

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, September 13, 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, September 11, 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, September 11, 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, SEPTEMBER 13, 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 JULY 12, 2018 BOARD MEETING
3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Approval of Tax-Exempt Financing
 1. NewCourtland Apartments at Henry Avenue Phase 1B, Philadelphia, Philadelphia County
 2. Sharpsburg Towers, Sharpsburg, Allegheny County
 - B. Allocation of Tax-Exempt Issuing Authority
 1. Lemington, Pittsburgh, Allegheny County
 - C. Property Workout
 1. Oxford Hotel, Oxford, Chester County
 - D. Other Business
4. OTHER BUSINESS
5. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
July 12, 2018**

Members Present:

*Robin Wiessmann, Chair
*Thomas B. Hagen, Vice-Chair
*Maria F. Coutts
Ronald F. Croushore
*Kathy Possinger (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
*Jennifer Koppel
Gary E. Lenker
*Robert Loughery
*Ben Laudermilch (serving in the stead of
Teresa Miller, Secretary, Human Services)
*Ross Nese
*John P. O'Neill
*Mark Schwartz
*Keith Welks (serving in the stead of
Joseph Torsella, State Treasurer)

*On Telephone conference call

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, Commonwealth Cornerstone Group
Ali Tomich, Director of Western Region
Jordan Laird, Director of Finance
John Zapotocky, Director of Accounting
Melissa Grover, Government Affairs Associate
Steven O'Neill, Assistant Counsel
David Doray, Manager of Multifamily Underwriting
Stanley Salwocki, Manager of Architecture & Engineering
Chris Anderson, Communications Officer
*Bill Bailey, Senior Development Officer
Linda Stewart, Manager of Tax Credit Program
Bill Fogarty, Director, Government Affairs
Clay Lambert, Business Policy Officer

Members Absent:

John Paone

Lisa Case, Manager of Project Operations
Jada Greenhowe, Assistant Counsel
Lori Toia, Director, Homeowners Emergency Mortgage Assistant Program
Diane Hoffman, Manager of Accounting, Homeowners
Emergency Mortgage Assistant Program
Robert Theil, NewCourtland Senior Services
Jennifer Shockley, Association Manager, Pennsylvania Developers' Council
*Nicholas Dema, Blumberg Apartments Phase III
*Catherine Droser, Blumberg Apartments Phase III
*Caster Binion, Glen Hazel RAD
*Darrell Davis, Glen Hazel RAD
*Jerome Frank, Glen Hazel RAD
*Chris Paul, Glen Hazel RAD
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, July 12, 2018 at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on July 8, 2018.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Wiessmann at 10:30 a.m. The roll was called and a quorum was present.

Chair Wiessmann welcomed John O'Neill as the newest member of the Agency's Board and stated that she is looking forward to working with him on PHFA's Board. Mr. O'Neill thanked her for her recognition.

2. APPROVAL OF THE MINUTES FROM THE JUNE 14, 2018 BOARD MEETING

There were no additions or corrections to the minutes.

Mr. Lenker made a motion that the minutes from the June 14, 2018 Board meeting be approved as submitted. This motion was seconded by Mr. Croushore and was unanimously approved.

3. 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. Approval of Tax-Exempt Financing

1. Glen Hazel RAD, Pittsburgh, Allegheny County

Mr. Bailey reviewed the proposed project and its financing plan. He reported that this request is for the allocation of tax-exempt bonds in an amount not to exceed \$30,500,000. The Agency would be the conduit issuer of the bonds which will be privately placed with Red Stone Tax Exempt Funding, LLC. A second, subordinate series of bonds would be privately placed with the Housing Authority of the City of Pittsburgh.

Mr. Bailey stated that staff recommends approval.

Mr. Welks reported that the Committee concurs with staff's recommendation.

Mr. Welks made the motion that the Board approve the resolution authorizing the Issuance of \$30,500,000 Maximum Aggregate Principal Amount of Special Limited Obligation Multifamily Housing Development Bonds to the Glen Hazel RAD project. This motion was seconded.

Mr. Binion, of the Housing Authority of the City of Pittsburgh thanked the Board for the allocation for this project and stated that they are looking forward to getting underway.

Mr. Welks called for a vote on the motion that the Board approve the resolution authorizing the Issuance of \$30,500,000 Maximum Aggregate Principal Amount of Special Limited Obligation Multifamily Housing Development Bonds for the Glen Hazel RAD project. This motion was unanimously approved. (See Appendix 1 of these Minutes.)

2. Blumberg Apartments Phase III, Philadelphia, Philadelphia County

Mr. Bailey reviewed the proposed project and its financing plan. He reported that this request is for the allocation of tax-exempt bonds in an amount not to exceed \$18,000,000. The Agency would be the conduit issuer of the bonds which will be privately placed with Citizens Bank, NA. All of the units in this project will be eligible for HUD's Rental Assistance Demonstration Program.

In 2015, residents of the former Blumberg Public Housing Property were relocated prior to demolition. The relocated tenants will have the option to return to this project when it is completed.

Mr. Bailey stated that staff recommends approval.

Mr. Welks reported that the Committee concurs with staff's recommendation.

Mr. Welks made the motion that the Board approve the resolution authorizing the Issuance of \$18,000,000 Maximum Aggregate Principal Amount of Special Limited Obligation Multifamily Housing Development Bonds to the Blumberg Apartments Phase III project. This motion was seconded.

Mr. Dema of the Philadelphia Housing Authority thanked the Board for the allocation for this project and stated that they will continue their efforts to redevelop this neighborhood.

Mr. Hudson asked Mr. Dema to elaborate on this phase of the redevelopment plan. Mr. Dema stated that the plan is to develop a combination of nearly 1200 rental housing units as well as homeownership opportunities in the area. The comprehensive plan includes many aspects of services for the residents.

Mr. Welks called for a vote on the motion that the Board approve the resolution authorizing the Issuance of \$18,000,000 Maximum Aggregate Principal Amount of Special Limited Obligation Multifamily Housing Development Bonds for the Blumberg Apartments Phase III project. This motion was unanimously approved. (See Appendix 2 of these Minutes.)

3. Other Business

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

4. POLICY COMMITTEE REPORT

Mr. Schwartz, as Chair of the Policy Committee reported that the Committee met prior to the Board meeting and reviewed the following agenda items.

A. Final Approval of 2019-2020 Low Income Housing Tax Credit Allocation Plan

Ms. Glauser briefly highlighted the proposed changes to the Low Income Housing Tax Credit Allocation Plan. These changes are being proposed as a result of the public hearing held on April 5, 2018. Subsequently, the Agency invited additional comments on the Allocation Plan which was posted on the Agency's website. The areas in which changes are being proposed include the following sections: Adoption of a Two Year Allocation Plan; Submission Requirements; Set-Aside Pools and Preferences; Income Averaging and Affordability of Units; Supportive Services; Commitment of Funds and Development Experience.

Ms. Glauser reported that following the Board's approval of the Allocation Plan, it will be sent to the Governor for signature.

Mr. Schwartz stated that this was a difficult undertaking and he commended staff for their work on updating the Plan and specifically addressing the issue of including developments promoting supportive services for persons being released from incarceration.

Chair Wiessmann stated that the Department of Banking and Securities has become involved in the issue of assisting those who have been incarcerated as they re-enter society. She is pleased to see that the Agency is taking an active role in addressing this need.

Mr. Hudson indicated that there are a number of other agencies, including the Office of Attorney General, Department of Community and Economic Development, Department of Corrections and the Department of Human Services as well as County officials (such as Bucks County) which will be involved beginning this Fall. He hopes that the combined efforts result in a solution to this need.

Mr. Schwartz made the motion that the Board approve the Low Income Housing Tax Credit Allocation Plan for 2019-2020 as submitted by staff. This motion was seconded and was unanimously approved. (See Appendix 3 of these Minutes.)

B. Approval of the Year 2019 RFP for Tax-Exempt Volume Cap

Ms. Glaser reported that applications for 2019 tax-exempt volume cap will be provided on a first come first served basis. This will once again be a two-step process. A preliminary application will determine the financial viability and tax credit eligibility and then will be followed by a full underwriting application. This process worked well for the Agency last year.

Staff recommends approval of this RFP.

Mr. Schwartz reported that the Policy Committee concurs with staff's recommendation and commended staff for their work on this RFP.

Mr. Schwartz made the motion that the Board approve the RFP for 2019 Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations as submitted by staff. This motion was seconded and was unanimously approved. (See Appendix 4 of these Minutes.)

5. **JOINT HEMAP AND AUDIT COMMITTEES REPORT**

A. **HEMAP Budget for Fiscal Year Ending June 30, 2019**

Mr. Schwartz reported that the HEMAP Committee met jointly with the Finance Committee the week prior to the Board meeting to review this budget. He asked Mr. Hudson to report on the HEMAP budget.

Mr. Hudson stated that the HEMAP still has a balance of approximately \$15,000,000 from the mortgage servicing settlement. The number of applications being received for mortgage assistance has decreased to between 250 to 275 per month; consequently, the Agency has increased its approval rate to 20 percent. The cash on hand should be enough to sustain the program for the next two years, or possibly more. Yearly collections are approximately \$7,500,000 which is very good. Disbursements are approximately \$5,500,000 per year. Overall the program is in very good shape.

Staff recommends approval of the HEMAP budget as submitted.

Ms. Koppel made the motion that the HEMAP budget be approved as submitted. This motion was seconded by Mr. Croushore and was unanimously approved. (See Appendix 5 of these Minutes.)

B. **PHFA Budget for Fiscal Year Ending June 30, 2019**

Ms. Possinger reported that the Finance Committee met the week prior to the Board meeting to review this budget.

She reported that the Finance Committee reviewed the entire budget with staff. The General Fund net income is projected to be approximately \$2,500,000 with no new staff positions requested. She noted that the significant changes to the budget are primarily related to the building expansion project. The Finance Committee recommends approval of the PHFA budget as submitted.

Ms. Possinger made the motion that the PHFA budget be approved as submitted. This motion was seconded by Mr. Welks and was unanimously approved. (See Appendix 6 of these Minutes.)

5. **APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2018-127 AND REFUNDING OF SERIES 2008-101C**

Mr. Hudson reported that the Agency has decided to refund the remaining \$11,000,000 of bonds issued in 2008 as Series 101C into this next bond issue. These bonds were privately placed with the Federal Home Loan Bank of Pittsburgh and were issued at a very

attractive interest rate for taxable bonds. All of the other bonds in the 2008-101 issue have been redeemed. These bonds will be refunded as fixed rate bonds resulting in an interest rate savings and a further reduction in the Agency's variable rate exposure. Series 2018-127 will be a tax-exempt transaction with new money and other refunding bond candidates.

Mr. Hudson noted that the Federal Home Loan Bank of Pittsburgh has been a very active purchaser of Agency's bonds over the years and has bought more than \$700,000,000 in Agency bonds over the years.

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

Mr. Lenker made the motion that the Board approve the resolution authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 2018-127 and the issuance of bonds to refund Series 2008-101C bonds and delegating the authority to the Finance Committee to finalize all terms and conditions of the issuance. This motion was seconded by Mr. Croushore.

Mr. Schwartz asked about the remaining total of variable rate bonds the Agency still has in its portfolio. Mr. Hudson reported that approximately \$465,000,000 remains. He noted that at their highest point, the Agency had \$1,800,000,000 in variable rate bond exposure. Staff has been diligently working to reduce this amount over the past several years.

Chair Wiessmann called for a vote on the motion that the Board approve the resolution authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 2018-127 and the issuance of bonds to refund Series 2008-101C bonds and delegating the authority to the Finance Committee to finalize all terms and conditions of the issuance. This motion was unanimously approved. (See Appendix 7 of these Minutes.)

7. OTHER BUSINESS

A. PHARE Funding Update

Mr. Marezki reported that funding for the PHARE program continues to come in. By July 31, the Department of Revenue will certify the amount of funds to be distributed under the Realty Transfer Tax for the current year. The Agency expects the figure to reach the legislatively required cap of \$25,000,000. Monies from the Marcellus Shale impact fee are approximately \$7,100,000 which is \$2,000,000 more than last year because of increased natural gas drilling. The National Housing Trust

Fund monies are expected to be \$7,800,000. The Agency therefore has approximately \$39,000,000 available for funding the PHARE program.

Mr. Maretzki noted that the RFP's for funding will open in September 2018 with applications due in November 2018.

Mr. Nese asked about funds received each year and Mr. Maretzki noted that the Realty Transfer Tax has increased from \$12,000,000 to \$17,100,000, and now at the expected \$25,000,000. He reported that the monies received from Marcellus Shale have gone up and down the past several years. The NHT funds have increased the past couple of years.

Mr. Maretzki stated that he was pleased with the funds coming into the PHARE program.

B. No August 2018 Board Meeting

Mr. Hudson reported that there will be no August 2018 PHFA Board meeting. Should there be a need for any type of Board action, the Secretary will contact the members.

8. EXECUTIVE SESSION

Chair Wiessmann temporarily adjourned the meeting of the Board and called for an Executive Session to discuss personnel issues. The meeting was temporarily adjourned at 11:20 a.m.

Chair Wiessmann reconvened the meeting of the Board of the Pennsylvania Housing Finance Agency at 11:40 a.m.

9. PERSONNEL COMMITTEE REPORT

Vice Chairman Hagen reported on the actions of the Personnel Committee in the absence of Committee Chair Paone.

Vice Chairman Hagen reported that the Personnel Committee recommends to the Board that the maximum percent of salary increase for Agency staff remain at three percent (3%) annually.

Vice Chairman Hagen made the motion that the maximum percent of salary increase for Agency staff remain at three percent annually and that the salary increases for the Executive Director and Deputy Executive Director be approved as was discussed in Executive Session. This motion was unanimously approved.

Vice Chairman Hagen will submit a report regarding the salary levels for the Executive Director and Deputy Executive Director based on the Board's action.

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 11:43 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, September 13, 2018 at 10:30 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie M. Barnes".

Carrie M. Barnes
Secretary

TAX EXEMPT FINANCING

Pennsylvania Housing Finance Agency
September 4, 2018

SUBJECT: NewCourtland Apartments at Henry Avenue Phase 1B

Request for Tax Exempt Issuance
Tax-Exempt/Tax Credit Development: PHFA No. TC2018-103, 36 units
City of Philadelphia, County of Philadelphia, Region 1
Development Officer: Kelly R. Wilson

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director

Proposal Description

NewCourtland Apartments at Henry Avenue Phase 1B is located at 3232 Henry Avenue, Philadelphia, a mixed residential/commercial/institutional area of the East Falls neighborhood. This proposal is for the new construction and substantial rehabilitation of a four-story building for senior occupancy, ages 62 and above. There are 36 efficiency units. The structural system is steel frame with a brick and metal exterior finish. The development contains a total of 41,639 square feet and approximately .47 acres.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-Exempt Bonds – Wells Fargo Bank, N.A.	\$ 9,267,234
NewCourtland Elder Services Loan	734,213
Equity from the Sale of Tax Credits	<u>385,939</u>
Total Development Cost	\$10,387,386

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

NewCourtland Elder Services loan	\$ 6,003,470
FHLB New York (Uncommitted)	750,000
Energy Rebates	13,090
Deferred Developer Fee	15,765
Equity from the Sale of Tax Credits	<u>3,605,061</u>
Total Development Cost	\$10,387,386

3. Development Costs

The Agency will be the conduit issuer of the-tax-exempt bonds which will be privately placed with Wells Fargo, NA. The bond proceeds will be used to establish an escrow from which funds will be disbursed during construction. The bonds will be repaid after construction completion from the proceeds of the NewCourtland Elder Services loan, the loan from FHLB Bank, New York, and proceeds from the sale of the Low Income Housing Tax Credits.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$7,525,836	\$209,051	\$181
Replacement Cost	\$8,906,335	\$247,398	\$214
Total Replacement Costs & Reserves	\$9,216,764	\$256,021	\$221
Total Development Costs	\$10,387,386	\$288,538	\$249
Tax-Exempt Bond	\$ 9,267,234	\$257,423	\$223
Acquisition Costs	\$ 1	N/A	N/A

4. Leveraging of Other Resources

The owner anticipates that RBC Capital Markets will provide an equity contribution of \$3,605,061 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$.84. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$405,063. Developments financed with tax exempt private activity bonds are generally eligible to claim a four percent (4%) tax 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
EFF	9	500	\$291	\$0	\$500	\$791
<u>EFF</u>	<u>27</u>	500	\$300	\$0	\$500	\$800
Total	36					

All thirty-six units will receive operating assistance under an Annual Contributions Contract (ACC) to be issued by the Philadelphia Housing Authority for a term of 40 years. The ACC Contract will be signed and become effective at closing.

Nine units will be available to tenants earning up to 20% of area median income, twenty units will be available to tenants earning up to 50% of area median income and seven units will be available to tenants earning up to 60% of area median income.

6. Commercial Space

The ground floor of this building will include a LIFE Center that will be fully funded with New Markets Tax Credits. The construction and funding of the LIFE Center will be outside the scope of this project.

7. Supportive Services

Philadelphia Senior Center will provide a wide array of services to enable residents to live independently. In addition to providing supportive services, Philadelphia Senior Center will have a minority interest in the general partner. Phase 1B at Henry Avenue will also include a LIFE Center operated by NewCourtland.

Development Team

1. Identification of Owner

The owner of this development is NewCourtland Apartments at Henry Avenue 1B, LP; a Pennsylvania limited partnership, with Apartments at Henry Avenue 1B, Inc. a Pennsylvania nonprofit corporation, being the general partner.

2. Development Team Members

Sponsor:	NewCourtland Elder Services R. Max Kent Philadelphia, PA
Owner:	NewCourtland Apartments at Henry Avenue 1B, LP R. Max Kent Philadelphia, PA
Attorney:	Regional Housing Legal Services Dina Schlossberg Glenside, PA
Architect:	Blackney Hayes Architects John Hayes Philadelphia, PA
Contractor:	T.N. Ward Steve Quintiliana Ardmore, PA
Management Agent:	NewCourtland Elder Services Sebrina Robinson Philadelphia, PA

Site Description

The site is located in a mixed residential/commercial/institutional area in the East Falls neighborhood of Philadelphia. The site is generally level from Henry Avenue to building then slopes to the rear of the property with the building having two stories above grade in the front and four stories above grade in the rear. A single-story LIFE Center with two floors of residential units above will be adjacent to the front of the building. Parking will be on a level area in the front of the building.

A number of amenities are located within a few blocks of the site. There is also access to bus service nearby which provides access to additional services throughout the city of Philadelphia.

Conditions

Final allocation of volume cap will be conditioned upon receipt of 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 the timeframes and deadlines established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Volume Cap Request for Proposals.
5. Evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the project.
6. 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.
7. Evidence of the satisfaction of accessibility requirements.
8. Contribution of equity in an amount sufficient to ensure the financial feasibility of the development.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence of the final approval from HUD and PHA of the ACC Contract for a 40 year term with an initial minimum per unit per month subsidy of \$500.
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 \$12,000,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(NewCourtland Apartments at Henry Avenue Phase 1B)**

Adopted: September 13, 2018

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$12,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(NEWCOURTLAND APARTMENTS AT HENRY AVENUE PHASE 1B)**

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, bond purchase and loan agreement or similar instrument by and between it and a trustee (such operative documents, together with this Resolution, shall be referred to hereinafter collectively as the "**Agreement**") 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 the Agreement; and

WHEREAS, NewCourtland at Henry Avenue Phase 1B, LP, a Pennsylvania limited partnership, or another affiliate of the sponsor, NewCourtland Elder Services, a Pennsylvania non-profit 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 \$12,000,000 (the "**Bonds**") to fund the acquisition and substantial rehabilitation of a multifamily residential rental housing for senior occupancy known as "NewCourtland Apartments at Henry Avenue Phase 1B," located in the East Falls neighborhood of the City of Philadelphia, Philadelphia County, Pennsylvania, with 36 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, Wells Fargo Bank, N.A. (the "**Purchaser**"), or such successor entity or entities 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
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 \$12,000,000. 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 of the project; (b) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Code, as amended, and all applicable requirements of the Agency's Tax Credit Program have been met; (c) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with the timeframes and deadlines established by the Agency; (e) evidence of the commitment of construction and permanent financing and equity in amounts sufficient to ensure the financial feasibility of the project; (f) 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; (g) evidence of the satisfaction of accessibility requirements; (h) contribution of equity in an amount sufficient to ensure the financial feasibility of the development; (i) final underwriting of the application for tax-exempt bond financing and low income housing tax credits; (j) evidence of all requisite HUD approvals and the final approval from HUD and PHA of the Annual Contributions Contract ("ACC") for a 40 year term with an initial minimum per unit per month subsidy of \$500; and (k) 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; and Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond 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 \$12,000,000; 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 counsel to the Agency and co-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

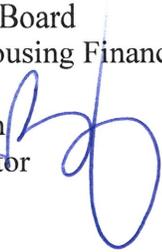
Pennsylvania Housing Finance Agency
September 13, 2018

SUBJECT: Sharpsburg Towers

Request for Tax-Exempt Financing
Tax-Exempt/Tax Credit Development: PHFA No. TC2018-138, 103 units
Sharpsburg, Allegheny County, Region 5
Development Officer: J. Gail Shull

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director



Proposal Description

Sharpsburg Towers is located in Sharpsburg Borough on Main Street. This proposal is for the preservation and rehabilitation of 103 senior occupancy (62 and older) units in an 11 story building on 0.55 acres. All units are one-bedroom units, and six of the units will be accessible. The structural system is concrete and masonry, with a masonry exterior finish.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax Exempt Bonds Series A - Red Capital	\$6,076,289
Tax Exempt Bonds Series B - Red Capital	3,227,742
Seller Loan	5,451,828
Acquired Reserves	1,419,538
Equity from the Sale of Tax Credits	<u>1,966,298</u>
Total Development Cost	\$18,141,695

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Tax Exempt Bonds Series A - Red Capital	\$6,076,289
Seller Loan	5,451,828
Acquired Reserves	1,419,538
Equity from the Sale of Tax Credits	<u>5,194,040</u>
Total Development Cost	\$18,141,695

3. Development Costs

The Agency will issue two series of bonds, to fund a construction loan, as well as the permanent financing of the project. The bonds will be publicly sold by Red Capital Markets, LLC, and Fannie Mae will issue an MBS pass-through certificate for the tax-exempt permanent financing.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$5,473,792	\$53,144	\$68
Replacement Cost	\$16,099,348	\$156,304	\$200
Total Replacement Costs & Reserves	\$16,585,348	\$161,023	\$207
Total Development Costs	\$18,141,695	\$176,133	\$226
Tax-Exempt Bonds	\$9,304,031	\$90,330	\$114
Acquisition Costs	\$7,725,000	\$75,000	\$95

4. Leveraging of Other Resources

The owner anticipates that the National Equity Fund will provide an equity contribution of \$5,194,040 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$0.94. The development should qualify for an allocation of Low Income Housing Tax Credits in the approximate amount of \$552,557. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent (4%) tax 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 Expenses
1BR	49	560	\$334	\$0	\$701	\$1,035
1BR	3	610	\$334	\$0	\$701	\$1,035
1BR	48	560	\$334	\$0	\$701	\$1,035
1BR	3	610	\$334	\$0	\$701	\$1,035
TOTAL	103					

All units will receive rental assistance from a HUD Section 8 Project Based HAP contract. 52 units will be available to tenants earning up to 50% of area median income and 51 units will be available to tenants earning up to 60% of area median income.

6. Relocation

The tenants of the existing building needing accessible units will be temporarily relocated on-site while their units are under construction. A hospitality suite will be provided for all other tenants for use during the day while their unit is under construction.

7. Supportive Services

National Church Residences will provide and coordinate supportive services with local community sources and social support assets, including Grane Home Health and Hospice. They will facilitate the Home for Life and the Education/Wellness programs at the property. Services will include case management and socialization programming. The cost of services will be paid from project operations.

Development Team

1. Identification of Owner

The owner of the development will be Sharpsburg Towers Senior Housing Limited Partnership, a Pennsylvania limited partnership. The managing general partner will be National Church Residences of Sharpsburg Towers, LLC.

2. Development Team Members

Sponsor:	National Church Residences Matt Rule, Eric Walker Columbus, OH
Owner:	Sharpsburg Towers Senior Housing LP Matt Rule Columbus, OH
Attorney:	Klein Hornig LLP David Ehrenberg Washington, DC
Architect:	Berardi + Partners Joe Youst Columbus, OH
Contractor:	Wallick Communities John Leonard New Albany, OH
Management Agent:	National Church Residences Steve Bodkin Columbus, OH

Site Description

The site is located on Main Street, Sharpsburg and is compatible with the surrounding area.

A number of neighborhood amenities are located within a reasonable distance, accessed from a public transit bus stop adjacent to the site, which provides access to additional services.

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 contributions 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 of all requisite HUD approvals, including, but not limited to, approval of the transfer and extension of the HUD project-based subsidies.
11. Evidence of all requisite Fannie Mae and lender approvals for the purchase of the mortgage loan and the issuance of the pass-through certificate with respect to the mortgage loan.
12. 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 \$10,500,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Sharpsburg Towers)**

Adopted: September 13, 2018

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$10,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(SHARPSBURG TOWERS)**

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 (the "**Indenture**") by and between it and a trustee and that the resolution providing for the issuance of such bonds or notes or such Indenture 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, Sharpsburg Towers Senior Housing Limited Partnership, a Pennsylvania limited partnership, or another affiliate of the sponsor, National Church Residences (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 \$10,500,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a multifamily residential rental housing project known as "Sharpsburg Towers," located at 601 Main Street, Sharpsburg, Allegheny County, Pennsylvania, with 103 total units of senior (62 and older) occupancy affordable housing (collectively, the "**Project**"); and

WHEREAS, the Agency will originate a mortgage loan (the "**Mortgage Loan**") with the proceeds of the Bonds to the Borrower pursuant to the Agreement and certain mortgage loan documents (the "**Mortgage Loan Documents**") and will assign the Mortgage Loan to Red Mortgage Capital, LLC (the "**Lender**"), or such successor entity as may be approved by the Agency; 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 Capital Markets, LLC or its affiliate (the "**Purchaser**"), or such successor entity as may be approved by the Agency, will underwrite the Bonds and facilitate the public sale and offering of the Bonds to the ultimate purchasers.

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 \$10,500,000. 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 revenues generated by the pass-through certificate issued by Fannie Mae with respect to the Mortgage Loan. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, construction, rehabilitation, 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 all requisite HUD approvals, including, but not limited to, approval of the transfer and extension of the HUD project-based subsidies; (k) satisfactory evidence of all requisite Fannie Mae and Lender approvals for the purchase of the Mortgage Loan and the issuance of the pass-through certificate with respect to the Mortgage Loan; and (l) 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 Indenture 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 Indenture as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$10,500,000; 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 twenty 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 Indenture, until the date of maturity of the Bonds or redemption prior to maturity, as provided in the Indenture. All principal shall be due at maturity or redemption prior to maturity, as provided in the Indenture.

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 Indenture.

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 Indenture.

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 Indenture.

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

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, the Indenture, the Agreement and the Mortgage Loan Documents, with such final terms and provisions as their counsel may deem advisable, provided that the Bonds shall contain such 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 applied to originate the Mortgage Loan, which Mortgage Loan will be assigned to the Lender and the proceeds of which will 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 or revenues from the Pass-through certificate issued by Fannie Mae with respect to the Mortgage Loan. The Bonds shall be secured by the collateral described in the Indenture 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 Indenture.

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 Indenture, 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, the Agreement, the Indenture and the Mortgage Loan Documents, 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 will be excluded 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.

ALLOCATION OF TAX-EXEMPT ISSUING AUTHORITY

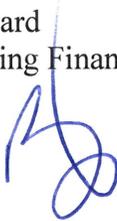
Pennsylvania Housing Finance Agency
September 5, 2018

SUBJECT: Lemington

Request for an Allocation of Tax-Exempt Issuing Authority
Tax-Exempt/Tax Credit Development: PHFA No. TC2018-136, 54 units
Pittsburg, Allegheny County, Region 5
Development Officer: Kelly R. Wilson

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director



Proposal Description

Lemington is located at 1625 Lincoln Avenue in a mixed residential and commercial area in the Lincoln-Lemington-Belmar neighborhood of the City of Pittsburgh. This proposal is for the acquisition, substantial rehabilitation, and conversion of the former Lemington Home for the Aged into affordable housing for senior occupancy (62 and older). There are 54 one-bedroom units in the four-story building. The structural system is masonry and concrete frame with a masonry and vinyl exterior finish. The development contains a total of 82,403 square feet on approximately six acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

URA Tax-Exempt Bonds – Dollar Bank	\$ 5,000,000
Housing Authority of the City of Pittsburgh Loan	2,334,309
East Liberty Family Health Care Center Grant	764,705
Deferred Developer Fee	553,680
Equity from the Sale of Tax Credits (LIHTC)	<u>1,191,339</u>
Total Development Cost	\$9,845,033

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

URA Tax-Exempt Bonds - Walker & Dunlop	\$ 3,500,000
Housing Authority of the City of Pittsburgh Loan	2,334,309
East Liberty Family Health Care Center Grant	764,705
Deferred Developer Fee	262,685
Equity from the Sale of Tax Credits (LIHTC)	<u>2,983,334</u>
Total Development Cost	\$9,845,033

3. Development Costs

Construction and permanent financing will be provided by the Urban Redevelopment Authority of Pittsburgh ("Issuer") through the issuance of tax-exempt bonds. The bonds will be privately placed with Dollar Bank for the construction period. At construction completion, the permanent loan is expected to be funded through a securitization of a portion of the bonds as Fannie Mae mortgage backed securities.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$6,562,477	\$121,527	\$ 80
Replacement Cost	\$8,333,656	\$154,327	\$101
Total Replacement Costs & Reserves	\$8,670,169	\$160,559	\$105
Total Development Costs	\$9,845,033	\$182,315	\$119
Tax-Exempt Bonds	\$5,000,000	\$ 92,593	\$ 61
Acquisition Costs	\$ 558,994	\$ 10,352	\$ 7

4. Leveraging of Other Resources

The owner anticipates that Colton Enterprises, LLC will provide an equity contribution of \$2,983,334 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$0.93. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$317,376. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent (4%) tax 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
1BR	5	539	\$205	\$0	\$647	\$852
1BR	6	608	\$513	\$0	\$268	\$781
<u>1BR</u>	<u>43</u>	565	\$513	\$0	\$339	\$852
Total	54					

All units will receive rental assistance under a Project Based Section 8 Rental Assistance Contract with a minimum term of 20 years, to be signed at closing.

Five units will be available to tenants earning up 20% of area median income, six units will be available to tenants earning up 50% of area median income and 43 units will be available to tenants earning up to 60% of area median income.

6. Supportive Services

The development will hire a part-time Service Coordinator to act as a liaison between the Lemington residents and the two commercial tenants in the building, the East Liberty Family Health Care Center and SarahCare. The East Liberty Family Health Care Center will provide medical services to residents. SarahCare will provide socialization activities to avoid isolation, including exercise activities, meal preparation and intergenerational activities, as well as assistance for frailty and physical dependence, daily living tasks, chronic disease care and medication management.

7. Commercial Space

The building contains approximately 13,025 square feet of commercial space to be occupied by two tenants providing supportive services to the residents. The tenants will be East Liberty Family Health Care Center and SarahCare. Fully executed letters of intent to lease space in the building are in place with both entities.

Development Team

1. Identification of Owner

The owner of this development is Redo 1625 LP, a Pennsylvania Limited Partnership. Ralph A. Falbo, Inc. is the managing general partner.

2. Development Team Members

Sponsor:	Ralph A Falbo, Inc. Michael Polite Pittsburgh, PA
Owner:	Redo 1625 LP Michael Polite Pittsburgh, PA
Attorney:	Buchanan Ingersoll & Rooney PC Michelle R. Yarbrough Korb Pittsburgh, PA
Architect:	Perfido Weiskopf Wagstaff & Goettel Sheldon Goettel Pittsburgh, PA
Contractor:	Millennium Constructors, LLC Bill Palmer Pittsburgh, PA
Management Agent:	Ralph A. Fablo, Inc. Michael Polite Pittsburgh, PA

Site Description

The site is located on Lincoln Avenue in a mixed residential and commercial area of the Lincoln-Lemington-Belmar neighborhood of the City of Pittsburgh. The site is level and the primary pedestrian access to the site is available from Lincoln Avenue.

A number of neighborhood amenities are located within a few blocks of the site including the public transit bus, providing access to additional services throughout the City.

Conditions

Final allocation of volume cap is to be conditioned on the following:

1. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, the Issuer's determinations made pursuant to Section 42(m)(2)(D) of the Code, and all applicable requirements of the Agency's Tax Credit Program have been met.
2. 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.
3. Compliance with the timeframes and deadlines established by the Agency.
4. Evidence of the commitment of construction and permanent financing and equity in amounts sufficient to ensure the financial feasibility of the project.
5. 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.
6. Evidence of the satisfaction of accessibility requirements.

**RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING 2018 HOUSING RELATED BOND ALLOCATION
Lemington**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates by virtue of and pursuant to the Housing Finance Agency Law, (1959, Dec. 3, P.L. 1688, as amended, 35 P.S. 1680.101, et seq.) (hereinafter, "the Act"); and

WHEREAS, private activity bond volume cap ("Volume Cap") is available to the Agency for the purpose of issuing housing bonds in accordance with the Internal Revenue Code of 1986, as amended (the "Code"), and with applicable laws and regulations in the Commonwealth; and

WHEREAS, the Agency issued its Multifamily Housing Application that includes a Request for Proposals for Volume Cap for Tax Exempt Bond Financing ("RFP") inviting developers of residential rental facilities to seek an allocation of Volume Cap; and

WHEREAS, Applicant, Redo 1625 LP, has requested an allocation of Volume Cap for the acquisition and rehabilitation of 54 units of senior occupancy (62 and older) housing located in the former Lemington Home for the Aged at 1625 Lincoln Avenue, Pittsburgh, Allegheny County (the "Development"); and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed \$7,000,000 for the issuance of private activity bonds by the Urban Redevelopment Authority of Pittsburgh ("Issuer"), subject to satisfaction of certain conditions set forth below.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 13th day of September, 2018, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Volume Cap in an amount not to exceed \$7,000,000 (which includes a contingency amount) for the tax exempt bond financing of the Development subject to the following conditions: a.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, the Issuer's determinations made pursuant to Section 42(m)(2)(D) of the Code, and all applicable requirements of the Agency's Tax Credit Program have been met; b.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; c.) compliance with the timeframes and deadlines established by the Agency; d.) evidence of the commitment of construction and permanent financing and equity in amounts sufficient to ensure the financial feasibility of the project; e.) 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; and f.) evidence of the satisfaction of accessibility requirements.

Section 2. The action taken by the Agency is hereby declared to be an affirmative official act of the Agency toward the issuance of private activity bonds to finance the above named project; provided that in no event shall this official act be construed as an acceptance of any liability on behalf of the Agency nor as an indication of final selection for financing or a commitment of Volume Cap.

Section 3. This resolution shall be effective immediately.