

November 15, 2017

Minutes of the Special Board Meeting of the Urban Redevelopment Authority of Pittsburgh, Wherrett Memorial Room, 13th Floor, John P. Civic Building, 200 Ross Street

November 15, 2017 – 2:00 P.M., E.S.T.

Members Present: Messrs. Acklin, Lavelle, Ferlo, Gainey, Mmes., Hall-Russell

Members Absent: None

Staff Present: Messrs., Rubinstein, Cummings, Clark, Link, Hobbes, Miller, Mmes., Saladna, Bohince, and Schacht.

Mr. Acklin called the Special Meeting to order and declared a quorum present.

1. Authorization to amend the Comprehensive Option Agreement by and between the Sports & Exhibition Authority of Pittsburgh and Allegheny County, the Authority, and Pittsburgh Arena Real Estate Redevelopment LP.

Director's Report

Pursuant to a Comprehensive Option Agreement dated September 11, 2014 (the "Option Agreement"), this Authority and the Sports & Exhibition Authority of Pittsburgh and Allegheny County (collectively "Seller") granted to Pittsburgh Arena Real Estate Redevelopment LP ("Optionee") redevelopment option rights with regard to a site comprising approximately 21.50 developable acres of land located in the Central Business District/Lower Hill District (the "Option Premises").

Seller and Optionee have been working to renegotiate to certain terms contained in the Option Agreement which are enumerated within a proposed Term Sheet. If such terms and conditions are acceptable to the Board of Directors, authorization is sought to enter into an amendment to the Option Agreement that is consistent with the Term Sheet.

Mr. English, a City resident, was present. Mr. English questioned the public notification for the Special Board Meeting and stated that he believed it violated the Pennsylvania Sunshine Act. Mr. Acklin stated that his objection would be noted for the record, and that he could speak to counsel after the meeting. Mr. Jason Hobbes, Senior Counsel for the Authority, stated that public notification regarding this Special Board Meeting had been posted in the Post-Gazette on the morning of Tuesday, November 14, 2017, in compliance with the Pennsylvania Sunshine Act.

Mr. Acklin announced two Executive Sessions that were held on November 13, 2017 and November 15, 2017 regarding matters relating to the Option Agreement.

Mr. Lavelle recognized the Mayor and the Authority's Executive Director for their hard work in creating a more productive Agreement. He stated that he believes that the reduced parking revenue is not enough of an incentive to the Penguins to move forward with development. He

stated that the language intended to reduce community participation is alarming, and that, consequently, he is not prepared to vote in favor of the resolution.

Mr. Ferlo thanked the Mayor, Chairman Acklin, Executive Director Rubinstein and URA staff for their hard work. He stated that, nevertheless, he will respectfully vote against the resolution.

Ms. Hall-Russell stated that she believes the negotiations over the last couple of weeks have not changed the outcome of this Option Agreement. She stated that she cannot vote on something that will silence community groups, and that part of being a developer is being able to manage relationships with communities. She stated that she is glad to see an increase in the parking revenue penalties if the developer misses a deadline.

Mr. Gainey thanked the Chairman and Councilman Lavelle for their hard work with moving this item forward. He stated that his concern is that there will not be an acceptable deal to all parties. He stated that he is against the community groups not having a voice.

Mr. Acklin proposed three amendments: first, removing participation or opposition by community groups from the definition of a "Material Adverse Effect"; second, increasing the second deadline for parking revenue forfeiture from 30% to 40%; and third, adding an authorization for the Authority to negotiate with the City a 10% parking tax diversion for parking taxes generated from the proposed garage to be diverted to the Greater Hill District Redevelopment Fund.

Marimba Milliones, President and CEO, of The Hill Community Development Corporation, was present. Ms. Milliones stated that there is insufficient transparency and access to information. She stated that she feels that over the last ten years, the Pittsburgh Penguins have not fulfilled the commitments they made. She stated that she does not understand why the Pittsburgh Penguins are receiving any parking revenue. She requested that the terms of the deal be reconsidered. She stated that this is putting a tremendous pressure on the community. She also stated that she is requesting that increased revenue be returned to the community and tax payers.

Mr. Gary English offered public comments. Mr. English discussed the preservation of the Civic Arena, the initial Term Sheet Agreement between the City of Pittsburgh and the Pittsburgh Penguins for development and use of this property, and the current use of this property. Mr. English expressed his frustration with the history of the property, the demolition of the Civic Arena, and the ongoing negotiations over the future of development at the site.

Ms. Brenda Tate, a Hill District resident, was present. Ms. Tate stated that the parking revenue that is being generated from this property is critical and should be put back into the community.

Upon motion made by Mr. Gainey, the following Members voted affirmatively; Mr. Gainey, Mr. Acklin, and Ms. Hall-Russell; the following Members voted in the negative: Mr. Ferlo and Mr.

Lavelle. As a majority of the votes were affirmative, the following resolution was adopted, as amended:

RESOLUTION NO. 334 (2017)

RESOLVED: That an Amendment to the Comprehensive Option Agreement by and between the Sports & Exhibition Authority of Pittsburgh and Allegheny County, the Authority, and Pittsburgh Arena Real Estate Redevelopment LP is hereby approved, and the Executive Director, or the Chairman of the Board, on behalf of the Authority, is authorized to execute an amendment, a memorandum of amendment, and any other documents necessary to effectuate such amendment, including the Term Sheet, which documents shall incorporate the following provisions:

- **Removal of participation or opposition by community groups from the definition of a “Material Adverse Effect”; and**
- **Increase of the parking revenue forfeiture penalty for failure to meet the 2023 deadline from 30% to 40%.**

and the Secretary or Assistant Secretary is authorized to attest same and affix the seal of the Authority thereto, and the Executive Director and all proper officers of the Authority are authorized to take any and all actions and execute such documents as are related and proper to effectuate the terms of the amendment and this resolution.

RESOLUTION NO. 339 (2017)

RESOLVED: That a Cooperation Agreement between the Authority and the City of Pittsburgh for the creation and administration of a 10% parking tax diversion for the garage to be constructed pursuant to the Comprehensive Option Agreement, as amended, with such funds to be diverted to the Greater Hill Redevelopment Fund, is hereby approved, and the Executive Director, or the Chairman of the Board, on behalf of the Authority, is authorized to execute such agreement and any other documents necessary to effectuate its terms, and the Secretary or Assistant Secretary is authorized to attest same and affix the seal of the Authority thereto, and the Executive Director and all proper officers of the Authority are authorized to take any and all actions and execute such documents as are related and proper to effectuate the terms of the amendment and this resolution.

2. Northside Properties Residences Phase I

- a. Pittsburgh Development Fund (PDF) Loan Agreement with Northside Properties Residences I LLC in the amount up to \$800,000.00.

Mr. Rubinstein requested Board approval of the above item.

Mr. Robert Rubinstein, Executive Director stated that authorization is requested to enter into a Pittsburgh Development Fund (PDF) loan agreement with Northside Properties Residences I LLC in the amount of up to \$800,000 to provide permanent "gap" financing for the redevelopment. The project includes the acquisition and substantial rehabilitation of 75 affordable rental units situated in 43 scattered site buildings over 42 parcels located in the California-Kirkbride and Central Northside neighborhoods of the City of Pittsburgh.

The following actions for this project were approved at the October 12, 2017 URA Board meeting;

Resolution No. 287 (2017): Issue tax exempt Multifamily Financing Bonds in an amount not to exceed \$15 million for the redevelopment of Northside Properties Residences Phase I.

Resolution No. 288 (2017): Rental Housing Development Improvement Program Loan (RHDIP) in the amount of up to \$500,000 to provide combined construction/permanent financing for the redevelopment.

Since the October 12, 2017 Board meeting, the appraisal for the originally proposed permanent \$7.0 million Citizens Bank first mortgage was completed and came in lower than expected. After negotiations and discussions with the bank, appraiser and developer, and based on the Citizens Bank loan to value requirement, the developer is able to secure a \$6,120,000 permanent first mortgage loan which has created a development gap of \$880,000. We are recommending that this gap be filled with the proposed amortizing URA PDF loan, at terms which match those of the Citizens Bank first mortgage loan, plus \$80,000 in developer equity.

North Side Associates (NSA) currently owns 324 units located in 239 separate buildings spread out across the historic Northside. The portfolio was acquired by NSA in 1983. While moderate improvements have been made to the units over time, a full development-wide capital improvement plan has not taken place. In order to improve the condition of the units and extend the long-term affordability of the development, the principals are creating a phased plan for the preservation of all 324 units. This multi-phase plan includes historic renovations of the vast majority of the units and the new construction of some units in a later phase to replace obsolete units.

The principals of NSA will create new entities to purchase and redevelop, or replace, the 324 units in a phased approach, which is expected to last over the next eight (8) years. The principal of NSA is an entity controlled by M. Robert Mistick. Northside Properties Residences I LLC (NPRI),

is the new phase one development entity that will be created to purchase and redevelop the phase one properties.

The project presented today represents the initial phase, consisting of the acquisition and historic rehabilitation of 75 units located within 43 buildings. Renovations will include new roofs, windows, flooring, appliances, and updated kitchens and bathrooms. Most of the units will be gutted and reframed. The approximate construction cost per unit is \$142,000.00. All units will be rented to households with incomes at or below 60% of the area median income (AMI) and eligible tenants will be supported with U.S. Department of Housing and Urban Development (HUD) Project Based Section 8 assistance.

The total development cost of the project is \$18,925,741. The permanent financing plan will include a \$6.12 million permanent first mortgage, 4% Low Income Housing Tax Credit (LIHTC) equity, federal Historic Tax Credit (HTC) equity, seller financing, interim income, URA PDF and RHDIP loans, escrow transfer, capitalized interest, developer equity and a deferred developer fee. It is anticipated that up to \$15 million in tax exempt bonds will be issued for construction financing. The Application for Tax Exempt Volume Cap and 4% LIHTC application were approved by the Pennsylvania Housing Finance Agency (PHFA) on October 12, 2017. Due to Tax Exempt bond requirements the project must close by no later than December 15, 2017.

Details of the Development are as follows:

Borrower:	Northside Properties Residences I LLC
Managing Member:	Northside Properties Management LLC
Principals:	M. Robert Mistick; Sarah A. Mistick
Development Consultant:	Ralph A. Falbo, Inc.
Project Description:	Acquisition, preservation and historic rehabilitation of 75 affordable units located in 43 scattered site buildings in California-Kirkbride and Central Northside
Ward:	21 st and 25 th Wards
Architect:	LGA Partners 1425 Forbes Avenue, Suite 400 Pittsburgh, PA 15219
General Contractor:	Mistick Construction 1300 Brighton Road Pittsburgh, PA 15233

Units and Rents:	1 BR, 15 Units, \$1,104 Average Rent
	2 BR, 29 Units, \$1,290 Average Rent
	3 BR, 25 Units, \$1,448 Average Rent
	4 BR, 5 Units, \$1,591 Average Rent
	5 BR, 1 Unit, \$1,795 Average Rent

Total Development Costs: \$18,925,741

URA Additional Financing Source (Permanent):

PDF Loan \$ 800,000 4.6%, 30-year amort., 16-yr. term

Previously Approved URA Financing Source (Construction & Permanent):

RHDIP Loan \$ 500,000 3%, 30-year term, 5-year deferral

Subtotal URA \$ 1,300,000

Other Financing Sources:

First Mortgage – Citizens Bank	\$6,120,000
LIHTC Equity (4% Credits)	\$6,215,487
Federal HTC Equity	\$2,177,437
Seller Note	\$2,028,797
Interim Income	\$ 395,665
Capitalized Interest	\$ 100,114
Escrow Transfer	\$ 99,066
Developer Equity	\$ 80,000
Deferred Developer Fee	<u>\$ 409,175</u>
Subtotal Other	\$17,625,741

Real Estate Loan

Review Committee: PDF Loan to be presented at the December 13, 2017 Real Estate
Loan Review Committee or at an earlier to be scheduled meeting.

M/WBE Review: Approved on July 28, 2017.

There was no discussion among the Members.

Upon a motion to approve by Mr. Ferlo, seconded by Mr. Lavelle, and unanimously carried, the following resolution was adopted:

RESOLUTION NO. 335 (2017)

RESOLVED: That a loan to Northside Properties Residences I LLC, for the Northside Properties Phase I development, for an amount not to exceed \$800,000.00, payable from the Pittsburgh Development Fund (PDF), is hereby approved, and the Executive Director or Director of Finance, on behalf of the Authority, is hereby authorized to execute a loan agreement and related documents therefor, and the Secretary or Assistant Secretary is authorized to attest same and affix the seal of the Authority thereto.

3. East Liberty Transit Revitalization Investment District Revitalization Authority (ELTRIDRA)

- a. Pittsburgh Development Fund loan up to \$6,000,000.00 to the East Liberty Transit Revitalization Investment District Revitalization Authority (ELTRIDRA) or related entity.

Mr. Rubinstein requested Board approval of the above item.

Mr. Rubinstein stated that ELTRIDRA is the municipal authority that is responsible for administration of the East Liberty Transit Revitalization Investment District.

ELTRIDRA is undertaking improvements related to the Penn Circle Two Way Conversion project. These improvements include pedestrian crosswalks, cross signals, bump outs and islands, bicycle lanes, and re-introduction of bi directional traffic.

Total project costs are approximately \$7,000,000.00. The balance of the project will be financed by ELTRIDRA funds. Real estate tax increment from Mellon's Orchard and the Detective Building and TRID funding from the Pennsylvania Department of Community and Economic Development (DCED) will be used to fund loan debt service.

The loan funds will be applied to these improvements.

Loan Amount:	up to \$6,000,000.00 (plus capitalized 2 years debt service reserve)
Interest Rate:	3%
Term:	19 years
Loan Review Committee:	N/A
Program Benefit:	Penn Circle two-way conversion, transit infrastructure improvements.

There was no discussion among the Members.

Upon a motion to approve by Mr. Ferlo, seconded by Mr. Lavelle, and unanimously carried, the following resolution was adopted:

RESOLUTION NO. 336 (2017)

RESOLVED: That a loan to the East Liberty Transit Revitalization Investment District Revitalization Authority (ELTRIDRA) or related entity for improvements related to the Penn Circle Two Way Conversion project, for an amount not to exceed \$6,000,000.00, payable from the Pittsburgh Development Fund (PDF), is hereby approved, and the Executive Director or Director of Finance, on behalf of the Authority, is hereby authorized to execute a loan agreement and related documents therefor, and the Secretary or Assistant Secretary is authorized to attest same and affix the seal of the Authority thereto.

4. Elliott – Stevens School Property

- a. Execution of deed and any other documents necessary to effectuate the conveyance of Block 19-C, Lot 166, in the 20th Ward, to the City of Pittsburgh for \$1.00, plus costs.

Mr. Rubinstein requested Board approval of the above item.

Mr. Rubinstein stated that by deed dated September 21, 2016, the URA acquired the former Stevens School, located at 822 Crucible Street in Elliot, from the Board of Public Education of the School District of Pittsburgh for a purchase price of \$415,000. The property consists of a vacant school building situated on a lot containing approximately 1.48 acres. Since acquiring the Stevens School, the URA has contracted with a property manager to maintain the property, and has conducted boiler repairs so that winter heat levels can be maintained. The City of Pittsburgh Department of Public Safety has expressed continuing interest in acquiring the Stevens School for use as a public safety facility. We are now requesting authorization to convey the Stevens School to the City of Pittsburgh for development as a public safety facility. The purchase price will be \$1.00 plus costs.

Mr. Ferlo asked if the City is committed to reimbursing the Authority. Mr. Acklin answered yes, and considering this building for public safety purposes.


Upon a motion to approve by Mr. Ferlo, seconded by Mr. Lavelle, and unanimously carried, the following resolution was adopted:

November 15, 2017

RESOLUTION NO. 337 (2017)

RESOLVED: That the conveyance of Block 19-C, Lot 166, in the 20th Ward, to the City of Pittsburgh, for the sum of \$1.00, plus costs is hereby approved, and the Executive Director or Director of Finance, on behalf of the Authority, is hereby authorized to execute an agreement of sale, deed and any and all documents necessary to effectuate said sale, and the Secretary or Assistant Secretary is authorized to attest same and affix the seal of the Authority thereto.

There being no further actions to come before the Members, the Special Meeting was adjourned.


Assistant Secretary