



**Jeff Prather**  
**Commercial Real Estate**  
**1350 I Street, NW, Suite 200**  
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February 21, 2014

Mr. Bill Sawicki  
Telesis Corporation  
1101 30th Street NW, Fourth Floor  
Washington, DC 20007

**Re: Proposed Financing for the Construction of the Randall School Apartments, Phase I  
65 I Street, SW, Washington, D.C. (the "Project")**

Dear Mr. Sawicki:

We appreciate your recent inquiry regarding construction financing for the above-referenced Project. The following represents an indication of interest by Manufacturers and Traders Trust Company (sometimes hereinafter referred to as "M&T Bank", "M&T" or "the Bank") to Telesis Corporation, or its approved assigns (the proposed "Borrower"). **It is understood that this is not a binding commitment by the Bank.** Such commitment can only be issued in writing after receipt and review by the Bank of all data deemed by the Bank to be pertinent to this transaction, and upon final approval pursuant to Bank loan policy.

- Borrower: A T.B.D., newly formed, single-asset entity owned by a JV of Telesis Corporation and the Rubell Family Collection.
- Premises: A to-be-built, 12-story, 268-unit apartment building located in Washington, D.C.
- Amount: The proposed amount will not exceed \$65,000,000.00 (65% LTC), subject to underwriting and loan-to-value restrictions.
- Term: The Loan shall carry a construction term not to exceed 36 months and a permanent term not to exceed 30 years. The Loan will not amortize during construction but shall fully amortize within the permanent term.
- Amortization: Interest-only during the construction period, 30-year amortization during the permanent term.
- Interest Rate: Interest shall accrue at a rate (above daily LIBOR) to be determined based upon quality and nature of credit enhancement and/or guarantees provided by Borrower and Sponsors.
- Commitment Fee: If approved, a non-refundable Commitment Fee in an amount equal to ¾% (\$487,500) of the committed loan amount shall be due and payable by the Borrower and will be fully earned by the Bank upon Borrower's acceptance of a final approved Commitment.

- Collateral: The proposed loan shall be secured, at a minimum, by a first priority mortgage encumbering the Borrower's fee simple interest in the Project, and a first priority perfected security interest in the fixtures, furniture, equipment, machinery, building materials, permits and licenses, receivables, and other assets of the proposed Borrower, and such other security as requested by the Bank as a result of its due diligence review of the Project and the proposed Borrower.
- Guarantees: During the proposed construction term, a guarantor satisfactory to the Bank in its sole discretion shall guarantee completion of the Project and repayment of the proposed loan.
- Third Party Reports: Prior to closing, the Bank will require the following finalized reports: (i) Appraisal Report; (ii) Phase I Environmental Site Assessment; and (iii) Engineering Report. The Reports must be ordered by the Bank, contracted with firms on the Bank's approved list and are to be addressed to the Bank and paid for by the Borrower. Additionally, the final reports shall be satisfactory to the Bank in its sole discretion.
- Construction Loan Conditions: Standard M&T Bank construction loan covenants and conditions will apply.
- Additional Conditions: The Bank may request documentation regarding the Borrower and the Project, including, but not limited to: organizational documents and authorizing documents, UCC, judgment and lien searches, an appraisal, title report and ALTA survey, evidence of hazard insurance, public liability insurance and flood insurance, as applicable, all in amounts acceptable to the Bank and naming the Bank as an additional insured any additional documents required by the Bank prior to closing.
- Environmental Indemnity: Borrower.
- Credit Review: Borrower authorizes the Bank to conduct a credit investigation of all obligated parties including, without limitation, obtaining credit reports from agencies, as may be required by the Bank in order to consider/issue a commitment or to service/collect an ensuing loan.

Borrower shall indemnify and hold the Bank harmless from all claims and expenses arising from the transactions contemplated in this expression of interest. Any action (or inaction) of Bank in reviewing and/or approving any third-party reports concerning Borrower, the Premises or the Project are solely for the benefit of the Bank and may not be relied upon by any other person or entity. Any approval by Bank of any aspect of the Project shall not be deemed a representation or warranty by Bank.

The Borrower shall hold the Bank harmless from all brokerage claims, if any, which may be made in connection with this expression of interest, and under no circumstances is the Bank to be liable in any way for any brokerage fees or commissions. This provision will survive closing.

**This expression of interest is for discussion purposes only. This proposal is an outline, which is not necessarily all inclusive of proposed terms and conditions, which are subject to change. Actual terms and conditions will be subject to Bank approval.**

Thank you for considering Manufacturers and Traders Trust Company.

By:   
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Jeff Prather  
Vice President



February 20, 2014

Marilyn Melkonian  
TR SW 2 LLC  
c/o Telesis Corporation  
1101 30th Street, NW  
Fourth Floor  
Washington, DC 20007

Re: Randall School Redevelopment, Washington, DC

Dear Marilyn,

We are pleased to advise you of our interest in providing you with a construction loan for Phase 1 of the above-referenced development, subject to our ordinary approval, underwriting process and loan closing conditions. We have enjoyed an excellent relationship with Telesis on our five previous projects and appreciate the opportunity to work with you on another quality development. This letter is made based on the financial information and projections provided us to date in support of your loan. The proposed terms and conditions are:

Borrower: TR SW 2 LLC

Guarantors: TR SW 2 LLC and Telesis Corporation

Loan Amount: Up to \$65,000,000

Interest Rate: Libor + 250 bp

Repayment: Interest only payable monthly from construction draws until completion

Term: 30 months, with a six-month extension option

Fee: One percent (1%)

Collateral: 268-unit rental development with ancillary commercial space located in southwest Washington, DC

Conditions to Funding Construction Loan:

Receipt of current financial statements and tax returns for Borrower and Guarantors;

Complete Plans and Specifications;

GMP Construction Contract with a general contractor acceptable to the Bank and including a payment and performance bond;

Appraisal acceptable to the Bank;

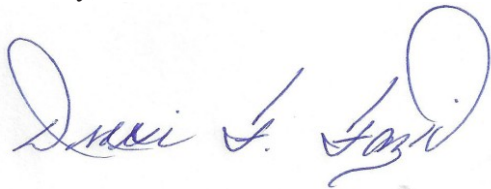
Third party reports regarding environmental issues acceptable to Bank;

Such other conditions which are customary and reasonable for a loan of this nature and amount.

Expiration: This letter shall remain in effect until December 31, 2014.

We are pleased to provide you with this letter of interest regarding the above-referenced property and look forward to working with you on this phase of the development.

Sincerely,

A handwritten signature in blue ink, appearing to read "Denise F. Fazio". The signature is fluid and cursive, with a large loop at the end.

Denise F. Fazio  
Vice President