular meeting of the Board on _____, 2018, showing the adoption of the Resolution set forth above.

Secretary

Greater Cincinnati Redevelopment Authority
PRELIMINARY DEVELOPMENT TERM SHEET
(FC CINCINNATI STADIUM PROJECT)

Date: April 16, 2018

*This preliminary draft Term Sheet is provided for discussion purposes only and is subject to review, change, and approval by all parties. The proposed terms and conditions herein represent the primary business points under which the Port of Greater Cincinnati Development Authority d/b/a/ Greater Cincinnati Redevelopment Authority (the “**Port Authority**”) will enter into negotiations for the proposed financing, construction, and lease agreements with respect to the proposed Project, and thus shall not be construed as binding upon either party until the mutual execution of all requisite financing, construction, and lease agreements occur. Any obligations that may be deemed to arise under this Term Sheet are contingent on FC Cincinnati (defined *infra*) obtaining all necessary corporate approvals and the Port Authority obtaining Board approval. This Term Sheet is proprietary and confidential to the extent permitted by law.*

This term sheet (“**Term Sheet**”) outlines a financing proposal by the Port Authority in support of the construction of the FC Cincinnati soccer stadium (the “**Stadium**”) and related public infrastructure consisting primarily of an approximately 1,000 space public parking facility (the “**Parking Garage**”) to be generally located in the West End neighborhood of the City of Cincinnati, Ohio (the “**City**”), Hamilton County (the “**County**”), together with associated roadway and utility improvements (such public improvements being the “**Public Project**” and, together with the Stadium, the “**Project**”).

The Port Authority proposes to support the Project by (i) issuing Governmental Revenue Bonds to finance eligible costs of the Project, (ii) entering into a sale-leaseback arrangement with Fussball Club Cincinnati LLC (“**FC Cincinnati**”), and (iii) issuing taxable lease revenue bonds secured by rental payments under the Lease (the “**Lease Revenue Bonds**”). In general, FC Cincinnati will convey or cause to be conveyed fee interest in the Project Site (defined *infra*) to the Port Authority. Thereafter, FC Cincinnati will lease the portion of the Project Site constituting the future site of the Stadium (the “**Stadium Site**”) from the Port Authority pursuant to a 360-day Project Lease (the “**Lease**”), renewable at the mutual option of FC Cincinnati and the Port Authority and terminating in 2071. The Port Authority will issue Lease Revenue Bonds to finance a portion of the costs of the Stadium. FC Cincinnati will be responsible for the construction, equipping, and improvement of the Project on behalf of the Port Authority. The Stadium Site, together with the real property upon which the Parking Garage will be located, are hereinafter the “**Project Site**”.

TERMS AND CONDITIONS OF THIS TERM SHEET ARE SPECIFIC TO THIS PROJECT BASED ON VARIOUS FACTORS AND HAVE NO BEARING, RELEVANCE OR INFLUENCE ON ANY PAST OR FUTURE PORT AUTHORITY TRANSACTIONS WHATSOEVER.

I. Project Summary

Project Name: FC Cincinnati Stadium Project

FC Cincinnati: Fussball Club Cincinnati LLC

Project Description & Purpose: FC Cincinnati is seeking assistance from the Port Authority for various incentives with respect to the construction of the Project. FC Cincinnati intends that the Project will ensure job retention and create new commercial opportunities upon adjoining properties within the City and will create new jobs at and around the Project Site during and after completion. FC Cincinnati has requested that the Port Authority issue bonds to assist with financing the Project for the purpose of encouraging development, and job-creation consistent with the purposes of the Port Authority and FC Cincinnati.

Project Site: Current Willard R. Stargel Stadium site and adjacent parcels.

Project Costs: The Stadium will cost approximately \$200 million, and the Public Project will cost approximately \$40 million. Projected eligible PACE costs related to the Stadium will be provided by FC Cincinnati.

Closing Date: On or about August 1, 2018.

Construction Schedule: Construction is expected to begin in November of 2018.

II. Proposed Legal Structure

Summary: A. Lease Revenue Bonds. FC Cincinnati will transfer or cause to be transferred fee title to the Project Site to the Port Authority. Thereafter, FC Cincinnati will lease the Stadium Site (inclusive of the Stadium) from the Port Authority pursuant to a Project Lease (as more fully described below, the “**Project Lease**”). The Port Authority will have fee title to the Project Site, subject to a future purchase obligation and/or reversionary interest in favor of FC Cincinnati. The Port Authority will issue Lease Revenue Bonds payable solely from lease payments under the Project Lease and secured by the Mortgage (defined infra). The proceeds of the Lease Revenue Bonds will be used by FC Cincinnati to construct the Stadium on behalf of the Port Authority.

The Project Lease will be a triple net capital lease agreement with FC Cincinnati being responsible to pay Base Rent, Initial Rent (set forth in the Section VII – Closing Costs), Annual Rent, Additional Rent, and all expenses associated with the ongoing management and operation of the Stadium.

The Project Lease will include the obligation of FC Cincinnati to construct the Stadium.

B. Governmental Revenue Bonds. In order to further facilitate the financing of the Project, it is anticipated that the City, with the cooperation of FC Cincinnati and/or the Port Authority, will create a new community authority (the “**NCA**”) with jurisdiction over the Stadium Site and certain

adjacent properties.

The Port Authority, the City, the County, FC Cincinnati, the NCA, and any additional necessary parties, will enter into a Cooperative Agreement (the “**Cooperative Agreement**”) whereby, among other things, the City, the County, and the NCA will pledge certain revenues (as more fully described herein, the “**Pledged Revenues**”) to the Port Authority for the purpose of securing the issuance of several series of governmental revenue obligations, the proceeds of which will be used to construct the Public Improvements (all as more fully described herein). FC Cincinnati will act as Construction Manager-at-Risk to the Port Authority for the construction of the Public Project and the Stadium.

C. PACE Bonds. The Cooperative Agreement will also incorporate the existing obligation of the City to transfer to the Port Authority as security for the PACE Bonds energy special improvement district special assessments paid with respect to the Stadium Site.

III. PACE Bonds

Amount: The Port Authority will issue bonds secured by PACE energy special assessments in a principal amount of approximately \$22,000,000; provided that the principal amount of the PACE Bonds shall ultimately be fixed at the amount necessary to finance the portions of the Stadium eligible for PACE financing as provided by FC Cincinnati and approved by the Port Authority and the appropriate legislative authority (the “**PACE Bonds**”). The PACE Bonds shall be marketable securities, subject to applicable restrictions on transfer, as reasonably determined by the Underwriter/Placement Agent named below.

Term: The maturity of the PACE Bonds will not exceed the weighted average useful life of the energy efficiency improvements financed with the PACE Bonds, or the maximum amount allowed by law, whichever is earlier.

Rating: N/A

Tax Status: Federally Taxable

Underwriter / Placement Agent: Ross, Sinclair & Associates.

Method of Sale: The Port Authority will require a minimum denomination of \$100,000. A final determination of a public offering or a private placement with the inclusion of a non-traveling investor letter is subject to approval of the Port Authority. The Port Authority in its capacity as issuer will make the final determination of the method of marketing in its sole discretion.

Denominations: \$100,000.

Administrator: Third party administrator selected by the Port Authority to provide annual administration of the PACE Bonds following completion of the financing.

Ownership: The Port Authority will hold title to the Project for State law purposes. FC Cincinnati is intended to have the incidents of ownership of the Stadium Site and the Stadium for federal tax purposes and to be treated as the owner for financial accounting purposes. Assets (and liabilities) associated with the Stadium will not be placed on the Port Authority's balance sheet.

Special Assessments; Other Security: FC Cincinnati or the Port Authority, as owner of the Stadium Site, will petition the City to assess the Stadium Site for annual assessment amounts sufficient to pay principal, interest, administration fees and trustee fees due in any one calendar year on the PACE Bonds. Special Assessments will be paid semiannually at the time property taxes are paid via the tax roll (usually January and July). The special assessments will be *in rem* obligations attached to the Stadium Site and, pursuant to the Project Lease (defined *infra*), will be an obligation of FC Cincinnati in its capacity as lessee thereunder.

FC Cincinnati shall provide additional security for the PACE Bonds as mutually agreed to between the Port Authority and FC Cincinnati. The documentation related to the PACE Bonds shall provide that the PACE Bonds shall be due and payable if FC Cincinnati no longer operates the Stadium.

Control of Project: The eligible costs being paid by the PACE Bonds are part of the Stadium and therefore FC Cincinnati will control the design and operation thereof in accordance with the Project Lease (defined *infra*). FC Cincinnati, in its capacity as Stadium CMAR (defined *infra*), will oversee the construction of the Stadium for the Port Authority and the incorporation of the PACE eligible project components.

Notwithstanding anything herein or elsewhere to the contrary, no series of the PACE Bonds will be a general obligation of the Port Authority.

IV. Government Revenue Bonds

General Description: The Port Authority will issue several series of governmental revenue bonds (collectively, the "**Governmental Revenue Bonds**") with a total aggregate principal amount of approximately \$75 million, but in no event in excess of the amount necessary to finance the construction of the Public Project. The Port Authority will make the proceeds of the Bonds available to FC Cincinnati to purchase, construct, and equip the Public Project in FC Cincinnati's role as the Port Authority's Construction Manager At-Risk for the Public Project (the "**Public CMAR**") and FC Cincinnati will be responsible for constructing the Public Project on time and on budget. The Port Authority shall obtain a guaranty of completion from one or more guarantors mutually acceptable to the parties.

Pledged Revenues: It is anticipated that the City, the County, and the NCA will separately pledge certain revenue streams to the Port Authority as security for the various series of Governmental Revenue Bonds, including but not limited to:

County Contribution -- Subject to the terms of the County’s “Resolution Directing County Administration to Facilitate the Development, Funding, Financing, and Construction of a Community Public Parking Garage Facility” adopted November 29, 2017 (as amended or supplemented, the “**County Resolution**”), it is anticipated that the County will pledge to the Port Authority certain parking revenues associated with the riverfront parking facilities owned by the County and generally referred to as “The Banks” parking facilities (the “**County Parking Revenues**”).

City Contribution – Subject to the terms of the City’s Ordinance authorizing the various incentives (as amended or supplemented, the “**City Ordinance**”), it is anticipated that the City will pledge to the Port Authority (i) the City’s share of the residual transient occupancy tax (the “**City Residual Occupancy Tax**”), and (ii) funds available under a cooperative agreement with the County and the CFA (the “**CFA Cooperative Agreement Funds**”), provided that the sum of (i) and (ii) shall not exceed \$1.5 million in any year. In addition to the foregoing, it is anticipated that the City will create an additional ORC 5709.40(B) project TIF over certain parcels of land adjacent to the Stadium Site (the “**Adjacent Project TIF**”) and will pledge future payments-in-lieu of taxes from the Adjacent Project TIF to the Port Authority.

NCA Contribution – It is anticipated that the NCA will be formed and establish a community development charge in the form of a 2% surcharge on taxable revenues at the Stadium (the “**Community Development Charge**”). The NCA will pledge the Community Development Charge to the Port Authority to secure a series of Governmental Revenue Bonds (the “**Community Development Charge Bonds**”).

FC Cincinnati shall provide additional security for the Community Development Charge Bonds as mutually agreed to between the Port Authority and FC Cincinnati. The documentation related to the Community Development Charge Bonds shall provide that the Community Development Charge Bonds shall be due and payable if FC Cincinnati no longer operates the Stadium.

The County Contribution, the City Contribution, and the NCA Contribution are collectively the “**Pledged Revenues**”.

Parking Garage Revenues: All parking garage revenues (net of operating expenses) generated at the Parking Garage (“**Garage Revenues**”) will, if necessary for the bond

financing, first be pledged to the repayment of the Governmental Revenue Bonds. Any Garage Revenues not needed for such purpose, and not required to be paid to the County under any separate arrangement with the County, shall be distributed to FC Cincinnati and the County as the parties mutually agree,

Term: Not-to-exceed the maximum permissible term under the Ohio Revised Code.

Tax Status: Anticipated to be Federally Tax-Exempt

Projections: The Governmental Revenue Bonds will not be issued in an amount exceeding that which is reasonably anticipated to be serviceable from the combined Pledged Revenues and Garage Revenues, as such amounts are determined in accordance with third-party projections prepared to the reasonable satisfaction of the Port Authority, the Underwriter/Placement Agent and FC Cincinnati (the “**Projections**”).

Underwriter / Placement Agent: Ross, Sinclaire & Associates.

Interest Rate: TBD

Certifications: The Underwriter / Placement Agent will provide an issue price certificate.

Control of Project: Except for public roadways, utilities, and related infrastructure customarily dedicated for acceptance by the City, the Public Project (and in particular, the Parking Garage) will be owned by the Port Authority and managed by FC Cincinnati pursuant to a qualified management agreement; provided that the terms of the management agreement shall not, in and of itself, result in the interest on the Government Revenue Bonds being includible in gross income for Federal tax purposes, unless mutually agreed otherwise by the Port Authority and FC Cincinnati. FC Cincinnati will have the option to purchase the Parking Garage (including the land upon which it is situated) for (i) if prior to the end of the useful life of the Parking Garage for tax purposes (estimated to be 39 years), the greater of (a) the outstanding principal amount of the Government Revenue Bonds plus the aggregate amount of the City Direct Contribution (defined *infra*), and (b) the fair market value of the Parking Garage at the time of the purchase LESS depreciation and further LESS the depreciated value of the capital costs of the Parking Garage paid for by FC Cincinnati and not reimbursed from governmental sources; provided that the sale of the Public Project shall not affect the exemption from gross income of the interest on the Governmental Revenue Bonds, if applicable (and (ii) if after the useful life of the Parking Garage for tax purposes, for the sum of \$1.00.

Administrator: Third party administrator selected by the Port Authority to provide annual

administration of the Governmental Revenue Bonds following completion of the financing.

Not General Obligation: Notwithstanding anything herein or elsewhere to the contrary, no series of Governmental Revenue Bonds will be a general obligation of the Port Authority, the County, the City, or the NCA.

V. Lease Revenue Bonds

General Description: FC Cincinnati will convey or cause to be conveyed fee interest in the Project Site to the Port Authority. Thereafter, FC Cincinnati will lease Stadium Site from the Port Authority pursuant to the Project Lease. In accordance with the terms of the Project Lease, FC Cincinnati will serve as Construction Manager-at-Risk (the “**Stadium CMAR**”) to the Port Authority and will be responsible for delivering the Stadium on time and on budget on behalf of the Port Authority.

Project Lessor: The Port Authority

Project Lessee: FC Cincinnati, or an affiliated designee

Private Construction Manager at Risk: FC Cincinnati

Term of Lease: The initial term of the Project Lease will be for 360 days, renewable annually at the mutual option of the Port Authority and FC Cincinnati.

Expiration of Term: In the event that the Project Lease expires without being renewed by FC Cincinnati or the Port Authority, or is otherwise terminated in accordance with its terms prior to the payment in full or cancellation of the Lease Revenue Bonds, the Redevelopment Authority may require FC Cincinnati to purchase the Stadium and the Stadium Site from the Port Authority for a purchase price equal to the then outstanding principal amount of the Lease Revenue Bonds plus Additional Rent accrued under the Project Lease. If, after the payment in full or cancellation of the Lease Revenue Bonds, the Project Lease expires without being renewed by FC Cincinnati or the Port Authority, or is otherwise terminated in accordance with its terms, the Port Authority shall transfer the Stadium and the Stadium Site to FC Cincinnati.

Base Rent: Base rent under the Project Lease will be equal to LRB Debt Service (defined *infra*) as such amounts become due from time to time.

Annual Rent: See **Section VII – Port Authority Administration Fees**

Initial Rent: See **Section VII – Closing Fees**

Additional Rent: Payments of Additional Rent shall be due as required and shall generally be amounts needed to offset costs incurred by the Port Authority in connection with the Project Lease over and above annual administrative costs covered by Annual Rent.

- Property Taxes and Assessments: The Project Lease will provide that the lessee thereunder is responsible for payment of any property taxes and assessments accruing to the Stadium Site, including all PACE special assessments.
- Purchase Option: FC Cincinnati, as lessee under the Project Lease, may, subject to the terms and conditions of the Project Lease, purchase the interests of the Port Authority in the Stadium and the Stadium Site at any time after completion of the Stadium plus four years, provided (i) no defaults exist at such time, (ii) all accrued rent payments are made, (iii) the Lease Revenue Bonds have been retired or cancelled, and (iv) and there is not event of default in the payment of principal of or interest on the PACE Bonds. The purchase price for the option shall be \$1.00, plus all transfer and transaction costs including attorneys' fees incurred by the Port Authority in the preparation or review of applicable documentation, all of which shall be satisfactory in form and substance to the Port Authority.
- Lease Revenue Bonds: The Port Authority will issue approximately \$200,000,000 of Port Authority lease revenue bonds (the "**Lease Revenue Bonds**") to finance the construction of the Stadium. The Port Authority will make the bond proceeds available to FC Cincinnati to purchase and construct the Stadium. The Lease Revenue Bonds will be purchased by FC Cincinnati or its designee pursuant to a Bond Purchase Agreement. It is anticipated that FC Cincinnati will fund a portion of such purchases through draws on a financing to be obtained by FC Cincinnati from a construction lender (the "**Lender**", and such financing being the "**Construction Financing**"). It is anticipated that the Lease Revenue Bonds will be pledged as security to the Lender for the Construction Financing.
- Bond Advances: The principal amount of the Lease Revenue Bonds may be advanced in increments, as draw-down bonds, to reflect (i) construction advances made under the Construction Financing, and (ii) payments of construction costs made by FC Cincinnati. If a draw-down structure is utilized, upon closing, an initial bond increment will be issued in an amount equal to the eligible Stadium costs spent prior to closing. Such costs may include soft costs, financing costs or other costs incurred by FC Cincinnati at or before closing. The initial principal amount of the Lease Revenue Bonds shall be equal to the amount of this initial increment. As eligible costs are incurred by FC Cincinnati and documented to the Lender and the Port Authority, the Lender will make advances under the Construction Financing and/or FC Cincinnati will make payments of construction costs, but in either case such advance/payment will in turn be deemed advances of Lease Revenue Bonds in like amount.
- Bond Terms: Principal and interest on the Lease Revenue Bonds will be payable at the same time and in the same amounts as payments of principal and interest under the Construction Financing (the "**LRB Debt Service**").
- Fee and Leasehold Mortgage: The Lease Revenue Bonds will be secured by an Open-End Fee and Leasehold Mortgage, Assignment of Leases and Rents, and Security

Agreement (**the “Mortgage”**), which will be granted by FC Cincinnati and the Port Authority to holders of the Lease Revenue Bonds (initially, FC Cincinnati). In addition to the foregoing, the Construction Financing may be secured by a similar mortgage and assignment of leases and rents. The Port Authority will enter into any necessary assignments and subordination agreements required to secure the collateral assigned by the Port Authority to holders of the Lease Revenue Bonds and the Lender, including an assignment of the Project Lease as security for the foregoing.

Notwithstanding anything herein or elsewhere to the contrary, no obligations of the Port Authority under any such documents will be a general obligation of the Port Authority.

Control of Stadium:

FC Cincinnati will control the design and operation of the Stadium in accordance with the Project Lease (inclusive of the PACE eligible portions thereof). FC Cincinnati, in its capacity as Stadium CMAR, will oversee the construction of the Stadium for the Port Authority and the incorporation of the PACE eligible project components. The Stadium CMAR will execute construction contracts with its general contractor in accordance with a Construction Manager-at-Risk Agreement (the **“CMAR Agreement”**) with the Port Authority. Such contracts will identify the Port Authority as holding title to the Stadium (subject to the Project Lease) and include an acceptable acknowledgement that the Port Authority has *no* obligation or liability under any such contracts except from amounts provided under the CMAR Agreement and the Project Lease. The Stadium CMAR will be responsible for completion of the Stadium on time and on budget, and for any cost overruns.

Notwithstanding the foregoing, it is anticipated by the parties that FC Cincinnati will retain Federal tax ownership of the Stadium and all the incidents appurtenant thereto (including but not limited to depreciation), and the Port Authority will not treat the Stadium as being owned by the Port Authority for purposes of Federal taxation.

Right to Sublease to Affiliate:

FC Cincinnati shall have the right to sublease the Project Lease premises to an affiliate in connection with the financing of the construction of the Stadium.

Placement Agent:

Ross, Sinclair & Associates

VI.

City Direct Funding

Direct Funding:

In addition to the City Contribution set forth in Section IV above, it is also anticipated that the City, pursuant to the City Ordinance, will contribute to the Port Authority for use in paying for construction costs of the Public Project the following amounts (collectively, the **“City Direct Funding”**):

- (i) Uncommitted cash on hand not to exceed \$8,000,000 from OTR East TIF District.

(ii) \$6,383,000 from the proceeds of the sale of the Blue Ash Airport currently available as cash on hand in the City's Special Reserve Account No. 3476 "Blue Ash 2 Reserve" within the City's Miscellaneous Improvement Fund 757.

(iii) \$2,500,000 from the City's capital funds.

Use of City Direct Funding:

The City Direct Funding, to the extent contributed by the City, will be disbursed to pay construction costs of the Public Project in substantially the same manner as the proceeds of the Governmental Revenue Bonds; provided, however, that the proceeds of the Governmental Revenue Bonds shall be spent before use of the City Direct Funding sources.

VII.

Additional Items

Economic Inclusion:

FC Cincinnati acknowledges that the Port Authority strives to have meaningful and substantial levels of participation by Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs) and Small Business Enterprises (SBEs) in Port Authority projects and that they are familiar with the Port Authority's Inclusion Policy. Consistent with the Policy, contractors work to achieve a total target goal of 25% MBEs, 7% WBEs and 30% SBEs participation. The complete Policy is available on the Port Authority's website.

Application Fee:

In accordance with Schedule A of the Port Authority's Resolution No. 2005-1, FC Cincinnati will pay upon execution of this Term Sheet a non-refundable application fee to the Port Authority for the issuance of the TIF Bonds and the PACE Bonds.

Closing Fee:

The closing fees associated with the Project will be paid by FC Cincinnati on the Closing Date and consist of the following fees:

- (i) The costs of recording all instruments to be recorded, and the premiums relating to all title insurance policies; and
- (ii) Contracting Agent Fees in accordance with the Schedule A of the Port Authority's Resolution No. 2005-1 (as applicable) (reduced by the amount of the Application Fee already paid).
- (iii) Initial Rent under the Project Lease in an amount that results from the formula provided in Schedule A of the Port Authority's Resolution No. 2005-1. The fee shall be calculated as of the Closing Date using the latest available construction figures from the Stadium CMAR. The legal deposit required under Section VIII – Acceptance shall be credited against the Initial Rent obligation on the Closing Date.

- (iv) Other professional fees and expenses of Transaction Participants, such as title fees, or other professional fees and expenses related to the Project, may be paid at closing (provided that professional fees associated with the Lease Revenue Bonds will be paid for from the Initial Rent payment made under (iii) above).

Notwithstanding the foregoing, closing fees associated with the Governmental Revenue Bonds and the PACE Bonds will be paid from the initial proceeds of the respective bonds on the Closing Date. FC Cincinnati will be responsible for all costs of the bond issuances not covered by the proceeds thereof.

It is specifically understood and agreed that, whether on or prior to the Closing Date or occurring thereafter, FC Cincinnati is responsible for all such costs regardless of whether the transaction(s) close.

Port Authority
Administrative Fees:

The annual administrative fees shall be payable based on Schedule A of the Port Authority's Resolution No. 2005-1 (as applicable).

In addition, on the date the first annual administrative fee is payable, there will be a "true-up" of the Initial Rent payment to reflect the final GMP for the Stadium. If the GMP is higher than the estimate upon which the Initial Rent payment was calculated, the lessee under the Project Lease will pay an additional amount as determined by the final GMP. If the GMP is lower than the estimate upon which the Initial Rent payment was calculated, the annual administrative fee (or fees, as applicable) will be reduced by the difference.

Additional to the foregoing, the Port Authority will collect as Annual Rent under the Project Lease an amount equal to \$5,000 per annum for use in offsetting costs associated with monitoring the Lease Revenue Bonds.

Indemnitor:

FC Cincinnati

Indemnification:

Except in the event of gross negligence or willful misconduct of the Port Authority, the Indemnitor will defend and indemnify the Port Authority from any cost, expense, liability, claim, lawsuit or other loss incurred by the Port Authority as a result of any condition affecting the Project Site or Project, including any environmental condition or event, any mechanics' or other liens and any taxes or assessments or other impositions.

Except in the event of gross negligence or willful misconduct of the Port Authority, the Indemnitor will defend and indemnify the Port Authority against any cost, expense, liability, claim, lawsuit or other loss asserted against, incurred by or imposed upon the Port Authority arising from, related to or in connection with the Project Site or the Project or the leasing, operation, use, maintenance or repair of the Project, or any action or failure to act on the part of the Lessee including without limitation, costs, expenses, liabilities, claims, lawsuits or other losses related to

damage to or loss of property or injury to or death of any person, and any claim that sales or use taxes are payable with respect to the purchase of building and construction materials incorporated into the Project. The foregoing is intended as a description, is not intended to be either complete or definitive and is subject to final agreement in the definitive documents evidencing the proposed transaction.

Property Taxes:

It is anticipated that the Public Project, including the Parking Garage and the land upon which it will be sited, will be exempt from real property taxation under Ohio law. In addition to the foregoing, provided the remaining term of the Project Lease remains less than one calendar year, it is also anticipated that the Stadium Site and the Stadium will be exempt from real property taxation pursuant to ORC Section 4582.46 and/or additional statutes under the ORC.

Port Authority will cooperate with FC Cincinnati to apply for an exemption from real property taxation for both the Public Project (including the Parking Garage) as well as the Stadium Site and Stadium.

Sales and Use Tax Benefit:

Due to Port Authority ownership of the Project, the purchase of building and construction materials to be incorporated into the Project, including building and construction materials incorporated into the Stadium, is expected to be exempt from Ohio state and local sales/use taxes.

When it becomes necessary to order construction materials for the Project, pursuant to the provisions of the Project Lease or the CMAR Agreement, the Port Authority will issue a Construction Contract Sales Tax Exemption Certificate (“**Exemption Certificate**”) that can be used for the purchase of building and construction materials for the Project.

Nothing herein, or in the Project Lease, or any other transaction document shall require the Port Authority to pay any such taxes or be construed as a guarantee by the Port Authority of the availability or of the amount of any such tax savings. The proposed structure and the resulting benefits are being offered as a job creation, preservation and retention incentive, to reduce the costs of the Stadium and induce FC Cincinnati to complete the Stadium in the manner agreed to, and thereby promote the public purposes of the Port Authority.

Port Authority
Cooperation:

The Port Authority, as owner of the Project Site and the Project and as lessor under the Project Lease will agree to execute an acceptable Community Benefits Agreement relating to the Project as required by the City and will otherwise cooperate with the FC Cincinnati and will, at the request of FC Cincinnati (at no cost to itself and subject to appropriate indemnification) sign authorizations reasonably necessary in connection with the procurement of permits, governmental approvals or similar items in connection with the construction, development, leasing, management and operation of the Project.

FC Cincinnati will agree to reasonably notify the Port Authority of its intentions with respect to any material changes in use of the Project Site or Project (e.g., any significant additions or renovations after completion of the Project) and on request, but at no cost to itself, the Port Authority will reasonably cooperate with FC Cincinnati in facilitating or implementing such transactions.

Additional Requirements: In addition to the items otherwise identified above, the following will be required by the Port Authority prior to the Closing Date:

- (i) evidence of all required insurance, including required loss payee and additional insured certificates;
- (ii) an acceptable project cost budget relating to the Project and an executed contract for construction of the Project;
- (iii) an executed commitment letter from the Lender with respect to the Lease Revenue Bonds for the Stadium;
- (iv) option to purchase assignment by FC Cincinnati to the Port Authority of its CMHA property;
- (v) determination of acceptable guarantors of the special assessments securing the PACE Bonds and of the Community Development Charges securing the Community Development Charge Bonds; and
- (v) customary legal opinions from all parties, including the City Law Department and the County Prosecuting Attorney.

Documents: In addition to the items otherwise identified above, the following documents will be executed by the parties on or prior to the Closing Date:

- (i) Bond documentation, including a form of Bond for the Lease Revenue Bonds, the Governmental Revenue Bonds and the PACE Bond.
- (ii) Lease Revenue Bond Commitment Letter
- (ii) Bond Purchase or Placement Agreement for Lease Revenue Bond, Governmental Revenue Bonds and PACE Bonds
- (iii) Project Lease Agreement
- (iv) Indemnification Agreement
- (v) Open-End Fee and Leasehold Mortgage
- (vi) Notice of Commencement (R.C. §1311.252)
- (vii) Construction Manager At-Risk Agreements (Public and Private)
- (viii) Development Agreement
- (ix) Memorandum of Project Lease Agreement
- (x) Cooperative Agreement
- (xi) Service Agreement (if applicable)
- (xii) Public Infrastructure Purchase Agreement
- (xiii) Applicable guarantees
- (xiv) Any other document deemed necessary for the transaction

Transaction Participants: Issuer: Greater Cincinnati Redevelopment Authority
FC Cincinnati: Fussball Club Cincinnati LLC
Counsel to FC Cincinnati: Keating Muething & Klekamp

Bond Counsel: Calfee Halter & Griswold LLP
Underwriter / Placement Agent: Ross, Sinclair & Associates
ESID: Greater Cincinnati Energy Alliance
City: City of Cincinnati, Ohio
County: Hamilton County, Ohio
Trustee: The Huntington National Bank

VIII. **Acceptance**

Upon acceptance of the Term Sheet by the Port Authority, FC Cincinnati shall pay to the Port Authority, in addition to the Application Fee, a nonrefundable deposit in the aggregate amount of fifty thousand dollars (\$50,000) for legal costs associated with preparation of the Project Lease, issuance of the Lease Revenue Bonds, issuance of the PACE Bonds, and issuance of the Governmental Revenue Bonds. The Port Authority and FC Cincinnati each have the right to terminate its participation in the Project, to modify the terms hereof by mutual agreement, so long as such modification is not substantially adverse to the Port Authority, and to withdraw its acceptance of this Term Sheet prior to the Closing Date. However, in the event of termination by FC Cincinnati for any reason or if the transaction fails to close by August 15, 2018, and FC Cincinnati and the Port Authority have not established a date occurring after August 15, 2018 on which they both intend to close the transaction, FC Cincinnati agree to pay all reasonable out of pocket costs and professional fees incurred in accordance with the terms set forth above through the termination date to the extent not covered by the \$50,000 deposit and the Application Fee. Amounts due shall be paid within thirty (30) days of notice of termination. If, before the closing date, there are any substantial changes to the Term Sheet or the Project, the Port Authority reserves the right to cancel or amend the terms and the financing costs described herein. The Port Authority will not be responsible to FC Cincinnati for any fees or expenses if the transaction does not close.

The parties hereto acknowledge that this Term Sheet is not a comprehensive agreement intended to include all essential elements of the definitive agreements between such parties necessary to complete the Project as described herein. The omission of any such essential elements is not intended as an indication by either party that any such elements are not required to complete the transactions contemplated herein.

Successful closing of this transaction is subject to execution of the Cooperative Agreement and other Transaction Documents, the approval of the Port Authority Board of Directors, and the approval of FC Cincinnati, delivery of satisfactory legal opinions, completion of due diligence, and completion of final documentation.

TERMS AND CONDITIONS OF THIS TERM SHEET ARE SPECIFIC TO THIS PROJECT BASED ON VARIOUS FACTORS AND HAVE NO BEARING, RELEVANCE OR INFLUENCE ON ANY PAST OR FUTURE PORT AUTHORITY TRANSACTIONS.

Dated this 16th day of April 2018:

GREATER CINCINNATI REDEVELOPMENT AUTHORITY

By: _____ Name: Laura N. Brunner
Title: President and CEO

Acknowledged and agreed this 16th day of April 2018:

FUSSBALL CLUB CINCINNATI LLC

By: _____ Name: _____ Title: _____