Butte County
Board of Supervisors Chambers
25 County Center Drive
Oroville, CA 95965

Pledge of Allegiance

1. Roll Call

Members of the public may comment on any item on the agenda at the time the item is taken up by the Board of Directors. We ask that members of the public come forward to be recognized by the Chair, state your name and address for the record, and keep remarks brief.

ITEMS FOR ACTION

2. Approval to Authorize Executive Director and Deputy Director to Enter into Agreements with New Markets Tax Credit Transaction for the Funding of the Butte Regional Transit Operations & Maintenance Facility (Attachment) - Jon

ADJOURNMENT

3. The next regularly scheduled meeting of the BCAG Board of Directors is scheduled for Thursday February 25, 2016, at the City of Gridley Council Chambers.

Copies of staff reports or other written documentation relating to items of the business referred to on the agenda are on file at the office of the Butte County Association of Governments (BCAG). Persons with questions concerning agenda items may call BCAG at (530) 879-2468. Any handouts presented by speakers are to be distributed to the Board by the Clerk of the Board.
BCAG BOARD OF DIRECTORS

February 9, 2016

Item #2
Action

APPROVAL FOR EXECUTIVE DIRECTOR AND DEPUTY DIRECTOR TO ENTER INTO AGREEMENTS WITH THE NEW MARKETS TAX-CREDIT TRANSACTION FOR FUNDING OF THE BUTTE REGIONAL TRANSIT OPERATIONS & MAINTENANCE FACILITY

PREPARED BY: Jon Clark, Executive Director

ISSUE: BCAG is prepared to generate funding through the New Markets Tax Credit program for construction of the Butte Regional Transit Operations & Maintenance Facility and is required to approve a resolution in order to complete the funding process.

DISCUSSION: The New Markets Tax Credit (NMTC) program was established by Congress in 2000 to stimulate economic development in distressed urban and rural communities. Since the program’s inception, over $38 billion in direct NMTC investments have been made in community organizations and construction projects that benefit low-income and other at-risk populations. Annually, Congress authorizes approximately $3.5 billion of tax-credit allocation, which is made available to projects through certified Community Development Entities (CDEs).

Staff is finalizing a multi-year effort to generate additional funding for the Butte Regional Transit Operations & Maintenance Facility through the NMTC program. By moving forward, the NMTC effort will generate over $2.6 million toward construction of the new facility.

Due to the requirements of the NMTC program, generating funding can be complex process with many parties involved. The funding structure for the Butte Regional Transit Operations & Maintenance Facility was finalized with input from the Federal Transit Administration (FTA) and was subsequently approved by FTA. Due diligence has also been performed by JP Morgan Chase (JPMC), Northern California Community Loan Fund (NCCLF), each respective organizations’ NMTC program affiliates, as well as legal counsel for all parties. Before entering into the final agreements needed to implement the funding mechanism, staff will receive concurring legal opinions from counsel representing JPMC, NCCLF, BCAG, and the Butte Regional Transportation Corporation (BRTC), BCAG’s 501 (C) 3 Non-Profit entity.

JP Morgan Chase has invested in over $3.7 billion in NMTC projects across the U.S. JPMC’s affiliate Community Development Entity has over $480 million of NMTC allocation. NCCLF has received NMTC allocations totaling $158 million and focuses on funding regional, high-impact projects.
Attached for the BCAG Board of Directors review and approval is Resolution 2015/16-07 authorizing the Executive Director and Deputy Director to sign the necessary agreements and documents to execute the NMTC Transaction with JP Morgan Chase, also attached for the Boards information is the Term Sheet as prepared by JP Morgan Chase.

**STAFF RECOMMENDATION:** BCAG staff recommends that the BCAG Board approve Resolution 2015/16-07 authorizing the Executive Director and Deputy Director to enter into agreements associated with the New Markets Tax-Credit Transaction.

Key Staff: Jon Clark, Executive Director
Andy Newsum, Deputy Director
RESOLUTION OF THE BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
APPROVING THE NEW MARKETS TAX-CREDIT TRANSACTION AND
AUTHORIZING THE EXECUTIVE DIRECTOR AND DEPUTY DIRECTOR TO ENTER
INTO AGREEMENTS ASSOCIATED WITH THE TRANSACTION

The undersigned, representing a majority of the directors of BUTTE COUNTY ASSOCIATION OF GOVERNMENTS ("BCAG") plus one present at a meeting of the board held on February 9th, 2016, do hereby adopt the following resolutions:

1) General Recitals.

WHEREAS, Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code authorizes two (2) or more public agencies to jointly exercise any power common to them; and

WHEREAS, the Cities of Oroville, Chico, Gridley, Biggs, the Town of Paradise and the County of Butte, by virtue of California Government Code Section 6500 et seq., inclusive, possess in common the authority:

   a) to study, discuss, and recommend policies for the solution of countywide transportation and other problems of direct concern to the performance of their constitutional and statutory functions and to establish an area planning organization and expend state, federal and public funds for these purposes;

   b) to do all acts necessary to participate in state and federal programs and receive funds for transportation and other community improvement activities, including contracting and cooperating with other local public agencies; and

WHEREAS, the people residing within the incorporated and unincorporated areas of Butte County have an interest in the orderly development of their communities; and

WHEREAS, the continued growth and extensive development within the incorporated and unincorporated areas of Butte County evidenced a need to create a wholly independent countywide transportation planning agency capable of dealing with issues and problems; and

WHEREAS, this need led to the creation and establishment of BCAG in April 1969; and
WHEREAS, the establishment of BCAG has:

a) provided a forum for the discussion and study of countywide transportation problems and other issues of mutual concern to the various governmental entities in Butte County;

b) provided efficiency and economy in governmental operations through the cooperation of member governments and the pooling of common resources;

c) provided for the establishment of an agency responsible for identifying, clarifying, and planning for solutions to countywide transportation problems requiring multi-jurisdictional cooperation;

d) provided for the establishment of an agency capable of developing countywide transportation plans and policies and performing countywide planning duties;

e) facilitated cooperation among and agreement between local governmental bodies for specific purposes, interrelated developmental actions, and for the adoption of common policies with respect to issues and problems which are common to its members; and

WHEREAS, the Loan Transactions, Guaranty Transactions, Property Conveyance Transactions and Lease Transactions (each as defined below) are part of a New Markets Tax Credit transaction intended to address countywide transportation needs; and

WHEREAS, the below resolutions are reasonable and necessary to carry out the purposes of the Joint Powers Agreement for the Butte County Association of Governments dated July 26, 2005, as amended; and

2) Loan Transactions.

WHEREAS, BCAG intends to (i) obtain a loan (the “Bridge Loan”) from JP MORGAN CHASE BANK, N.A. (“Bridge Lender”) in the principal amount of $10,696,000; and (ii) make a loan (the “Leverage Loan”) to CHASE NMTC BCAG TRANSPORTATION CENTER INVESTMENT FUND, LLC (“Leverage Borrower”) in the aggregate principal amount of $10,696,000.00. The Bridge Loan and Leverage Loan are governed, evidenced and secured by, among other things, the documents described on Schedule 1 attached hereto and incorporated herein by this reference (collectively, the “Loan Documents”); and

WHEREAS, the board of directors of BCAG has had the opportunity to review (i) the term sheet dated December 12th, 2015 (the “CNMC Terms”) prepared by Chase Community Equity, LLC; (ii) the NCCLF Reservation Letter Agreement dated August 5, 2015 (the “NCCLF Terms,” together with the CNMC Terms, the “Term Sheet”) and (ii) the material terms of the Loan Documents, as presented by the Authorized Person (defined below) to the board of directors of BCAG.
NOW, THEREFORE, IT IS HEREBY

RESOLVED, that it is in the best interests of BCAG, and BCAG is hereby authorized, to enter into the transactions contemplated in the Loan Documents (the “Loan Transactions”); and it is

RESOLVED FURTHER, that the Loan Documents, and the Loan Transactions contemplated therein are hereby ratified, approved and confirmed; and it is

RESOLVED FURTHER, that either or both of Jon A. Clark, the Executive Director of BCAG, and Andy Newsum, the Deputy Director of BCAG, acting alone or together (each, an “Authorized Person”), acting alone, is hereby authorized to execute, deliver and perform, on behalf of BCAG, the Loan Documents and such other instruments and documents as may be deemed necessary or convenient in the sole discretion of such Authorized Person to consummate the Loan Transactions contemplated by the Loan Documents, on substantially the terms and conditions set forth in the Term Sheet, with such changes and additions thereto and deletions therefrom, as the Authorized Person determines to be in the best interest of BCAG, including, but not limited to, additional documents contemplated by, or in connection with, the Loan Transactions and the Loan Documents, such determination to be conclusively evidenced by such Authorized Person’s execution and delivery thereof; and that the authority given hereunder shall be deemed retroactive and any action authorized hereunder and performed prior to the passage of these resolutions is hereby ratified, approved and confirmed and adopted as the acts and deeds of BCAG; and it is

RESOLVED FURTHER, that the Authorized Person is hereby authorized and empowered to execute on behalf of, and in the name of, BCAG from time to time loan agreements, and supplements thereto, together with any and all other instruments, documents, certificates and any additional documentation or agreements by BCAG with the Bridge Lender, Leverage Borrower or any of their affiliates, at the time of the closing or thereafter, as may be required and agreed upon between such persons and such Bridge Lender or affiliate or which such persons may deem expedient in carrying out the intents and purposes of the resolutions set forth herein; and it is

RESOLVED FURTHER, that these resolutions relate solely to general borrowing, lending and performance obligations by BCAG and do not in any manner whatsoever limit the amount of any borrowing or lending heretofore or hereafter made under any other financing arrangement, and that these resolutions are mutually exclusive, cumulative as to amounts and shall not serve to revoke or alter any resolutions previously delivered relating to general or specific financing arrangements between Bridge Lender or Leverage Borrower and BCAG; and it is RESOLVED FURTHER, that these resolutions shall remain in full force and effect until written notice of their repeal shall have been received by Bridge Lender or Leverage Borrower and until all indebtedness which may have been incurred as aforesaid shall have been paid and satisfied; and it is
RESOLVED FURTHER, that the foregoing actions shall be effective as of the date set forth above.

3) Guaranty Transactions.

WHEREAS, as a condition for certain actions and consents on the part of Leverage Borrower and its respective affiliates, which actions and consents are necessary to facilitate the making of certain loans to Butte Regional Transportation Corporation (“BRTC”) in the original aggregate principal amount of $15,565,000.00, BCAG is required to provide guaranties of certain payment and performance obligations and indemnities for certain liabilities in connection with such loans (collectively, the “Guaranty”). The Guaranty is governed by, among other things, the documents described on Schedule 2 attached hereto and incorporated herein by this reference (collectively, the “Guaranty Documents”); and

WHEREAS, the board of directors of BCAG has had the opportunity to review (i) the Term Sheet and (ii) the material terms of the Guaranty Documents, as presented by the Authorized Person (defined below) to the board of directors of BCAG.

NOW, THEREFORE, IT IS HEREBY

RESOLVED, that it is in the best interests of BCAG, and BCAG is hereby authorized, to enter into the transactions contemplated in the Guaranty Documents (the "Guaranty Transactions"); and it is

RESOLVED FURTHER, that the Guaranty Documents, and the Guaranty Transactions contemplated therein are hereby ratified, approved and confirmed; and it is

RESOLVED FURTHER, that the Authorized Person is hereby authorized to execute, deliver and perform the Guaranty Documents, on behalf of BCAG, and such other instruments and documents as may be deemed necessary or convenient in the sole discretion of such Authorized Person to consummate the Guaranty Transactions contemplated by the Guaranty Documents, on substantially the terms and conditions set forth in the Term Sheet, with such changes and additions thereto and deletions therefrom, as the Authorized Person determines to be in the best interest of BCAG, including, but not limited to, additional documents contemplated by, or in connection with, the Guaranty Transactions and the Guaranty Documents, such determination to be conclusively evidenced by such Authorized Person’s execution and delivery thereof; and that the authority given hereunder shall be deemed retroactive and any action authorized hereunder and performed prior to the passage of these resolutions is hereby ratified, approved and confirmed and adopted as the acts and deeds of BCAG; and it is

RESOLVED FURTHER, that the Authorized Person is hereby authorized and empowered to execute on behalf of, and in the name of, BCAG from time to time any and all other instruments, documents, certificates and any additional
documentation or agreements by BCAG that such Authorized Person may deem expedient in carrying out the intents and purposes of the resolutions set forth herein; and it is

RESOLVED FURTHER, that the foregoing actions shall be effective as of the date set forth above.

4) **Property Conveyance Transactions.**

WHEREAS, in connection with the transactions described in the foregoing resolutions, the board of directors now deems it to be in BCAG’s best interests for BCAG to enter into certain arrangements whereby real property will be conveyed to BRTC (the “**Property Conveyance**”). The Property Conveyance is governed by, among other things, the documents described on **Schedule 3** attached hereto and incorporated herein by this reference (collectively, the “**Property Conveyance Documents**”); and

WHEREAS, BCAG is willing to enter into the Property Conveyance on the terms and conditions set forth in the Property Conveyance Documents; and

WHEREAS, the board of directors of BCAG now desires to pass and adopt resolutions (i) ratifying the transactions contemplated in the Property Conveyance Documents, including, without limitation, the execution and delivery of the Property Conveyance Documents (collectively, the “**Property Conveyance Transactions**”), and (ii) authorizing any Authorized Person to execute, deliver and perform the Property Conveyance Documents for and on behalf of BCAG, as well as any and all additional documents contemplated by the Property Conveyance Documents and the Property Conveyance Transactions; and

WHEREAS, the board of directors of BCAG has had the opportunity to review (i) the Term Sheet and (ii) the material terms of the Property Conveyance Documents, as presented by the Authorized Person (defined below) to the board of directors of BCAG.

NOW, THEREFORE, IT IS HEREBY

RESOLVED, that it is in the best interests of BCAG, and BCAG is hereby authorized, to enter into the Property Conveyance Transactions and the Property Conveyance Documents; and it is

RESOLVED FURTHER, that the Property Conveyance Documents, and the Property Conveyance Transactions contemplated therein are hereby ratified, approved and confirmed; and it is

RESOLVED FURTHER, that the Authorized Person is hereby authorized to execute, deliver and perform the Property Conveyance Documents, on behalf of BCAG, and such other instruments and documents as may be deemed necessary or convenient in the sole discretion of such Authorized Person to consummate the Property Conveyance Transactions contemplated by the
Property Conveyance Documents, on substantially the terms and conditions set forth in the Term Sheet, with such changes and additions thereto and deletions therefrom, as the Authorized Person determines to be in the best interest of BCAG, including, but not limited to, additional documents contemplated by, or in connection with, the Property Conveyance Transactions and the Property Conveyance Documents, such determination to be conclusively evidenced by such Authorized Person’s execution and delivery thereof; and that the authority given hereunder shall be deemed retroactive and any action authorized hereunder and performed prior to the passage of these resolutions is hereby ratified, approved and confirmed and adopted as the acts and deeds of BCAG; and it is

RESOLVED FURTHER, that the Authorized Person is hereby authorized and empowered to execute on behalf of, and in the name of, BCAG from time to time any and all other instruments, documents, certificates and any additional documentation or agreements by BCAG that such Authorized Person may deem expedient in carrying out the intents and purposes of the resolutions set forth herein; and it is

RESOLVED FURTHER, that the foregoing actions shall be effective as of the date set forth above.

5) Lease Transactions.

WHEREAS, in connection with the transactions described in the foregoing resolutions, the board of directors now deems it to be in BCAG’s best interests for BCAG to enter into certain arrangements with respect to the real property that is owned (or will be owned) by BRTC to provide for (i) the lease of such property to BCAG; (ii) completion of ongoing construction at the property and (iii) payment of project costs (collectively, the “Lease”). The Lease is governed by, among other things, the documents described on Schedule 4 attached hereto and incorporated herein by this reference (collectively, the “Lease Documents”); and

WHEREAS, BCAG is willing to enter into the Lease on the terms and conditions set forth in the Lease Documents; and

WHEREAS, the board of directors of BCAG now desires to pass and adopt resolutions (i) ratifying the transactions contemplated in the Lease Documents, including, without limitation, the execution and delivery of the Lease Documents (collectively, the “Lease Transactions”), and (ii) authorizing the Authorized Person to execute, deliver and perform the Lease Documents for and on behalf of BCAG, as well as any and all additional documents contemplated by the Lease Documents and the Lease Transactions; and

WHEREAS, the board of directors of BCAG has had the opportunity to review (i) the Term Sheet and (ii) the material terms of the Lease Documents, as presented by the Authorized Person (defined below) to the board of directors of BCAG.
NOW, THEREFORE, IT IS HEREBY

RESOLVED, that it is in the best interests of BCAG, and BCAG is hereby authorized, to enter into the Lease Transactions and the Lease Documents; and it is

RESOLVED FURTHER, that the Lease Documents, and the Lease Transactions contemplated therein are hereby ratified, approved and confirmed; and it is

RESOLVED FURTHER, that the Authorized Person is hereby authorized to execute, deliver and perform the Lease Documents, on behalf of BCAG, and such other instruments and documents as may be deemed necessary or convenient in the sole discretion of such Authorized Person to consummate the Lease Transactions contemplated by the Lease Documents, on substantially the terms and conditions set forth in the Term Sheet, with such changes and additions thereto and deletions therefrom, as the Authorized Person determines to be in the best interest of BCAG, including, but not limited to, additional documents contemplated by, or in connection with, the Lease Transactions and the Lease Documents, such determination to be conclusively evidenced by such Authorized Person’s execution and delivery thereof; and that the authority given hereunder shall be deemed retroactive and any action authorized hereunder and performed prior to the passage of these resolutions is hereby ratified, approved and confirmed and adopted as the acts and deeds of BCAG; and it is

RESOLVED FURTHER, that the Authorized Person is hereby authorized and empowered to execute on behalf of, and in the name of, BCAG from time to time any and all other instruments, documents, certificates and any additional documentation or agreements by BCAG that such Authorized Person may deem expedient in carrying out the intents and purposes of the resolutions set forth herein; and it is

RESOLVED FURTHER, that the foregoing actions shall be effective as of the date set forth above; and it is

RESOLVED FURTHER, that these resolutions may be signed in any number of counterparts, each of which shall be deemed an original, and all of which shall be deemed one instrument.
PASSED AND ADOPTED by the Butte County Association of Governments on the 9th day of February, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:  
BILL CONNELLY, CHAIR  
BUTTE COUNTY ASSOCIATION OF GOVERNMENTS

ATTEST:  
JON A. CLARK, EXECUTIVE DIRECTOR  
BUTTE COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE 1

LOAN DOCUMENTS

Bridge Loan Documents
1. Short Term Bridge Loan Fee Letter of BCAG
2. Bridge Note by BCAG in favor of Bridge Lender
3. Collateral Assignment of Loan Documents made by BCAG for the benefit of Bridge Lender

Leverage Loan Documents
1. Fund Loan Agreement between BCAG and Leverage Borrower
2. Fund Promissory Note made by Leverage Borrower in favor of BCAG
3. Fund Pledge Agreement between BCAG and Leverage Borrower
4. Put/Call Option Agreement between BCAG and Chase Community Equity, LLC
5. Indemnification Agreement among BRTC, BCAG and Bridge Lender.
SCHEDULE 2

GUARANTY DOCUMENTS

1. Loan Agreement by and between (i) CNMC SUB-CDE 104, LLC ("CNMC Sub-CDE") and NCCLF NMTC SUB-CDE 14, LLC ("NCCLF Sub-CDE," NCCLF Sub-CDE and CNMC Sub-CDE, collectively, "Lender") and BRTC

2. [CNMC Sub-CDE Note A]

3. [CNMC Sub-CDE Note B]

4. Promissory Note (NCCLF Note A) made by BRTC in favor of NCCLF Sub-CDE in the original principal amount of $9,693,250.00

5. Promissory Note (NCCLF Note B) made by BRTC in favor of NCCLF Sub-CDE in the original principal amount of $4,371,750.00

6. Deed of Trust (with Assignment of Leases and Rents, Security Agreement and Fixture Filing) made by BRTC to Mid Valley Title and Escrow Company, as trustee, for the benefit of Lender

7. Payment Guaranty made by BCAG in favor of Lender

8. Completion Guaranty made by BCAG in favor of Lender

9. Certificate and Indemnity Regarding Hazardous Substances made by BRTC and BCAG in favor of Lender and Bridge Lender

10. Subordination, Non-Disturbance and Attornment Agreement among Lender, BRTC and BCAG

11. Assignment of Contracts, Ancillary Documents and Other Rights made by BRTC in favor of Lender

12. Construction Monitoring and Disbursement Agreement among Bridge Lender, BRTC and Lender

13. Account Pledge and Control Agreement (Construction Disbursement Account) among Bridge Lender, Lender and BRTC

14. Account Pledge and Control Agreement (Reserve Account) among Bridge Lender, Lender and BRTC

15. [CDE Recapture Indemnification Agreement]

16. Indemnification Agreement among BRTC, BCAG and Bridge Lender
SCHEDULE 3
PROPERTY CONVEYANCE DOCUMENTS

1. Contribution and Reimbursement Agreement between BRTC and BCAG
2. Grant Deed made by BCAG
3. Restrictive Covenant between BCAG and BRTC
4. Preliminary Change of Ownership form
SCHEDULE 4
LEASE DOCUMENTS

1. Lease Agreement between BRTC and BCAG

2. Construction Reimbursement and Improvements Agreement between BRTC and BCAG
December 7, 2015

Jon Clark
Executive Director,
Butte County Association of Governments
2580 Sierra Sunrise Terrace, Suite 100
Chico, CA 95928

Re: New Markets Tax Credit Financing for the development of the Butte Regional Transportation Center

Dear Mr. Clark:

Chase Community Equity, LLC, a Delaware limited liability company (“Investor”), which is a wholly owned subsidiary of JPMorgan Chase Bank, N.A., a national banking association (“Chase”) is pleased to provide Butte County Association of Governments or BCAG (the “Sponsor”) with this NMTC term sheet (the “Term Sheet”) outlining the proposed terms of a New Markets Tax Credits (“NMTC”) equity investment related to the financing (the “Financing”) of the development of the Butte Regional Transportation Center in Chico, CA. (the “Project”).

This Term Sheet is intended as a proposal only and not a commitment to lend or provide capital. Any commitment or offer to commit by Chase cannot occur prior to credit approval, which has not yet been obtained. Chase shall have no commitment or obligation to lend or provide capital unless and until it executes definitive documentation for the Financing. The date such documentation is executed shall be referred to herein as the “Closing.” All approvals or consents required by Chase or its affiliates hereunder shall be in such party’s sole and absolute discretion.

Transaction Details

Project Description: The Project is located at 326 Huss Lane Chico, CA 95928, in census tract 06007001200, a qualified tract under the NMTC program. We understand from you that the census tract is expected to qualify as an area of higher distress per the following NMTC program criteria:
- Poverty rate of 31% 
- MFI of 56% of the area median income

Butte Regional Transportation Corporation will serve as the “Borrower.” The Borrower will be a “QALICB” (Qualified Active Low Income Community Business) as defined by NMTC requirements.

NMTC Allocation: We understand that one or more community development entities (each, an “Allocatee”) intends to provide sub-allocation of NMTC investment authority to one or more transaction-specific subsidiaries (each, a “CDE”) for the benefit of the Borrower under the terms set forth on Schedules 1 and 2 hereto, or as may be attached after the date hereof by written consent of the parties ([collectively,] the “Schedule”).
It is agreed and acknowledged that Chase does not control, directly or indirectly, any Allocatee or CDE (other than CNMC CDE 104, LLC, a Delaware limited liability company (“CNMC CDE”)).

Transaction Structure: Investor will make an equity investment, estimated at $5,304,000 in Chase NMTC Butte Investment Fund, LLC (“Fund”), a single purpose entity of which the Investor will be the sole member and manager.

Butte County Association of Governments (in such capacity, the “Leverage Lender”) will make a non-recourse loan to the Fund estimated at $10,696,000 (the “Leverage Loan”). Together, the Investor’s equity investment in the Fund and the Leverage Loan shall be considered the “Fund Capitalization.” The ownership structure of the Leverage Lender and the Borrower must meet the requirements of both the NMTC program and each Allocatee’s allocation agreement(s) (collectively, the “Allocation Agreement”) with the Community Development Financial Institutions Fund (“CDFI Fund”) and be approved by the Investor, each Allocatee, and their respective legal counsel. In the event that bridge loan financing (“Bridge Loan”) is requested to be provided by Chase, any such Bridge Loan amount shall be subject to verification of out-of-pocket costs incurred to date for development of the Project.

If the Bridge Loan is provided by Chase, Chase will charge a fee of 0.2% for the Bridge Loan and require that the Bridge Loan (i) or any portion thereof used to reimburse out-of-pocket costs, be supported by evidence that such costs were incurred within 24 month of funding; (ii) be fully advanced at Closing into an account established at Chase in the name of the Leverage Lender; (iii) be traced and monitored in Chase’s funding system; (iv) have a term of one business day; (v) be secured by an assignment of the Leverage Lender’s entire interest in the Leverage Loan and all Leverage Loan documents. All Bridge Loan documents will be governed by New York law.

The Leverage Loan will be secured solely by a pledge of the Fund’s membership interest in the CDE(s) and subject to a seven year standstill agreement set forth in the loan agreement governing the Leverage Loan pursuant to which the Leverage Lender will agree to forbear from the exercise of all enforcement rights (the “Seven-Year Standstill Agreement”).

After receiving the full Fund Capitalization, the Fund will make one or more Qualified Equity Investments (collectively, the “QEI”) totaling approximately $16,000,000 into the CDE(s).

The proceeds from the QEI will be used by the CDE(s) to pay the fees described on the Schedule and to make loans (collectively, the “QLICI Loans”) to the Borrower for the Project in the total approximate amount of $15,565,000.

The QLICI Loans are expected to bear interest at approximately 1.0%, to have a term of approximately 35 years, to require payments of interest only for the first seven years of their term based on a 30/360 day/year basis, and to amortize thereafter over
a 25 year period. The QLICI Loans will be secured by a first priority mortgage on the Project and such other collateral as may be required by the CDE(s) and the Investor. The documents evidencing the QLICI Loans (the “QLICI Loan Documents”) will prohibit prepayment during the first seven years and contain customary restrictions on additional debt and assumption by third parties of the debt.

The full amount of the QLICI Loans will be advanced at Closing into a construction account (the “Disbursement Account”) established at Chase in the name of the Borrower and pledged to the CDE(s). Releases from the Disbursement Account will be limited to one draw per month. Chase will act as the disbursement agent on behalf of the CDE(s). Chase’s standard construction monitoring procedures will apply to the releases from the Disbursement Account.

The Investor and the CDE(s) will engage an independent inspecting consultant (“Consultant”) to confirm the Project Budget provided by Sponsor and attached hereto as Exhibit A is sufficient to complete the Project and to review the monthly construction draw requests. Based on past experience, Chase expects the cost of Consultant’s plan and cost review of the Project Budget to be approximately $3,000-$5,000 and Consultant’s review of the monthly draw requests to be approximately $1,000-$1,500 per draw. Borrower will be responsible for payment of all of Consultant’s fees. This information is provided to the Sponsor for planning purposes only; Chase provides no representation, warranty or covenant with respect to the Consultant’s fees.

During the three month period after the 84 month NMTC compliance period (the “Put Period”) the Investor will have the right to sell its ownership interest in the Fund (the “Put”) to the Sponsor or an affiliate thereof (in such capacity, the “Put/Call Counterparty”) for an amount equal to $1,000 plus states and local transfer taxes, fees, and costs incurred by any party and attributable to the exercise of the Put and the sale of the Investor’s membership interest in the Fund (subject to approval by Investor’s and the Put/Call Counterparty’s tax counsel prior to the Closing). If the Investor does not exercise the Put during the Put Period, the Put/Call Counterparty shall have a call option during the three month period following the Put Period to acquire Investor’s ownership interest in the Fund (the “Call”) for an amount equal to the fair market value of such interest as determined by an independent appraiser mutually agreed upon by the Investor and the Put/Call Counterparty. Exercise of the Call shall be conditioned upon, among other things, (i) the good standing of the QLICI Loans, the Borrower, the Sponsor, the Leverage Lender, and the Put/Call Counterparty, (ii) compliance with the NMTC program requirements applicable to the Borrower and (iii) the full payment of all amounts due and payable under the Full Tax Credit Indemnity (as described below).

The Operating Agreement(s) of the CDE(s) will provide that the Fund will have the right (but not the obligation) after the Put Period, to redeem its interest in the CDE(s) in exchange for a distribution in kind of the applicable QLICI Loans promissory notes.

Guarantees: Guarantor: Butte County Association of Governments (in such capacity, “Guarantor”).
Guaranteed Obligations: Guarantor will be required to provide certain guaranties and indemnities with respect to Borrower’s obligations under the transaction documents, including without limitation: (a) a guaranty of Project completion and funding of all cost overruns and funding deficiencies; (b) environmental indemnities; (c) QLICI interest payment obligations and QLICI fees costs, expense payment obligations as stated in the QLICI loan documents; and (d) indemnities related to NMTC matters (the “Full Tax Credit Indemnity”), all as more particularly described within the transaction documents.

The Full Tax Credit Indemnity will apply to any loss, disallowance, or recapture of NMTCs; provided that such recapture is not specifically caused by certain actions or inactions by the Investor and/or the CDEs to be enumerated in the Full Tax Credit Indemnity. In the event of a recapture attributable to (a) a failure of a Borrower to qualify as a QALICB under federal law, (b) a failure of the QLICI Loans to qualify (in whole or in part) as QLICIs under federal law (including, without limitation, as a result of any tenants failing to be “qualified businesses”), (c) QLICI Loan defaults (including, without limitation, unauthorized prepayment), or (d) bad acts by a Borrower, Sponsor, Guarantor, or any affiliate thereof, Borrower and Guarantor shall be liable to Chase for the amount equal to the federal NMTC loss, disallowance, or recapture it suffers, plus interest, penalties, costs, and additional taxes due, plus the present value of future federal NMTCs that Chase will not receive, and any additional amounts, if any, to provide Chase’s required internal rate of return at Closing. In the event of any other recapture for which the Borrower and Guarantor are liable, the amount of Borrower’s and Guarantor’s liability shall be limited, in the case of a federal NMTC recapture, to the original principal amount of the Federal QLICI “B Note” (i.e., the amount of Investor’s federal NMTC equity investment, less the amount of up-front fees paid by the CDEs or the Investment Fund.

Timing: The Closing must occur no later than **February 16, 2016** (“Outside Closing Date”). The Borrower will use best efforts to achieve the Closing in advance of the Outside Closing Date. Construction must commence within 30 days of the Closing and is expected to be completed within 12 months of funding of the QLICI Loans. If the Financing does not close on or before the Outside Closing Date, Chase may terminate this Term Sheet in its sole and absolute discretion.
Transaction Fees, Expenses, and Reporting Requirements

Due Diligence and Closing Expenses:
All costs, expenses, and fees of Chase, Investor, Fund, Allocatee(s), the CDE(s) and their respective affiliates incurred in connection with the transactions contemplated herein (including without limitation attorneys’ costs, expenses, and fees), the Project, and Financing are the responsibility of the Sponsor and Borrower whether or not the Closing occurs.

Prior to the date hereof, the Sponsor executed that certain letter from Chase dated July 19, 2014 (the “Expense D&R Letter”). Pursuant to the Expense D&R Letter, the Sponsor agreed to deposit with Chase and has deposited an amount equal to Thirty Five Thousand Dollars and No/100 ($35,000.00) (the “Deposit”). All terms and provisions of the Expense D&R Letter are incorporated in this Term Sheet by reference; provided, to the extent the terms and conditions of this Term Sheet conflict with the Expense D&R Letter, the terms and conditions of this Term Sheet shall control.

If the Closing does not occur by, or is no longer projected to occur by the Outside Closing Date, Chase and the CDE may require Borrower and Guarantor to provide additional Deposits.

If the Closing does not occur, Chase will return to the Sponsor the remaining portion of the Deposit after Chase has paid its costs, expenses, and fees. Whether or not the Closing occurs, if Chase’s costs, expenses, and fees incurred with respect to the transactions contemplated herein, the Project, or the Financing exceed the amount of the Deposit, then the Sponsor, Guarantor, and Borrower, jointly and severally, will within five days after notice from Chase reimburse Chase for the amount of such excess.

The provisions of this section shall survive the expiration or termination of this Term Sheet.

Ongoing Expenses:
The Borrower will be responsible for all (a) ongoing audit and tax expenses incurred by the CDE(s) related to the transactions contemplated hereby; (b) third party fees and expenses incurred outside of the ordinary course of business related to the Project, such as the exercise of remedies in the case of a default under the QLICI Loans; and (c) state or local taxes or other charges, including income, withholding or gross receipts tax, imposed on the CDE(s) as a result of the QLICI Loans, excluding taxes payable as a result of the fees and expenses of CDE(s) described in the Schedule.

The Fund will not be charging any annual fees or audit and tax expenses in connection with the Financing.

The amount of annual (i) fees and (ii) audit and tax expenses for the CDE(s) is set forth in the Schedule. Such fees and expenses will be the obligation of, and billed directly to, the Borrower by the CDE(s) and will be paid to the CDE(s).

Underwriting:
The Investor and CDE(s) will be responsible for their own respective real-estate level underwriting, including review of any appraisal, environmental reports, and/or
Butte, Chico, CA  
December 7, 2015  
Page 6 of 23

reports of consultants.

**Checklist:**  The Investor will provide the Borrower with its standard transaction checklist which must be satisfied prior to Closing (the “Checklist”). All executed legal documents will be provided to the CDE and Chase in electronic file format (i.e., scanned individual PDF files) and the original promissory notes for the QLICI Loans shall be provided in hard copy format to the CDE. The Investor and Borrower agree to so instruct their respective counsel as required, prior to Closing.

**Closing Conditions:**  In addition to the other conditions set forth herein, the closing conditions for the Financing shall include, but not be limited to, the following:

- Confirmation that the Project meets the criteria for additional distress as defined by the NMTC program.
- Identification and NMTC eligibility of the Borrower as a QALICB and evidence of each CDE’s determination that it has a “reasonable expectation” that the Borrower will remain a QALICB for the duration of the applicable QLICI Loans. All Project leases and subleases shall prohibit each tenant thereunder from using or permitting the use or occupancy of the leased premises for the conduct of any of the following prohibited activities or businesses: operation of any private or commercial golf course; country club; massage parlor; hot tub facility; suntan facility; race track or other facility used for gambling; any store the principal business of which is the sale of alcoholic beverages for consumption off premises; or residential rental property (collectively, the “Use Restrictions”). Each lease and sublease shall further provide that a tenant’s use of the Project in any manner that violates the foregoing Use Restrictions shall constitute a material default or event of default by tenant under the lease giving rise to a right of lease termination by the landlord.
- Receipt of final Project Budget, plans and specifications, construction timeline and other documents as required, reasonably acceptable to CDE(s) and the Investor, with sufficient detail to ensure adequate monitoring during construction and confirmation that the Project Budget is adequate to complete the construction in accordance with the plans and specifications.
- Insurance to be provided by Borrower in compliance with the requirements of the Investor and CDE(s) and described on Exhibit B.
- First mortgagee’s title policy in an amount acceptable to the Investor and CDE(s) in the full amount of the QLICI Loans, issued by a title company acceptable to the Investor and CDE(s) and in compliance with the title insurance standards set forth on Exhibit C.
- ALTA survey (including flood certification) with a certification to the Investor and CDE(s) in the form set forth in and as per Exhibit D.
- General contractor, architect and other Project contractors acceptable to the Disbursement Agent and the CDE(s). CDE(s) and Investor may require payment and performance bonds in amounts, with terms and from a surety, acceptable to CDE(s) and Investor, in CDE(s)’s and Investor’s sole discretion. If applicable, the surety must carry an A.M. Best rating of A-/VIII or better.
- guaranteed maximum price or stipulated sum/fixed price construction contract
acceptable to the Investor and the CDE(s).

- Appraisal and/or other valuation and market rent materials acceptable to Investor and CDE(s) and, if applicable, a property condition report in a form acceptable to Investor and CDE(s).

- Phase I and, if applicable, Phase II and other environmental reports which may be relied upon by and must be acceptable to the CDE(s) and the Investor. Reliance letters addressed to CDE(s) and Investor shall be provided for any such reports.

- Receipt, review and approval of tax accountant’s Project pro forma and transaction financial and tax benefit projections satisfactory to CDE(s) and Investor.

- Completion of Project and QLICI Loans data and a “QALICB Information Request” that includes the Project and QLICI Loans data necessary to satisfy the requirements of the CDFI Fund’s Community Investment Impact System (CIIS).

- Receipt, review and approval of the structure, terms, and liquidity conditions of Leverage Lender, Borrower or Guarantor and provision of any commitment letters evidencing Leverage Loan fund availability.

- To the extent requested, receipt, review, and approval of acceptable financials and proforma for the Borrower and Sponsor.

- Negotiation and receipt of final documents acceptable to each of Chase, Investor, Fund, Allocatee(s), and the CDE(s) documenting the Financing and other matters, many of which none of Sponsor, Borrower, Leverage Lender, or their affiliates will be a party to.

- Receipt of federal income tax opinions to be provided by each CDE’s counsel, satisfactory to Investor. The foregoing opinions will be further described on the Checklist.

- Receipt of general corporate opinions (due authorization, enforceability, etc.) to be provided by (i) Borrower’s counsel, satisfactory to the Investor and CDE(s) and (ii) [each] CDE’s counsel, satisfactory to Investor. The foregoing opinions will be further described on the Checklist. Please note that certain transaction documents will be governed by the law of a state other than the state in which the Project is located and that only lawyers licensed in those other states will be permitted to render opinions with respect to the law of those other states.

- Receipt, review, and approval of fee arrangements for all third party consultants and advisors for the Project, satisfactory to the Investor and CDE(s).

- Receipt, review and approval of evidence of Project costs spent to date, satisfactory to the Investor and CDE(s).

- Receipt of any other reasonable due diligence or documentation required to confirm the Project meets the underwriting, community impact and NMTC compliance requirements of the Investor and CDE(s) or that may be reasonably requested by the Investor and/or CDE(s).

- All other materials to be identified on the Checklist.
Financial Reporting: Borrower’s reporting requirements will include, without limitation, the following:

1.) Within 60 days after the close of each fiscal year, unaudited financial statements of the Borrower.

2.) Within 120 days after the close of each fiscal year, audited financial statements of the Borrower.

3.) Within 90 days after each fiscal year, the federal tax returns for the prior year of the Borrower.

4.) Within 15 business days after request, any information and documentation requested by any CDE(s) for NMTC reporting purposes or any other information reasonably requested by Investor and/or any CDE(s).

Guarantor’s reporting requirements will include, without limitation, the following:

1.) Within 150 days after the close of each fiscal year, unaudited financial statements of the Guarantor.

2.) Within 240 days after the close of each fiscal year, audited financial statements of the Guarantor.

3.) No later than 30 days prior to year-end of each year, Guarantor will submit to the CDE(s) a Project budget for the next fiscal year for the Borrower operations.

4.) Within 15 business days after request, any information and documentation requested by any CDE(s) for NMTC reporting purposes or any other information reasonably requested by Investor and/or any CDE(s).

Material Adverse Change: Prior to the Closing there shall be no material adverse change in the condition of the Sponsor, Leverage Lender, Guarantor or the Borrower that would materially affect their ability to meet the obligations proposed under the Financing.

Governing Law; Jurisdiction & Venue: This Term Sheet shall be governed by, and construed in accordance with, the laws of the State of Illinois, without giving effect to conflict or choice of law principles. The parties hereto consent and submit to nonexclusive jurisdiction and venue of the state and federal courts located in Chicago, Illinois.
Judicial Reference Provisions

CALIFORNIA WAIVER OF JURY TRIAL AND JUDICIAL REFERENCE PROVISION

(a) EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS TERM SHEET OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS TERM SHEET BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(b) IN THE EVENT ANY LEGAL PROCEEDING IS FILED IN A COURT OF THE STATE OF CALIFORNIA (THE “COURT”) BY OR AGAINST ANY PARTY HERETO IN CONNECTION WITH ANY CONTROVERSY, DISPUTE OR CLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS TERM SHEET OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) (EACH, A “CLAIM”) AND THE WAIVER SET FORTH IN THE PRECEDING PARAGRAPH IS NOT ENFORCEABLE IN SUCH ACTION OR PROCEEDING, THE PARTIES HERETO AGREE AS FOLLOWS:

(i) WITH THE EXCEPTION OF THE MATTERS SPECIFIED IN PARAGRAPH (ii) BELOW, ANY CLAIM WILL BE DETERMINED BY A GENERAL REFERENCE PROCEEDING IN ACCORDANCE WITH THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638 THROUGH 645.1. THE PARTIES INTEND THIS GENERAL REFERENCE AGREEMENT TO BE SPECIFICALLY ENFORCEABLE IN ACCORDANCE WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638. VENUE FOR THE REFERENCE PROCEEDING WILL BE IN THE STATE OR FEDERAL COURT IN THE COUNTY OR DISTRICT WHERE VENUE IS OTHERWISE APPROPRIATE UNDER APPLICABLE LAW.

(ii) THE FOLLOWING MATTERS SHALL NOT BE SUBJECT TO A GENERAL REFERENCE PROCEEDING: (A) NON-JUDICIAL FORECLOSURE OF ANY SECURITY INTERESTS IN REAL OR PERSONAL PROPERTY, (B) EXERCISE OF SELF-HELP REMEDIES (INCLUDING, WITHOUT LIMITATION, SET-OFF), (C) APPOINTMENT OF A RECEIVER AND (D) TEMPORARY, PROVISIONAL OR ANCILLARY REMEDIES (INCLUDING, WITHOUT LIMITATION, WRITS OF ATTACHMENT, WRITS OF POSSESSION, TEMPORARY RESTRAINING ORDERS OR PRELIMINARY INJUNCTIONS). THIS AGREEMENT DOES NOT LIMIT THE RIGHT OF ANY PARTY TO EXERCISE OR OPPOSE ANY OF THE RIGHTS AND REMEDIES DESCRIBED IN CLAUSES (A) - (D) AND ANY SUCH EXERCISE OR OPPOSITION DOES NOT WAIVE THE RIGHT OF ANY PARTY TO A REFERENCE PROCEEDING PURSUANT TO THIS AGREEMENT.

(iii) UPON THE WRITTEN REQUEST OF ANY PARTY, THE PARTIES SHALL SELECT A SINGLE REFEREE, WHO SHALL BE A RETIRED JUDGE OR JUSTICE. IF THE PARTIES DO NOT AGREE UPON A REFEREE WITHIN TEN (10) DAYS OF SUCH WRITTEN REQUEST, THEN, ANY PARTY MAY REQUEST THE COURT TO APPOINT A REFEREE
PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 640(B).


(v) THE REFEREE MAY REQUIRE ONE OR MORE PREHEARING CONFERENCES, THE PARTIES HERETO SHALL BE ENTITLED TO DISCOVERY, AND THE REFEREE SHALL OVERSEE DISCOVERY IN ACCORDANCE WITH THE RULES OF DISCOVERY, AND MAY ENFORCE ALL DISCOVERY ORDERS IN THE SAME MANNER AS ANY TRIAL COURT JUDGE IN PROCEEDINGS AT LAW IN THE STATE OF CALIFORNIA. THE REFEREE SHALL APPLY THE RULES OF EVIDENCE APPLICABLE TO PROCEEDINGS AT LAW IN THE STATE OF CALIFORNIA AND SHALL DETERMINE ALL ISSUES IN ACCORDANCE WITH APPLICABLE STATE AND FEDERAL LAW. THE REFEREE SHALL BE EMPOWERED TO ENTER EQUITABLE AS WELL AS LEGAL RELIEF AND RULE ON ANY MOTION WHICH WOULD BE AUTHORIZED IN A TRIAL, INCLUDING, WITHOUT LIMITATION, MOTIONS FOR DEFAULT JUDGMENT OR SUMMARY JUDGMENT. THE REFEREE SHALL REPORT HIS DECISION, WHICH REPORT SHALL ALSO INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW.

(vi) THE PARTIES RECOGNIZE AND AGREE THAT ALL CLAIMS RESOLVED IN A GENERAL REFERENCE PROCEEDING PURSUANT HERETO WILL BE DECIDED BY A REFEREE AND NOT BY A JURY.

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Confidentiality

Chase, Sponsor and their respective affiliates 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 Chase or Sponsor, as applicable, except the Term Sheet may be shared with each party’s counsel, consultants, agents and financial advisors in connection with the review and evaluation of the transactions being discussed and on a confidential basis, except where disclosure is required by law, regulation or legal process or where the applicable parties consent to the proposed disclosure. Upon acknowledging this Term Sheet, Sponsor and its affiliates further covenant that (i) all negotiations, if any, with all other parties have been terminated and (ii) neither Sponsor nor Borrower is a party to any other letter of intent, proposal or similar document from any other party regarding the tax credit equity from the Project except as provided in this document.

Notwithstanding anything else contained herein, the confidentiality provisions contained in this Term Sheet shall not be interpreted by the parties hereto in a manner which would cause the proposed transaction contemplated herein to be a “confidential transaction” within the meaning of Treas. Reg. § 301.6111-3(b)(2)(ii)(B) and the applicable authority related thereto, or to be offered under “conditions of confidentiality” within the meaning of Treas. Reg. § 301.6111-2(c) and the applicable authority related thereto.

Term Sheet

This is not a commitment or offer to lend or provide capital, but only describes 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 documentation of the Financing. Neither the proposed terms herein nor any oral understandings relating to the Financing are binding until and unless such terms or understandings have been reduced to a written agreement executed by Borrower, Investor and, if applicable, the Allocatee(s) and CDE(s). Except as set forth above in the section labeled “Due Diligence and Closing Expenses” and in the section labeled “Exclusivity” below, the execution of this Term Sheet does not create any legal rights or legal obligations among the parties and no such right or obligation shall arise until definitive documents, satisfactory to all of the parties, are fully executed.

Exclusivity

The Sponsor and Borrower hereby grant Chase, Investor and the Fund the exclusive right to participate in the Financing (e.g., make the QEI in the CDE(s)) with the Allocatee(s) and CDE(s) in support of the Project for a period commencing on the date this Term Sheet is fully executed and expiring on the later of (i) the Outside Closing Date and (ii) the date on which all costs, expenses, and fees owed, jointly and severally, by the Sponsor and Borrower pursuant to the section labeled “Due Diligence and Closing Expenses” are paid in full.
Please indicate your acceptance of the terms above by signing and returning an original copy of this letter to us within five (5) business days of the date of this letter. We look forward to working with you on this important community development transaction.

Sincerely,

[Signature]
Date: _____12/7/2015_____________________

Corinne Ingrassia
Chase Community Equity, LLC

Agreed and Accepted:

__________________________________________ Date: ______________________

Butte County Association of Governments
EXHIBIT A

Project Budget/Sources & Uses of Funds

[See Financial Projections]
## EXHIBIT B
### NMTC Insurance Requirements

**NOTE:** These requirements do not apply to a one/two day loan (if applicable).

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Certificate/Policy/Endorsement Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower’s Commercial General Liability</td>
<td>$1,000,000 per occurrence, combined single limit, $2,000,000 aggregate</td>
<td>Name Investment Fund and the CDEs as Additional Insured as their interests may appear using approved endorsements with defense provided in addition to policy limits for indemnitees and products, personal injury, completed operation coverage for 24 mo. and cross liability if more than one Named Insured.</td>
</tr>
<tr>
<td>Borrower’s Commercial Excess/Umbrella Liability</td>
<td>$2,000,000 (minimum for loans up to $1mm)</td>
<td>Name Investment Fund and the CDEs as Additional Insured as their interests may appear</td>
</tr>
<tr>
<td>Borrower’s Worker’s Comp. and Employer’s Liability (if applicable)</td>
<td>Statutory limits and $1,000,000 minimum per accident</td>
<td>“All States” Endorsement if applicable.</td>
</tr>
<tr>
<td>Borrower’s or Contractor’s Special/All Risk Builder’s Risk during Construction</td>
<td>100% Insurable Value (if have appraisal, replacement cost basis (excluding land); if no appraisal-- for new construction, calculated as construction contract value less land, foundation costs and architect’s fees; for rehab, calculated as estimate of core and shell plus construction budget for rehab)</td>
<td>Name CDEs as Mortgagees and Loss Payees and Owner as Insured. [Owner as Additional Named Insured if supplied by 3rd party Contractor]. Completed value, Non- Reporting form with no coinsurance requirement, [delayed opening (delay in start-up and grant the insured permission to occupy prior to completion)]. [Policy shall not contain exclusion for terrorist losses. If such exclusion exists a separate Terrorism policy covering Certified Acts of Terrorism in an amount equal to the full replacement cost or the loan amount, whichever is less.] All deductibles/self insured retentions shall be clearly evidenced.</td>
</tr>
<tr>
<td>Borrower’s Special Cause of Loss/All Risk Hazard</td>
<td>100% Insurable Value (if have appraisal, replacement cost basis (excluding land); if no appraisal-- for new construction, calculated as construction contract value less land, foundation costs and architect’s fees; for rehab, calculated as estimate of core and shell plus construction budget for rehab)</td>
<td>Name CDEs as Mortgagees and Loss Payees and Owner as Insured. [Owner as Additional Named Insured if supplied by 3rd party.] Completed value, Non- Reporting form with no coinsurance requirement and grant the insured permission to occupy prior to completion. Include a non-contributing mortgagee clause and an Ordinance or Change in Law endorsement equal to 25% of the property insurance limit [50% if the bldg is over 10 yrs old; 10% if new construction or adding to existing project but not gut rehab]. If the real property is a condominium or a co-op, additional insurance from the Condominium Association or the Co-op Board is required showing adequate insurance of the structureAll deductibles/self insured retentions shall be clearly evidenced.</td>
</tr>
<tr>
<td>Borrower’s Windstorm, if project is located in a Windstorm Zone</td>
<td>100% Insurable Value (if have appraisal, replacement cost basis (excluding land); if no appraisal-- for new construction, calculated as construction contract value less land, foundation costs and architect’s fees; for rehab, calculated as estimate of core and shell plus construction</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Name CDEs as Mortgagees and Loss Payees.</td>
</tr>
<tr>
<td>Insurance Type</td>
<td>Minimum Coverage</td>
<td>Additional Insured Details</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Contractor’s Commercial Excess/Umbrella Liability</td>
<td>$1,000,000 (minimum for loans up to $1mm) $5,000,000 (minimum for loans $1mm and higher)</td>
<td>Name Investment Fund, CDEs and Owner as Additional Insured as their interests may appear (Owner as Additional Named Insured if supplied by 3rd party Contractor)</td>
</tr>
<tr>
<td>Boiler &amp; Machinery Insurance</td>
<td>100% Replacement Cost</td>
<td>Name CDEs as Mortgagees and Loss Payees (Required if a central HVAC system exists or if the bldg is relying on equipment &amp; machinery to operate elevators, escalators and the like.)</td>
</tr>
<tr>
<td>Borrower’s Earthquake Insurance</td>
<td>To be determined</td>
<td>Name CDEs as Mortgagees and Loss Payees. (Extension to the Special Cause of Loss policy providing protection if a loss occurs and the tenants abate rent).</td>
</tr>
<tr>
<td>Borrower’s Business Interruption /Loss of Rents</td>
<td>To be determined</td>
<td>Name CDEs as Mortgagees and Loss Payees. (Extension to the Special Cause of Loss policy providing protection if a loss occurs and the tenants abate rent).</td>
</tr>
<tr>
<td>Contractor’s Commercial General Liability</td>
<td>$1,000,000 per occurrence, combined single limit, $2,000,000 aggregate</td>
<td>Name Investment Fund and the CDEs as Additional Insured as their interests may appear</td>
</tr>
<tr>
<td>Flood Insurance</td>
<td>To be determined</td>
<td>Name CDEs as Mortgagees and Loss Payees. (JPMC to add additional information)</td>
</tr>
</tbody>
</table>

**Additional Requirements:**

1. For the Investment Fund: Certificate holder as non-contributing Additional Insured clause shall read as “[Investment Fund] and its successors and/or assigns.” For CDE, clause shall read “[CDE Entity Name] and its successors and/or assigns.” Address is to be provided. *Note: please insert address for JPMC of the group responsible for tracking insurance for the project.*

2. Certificate must reference the property description or address, full name of insurance company and term of policy.

3. Blanket policies: Certificate must identify the secured property by address and show the sum insured or state replacement value.

4. Certificate must provide for 30 days notice of adverse change, cancellation or non-renewal (“endeavor to” verbiage is not acceptable).

5. Evidence of liability insurance must be presented on an [Acord 25 form](https://www.acord.org/standard/25) certificate or on a form approved by the Investment Fund and CDE. Builder’s risk and special cause of loss, hazard and property must be on an [Acord 27(Personal Property)/28 (Commercial Property) form](https://www.acord.org/standard/27) certificate or on a form approved by the Investment Fund and CDE.

6. Company Insuring must be rated not less than “A-” VIII or better by A.M. Best Co., in Best’s Rating Guide.

7. Waiver of Subrogation against named Additional Insured.

8. Loan documentation may have the right to force place special cause of loss, hazard and property insurance and flood insurance (if applicable) if there is a lapse in coverage.
EXHIBIT C

Title Insurance Standards

1. Obtain ALTA form lender’s policy (revised 2006, where available) with deletion of standard exceptions for mechanics’ liens, parties in possession and survey.

2. Amount of insurance to be no less than loan amount(s) (to be provided).

3. Name lender(s) (to be provided), its successors and assigns, as their interests may appear, as the Insured.

4. Send copy of title insurance commitment (with legible copies of underlying exception documents) or recently issued policy to Chase’s outside counsel for review of basic terms and title exceptions.

5. Title insurance policy must be dated down as of date of recording of mortgage or deed of trust.

6. Legal description of the Insured Premises must be identical to that shown on ALTA/ACSM Survey provided for the transaction.

7. Exception for only real estate taxes and assessments not yet due and payable. (Send copies of updated municipal lien certificates showing outstanding real estate taxes, water and sewer use charges.)

8. Any tenants’ right exception must be limited to “Rights of tenants, as tenants only, under unrecorded leases”.

9. For all easements, the title policy shall provide affirmative insurance that such easements do not interfere with the use and enjoyment of the property as currently used.

10. The following endorsements must be attached (where available):

(a) Zoning (ALTA 3.1 or the equivalent)
(b) Environmental Protection
(c) Comprehensive
(d) Location/Address
(e) Public Street Access and Entry
(f) Deletion of Arbitration (if applicable)
(g) Tax Parcel
(h) Same as Survey
(i) Mechanic’s Lien
(j) Future Advance (if applicable)
(k) Variable Rate (if applicable)
(l) Affirmative insurance over any unlocated (“blanket”) easements
(m) Doing Business
(n) Contiguity
(o) Gap
(p) Utilities Facilities
(q) Affirmative insurance over any encroachments
(r) Any other endorsements that Chase’s outside counsel may deem necessary

If any of the above is unavailable, a written explanation must be provided. If title insurance policy is issued by an agent on behalf of a title insurance company, the title insurance company must provide an insured closing protection letter in form acceptable to Chase’s outside counsel.

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EXHIBIT D

Survey Certification & Table A Requirements

To (name of insured, if known), (name of lender, if known), (name of insurer, if known), (names of others as negotiated with the client):

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items _____ of Table A thereof. The field work was completed on ____________.

Date of Plat or Map:_____ (Surveyor’s signature, printed name and seal with Registration/License Number)

TABLE A

OPTIONAL SURVEY RESPONSIBILITIES AND SPECIFICATIONS

NOTE: The items of Table A must be negotiated between the surveyor and client. It may be necessary for the surveyor to qualify or expand upon the description of these items (e.g., in reference to Item 6(b), there may be a need for an interpretation of a restriction). The surveyor cannot make a certification on the basis of an interpretation or opinion of another party. Notwithstanding Table A Items 5 and 11(b), if an engineering design survey is desired as part of an ALTA/ACSM Land Title Survey, such services should be negotiated under Table A, item 22.

If checked, the following optional items are to be included in the ALTA/ACSM LAND TITLE SURVEY, except as otherwise qualified (see note above):

1. ___ Monuments placed (or a reference monument or witness to the corner) at all major corners of the boundary of the property, unless already marked or referenced by existing monuments or witnesses.

2. ___ Address(es) if disclosed in Record Documents, or observed while conducting the survey.

3. ___ Flood zone classification (with proper annotation based on federal Flood Insurance Rate Maps or the state or local equivalent) depicted by scaled map location and graphic plotting only.

4. ___ Gross land area (and other areas if specified by the client).

5. _____ Vertical relief with the source of information (e.g. ground survey or aerial map), contour interval, datum, and originating benchmark identified.

6. _____ (a) Current zoning classification, as provided by the insurer.

   _____ (b) Current zoning classification and building setback requirements, height and floor space area restrictions as set forth in that classification, as provided by the insurer. If none, so state.

7. ___ (a) Exterior dimensions of all buildings at ground level.

   (b) Square footage of:
(1) exterior footprint of all buildings at ground level.

(2) other areas as specified by the client.

(c) Measured height of all buildings above grade at a location specified by the client. If no location is specified, the point of measurement shall be identified.

Substantial features observed in the process of conducting the survey (in addition to the improvements and features required under Section 5 above) such as parking lots, billboards, signs, swimming pools, landscaped areas, etc.

Striping, number and type (e.g. handicapped, motorcycle, regular, etc.) of parking spaces in parking areas, lots and structures.

(a) Determination of the relationship and location of certain division or party walls designated by the client with respect to adjoining properties (client to obtain necessary permissions).

(b) Determination of whether certain walls designated by the client are plumb (client to obtain necessary permissions).

Location of utilities (representative examples of which are listed below) existing on or serving the surveyed property as determined by:

(a) Observed evidence.

(b) Observed evidence together with evidence from plans obtained from utility companies or provided by client, and markings by utility companies and other appropriate sources (with reference as to the source of information).

- Railroad tracks, spurs and sidings;
- Manholes, catch basins, valve vaults and other surface indications of subterranean uses;
- Wires and cables (including their function, if readily identifiable) crossing the surveyed property, and all poles on or within ten feet of the surveyed property. Without expressing a legal opinion as to the ownership or nature of the potential encroachment, the dimensions of all encroaching utility pole crossmembers or overhangs; and
- utility company installations on the surveyed property.

Note - With regard to Table A, item 11(b), source information from plans and markings will be combined with observed evidence of utilities to develop a view of those underground utilities. However, lacking excavation, the exact location of underground features cannot be accurately, completely and reliably depicted. Where additional or more detailed information is required, the client is advised that excavation may be necessary.

Governmental Agency survey-related requirements as specified by the client, such as for HUD surveys, and surveys for leases on Bureau of Land Management managed lands.

Names of adjoining owners of platted lands according to current public records.
14. _____ Distance to the nearest intersecting street as specified by the client.

15. _____ Rectified orthophotography, photogrammetric mapping, airborne/mobile laser scanning and other similar products, tools or technologies as the basis for the showing the location of certain features (excluding boundaries) where ground measurements are not otherwise necessary to locate those features to an appropriate and acceptable accuracy relative to a nearby boundary. The surveyor shall (a) discuss the ramifications of such methodologies (e.g. the potential precision and completeness of the data gathered thereby) with the insurer, lender and client prior to the performance of the survey and, (b) place a note on the face of the survey explaining the source, date, precision and other relevant qualifications of any such data.

16. _____ Observed evidence of current earth moving work, building construction or building additions.

17. _____ Proposed changes in street right of way lines, if information is available from the controlling jurisdiction. Observed evidence of recent street or sidewalk construction or repairs.

18. _____ Observed evidence of site use as a solid waste dump, sump or sanitary landfill.

19. _____ Location of wetland areas as delineated by appropriate authorities.

20. _____ (a) Locate improvements within any offsite easements or servitudes benefitting the surveyed property that are disclosed in the Record Documents provided to the surveyor and that are observed in the process of conducting the survey (client to obtain necessary permissions).

_____ (b) Monuments placed (or a reference monument or witness to the corner) at all major corners of any offsite easements or servitudes benefitting the surveyed property and disclosed in Record Documents provided to the surveyor (client to obtain necessary permissions).

21. _____ Professional Liability Insurance policy obtained by the surveyor in the minimum amount of $____________ to be in effect throughout the contract term. Certificate of Insurance to be furnished upon request.

[remainder of page blank]
SCHEDULE 1

NCCLF TERM SHEET JOINDER

SEE RESERVATION LETTER
**SCHEDULE 2**

**CHASE NEW MARKETS CORPORATION TERM SHEET JOINDER**

By its execution below Chase New Markets Corporation ("CNMC") joins this term sheet and agrees, subject to all of the terms and conditions contained in this joinder and in the body of the term sheet, to reserve certain of its NMTC Allocation Authority for Borrower. Following are the key terms:

<table>
<thead>
<tr>
<th>Allocatee Name</th>
<th>Chase New Markets Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Common Name</td>
<td>Butte</td>
</tr>
<tr>
<td>QALICB or Sponsor Name</td>
<td>Butte Regional Transportation Corporation</td>
</tr>
<tr>
<td>NMTC Allocation Amount</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>QLICI Amount</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>NMTC Allocation Round</td>
<td>2014</td>
</tr>
<tr>
<td>Sub-Allocatee Name</td>
<td>CNMC Sub-CDE 104, LLC, a Delaware limited liability company (&quot;CNMC CDE&quot;)</td>
</tr>
<tr>
<td>QLICI(s) Must Close By</td>
<td>January 26, 2016</td>
</tr>
<tr>
<td>Upfront (Fund Level) Fees</td>
<td>None</td>
</tr>
<tr>
<td>Upfront (CDE Level) Fees</td>
<td>None</td>
</tr>
<tr>
<td>Annual Fees</td>
<td>None</td>
</tr>
<tr>
<td>Back-end Fees</td>
<td>None</td>
</tr>
<tr>
<td>Required Reserves</td>
<td>None</td>
</tr>
</tbody>
</table>

If for any reason the QLICI(s) do not close by the QLICI “Must Close By” date set forth above, CNMC may in its sole and absolute discretion withdraw its NMTC Allocation Authority. This reservation shall not be construed as limiting CNMC’s right at any time to conduct discussions with third parties regarding alternative qualified low-income community investments that CNMC may wish to pursue in the event that the transaction fails to close on or before the QLICI “Must Close By” date.

**Fees:** Fees listed above are estimates only for fees associated with CNMC allocation. Please refer to the QALICB Disclosure Statement for Transaction Costs Related to QLICI for a more detailed estimate of transaction fees and expenses.

**NMTC Compliance:** CNMC and CNMC CDE shall receive a flexible terms letter from a party (which may be the Sponsor, subject to CNMC’s approval) as determined by CNMC and in form and substance acceptable to CNMC. Additionally, CNMC CDE’s Proposed Sub-Allocation is conditioned upon all of the following, in form and substance satisfactory to CNMC: (i) review and consultation with the CNMC Advisory Board;

**Community Impact:** The Borrower shall be required to complete and provide to CNMC CDE an annual community impact survey, in form and substance satisfactory to CNMC CDE, within 30 days after request, during each year of the compliance period. Failure to comply shall be a breach of the QLICI loans.

Date: 12/7/2015

Corinne Ingrassia  
Chase New Markets Corporation
Agreed and Accepted:

___________________________________  Date: ______________________
Butte County Association of Governments