

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, March 12, 2020 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, March 10, 2020 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, March 10, 2020 either in writing or by telephone and detail the nature of their presentation.

Margaret Strawser
Secretary
Phone: 717.780.3845
TTY (in Pennsylvania): 711

**BOARD MEETING AGENDA
THURSDAY, MARCH 12, 2020**

10:30 A.M.

A G E N D A

1. CALL TO ORDER AND ROLL CALL
2. APPROVAL OF THE MINUTES FROM THE FEBRUARY 13, 2020 BOARD MEETING
3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Community Revitalization Fund (CRF) Program Presentation
 - B. Portfolio Preservation Refinancing - Munroe Tower
 - C. Request for Tax-Exempt Financing
 - (i) Rowan Judson Diamond
 - (ii) Keystone Communities
 - (iii) Monarch Portfolio
 - (iv) Kinder Park Redevelopment Phase IV
 - D. Commitment of Loan Financing - Kinder Park Redevelopment Phase IV
 - E. Restructuring and New Financing - Mahanoy Elderly
 - F. Other Business
4. OTHER BUSINESS
5. EXECUTIVE SESSION
6. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
February 13, 2020**

Members Present:

Richard Vague, Acting Chair
Mark Schwartz, Vice Chair
*Maria F. Coutts
*Ronald F. Croushore
Dennis Davin, Secretary, Department
of Community and Economic Development
*Mark Dombrowski
Jennifer Koppel
Gary E. Lenker
Beth Ellis (serving in the stead of Teresa Miller,
Secretary, Department of Human Services)
*Ross Nese
John Paone
Keith Welks (serving in the stead of
Joseph Torsella, State Treasurer)

Members Absent:

John P. O'Neill
Robert Loughery

*On Telephone conference call

Others Present:

Robin Wiessmann, Executive Director & CEO
Leonidas Pandeladis, Deputy Executive Director and Chief Counsel
Holly Glauser, Director of Development
Jordan Laird, Director of Finance
Bryce Maretzki, Director of Strategic Planning & Policy
Scott Elliott, Director of Communications
Adrienne Trumpy, Director of Accounting
Kathryn Newton, Director of Loan Servicing
Melissa Grover, Director of Governmental Affairs
Ali Tomich, Director of Western Region
Jay Hauser, Director of Eastern Region
Wendy Gessner, Director of Commonwealth Cornerstone Group
Tom Brzana, Director of Business Analytics
Carl Dudeck, Director of Housing Management
Terri Redmond, Director of Counseling
Lori Toia, Director of HEMAP
Susan Delgado, Director of Human Resources
Kimberly Boal, Director of Information Technology
David Doray, Manager of Multifamily Underwriting
Lisa Case, Manager of Project Operations
Chris Anderson, Communications Officer
Jada Greenhowe, Assistant Counsel
Steve O'Neill, Assistant Counsel
Lauren Starlings, Assistant Counsel

Aaron Son, Special Assistant of Policy and Finance
Stan Salwocki, Manager of Architecture and Engineering
Shelby Rexrode, Policy Officer
Clay Lambert, Business Policy Officer
Raymond Carey, Policy Officer
Demier Casteel, Development Officer
Leighton Stiffler, Internal Audit Officer
Ann Mermelstein, Senior Development Officer
Kathy Possinger, DCED
Brandyn Hamilton, Representative John T. Galloway's Office
Paul Haley, Barclays
Peter Weiss, JP Morgan Securities
Michael Baumrin, RBC Capital Markets
Mitch Gallo, RBC Capital Markets
Robert Foggio, Jefferies LLC
Gloria Boyd, JP Morgan Securities
Greg Brunner, M & T Securities
Valerie Allen, Ballard Spahr
Jere Thompson, Ballard Spahr
Barry Gottfried, Stifel
Nick Fluehr, Wells Fargo
Alan Jaffe, Jefferies LLC
Sam Caldwell, Jefferies LLC
Alan Flannigan, Department of Banking and Securities
Cindy Daley, Regional Housing Legal Services
Joe Monitto, Bank of America
David Notkin, Bank of America
George Werner, Piper Sandler & Co.
Jennifer Shockley, Pennsylvania Developer's Council
Allison Hutchings, Assistant Secretary
Jeannie Galloway, Assistant Secretary
Margaret Strawser, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, February 13, 2020 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 Sections of *The Patriot News* in Harrisburg, Dauphin County on February 6, 2020.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Acting Chair Vague at 10:57 a.m. The roll was called and a quorum was present.

2. ELECTION OF VICE CHAIR OF THE BOARD

Mr. Paone nominated Mr. Schwartz as Vice Chair of the Board. This motion was seconded. Acting Chair Vague asked if there were any additional nominations. Hearing none, he declared the nominations closed. Acting Chair Vague called for a vote on the motion that Mr. Schwartz be re-elected as Vice Chair of PHFA's Board. The motion passed unanimously. Acting Chair Vague congratulated Mr. Schwartz on this election. Mr. Schwartz thanked Acting Chair Vague and his fellow Board members.

3. APPROVAL OF THE MINUTES FROM THE DECEMBER 12, 2019 BOARD MEETING

There were no additions or corrections to the minutes as presented.

Mr. Lenker made the motion to approve the minutes from the December 12, 2019 Board meeting. This motion was seconded and was unanimously approved.

4. POLICY COMMITTEE REPORT

Before providing the Policy Committee report, Mr. Schwartz recognized and offered congratulations to Robin Wiessmann as the Agency's Executive Director and CEO. Director Wiessmann replaces Brian Hudson, who retired on February 7, 2020 after 45 years with the Agency.

A. 2020 PHARE Plan Approval

Mr. Schwartz, as Chair of the Policy Committee, reported that the Committee met prior to the Board meeting to discuss and review the 2020 PHARE Plan. Mr. Maretzki was asked to provide a summary to the Board. He reported that at the December 2019 meeting, the Board authorized the draft 2020 PHARE Plan to be presented for a 45 day public comment via notice in *The Pennsylvania Bulletin*. No comments were received during the public comment period.

Mr. Maretzki indicated the 2020 PHARE Plan includes seven categories which will be outlined in the Request for Proposals when issued in the Fall. Applications for the 2020 PHARE funding are due mid-November and awards will be announced in the Summer of 2021. He anticipates \$40 million from realty transfer tax funds with a base of \$5 million for Marcellus Shale fund. Potential revenue surpluses in the Marcellus Shale fund are unknown at this time. Mr. Schwartz asked if the maximum funding of \$40 million was removed, would the funding have been higher and if so, what amount. Mr. Maretzki answered that it was anticipated the PHARE fund would have received approximately \$50 million if the funding cap was removed.

Mr. Schwartz made a motion that the Board approve the 2020 PHARE Plan as submitted. This motion was seconded by Mr. Lenker and was unanimously approved. (See Appendix 1 of these Minutes.)

B. Other Business

Mr. Schwartz reported that the Policy Committee also discussed Senate Bill 30 regarding a proposed State Housing Tax Credit. Ms. Grover provided an overview to the Board. Also discussed was an Agency student loan mortgage program. The Agency submitted an application for the Student Loan Homeownership Pilot Program to the Heinz Endowments on February 6, 2020. No Board action is required on these two issues.

5. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 133 AND SERIES 134

Director Wiessmann reported that Series 2019-130 Single Family Mortgage Revenue Bonds closed in September 2019 with mortgage interest rates between 3.375% and 4.5%. Proceeds of the bond issuance refunded three prior bond series. In December 2019, Series 2019-131 Single Family Mortgage Revenue Bonds closed. Series 131 provided mortgage interest rates between 3.5% and 4.5%.

Staff is requesting Board approval for the issuance of Series 133 and Series 134 and to delegate the approval of the final terms and conditions of each of the transactions to the Finance Committee.

A motion was made that the Board approve the resolutions authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 133 and Series 134. This motion was seconded and unanimously approved. (See Appendices 2 and 3, respectively, of these Minutes.)

6. INVESTMENT BANKER REPORT

Mr. Baumrin, of RBC Capital Markets, presented an economic and market update. He briefly discussed Brexit, the increased escalation of tensions in Iran and the United States mortgage rates being the second lowest level since after the crash. Despite market volatility, the Dow and the S&P 500 hit a record earlier this month.

The number of coronavirus cases has surpassed the number of SARS cases. The impact on market place is uncertain. The Federal Reserve Chairman is closely watching the impact of the virus but does not feel it is necessary to change the policy outlook at this time.

Mr. Baumrin indicated inflation is just shy of 2% target and anticipates the Federal Reserve will keep interest rates the same. He discussed the labor market and the employment rate is at

83%, which is an all-time high. He indicated rental costs will continue to increase as the costs have increased roughly 3% each year.

Even though there is approximately 7% of children living at home, the housing market is strong. Mr. Baumrin indicated the municipal bond market is at its lowest level. Tax Cuts and Job Act eliminated advance refundings bonds which are now taxable bonds. Mr. Baumrin indicated that it is a good time to sell bonds due to the taxable bonds being at a historically low interest rate. He feels the economy is strong.

7. PHFA INVESTMENT REPORT

Acting Chair Vague asked if there were any questions about the PHFA Investment Report which was provided in the meeting materials. There were no comments or questions on this report.

8. OTHER BUSINESS

A. MESSAGE FROM DIRECTOR WIESSMANN

Director Wiessmann is delighted to be the Executive Director of PHFA and fulfill the expectations as Executive Director. She recognized Acting Chair Vague, her successor from the Department of Banking and Securities; Leo Pandeladis, Deputy Executive Director and Chief Counsel, and Jeannie Galloway, Executive Assistant to Director Wiessmann.

She briefly summarized her first week as Executive Director which included an all Agency staff meeting whereby she shared her management style and asked for input and suggestions from Agency staff and later in the week held a meeting with senior staff.

B. RECOGNITION OF RETIREES

Director Wiessmann announced that with the retirement of Charlotte Folmer, Director of Commonwealth Cornerstone Group in January, Wendy Gessner is now the Director of Commonwealth Cornerstone Group.

She also acknowledged the following individuals will be retiring from the Agency at the end of March 2020. Jennifer Smallwood, Manager of REO/FHA, with 30 years of service; Ben Housman, Purchasing Officer, with 29 years of service and James Galia, Senior Technical Services Representative from the Agency's Norristown Office, with 28 years of service. The longevity within the Agency is impressive. Congratulations to all.

C. CUT-BACK IN FUNDING

Director Wiessmann reported on the federal budget and is dismayed by the decreased funding for affordable housing funding across HUD and other agencies. Mr. Marezki and Ms. Grover reported on the proposed cuts to CDBG and HOME funding; zero funding for NHT (including Capital Magnet Fund) and CDFI. If the federal budget is enacted as proposed, there is approximately a 15% budget cut for all affordable housing programs. Ms. Possinger indicated there are proposed funding cuts for homelessness programs as well.

Director Wiessmann and Ms. Grover will be meeting with the members of the Pennsylvania delegation in Washington in March at NCSHA's Legislative Conference and will certainly bring up these issues and express the Agency's position.

9. ADJOURNMENT

Acting Chair Vague extended a thank you to Mr. Pandeladis and to Director Wiessmann for their knowledge and assistance during his transition as Acting Secretary of Department of Banking and Securities.

There being no further business to present to the Board, a motion was made and seconded that the Board meeting be adjourned. The motion was unanimously approved. The meeting adjourned at 11:36 a.m.

The next monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held at the Agency's offices at 211 North Front Street, in Harrisburg, Pennsylvania 17101 on Thursday, March 12, 2020 at 10:30 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Margaret Strawser".

Margaret Strawser
Secretary

Date: March 12, 2020

Subject: Community Revitalization Fund Program (CRFP)
Project Funding Recommendations

To: Members of the Board
Pennsylvania Housing Finance Agency

From: Robin L. Wiessmann
Executive Director & CEO 

Background:

Act 84 of 2016 amended the Tax Reform Code of 1971 by adding Article XIX-E, the Mixed-Use Development Tax Credit program (the “Program”), which is administered by the Pennsylvania Housing Finance Agency (“PHFA” or “Agency”) and authorizes the Agency to sell \$3 million of state tax credits to qualified taxpayers for the purpose of establishing the Mixed-Use Development Fund (the “Fund”).

Distributions from the Fund will be awarded to eligible construction or rehabilitation projects in target areas of the Commonwealth with an identifiable need for increased affordable housing opportunities and commercial corridor development. The program provides financing to critical projects as part of an overall strategy for revitalizing communities by maximizing public and private resources, fostering sustainable partnerships committed to addressing community needs and ensuring that resources are used to effectively and efficiently meet those needs.

Overview:

This Program creates the funding mechanism to help bridge the gap that exists between traditional housing programs and commercial lending sources for these mixed-use projects, fostering sustainable partnerships to leverage both public and private resources.

These funds will be provided to a financially viable, mixed-use property consistent with a well-defined community development or revitalization plan (Main Street Corridor Plan, etc.). Financing may be provided for the overall project and not merely for the housing or commercial development component.

The purpose of the Program includes the following components:

- Increasing affordable housing and commercial corridor development opportunities in areas of the Commonwealth where significant need and impact can be identified;
- Maximizing the leveraging of public and private resources;
- Fostering sustainable partnerships committed to addressing community needs;
- Ensuring efficient and effective use of resources to meet community needs;
- Establishing transparent application allocation and reporting processes; and

- Providing financing to critical projects as part of an overall strategy for revitalizing communities.

Process/Application Overview:

- For the first two years of the program, the Agency received and sold \$2 million annual allocation of state tax credits. Proceeds from the sale of the credits provide funding for grants made to mixed-use development projects under the Community Revitalization Fund Program (CRFP).
- Beginning in FY 19/20, the annual allocation of state tax credits was increased to \$3 million.
- To date, three (3) rounds of allocated tax credits have been sold under the Mixed-Use Development Tax Credit (MUDTC).
 - FY 17/18 - \$2 million allocation, .84 cents average bid, \$1.68 million in sale proceeds.
 - FY 18/19 - \$2 million allocation, .85 cents average bid, \$1.69 million in sale proceeds.
 - FY 19/20 - \$3 million allocation, .86 cents average bid, \$2.59 million in sale proceeds
- Total available for grants under the CRFP is \$2.8 million.
- The RFP for CRFP projects opened on August 26, 2019, and closed on October 18, 2019.
- This round prioritized applications from cities of the third class.
- 15 applications received
 - Seven (7) projects in 3rd class cities
 - Allentown (3), Erie, Lancaster, Pittston, and Titusville
 - Three (3) projects in Allegheny County (Pittsburgh)
 - Two (2) projects in Philadelphia County (Philadelphia)
 - Three (3) projects in other areas of the Commonwealth
 - Chambersburg, Columbia Borough, Palm/Upper Hanover Twp.
- Applications requested \$13.1M.

Expected Impact:

Based on the projects recommended for funding in this round of the Program, we expect the following (residential, commercial/retail) impact:

- 83 units of new/rehabilitated rental housing (about 75 units will be below 80% of MAI)
- 27,963/sq. ft. of new/rehabilitated commercial/retail space
- \$2.8M from CRFP expected to leverage \$27.5M in other funds for the approved projects

Recommended Projects:

Staff has done a comprehensive review of each application, including touring each site, and is recommending funding for the following six (6) projects:

County	Applicant	Project Name	Recommended Funding
Allegheny	ACTION-Housing, Inc.	Sixth Ward Flats	\$400,000
Crawford	Titusville Iron Works	Titusville Iron Works	\$500,000
Erie	Our West Bayfront	404-06 West 8 th Street Rehabilitation	\$500,000
Lehigh	St. Luke's Sacred Heart Hospital & Redevelopment Authority of the City of Allentown	Seton Hall Redevelopment	\$500,000
Luzerne	Redevelopment Authority of the City of Pittston	The Lofts @ Oak & Main	\$500,000
Philadelphia	Shift Capital LLC & Kensington Corridor Trust	3200 Kensington Avenue	\$400,000
TOTAL			\$2,800,000

A complete project summary for each recommendation and Resolution for funding is attached.

2020 Community Revitalization Fund Program
Project Summaries
March 12, 2020

Crawford County

Titusville Iron Works
315 S. Franklin St., Titusville, PA 16354
Titusville Iron Works
CRFP Award: \$500,000 / Total Development Cost: \$1,279,845

This project includes the acquisition and rehabilitation of the former Ellis Carload Day property on Route 8, the heart of Titusville. The developer will demolish the current showroom to create a courtyard area, and redevelop the remaining building (back portion) into a mixed-use property.

Immediately adjacent to this site is a museum and event venue, with a tap house opening in the near future. With the acquisition and redevelopment of the Ellis Carload Day property, the immediate vicinity will consist of: a museum and tap house, residential apartments and commercial space.

When complete, this building will have four apartments and 4,000 SF of commercial space. A local law firm has been confirmed for one of the two spaces.

Sources		Uses	
Developer's Equity	\$ 431,845	Acquisition	\$ 370,345
CRFP*	\$ 848,000	Hard Costs	\$ 855,000
		Soft Costs	\$ 54,500
TOTAL	\$1,279,845	TOTAL	\$1,279,845

*Source is pending

Erie County

404-06 West 8th Street Rehabilitation
404-06 W. 8th St., Erie, PA 16502
Our West Bayfront (OWB)
CRFP Award: \$500,000 / Total Development Cost: \$1,309,487

This project will rehabilitate a historic mixed-use property in the City of Erie that has sat vacant since 2016. The West Bayfront area was once a prominent retail and commercial corridor until significant population decline eroded business activity. This neighborhood has again picked up activity, as it is located just two blocks away from Gannon University's campus.

The property was purchased by Our West Bayfront in 2018. OWB is a neighborhood revitalization organization that serves the 100-block area adjacent to Erie's downtown

business district. Through rehabilitation, the property will remain mixed-use with residential and commercial uses on site.

When complete, this building will have three apartments and 2,165 SF of commercial space. Our West Bayfront will move their office into one of the two commercial spaces. They are targeting a deli or coffee shop to fill the remaining space.

Sources		Uses	
CRFP*	\$ 875,765	Acquisition	\$ 33,722
NAP – Erie Insurance	\$ 50,000	Hard Costs	\$ 1,239,202
NPP	\$ 33,722	Soft Costs	\$ 17,813
ECGRA Grant	\$ 100,000	Developers Fee/Overhead	\$ 18,750
Erie Community Foundation Grant	\$ 250,000		
TOTAL	\$ 1,309,487	TOTAL	\$ 1,309,487

*Source is pending

Lehigh County

Seton Hall Redevelopment

402 W. Chew St., Allentown, PA 18102

St. Luke’s Sacred Heart Hospital and Redevelopment Authority of the City of Allentown

CRFP Award: \$500,000 / Total Development Cost: \$1,600,000

Historically, this property has been utilized by Sacred Heart Hospital for administrative operations. The building has been mostly vacant for several years. The last remaining tenant vacated at the end of 2019.

This four-story building is part of the Sacred Heart Medical Complex and will be converted to mixed-use with residential and institutional space. This site is ideally located within walking district to the City’s downtown and commercial districts.

When complete, this building will have nine apartments and 4,000 SF of institutional space. Although end tenants have not yet been secured, this site is in a prime location and complements the surrounding neighborhood.

Sources		Uses	
Developer’s Equity	\$ 400,000	Hard Costs	\$ 1,310,000
CRFP*	\$ 1,000,000	Soft Costs	\$ 290,000
City of Allentown	\$ 200,000		
TOTAL	\$ 1,600,000	TOTAL	\$ 1,600,000

*Source is pending

Luzerne County

The Lofts @ Oak & Main

Oak & Main Streets, Pittston, PA 18640

Redevelopment Authority of the City of Pittston

CRFP Award: \$500,000 / Total Development Cost: \$7,700,000

This project will support the construction of a new 33,000 SF three-story mixed use building. The buildings that previously occupied this site have been demolished. The site is jointly owned by the North East Pennsylvania Land Bank Authority, the Redevelopment Authority of the City of Pittston, and the City of Pittston.

The site is strategically located at the entrance to Main Street, the prime commercial corridor in the City. Pittston has centered their redevelopment and investment efforts on this corridor by adding arts, entertainment and dining options into the community. They envision this site to serve as an “anchor” on Main Street, creating retail space and much needed housing.

When complete, this building will consist of 16 apartments and 11,000 SF of commercial space.

Sources		Uses	
CRFP*	\$ 1,000,000	Hard Costs	\$ 7,300,000
County of Luzerne – LSA*	\$ 500,000	Soft Costs	\$ 100,000
Community Bank Loan*	\$ 5,000,000	Financing Fees	\$ 100,000
Pittston City Soft Loan	\$ 700,000	Developers Fee/Overhead	\$ 150,000
RDA City of Pittston Grant	\$ 500,000	Misc. (Capitalized Operating Reserve)	\$ 50,000
TOTAL	\$ 7,700,000	TOTAL	\$ 7,700,000

*Source is pending

Allegheny County

Sixth Ward Flats

3350 Penn Ave. and 3404 Penn Ave., Pittsburgh, PA 15201

ACTION-Housing, Inc.

CRFP Award: \$400,000 / Total Development Cost: \$15,672,990

This development is occurring across six vacant and abandoned properties in the gateway to Lawrenceville, one of Pittsburgh’s fastest growing and desirable neighborhoods. The development will be located on Penn Avenue, one of three major commercial districts in the neighborhood.

The development will consist of two three-story buildings. The first building – 3404 Penn Avenue – will consist of 15 apartments, commercial space on the ground floor, and parking behind the building. The second building – 3350 Penn Avenue – will include 20 apartments, community space on the ground

floor, and parking behind. Eight units will be set aside for individuals with physical and mental disabilities.

When complete, the building will have 35 apartments and 1,051 SF of commercial space.

Sources		Uses	
ACTION-Housing Sponsor Loans	\$ 465,085	Acquisition	\$ 544,123
ACTION-Housing Deferred Developer Fee	\$ 100,000	Hard Costs	\$10,469,027
Reinvested Developers Fee	\$ 553,125	Soft Costs	\$ 1,151,299
Tax Credit Equity	\$11,688,842	Financing Fees	\$ 646,950
CRFP*	\$ 500,000	Developer Fees	\$ 1,512,820
PHFA PHARE Housing Trust Fund	\$ 935,938	Builders Profit/Overhead	\$ 500,000
FHLB – AHP Loan	\$ 230,000	Misc. (Reserves)	\$ 848,771
URA of Pittsburgh Loan	\$ 1,200,000		
TOTAL	\$15,672,990	TOTAL	\$15,672,990

*Source is pending

Philadelphia County

3200 Kensington Avenue

3200 Kensington Avenue, Philadelphia, PA 19134

Shift Capital LLC and Kensington Corridor Trust

CRFP Award: \$400,000 / Total Development Cost: \$2,764,867

The project site is a vacant, three-story building in the Kensington neighborhood of Philadelphia. The site has frontage on Kensington Avenue, a key commercial corridor, and H Street, a residential block. Investment in this particular area will have a ripple effect by increasing safety and the wellbeing of the overall neighborhood.

This building will be rehabilitated and will include three commercial units and 16 apartments. Two of the three commercial leases have been secured. Both future tenants are minority entrepreneurs that won the “Kensington Avenue Storefront Challenge” to acquire space in the building. The first space will be occupied by a franchise of the Philly Pretzel Factory and the second space will be occupied by Naturally Sweet Desserts.

When complete, the building will have 16 apartments and 5,747 SF of commercial space. The third and final commercial space is being marketed.

Sources		Uses	
Developer's Equity	\$ 681,860	Acquisition	\$ 681,860
CRFP*	\$ 500,000	Hard Costs	\$ 1,713,320
Loan	\$ 1,548,007	Soft Costs	\$ 142,970
Storefront Improvement Grants	\$ 35,000	Financing Fees	\$ 106,717
		Developers Fee/Overhead	\$ 120,000
TOTAL	\$ 2,764,867	TOTAL	\$ 2,764,867

*Source is pending

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING FUNDING OF COMMUNITY REVITALIZATION (CRF) PROGRAMS
AND PROJECTS**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates pursuant to the Housing Finance Agency Law (35 P.S. Section 1680.101 *et seq.*) for the purposes ". . . of alleviating hardship which results from insufficient production of private homes and of rental housing for persons and families of low and moderate income, including the elderly . . the deleterious effect of inadequate housing upon the general welfare of the Commonwealth . . . by broadening the market for private homes and for housing for persons and families of low and moderate-income, through the provision of specialized financing secured by mortgages to corporations, individuals, joint ventures, partnerships, limited partnerships, trusts, cooperatives and condominiums... "; and

WHEREAS, on July 13, 2016, the Mixed-Use Development Tax Credit was enacted (Act 84 of 2016, as amended by Act 13 of 2019), establishing the Mixed-use Development Program and the Mixed-use Development Program Fund (hereinafter, "Community Revitalization Fund Program" or "CRFP"), which allows the Agency to sell, on an annual basis, \$3 million in state tax credits to qualified taxpayers in order to achieve objectives including, but not limited to increasing affordable housing and commercial corridor development opportunities in areas throughout the Commonwealth demonstrating significant need and impact and maximizing the leveraging of public and private resources; and

WHEREAS, CRFP allows the Agency to distribute program funds to eligible projects that meet specific goals including, but not limited to the construction or rehabilitation of a building or buildings (and any related real or personal property) located in a commercial corridor where a comprehensive neighborhood revitalization plan has been implemented or is being developed; and

WHEREAS, in accordance with CRFP, the Agency adopted, after public comment, guidelines establishing priorities and describing the method in which CRFP tax credits will be sold and CRFP funds distributed; and

WHEREAS, the Agency has sold credits, has issued a request for proposals for the submission of applications to CRFP, and has reviewed applications received; and

WHEREAS, the Agency has reviewed staff recommendations for funding of the applications best meeting the program criteria for CRFP and has chosen to reserve funding for the applications set forth below.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12TH day of March 2020, as follows:

Section 1. The Agency hereby approves funding in the amounts set forth below from the CRFP fund to the following applicants for each of the following programs/projects and located in the following counties:

ACTION-Housing, Inc.: Sixth Ward Flats	\$400,000	Allegheny County
Titusville Iron Works: Titusville Iron Works	\$500,000	Crawford County
Our West Bayfront: 404-06 West 8 th Street Rehabilitation	\$500,000	Erie County
St. Luke’s Sacred Heart Hospital & Redevelopment Authority of the City of Allentown: Seton Hall Redevelopment	\$500,000	Lehigh County
Redevelopment Authority of the City of Pittston: The Lofts @ Oak & Main	\$500,000	Luzerne County
Shift Capital LLC & Kensington Corridor Trust: 3200 Kensington Avenue	\$400,000	Philadelphia County

Section 2. Staff is hereby authorized and directed to take all actions necessary to effectuate the above authorized reservation of funds and to provide appropriate contracts outlining monitoring, reporting, record keeping, and any set aside requirements.

Section 3. This resolution shall take effect immediately.

PENNSYLVANIA HOUSING FINANCE AGENCY

Date: February 24, 2020
Subject: Portfolio Preservation Refinancing:
Munroe Tower
To: Members of the Board
Pennsylvania Housing Finance Agency
From: Carl R. Dudeck, Jr
Director of Housing Management

The Agency has been approached by the owner of Munroe Tower, Michael J. Levitt, to allow the prepayment of our mortgage. To allow such requests, we have determined that certain fundamental goals must be met:

1. The refinancing must demonstrate a preservation strategy for each development, including entering into an extended use agreement to ensure that each facility is not lost from the affordable housing stock in Pennsylvania for at least a thirty year period.
2. The Agency must not incur any economic losses due to the refinancing. This will include the economic loss from bond proceeds as well as the economic loss from the elimination of the sharing of residual receipts of the development, when applicable.
3. The refinancing will not create an economic hardship for the development.

Development Information

Project Name and Number:	Munroe Tower, R-739
Location:	Oakmont, Allegheny County
Owner:	Oakmont Associates, a Pennsylvania limited partnership, whose managing general partner is Michael J. Levitt.
Occupancy:	100 units for elderly occupancy; occupied January, 1981
First Mortgage Balance:	Original: \$ 3,680,000; Current: \$256,314
Terms:	Interest of 7.41% through January 2021
Economic Loss Payment:	\$46,559

Portfolio Preservation Restructuring

February 24, 2020

Page 2

In accordance with the fundamental goals listed previously, the owner will enter into an extended use agreement to ensure that the facility is not lost from the affordable housing stock in Pennsylvania. This agreement, in the form of a regulatory agreement, will require continued occupancy by qualified low income residents, subject to the availability of Section 8 assistance, continued maintenance of solid physical property standards and continued renewal of the Section 8 contract for the facility. We will have the ongoing right to monitor and inspect, to extend the section 8 contract and to enforce the occupancy standards through use restrictions on the development for thirty years.

Staff is requesting Board approval for the prepayment of the mortgage on Munroe Tower.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING PORTFOLIO PRESERVATION REFINANCING
MUNROE TOWER, PHFA NO. R-739**

WHEREAS, Oakmont Associates a Pennsylvania limited partnership ("Owner") is the owner of a Section 8 project with outstanding Agency financing, known as Munroe Tower (the "Project"); and

WHEREAS, Owner has requested that the Agency agree to the refinancing and prepayment of the outstanding Agency mortgage loan; and

WHEREAS, the Agency has reviewed the Project, the remaining Section 8 contract terms and rent levels, and the proposed new debt structures, and has calculated the economic losses which will be incurred by the Agency if such Project is refinanced; and

WHEREAS, the Agency has determined that it is willing to allow the refinancing and prepayment if the Owner agrees to pay all of the lost revenues to the Agency which are associated with the bond financing and existing regulatory structure and agrees to extend and assign the existing Section 8 for the maximum term, and if the Project is subject to a long term affordability strategy and the financing does not create economic hardship on the Project; and

WHEREAS, based on its review and through its negotiations with the Owner, the Agency has determined that these conditions will be met.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12th day of March, 2020, as follows:

Section 1. Staff is authorized to take the following actions regarding the Project and to do all things necessary to effect the refinancing, subject to the Agency accepting a prepayment of the Agency's mortgage loan (outstanding principal \$256,314) with an additional payment of \$46,559 for lost economic value.

Section 2. As a condition of the prepayment of the Agency's mortgage, the owner must agree to enter into an extended use agreement, to retain the Project in the Section 8 portfolio to the maximum extent possible and to extend the affordability period for the Project for 30 years.

Section 3. Staff is further directed to ensure Owner's receipt of all necessary HUD approvals of the transaction.

Section 4. This resolution shall take effect immediately.

TAX-EXEMPT FINANCING

Pennsylvania Housing Finance Agency
March 12, 2020

SUBJECT: Rowan Judson Diamond
Request for Tax-Exempt Financing
Tax-Exempt/Tax Credit Development: PHFA No. TC2020-105/N-155, 40 units
City of Philadelphia, County of Philadelphia, Region 1
Development Officer: David A. Gregorits

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Robin L. Wiessmann
Executive Director & CEO 

Proposal Description

Rowan Judson Diamond combines two existing developments located at 1900-1906, 1901-1927 & 1912-1920 North Judson Street, and 2721-2733 Diamond Street in a mixed residential and commercial area of Philadelphia. This proposal is for the preservation and moderate rehabilitation of 3 three-story buildings with 40 total units for general occupancy. There are 16 two-bedroom units, 15 three-bedroom units, 8 four-bedroom units and a manager's unit. The structural system is masonry and wood frame with a masonry and vinyl exterior finish. The development contains a total of approximately 55,701 square feet on approximately 0.91 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-Exempt Bonds (TD Bank)	\$ 7,200,000
PHARE HTF Loan/CMF Loan	1,000,000
Assumed PennHOMES Debt	160,000
General Partner Contribution	405,424
City of Philadelphia CDBG Loan	2,000,000
City of Philadelphia Assumed Debt	1,640,000
Equity from the Sale of Tax Credits (Raymond James)	<u>1,347,736</u>
Total Development Cost	\$13,753,160

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

PHARE HTF Loan/CMF Loan	\$ 1,000,000
Assumed PennHOMES Debt	160,000
City of Philadelphia CDBG funds	2,000,000
City of Philadelphia Assumed Debt	1,640,000
General Partner Contribution	2,967,951
Project HOME Loan	1,000,000
Deferred Developer's Fee	254,160
Equity from the Sale of Tax Credits (Raymond James)	<u>4,731,049</u>
Total Development Cost	\$13,753,160

3. Development Costs

The Agency will be the conduit issuer of the tax-exempt bonds which will be privately placed with TD Bank. The proceeds of the bonds will be used to establish an escrow from which funds will be disbursed during construction.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$9,477,276	\$236,932	\$170
Replacement Cost	\$12,282,432	\$307,060	\$221
Total Replacement Costs & Reserves	\$12,456,428	\$311,411	\$224
Total Development Costs	\$13,753,160	\$343,829	\$247
Tax-Exempt Bond	\$7,200,000	\$180,000	\$129
Acquisition Costs	\$1,872,000	\$46,800	\$34

4. Leveraging of Other Resources

The owner anticipates Raymond James will provide an equity contribution of \$4,731,049 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a gross pay-in of \$0.95. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$498,055. 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. of Rentable Sq. Ft.	Net Projected Tenant Rent	Estimated Cost of Utilities	Rental Subsidy	Total Housing Expense
2 BR	1	955	\$150	112	-----	\$ 262
2 BR	7	955	\$150	112	\$1,060	\$1,322
2 BR	8	955	\$150	112	\$1,060	\$1,322
3 BR	2	1,124	\$150	137	\$1,352	\$1,639
3 BR	6	1,124	\$150	137	\$1,352	\$1,639
3 BR	7	1,124	\$150	137	\$1,352	\$1,639
4 BR	1	1,258	\$150	162	-----	\$ 312
4 BR	3	1,258	\$150	162	\$1,509	\$1,821
4 BR	4	1,258	\$150	162	\$1,509	\$1,821
<u>4 BR</u>	<u>1</u>	-----	-----	-----	-----	-----
Total	40					

Thirty-Seven of the units receive rental assistance from the Philadelphia Office of Homeless Services through the HUD Continuum of Care Funds Program.

Four units will be available to tenants earning up to 20% of the area median income, thirty-five units will be available to tenants earning up to 50% of area median income, and one unit is a non-income producing managers residence.

6. Relocation/Displacement

Only three apartments will be rehabilitated at a time and residents will be able to return to their units at the end of each day. Project HOME will set up hospitality suites available for the residents while the work is being performed. There will be no cost to the project for these services.

7. Supportive Services

Supportive services will be coordinated by the management agent, Project HOME, with a wide array of services provided. A Project HOME case manager or resident services coordinator will meet with each resident as needed to assess and track housing and other comprehensive service needs and where appropriate, refer to the Personal Recovery Services program (PRS), a mobile Psychiatric Rehabilitation Services Medicaid reimbursable program for eligible residents with a serious mental illness. Services will include behavioral and medical health services, employment and education services.

Development Team

1. Identification of Owner

The owner of this development is RJD 15 Limited Partnership. RJD General Partner, Inc. is the general partner of RJD 15 Limited Partnership.

2. Development Team Members

Sponsor:	Project HOME Janet Stearns Philadelphia, PA
Owner:	RJD 15 Limited Partnership Janet Stearns Philadelphia, PA
Philadelphia, PA Attorney:	Regional Housing Legal Services Mark Levin Glenside, PA
Architect:	Cicada Architecture/Planning, Inc. Kurt Raymond Philadelphia, PA
Contractor:	McDonald Building Company, LLC Paul McDonald Norristown, PA
Management Agent:	Project HOME Janet Stearns Philadelphia, PA

Site Description

Rowan Judson Diamond is on a total of 0.91 acres in an area of North Philadelphia known as the St. Elizabeth's neighborhood. The applicant has an Agreement of Sale through December 31, 2020. The subject sites have zoning in place for multi-family housing. The subject site located at 2721-33 West Diamond Street is a rectangular shaped corner land parcel comprised of 9,180 square feet or 0.21 acres. The site is level at street grade with a level topography. The second subject site at 1900-06 North Judson Street is a rectangular shaped corner land parcel comprised of 6,596 square feet; 1901-27 North Judson Street is a rectangular shaped corner land parcel comprised of 23,574 square feet; 1912-20 North Judson Street (parking lot) is a rectangular shaped interior land parcel comprised of 8,494 square feet. The sites are level at street grade with a level topography.

A number of neighborhood amenities are located within a few blocks of both the Judson and Diamond Street sites. Both sites are within walking distance of several bus lines providing access to the Broad Street Line subway and additional services throughout the area.

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 development.
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 development, as well as all lender and investor approvals.
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 and housing authority approvals, including, but not limited to, approval of rental subsidies with a term and in amounts sufficient to ensure the financial feasibility of the project as well as renewal and assignment of the HUD Service Coordinator Grant.
11. Compliance with all Agency requirements in connection with the commitment of PHARE RTT, PHARE HTF or CMF program financing, as applicable.
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 \$8,500,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Rowan Judson Diamond)**

Adopted: March 12, 2020

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$8,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(Rowan Judson Diamond)**

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 opportunities 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**") and that the resolution and/or

other agreements providing for the issuance of such bonds or notes 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 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, RJD 15 Limited Partnership, a Pennsylvania limited partnership, or another affiliate of the sponsor, Project HOME (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 \$8,500,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a project known as "Rowan Judson Diamond" located on portions of the 1900 block of Judson Street and the 2700 block of Diamond Street in the City of Philadelphia, Philadelphia County, Pennsylvania, with 39 total units of affordable housing (collectively, the "**Project**"); 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, TD Bank, National Association, or its affiliate or such successor entity as may be approved by the Agency (the "**Purchaser**"), will privately purchase the Bonds from the Agency to provide funding for the Project; and

WHEREAS, the Agency also has determined to support the Project by committing subordinate financing subject to the conditions established herein.

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 \$8,500,000. 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; and which 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, as well as all lender and investor approvals; (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 and/or housing authority approvals, including, but not limited to, approval of the transfer and extension of rental subsidies with a term and in an amount sufficient to ensure the financial feasibility of the Project, as well as renewal and assignment of the HUD Service Coordinator Grant; (k) compliance with all Agency requirements in connection with the commitment of Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund ("**PHARE**") Housing Trust Fund ("**HTF**") program financing or the Capital Magnet Fund ("**CMF**") program financing, as applicable; and (l) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing 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 bond closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated the date of issuance, 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 Indenture as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$8,500,000; 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-eight (48) 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 and may be in \$1.00 minimum denominations or 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, the Agreement, a purchase contract with the Purchaser and a land use restriction agreement with respect to the Federal income tax requirements applicable to the Bonds and the Project, 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 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. Subordinate Financing. Staff is hereby authorized and directed to take all actions necessary to effectuate subordinate financing to the Project in an amount not to exceed \$1,000,000 from funds available from the PHARE HTF program as previously allocated to the Project or from the CMF program as may be necessary or convenient, and to provide appropriate contracts outlining monitoring, reporting, record keeping, and low income set aside in accordance with the PHARE HTF or CMF requirements.

Section 505. 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
March 12, 2020

SUBJECT: Keystone Communities

Request for Tax-Exempt Financing

Tax-Exempt / Tax Credit Development: PHFA No. TC2020-113 to 122, 248 units

Development Officer: Kelly R. Wilson

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Robin L. Wiessmann
Executive Director & CEO



Project Identification

Chestnut Hill Apartments, 1 Plank Rd., Towanda, Bradford County, 24 Units, General Occupancy
Colonial Square Commons, 42 W. Phillips St., Coaldale, Schuylkill County, 25 Units, Senior Occupancy (62+)
Girardville Towers, 100 N. Second St., Girardville, Schuylkill County, 16 Units, Senior Occupancy (62+)
Laurel Run Commons, 406 Pitt St., Tamaqua, Schuylkill County, 24 Units, Senior Occupancy (62+)
Nottingham Estates, 119 Northumberland Dr., Elysburg, Northumberland County, 30 Units, General Occupancy
Overton Road Apartments, 265 Overton Rd., #11, Dushore, Sullivan County, 23 Units, General Occupancy
Phillips Place, 216 N. Second St., Phillipsburg, Centre County, 24 Units, Senior Occupancy (62+)
Sheridan Court, 20 Sheridan St., Coal Township, Northumberland County, 40 Units, Senior Occupancy (62+)
Timberwood Park, 201 N. 6th Street, Kulpmont, Northumberland County, 42 units, General Occupancy

Proposal Description

This proposal is for the acquisition and substantial rehabilitation of nine existing USDA Rural Development apartment complexes (together, the "Development"), all of which are approaching or have reached the end of the compliance period for previously allocated Low Income Housing Tax Credits. The Development contains a mix of projects with general occupancy as well as senior occupancy (62+) housing in nine small communities in six counties in northern and central Pennsylvania. The Development will serve low and very-low income families and individuals. There are 196 one-bedroom units and 52 two-bedroom units in the nine properties. The structural systems for the buildings are generally wood frame with masonry and vinyl exterior finishes. The Development contains a total of 807,650 square feet and is located on a total of approximately 18.54 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-Exempt Bonds – Fulton Bank	\$18,990,881
Rural Development 515 Assumed Loans	7,456,848
Existing Operating Reserves	<u>17,597</u>
Total Development Cost	\$26,465,326

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Fulton Bank, USDA 538 Loans	\$11,140,000
Rural Development 515 Assumed Loans	7,456,848
Operating Reserves	440,000
Deferred Developer Fee	903,062
Equity from the Sale of Tax Credits (Creative Benefits Group, LLC)	<u>6,525,416</u>
Total Development Cost	\$26,465,326

3. Development Costs

The Agency will be the issuer of the tax-exempt bonds to be privately placed with Fulton Bank. After construction completion the tax-exempt bonds will be redeemed with the proceeds of USDA 538 mortgage loans from Fulton Bank in the amount \$11,140,000 amortized over a 30 year period, and a portion of the equity contribution. The existing Rural Development loans will be assumed by the new owner.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$10,417,681	\$42,007	\$49
Replacement Cost	\$21,793,346	\$87,876	\$103
Total Replacement Costs & Reserves	\$22,785,966	\$91,879	\$109
Total Development Costs	\$26,465,326	\$106,715	\$126
Tax-Exempt Bonds (construction)	\$18,990,881	\$76,576	\$90
Acquisition Costs	\$9,985,251	\$40,263	\$47

4. Leveraging of Other Resources

The owner anticipates Creative Benefits Group LLC providing an equity contribution of \$6,525,416 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$0.81. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$709,215. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent (4%) 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	665	\$124	\$113	\$581	\$818
1 BR	6	665	\$481	\$113	\$224	\$818
1 BR	1	665	\$600	\$113	\$102	\$818
1 BR	2	618	\$186	\$50	\$504	\$740
1 BR	11	618	\$540	\$50	\$150	\$740
1 BR	12	618	\$658	\$50	\$32	\$740
1 BR	1	757	\$227	\$0	\$588	\$815
1 BR	8	757	\$550	\$0	\$265	\$815
1 BR	7	757	\$681	\$0	\$134	\$815
1 BR	2	620	\$189	\$38	\$591	\$818
1 BR	11	620	\$529	\$38	\$251	\$818
1 BR	11	620	\$643	\$38	\$137	\$818
1 BR	2	623	\$130	\$97	\$503	\$730
1 BR	3	623	\$470	\$97	\$169	\$730
1 BR	1	623	\$584	\$97	\$49	\$730
1 BR	2	584	\$145	\$82	\$490	\$717
1 BR	4	584	\$485	\$82	\$150	\$717
1 BR	4	584	\$599	\$82	\$36	\$717
1 BR	2	592	\$274	\$35	\$436	\$745
1 BR	11	592	\$621	\$35	\$89	\$745
1 BR	11	592	\$710	\$35	\$0	\$745
1 BR	2	540	\$175	\$40	\$581	\$800
1 BR	19	540	\$499	\$40	\$261	\$800
1 BR	19	540	\$499	\$40	\$153	\$800
1 BR	3	566	\$190	\$37	\$535	\$762
1 BR	19	566	\$530	\$37	\$195	\$762
1 BR	20	566	\$644	\$37	\$81	\$762
2 BR	5	772	\$597	\$115	\$143	\$855
2 BR	10	772	\$740	\$115	\$0	\$855
2 BR	9	883	\$525	\$122	\$170	\$817
2 BR	9	883	\$559	\$122	\$136	\$817
2 BR	6	883	\$695	\$122	\$0	\$817
2 BR	6	705	\$587	\$94	\$143	\$824
2 BR	7	705	\$723	\$94	\$7	\$824
Total	248					

Of the 248 total units, 211 receive project based assistance through USDA Rural Development. 38 units will be available to tenants earning up to 20% of the area median income, 118 units will be available to tenants earning up to 50% of area median income and the remaining 92 units will be available to tenants earning up to 60% of the area median income.

6. Relocation

There will be no tenants displaced or relocated during the renovations of the units. In accordance with the Development's Relocation Plan Tenants will be able to use common areas during the days and return to their units in the evening. Lunch will be provided for those tenants. The construction budget includes funds to cover the cost of hospitality services and furniture moving within units.

7. Supportive Services

An array of supportive services will continue to be provided to the tenants. Some of the services include educational assistance, referrals to human services, medical screenings, and food & nutrition services.

Development Team

1. Identification of Owner

The owner of this Development is Pennsylvania Keystone Terrace Associates, a Pennsylvania limited partnership, with Keystone Terrace LLC as its general partner.

2. Development Team Members

Applicant:	Pennsylvania Development Group, Inc. Nathan E. Yoder Turbotville, PA
Owner:	Pennsylvania Keystone Terrace Associates Nathan E. Yoder Turbotville, PA
Attorney:	McCormick Law Firm Ann Pepperman Williamsport, PA
Architect:	UpStreet Architects Karen Welsh, RA Indiana, PA
Contractor:	Yoder Builders, Inc. Robert P. Yoder Sr. Turbotville, PA
Management Agent:	Warrior Run Development Corporation Betty Douglas Turbotville, PA

Site Description

The nine properties are spread out in five counties in Northern and Central Pennsylvania. Sites are generally flat, on public streets and all utilities are currently serving the sites. All sites have access to the usual array of neighborhood amenities, which vary by location.

Site control for all properties is in the form of Agreements of Sale.

Conditions

Final bond 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 Development.
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 Agency counsel approval 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 all timeframes and deadlines established by the Agency.
6. Evidence, satisfactory to the Agency, of full compliance with all Commonwealth contracting, integrity and responsibility provisions.
7. Evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the Development.
8. 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.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence of the satisfaction of accessibility requirements.
11. Satisfactory evidence of all requisite USDA approvals, including, but not limited to, approval of the transfer and extension of the USDA project-based subsidies with terms and in amounts sufficient to ensure the financial feasibility of the Development.
12. Submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing 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 bond closing.

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$21,000,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Keystone Communities)**

Adopted: March 12, 2020

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$21,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(Keystone Communities)**

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 opportunities 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**") and that the resolution and/or

other agreements providing for the issuance of such bonds or notes 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 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, Pennsylvania Keystone Terrace Associates, a Pennsylvania limited partnership, or another affiliate of the sponsor, Pennsylvania Development Group, Inc, acceptable to the Agency (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 principal amount not to exceed \$21,000,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a project collectively known as "Keystone Communities" financing up to nine separate multifamily residential rental housing projects located in Bradford, Centre, Northumberland, Schuylkill and Sullivan Counties, Pennsylvania, with up to 248 total units of affordable housing (collectively, the "**Project**"); 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 Regulation §1.150-2; and

WHEREAS, Fulton Bank, National Association, or its affiliate or such successor entity as may be approved by the Agency (the "**Purchaser**"), will privately purchase the Bonds from the Agency to provide funding for the Project.

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 \$21,000,000. The Bonds shall carry the designation as 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; and which 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) satisfactory evidence of full compliance with all Commonwealth contracting, integrity and responsibility provisions; (g) evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the Project; (h) 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; (i) evidence of the satisfaction of accessibility requirements; (j) final underwriting of the application for tax-exempt financing and low income housing tax credits; (k) satisfactory evidence of all requisite USDA approvals, including, but not limited to, approval of the transfer and extension of the USDA project-based subsidies with terms and in an amount sufficient to ensure the financial feasibility of the Project; and (l) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing 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 bond closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated the date of issuance, 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 Indenture as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$21,000,000; 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 forty-eight (48) 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 and may be in \$1.00 minimum denominations or 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, the Agreement, a purchase contract with the Purchaser and a land use restriction agreement with respect to the Federal income tax requirements applicable to the Bonds and the Project, 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 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
March 12, 2020

SUBJECT: Monarch Preservation

Request for Tax-Exempt Financing
Tax-Exempt /Tax Credit Development: PHFA No. TC2020-123 to 136, 487 units
Development Officer: Kelly R. Wilson

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Robin L. Wiessmann
Executive Director & CEO 

Project Identification

Deerfield Estates, 7 Deerfield Rd., Beaver Springs, Snyder Cnty., 24 Units, General Occupancy
Heritages, 700 Heritage Hills, Pottsville, Schuylkill Cnty., 72 Units, General Occupancy
Laurel Place, 264 South St., Waymart, Wayne Cnty., 30 Units, Senior Occupancy (62+)
McVeytown Apts., 277 W. Holiday St., McVeytown, Mifflin Cnty., 16 Units, General Occupancy
Mountain View Estates, 152 Horvath Dr., Elysburg, Northumberland Cnty., 23 Units, General Occupancy
Oak Dale Estates, 41 Oakdale Estates, Orwigsburg, Schuylkill Cnty., 40 Units, General Occupancy
Oak Ridge Apts., 33 Oak Ridge LN., Mountain Top, Luzerne Cnty., 32 Units, Senior Occupancy (62+)
New Park Place, 109 Park Place, Muncy, Lycoming Cnty., 60 Units, General Occupancy
Rothrock School Apts., 280 W. Holiday St., McVeytown, Mifflin Cnty., 28 Units, Senior Occupancy (62+)
Spring Brae, 101 Spring Brae Ct., Bellefonte, Centre County, 36 units, General Occupancy
Stourbridge Square Apts., 316 11th St., Honesdale, Wayne County, 58 Units, Senior Occupancy (62+)
Whispering Pines, 29 Whispering Pines Blvd, Pine Grove, Schuylkill County, 28 Units, General Occupancy
Woodbryn, 41 Woodbryn Drive, Mountain Top, Luzerne County, 40 Units, General Occupancy

Proposal Description

This proposal is for the acquisition and substantial rehabilitation of sixteen USDA Rural Development apartment complexes (together, the “Development”), which have been condensed into thirteen newly formed projects. Eight of the projects are approaching or have reached the end of the compliance period for previously allocated Low Income Housing Tax Credits. The Development contains a mix of projects providing general occupancy and, senior occupancy (62+) housing in thirteen small communities spanning across eight counties in northern and central Pennsylvania. There are 337 one-bedroom units and 150 two-bedroom units among the thirteen properties. The structural systems for the buildings are generally wood frame, with masonry and vinyl exterior finishes. The projects contain a total of 352,871 square feet, and are located on approximately 57.05 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-Exempt Bonds – Greystone Servicing Corporation	\$24,700,000
Rural Development 515 Assumed Loans	16,128,452
PHARE RTT Loan	950,000
PHFA Capital Magnet Funds	1,000,000
Existing Reserves	992,605
Luzerne County funding	300,000
Equity from the Sale of Tax Credits (Boston Financial)	<u>7,134,980</u>
Total Development Cost	\$51,206,037

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Greystone Servicing Corporation, USDA 538 loans	\$18,091,000
Rural Development 515 Assumed Loans	16,128,452
PHARE RTT Loan	950,000
PHFA Capital Magnet Funds	1,000,000
Luzerne County Funds	300,000
Existing Operating Reserves	992,605
Deferred Developer Fee	2,491,645
Equity from the Sale of Tax Credits (Boston Financial)	<u>11,252,335</u>
Total Development Cost	\$51,206,037

3. Development Costs

The Agency will be the issuer of the tax-exempt bonds, which will be privately placed with Greystone Corporation. Upon construction completion, the tax-exempt bonds will be paid off by a USDA 538 Mortgage from Greystone Servicing Corporation in the amount \$18,091,000 to be amortized over a 40 year period, and a portion of the equity. The existing Rural Development loans will be assumed the new owner of the projects.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$22,186,914	\$45,558	\$57
Replacement Cost	\$44,135,559	\$90,627	\$114
Total Replacement Costs & Reserves	\$45,602,169	\$93,639	\$118
Total Development Costs	\$51,206,037	\$105,146	\$133
Tax-Exempt Bonds (construction)	\$24,700,000	\$50,719	\$64
Acquisition Costs	\$18,255,110	\$37,485	\$47

4. Leveraging of Other Resources

The owner anticipates Boston Financial Investment Management providing an equity contribution of \$11,252,335 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$0.88. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$1,282,069. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent (4%) 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	Total Housing Expense
1 BR	3	663	\$580	\$77	\$657
1 BR	2	663	\$580	\$77	\$657
1 BR	16	662	\$532	\$86	\$618
1 BR	32	649	\$532	\$86	\$618
1 BR	30	665	\$656	\$49	\$705
1 BR	3	633	\$518	\$60	\$578
1 BR	1	633	\$518	\$60	\$578
1 BR	3	688	\$573	\$110	\$683
1 BR	1	688	\$573	\$110	\$683
1 BR	16	704	\$589	\$90	\$679
1 BR	32	651	\$630	\$100	\$730
1 BR	36	685	\$625	\$100	\$725
1 BR	24	662	\$625	\$100	\$725
1 BR	26	596	\$525	\$57	\$582
1 BR	2	596	\$525	\$57	\$582
1 BR	16	674	\$592	\$70	\$662
1 BR	58	618	\$616	\$54	\$670
1 BR	16	620	\$605	\$76	\$681
1 BR	19	781	\$534	\$120	\$654
1 BR	1	781	\$534	\$120	\$654
2 BR	16	889	\$639	\$78	\$717
2 BR	3	889	\$639	\$78	\$717
2 BR	14	943	\$609	\$100	\$709
2 BR	10	943	\$609	\$100	\$709
2 BR	11	830	\$654	\$90	\$744
2 BR	1	830	\$654	\$90	\$744
2 BR	14	848	\$652	\$105	\$757
2 BR	5	848	\$652	\$105	\$757
2 BR	24	895	\$619	\$130	\$749
2 BR	20	874	\$630	\$103	\$733
2 BR	4	878	\$686	\$106	\$792
2 BR	8	878	\$686	\$106	\$792
2 BR	19	1030	\$573	\$150	\$723
2 BR	1	1030	\$573	\$150	\$723
Total	487				

Of the 487 total units, 371 receive project based assistance through USDA Rural Development. 101 units will be available to tenants earning up to 50% of area median income and the remaining 386 units will be available to tenants earning up to 60% of the area median income.

6. Relocation

There will be no tenants displaced or relocated during the renovations of the units. In accordance with the relocation plan, rehabilitation will be completed on vacant units first. Tenants will have access to a hospitality area during the day, and be able to return to their units in the evenings. The construction budget includes funds to cover the cost of a daytime hospitality location and furniture moving within units.

7. Supportive Services

The array of services currently provided to the tenants will continue during and after the rehabilitation activities are complete. Those services include CPR training, energy assistance, housing assistance, transportation assistance, and nutrition assistance.

Development Team

1. Identification of Owner

One or more pass-through entities affiliated with Monarch Preservation, Inc., will own the development.

2. Development Team Members

Applicant:	Monarch Management Group, Inc. Michael J. Kearney Shamokin Dam, PA
Sponsor:	Monarch Preservation, Inc. Michael J. Kearney Shamokin Dam, PA
Attorney:	Coleman Talley, LLP Gregory Q. Clark Valdosta, GA
Architect:	Porter Architects Zac Wallace Columbia, MO
Contractor:	Charles G. Grimm Construction, Inc. Robert C. Grimm Waymart, PA
Management Agent:	Monarch Preservation, Inc. Michael J. Kearney Shamokin Dam, PA

Site Description

The thirteen projects are spread out in eight counties in Northern and Central Pennsylvania. Sites are generally flat, on public streets and all utilities are currently serving the sites. All sites have access to the usual array of neighborhood amenities, which vary by location.

Site control for all properties is in the form of Agreements of Sale.

Conditions

Final bond 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 Development.
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 Agency counsel approval 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 all timeframes and deadlines established by the Agency.
6. Evidence, satisfactory to the Agency, of full compliance with all Commonwealth contracting, integrity and responsibility provisions.
7. Evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the Development.
8. Evidence of the commitment to serve low income tenants for a period of not less than 40 years, which will be included in the Restrictive Covenant Agreement.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence of the satisfaction of accessibility requirements.
11. Satisfactory evidence of all requisite USDA approvals, including, but not limited to, approval of the transfer and extension of the USDA project-based subsidies with terms and in amounts sufficient to ensure the financial feasibility of the Development.
12. Compliance with all Agency requirements in connection with the commitment of PHARE HTF, PHARE RTT or CMF program financing, as applicable.
13. Submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing 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 bond closing.

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$27,250,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Monarch Preservation)**

Adopted: March 12, 2020

A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$27,250,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(Monarch Preservation)

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 opportunities 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**") and that the resolution and/or

other agreements providing for the issuance of such bonds or notes 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 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, Monarch Preservation, Inc., through one or more affiliated entities, (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 principal amount not to exceed \$27,250,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a project collectively known as "Monarch Preservation" financing up to thirteen separate multifamily residential rental housing projects located in Centre, Luzerne, Lycoming, Mifflin, Northumberland, Schuylkill, Snyder and Wayne Counties, Pennsylvania, with up to 487 total units of affordable housing (collectively, the "**Project**"); 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 confirm the statement of "Official Intent" pursuant to Treasury Regulation §1.150-2 made in its resolution of December 12, 2019; and

WHEREAS, Greystone & Co., Inc., or its affiliate or such successor entity as may be approved by the Agency (the "**Purchaser**"), will privately purchase the Bonds from the Agency to provide funding for the Project; and

WHEREAS, the Agency also has determined to support the Project by committing subordinate financing subject to the conditions established herein.

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 \$27,250,000.

The Bonds shall carry the designation as 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; and which 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 forty (40) 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 USDA approvals, including, but not limited to, approval of the transfer and extension of the USDA project-based subsidies with terms and in an amount sufficient to ensure the financial feasibility of the Project; (k) compliance with all Agency requirements in connection with the commitment of Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund ("**PHARE**") Housing Trust Fund ("**HTF**") program financing, the PHARE Realty Transfer Tax ("**RTT**") or the Capital Magnet Fund ("**CMF**") program financing, as applicable; and (l) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing 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 bond closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated the date of issuance, 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 Indenture as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$27,250,000; 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-eight (48) 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 and may be in \$1.00 minimum denominations or 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, the Agreement, a purchase contract with the Purchaser and a land use restriction agreement with respect to the Federal income tax requirements applicable to the Bonds and the Project, 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 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 that by its resolution of December 12, 2019, it has declared its intention 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. Subordinate Financing. Staff is hereby authorized and directed to take all actions necessary to effectuate subordinate financing to the Project in an amount not to exceed \$1,000,000 from uncommitted funds available from the PHARE HTF program, the PHARE RTT program or from the CMF program, as may be necessary or convenient, and to provide appropriate contracts outlining monitoring, reporting, record keeping, and low income set aside in accordance with the PHARE HTF, PHARE RTT or CMF requirements.

Section 505. 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
March 12, 2020

SUBJECT: Kinder Park Redevelopment Phase IV

Request for Tax-Exempt Financing
Tax-Exempt Bond/Tax Credit Development: PHFA No. TC2020-103, 57 units
City of Woodlyn, County of Delaware, Region 1
Development Officer: Ann A. Mermelstein

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Robin L. Wiessmann
Executive Director & CEO 

Proposal Description

Kinder Park Redevelopment Phase IV is a 57-unit development located at 1857 Constitution Avenue, in a mixed residential and commercial area of Woodlyn. This proposal is for the new construction of a six-story building for senior occupancy, ages 62 and above, consisting of three separately owned and financed condominiums: a commercial component, a 9% Tax Credit portion and this 4% Tax Credit portion (the “Development”). There are 53 one-bedroom units and 4 two-bedroom units. The structural system is concrete and wood frame with a masonry exterior finish. The Development contains a total of approximately 59,167 square feet on approximately 2.34 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax Exempt Bonds – Citizens Bank	\$ 9,000,000
Delaware County – HOME Loan	3,500,000
Delaware County Housing Authority Loan	3,994,368
Deferred Developer’s Fee	626,978
Equity from the Sale of Low Income Housing Tax Credits	<u>497,455</u>
Total Development Cost	\$17,618,801

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

PHFA First Mortgage Loan (4.5%, 35 years)	\$ 3,225,000
PHARE HTF Loan/CMF Loan	931,252
PHARE RTT Loan/CMF Loan	500,000
Delaware County – HOME Loan	3,500,000
Delaware County Housing Authority – Loan	3,994,368
Energy Rebates	20,965
Deferred Developer’s Fee	715,051
Equity from the Sale of Low Income Housing Tax Credits	4,701,290
Equity from the Sale of Solar Tax Credits	<u>30,875</u>
Total Development Cost	\$17,618,801

3. Development Costs

The Agency will be the conduit issuer of the tax-exempt loan which will be subsequently purchased by Citizens Bank. The proceeds will be used to establish an escrow from which funds will be disbursed during construction. The tax exempt bonds will be repaid after construction completion from the investor's equity and loan proceeds.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$13,655,744	\$239,574	\$231
Replacement Cost	\$15,346,225	\$269,232	\$259
Total Replacement Costs & Reserves	\$15,660,476	\$274,745	\$265
Total Development Costs	\$17,618,801	\$309,102	\$298
Tax-Exempt Bond	\$9,000,000	\$157,895	\$152
Acquisition Costs	\$0	\$0	\$ 0

4. Leveraging of Other Resources

The owner anticipates that Hudson Housing Capital will provide an equity contribution of \$4,701,290 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a gross pay-in of \$0.945. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$497,491. 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	700	\$280	\$50	\$230	\$560
1 BR	3	700	\$280	\$50	\$230	\$560
1 BR	14	700	\$280	\$50	\$230	\$560
1 BR	34	700	\$280	\$50	\$784	\$1,114
2 BR	1	941	\$280	\$57	\$230	\$567
2 BR	2	941	\$280	\$57	\$230	\$567
2 BR	1	941	\$280	\$57	\$1,011	\$1,348
Total	57					

Thirty-five of the units are expected to receive rental assistance under a Housing Assistance Payments Contract, with a minimum term of 20 years, to be signed at closing. The remaining 22 units will be subsidized through Annual Contribution Contracts.

Three of the units will be available to tenants earning up to 20% of the area median income, three units will be available to tenants earning up to 30% of area median income, 16 of the units will be available to tenants earning up to 50% of the area median income and the remaining 35 units will be available to tenants earning up to 60% of the area median income.

6. Supportive Services

Supportive services will be coordinated by the management agent, the Housing Authority of the County of Delaware, with a wide array of services provided. One full-time supportive services coordinator will be on site to provide direct support for tenants. Services will include case management, information and referral, educational workshops, preventative health and wellness screenings, social gatherings and building partnerships with community agencies.

7. Commercial Space

The first and second floors of the building contain approximately 24,660 square feet of commercial space which will include a Mercy Health PACE Senior Care facility. The construction and financing of this facility will be structured as a separate condominium and will be outside of the scope of this Development.

Development Team

1. Identification of Owner

The owner of this development is Kinder Park Housing Partnership IV-B LLC, a Pennsylvania limited partnership, with Pennrose Holdings LLC the managing general partner.

2. Development Team Members

Sponsor:	Kinder Park Housing Partnership IV-B LLC Mark Dambly Philadelphia, PA
Owner:	Kinder Park Housing Partnership IV-B LLC Mark Dambly Philadelphia, PA
Attorney:	Berman Indictor LLP Jeanine Dankoff Philadelphia, PA
Architect:	Wallace Roberts & Todd Joseph Healy Philadelphia, PA
Contractor:	McDonald Building Company Paul McDonald Norristown, PA
Management Agent:	Housing Authority of the County of Delaware Lawrence Hartley Woodlyn, PA

Site Description

Kinder Park IV is located on a 2.34-acre site located in a mixed residential and commercial area of Woodlyn. The site is generally level to sloping and is zoned MH, Multiple Housing, with multi-family housing a permitted use.

A number of neighborhood amenities are located within one half mile of the site. Public transit bus service is located within 0.2 miles of the subject property, providing access to additional services throughout the area.

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 development.
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 development.
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 and housing authority approvals, including, but not limited to, approval of rental subsidies with a term and in amounts sufficient to ensure the financial feasibility of the project as well as renewal and assignment of the HUD Service Coordinator Grant.
11. Compliance with all Agency requirements in connection with the commitment of PHARE RTT, PHARE HTF or CMF program financing, as applicable.
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 \$10,000,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Kinder Park Redevelopment Phase IV)**

Adopted: March 12, 2020

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$10,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(Kinder Park Redevelopment Phase IV)**

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 opportunities 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**") and that the resolution and/or

other agreements providing for the issuance of such bonds or notes 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 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, Kinder Park Housing Partnership IV-B LLC or another affiliate of the sponsor, Pennrose Holdings, LLC, (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 principal amount not to exceed \$10,000,000 (the "**Bonds**") to fund a portion of the acquisition, new construction and equipping of a project known as "Kinder Park Redevelopment Phase IV" financing up to thirteen separate multifamily residential rental housing projects located Woodlyn, Delaware County, Pennsylvania, with 57 total units of affordable housing (the "**Project**"); 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*, as a statement of "Official Intent" pursuant to Treasury Regulation §1.150-2, 2019; and

WHEREAS, Citizens Bank, National Association, or its affiliate or such successor entity as may be approved by the Agency (the "**Purchaser**"), will privately purchase the Bonds from the Agency to provide funding for the Project; and

WHEREAS, the Agency also has determined to support the Project by committing primary and subordinate financing subject to the conditions established herein.

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.

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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 \$10,000,000.

The Bonds shall carry the designation as 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; and which 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 forty (40) 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 or housing authority approvals, including, but not limited to, approval of project-based subsidies with a term and in an amount sufficient to ensure the financial feasibility of the Project; (k) compliance with all Agency requirements in connection with the commitment of Agency primary financing and Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund ("**PHARE**") Housing Trust Fund ("**HTF**") program financing, the PHARE Realty Transfer Tax ("**RTT**") or the Capital Magnet Fund ("**CMF**") program financing, as applicable; and (l) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing 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 bond closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated the date of issuance, 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 Indenture as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$10,000,000; 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 forty-eight (48) 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 and may be in \$1.00 minimum denominations or 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, the Agreement, a purchase contract with the Purchaser and a land use restriction agreement with respect to the Federal income tax requirements applicable to the Bonds and the Project, 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 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 intention 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. Primary Financing. Staff is hereby authorized and directed to take all actions necessary to effectuate primary financing to the Project in an amount not to exceed \$3,532,026 with an interest rate not to exceed 4.5% amortized over 35 years, and to provide appropriate contracts and agreements establishing affordability restrictions on the Project and outlining monitoring, reporting, record keeping, and low income set aside in forms subject to the final review and approval of Staff.

Section 505. Subordinate Financing. Staff is hereby authorized and directed to take all actions necessary to effectuate subordinate financing to the Project in an amount not to exceed a total of \$1,431,252 from funds previously allocated under the PHARE HTF and PHARE RTT programs, or from the CMF program, as may be necessary or convenient, and to provide appropriate contracts outlining monitoring, reporting, record keeping, and low income set aside in accordance with the PHARE HTF, PHARE RTT or CMF requirements.

Section 506. Effective Date and Validity. This Resolution shall take effect immediately and shall remain in effect until specifically repealed.

REQUEST FOR CONDITIONAL LOAN COMMITMENT

Pennsylvania Housing Finance Agency
March 12, 2020

SUBJECT: Kinder Park Redevelopment Phase IV
Tax Credit Development: PHFA No. TC2019-438/N-134
Woodlyn, Delaware County
Development Officer: Yashira Aybar

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Robin L. Wiessmann 
Executive Director & CEO

DEVELOPMENT DESCRIPTION:

This proposal is for the new construction of the final phase of the Kinder Park site which consists of three separately owned and financed condominiums: a commercial component, a 4% Tax Credit portion and this 9% Tax Credit portion (the “Development”). This phase of the Development will have 38 one-bedroom units and one two-bedroom unit. The Development will have eight units with HUD Project Based Section 8 rental assistance and 31 units will have an ACC subsidy. There will be four accessible units. This phase of the Development will be 40,917 square feet. Additionally, the proposal includes the Mercy Health Systems Elderly PACE Center with dining facilities with a total of 24,660 square feet and a third condominium to include 57 units with a total 59,167 square feet and tax-exempt bond financing.

OWNER:

Kinder Park Housing Partnership IV- A LLC
Mark Dambly, Philadelphia, PA

FINANCING PLAN:

PHFA First Mortgage Loan (4.5%, 35 years)	\$	588,420
Renewable Energy Credits		22,052
PECO New Homes Rebates		13,584
Equity (Hudson Housing Capital @ \$0.95)		<u>11,832,109</u>
Total Development Costs	\$	12,456,165
Tax Credit Award at Closing	\$	1,230,323

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Costs	\$9,630,893	\$246,946	\$235
Total Replacement Costs & Reserves	10,990,156	281,799	269
Total Development Costs	12,456,165	319,389	304

SITE DESCRIPTION:

The Kinder Park Phase 4 development is on 2.48 acres of land located in Woodlyn. The Housing Authority of the County of Delaware will lease the property to applicant. The site is currently zoned Multiple Type Housing, with multifamily housing as a permitted use.

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING MORTGAGE FINANCING FOR
KINDER PARK REDEVELOPMENT PHASE IV (9%), PHFA NO. N-134**

WHEREAS, the Agency has received a request for financing in the amount of \$588,420 with an interest rate of 4.5% for the construction of a portion of a six-story building containing 39 units for persons 62 and older located in Woodlyn, Delaware County, known as "Kinder Park Redevelopment Phase IV" (the "Development") to be owned and operated by Kinder Park Housing Partnership IV – A LLC, a Pennsylvania limited liability company ("Owner"); and

WHEREAS, staff has reviewed the Development's fiscal and physical condition, the proposed construction budget and capital needs, the sources and uses of funds available to the Development, the ownership entity, the market rents at the Development; and

WHEREAS, based upon its underwriting, staff recommends that the Agency provide financing to the Development through a primary loan in the amount not to exceed \$588,420 with an interest rate of 4.5% amortized over 35 years to be initially funded out of Agency reserves.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 12th day of March, 2020, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to provide mortgage loan financing to Owner to support the construction and operation of the Development by providing a primary loan in the approximate aggregate amount of \$676,683 (including a 15% contingency allowance for final underwriting) with an interest rate not to exceed 4.5% amortized over 35 years subject to the following conditions: (a) Owner agrees to the terms and conditions of a regulatory agreement that establishes a 35 year affordability restriction; (b) commitment of all other necessary funding sources set forth in the underwriting and financing plan; and (c) the Agency's final review and approval of the necessary financing documents.

Section 2. This resolution shall take effect immediately.

Pennsylvania Housing Finance Agency

Date: March 12, 2020

To: Members of the Board
Pennsylvania Housing Finance Agency

From: Jordan Laird
Director of Finance

Re: Restructured Project Financing Mahanoy Elderly

The Agency has received a request to restructure existing debt and provide new project loan financing originally financed by the Agency. The financing proposal is set forth below.

Mahanoy Elderly:

Mahanoy Elderly is located at 10 West Center Street, Mahanoy City, Pennsylvania 17948. The property is a 12-story elevator building containing 125 units for elderly occupancy. Amenities include a community room, common laundry facility and outdoor sitting area. The building and site have been well maintained and are in good condition.

This property was originally constructed in 1978 by The Michaels Organization, the general partner of the ownership entity, which has owned and operated the project throughout its life. The Agency and Owner have been in discussions to restructure the outstanding indebtedness on the project. The original PHFA loan paid off in 2019, and a deferred payment support note, in the amount of \$1,533,817 plus accrued interest of \$3,669,751.48, is now due and payable to the Agency. The Agency has agreed to accept \$2.25MM as payment in full for this deferred payment note, which will be sold back to The Michaels Organization. As part of the debt restructuring, the management agent, Interstate Realty Management Company, and the current owner The Michaels Organization will remain. The property will continue to have a Housing Assistance Payment Contract through the Section 8 program supporting the continued affordability of the rents.

As part of the debt restructuring, the Agency will provide a new first lien mortgage in an amount not to exceed \$3.1MM with a 30 year amortization at a rate not to exceed 4.5%.

Staff is very familiar with the project as they have continuously been monitored in our portfolio for more than 35 years. A resolution is attached for your consideration.

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING MORTGAGE RESTRUCTURING
AND ADDITIONAL FINANCING FOR
MAHANOEY ELDERLY, PHFA NO. R-439**

WHEREAS, the Agency originally provided financing in the amount of \$3,940,000 for the development of 125 residential rental units in Mahanoy City, Pennsylvania, known as Mahanoy Elderly (the "Development") currently owned by Mahanoy Limited Partnership ("Owner"); and

WHEREAS, the Agency provided a second mortgage loan in the amount of \$1,533,817 that was due and payable upon payment in full of the Agency's first mortgage loan; and

WHEREAS, in 2019, the Agency's first mortgage loan was paid in full and the second mortgage loan in the aggregate amount of \$5,203,568.48, which includes principal of \$1,533,817 and accrued interest of \$3,669,751.48, became due and payable; and

WHEREAS, the Agency has agreed to restructure the second mortgage loan and accept \$2,250,000 as payment in full of the second mortgage loan and provide additional financing in an amount not to exceed \$3,100,000 with an interest rate not to exceed 4.5% amortized over 30 years; and

WHEREAS, staff has reviewed the Development's financial and physical condition and has determined that the Development can financially support additional debt and the Development would benefit from restructuring the second mortgage loan; and

WHEREAS, staff recommends to restructure the second mortgage loan and accept \$2,250,000 as payment in full of the second mortgage loan and provide additional financing in an amount not to exceed \$3,100,000 with an interest rate not to exceed 4.5% amortized over 30 years.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 12th day of March, 2020, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to restructure the second mortgage loan and accept \$2,250,000 as payment in full of the second mortgage loan and to provide a first mortgage loan in an amount not to exceed \$3,100,000 with an interest rate not to exceed 4.5% amortized over 30 years and to take all actions necessary to accomplish the same.

Section 2. This resolution shall take effect immediately.