

**TERM SHEET**  
**between**  
**DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY,**  
**COUNTY OF SUMMIT, OHIO**  
**and**  
**SUMMIT COUNTY LAND REUTILIZATION CORPORATION**

**August \_\_\_\_, 2023**

The following non-binding term sheet (“Term Sheet”) is entered into by and among the Development Finance Authority of Summit County (“Authority”), the County of Summit, Ohio (“County”), and the Summit County Land Reutilization Corporation (“Land Bank”). Nothing contained in this Term Sheet will be binding on any party unless and until incorporated into definitive agreements as set forth below and agreed to by the parties in writing. Final terms for this transaction are subject to the appropriate approval processes of each party, which, for the Authority includes the approval of its Board, for the County includes the approval of its Council, and for Land Bank includes the approval of its Board.

1. Property Description and Project Summary

The Authority has or will acquire the real property located at 1 Cascade Plaza, Akron, Ohio 44308 and identified as Parcel No. 6701941 in the Summit County Records (the “Property”), which consists of a 23 story office building situated upon a parcel of land owned by the City of Akron (“City”) and identified as Parcel No. 6716557 (the “City Parcel”) pursuant to a certain ground lease with the City (“Ground Lease”). The Authority is acquiring the Property from the current owner, Cascade Plaza Associates, LLC (“Cascade”) pursuant to the terms of a settlement and assignment agreement (the “CPA Agreement”), due to a default by Cascade in the payment of real estate taxes and assessments, in particular delinquent special assessments levied to repay certain bonds issued by the Authority in 2018 to finance Property Assessed Clean Energy (“PACE”) improvements at the Property. Following acquisition of the Property, the Authority, County and Land Bank desire to enter into certain transactions as set forth herein, which will be memorialized in a Cooperative Agreement and certain other agreements set forth in the Cooperative Agreement, for the purpose of assisting the Authority with the stabilization, management and operation, and subsequent disposal of the Property.

2. Initial Acquisition of the Property

The Authority will acquire, or has acquired, the Property from Cascade pursuant to the terms of the CPA Agreement, on or before the date of execution of this Agreement. As part of the acquisition of the Property, the Authority will either settle and compromise all due and outstanding claims known to the Authority which may impact the Property, or will agree to assume the same. Such claims include, but are not limited to:

- (a) Delinquent and current operating expenses such as utilities, insurance, maintenance and repair costs.
- (b) Delinquent and current real estate taxes and assessments, including the aforementioned PACE assessments.
- (c) Sums owed as a result of certain litigation brought by J8 Security, LLC against Cascade in Summit County Common Pleas Court Case No. CV-2023-04-1169.

- (d) Settlement payment made to Cascade Development I, LLC (“CD1”) pursuant to a Settlement Agreement and Mutual Release dated as of July 13, 2023 (the “CD1 Settlement Agreement”) in connection with certain alleged claims of CD1 or its affiliates regarding the Property.
- (e) Delinquent and current rent owed to the City pursuant to the Ground Lease (collectively, items (a) through (e) will be referred to as the “Settled and Assumed Claims”).

As part of the acquisition of the Property, the Authority will enter, or has entered, into an assignment and assumption of Cascade’s interest in the Ground Lease and obtain the City’s consent to the same. The Authority will also enter, or has also entered, into a property management agreement with a professional property manager for the management and operation of the Property while the same is owned by the Authority.

3. Transfer of the Property from Authority to Land Bank

Within 10 days of the execution of the Cooperative Agreement contemplated by this Agreement, the Authority will transfer the Property to the Land Bank pursuant to a deed-in-lieu of foreclosure. Prior to the transfer, the Authority will have settled, compromised and/or paid in full all outstanding Settled and Assumed Claims other than the delinquent and current real estate taxes due on the Property. Furthermore, at or before the time of transfer of the Property to the Land Bank, the Land Bank will enter into an assignment and assumption of the Authority’s interest in the Ground Lease and obtain the City’s consent to the same. The Authority will pay all closing costs associated with the transfer of the Property from the Authority to the Land Bank.

It is the intention of the parties to this Term Sheet that upon the transfer of the Property from the Authority to the Land Bank via deed-in-lieu of foreclosure that all delinquent taxes and special assessments levied against the Property, including the delinquent PACE special assessments, will be discharged by the County. After the transfer, the parties intend that the Property, while owned by the Land Bank, will be exempt from real property taxation, but that all special assessments that would otherwise be assessed against the Property, including the PACE special assessments, will continue to be assessed against the Property.

4. Lease of the Property from Land Bank to Authority

Concurrently with the filing of the deed-in-lieu of foreclosure to transfer the Property to the Land Bank, the Authority and Land Bank will enter into a triple-net commercial master lease agreement (“Lease Agreement”) whereby the Land Bank will lease the Property to the Authority upon the following terms and conditions:

- (a) Term: Date of execution until December 31, 2024. The term will extend automatically until December 31, 2025 if the County and Authority agree to extend the County Credit Line, as defined below.
- (b) Base Rent: \$1.00/year
- (c) Additional Rent: All utilities, insurance, property management costs, taxes,

special assessments, and all other costs and expenses related to the Property, to be paid by Authority as additional rent. The Authority, or its property manager, will be responsible for paying all costs directly.

- (d) Insurance: The Authority will be required to keep commercially reasonable liability insurance and property/casualty insurance coverage on the Property, naming the Land Bank as an additional insured.
- (e) Repair and Maintenance: The Authority will be responsible for undertaking and paying the costs of all cleaning, repair and maintenance of the Property.
- (f) Property Management: The Authority will be obligated to enter into an agreement, or to extend an existing agreement, with a professional property manager to manage and operate the property on the Authority's behalf and to pay the full costs of the same.
- (g) Subleases: The Authority will be permitted by the Lease Agreement to enter into subleases with new subtenants of the Property, subject to the Land Bank's approval, which will not be unreasonably withheld, and the Authority and Land Bank will enter into such agreements as are necessary to assign any current tenants of the Property to be subtenants of the Authority upon acquisition of the Property by the Land Bank.
- (h) Ultimate Responsibility and Reimbursement: The Authority will be solely responsible for the costs associated with the management and operation of the Property. The Authority will retain all rents received from the subtenants of the Property to apply against its costs, but will otherwise be responsible for the payment of all costs of the operation and management. Further, the Authority will be responsible for reimbursing the Land Bank for the payment of all costs incurred by the Land Bank in the event the Land Bank must undertake and perform any of the responsibilities of the Authority (ie payment of utilities, undertaking repair and maintenance, etc.).

## 5. Line of Credit from the County

The County will make available to the Authority a line of credit ("County Credit Line") upon the following terms and conditions to be used by the Authority for the purpose of (i) recovering its costs expended in paying and settling the Settled and Assumed Claims, and (ii) paying operating expenses and costs associated with leasing and operating the Property that are incurred by the Authority ("Authorized Credit Line Expenses").

- (a) Principal Amount: \$1,500,000.00.

- (b) Disbursements: To be made by the County upon application of the Authority that the same will be used to reimburse the Authority for Authorized Credit Line Expenses and presentation of evidence of the payment of the same by the Authority.
- (c) Interest Rate: 0% through December 1, 2024; 4% thereafter until December 1, 2025
- (d) Maturity Date: December 1, 2024
- (e) Extension of Maturity Date: May be extended upon mutual agreement of the Authority and County until December 1, 2025
- (f) Payments: The Authority shall make interest-only payments as applicable on a monthly basis, payable upon the first (1<sup>st</sup>) day of each month until maturity. All unpaid principal and interest shall be due and payable upon the earlier of (i) the sale or other disposition of the Property, or (ii) the maturity date, as the same may be extended from time to time.
- (g) Security: Upon execution of the Cooperative Agreement, the Authority and County will enter into a Loan Agreement and the Authority will deliver a Promissory Note and Mortgage encumbering the Property. The Mortgage will be the first lien on the Property, other than taxes (if any) and special assessments.

6. Management and Operation of the Property; Disposition of the Property

Pursuant to the Lease Agreement, the Authority will be responsible for the management and operation of the Property, and all costs related thereto. The Authority will, as part of its Lease Agreement with the Land Bank and its Loan Agreement with the County agree to manage and operate the property in a commercially reasonable manner and to take all steps reasonable to maintain or increase subtenancy in the Property, avoid the loss of subtenants in the Property and to keep all operating expenses related to the Property paid and current.

The Authority, as the agent of the Land Bank, will use commercially reasonable efforts to sell or dispose of the Property on or before the maturity date of the County Credit Line, or, if applicable, the extension thereto. The Property will be sold through the use of a closed-auction process whereby the Authority, County and Land Bank will collectively pre-qualify potential purchasers and redevelopers of the Property based upon a general set of objective criteria set forth in the Cooperative Agreement intended to identify firms that have the capacity and capability to successfully acquire, operate, and manage the Property either for its current office use, or to redevelop the same into a mixed-use, office or residential property. The Authority, as the agent of the Land Bank, will solicit and obtain bids solely from the pre-qualified firms and will sell the Property to the highest bidder amongst the pre-qualified firms. In conducting the closed-auction process, the Authority will set the minimum bid at an amount equal to items (a) through (c) in the following paragraph, unless the Authority, County and Land Bank all mutually agree to establish the

minimum bid at a lower amount, or to otherwise accept the highest bid even though it is below the minimum bid amount.

Upon the sale of the Property, the Authority will distribute and allocate the funds in the following order of priority:

- (a) First, to repay all unpaid principal and interest owed to the County under the County Credit Line.
- (b) Second, to reimburse the Authority all costs incurred and/or paid by the Authority for (i) the amounts paid under the CD1 Settlement Agreement, (ii) acquisition of the Property from Cascade, (iii) the Settled and Assumed Claims, any expenses paid by the Authority for the operation and management of the Property not recovered through the subleases with subtenants, and all other out-of-pocket costs of the Authority not otherwise reimbursed.
- (c) Third, to repay, on a pro-rata basis, all political subdivisions that would have received any delinquent or current real estate taxes assessed against the Property that are otherwise discharged and foregone as a result of the transfer of the Property via deed-in-lieu of foreclosure or that are exempted during the period of ownership of the Property by the Land Bank.
- (d) To the extent any funds remain after the payment of all sums set forth in subsections (a) to (c), above, said funds will be retained by the Authority.

7. Acceptance and Acknowledgment

By signing below, the parties accept and acknowledge this Term Sheet as setting forth the terms and conditions of the aforementioned Cooperative Agreement, and such other agreements, as set forth above, to be more fully negotiated, finalized and executed by the parties. The terms and conditions contained herein are non-binding on any and all parties until such time as they are incorporated into the terms of said Cooperative Agreement and other definitive agreements and executed by the parties.

By signing below, the parties indicate their acceptance of the terms contained herein.

Development Finance Authority of Summit County

\_\_\_\_\_  
Christopher Burnham, President

\_\_\_\_\_  
Date

County of Summit, Ohio

\_\_\_\_\_  
Ilene Shapiro, Executive

\_\_\_\_\_  
Date

Summit County Land Reutilization Corporation

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Patrick Bravo, Executive Director

Date