

**TERM SHEET**  
**between**  
**SALT LAKE COUNTY**  
**and**  
**SHELTER THE HOMELESS**

This Term Sheet is effective 13<sup>th</sup> day of August 2019, by and between Salt Lake County a body corporate and politic of the State of Utah (“County”) and Shelter the Homeless, a Utah non-profit corporation (“Shelter the Homeless”). County and Shelter the Homeless are collectively referred to as the “Parties”.

**RECITALS**

WHEREAS, Shelter the Homeless has requested County provide it a bridge loan of up to \$21,000,000 (“Bridge Loan”) to complete construction on three homeless resource centers (“Projects”) located in County; and

WHEREAS, the completion of these resource centers will contribute to the health, safety and welfare of County residents; and

WHEREAS, Shelter the Homeless intends to continue fund raising with the intention of repaying County as soon as possible; and

WHEREAS, County intends to issue Series 2019 Sales Tax Bonds before December 31, 2019 to fund the Bridge Loan; and

NOW, THEREFORE, the County and Shelter the Homeless have the following understanding as to how they will work together to implement the financing and construction of the Projects:

1. Loan Agreement
  - a. Bridge Loan not to exceed \$21,000,000
  - b. Bridge Loan to pay only qualified construction of Homeless Resource Centers expenses.
    - i. Upon receipt of documentation that State of Utah bridge loan was disbursed for qualified capital expenditures, reimburse State of Utah \$1,000,000 for the bridge loan.
  - c. Provision for subsequent revision and execution of documents to comply with State and Federal law in order to issue Sales Tax Bonds;
    - i. May include some ownership interest in the South Salt Lake Resource Center (yet to be determined);
    - ii. May include revision of management contracts and naming rights agreements to meet IRS guidelines (yet to be determined);
    - iii. Deed of Trust and Trust Deed Note on both Salt Lake City Resource Centers.

1. Collateral totaling 120% of all funds advanced by the County.
- d. County, with written authorization of Shelter the Homeless, to disburse directly to Contractors in exchange for lien releases or waivers, as applicable.
- e. Establish a payment schedule for Shelter the Homeless based on a seven-year repayment of all debt owed, including interest, no prepayment penalty;
  - i. The obligation will extend to Shelter the Homeless based on actual debt, notwithstanding the payment schedule per the contract, to coincide with payments on the sales tax bonds issued and referred to in section 6., below.
- f. Establish as a first set aside of fundraising efforts an amount equal to \$1,500,000 to be used as a debt service reserve, held in an account by the County. Debt Reserve to be replenished as used.
- g. Requirement that all future capital contributions be paid over to County within 15 days of receipt to be used exclusively in the following order
  - i. Payment of state bridge loan of \$1,000,000;
  - ii. Reimburse County for lost income on advances
  - iii. Prior to issuance of County Sales Tax Bonds, use contributions to fund construction, to reduce total Sales Tax Bond principal;
  - iv. Debt service reserve;
  - v. Payment of one-half of \$4,000,000 Harris Simmons bridge loan (\$2,000,000);
  - vi. Principal and interest on the outstanding Sales Tax issuance
    1. Principal will include, but not limited too
      - a. Actual disbursements in advance of issuance of the Sales Tax bonds;
      - b. Costs of Issuance;
      - c. Interest on outstanding principal; and
      - d. Principal
- h. All debt obligations of Shelter the Homeless will be subordinate to the obligation to Salt Lake County, including remaining one-half of \$4,000,000 Harris Simmons bridge loan (\$2,000,000).
2. An additional County Representative, approved by the County Council, will be appointed to the Board of Trustees/Directors and remain until the obligation is paid by Shelter the Homeless.
3. Board establish a Capital Fund Raising Sub-committee.
  - a. Establish and adopt a written Fundraising Plan within 90 days of August 13, 2019.
    - i. Upon adoption, update and adopt plan quarterly, beginning January 1, 2020;
    - ii. Present Plan and quarterly updates to Salt Lake County Mayor and Council, within 14 days of adoption of plan or quarterly update.

- b. As part of its Plan, Shelter the Homeless shall report all donations received and restrictions associated with each donation;
      - i. Including where and what terms under which donations are invested prior to disbursement.
  4. Going forward Shelter the Homeless will present audited financial statements, to the County Council by May 15<sup>th</sup> of each year until the entire principal and interest of the bonds are paid by Shelter the Homeless.
    - a. Audited Financial Statements shall be audited by a Certified Public Accountant;
    - b. Shelter the Homeless, in conjunction with representatives appointed by Salt Lake County, must establish a computerized accounting system with adequate internal controls as recommended by its external auditor;
    - c. At least quarterly, Shelter the Homeless shall submit unaudited financial statements to Salt Lake County Mayor and Council.
    - d. Upon 3 days' notice and during business hours, make available to County all current financial data upon request.
  5. County Treasurer to establish bond fund account to track income lost on disbursements.
  6. County to issue Sales Tax Bond in an amount to reimburse county for all out of pocket and opportunity costs (income lost on advances).

Except as and to the extent specified in this Term Sheet, the Parties contemplate, and performance hereunder is subject to, the execution of the Definitive Documentation and, as such, the Parties agree to work together, in a timely manner and as may be reasonably necessary or appropriate, to complete, execute and deliver, subject to the approvals herein contemplated Definitive Documentation. Subject to the foregoing, this Term Sheet shall remain in effect, subject and according to its terms, until superseded by Definitive Documentation. This Term Sheet shall be amended or modified at any time by mutual written agreement of the Parties. Notwithstanding the foregoing the Definitive Documentation shall be executed and delivered by August 31, 2019.

The County is a body corporate and politic of the State of Utah. The signature of the County Mayor, pursuant to a resolution of the County Council, is required in order to bind the County. In the event an authorized representative of County first executes this agreement, this agreement is subject to ratification by the County Council, and to execution by the County Mayor. If the Salt Lake County Council decides, in its sole discretion, not to ratify and approve execution and delivery of this agreement, the County shall promptly notify Shelter the Homeless of said determination and, further, of the County's termination of this agreement.

Shelter the Homeless is a Utah nonprofit corporation and the execution and delivery of this agreement by any officer of Shelter the Homeless is subject to the approval and ratification

thereof by the Board of Directors of Shelter the Homeless. In the event the Board of Directors of Shelter the Homeless does not so ratify and approve the execution and delivery of this agreement, Shelter the Homeless shall advise the County and, in any such event, this agreement then shall be of no further force or effect.

IN WITNESS WHEREOF, the Parties have executed this Term Sheet as of the day and year provided above.

SHELTER THE HOMELESS:

SALT LAKE COUNTY:

By: \_\_\_\_\_

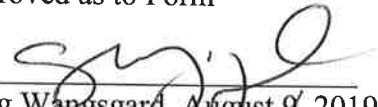
\_\_\_\_\_  
Mayor or Designee

Its: \_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to Form

  
\_\_\_\_\_  
Craig Wangsgard, August 9, 2019  
Deputy District Attorney 13