

PHILADELPHIA REDEVELOPMENT AUTHORITY

**1234 MARKET STREET, 16TH FLOOR
PHILADELPHIA, PA 19107**

**BOARD MEETING
WEDNESDAY, JUNE 12, 2019**

Open Session – 4:00 P.M.

A G E N D A

APPROVAL OF BOARD MINUTES

- (a) Meeting of May 08, 2019

I. EXECUTIVE DIRECTOR'S REPORT

II. ADMINISTRATIVE

- (a) **Conveyance of PRA Properties to Philadelphia Land Bank**
- (b) **Revision to the Percent for Art Program Policy and Authorization to Transfer Management and Control of Percent for Art Program to Philadelphia Housing Development Corporation**

III. DEVELOPMENT

CRP/GO Ridge Flats Owner, L.L.C.
4300-12 & 4314-26 Ridge Avenue
Modification to Resolution No. 2018-06

IV. HOUSING FINANCE

- (a) Nicole Hines Townhomes
Women's Community Revitalization Project (WCRP)
417, 423, 431, 443-Rear, 445 and 445-Rear E. Wister Street and 5120 Rufe Street
Non-Recourse Construction/Permanent Loan Agreement

AGENDA

Board Meeting of June 12, 2019

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- (b) Hogar de Esperanza
Refugio de Amor, L.P.
2203-31, 2237, 2243-51 Germantown Avenue,
2202-04 N. Sixth Street and 2226-66 Cadwallader Avenue
Known as 2203-31 Germantown Avenue
**Non-Recourse Construction/Permanent Loan and
Modification of Authority Loan**

V. REAL ESTATE

Department of Public Property
Conveyance of Properties

PHILADELPHIA REDEVELOPMENT AUTHORITY

BOARD MEETING MINUTES

A meeting of the Board of Directors of the Philadelphia Redevelopment Authority was held on Wednesday, May 8, 2019, commencing at 4:01 P.M. in the offices of the Philadelphia Redevelopment Authority, being its regular meeting place, 16th floor, 1234 Market Street, Philadelphia, Pennsylvania, pursuant to proper notices.

ROLL CALL

The following members of the Board of Directors reported present: Anne Fadullon, Chair; James Cuorato, Vice Chair; Duane Bumb, Secretary; Rob Dubow, Treasurer; and Maria Duque-Buckley, 2nd Vice Chair and Assistant Secretary.

The following members of the Authority staff were present: Gregory Heller, Ryan D. Harmon, Esquire, Mary Fogg, Karanja Slaughter, Jane Allen, Darci Bauer, Zena Holland, Jessie Lawrence, Robert LaBrum and Elizabeth Bonaccorso.

Also in attendance: Shawn Pudles, Odin Properties, LLC; Dermot Delude-Dix, Unite Here; Victor Szwanki, KML Carpenters; Alia Hatch, DPP; Jacqueline Dunn, City Finance Department and Jamila Davis, DHCD.

ANNOUNCEMENTS

None.



MINUTES

Ms. Fadullon called for a motion to approve the minutes of the Board meeting of April 10, 2019.

Upon motion made and duly seconded, the minutes of April 10, 2019 were approved.



EXECUTIVE DIRECTOR'S REPORT

Mr. Heller stated that he is pleased to welcome Joseph Cheeseman as a new mason on our construction staff. The Authority continues to perform an increasing volume of capital projects work for the City's Department of Public Property, Parks & Recreation, and Rebuild.

Next, Mr. Heller stated that he is sad to announce that Jessie Lawrence will be leaving the Authority at the end of this week to take a job in the private sector. Mr. Lawrence has been a project manager in our Development Department for nine (9) years. Mr. Heller wanted to formally thank Mr. Lawrence for his years of service at Authority wish him the best in his future endeavors.

Mr. Heller then stated that the Authority has a Request for Proposals ("RFP") posted seeking financial institutions to carry out the origination and servicing of loans as part of the new Small Landlord Loan Program. These responses are due by June 17, 2019. The Authority has a second RFP posted seeking a financial institution to provide services as custodian for loans, mortgages, and other assets. These responses are due by May 10, 2019.

Finally, Mr. Heller stated that the Authority has posted competitive bid opportunities for twenty-eight (28) properties with responses due by May 21, 2019.



ADMINISTRATIVE

Mr. Harmon presented "Item II (a) – Approval of Loan to PIDC – Local Development Corporation for New Markets Tax Credits Funded Loan Pool for Community Growth and Commercial Revitalization Project" in substance consistent with the attached Fact Sheet hereto.

Additional Comments and Discussion

Mr. Dubow asked how many borrowers were financed with the first fund. Mr. Heller responded that this program is being made available to small community development projects. Mr. Heller stated that the projects that received financing through the first fund are as follows: Don Pedro Meats Market, located at 6047 Castor Avenue, Weinstein Properties, located at 4701 Germantown Avenue, Equinox Delta 1521, located at 1521 N. 31st Street, Design Holdings III, located at 2135 E. Westmoreland Street, and 1301 Howard Street Acquisitions, located at 1301-05 N. Howard Street.

Board Action

Ms. Fadullon called for a motion on the resolution. Upon motion made and duly seconded, the resolution was approved as follows:

RESOLUTION NO. 2019-35

RESOLUTION AUTHORIZING THE AUTHORITY TO PROVIDE A LOAN TO PIDC – LOCAL DEVELOPMENT CORPORATION IN AN AMOUNT NOT TO EXCEED \$2,000,000 TO BE INCLUDED IN A LIMITED-TIME NEW MARKETS TAX CREDIT LOAN FUND

BE IT RESOLVED, by the Philadelphia Redevelopment Authority ("Authority"), that the Authority is authorized to provide a loan in an amount not to exceed Two Million Dollars (\$2,000,000) (the "Authority Loan") to PIDC – Local Development Corporation ("Borrower") to be included in a limited-time new markets tax credit ("NMTC") loan fund ("NMTC Loan Fund II") created by Borrower for the purpose of stimulating growth and promoting commercial revitalization projects in the City of Philadelphia;

BE IT RESOLVED, that although a certain portion of the NMTC Loan Fund II may be used to finance working capital for businesses, the portion of the NMTC Loan Fund II capitalized by the Authority Loan funds will not be used for working capital uses as such uses may not be supported by our purpose under the Urban Redevelopment Law, 35 P.S. § 1701, et. seq. (the "URL");

BE IT RESOLVED, the Authority Loan is authorized under the following terms and conditions:

- 1) Loan Agreement and Promissory Note with Borrower, and other ancillary loan documents, providing for the Authority Loan to Borrower in an amount not to exceed Two Million Dollars (\$2,000,000), funded from Authority working capital;
- 2) Other material terms of the Authority Loan are as follows:
 - Loan Amount: Up to Two Million Dollars (\$2,000,000)
 - Loan Term and Repayment: 96 months – interest only with principal due at maturity.
 - Interest Rate: 3.541%
 - Collateral: None (Unsecured)
 - Guarantee: 100% repayment guarantee from PIDC
 - Origination Fee: 1.5% of Authority Loan amount, not to exceed Thirty Thousand Dollars (\$30,000)
 - Success Fee: 3.25% of Authority Loan amount subject to:
 - 1) All principal and interest has been repaid to leveraged lenders (PIDC-LDC and PRA); and
 - 2) If there are any remaining funds from QALICB repayments, then PRA receives 3.25% of remaining funds, up to \$65,000

FURTHER AUTHORIZING, the preparation, execution, and delivery of all documentation necessary to carry out the foregoing in form and substance acceptable to the Executive Director and General Counsel.

FURTHER AUTHORIZING, that the Executive Director, with the advice of General Counsel, may allow modifications to the Resolution necessary or desirable to carry out its purposes and intents.

Voting for the foregoing resolution: Ms. Fadullon, Mr. Cuorato, Mr. Bumb, Ms. Duque-Buckley and Mr. Dubow.



Mr. Harmon presented "Item II (b) – Conveyance of City Properties to Land Bank" in substance consistent with the attached Fact Sheet hereto.

Board Action

Ms. Fadullon called for a motion on the resolution. Upon motion made and duly seconded, the resolution was approved as follows:

RESOLUTION NO. 2019-36

PHILADELPHIA LAND BANK – RESOLUTION AUTHORIZING THE ACCEPTANCE OF TITLE FROM THE CITY OF PHILADELPHIA TO VARIOUS PROPERTIES AND CONVEYANCE OF SUCH PROPERTIES BY THE PHILADELPHIA REDEVELOPMENT AUTHORITY TO THE PHILADELPHIA LAND BANK

WHEREAS, Act 153 of 2012, 68 Pa. C.S.A. § 2101, *et seq.* (the "Land Bank Act") authorized the City of Philadelphia ("City") to create a land bank in accordance with the Land Bank Act; and

WHEREAS, the City, in Bill No. 130156-A (approved December 18, 2013), authorized the creation of the Philadelphia Land Bank and provided for its appointment, powers and duties; and

WHEREAS, Section 16-705 of The Philadelphia Code authorizes the City's Commissioner of Public Property to convey real property to the Philadelphia Redevelopment Authority, without consideration, for subsequent transfer to the Philadelphia Land Bank; and

WHEREAS, the properties identified on Exhibit "A" to this Resolution have been deemed surplus property by the City and the transfer of such properties to the Philadelphia Redevelopment Authority for subsequent transfer to the Philadelphia Land Bank will promote the public purposes for which the City created the Land Bank; and

WHEREAS, pursuant to (i) City Council Resolution No. 180437, adopted on May 10, 2018 (with respect to the 2nd Councilmanic District Office), and (ii) City Council Resolution No.

180571, adopted on June 7, 2018 (with respect to the 5th Councilmanic District Office), the City has authorized transfer of the properties identified on Exhibit "A" to this Resolution to the Philadelphia Redevelopment Authority for subsequent transfer to the Philadelphia Land Bank;

NOW THEREFORE, BE IT RESOLVED by the Philadelphia Redevelopment Authority, that authorization is hereby given to the Philadelphia Redevelopment Authority to accept title from the City of Philadelphia to those properties identified on Exhibit "A," hereto, and for the conveyance and preparation, execution, acknowledgment and delivery of deeds to the Philadelphia Land Bank, without consideration, pursuant to Chapter 16-700 of The Philadelphia Code.

FURTHER AUTHORIZING, the preparation, execution, and delivery of all documentation necessary to carry out the foregoing in form and substance acceptable to the Executive Director and General Counsel.

FURTHER AUTHORIZING, that the Executive Director, with the advice of General Counsel, may allow modifications to the Resolution necessary or desirable to carry out its purposes and intents.

EXHIBIT "A"

Properties Owned by the City of Philadelphia to be Conveyed to the Philadelphia Land Bank through the Philadelphia Redevelopment Authority

2nd Councilmanic District Properties

1129 S Sydenham St
3009 Wharton St

5th Councilmanic District Properties

1232 Burns St
1234 Burns St
1236 Burns St
1250 Burns St
1252 Burns St
1429-35 N 8th St

Voting for the foregoing resolution: Ms. Fadullon, Mr. Cuorato, Mr. Bumb, Ms. Duque-Buckley and Mr. Dubow.



Mr. LaBrum presented "Item II (c) – Approval of Construction Contract with D'Angelo Bros., Inc." in substance consistent with the attached Fact Sheet hereto.

Additional Comments and Discussion

Mr. Harmon distributed a revised Fact Sheet to the Board, staff and the public which corrected a typo to the previously issued Fact Sheet.

Ms. Fadullon asked Mr. LaBrum the scope of services for this project. Mr. LaBrum responded that the scope of services will include renovations to the basketball courts, new playground and fitness equipment for adults and kids, fencing, asphalt, and landscaping.

Mr. Cuorato asked where Disston Street is located. Mr. LaBrum replied playground is in the Tacony section of the City.

Board Action

Ms. Fadullon called for a motion on the resolution. Upon motion made and duly seconded, the resolution was approved as follows:

RESOLUTION NO. 2019-37

RESOLUTION AUTHORIZING THE PHILADELPHIA REDEVELOPMENT AUTHORITY, AS AGENT FOR THE CITY OF PHILADELPHIA, TO ENTER INTO A CONSTRUCTION CONTRACT WITH D'ANGELO BROS., INC. FOR THE DISSTON PLAYGROUND RENOVATION PROJECT AT 4423 LONGSHORE STREET

WHEREAS, the Philadelphia Redevelopment Authority (the "Authority"), as agent for the City of Philadelphia ("City"), issued a Request for Proposals ("RFP") seeking responses from qualified contractors willing and capable of performing the Disston Playground Renovation project at 4423 Longshore Street (the "Project").

WHEREAS, D'Angelo Bros., Inc. ("D'Angelo") submitted its response to the RFP, outlining their extensive experience.

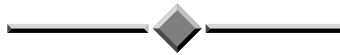
WHEREAS, D'Angelo's proposal was selected by the Project review team.

NOW THEREFORE, BE IT RESOLVED, by the Philadelphia Redevelopment Authority, the authorization is hereby given to the Authority's Executive Director to enter into a Construction Contract, as agent for the City, with D'Angelo for the Project, with a maximum compensation not to exceed Eight Hundred Fifty-Nine Thousand Nine Hundred Fourteen Dollars (\$859,914.00) (total Base Bid plus 10% Contingency).

FURTHER RESOLVING, the preparation, execution, and delivery of all documentation necessary to carry out the foregoing in form and substance acceptable to the Executive Director and General Counsel.

FURTHER RESOLVING, that the Executive Director, with the advice of General Counsel, may allow modifications to the Resolution and Construction Contract necessary or desirable to carry out its purposes and intents.

Voting for the foregoing resolution: Ms. Fadullon, Mr. Cuorato, Mr. Bumb, Ms. Duque-Buckley and Mr. Dubow.



Mr. LaBrum presented "Item II (d) – Approval of Construction Contract with Empire Supplies & Services, LLC" in substance consistent with the attached Fact Sheet hereto.

Additional Comments and Discussion

Mr. Heller asked how many bids did the City of Philadelphia received. Mr. LaBrum responded that he believed the City received three (3) bids.

Board Action

Ms. Fadullon called for a motion on the resolution. Upon motion made and duly seconded, the resolution was approved as follows:

RESOLUTION NO. 2019-38

RESOLUTION AUTHORIZING THE PHILADELPHIA REDEVELOPMENT AUTHORITY, AS AGENT FOR THE CITY OF PHILADELPHIA, TO ENTER INTO A CONSTRUCTION CONTRACT WITH EMPIRE SUPPLIES AND SERVICES, LLC FOR THE FAIRMOUNT WATER WORKS BALUSTRADE RESTORATION PROJECT AT 640 WATERWORKS DRIVE

WHEREAS, the City of Philadelphia (the "City") solicited proposals seeking responses from qualified firms willing and capable of performing the Fairmount Water Works Balustrade Restoration project at 640 Water Works Drive (the "Project")

WHEREAS, Empire Supplies and Services, LLC ("Empire") submitted its response to the City, outlining their extensive experience. Empire was the lowest, qualified bidder.

NOW THEREFORE, BE IT RESOLVED, by the Philadelphia Redevelopment Authority, the authorization is hereby given to the Authority's Executive Director to enter into a Construction Contract, as agent for the City, with Empire for the Project, with a maximum compensation not to exceed Three Hundred Three Thousand Nine Hundred Thirty Dollars (\$303,930.00) (total Base Bid plus 10% Contingency).

FURTHER RESOLVING, the preparation, execution, and delivery of all documentation necessary to carry out the foregoing in form and substance acceptable to the Executive Director and General Counsel.

FURTHER RESOLVING, that the Executive Director, with the advice of General Counsel, may allow modifications to the Resolution and Construction Contract necessary or desirable to carry out its purposes and intents.

Voting for the foregoing resolution: Ms. Fadullon, Mr. Cuorato, Mr. Bumb, Ms. Duque-Buckley and Mr. Dubow.



Ms. Fadullon informed her fellow Board members, staff and public that she was recusing herself from the next two (2) items. At this time, Mr. Cuorato took over as Chair.

DEVELOPMENT

Mr. Lawrence presented "Item III – Selection of Redeveloper; Community Justice Land Trust" in substance consistent with the attached Fact Sheet hereto.

Board Action

Mr. Cuorato called for a motion on the resolution. Upon motion made and duly seconded, the resolution was approved as follows:

RESOLUTION NO. 2019-39

RESOLUTION SELECTING COMMUNITY JUSTICE LAND TRUST AS REDEVELOPER OF 417 E. WISTER STREET, 423 E. WISTER STREET, 431 E. WISTER STREET, 443 E. WISTER STREET, 443 REAR E. WISTER STREET, 445 E. WISTER STREET, 445 REAR E. WISTER STREET AND 5120 RUFÉ STREET LOCATED IN THE GERMANTOWN REDEVELOPMENT AREA, WISTER II URBAN RENEWAL AREA

BE IT RESOLVED, by the Philadelphia Redevelopment Authority, that Community Justice Land Trust is hereby selected as Redeveloper of 417 E. Wister Street, 423 E. Wister Street, 431 E. Wister Street, 443 E. Wister Street, 443 Rear E. Wister Street, 445 E. Wister Street, 445 Rear E. Wister Street and 5120 Rufe Street located in the Germantown Redevelopment Area, Wister II Urban Renewal Area, and approval is hereby given to the Redevelopment Contract and the proposed method of disposition as most appropriate and prudent under the law and circumstances; approving a nominal disposition price of Eight Dollars (\$8.00); determining that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the property in accordance with the Redeveloper's approved plans; further authorizing the execution, delivery and recording of the Redevelopment Contract and a Deed for the property and the preparation of all

other documentation necessary or desirable in order to carry out the foregoing, and to obtain the appropriate councilmanic action.

FURTHER RESOLVING, that the Executive Director, with the advice of General Counsel, may allow modifications to the Resolution necessary or desirable to carry out its purposes and intents.

Voting for the foregoing resolution: Mr. Cuorato, Mr. Bumb, Ms. Duque-Buckley and Mr. Dubow.

One (1) abstention: Ms. Fadullon



HOUSING FINANCE

Ms. Bauer presented "Item IV (a) – Transfer and Assumption of Loan; Calcutta House" in substance consistent with the attached Fact Sheet hereto.

Additional Comments and Discussion

Mr. Dubow asked if Public Health Management Corporation ("PHMC") would be required to provide the same services as the entity that was transferring the loan - Calcutta House. Ms. Bauer replied yes.

Mr. Cuorato asked if the transition would be seamless. Ms. Bauer responded yes – PHMC currently provides the services and will continue to do so. The only change is that PHMC will now assume the loan obligations as well.

Board Action

Mr. Cuorato called for a motion on the resolution. Upon motion made and duly seconded, the resolution was approved as follows:

RESOLUTION NO. 2019-40

RESOLUTION AUTHORIZING THE AUTHORITY'S CONSENT TO THE TRANSFER OF 1827-43 W. CABOT STREET AND 1221-33 N. 19TH STREET AND PERMIT THE ASSUMPTION OF EXISTING DEBT HELD BY THE AUTHORITY

WHEREAS, pursuant to Resolution No. 17,147, adopted January 28, 2003, the Authority Board authorized two non-recourse, construction/permanent loans to Calcutta House in the aggregate amount of One Million Four Hundred Seventy-Two Thousand Seven Hundred Fifty-Six Dollars (\$1,472,756) (collectively, the "Authority Loans"), funded through the Housing Opportunities for Persons with AIDS ("HOPWA"), Empowerment Zone and Supportive Housing

Programs, to Calcutta House to assist in the construction of nine (9) affordable rental units (the "Project") located at 1827-43 W. Cabot Street and 1221-33 N. 19th Street (the "Properties"); and

WHEREAS, the Authority Loans are secured by two mortgages on the Properties ("Authority Mortgages"); and

WHEREAS, the Authority Loans have a thirty (30) year term that self-amortizes by ten percent (10%) starting in year twenty (20) until fully amortized, without payment, provided Calcutta House has complied with certain terms and conditions; and

WHEREAS, the HOPWA funding required the rental units be occupied by homeless individuals with HIV/AIDS; and

WHEREAS, pursuant to Resolution No. 2016-112, adopted on October 20, 2016, after the expiration of the ten (10) year regulatory compliance period for HOPWA funding, the Authority modified the terms of the financing to allow Calcutta House to lease the rental units to homeless individuals instead of only homeless individuals with HIV/AIDS; and

WHEREAS, Calcutta House is a subsidiary of Public Health Management Corporation ("PHMC"), with PHMC as the sole member of Calcutta House; and

WHEREAS, Calcutta House has had severe funding cuts and has been operating at a loss; and

WHEREAS, to continue the operation of the Project, PHMC requested the Authority's consent to transfer the Property for nominal value to PHMC; and

WHEREAS, PHMC will maintain the operation of the Project consistent with the existing covenants of record; and

NOW THEREFORE, BE IT RESOLVED, by the Philadelphia Redevelopment Authority ("Authority"), that the Authority is authorized to take the following actions:

- Consent to transfer the Properties to PHMC;
- Permit the assumption of the Authority Mortgages; and
- All other terms and conditions of Resolution No. 17,147 and Resolution No. 2016-112 to remain in full force and effect.

FURTHER AUTHORIZING, the preparation, execution, and delivery of all documentation necessary to carry out the foregoing in form and substance acceptable to the Executive Director and General Counsel.

FURTHER AUTHORIZING, that the Executive Director, with the advice of General Counsel, may allow modifications to the Resolution necessary or desirable to carry out its purposes and intents.

Voting for the foregoing resolution: Mr. Cuorato, Mr. Bumb, Ms. Duque-Buckley and Mr. Dubow.

One (1) abstention: Ms. Fadullon.



At this time, Ms. Fadullon resumed Chairing the meeting.

Ms. Holland presented "Item IV (b) – Sale, Assumption and Subordination of Loan with Eli Court LP" in substance consistent with the attached Fact Sheet hereto.

Additional Comments and Discussion

Mr. Heller informed the members of the Board that today's action by the Board would be subject to the buyer's successful resolution of six (6) outstanding Licenses & Inspections ("L & I") violations that need to be closed out. Oden Properties is working with L & I to resolve these outstanding issues.

Board Action

Ms. Fadullon called for a motion on the resolution. Upon motion made and duly seconded, the resolution was approved as follows:

RESOLUTION NO. 2019-41

RESOLUTION AUTHORIZING THE AUTHORITY'S CONSENT TO THE SALE OF 1418 CONLYN STREET AND PERMIT THE ASSUMPTION AND SUBORDINATION OF EXISTING DEBT HELD BY THE AUTHORITY

WHEREAS, pursuant to Resolution No. 19,351, adopted on August 14, 2012, the Philadelphia Redevelopment Authority ("Authority") provided financing in the amount of Five Hundred Twenty Thousand Dollars (\$520,000) (the "Authority Loan") to 1418 Conlyn LLC (the "Borrower") for the rehabilitation of eighty-eight (88) affordable rental units (the "Project") located at 1418 Conlyn Street (the "Property"); and

WHEREAS, the Authority Loan is at 0% interest, is due and payable on the 30th anniversary of the Authority Loan closing and is secured by a mortgage on the Property ("Authority Mortgage"); and

WHEREAS, the Borrower has requested the Authority's consent to the sale of the Property and the assumption and subordination of the Authority Loan to Eli Court LP (the "Buyer"); and

WHEREAS, the Buyer will maintain the operation of the Project with the existing covenants of record; and

WHEREAS, subordination of the Authority Loan and assumption of the Authority Mortgage are subject to the Buyer resolving all outstanding compliance matters;

NOW THEREFORE, BE IT RESOLVED, by the Philadelphia Redevelopment Authority ("Authority"), that the Authority is authorized to take the following actions:

- Consent to transfer of the Property to the Buyer; and
- Permit the assumption and subordination of the Authority Loan and Authority Mortgage; and
- Subordination of the Authority financing and assumption of the Authority Mortgage is contingent upon the Buyer resolving all outstanding compliance matters.

FURTHER AUTHORIZING, the preparation, execution, and delivery of all documentation necessary to carry out the foregoing in form and substance acceptable to the Executive Director and General Counsel.

FURTHER AUTHORIZING, that the Executive Director, with the advice of General Counsel, may allow modifications to the Resolution necessary or desirable to carry out its purposes and int

Voting for the foregoing resolution: Ms. Fadullon, Mr. Cuorato, Mr. Bumb, Ms. Duque-Buckley and Mr. Dubow.



REAL ESTATE

Ms. Fadullon stated that Item V is being tabled at this time; however, this item may be resubmitted at the June meeting.



NEW BUSINESS

Ms. Fadullon inquired if there was any new business for the Board. No new business was presented to the Board.



OLD BUSINESS

Ms. Fadullon inquired if there was any old business for the Board. No old business was presented to the Board.



ADJOURNMENT

There being no further business to come before the Board, Ms. Fadullon declared the meeting adjourned at 4:23 P.M.

SECRETARY TO THE BOARD



BOARD FACTSHEET

Meeting of May 8, 2019

Approval of Loan to PIDC – Local Development Corporation

New Markets Tax Credits Funded Loan Pool for Community Growth and Commercial Revitalization Projects (Impact Development Fund II)

NAME OF BORROWER/APPLICANT: PIDC – Local Development Corporation ("Borrower")

Nature of Transaction: The Board is requested to authorize a loan in an amount not to exceed Two Million Dollars (\$2,000,000) (the "Authority Loan") to Borrower to be included in a limited-time new markets tax credit ("NMTC") loan fund ("NMTC Fund II") created by Borrower for the purpose of stimulating growth and promoting commercial revitalization projects in the City of Philadelphia. The proposed project types are as follows:

- Single-use or mixed-use projects involving office, retail, commercial, and/or industrial uses
- Real estate: building acquisition, renovations, tenant improvements, or new construction
- Equipment purchases

Although a certain portion of the NMTC Loan Fund II may be used to finance working capital for businesses, the portion of the NMTC Loan Fund II capitalized by the Authority Loan funds will not be used for working capital uses as such uses may not be supported by our purpose under the Urban Redevelopment Law, 35 P.S. § 1701, et. seq. (the "URL").

Background: The Philadelphia Industrial Development Corporation ("PIDC") has committed \$5 million of its \$60 million 2015-2016 NTMC allocation to create the NMTC Loan Fund II, a patient and flexible debt product for operating businesses, nonprofits, and developers to invest in fixed asset and large capital expenditures in Philadelphia-based projects.

This limited-time NMTC Loan Fund II is designed to stimulate community growth and promote commercial revitalization projects in Philadelphia. The NMTC Loan Fund II will provide a NMTC instrument for transactions smaller than typical leveraged NMTC real estate deals and provide capital directly to operating businesses, nonprofits, or developers.

PRA's investment would be used to support a leverage loan into the NMTC Loan Fund II, as described above.

PIDC-LDC would be a leverage lender to an investment fund owned by a NMTC investor, which would make a capital contribution to the investment fund. The investment fund in turn would make a qualified equity investment to the NMTC Loan Fund II (PIDC-RDC Sub CDE XXVIII, LP), which then would provide capital directly to operating businesses, nonprofits, or developers ("QALICBs").

Pursuant to Resolution No. 2018-02, adopted January 10, 2018, the Authority Board authorized a similar loan to Borrower in an amount not to exceed Two Million Dollars (\$2,000,000) which was included in a different NMTC loan fund ("NMTC Loan Fund I") created by Borrower for the purpose of stimulating growth and promoting commercial revitalization projects in the City of Philadelphia. The NMTC Loan Fund I was fully deployed within eight (8) months of funding to five (5) borrowers creating one hundred sixteen (116) new full-time jobs of which 97% will be paid at least a living wage. Based on the success of NMTC Loan Fund I, as well as a pipeline of eligible projects, PIDC created NMTC Loan Fund II.

Authority Loan: The material terms of the Authority Loan are as follows:

- Loan Amount: Up to \$2 million
- Loan Term and Repayment: 96 months – interest only with principal due at maturity.
- Interest Rate: 3.541%
- Collateral: None (Unsecured)
- Guarantee: 100% repayment guarantee from PIDC
- Origination Fee: 1.5% of Authority Loan amount, not to exceed Thirty Thousand Dollars (\$30,000)
- Success Fee: 3.25% of Authority Loan amount subject to:
 - 1) All principal and interest has been repaid to leveraged lenders (PIDC-LDC and PRA); and
 - 2) If there are any remaining funds from QALICB repayments, then PRA receives 3.25% of remaining funds, up to \$65,000

Proposed Resolution is attached.

Prepared by: Ryan Harmon
Reviewed by: Gregory Heller



BOARD FACTSHEET

Meeting of May 8, 2019

Conveyance of City Properties to Philadelphia Land Bank

Nature of Transaction: The Philadelphia Redevelopment Authority (the "PRA") will facilitate the conveyance of title of properties owned by the City of Philadelphia (the "City") Public Property to the Philadelphia Land Bank:

- The conveyance of these properties will be for the disposition, reuse, and management by the Philadelphia Land Bank.
- The City properties listed below were approved for conveyance to the Philadelphia Land Bank in collaboration with the 2nd and 5th Councilmanic District Offices.
- Pursuant to (i) City Council Resolution No. 180437, adopted on May 10, 2018 (with respect to the 2nd Councilmanic District Office), and (ii) City Council Resolution No. 180571, adopted on June 7, 2018 (with respect to the 5th Councilmanic District Office), the City authorized transfer of the properties listed below to the Philadelphia Redevelopment Authority for subsequent transfer to the Philadelphia Land Bank.

PROPERTY INFORMATION:

City Conveyance: The City properties attached hereto as Exhibit "A" will be conveyed the Philadelphia Redevelopment Authority for the subsequent conveyance to the Philadelphia Land Bank, without consideration, pursuant to Chapter 16-700 of The Philadelphia Code.

EXHIBIT "A"

2nd Councilmanic District Properties

1129 S Sydenham St
3009 Wharton St

5th Councilmanic District Properties

1232 Burns St
1234 Burns St
1236 Burns St
1250 Burns St
1252 Burns St
1429-35 N 8th St



BOARD FACTSHEET
Meeting of May 8, 2019
Approval of Construction Contract
D'Angelo Bros., Inc.
Disston Playground Renovation

NATURE OF TRANSACTION:

The approval of a Construction Contract between the Philadelphia Redevelopment Authority (the "Authority"), as agent for the City of Philadelphia (the "City"), and D'Angelo Bros., Inc. ("D'Angelo") for the Disston Playground Renovation project, located at 4423 Longshore Street. This project is part of the City's Rebuilding Community Infrastructure Program ("Rebuild").

SELECTION PROCESS:

On February 28, 2019, the Authority advertised a Request for Proposals ("RFP") for the project. The Authority received four (4) proposals from qualified contractors. D'Angelo's proposal had the lowest, qualified bid amount and was selected by the project review team.

D'Angelo Bros., Inc.

3700 S. 26th Street
Philadelphia, PA 19145
Total Base Bid: \$781,740.00
EOP: 30-35% MBE; 15-20% WBE

BACKGROUND/FINANCING:

The project will be funded with City Capital funds as outlined in the executed Subgrant Agreement between the Authority, the City and the Philadelphia Authority for Industrial Development ("PAID"). The Subgrant Agreement allows for funds to be transferred to the Authority for City Rebuild projects.

Proposed Resolution and supporting project information are attached (site map and photographs).

Prepared by: Robert LaBrum
Reviewed by: Ryan Harmon



BOARD FACTSHEET
 Meeting of May 8, 2019
 Approval of a Construction Contract
 Empire Supplies & Services, LLC
 Fairmount Water Works Balustrade Restoration Project

NATURE OF TRANSACTION:

The approval of a Construction Contract between the Philadelphia Redevelopment Authority (the "Authority"), as agent for the City of Philadelphia (the "City"), and Empire Supplies and Services, LLC ("Empire"), for the Fairmount Water Works Balustrade Restoration project at 640 Water Works Drive (the "Project").

SELECTION PROCESS:

The City solicited proposal from qualified firms for the Project. Empire was the lowest, qualified bidder.

Empire Supplies and Services, LLC

320 Myrtle Avenue
 Cheltenham, PA 19012
 Total Base Bid: \$276,300.00
 EOP: 18% MBE; 7% DBE

BACKGROUND/FINANCING:

The Project will be funded with City Capital funds as outlined in the executed Subgrant Agreement between the Authority, the City and the Philadelphia Authority for Industrial Development ("PAID"). The Subgrant Agreement allows for funds to be transferred to the Authority for City projects.

Proposed Resolution and supporting project information are attached (site map and photographs).

Prepared by: Robert LaBrum
 Reviewed by: Ryan Harmon

**BOARD FACTSHEET**

Meeting of May 8, 2019

Selection of Redeveloper

417, 423, 431, 443, 443-Rear, 445 & 445-Rear E. Wister Street and
5120 Rufe Street**NAME OF DEVELOPER/APPLICANT:** Community Justice Land Trust

Nature of Transaction: Selection of Community Justice Land Trust ("Redeveloper") as redeveloper proposing to develop a parcels in Germantown located at 417, 423, 431, 443, 443-Rear, 445 & 445-Rear E. Wister Street and 5120 Rufe Street, into thirty-five (35) affordable townhome rental units with a community center and parking (the "Project").

Legal Entity/Other Partners (if applicable): Women's Community Revitalization Project ("WCRP")

Mailing Address: 100 W. Oxford Street, Suite E-2300, Philadelphia PA 19122

PROPERTIES INFORMATION: 417, 423, 431, 443, 443-Rear, 445 & 445-Rear E. Wister Street and 5120 Rufe Street (the "Properties")

Description: 86,413 SF, vacant lot **Zoning:** RSA-2 **Use:** None

Disposition Price: Nominal (\$8.00)

The City of Philadelphia's ("City") Land Disposition Policy, approved by City Council on March 9, 2017, allows for discounted pricing for projects that have a demonstrated community and social impact. In support of this Project's community and social benefit impact, the Properties shall have a Declaration of Restrictive Covenants targeting affordable and workforce housing units for low-income families at or below 80% Area median Income (AMI) for a period of thirty-seven (37) years. The mix of unit types includes seventeen (17) two-bedroom units, sixteen (16) three-bedroom units, and two (2) four-bedroom units.

FINANCING:

Redeveloper will use public funds to develop the Properties. Sources include Low Income Housing Tax Credit equity, City and Federal funds. Redeveloper has provided documentation of available funds or reasonable ability to obtain necessary funding in an amount no less than the total Project development cost.

COMMENTS OR OTHER CONDITIONS:

Redeveloper intends to commence construction in Summer, 2019, and complete construction within twenty-four (24) months thereafter.

Redeveloper is compliant with the City Revenue Department and has no outstanding tax obligations, conflicts of interest, or unresolved violation of City L&I codes. Per Chapter 17-1600 of the Philadelphia Code the Economic Opportunity Plan ranges have been set at MBE – 23%, WBE –7%.

Prepared by: Jessie Lawrence, Project Manager

Reviewed by: Larry H. Padilla, Senior Director, Real Estate and Development Finance



BOARD FACTSHEET

Meeting of May 8, 2019

Transfer and Assumption of Loan

Calcutta House

Located at 1827-43 W. Cabot Street and 1221-33 N. 19th Street

TRANSACTION SUMMARY

The Philadelphia Redevelopment Authority's ("Authority") consent to the transfer of Calcutta House and the assumption by Public Health Management Corporation ("PHMC") of existing debt provided by the Authority.

BACKGROUND INFORMATION

Pursuant to Resolution No. 17,147, adopted January 28, 2003, the Board authorized two non-recourse, construction/permanent loans to Calcutta House in the aggregate amount of One Million Four Hundred Seventy-Two Thousand Seven Hundred Fifty-Six Dollars (\$1,472,756) (collectively, the "Authority Loans"). The proceeds of the Authority Loans were used to assist in the construction of nine (9) affordable rental units located at 1827-43 W. Cabot Street and 1221-33 N. 19th Street (the "Properties"). The Authority Loans are secured by two mortgages on the Properties ("Authority Mortgages").

The Authority Loans have a thirty (30) year term that self-amortizes by ten percent (10%) starting in year twenty (20) until fully amortized, without payment, provided Calcutta House has complied with certain terms and conditions. The Authority Loans were partially funded with Housing Opportunities for Persons with AIDS ("HOPWA") funding which required the rental units to be occupied by homeless individuals with HIV/AIDS.

After the end of the ten (10) year regulatory compliance period for HOPWA funding, pursuant to Resolution No. 2016-112, adopted on October 20, 2016, the Authority modified the terms of the financing to allow the Calcutta House to lease the rental units to homeless individuals instead of only homeless individuals with HIV/AIDS.

Calcutta House has experienced funding cuts over the last few years and is operating at a loss. PHMC, as the sole member of Calcutta House, has requested that Calcutta House transfer the Properties to PHMC for nominal consideration and they would continue to operate Calcutta House as a program of PHMC. PHMC is committed to serve the same homeless clients.

BOARD ACTION REQUESTED

- Consent to the transfer of the Property to PHMC;
- Permit the assumption of the Authority Mortgages by PHMC; and
- All other terms and conditions of Resolution No. 17,147 and No.2016-112 to remain in full force and effect

Proposed Resolution is attached

Prepared by: Darci Bauer, Director of Housing Finance

Reviewed by: Larry H. Padilla, Senior Director



BOARD FACTSHEET

Meeting of May 8, 2019

Eli Court Apartments

Sale, Assumption, and Subordination of Loan – Eli Court LP

TRANSACTION SUMMARY

The Authority's consent to the sale of Eli Court Apartments and permit the assumption and subordination of existing debt provided by the Philadelphia Redevelopment Authority ("Authority").

BACKGROUND INFORMATION

In 2012, the Authority provided a loan for Five Hundred Twenty Thousand Dollars (\$520,000) ("Authority Loan") to 1418 Conlyn LLC (the "Borrower") for capital improvements to eighty-eight (88) affordable rental units (the "Project") located at 1418 Conlyn Street (the "Property").

The Authority Loan is secured by a second mortgage on the Property ("Authority Mortgage") and is evidenced by a Note. The Authority Loan is at 0% interest due and payable on the 30th anniversary of the Authority Loan closing.

The Borrower has requested the Authority's consent to the sale of the Project to Eli Court LP (the "Buyer"). Philip Balderston and Justin Pesin (collectively, "Managing Members") are the Managing Members of the general partner of the Buyer. The Managing Members are experienced real estate developers having an ownership interest in over three-hundred (300) parcels in the City of Philadelphia. The Buyer will assume the Authority Mortgage and maintain the Project consistent with the existing covenants of record.

COMMENTS OR OTHER CONDITIONS IN EFFECT

Subordination of Authority financing and assumption of the Authority Mortgage is contingent upon the Buyer resolving all outstanding compliance matters.

BOARD ACTION

- Consent to the transfer of the Property;
- Permit the assumption of the Authority Mortgage; and
- Subordinate the Authority financing to acquisition financing required by the Buyer to purchase the Property

Proposed Resolution is attached

Prepared by: Zena Holland, Senior Housing Development Officer

Reviewed by: Darci Bauer, Director Housing Finance

**BOARD FACTSHEET**

Meeting of May 8, 2019

City of Philadelphia – Department of Public Property

Nature of Transaction: The Philadelphia Redevelopment Authority ("PRA") will facilitate the conveyance of title from the City to identified Grantees listed below.

- The Vacant Property Review Committee ("VPRC") serves as an advisory committee and recommends to the City of Philadelphia ("City") Commissioner of Public Property what City surplus properties should be made available for disposition in accordance with Chapter 16-400 of the City Code.
- Properties and Grantees listed below were recommended by the VPRC to the City Commissioner of Public Property for disposition.
- The City Commissioner of Public Property has also recommended to City Council the below dispositions.
- A Resolution authorizing the below dispositions by the PRA was approved by City Council (Resolution No. 190138).
- Pursuant to a Memorandum of Understanding between the City and the Philadelphia Land Bank ("PLB") dated April 8, 2019, the PLB has reviewed the proposed dispositions, have agreed with the recommendations of VPRC and the City Commissioner of Public Property.
- The PLB, on as agent for the City, will prepare a Purchase and Development Agreement ("PDA") against each of the below properties to be recorded prior to any conveyance. Although the PDA will initially be with the PRA, the PDA will immediately be assigned by the PRA to the below Grantees at the time of conveyance.
- The conveyance of these properties to the Grantees for reuse will relieve the City of the care, maintenance and management of the properties and help arrest blight in the neighborhoods and restore the properties to productive use.

PROPERTY INFORMATION:

- 1) **Fair Market Disposition:** The following seven (7) properties will be conveyed at fair market value as established through a competitive Request for Proposals issued by the PLB:

<u>Addresses</u>	<u>Grantee</u>	<u>Total Bid/Cost</u>
5107 Market Street	Kalidave Limited	\$420,000.00 (Competitive - Request for Proposals) (for all properties)
5109 Market Street	Partnership	
5111 Market Street		
5113 Market Street		
5121 Market Street		
5123 Market Street		
5125 Market Street		