

MEMORANDUM OF UNDERSTANDING

This Agreement is entered into this ____ day of _____, 2010, by and between the City of Columbus, Ohio, a body corporate and politic ("Columbus") and Preferred Real Estate Investments II, LLC ("Developer").

Recitals:

WHEREAS, Developer is or will be the owner of the 7.2+/- acres of property located at 5101 Thompson Road as more fully described on Exhibit A attached hereto and made a part hereof (the "Developer Property"); and

WHEREAS, the Columbus Development Commission has recommended approval of the rezoning of the Developer Property to allow for a multi-family residential development; and

WHEREAS the parties to this Agreement recognize that the size and density of the proposed development present an opportunity for public and private participation in the funding and completion of infrastructure improvements that will benefit the northeast quadrant of Franklin County, including the Developer Property;

NOW THEREFORE, in the spirit of the policy of Columbus to "Pay as We Grow and Grow with a Plan," and in order to gain mutual benefits, the parties hereto agree as follows:

Article 1: Developer "Pay As We Grow" Contributions. Developer will make a total contribution in the form of cash payments in the amount of \$2,300.00 multiplied by the number of residential units constructed on the Developer Property. On or before the 15th day of the month immediately following the end of a calendar quarter in which units have been built, Developer will submit to the City a report for the preceding calendar quarter indicating the number and location of residential units built during that quarter, and enclosing payment for that number of units multiplied by \$2,300.00 per unit. For purposes of the preceding sentence, a unit is "built" when it is framed, sided and under roof. The reporting shall be done in accordance with guideline to be provided by the Columbus Department of Development, which will undertake periodic verification of reports.

Article 2: Community Development Authority. If requested by the Columbus Department of Development, Developer will encumber the Developer Property with a Declaration of Covenants and Restrictions for the Central College Community Development District (the "CCCDD Covenants"). The CCCDD Covenants shall run with the land and shall require each current and future owner of all or any portion of the Developer Property to pay an annual Community Development Charge, as such term is defined in Section 349.01 of the Ohio Revised Code, to the Central College Community Development Authority in an amount equal to 0.004 multiplied by the "Assessed Value" of such property for a period of twenty (20) years commencing one (1) year after the date of completion of the construction of the residential structures (as evidenced by a Certificate of Occupancy). The "Assessed Value" of such property shall be the assessed value (35% of the full value of such property) of such property as established from time to time by the County Auditor of Franklin County as shown on the tax duplicate for such property. Alternatively, if requested by the Columbus Department of Development, Developer will encumber the Developer Property with a Declaration of Covenants and Restrictions for a

separate New Community Authority, and submit a Petition to Columbus requesting creation of such a New Community Authority, specifying that such Authority shall also in a similar manner require each current and future owner of all or any portion of the Developer Property to pay an annual Community Development Charge in an amount equal to 0.004 multiplied by the "Assessed Value" of such property for a period of twenty (20) years commencing one (1) year after the date of completion of the construction of the residential structures (as evidenced by a Certificate of Occupancy). If the Columbus Department of Development wishes the Developer Property to be included in the CCCDD, or to create a separate New Community Authority, such request shall be made in writing to the Developer prior to the expiration of one year from the date of this agreement.

Article 3: Tax Increment Financing District. Columbus has created, by its Ordinance 2117-2005 approved December 12, 2005, five tax increment financing incentive districts ("TIF Districts") which encompass property located in close proximity to the Developer Property. If requested by the Columbus Department of Development, Developer shall execute the necessary documentation and take such other required steps to include the Developer Property in one of the TIF Districts or to create a new TIF District including the Developer Property. If the Columbus Department of Development wishes the Developer Property to be included in one of the TIF Districts or to assist in the creation of a new TIF District, such request shall be made in writing to the Developer prior to the expiration of one year from the date of this agreement.

Article 4: Miscellaneous.

A. *Entire Agreement.* This Agreement embodies the entire agreement among the parties with respect to the matters set forth herein.

B. *Financial Obligations of Columbus.* The financial obligations of Columbus under this Agreement (if any) are expressly subject to future ordinances of its Council appropriating and authorizing the expenditure of such funds as are necessary to meet these financial obligations and the certification of the Columbus City Auditor under Section 159 of the Columbus City Charter.

C. *Terms Binding.* The terms of this Agreement shall be binding of each of the parties hereto and each of their successors and assigns.

IN WITNESS WHEREOF, the City of Columbus and Preferred Real Estate Investments II, LLC have executed this Agreement on the day and year first set forth above.

City of Columbus:

By: _____

Name: Boyce Safford, III

Title: Director, Department of Development

Per Ordinance: _____

Approved As to Form:

By: _____

Richard C. Pfeiffer, Jr.

Columbus City Attorney

Preferred Real Estate Investments II, LLC:

By: Nick King

Its: Member