RESOLUTION No. 2008-25

A RESOLUTION OF THE COUNCIL OF THE CITY OF COATESVILLE, CHESTER COUNTY, PENNSYLVANIA, AUTHORIZING THE CITY OF COATESVILLE TO ISSUE BRIDGE FINANCING AND PERMANENT FINANCING FOR THE BRANDYWINE VIEW DEVELOPMENT PROJECT UNDER SPECIFIED TERMS AND CONDITIONS

WHEREAS, the City of Coatesville is a Chartered Third Class City in the Commonwealth of Pennsylvania, and

WHEREAS, The Shelter Group (Shelter) intends to construct 140 Units of Senior Housing as a part (or Phase) of a Baker Residential of Pa, LLC, a/k/a/ Iacobucci Homes (Iacobucci) development known as Brandywine View. The Shelter development will comprise two phases of approximately 70 units each. The development will be financed by tax credits and loan funds issued through PHFA; and

WHEREAS, in order for Shelter's development to be feasible, Shelter must submit an application to PHFA on October 3rd 2008. If that application is not successful, Shelter will submit an application to PHFA in the subsequent round; and

WHEREAS, in order for Shelter to submit an application to PHFA, Shelter must have site control, access and utilities to the site. The site does not currently have access or utilities. In addition, to infrastructure, Shelter must show the State committed funds sufficient to build the project; and

WHEREAS, Shelter will enter into a contract of sale with Iacobucci to purchase the land, approximately 5 acres, from Iacobucci; and

WHEREAS, in accordance with land development plans previously submitted to and approved by the City of Coatesville for its development known as Brandywine View, and subject to the terms and conditions of a Memorandum of Understanding between Shelter and the City of Coatesville, Iacobucci intends to construct improvements, including a road connecting the site to State Route 82, that will provide the required access to and utilities for the site; and

WHEREAS, the City of Coatesville acknowledges that Shelter and Iacobucci have expended and will expend considerable time, funds and resources for necessary pre-development activities associated with their respective developments;

WHEREAS, the City of Coatesville intends to expedite and assist with successful development of the site by providing financing under the terms and conditions set forth herein,

THEREFORE, BE IT RESOLVED that the City Council of the City of Coatesville authorizes and consents to a bridge loan to allow Shelter to purchase the aforesaid parcel of land from Iacobucci under the following terms and conditions:

- Loan Amount of $1.45 million.
- One Year LIBOR Rate plus 250 basis points.
- Loan Term of five years.
- Non-recourse to borrower.
- Collateral: Fee Simple Interest in approximately 5 acres of improved land.
- Closing on the bridge loan and commitment to Loan by the City of Coatesville will not occur until Shelter receives approval on tax credits from PHFA or Iacobucci provides written notice of its

intention to start construction on the access road from State Route 82 to the project, and provides financial security accordingly.

- Loan Principal Payments are deferred until the end of the term
- Shelter will make interest payments required by the lender during the term of the loan.
- First Payment of $725,000 plus accrued interest will be made upon financial closing of Phase 1 (approximately 68 units) expected between 3 and 4 years from loan closing. The remaining balance and interest will be due and payable at the end of the term. In the event that 90 days prior to the end of the loan term, Shelter is not able to close on financing and develop all or a portion of the land, Shelter will sell the land to the City and the City will pay off the remaining loan balance, prior to any default proceedings.
- Upon closing on the land sale transaction, Iacobucci will provide satisfactory financial security and Iacobucci will provide remaining resources (estimated at $1.6 million dollars), for the cost of road, water, sewer, electric and other necessary utility infrastructure for the subject property. The City will accept dedication of the access road upon its substantial completion by Iacobucci.

THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Coatesville authorizes and consents to a permanent financing loan to allow The Shelter Group to develop an approximately 68 unit senior community in Phase 1 of the development to be financed with equity from the sale of low income housing tax credits, a loan from the Pennsylvania Housing and Finance Agency (PHFA) and a loan from the City of Coatesville, and that the loan from the City of Coatesville shall have the following terms:

- Loan Amount of $1.4 Million.
- One Year LIBOR Rate plus 250 basis points.
- Term of 30 Years.
- Non-recourse to borrower.
- Collateral for permanent financing loan to be second mortgage position on the project. PHFA will be in first mortgage position on the project; however, the City and PHFA will be in *pari passu* and have equal and proportionate rights as to repayments of loan principal and interest.
- Loan Principal and Interest Payments are payable out of cash flow after payment of PHFA loan. If such cash flow is unavailable or insufficient to make such payments, payments are deferred and payable at the end of the term. PHFA automatically takes fifty percent (50%) of the cash flow of the project and the remaining fifty percent (50%) will go towards payment of the City Loan.
- Shelter will use best efforts to pursue other financing to replace the City's loan prior to closing.

IN WITNESS THEREOF, the Council of the City of Coatesville has adopted and enacted this Resolution this 29th day of September, 2008.

Karen Jorgenson
City Council President

ATTEST:

Harry G. Walker, III
City Manager

I HEREBY CERTIFY that the foregoing is a true and correct copy of the said Resolution duly adopted at a regular meeting of City Council held on this 29th day of September 2008 and recorded in the minutes as such.

Harry G. Walker, III
City Manager