

**PUBLIC MEETING NOTICE**  
**Pursuant to Act 84 of 1986 - Sunshine Act**

The monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on **Thursday, July 12, 2018 at 10:30 a.m.** at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania. The purpose of this meeting is to conduct normal Agency business and to approve the issuance of certain Agency securities. Inquiries should be directed to the Secretary.

If you are a person with a disability and wish to attend this meeting and require an auxiliary aid, service or other accommodation to participate, please contact the Secretary by Tuesday, July 10, 2018 to discuss how the Pennsylvania Housing Finance Agency may best accommodate your needs.

Anyone wishing to be recognized by the Chair to address the Members of the Board at this meeting must contact the Secretary no later than Tuesday, July 10, 2018 either in writing or by telephone and detail the nature of their presentation.

Carrie M. Barnes  
Secretary  
Phone: 717.780.3911  
TTY (in Pennsylvania): 711

**BOARD MEETING AGENDA**

**THURSDAY, JULY 12, 2018**

**10:30 A.M.**

**A G E N D A**

1. CALL TO ORDER AND ROLL CALL
2. APPROVAL OF THE MINUTES FROM THE JUNE 14, 2018 BOARD MEETING
3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
  - A. Approval of Tax-Exempt Financing
    1. Glen Hazel RAD, Pittsburgh, Allegheny County
    2. Blumberg Apartments Phase III, Philadelphia, Philadelphia County
4. POLICY COMMITTEE REPORT
  - A. Final Approval of 2019-2020 Low Income Housing Tax Credit Allocation Plan
  - B. Approval of the Year 2019 RFP for Tax-Exempt Volume Cap
5. JOINT HEMAP AND FINANCE COMMITTEES REPORT
  - A. HEMAP Budget for Fiscal Year Ending June 30, 2019
  - B. PHFA Budget for Fiscal Year Ending June 30, 2019
6. OTHER BUSINESS
7. EXECUTIVE SESSION
8. PERSONNEL COMMITTEE REPORT
9. ADJOURNMENT

**Pennsylvania Housing Finance Agency  
Meeting of the Board  
June 14, 2018**

**Members Present:**

Robin Wiessmann, Chair  
Thomas B. Hagen, Vice-Chair  
Craig H. Alexander  
\*Maria F. Coutts  
Kathy Possinger (serving in the stead of  
Dennis Davin, Secretary of Department  
of Community and Economic Development)  
Jennifer Koppel  
Ben Laudermilch (serving in the stead of  
Teresa Miller, Secretary, Human Services)  
Ross Nese  
Keith Welks (serving in the stead of  
Joseph Torsella, State Treasurer)  
\*Mark Schwartz

\*On Telephone conference call

**Members Absent:**

Ronald F. Croushore  
Robert Loughery  
John Paone

**Others Present:**

Brian A. Hudson, Executive Director  
Rebecca L. Peace, Deputy Executive Director/Chief Counsel  
Holly Glauser, Director of Development  
Bryce Maretzki, Director of Strategic Policy & Planning  
Scott Elliott, Director of Communications  
Carl Dudeck, Director of Housing Management  
Kathryn Newton, Director of Loan Servicing  
Coleen Baumert, Director of Homeownership  
Charlotte Folmer, Executive Director of Commonwealth Cornerstone Group  
Ali Tomich, Director of Western Region  
Jordan Laird, Director of Finance  
John Zapotocky, Director of Accounting  
Melissa Grover, Government Affairs Associate  
Melinda Johnson, Senior Housing Management Representative  
Alan Flannigan, Department of Banking and Securities  
Regina Smith, Senator Laughlin's District Director  
Christine Rush, Legislative Assistant, Representative Patrick Harkins Office  
Tim Vickey, Chief of Staff, Representative Ryan Bizzarro's Office  
Hon. Kathy Dahlkemper, Erie County Executive  
Julie Slomski, Director, Governor's Northwest Regional Office  
Kim Thomas, DCED Regional Director  
John Persinger, CEO, Erie Downtown Development Corporation  
Mike Batchelor, President, Erie Community Foundation

Bishop Dwane Brock, Chairman, Board of Commissioners,  
Housing Authority of the City of Erie  
Matthew Good, Chief Executive Officer, H.A.N.D.S  
Don Crenshaw, PSC East, LLC  
Chuck Scalise  
Mark Dombrowski, Vice President, Government Relations, Erie Insurance  
David Gonzalez, Chief Executive Officer, St. Martin Center, Inc.  
Hon. Joseph Schember, Mayor, City of Erie  
PJ Monella, Northwest Political Field Representative, Pennsylvania Association of Realtors  
Kim McWilliams, Erie Insurance  
Kathy Wyrosdick, Planning Director, City of Erie  
Fred Rush, City of Erie, Consultant  
Keith Caughey, Loan Officer, Liberty Mortgage  
Mary Ann Platz, Loan Officer, Liberty Mortgage  
Debbie Gilmour-Bertges, Vice President, Liberty Mortgage  
\*David Doray, Manager of Multifamily Underwriting  
\*Stanley Salwocki, Manager of Architecture & Engineering  
\*Steven O'Neill, Assistant Counsel  
\*Chris Anderson, Communications Officer  
\*Ann Mermelstein, Senior Development Officer  
\*Bill Bailey, Senior Development Officer  
\*Ken Bobb, Senior Construction Document Examiner  
\*Jay Reinhard, Country Commons  
\*Robert Jacobs, Country Commons  
\*Karyntha Cadogan, Country Commons  
\*Ian Rawhauser, Bond 3 LP  
\*Claude Hicks, Bond 3 LP  
\*Gerry Joseph, Bond 3 LP  
Maggie Strawser, Assistant Secretary  
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, June 14, 2018 at 10:30 a.m. at the Sheraton Erie Bayfront Hotel, 55 West Bay Drive in Erie, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of the *Erie Times-News* in Erie, Erie County on May 31, 2018; *The Patriot News* in Harrisburg, Dauphin County on June 3, 2018; *The Philadelphia Inquirer*, Philadelphia, Philadelphia County on June 2, 2018; the *Pittsburgh Post-Gazette* in Pittsburgh, Allegheny County on May 31, 2018; and *The Scranton Times* in Scranton, Lackawanna County on June 3, 2018.

**1. CALL TO ORDER AND ROLL CALL**

The meeting was called to order by Chair Wiessmann at 10:35 a.m. The roll was called and a quorum was present.

2. **WELCOME AND INTRODUCTION OF VISITORS**

Mr. Hudson recognized a number of the visitors to the PHFA Board meeting. He thanked them for coming to the meeting and stated that he is excited to be able to bring the PHFA Board to the City of Erie. The Board and staff are delighted to have made the trip from across the Commonwealth. The warm reception has been truly appreciated.

He also thanked those who participated in the PHFA project bus tour yesterday which highlighted a number of PHFA-financed developments in the City of Erie.

Mr. Hudson noted that there is a good partnership between the Agency and the City of Erie and it is his hope that this will continue.

3. **APPROVAL OF THE MINUTES FROM THE APRIL 12, 2018 BOARD MEETING**

There were no additions or corrections to the minutes.

**Mr. Welks made a motion that the minutes from the April 12, 2018 Board meeting be approved as submitted. This motion was seconded by Vice Chairman Hagen and the motion was unanimously approved.**

**SPECIAL PRESENTATIONS**

Mr. Hudson reported that the Agency held its annual Single Family Lenders Award Luncheon in April 2018 however, representatives from Liberty Mortgage Corporation, based in Erie, were unable to attend. Liberty Mortgage Corporation has been a significant partner with the Agency in its single family mortgage lending program over the years. During the past year, they have approved the most PennVEST loans of any lender in the Commonwealth and they have the top producing loan officers for Agency mortgages.

Mr. Hudson presented awards to Mary Ann Platz and Keith Coughy for the most conventional and FNMA loans produced and to Debbie Gilmour for the most PennVEST loans produced at Liberty Mortgage Corporation.

He stated that the Agency truly appreciates its partnership with Liberty Mortgage Corporation and thanked them for their continued support of PHFA's housing programs. It is his hope that this relationship will continue.

Mr. Hudson then presented PHFA Vice Chairman Thomas Hagen with a plaque commemorating his 22 years of service on the Agency's Board of Directors. He thanked Mr. Hagen for his many years of service, both to PHFA and to the Commonwealth for which he also served as the Secretary of Commerce for a number of years.

Mr. Schwartz added his thank you to Mr Hagen for all he has done for the Agency in several different capacities.

Mr. Hagen thanked everyone and noted that his term is set to expire on July 20, 2018 but he will continue servicing as a PHFA Board member until his successor has been nominated and confirmed. He stated that he has enjoyed his time on PHFA's Board and wishes them continued success.

Mr. Hudson then announced that his Executive Assistant and Board Secretary, Carrie Barnes, earlier this week celebrated her 40 year anniversary with the Agency. He thanked Ms. Barnes for her service to the Agency.

4. **PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT**

Mr. Welks, as Chair of the Program and Development Review Committee reported that the Committee met prior to the Board meeting and reviewed the following agenda items.

A. **Allocation of Tax-Exempt Bond Issuing Authority**

1. **Bond 3 LP, Dauphin, Lancaster and York Counties**

Mr. Bailey reviewed the proposed project and its financing plan. He reported that the owner is requesting an allocation of volume cap for the acquisition and rehabilitation of numerous units of both general and senior occupancy units in four developments in Dauphin, Lancaster and York Counties. The owner is requesting an allocation of volume cap in an amount not to exceed \$11,500,000. These private activity bonds would be issued by the Lancaster County Redevelopment Authority. There will be no relocation of tenants during the rehabilitation of the units.

Staff recommends approval of this request.

Mr. Welks as chairman of the Program and Development Review Committee reported that the Committee concurs with staff's recommendation.

**Mr. Welks made the motion that the Board approve the resolution authorizing a 2018 housing related bond allocation to Bond 3 LP in an amount not to exceed \$11,500,000. This motion was seconded.**

Mr. Rawhauser representing the owner, thanked the Board for their consideration and approval of this request and noted that they are looking forward to beginning the rehabilitation of these units.

**Mr. Welks called for a vote on the motion that the Board approve the resolution authorizing a 2018 housing related bond allocation to Bond 3 LP in an amount not to exceed \$11,500,000. This motion was unanimously approved. (See Appendix 1 of these Minutes.)**

**B. PHFA Tax-Exempt Bond Financing Approval**

**1. Country Commons Apartments, Bensalem Township, Bucks County**

Ms. Mermelstein reviewed the proposed project and its financing plan. She reported that the Agency would be the conduit issuer of these tax-exempt bonds in an amount not to exceed \$53,800,000 for the preservation and moderate rehabilitation of Country Commons Apartments. Tenants may be temporarily relocated as their units are rehabilitated and all costs of the temporary relocation have been included in the project budget.

Staff recommends approval of this financing request.

Mr. Welks as chairman of the Program and Development Review Committee reported that the Committee concurs with staff's recommendation.

**Mr. Welks made the motion that the Board approve the resolution authorizing the issuance of \$53,800,000 maximum aggregate principal amount of Special Limited Obligation Multifamily Housing Development Bonds for Country Commons Apartments. This motion was seconded by Ms. Possinger.**

Mr. Reinhard, representing the owner, specifically thanked Ms. Mermelstein for her assistance in getting this project to this point. He thanked the Board for the approval and stated that the owners are looking forward to working with the Agency again.

**Mr. Welks called for a vote on the motion that the Board approve the resolution authorizing the issuance of \$53,800,000 maximum aggregate principal amount of Special Limited Obligation Multifamily Housing Development Bonds for Country Commons Apartments. This motion was unanimously approved. (See Appendix 2 of these Minutes.)**

**C. Transfer of Ownership**

**1. Berwick House, Tamaqua, Schuylkill County**

Mr. Dudeck reported that the first mortgage on this project was paid off in March 2018. There is a PennHOMES loan balance of \$260,000. The current owner, Berwick House Associates, Ltd. would like to transfer the ownership of the project to Alliance for Building Communities, Inc. which is also the current management agent.

Mr. Dudeck reported that staff as reviewed the project and the documents regarding the transfer of ownership and recommends approval of the transfer.

Mr. Welks as chairman of the Program and Development Review Committee reported that the Committee concurs with staff's recommendation.

**Mr. Welks made the motion that the Board approve the resolution authorizing the transfer of ownership for Berwick House. This motion was seconded by Mr. Nese and was unanimously approved. (See Appendix 3 of these Minutes.)**

**D. Property Workout**

**1. Emma Lazarus Place, Reading, Berks County**

Mr. Dudeck reported that this project has been experiencing ongoing operating losses and maintenance issues for a number of years. In 2017, the Reading Housing Authority took over as management agent and has paid for repairs in excess of \$175,000. Emma Lazarus Homes, Inc. whose member is the Reading Housing Authority has agreed to purchase the property and maintain the units as affordable housing.

Mr. Dudeck noted that the sale proceeds are insufficient to repay the Agency's outstanding debt; therefore the owner requests that the Agency accept 50 percent of the outstanding PennHOMES loan balance (\$100,000) as payment in full to satisfy the outstanding liens and covenants on the property.

Mr. Dudeck reported that staff has reviewed all of the documentation and recommends approval of this request.

Mr. Welks as chairman of the Program and Development Review Committee reported that the Committee concurs with staff's recommendation.

**Mr. Welks made the motion that the Board approve the resolution authorizing the property workout of Emma Lazarus Place. This motion was seconded by Mr. Laudermilch and unanimously approved. (See Appendix 4 of these Minutes.)**

**E. Other Business**

**1. Transfer of Partner Interest**

Mr. Welks reported that the Program and Development Review Committee has been authorized by the Board to approve General Partnership transfers. The Program and Development Review Committee has unanimously approved the

transfer of general partnership from Conifer Realty, LLC to MARG RURAL LLC for Rose Square Apartments located in Connellsville, Fayette County. (See Appendix 5 of these Minutes.)

At this point in the meeting, Chair Wiessmann recognized the Honorable Joseph Schember, Mayor of the City of Erie. Mayor Schember welcomed the Board to Erie. He hoped that everyone has been enjoying the beautiful Erie weather. He stated that he appreciates everything the Agency has done for Erie.

**AUDIT/HEMAP COMMITTEE REPORT**

Ms. Possinger reported that the Audit and HEMAP Committees of the Board met jointly with Mitchell/Titus, auditors for the HEMAP and KPMG, auditors for the Agency on May 24, 2018 to review the scope of work to be completed for each audit. Both audits should be completed by Fall and will be ready for review by the Board at its annual policy meeting to be held on December 12, 2018.

**5. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2018-126 AND SERIES 2018-127**

Mr. Hudson reported that all of the proceeds of the Agency's Series 2018-125 bonds have been reserved even though closing will not take place until later this month. The 30-year mortgage rates will be offered between 3.675 and 4.5 percent. This is the Agency's first bond issue in many years comprised of all "new money".

Mr. Hudson expects that Series 2018-127 will be sold this Summer, followed by Series 2018 in the Fall. The Agency is anxious to get back into the market on a regular basis.

Mr. Hudson stated that he is requesting Board approval for staff to proceed with these bond issues and also to delegate the final terms and conditions related to these transactions to the Finance Committee.

**Mr. Laudermilch made the motion that the Board approve the resolutions authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 2018-127 and Series 2018-128 and delegating the authority to the Finance Committee to finalize all terms and conditions of each issuance. This motion was seconded by Ms. Possinger and unanimously approved. (See Appendices 6 and 7 respectively of these Minutes.)**

**6. UPDATE ON THE COMMUNITY REVITALIZATION FUND PROGRAM**

Mr. Maretzki reported that this new program was included in the Governor's 2016-2017 budget and made available in fiscal year 2017-2018.

He reported that the Agency receives an annual allocation of \$2,000,000 in tax credits that are sold by the Agency with the proceeds being used to support mixed-use projects in smaller communities in the Commonwealth.

The Agency issued an RFP for mixed-use developments and nine applications were received requesting a total of \$6,500,000 (seven from Philadelphia and two from Allegheny County). The Agency has about \$1,600,000 in its Community Revitalization Program account for project awards from the sale of the tax credits.

Staff will be reviewing the applications and will present their recommendations to the Board this Fall.

Mr. Marezki reminded the Board that these projects are very small, mixed-use proposals (15-20 units or less of affordable rental units) which also include commercial space.

Mr. Marezki reported that the pilot program for the Community Revitalization Program was the ReCLAIM Program. There was one project completed under the ReCLAIM program which is located in Pittsburgh. It includes a bakery on the first floor with apartments on the upper floors. Mr. Marezki noted that this project has been quite successful.

Mr. Schwartz stated the Mr. Marezki has done a great job on this program.

A question was raised regarding whether or not the Agency could use fiscal year 2018-2019 tax credit sale proceeds to support the initial round of project applications. The Agency is reviewing the possibility of using the second year credit sales to further support the nine project applications. Staff will provide updates as available.

**7. DEVELOPMENT STATUS REPORT**

There were no comments or questions on this report.

**8. PHFA INVESTMENT REPORT**

Mr. Hudson noted that the estimated value of the Agency's total of U. S. Government Obligations is a little over \$274,000,000 and he does expect the yield to change based on maturities and the yield curve. Chair Wiessmann noted that the maturities have pretty much been distributed.

**9. OTHER BUSINESS**

**A. Substitution of Tax Credits**

**1. Willard School, Philadelphia, Philadelphia County**

Ms. Glauser reported that Project HOME has requested that the Agency provide a supplemental preliminary tax credit award to allow the Willard School

project to proceed in this last cycle utilizing 9 percent tax credits rather than the Rowan Judson Diamond project utilizing 4 percent tax credits. Ms. Glauser reported that the Board previously approved the Rowan Judson Diamond project for funding under the last cycle of tax credits. Board approval is necessary to substitute one project for another in the allocation of tax credits.

**Mr. Welks made the motion that the Board approve the resolution authorizing certain additional actions regarding the year 2017/2018 of the Federal Low Income Rental Housing Tax Credit Allocation Processing. This motion was seconded. Mr. Schwartz abstained. The motion carried. (See Appendix 8 of these Minutes.)**

**B. July 12, 2018 Board Meeting**

Mr. Hudson reported that the July 12, 2018 PHFA Board meeting will be held via telephone conference call.

**C. Other Business**

There was no other business to be brought before the Board .

**10. ADJOURNMENT**

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. The meeting of the Board was adjourned at 11:25 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held via telephone conference call on Thursday, July 12, 2018 at 10:30 a.m.

Respectfully submitted,



Carrie M. Barnes  
Secretary

**TAX EXEMPT FINANCING**

Pennsylvania Housing Finance Agency  
July 3, 2018

**SUBJECT: Glen Hazel RAD**

Request for Tax Exempt Financing  
Tax-Exempt/Tax Credit Development: PHFA No. TC2018-134, 225 units  
City of Pittsburgh, County of Allegheny, Region 5  
Development Officer: William G. Bailey, Jr.

**TO:** Members of the Board  
Pennsylvania Housing Finance Agency

**FROM:** Brian A. Hudson   
Executive Director

**Project Identification**

- Glen Hazel Proper — Buildings on Johnston Avenue, Roselle Avenue, Roselle Court and Renova Street containing 215 units for general occupancy
- Glen Hazel Fedora — 30-36 Almeda Street and 5409-5415 Sunnyside Street, containing eight units for general occupancy
- Glen Hazel Renova — 333-337 Renova Street, containing two units for general occupancy

**Proposal Description**

This proposal is for the acquisition and moderate rehabilitation of 45 buildings containing 225 units for general occupancy. The 97 units in the eight story high rise have a senior preference. There will be 106 one-bedroom units, 41 two-bedroom units, 58 three-bedroom units and 20 four-bedroom units. The structural system is combination of wood frame and concrete, with masonry and vinyl exterior finish. The development contains a total of 234,636 square feet situated on approximately 33.9 acres.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-Exempt Bonds – Red Stone Tax Exempt Funding, LLC	\$12,650,000
Tax-Exempt Bonds – Housing Authority of the City of Pittsburgh	13,000,000
Housing Authority of the City of Pittsburgh Seller Note	9,550,000
Housing Authority of the City of Pittsburgh Moving to Work Loan	160,107
Interim Income	1,949,261
Equity from Proceeds of the Sale of Tax Credits & PNC Bridge Loan	3,814,019
Deferred Developer Fee and Reserves	<u>4,965,685</u>
Total Development Cost	\$46,089,072

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amount of:

Tax Exempt Bonds – Red Stone Tax Exempt Funding, LLC	\$11,740,000
Tax-Exempt Bonds – Housing Authority of the City of Pittsburgh	13,000,000
Housing Authority of the City of Pittsburgh Seller Note	9,550,000
Housing Authority of the City of Pittsburgh Moving to Work Loan	160,107
Equity from Proceeds of the Sale of Tax Credits	9,575,079
Interim Income	1,949,261
Energy Rebates	<u>114,625</u>
Total Development Cost	\$46,089,072

3. Development Costs

The Agency will be the conduit issuer of tax-exempt bonds privately placed with Red Stone Tax Exempt Funding, LLC. A second, subordinate series of tax-exempt bonds will be privately placed with the Housing Authority of the City of Pittsburgh. The bond proceeds will be used to establish an escrow from which funds will be disbursed during construction. The tax-exempt bonds will be reduced to the permanent loans amount following construction completion by equity from the sale of tax credits.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$12,903,984	\$57,351	\$55
Replacement Cost	\$39,394,919	\$175,088	\$168
Total Replacement Costs & Reserves	\$42,526,122	\$189,005	\$181
Total Development Costs	\$46,089,072	\$204,840	\$196
Tax-Exempt Bond	\$25,650,000	\$114,000	\$109
Acquisition Costs	\$23,072,375	\$102,543	\$98

4. Leveraging of Other Resources

The owner anticipates PNC Bank, NA providing an equity contribution of \$9,575,079 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a gross pay-in of \$0.98. The development anticipates qualifying for an allocation of tax credits in the approximate amount of \$977,099. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent credit allocation on the development's eligible basis.

5. Rental Estimates

All 225 units will receive rental assistance under a Project Based Section 8 Contract with a minimum term of 20 years from the Housing Authority of the City of Pittsburgh provided under the HUD Rental Assistance Demonstration Program ("RAD"), with tenants paying 30% of their income towards rent. All units will be available to tenants earning up to 20%, 50%, 60% and 80% of the area median income. There will be 17 non-tax credit units occupied by existing residents who are over income for the Tax Credit Program.

Unit Type	No. of Units	Avg. Net Rentable Sq. Ft.	Projected Tenant Rent	Estimated Cost of Utilities	Rental Subsidy	Total Housing Expense
1 BR	9	877	\$128	\$0	\$858	\$986
1 BR	3	662	\$128	\$0	\$858	\$986
1 BR	1	877	\$138	\$0	\$848	\$986
1 BR	9	662	\$138	\$0	\$848	\$986
1 BR	18	877	\$300	\$0	\$686	\$986
1 BR	3	662	\$286	\$0	\$700	\$986
1 BR	35	508	\$286	\$0	\$700	\$986
1 BR	5	877	\$286	\$0	\$700	\$986
1 BR	1	662	\$296	\$0	\$690	\$986
1 BR	2	508	\$296	\$0	\$690	\$986
1 BR	2	877	\$296	\$0	\$690	\$986
2 BR	3	823	\$160	\$0	\$1,073	\$1,233
2 BR	1	1,323	\$160	\$0	\$1,073	\$1,233
2 BR	2	1,323	\$173	\$0	\$1,060	\$1,233
2 BR	3	1,323	\$358	\$0	\$875	\$1,233
2 BR	1	1,323	\$450	\$0	\$783	\$1,233
2 BR	14	823	\$173	\$0	\$1,060	\$1,233
2 BR	14	823	\$358	\$0	\$875	\$1,233
2 BR	3	823	\$370	\$0	\$863	\$1,233
3 BR	4	1,187	\$200	\$0	\$1,342	\$1,542
3 BR	20	1,187	\$216	\$0	\$1,326	\$1,542
3 BR	28	1,187	\$447	\$0	\$1,095	\$1,542
3 BR	6	1,187	\$463	\$0	\$1,079	\$1,542
4 BR	3	1,415	\$221	\$0	\$1,479	\$1,700
4 BR	9	1,415	\$238	\$0	\$1,462	\$1,700
4 BR	6	1,415	\$493	\$0	\$1,207	\$1,700
4 BR	2	1,415	\$510	\$0	\$1,190	\$1,700
Total	225					

6. Relocation

Under the RAD Program all current residents of Glen Hazel must have the opportunity to remain in the development after rehabilitation has been completed, so there will be no permanent relocation. Residents will be temporarily relocated to host units within the development or off site while their unit is being rehabilitated, and will return to their unit or a comparable unit in the development upon completion. All costs associated with the temporary relocation will be paid for by the Owner. The estimated cost of relocation has been included in the development budget.

7. Supportive Services

Service coordination will be through a joint effort between Arco Management Company and Ursuline Supporting Services. A coordinator will be on site 45 hours per week. Services will include case management, recreational and socialization activities, life skills training, technical skills certifications, health and wellness programs and referral to Community Service Organizations.

## Development Team

### 1. Identification of Owner

The owner of the development will be Glen Hazel RAD LLC, with ARMDC – Glen Hazel RAD, Inc., a wholly-owned affiliate of the Housing Authority of the City of Pittsburgh, as its general partner.

### 2. Development Team Members

Sponsor:	Allies & Ross Management and Development Corporation Caster D. Binion Pittsburgh, PA	
Owner:	Glen Hazel RAD LLC Caster D. Binion Pittsburgh, PA	
Attorney:	Ballard Spahr, LLP Jeffrey Beenstock Cherry Hill, NJ	
Design Architect:	Renaissance 3 Architects Carla Worthington Pittsburgh, PA	
Prime Contractors:	Mistick Construction Leo Makosky Pittsburgh, PA	Controlled Climate Systems, Inc. James R. Conley Cannonsburg, PA
	Allegheny City Electric. Micahel J. Septak Pittsburgh, PA	Wheels Mechanical Contracting & Supplier, Inc. Noreen F. Hartman Elrama, PA
Management Agent:	Arco Management Corp. Cliff Asher Lanham, MD	
Supportive Services:	Arco Management Corp. Cliff Asher Lanham, MD	

## Site Description

The Glen Hazel Rad Development is located in a residential and institutional area of the Glen Hazel neighborhood of the City of Pittsburgh.

A limited number of amenities are within walking distance. Most are within 1.5 to 3.0 miles from the site. Three public transit bus stops are within walking distance, providing access to additional amenities and employment opportunities throughout the City.

## Conditions

Final bond or note issuance will be conditioned on the following:

1. Submission, review, and approval of all documentation necessary to secure construction and permanent loan financing of the project.
2. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended, and all applicable requirements of the Agency's Tax Credit Program have been met.
3. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Internal Revenue Code of 1986, as amended, have been met.
4. Compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals
5. Compliance with the timeframes and deadlines established by the Agency.
6. Evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the project.
7. Evidence of the commitment to serve low income tenants for a period of not less than 35 years, which will be included in the Restrictive Covenant Agreement.
8. Evidence of the satisfaction of accessibility requirements.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence, satisfactory to the Agency, of the award of a 20 year rental subsidy from the Housing Authority of the City of Pittsburgh under the Rental Assistance Demonstration in an amount sufficient to ensure the financial feasibility of the project.
11. Submission of two sets of complete full-size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond closing.

**PENNSYLVANIA HOUSING FINANCE AGENCY**

**RESOLUTION**

**Authorizing the Issuance of \$30,500,000  
Maximum Aggregate Principal Amount of  
Special Limited Obligation Multifamily Housing Development Bonds  
(Glen Hazel RAD)**

**Adopted: July 12, 2018**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF  
\$30,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT  
SPECIAL LIMITED OBLIGATION  
MULTIFAMILY HOUSING DEVELOPMENT BONDS  
(GLEN HAZEL RAD)**

**WHEREAS**, the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "**Act**"), determines and declares that the welfare of the Commonwealth of Pennsylvania (the "**Commonwealth**") is threatened by an inadequate supply of housing for persons and families of low and moderate income and the elderly; that the housing need for persons and families of low and moderate income and the elderly has not had economic expression in a market demand sufficient to encourage greater production of such housing by private industry due to high construction costs, a scarcity of financing and increased interest rates; that necessary governmental activities in urban renewal programs and under regulatory laws protecting health and safety face serious curtailment or interruption unless it becomes economically feasible for persons and families to acquire housing in place of the dwellings being eliminated by such activities; that the Commonwealth has a strong moral responsibility to assist in providing opportunity for the rental of relocation housing by persons and families displaced by necessary governmental activities and a general responsibility to eliminate conditions which prevent private industry from supplying housing to relieve the general shortage of housing; that private industry alone is unable to provide financing necessary for housing for persons and families of low and moderate income at a cost which such persons and families can afford; that the financing provided for in the Act will encourage greater expenditure of private capital for housing; and that there is a clear relationship between the provision of adequate, safe and sanitary housing and the advancement of public health and morals and the prevention of fire, accident and crime; and

**WHEREAS**, the Act empowers the Pennsylvania Housing Finance Agency (the "**Agency**") to make loans to eligible borrowers to provide for the construction, rehabilitation or permanent financing of such residential housing developments as in the judgment of the Agency have promise of supplying well planned, well designed apartment units which will provide housing for low and moderate income persons or families or the elderly and others in locations where there is a need for such housing and to purchase, service and sell such loans and to accept grants and subsidies from and to enter into agreements or other transactions with any federal agency or agency of the Commonwealth or other entity and to do all things necessary or convenient to carry out the powers granted by the Act; and

**WHEREAS**, the Agency is further authorized to issue and sell, subject to written approval by the Governor, bonds or notes in such principal amounts as, in the opinion of the Agency, are necessary to provide sufficient funds for achieving its corporate purposes; and

**WHEREAS**, the Agency has the power to invest any funds held in reserve or sinking funds and any funds not required for immediate disbursement in such investments as may be lawful for fiduciaries under any law of the Commonwealth, and the Agency may pledge reserve funds to the holders of bonds or notes which are issued pursuant to the Act and proceeds of loans created therefor by the Agency, all or any part of the assets acquired by the Agency pursuant to the Act, and any other lawfully available money to secure the payment of such bonds or notes; and

**WHEREAS**, the Act provides that bonds or notes issued by the Agency may be secured by a trust agreement, indenture of trust or similar instrument by and between it and a trustee and that the resolution providing for the issuance of such bonds or notes or such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Agency in relation to the custody, safeguarding and application of all moneys, may set forth the rights and remedies of the bondholders or noteholders and of any trustee, and may contain such other provisions as the Agency may deem reasonable and proper for the security of the bondholders or noteholders; and

**WHEREAS**, the Agency has determined to issue and secure bonds or notes in one or more series or subseries in accordance with, pursuant to and under this Resolution, a loan agreement and/or similar loan, trust, financing or purchase agreements (such operative documents shall be referred to hereinafter collectively as the "**Agreement**"); and

**WHEREAS**, Glen Hazel RAD LLC, a Pennsylvania limited liability company, or another affiliate of the sponsor, the Allied & Ross Management and Development Corporation (the "**Borrower**"), has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$30,500,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a multifamily residential rental housing project known as "Glen Hazel RAD," located in the Hazelwood neighborhood of Pittsburgh, Allegheny County, Pennsylvania, with 225 total units of affordable housing (collectively, the "**Project**"); and

**WHEREAS**, the Agency will lend the proceeds of the Bonds to the Borrower pursuant to the Agreement; and

**WHEREAS**, the Agency may use a portion of the proceeds of the Bonds to reimburse itself or the Borrower for original expenditures paid prior to the date of issuance of the Bonds; and

**WHEREAS**, this Resolution is intended, *inter alia*, to constitute a statement of "Official Intent" pursuant to Treasury Regulations §1.150-2, T.D. 8476 (the "**Treasury Regulations**"); and

**WHEREAS**, Red Stone Tax Exempt Funding LLC or its affiliate and the Housing Authority of the City of Pittsburgh or its affiliate (collectively, the "**Purchaser**"), or such successor entity or entities as may be approved by the Agency, are anticipated to be the initial holders of the Bonds pursuant to the Agreement.

**NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS FOLLOWS:**

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

**Section 101. Authority for Resolution.** This Resolution (hereinafter referred to as the "**Resolution**") is adopted pursuant to the authority granted to the Agency in the Act.

**Section 102. Definitions.** All terms which are used but not defined herein shall have the meanings ascribed to them in the Agreement.

**ARTICLE II**  
**AUTHORIZATION OF BONDS**

**Section 201. Principal Amount and Designation.** The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$30,500,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

**Section 202. Purposes.** The Bonds are being issued as special and limited obligations of the Agency, payable solely out of the moneys derived pursuant to the Agreement and the notes evidencing the certain loan or loans to the Borrower. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, new construction, renovation, equipping and/or improvement of the Project, and may be applied to certain costs of issuance. The Project is in every respect intended to qualify as a "residential rental facility" under the exempt facility provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "**Code**").

**Section 203. Conditions.** This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) years, which will be included in the Restrictive Covenant Agreement; (h) evidence of the satisfaction of accessibility requirements; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) satisfactory evidence of the award of a 20 year rental subsidy from the Housing Authority of the City of Pittsburgh under the Rental Assistance Demonstration Program in an amount sufficient to ensure the financial feasibility of the Project; and (k) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of the loan closing.

**Section 204. Date, Principal Amount, Maturity and Interest Rate.** The Bonds shall be dated as of the first day of the month in which they are issued, except as may be otherwise provided in the Agreement or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$30,500,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be no later than forty-two years after issuance, or such date supported by the final underwriting (whichever is shorter).

**Section 205. Payments.** The Bonds shall bear interest from their dated date and shall be payable as set forth in the Bonds and the Agreement, until the date of maturity of the Bonds or

redemption prior to maturity, as provided in the Agreement. All principal shall be due at maturity or redemption prior to maturity, as provided in the Agreement.

**Section 206. Denominations, Numbers, Letters and Forms.** The Bonds shall be issued as registered Bonds in \$1.00 minimum denominations and any multiple of \$1.00 in excess thereof, provided that for purposes of redeeming Bonds, the authorized denomination shall mean \$1.00. The Bonds shall be numbered consecutively, as appropriate. The Bonds shall be in substantially the form and tenor prescribed in the Agreement.

**Section 207. Execution of Bonds.** The Bonds shall be executed by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance and the seal of the Agency or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Bonds and attested by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel, Director of Finance or Secretary of the Agency. The Bonds shall be delivered to or on behalf of the Purchaser pursuant to the terms of the Agreement.

**Section 208. Place of Payment.** The principal payments, including payments upon redemption, of the Bonds shall be payable to the bondholders, as provided in the Agreement.

**Section 209. Redemption.** The Bonds shall be subject to optional redemption, extraordinary optional redemption and mandatory redemption as provided in the Agreement.

**Section 210. Execution of Requisite Agreements.** Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Bonds and the Agreement, including a trust agreement if deemed appropriate, with such final terms and provisions as their counsel may deem advisable, provided that the Bonds shall contain substantive terms and provisions materially consistent with this Resolution.

### ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS

**Section 301. Bond Proceeds.** Pursuant to the Agreement, upon receipt of the proceeds of the sale of the Bonds, such proceeds shall be advanced to the Borrower.

**Section 302. Payments of Costs.** At closing, the Borrower shall pay the costs, expenses and professional fees associated with the issuance of the Bonds.

### ARTICLE IV SECURITY FOR THE BONDS

**Section 401. Limited Obligation.** The Bonds shall be special and limited obligations of the Agency, and shall be payable only from funds paid by or on behalf of Borrower for such purposes. The Bonds shall be secured by the collateral described in the Agreement as security for the bondholders. The Bonds shall contain a statement therein to the effect that the obligations of the Agency on the Bonds are expressly limited to and are payable solely from the sources described in the Agreement.

**Section 402. Credit of Commonwealth Not Pledged.** The Bonds shall contain therein a statement to the effect that the Bonds shall be special and limited obligations of the Agency payable only from the sources provided in the Agreement, that neither the Commonwealth nor any political subdivision thereof shall be liable on the Bonds and that neither the faith and credit nor the taxing power of the

Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. Neither the members of the Board nor the officers of the Agency nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

## **ARTICLE V MISCELLANEOUS**

**Section 501. Authorization of Officers and Further Actions.** The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Bonds and the Agreement as shall, with the advice of the Agency Counsel and Bond Counsel, be advisable, including the taking of any necessary or appropriate actions to modify the terms hereof in order to achieve the financing transaction.

**Section 502. Covenant to Comply with Federal Tax Requirements.** The Agency hereby covenants to comply, and to take appropriate steps to ensure that the Borrower complies, with all applicable requirements of the Code so that interest on the Bonds is entitled to exclusion from gross income of the holders thereof for federal income tax purposes, including all applicable requirements of the Code regarding the provision of funds for qualified residential rental properties, investment of proceeds, treatment of fund investment earnings, repayments or unused proceeds, restriction of earnings on reserve funds, and rebate and yield restrictions set forth in Section 148 of the Code. The Agency also covenants to make any required payment imposed by the United States to maintain compliance with said requirements from time to time as required by Section 148 of the Code (or by applicable subsequent Treasury Regulation). The Agency shall require that Borrower contract for and fund the retention of qualified computation advisers to perform all applicable disclosure and federal tax compliance requirements.

**Section 503. Official Intent.** In accordance with Treasury Reg. §1.150-2, the Agency hereby confirms its intentions that a portion of the proceeds of the Bonds may be used to reimburse itself or the Borrower for qualifying expenditures paid prior to the date of issuance of the Bonds. All original expenditures to be reimbursed will be capital expenditures (as defined in Treas. Reg. Sec. 1.150-1(b)) and other amounts permitted to be reimbursed pursuant to Treas. Reg. Sec. 1.150-2(d)(3) and (f).

**Section 504. Effective Date and Validity.** This Resolution shall take effect immediately and shall remain in effect until specifically repealed.

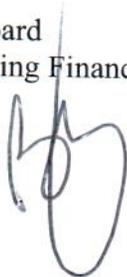
# TAX EXEMPT FINANCING

Pennsylvania Housing Finance Agency  
July 3, 2018

**SUBJECT: Blumberg Apartments Phase III**  
Request for Tax Exempt Financing  
Tax-Exempt/Tax Credit Development: PHFA No. TC2018-105, 83 units  
City of Philadelphia, County of Philadelphia, Region 1  
Development Officer: William G. Bailey, Jr.

**TO:** Members of the Board  
Pennsylvania Housing Finance Agency

**FROM:** Brian A. Hudson  
Executive Director



## Proposal Description

The Blumberg Apartments Phase III development is located on Oxford, Bolton, Jefferson, 22nd and 23rd Streets in a mixed residential and commercial area in the Blumberg-Sharswood neighborhood of North Philadelphia. This proposal is for the new construction of seven two- and three-story buildings containing 83 units for general occupancy. There will be 11 one-bedroom units, 36 two-bedroom units, 32 three-bedroom units and four four-bedroom units. The structural system is modular wood frame, with brick and clapboard exterior finish. The development contains a total of 119,153 square feet situated on approximately 2.76 acres.

### 1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-Exempt Bonds – Citizens Bank, NA	\$15,700,000
Philadelphia Housing Authority Loan	12,121,267
Deferred Developer Fee and Reserves	2,380,059
Equity from the Proceeds of the Sale of Tax Credits	1,521,388
PECO Energy Rebates	48,334
Total Development Cost	<u>\$31,771,048</u>

### 2. Permanent Financing Plan

Permanent financing will be provided in the approximate amount of:

Citizens Bank, NA Taxable First Mortgage Loan	\$ 5,400,000
Philadelphia Housing Authority Loan	15,681,144
Equity from the Proceeds of the Sale of Tax Credits	10,142,584
PECO Energy Rebates	48,334
Deferred Developer Fee	498,986
Total Development Cost	<u>\$31,771,048</u>

3. Development Costs

The Agency will be the conduit issuer of tax-exempt bonds privately placed with Citizens Bank, National Association. The bond proceeds will be used to establish an escrow from which funds will be disbursed during construction. The tax-exempt bonds will be repaid following construction completion by loan proceeds from the Philadelphia Housing Authority and equity from the sale of tax credits.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$26,271,716	\$316,527	\$220
Replacement Cost	\$28,405,219	\$342,232	\$238
Total Replacement Costs & Reserves	\$29,223,438	\$352,090	\$245
Total Development Costs	\$31,771,048	\$382,784	\$267
Tax-Exempt Bond	\$15,700,000	\$189,157	\$132
Acquisition Costs	\$10,000	\$120	\$.08

4. Leveraging of Other Resources

The owner anticipates CREA, LLC providing an equity contribution of \$10,142,584 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a gross pay-in of \$1.02. The development anticipates qualifying for an allocation of tax credits in the approximate amount of \$994,371. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent credit allocation on the development's eligible basis.

5. Rental Estimates

Unit Type	No. of Units	Avg. Net Rentable Sq. Ft.	Projected Tenant Rent	Estimated Cost of Utilities	Rental Subsidy	Total Housing Expense
1 BR	2	616	\$218	\$94	\$735	\$1,047
1 BR	5	616	\$667	\$113	\$267	\$1,047
1 BR	4	616	\$842	\$94	\$111	\$1,047
2 BR	3	1,061	\$257	\$117	\$892	\$1,266
2 BR	3	1,061	\$819	\$117	\$330	\$1,266
2 BR	5	1,061	\$796	\$140	\$330	\$1,266
2 BR	8	1,061	\$1,006	\$117	\$143	\$1,266
2 BR	6	1,094	\$819	\$117	\$330	\$1,266
2 BR	11	1,094	\$1,006	\$117	\$143	\$1,266
3 BR	2	1,330	\$295	\$137	\$1,155	\$1,587
3 BR	1	1,330	\$944	\$137	\$506	\$1,587
3 BR	1	1,330	\$1,161	\$137	\$289	\$1,587
3 BR	9	1,392	\$944	\$137	\$506	\$1,587
3 BR	4	1,392	\$916	\$165	\$506	\$1,587
3 BR	12	1,392	\$1,161	\$137	\$289	\$1,587
3 BR	3	1,392	\$1,133	\$165	\$289	\$1,587
4 BR	1	1,528	\$323	\$160	\$1,304	\$1,787
4 BR	1	1,528	\$290	\$193	\$1,304	\$1,787
4 BR	2	1,641	\$1,289	\$160	\$338	\$1,787
Total	83					

All eighty-three units will receive rental assistance under a Project Based Section 8 Contract with a minimum term of 20 years from the Philadelphia Housing Authority provided under the HUD Rental Assistance Demonstration (“RAD”) Program, with tenants paying 30% of their income towards rent. All units will be available to tenants earning up to 20%, 50% and 60% of the area median income.

6. Relocation

All residents of the former Blumberg Public Housing Property were relocated in late 2015 in anticipation of the demolition of the property in early 2016. All former tenants will have the option to return to the project upon completion. All relocation costs will be paid by the Philadelphia Housing Authority

7. Supportive Services

The Philadelphia Housing Authority will use its own service coordinators as well as external partners to provide services to residents of Blumberg Apartments Phase III which will include, but not be limited to, employment placement, job skills training, Section 3 Employment, after school programs, summer camps, wellness programs and summer food services program.

## **Development Team**

1. Identification of Owner

Blumberg Apartments Phase III Limited Partnership will own the development, with Blumberg Apartments Phase III HDC, an affiliate of the Philadelphia Housing Authority, as its general partner.

2. Development Team Members

Sponsor:	Philadelphia Housing Authority Kelvin A. Jeremiah Philadelphia, PA
Owner:	Blumberg Apartments Phase III Limited Partnership Nicholas Dema Philadelphia, PA
Attorney:	Ballard Spahr, LLP Jeffrey Beenstock Cherry Hill, NJ
Design Architect:	Barton Partners Architects Planners, Inc. Lyle Suess Norristown, PA
Contractor:	TN Ward Company Harvey Devens Ardmore, PA
Management Agent:	Philadelphia Asset and Property Management Corporation Thomas Magras Philadelphia, PA
Supportive Services:	Philadelphia Housing Authority William Myles Philadelphia, PA

## Site Description

Blumberg Apartments Phase III is located on a 2.76 acre site in a mixed residential and commercial area in the Blumberg-Sharswood neighborhood of North Philadelphia. The site is part of the former Norman Blumberg Public Housing Property.

A number of neighborhood amenities are within a few blocks of the site, including three SEPTA Bus Routes providing access to additional amenities throughout the City.

## Conditions

Final bond or note issuance will be conditioned on the following:

1. Submission, review, and approval of all documentation necessary to secure construction and permanent loan financing of the project.
2. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended, and all applicable requirements of the Agency's Tax Credit Program have been met.
3. Evidence, satisfactory to the Agency, and approval of Agency counsel that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Internal Revenue Code of 1986, as amended, have been met.
4. Compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals.
5. Compliance with the timeframes and deadlines established by the Agency.
6. Evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure the financial feasibility of the project.
7. Evidence of the commitment to serve low income tenants for a period of not less than 35 years, which will be included in the Restrictive Covenant Agreement.
8. Evidence of the satisfaction of accessibility requirements.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence, satisfactory to the Agency, of the award of a 20 year rental subsidy from the Philadelphia Housing Authority under the Rental Assistance Demonstration Program in an amount sufficient to ensure the financial feasibility of the project.
11. Submission of two sets of complete full-size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond closing.

**PENNSYLVANIA HOUSING FINANCE AGENCY**

**RESOLUTION**

**Authorizing the Issuance of \$18,000,000  
Maximum Aggregate Principal Amount of  
Special Limited Obligation Multifamily Housing Development Bonds  
(Blumberg Apartments Phase III)**

**Adopted: July 12, 2018**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF  
\$18,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT  
SPECIAL LIMITED OBLIGATION  
MULTIFAMILY HOUSING DEVELOPMENT BONDS  
(BLUMBERG APARTMENTS PHASE III)**

**WHEREAS**, the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "**Act**"), determines and declares that the welfare of the Commonwealth of Pennsylvania (the "**Commonwealth**") is threatened by an inadequate supply of housing for persons and families of low and moderate income and the elderly; that the housing need for persons and families of low and moderate income and the elderly has not had economic expression in a market demand sufficient to encourage greater production of such housing by private industry due to high construction costs, a scarcity of financing and increased interest rates; that necessary governmental activities in urban renewal programs and under regulatory laws protecting health and safety face serious curtailment or interruption unless it becomes economically feasible for persons and families to acquire housing in place of the dwellings being eliminated by such activities; that the Commonwealth has a strong moral responsibility to assist in providing opportunity for the rental of relocation housing by persons and families displaced by necessary governmental activities and a general responsibility to eliminate conditions which prevent private industry from supplying housing to relieve the general shortage of housing; that private industry alone is unable to provide financing necessary for housing for persons and families of low and moderate income at a cost which such persons and families can afford; that the financing provided for in the Act will encourage greater expenditure of private capital for housing; and that there is a clear relationship between the provision of adequate, safe and sanitary housing and the advancement of public health and morals and the prevention of fire, accident and crime; and

**WHEREAS**, the Act empowers the Pennsylvania Housing Finance Agency (the "**Agency**") to make loans to eligible borrowers to provide for the construction, rehabilitation or permanent financing of such residential housing developments as in the judgment of the Agency have promise of supplying well planned, well designed apartment units which will provide housing for low and moderate income persons or families or the elderly and others in locations where there is a need for such housing and to purchase, service and sell such loans and to accept grants and subsidies from and to enter into agreements or other transactions with any federal agency or agency of the Commonwealth or other entity and to do all things necessary or convenient to carry out the powers granted by the Act; and

**WHEREAS**, the Agency is further authorized to issue and sell, subject to written approval by the Governor, bonds or notes in such principal amounts as, in the opinion of the Agency, are necessary to provide sufficient funds for achieving its corporate purposes; and

**WHEREAS**, the Agency has the power to invest any funds held in reserve or sinking funds and any funds not required for immediate disbursement in such investments as may be lawful for fiduciaries under any law of the Commonwealth, and the Agency may pledge reserve funds to the holders of bonds or notes which are issued pursuant to the Act and proceeds of loans created therefor by the Agency, all or any part of the assets acquired by the Agency pursuant to the Act, and any other lawfully available money to secure the payment of such bonds or notes; and

**WHEREAS**, the Act provides that bonds or notes issued by the Agency may be secured by a trust agreement, indenture of trust or similar instrument by and between it and a trustee and that the resolution providing for the issuance of such bonds or notes or such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Agency in relation to the custody, safeguarding and application of all moneys, may set forth the rights and remedies of the bondholders or noteholders and of any trustee, and may contain such other provisions as the Agency may deem reasonable and proper for the security of the bondholders or noteholders; and

**WHEREAS**, the Agency has determined to issue and secure bonds or notes in one or more series or subseries in accordance with, pursuant to and under this Resolution, a loan agreement and/or similar loan, trust, financing or purchase agreements (such operative documents shall be referred to hereinafter collectively as the "**Agreement**"); and

**WHEREAS**, Blumberg Apartments Phase III Limited Partnership, a Pennsylvania limited partnership, or another affiliate of the sponsor, the Philadelphia Housing Authority (the "**Borrower**"), has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$18,000,000 (the "**Bonds**") to fund the acquisition, new construction, improvement and equipping of a multifamily residential rental housing project known as "Blumberg Apartments Phase III," located at 22nd and Bolton Streets, Philadelphia, Philadelphia County, Pennsylvania, with 83 total units of affordable housing (collectively, the "**Project**"); and

**WHEREAS**, the Agency will lend the proceeds of the Bonds to the Borrower pursuant to the Agreement; and

**WHEREAS**, the Agency may use a portion of the proceeds of the Bonds to reimburse itself or the Borrower for original expenditures paid prior to the date of issuance of the Bonds; and

**WHEREAS**, this Resolution is intended, *inter alia*, to constitute a statement of "Official Intent" pursuant to Treasury Regulations §1.150-2, T.D. 8476 (the "**Treasury Regulations**"); and

**WHEREAS**, Citizens Bank, N.A. or its affiliate (the "**Purchaser**"), or such successor entity as may be approved by the Agency, is anticipated to be the initial holder of the Bonds pursuant to the Agreement.

**NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS FOLLOWS:**

**ARTICLE I  
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**Section 101. Authority for Resolution.** This Resolution (hereinafter referred to as the "**Resolution**") is adopted pursuant to the authority granted to the Agency in the Act.

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**Section 201. Principal Amount and Designation.** The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$18,000,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

**Section 202. Purposes.** The Bonds are being issued as special and limited obligations of the Agency, payable solely out of the moneys derived pursuant to the Agreement and the notes evidencing the certain loan or loans to the Borrower. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, new construction, renovation, equipping and/or improvement of the Project, and may be applied to certain costs of issuance. The Project is in every respect intended to qualify as a "residential rental facility" under the exempt facility provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "**Code**").

**Section 203. Conditions.** This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) years, which will be included in the Restrictive Covenant Agreement; (h) evidence of the satisfaction of accessibility requirements; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) satisfactory evidence of the award of a 20 year rental subsidy from the Philadelphia Housing Authority under the Rental Assistance Demonstration Program in an amount sufficient to ensure the financial feasibility of the Project; and (k) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of the loan closing.

**Section 204. Date, Principal Amount, Maturity and Interest Rate.** The Bonds shall be dated as of the first day of the month in which they are issued, except as may be otherwise provided in the Agreement or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$18,000,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be no later than thirty-six months after issuance, or such date supported by the final underwriting (whichever is shorter).

**Section 205. Payments.** The Bonds shall bear interest from their dated date and shall be payable as set forth in the Bonds and the Agreement, until the date of maturity of the Bonds or

redemption prior to maturity, as provided in the Agreement. All principal shall be due at maturity or redemption prior to maturity, as provided in the Agreement.

**Section 206. Denominations, Numbers, Letters and Forms.** The Bonds shall be issued as registered Bonds in \$1.00 minimum denominations and any multiple of \$1.00 in excess thereof, provided that for purposes of redeeming Bonds, the authorized denomination shall mean \$1.00. The Bonds shall be numbered consecutively, as appropriate. The Bonds shall be in substantially the form and tenor prescribed in the Agreement.

**Section 207. Execution of Bonds.** The Bonds shall be executed by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance and the seal of the Agency or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Bonds and attested by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel, Director of Finance or Secretary of the Agency. The Bonds shall be delivered to or on behalf of the Purchaser pursuant to the terms of the Agreement.

**Section 208. Place of Payment.** The principal payments, including payments upon redemption, of the Bonds shall be payable to the bondholders, as provided in the Agreement.

**Section 209. Redemption.** The Bonds shall be subject to optional redemption, extraordinary optional redemption and mandatory redemption as provided in the Agreement.

**Section 210. Execution of Requisite Agreements.** Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Bonds and the Agreement, including a trust agreement if deemed appropriate, with such final terms and provisions as their counsel may deem advisable, provided that the Bonds shall contain substantive terms and provisions materially consistent with this Resolution.

### ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS

**Section 301. Bond Proceeds.** Pursuant to the Agreement, upon receipt of the proceeds of the sale of the Bonds, such proceeds shall be advanced to the Borrower.

**Section 302. Payments of Costs.** At closing, the Borrower shall pay the costs, expenses and professional fees associated with the issuance of the Bonds.

### ARTICLE IV SECURITY FOR THE BONDS

**Section 401. Limited Obligation.** The Bonds shall be special and limited obligations of the Agency, and shall be payable only from funds paid by or on behalf of Borrower for such purposes. The Bonds shall be secured by the collateral described in the Agreement as security for the bondholders. The Bonds shall contain a statement therein to the effect that the obligations of the Agency on the Bonds are expressly limited to and are payable solely from the sources described in the Agreement.

**Section 402. Credit of Commonwealth Not Pledged.** The Bonds shall contain therein a statement to the effect that the Bonds shall be special and limited obligations of the Agency payable only from the sources provided in the Agreement, that neither the Commonwealth nor any political subdivision thereof shall be liable on the Bonds and that neither the faith and credit nor the taxing power of the

Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. Neither the members of the Board nor the officers of the Agency nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

## **ARTICLE V MISCELLANEOUS**

**Section 501. Authorization of Officers and Further Actions.** The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Bonds and the Agreement as shall, with the advice of the Agency Counsel and Bond Counsel, be advisable, including the taking of any necessary or appropriate actions to modify the terms hereof in order to achieve the financing transaction.

**Section 502. Covenant to Comply with Federal Tax Requirements.** The Agency hereby covenants to comply, and to take appropriate steps to ensure that the Borrower complies, with all applicable requirements of the Code so that interest on the Bonds is entitled to exclusion from gross income of the holders thereof for federal income tax purposes, including all applicable requirements of the Code regarding the provision of funds for qualified residential rental properties, investment of proceeds, treatment of fund investment earnings, repayments or unused proceeds, restriction of earnings on reserve funds, and rebate and yield restrictions set forth in Section 148 of the Code. The Agency also covenants to make any required payment imposed by the United States to maintain compliance with said requirements from time to time as required by Section 148 of the Code (or by applicable subsequent Treasury Regulation). The Agency shall require that Borrower contract for and fund the retention of qualified computation advisers to perform all applicable disclosure and federal tax compliance requirements.

**Section 503. Official Intent.** In accordance with Treasury Reg. §1.150-2, the Agency hereby confirms its intentions that a portion of the proceeds of the Bonds may be used to reimburse itself or the Borrower for qualifying expenditures paid prior to the date of issuance of the Bonds. All original expenditures to be reimbursed will be capital expenditures (as defined in Treas. Reg. Sec. 1.150-1(b)) and other amounts permitted to be reimbursed pursuant to Treas. Reg. Sec. 1.150-2(d)(3) and (f).

**Section 504. Effective Date and Validity.** This Resolution shall take effect immediately and shall remain in effect until specifically repealed.