

RESOLUTION NO. 16 - 2020

Harrisburg Redevelopment Authority

WHEREAS, the Redevelopment Authority of the City of Harrisburg ("Authority") wishes to analyze various financing options in order to facilitate the preservation/rehabilitation of the existing Residences at Governors Square development, as well as incorporating an additional newly construction affordable housing units (the "Activity:"); and

WHEREAS, it is anticipated that the proposed Activity will be financed, in part, with federal Low Income Housing Tax Credits.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Authority of the City of Harrisburg hereby authorizes and approves the above-referenced professional services as more fully detained in the attached Mullin & Lonergan Associates, Inc., Letter Agreement dated October 15, 2020.

10-20-2020
Date


Secretary

October 15, 2020

Mr. Bryan Davis, Executive Director
Redevelopment Authority of the City of Harrisburg
10 North Second Street, Suite 405
P.O. Box 2157
Harrisburg, PA 17105-2157

RE: Feasibility Analyst – Governor’s Square, Harrisburg

Dear Mr. Davis:

The purpose of this letter is to set forth the terms of an agreement for Mullin & Lonergan Associates, Inc. (“M&L”) to assist the Redevelopment Authority of the City of Harrisburg (“RDA”) to analyze various financing options in order to facilitate the preservation/rehabilitation of the existing Governor’s Square development, as well as, the potential of incorporating an additional 60 newly constructed affordable units. It is anticipated that the proposed preservation of Governor’s Square will be financed, in part, under Section 42 of the Internal Revenue Code via use of the 4% Federal Low-Income Housing Credits (LIHTC).

Governor’s Square consists of a mix of 1, 2, and 3-bedroom style townhouses and garden style apartments totaling 222 units. The project was redeveloped more than 15 years ago utilizing a HUD grant and other resources. The current owner is seeking to exit the project; therefore, the RDA is looking to identify a workable financing plan to help facilitate the preservation of this important affordable housing asset to the City of Housing. The terms of our agreement are listed below:

1. Scope of Services

- (a) M&L will work with the RDA to determine the overall feasibility of the development by analyzing the appropriate unit mix, income and rent targeting, operating budget, development budget, calculation of appropriate reserve levels, developer’s fee, etc. Scenario’s considered will include preservation of the existing 222 units plus new construction of an additional 60 units; a straight preservation deal of 222 units; a standalone 60-unit new construction development; as well as other variations that may be deemed appropriate.
- (b) Various financing scenarios will be considered including, but not limited to: use of the 4% LIHTC versus the 9% LIHTC; use of federal HOME funds; Pennsylvania Housing Finance Agency resources such as PHARE, PennHOMES, etc.; potential HUD resources, Federal Home Loan Bank, as well as other appropriate resources identified.

- (c) Provide advice and assistance on all general matters related to the project.
- (d) M&L will provide the RDA with five (5) copies of said feasibility analysis which shall include an Executive Summary and Recommendations, statement of Assumptions and Underwriting standards, copies of Uses & Sources of funds and operating budgets developed in said analysis.

2. Time of Performance

M&L agrees to complete the work as outlined in the Scope of Services in a timely and professional manner. It is anticipated that the Feasibility Analysis will be completed and submitted to the RDA by January 31, 2021, assuming we are in receipt of an executed agreement and all documents listed below by October 30, 2020.

Documents to be provided to M&L upon execution of this agreement:

- Audited Financial statements for Governor's Square for 2017, 2018, and 2019
- Year-to-Date Profit and Loss statement
- Vacancy report for 2017, 2018, 2019 and Year-to-Date
- Rent Roll
- 2020 Operating budget with Year-to-Date through September 31, 2020
- Unit configuration by building and location map of buildings
- List of any major improvements made within last five years (roofs, HVAC systems, windows, etc.)
- Location map and addresses for proposed 60 new construction units (also note if land is vacant or if demolition is required)

M&L anticipates that additional documentation may be required, however, the above list should be sufficient to get us started.

3. Compensation

Payments for services shall be based upon the following hourly rate payment schedule.

Chairman/President:	\$265 per hour, or fraction thereof
Associates/Principals:	\$205 per hour, or fraction thereof
Senior Project Manager:	\$175 per hour, or fraction thereof
Professional Staff:	\$150 per hour, or fraction thereof
Administrative support:	\$55 per hour, or fraction thereof

M&L and the RDA will evaluate continued services and potential costs related to on-going services in the event the hourly rate fees have reached **\$10,000**.

Additionally, in the event the RDA, or a to-be-identified developer, elects to pursue Federal Low Income Housing Tax Credits and related financing as a result of said feasibility analysis, then the RDA, or the to-be-identified developer, will enter into a separate contract with M&L for LIHTC application services. M&L stands ready to help prepare and facilitate a successful LIHTC application and financial closing, if deemed appropriate.

4. **Changes**

Any changes to this agreement shall be as a result of a modification signed by both parties. In the event M&L is requested to undertake an effort which it considers to be outside the scope of the agreement, it will so advise the RDA and the parties will confer in good faith to resolve any dispute.

5. **Limitations**

M&L is committed to performing its services in a manner that meets industry standards, however it cannot guarantee that its work product will not be subject to review by various authorities, such as the Pennsylvania Housing Finance Agency and the Internal Revenue Service. M&L will respond on behalf of the RDA to inquiries concerning its work product by such authorities, but the Scope of Services under this agreement does not include representation or appearance by M&L before any such authorities.

6. **Warranty**

M&L warrants that in performing the services set forth in the Scope of Services, it will strictly comply with the descriptions and representations of the services as set forth in the Scope of Services; not be in violation of any applicable law, rule, or regulation; not violate, or in any way infringe upon the rights of any third party; ensure the M&L personnel assigned to perform these services will do so continuously throughout the term of the agreement, except for termination of employment; and, M&L makes no other warranties, express or implied, in this agreement.

7. **Indemnification**

The RDA agrees to indemnify and hold harmless M&L, including its officers, and employees against any liability incurred by M&L arising out of performance of the Scope of Services that arises out of information provided by the RDA.

8. **Entire Agreement**

This agreement represents the entire understanding between the parties and supersedes any other prior or contemporaneous oral or written agreement. This agreement can be changed only by mutual agreement of the parties as evidenced by a signed modification.

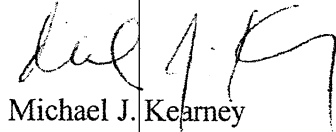
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9. Disputes

Except where the law requires otherwise, any and all disputes arising under or relating to this agreement, including payment for services performed under this agreement shall be submitted to and finally determined by, arbitration conducted in Philadelphia, Pennsylvania in accordance with the Rules of the American Arbitration Association by a single arbitrator appointed in accordance with such rules. Judgment upon the final arbitration award may be entered into any court having proper jurisdiction thereof.

If this letter agreement is acceptable, please sign the acceptance below and return a signed copy to our office.

Sincerely,



Michael J. Kearney
President

ACCEPTANCE:

The undersigned accepts the terms and conditions contained in this agreement. Further, the undersigned represents that he/she has the authority required to bind the Redevelopment Authority of the City of Harrisburg to this agreement.

SIGNED _____

PRINT NAME _____

TITLE _____