

**ZOOM MEETING OF THE BUSINESS AFFAIRS AND
EXECUTIVE COMMITTEES OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, September 23 – 8:30 A.M.**

Present for the Business Affairs Committee and Executive Committee: Mr. Jeremiah J. White, Jr.,
Lydia Hernández Vélez, Esq. and Mr. Harold Epps

Present for the Business Affairs Committee: Mr. Rob Dubow, Mr. Steve Herzog and Mr. Michael Soileau

Present for the Executive Committee: Ms. Chekemma Fulmore-Townsend and Ms. Rosalyn
McPherson

Present for the Administration: Dr. Donald Guy Generals, Mr. Jacob Eapen, Mr. Gim Lim, Mr. Derrick
Sawyer, and Victoria L. Zellers, Esq.

Guests: Mr. Andre Allen, Principal, Phoenix Capital Partners, LLP, Mr. Noel Eisenstat, NMTC Consultant
for CATC, George Nagle, Esq., Nagle, Law, LLC, Miska L. Shaw, Esq., Bond
Counsel, Ahmad Zaffarese, LLC, and Ms. Sabrina Maynard, City of Philadelphia

AGENDA

Business Affairs Committee
PUBLIC SESSION

Mr. White called the meeting to order at 8:34 A.M.

**Authorization for Dr. Generals to Execute the Term Sheets with US Bank, the
Reinvestment Fund and Urban Research Park Related to the New Market Tax Credit
(NMTC) Transactions for the Career and Advanced Technology Center (Action Item):**

Discussion: Mr. Eapen stated that on August 19, 2020, the Business Affairs Committee was given a detailed presentation on the structure of the New Market Tax Credits (NMTC), the financial benefits of using the NMTC, and the legal aspects of a NMTC transaction. On September 3, 2020, the Executive Team from New Courtland provided details of how the non-profit structured and managed NMTCs. In both briefings, the Business Affairs Trustees' questions were answered.

Mr. Eapen stated that he wanted the College's NMTC consulting team to brief the Committee. He asked Mr. Eisenstat to provide the Committee with NMTC updates as it relates to the Career & Advanced Technology Center (CATC) financing. Mr. Eisenstat recapped the history of the NMTC, stating that it has been in existence since 2001 and is administered through the U.S. Department of Treasury. The U.S. Department of Treasury identifies for-profits and not-for-profits that receive allocations for tax credits. Philadelphia institutions such as The Reinvestment Fund and PIDC will make investments in qualified projects in 'qualified census tracts.' He explained that CATC qualifies for NMTC because it is located in a highly distressed community and will provide benefits to low-income individuals. The NMTC program allows banks to make tax credit investments. The tax credit investments take a form of a loan and that loan in 7 years is forgiven. Mr. Eisenstat further stated that at the time of the August 19th, Business Affairs Committee, the market shifted and J.P. Morgan Chase pricing dropped

from .79 cents to .70 cents. US Bank was willing to raise its price to .73 cents. Urban Research Park increased its allocation to \$12.5m.

Mr. Allen spoke to the traditional tax-exempt financing for completion of the project which is outlined as Option A in Attachment G. This method will account for \$16.6m tax-exempt bond issue for 20 years. The average annual debt service will approximate to \$1.28m, and the total debt service will equal \$25m. Mr. Allen stated that Option B represents a fully taxable bond issue of approximately \$14.5m. This option does not provide for amortization of bonds for the first 7 years. A 'sinking fund' was incorporated to allow for an annual debt service of approximately \$1.07m for a total debt service of \$20.9m. Option B provides for over \$3.8m in savings. Mr. Allen explained that Option C contains a NMTC hybrid. This option provides for approximately \$12m in taxable bond issue, just over \$2m in tax-exempt proceeds, an annual debt service of \$1.04m, and a total debt service of \$20.5m. Option C accounts for \$4.3m in savings. Mr. Allen stated that Option C will be utilized for the debt portion of the financing. He further stated that Option C provides for close to \$190,000 in annual debt service savings.

Dr. Generals provided a briefing on his call with Mr. John Fry, President of Drexel University. Mr. Fry provided positive feedback of his experience with the NMTC. The process was successful, seamless and provided real savings. Mr. Fry stressed that the public relations piece was important in terms of the creative nature of putting together the financing for these types of projects. Dr. Generals stated that Mr. Fry offered that the College may reach out to the Drexel financial team should College staff have any questions regarding the NMTC process.

Ms. Zellers explained the legal aspects of the term sheets that the College is requesting the Business Affairs Committee and Executive Committee to authorize the College to sign. She stated that staff is requesting at today's meeting to give Dr. Generals the authority to sign the term sheets with US Bank, the Reinvestment Fund and Urban Research Park related to the New Market Tax Credits (NMTC) Transactions for the Career and Advanced Technology Center. Ms. Zellers stated that the terms sheets are non-binding on any party other than requiring the College pay deposits for third-party legal fees for the anticipated transaction in the amount of \$25,000 for the Reinvestment Fund, \$25,000 for US Bank, and \$50,000 for Urban Research Park. These deposits total \$100,000. Ms. Zellers stated that a Resolution authorizing the College to proceed with the NMTC financing and related transactions will be presented to the full Board at the October 8th meeting.

Ms. Zellers requested NMTC counsel to explain some of the aspects of the term sheets and the NMTC process. Mr. Nagle stated that the NMTC is a competitive process and congratulated Mr. Eisenstat for the \$24.5m NMTC allocation. He then reviewed the four term sheets, two of which are for US Bank. Mr. Nagle explained that US Bank investment term sheets are based on a 39% tax credit on the total \$24.5m being invested which equates to \$9,555,000. US Bank is paying .73 cents per credit. The gross equity is \$6,975,150. Additionally, there is a \$25,000 deposit that is applied towards closing. US Bank, in addition to providing the equity on the transaction, will also be providing \$4m NMTC allocation. Mr. Nagle stated that there are fees/costs that will be incurred: 3% fee on \$120,000 and \$2,500 for annual tax returns. He stated that the Reinvestment Fund is for a total allocation of \$8m, a total allocation fee of \$260,000, a 'success fee' of \$25,000, annual compliance fees of \$40,000, audit fees of \$13,000, and \$25,000 deposit that is applied towards closing. Mr. Nagle stated that Urban Research Park, CDE, LLC is providing for \$12.5m allocation. URP's fees are 7.25% which equals \$906,250. URP requires audit expenses and a \$50,000 deposit that is applied

towards closing. Mr. Eisenstat pointed out that URP term includes donation based on the recommendation of the sponsor QALICB (Qualified Active Low Income Community Business) which in essence will provide scholarships to the non-degree students at the CATC. He stated that the term sheet proposes \$250,000 in "Charitable Contribution." Mr. Nagle pointed out that these terms sheets are typical in the industry.

Attached herewith are the following:

- NMTC Term Sheet US Bank ([Attachment A](#))
- US Bank Allocation Term Sheet ([Attachment B](#))
- Reinvestment Fund Term Sheet ([Attachment C](#))
- Urban Research Park Term Sheet ([Attachment D](#))
- NMTC Structure ([Attachment E](#))
- NMTC Transaction - Questions & Answers ([Attachment F](#))
- Financing Options ([Attachment G](#))
- CCP NMTC Assumptions ([Attachment H](#))

Action: Ms. Hernández Vélez, Esq. moved and Ms. Soileau seconded the motion that the Business Affairs Committee recommend to the Executive Committee of the Board of Trustees the authorization for Dr. Generals to execute the term sheets with US Bank, the Reinvestment Fund and Urban Research Park related to the New Market Tax Credits (NMTC) Transactions for the Career and Advanced Technology Center. The motion passed unanimously.

Executive Committee
PUBLIC SESSION

Mr. White called to order the Executive Committee of the Board of Trustees to vote on the authorization of the term sheets.

Authorization for Dr. Generals to Execute the Term Sheets with US Bank, the Reinvestment Fund and Urban Research Park Related to the New Market Tax Credits (NMTC) Transactions for the Career and Advanced Technology Center Based on the Business Affairs Committee Recommendation

Action: Ms. Hernández Vélez, Esq. moved and Ms. McPherson seconded the motion that, based on the Business Affairs Committee recommendation, the Executive Committee of the Board of Trustees authorize Dr. Generals to execute the term sheets with US Bank, the Reinvestment Fund and Urban Research Park related to the New Market Tax Credits (NMTC) Transactions for the Career and Advanced Technology Center. The motion passed unanimously.

The meeting adjourned at 8:55 A.M.

**NMTC
Term Sheet
US Bank
(Attachment A)**



Community Development Corporation
 1307 Washington Ave,
 Suite 300
 St. Louis, MO 63103
 314.335.2600
 thomas.oldenburg@usbank.com

usbank.com/cdc

September 14, 2020

Dr. Donald Generals, Ed.D.,
 President
 Community College of Philadelphia
 1700 Spring Garden Street
 Philadelphia, PA 19130

Re: Community College of Philadelphia
New Markets Tax Credit Investment

Dear Dr. Generals:

Based on financial and other information provided by you on the proposed CCP development located in at its West Philadelphia campus (“Project” or the “QALICB” (“Qualified Active Low-Income Community Business”)), US Bancorp Community Development Corporation (“USBCDC”) is delighted to consider making a New Markets Tax Credit (“NMTC”) equity investment in the Project to facilitate its completion. The terms of such investments are outlined below. It is assumed that subsidiaries of Urban Research Park CDE (“URP”), The Reinvestment Fund Inc. (“TRF”) and USBCDE, LLC (“USBCDE”) will act as Community Development Entities (“Sub-CDEs”) and investees of USBCDC.

Except for the obligations set forth in the section titled Transaction Costs and Confidentiality, the following term sheet does not constitute or create, and shall not be deemed to constitute or create, any legally binding or enforceable obligation on the part of any party and is for discussion purposes only and should not be construed as a commitment to provide loans to, or equity in, the Project. This proposal has not been approved internally, and we have not performed the necessary due diligence to allow us to seek approval. Should these terms be acceptable to you, formal bank approval through USBCDC’s internal credit process will be pursued. During the underwriting and documentation process, the terms and conditions of this proposal may change in material respects.

NEW MARKETS TAX CREDIT FINANCING:

USBCDC proposes to fund NMTC equity capital in the form of a Qualified Equity Investment(s) (“QEI(s)”) to a qualified Sub-CDE(s). Such investment is based on the following assumptions:

Tax Credits: USBCDC will receive 100% of all NMTCs generated by the QEI(s). In the event that more or fewer credits are awarded, the NMTC Equity would be adjusted based on the price per credit as detailed below:

<u>CDE(s)</u>	<u>QEI Amount</u>	<u>Credit Amount*</u>	<u>Price per Credit</u>	<u>Gross Equity**</u>
TRF	\$ 8,000,000	\$3,120,000	\$.73	\$2,277,600
URP	\$12,500,000	\$4,875,000	\$.73	\$3,558,750
USBCDE	\$ 4,000,000	\$1,560,000	\$.73	\$1,138,800
Total	\$24,500,000	\$9,555,000	\$.73	\$6,975,150

* The credit amount is calculated based on a formula of QEI * 39%

** Calculation is prior to fees and expense reimbursements.

EQUITY PAY-IN:

The NMTC equity would be paid in pro-rata with the funding of the leverage sources which are expected to be funded 100% at closing. The pricing above assumes all USBCDC equity and Leverage Loan proceeds are fully funded through the NMTC structure into a QALICB owned account in the fourth quarter of 2020. If closing is delayed after December 31, 2020, the price per credit shall be reduced by \$0.02.

DEAL STRUCTURE:

This proposal anticipates utilizing a “leveraged structure” for purposes of generating the NMTCs. USBCDC will be the 100% owner of the investment fund. The Fund will purchase a 99.99% interest in the Sub-CDE(s) and will be allocated the NMTCs in addition to a return on its investment. The Sub-CDE(s) will make loans to the Qualified Active Low Income Community Business (“QALICB”), which will be considered qualified low income community investments (“QLICIs”). In accordance with the terms of the QLICI Loan Agreement.

LEVERAGE LOAN:

The Leverage Lender and the QALICB must be separate and distinct entities for tax purposes. The Leverage Lender will agree to: (a) forbear from exercising any remedies against the investment fund (including but not limited to foreclosure of the pledged collateral) during the NMTC compliance period; and (b) allow the redeployment of all funds returned to the Sub-CDE(s) as new QLICIs to an alternative QALICB to avoid recapture and associated penalties in the event of a foreclosure on the original QLICI(s) by the Sub-CDE(s). Should any funds be returned to the Sub-CDE(s), USBCDC and the CDE(s) shall have the right to redeploy those funds without consent from the Leverage Lender in order to avoid and prevent a recapture of NMTCs.

CDE FEES:

The CDE(s) will determine and, in accordance with the terms of the QLICI Loan Agreement, inform the QALICB of its fee structure, including required QALICB reimbursements for annual CDE audit and tax preparation cost. Upfront fees are paid out of investment fund capital, out of the QEI or by the QALICB at closing. Annual fees are generally paid out of cash flow to the CDE(s) and built into the interest rate on the NMTC loans.

INVESTMENT FUND MANAGEMENT AND FEE:

Twain Financial Partners will be the non-member manager of the Investment Fund, performing such duties for the Investment Fund at an annual fee of \$5,400 for eight years, to be paid by the QALICB from seven years of QLICI interest payments. One year’s worth of the Investment Fund Management Fee will be reserved from capital sources at closing and held in an account at the Investment Fund.

AUDIT & TAX PREPARATION COSTS:

Upon request, if required by USBCDC, the Investment Fund and/or the CDE(s), the QALICB, at its own cost, shall also deliver: (a) an audit from a nationally or regionally recognized accounting firm to USBCDC and/or the CDE(s) each fiscal year within 90 days in draft form and 120 days in final form after the end of each fiscal year; (b) unaudited financial statements within 45 days after the end of each quarter; (c) a tax return including form K-1 within 60 days after the end of the calendar year; (d) semi-annual certifications regarding QALICB status; (e) unaudited financial statements from each QALICB Guarantor as part of the initial underwriting and upon request thereafter; and (f) such other reports as USBCDC may request from time to time.

REIMBURSEMENT OF EXPENSES AND SHORT TERM BRIDGE EQUITY:

Any reimbursement of expenses by the QALICB to an affiliate must conform to the 2015 CDFI Fund Notice of Allocation Availability (NOAA) for NMTC Allocation and related CDFI Fund Compliance Monitoring and Evaluation FAQ. This guidance requires that expenses reimbursed with QLICI proceeds meet certain requirements. QLICIs may be used to reimburse project costs paid to third parties that either: 1) were incurred within 24 months prior to QLICI closing or 2) are less than 5% of total QLICI proceeds. Supporting documentation for these costs must be provided to USBCDC for review in the form of a summary Excel spreadsheet listing all costs by vendor and date paid, with backup electronic scans of all invoices and cancelled checks evidencing payment provided in an organized format.



USBCDC may provide short term bridge equity to facilitate the Leverage Loan or a portion of the Leverage Loan. The fee charged for the short term bridge equity is 50 basis points on the amount of bridge equity provided.

TRANSFERS & DISCLOSURES:

USBCDC reserves the right to transfer its interest in the investment fund, the Put Call Option Agreement and in any tax indemnities and guarantees to an affiliate fund without consent of the QALICB, CDE(s), or Leverage Lender(s). USBCDC shall be permitted to disclose all information received pertaining to the Project, including Guarantor financial information, to all parties necessary to facilitate the syndication. USBCDC also reserves the right to make certain disclosures to potential affiliate fund investors including project information, photographs/media.

OTHER FINANCING:

All construction (if any), and all permanent debt for the property shall be on commercially reasonable terms. USBCDC shall be provided notice of the terms of permanent debt and such terms shall be materially consistent with the final financial projections as accepted by USBCDC and its tax counsel at closing of the investment. These terms are subject to the commitment and availability of the funding sources and NMTC allocation necessary to account for all costs associated with the Project.

UNDERWRITING AND OPERATIONS/CONSTRUCTION BUDGET ADJUSTMENTS

Final budget (sources and uses) and proforma operating numbers are subject to USBCDC's review and approval. These terms are subject to final underwriting and investment committee approval. Should such terms be acceptable to you, formal bank approval through USBCDC's internal credit process will be pursued.

DISBURSING AND BANK ACCOUNTS

Unless all QLICI funds are fully spent by QALICB at NMTC Closing, funds shall be monitored and disbursed by a USBCDC-approved disbursement agent, which may be selected by the Leverage Lender. A disbursement advisor and inspecting architect may be engaged by USBCDC to monitor construction and disbursing at cost to the QALICB. USBCDC shall require the investment fund initial contribution and operating bank accounts and the Sub-CDE(s) initial contribution accounts to be maintained at U.S. Bank, NA. Depending on the structure, other entity accounts may be maintained at other bank or financial institutions.

USBCDC NMTC EXIT:

For a period of six months after the conclusion of the NMTC Compliance Period, USBCDC shall have the right to exercise an option to Put its interest in the investment fund to an affiliate of the Project at a "Put Price" equal to \$1,000. If USBCDC does not exercise its Put Option within the specified period, the QALICB affiliate will have the right to Call USBCDC's interest in the investment fund at a price equal to fair market value. For purposes of the tax opinion furnished to USBCDC by its counsel in connection with the Project, industry standard is to have the financial projections reflect the net present value of the investment fund to be at least 10% of USBCDC's capital contribution to such Fund (which minimum may vary based on transaction structure). Depending on the facts and circumstances of a particular project, USBCDC's counsel may be willing to provide a "should level" opinion to USBCDC based on a lower percentage. In such an instance, USBCDC will agree to the projections reflecting such lower percentage.

GUARANTEES:

Community College of Philadelphia ("Guarantor") and/or any other entities satisfactory to USBCDC shall guaranty to USBCDC the following:

- **Recapture due to (a) failure to qualify for or loss of QALICB status, (b) failure to qualify for or loss of QLICI status, (c) QLICI prepayment (whether voluntary or as a result of foreclosure or similar proceeding, and including any recapture resulting from a subsequent redemption by the Sub-CDE of any portion of the QEI, or resulting from the Sub-CDE's failure to maintain substantially all of the QEI invested in QLICIs following such prepayment), (d) the failure of any tenant on the property to constitute a tenant qualified business, (e) the use of QLICI proceeds constituted an inappropriate or abusive use of such proceeds or that such use is inconsistent with the purposes of Section 45D of the**



Code and the related Treas. Reg., as provided in Treas. Reg. Section 1.45D-1(g), respectively, (f) any gross negligence, fraud, willful misconduct, malfeasance, material violation of law by the QALICB or any affiliate, or (g) other actions within the control of the QALICB or Guarantor – In the event of disallowance, or a recapture pursuant to section 45D(g) of the Code, of the NMTCs, the Guarantor shall reimburse USBCDC on a tax effected basis for 1) any disallowed or recaptured NMTCs plus any related interest, penalties or additional taxes due, and 2) the net benefit of any other economic or tax benefit that would have been received by USBCDC if such disallowance or event of recapture had not occurred. If QLICI proceeds are used directly or indirectly to make leverage loans, QALICB counsel will need to provide specific opinions regarding the structure.

- **If QLICI proceeds are utilized to directly or indirectly make a leverage loan (i.e., short term bridge equity)** and are used in a manner other than to reimburse for actual costs incurred by the Sponsor to date, then the QALICB indemnity is expanded to cover any disallowance or recapture other than those that are the result of the invalidity of the allocations or Sub-allocations or the CDE(s) failing to qualify or maintain its status as a CDE(s). Additionally, USBCDC will require that QALICB counsel provide specific opinions related to this structure.
- **Environmental** - Guarantor shall indemnify and hold harmless USBCDC and the Sub-CDE, and all USBCDC and Sub-CDE entities participating in this transaction, for Environmental conditions, claims, etc. relating to the Project.

CLOSING CONDITIONS:

USBCDC shall perform such due diligence and legal review of the transactions contemplated herein, including but not limited to the following:

1. All real estate documentation (plans, specs, contracts, title, etc.);
2. All organizational documents for all entities involved in these transactions;
3. Three years of audited (or reviewed) financial statements on all entities involved in the transaction;
4. Final financial projections, “source and use” statements, etc. from a USBCDC approved accounting firm;
5. All terms and conditions of all agreements, documents and similar items affecting the financing of the Project;
6. All matters deemed necessary by USBCDC, as applicable; and
7. Executed agreements acceptable to USBCDC providing for loan servicing for the Sub-CDE(s), NMTC compliance and monitoring for Sub-CDE(s).
8. By signing this term sheet, parties also acknowledge that, if we successfully negotiate the proposed transaction and reach a closing, then all documents may be signed electronically, using a method that is acceptable to USBCDC (including .pdf signatures and third-party electronic signature providers, such as DocuSign).

USBCDC shall receive the following representations and warranties from the parties to the transactions contemplated herein which shall be consistent with those customary in similar financing arrangements including, but not limited to:

1. Organizational/powers/authorization to enter the applicable transaction;
2. Valid interest in assets;
3. Governmental approval/no conflicts;
4. No “material adverse change” clause;
5. No pending/threatened litigation;
6. Compliance with laws, regulations and agreements;
7. ERISA compliance; and
8. Full disclosure.

USBCDC is a wholly-owned subsidiary of U.S. Bank National Association, a national banking association regulated by the Office of the Comptroller of the Currency. As such, USBCDC is subject to several federal laws that are designed to combat financial crimes, including money laundering, significant fraud, cyber threats, terrorist financing, and transactions with certain persons, companies, or foreign governments designated by U.S. authorities. Therefore, the due diligence and legal review conducted by USBCDC, as well as the representations



and warranties that it requests, may be subject to USBCDC's ability to demonstrate its compliance with these laws, and to identify any litigation, criminal action or other administrative proceedings against any party to the transaction.

TIMING OF CLOSING:

This Term Sheet must be executed, and a deposit received by September 24, 2020, or it shall be null and void. Prior to engaging in weekly conference calls, USBCDC will require a set of initial projections from an approved accounting firm and the completion of the underwriting checklist (available upon request). The transaction is expected to close in the fourth quarter of 2020. If the transaction does not close by December 31, 2020 (the "Termination Deadline"), USBCDC may choose to no longer proceed toward a closing. All transaction costs incurred by such date shall be immediately due and payable by the Guarantor and/or Project Sponsor. USBCDC may apply any deposit amounts to such costs and send an invoice for additional costs to be paid by the Project sponsor. USBCDC, in its sole election, may extend the deadline for closing or payment of transaction costs. Any such extension is not valid unless provided in writing (mail, fax or email).

TRANSACTION COSTS:

The undersigned agrees to pay all customary third-party transaction expenses associated with USBCDC's proposed investment in the investment fund even if the investment in, or loan(s) to, the Project does not close. Expenses shall include, but are not necessarily limited to, USBCDC's legal fees and third party accounting fees. Additionally, upon execution of this letter, **\$25,000** shall be deposited by the undersigned into the controlled account at USBCDC set forth below. If USBCDC's transaction expenses near \$25,000, then USBCDC may request an additional deposit from the Project, which **must then be paid within 3 business days** or USBCDC may ask its attorney to suspend work until received. USBCDC shall have the right to apply the deposited funds to its third party transaction expenses, at any time after the Termination Deadline. The requirement of the undersigned to pay USBCDC for transaction expenses incurred by USBCDC in excess of the aggregate deposit shall not apply to any actions or inactions by USBCDC that prevent the investment to occur and shall not apply in the event of a good faith failure to reach agreement on terms not addressed herein (other than with respect to tax issues or other industry-standard terms). The following are wiring instructions for the deposit:

Bank:	U.S. Bank
Account Name:	U.S. Bancorp Community Development Corporation 1307 Washington Avenue, Suite 300 St. Louis, MO 63103
ABA:	091000022
Account #:	173103169541
Reference:	Community College of Philadelphia – project#27328

Please contact me at thomas.oldenburg@usbank.com or 314.335.2662 when the deposit has been sent. Such amount is non-refundable and will be credited to the project at closing of the investment.

CONFIDENTIALITY:

The terms and conditions of this Term Sheet shall be confidential and shall not be disclosed to any third party without the consent of USBCDC and the potential Sponsor ("Parties"), except that the Parties may disclose the terms and conditions described in this Term Sheet, including its existence, to their respective officers, directors, employees, attorneys and other advisers, provided that such persons agree to the confidentiality restrictions contained herein.

NON-DISCRIMINATION:

In accordance with federal law and U.S. Department of the Treasury policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. To file a complaint of discrimination, write to Department of Treasury, Office of Civil Rights and Diversity, 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220 or call (202) 622-1160.



Thank you for giving USBCDC an opportunity to present these terms for the tax credit financing for the Project. I look forward to discussing the above terms with you at your convenience.

Sincerely,



Thomas R. Oldenburg
Vice President
USBCDC

Accepted this ____ day of _____, 2020
By (QALICB): _____

By: _____
Name:
Its:



**US Bank Allocation
Term Sheet
(Attachment B)**



September 9, 2020

Dr. Donald Generals, Ed.D.,
President
Community College of Philadelphia
1700 Spring Garden Street
Philadelphia, PA 19130

Re: New Markets Tax Credits Reservation Commitment

Dear Dr. Generals:

USBCDE LLC, a New Markets Tax Credit allocatee, is pleased to provide this reservation letter outlining the basic terms and conditions under which it will reserve a sub-allocation of up to \$4 million from its NMTC allocation. This sub-allocation is expected to be awarded to the Community College of Philadelphia ("Sponsor") to finance the construction of a 75,000 sq. ft. Career and Advanced Technology Center at its West Philadelphia Regional Campus at 48th and Market Streets (the "Project").

This reservation letter is an initial proposal to reserve the sub-allocation for the Project and neither constitutes nor creates any legally binding or enforceable commitment to lend or provide capital to the Project. Further, this commitment from USBCDE will require further underwriting and due diligence, as well as formal bank authorization. During that process, the terms and conditions of this reservation letter may change in material respects. The Project has undergone a preliminary impact assessment and was approved by the USBCDE Advisory Board on Thursday, August 20, 2020.

RESERVATION TIMELINE: USBCDE will reserve this sub-allocation for Sponsor's use through while the parties use good faith efforts to complete various diligence items and complete the Project's financial-closing.

If diligence review and/or financial-closing are not completed by December 31, 2020, the reservation of the sub-allocation will automatically expire, and USBCDE will have no further obligations under this reservation letter, unless USBCDE, in its sole discretion, chooses to extend the reservation period.

USBCDE FEES: In addition to any investor-related fees outlined in the investment term sheet, USBCDE will charge a 3% sub-allocation fee to be paid 1% at the sub-CDE level and 2% at the investment fund level. The project must also reimburse USBCDE for actual tax preparation costs for 8 years (estimated \$2,500 annually).

NON-DISCRIMINATION: In accordance with federal law and U.S. Department of the Treasury policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. To file a complaint of discrimination, write to Department of Treasury, Office of Civil Rights and Diversity, 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220 or call (202) 622-1160.

This reservation letter will expire unless it is signed by the Sponsor and returned to the USBCDE by September 24, 2020. If the terms of this letter are acceptable, please countersign (next page) in the space provided below.

We look forward to working with you. Please do not hesitate to contact me with any questions.

[Signature Page to USBCDE Reservation Letter, dated September 9, 2020]

Sincerely,



Thomas R. Oldenburg

Vice President, NMTC Business Development

U.S. Bancorp Community Development Corporation

Accepted this _____ day of _____, 20____

Project Contact Signature: _____

Name: _____

Title: _____

Institution: _____

**Reinvestment Fund Term
Sheet
(Attachment C)**



REINVESTMENT FUND

September 15, 2020

Donald Generals, Ed.D.,
President for Community College of Philadelphia
Community College of Philadelphia
1700 Spring Garden Street
Philadelphia, PA 19130

RE: Term Sheet for New Markets Tax Credit Financing

Dear Dr. Generals.

Reinvestment Fund (“**RF**”) is pleased to provide the Community College of Philadelphia (“**Sponsor**”) with a summary of terms (“**Term Sheet**”) for this New Markets Tax Credits financing (“**NMTC Financing**”). We would like to proceed with the due diligence required for full review and approval of an **\$8,000,000** RF NMTC Allocation (the “**Allocation Amount**”) based on terms outlined herein. Except for Sponsor and QALICB’s obligation to pay Transaction Costs (as defined herein), this Term Sheet does not create any legal rights or legal obligations by and among the parties and no such right or obligations shall arise until final, definitive documents, satisfactory to all of the parties, are fully executed and delivered. In addition, it does not purport to include all of the conditions, terms, covenants, obligations, representations, warranties, and other provisions that would be contained in definitive legal documentation.

NEW MARKETS TAX CREDIT TERMS AND CONDITIONS

Transaction Structure: Upon approval, RF will transfer the reserved Allocation to a newly created Sub-Allocatee/CDE, TRF NMTC Fund L, LP (“**RF CDE Lender**”) prior to closing; such Allocation will be used in a leveraged structure. The Leverage Lender, a TBD entity affiliated with the Sponsor, will make a loan (“**Leverage Loan**”) to, and the NMTC Investor (as defined below) will make an equity investment in, a to be created entity 100% owned by the NMTC Investor (the “**Investment Fund**”). The proceeds of the Leverage Loan and the NMTC Equity (as defined below) will be used to make qualified equity investments (“**QEIs**”) in the RF CDE Lender and any other participating CDE lenders (collectively, RF CDE Lender and such other CDE lenders, “**CDE Lenders**”). The CDE Lenders will in turn use the proceeds of the QEIs minus any applicable fees to make NMTC loans (“**NMTC Loans**”) to a Qualified Active Low-Income Community Business¹ (“**QALICB**” and sometimes, “**Borrower**”) for the development of the below Project.

Project Description: Sponsor will develop a 75,000 square foot Career and Advanced Technology Center at its West Philadelphia regional campus at 48th and Market/Ludlow Streets (the “**Project**”). The Project will provide career-based education and training using the latest technology and equipment to provide employment skills, fulfilling a regional need for automotive technology, manufacturing, and health care. A state-of-the-arts automotive technology facility will anchor the Project, allowing Sponsor to double the enrollment in a program that has historically had immediate job openings above living wages for people so trained. The Project will offer health care programs with high-tech simulated dental and medical environments to provide applied work experience. Finally, a new STEM (Science/technology/engineering/mathematics) academy for 6-12 grade students will use robotics, math enrichment and experiential learning to inspire middle and high school students, bolster math skills and expose students to 400 hours of programming each year including 100 summer hours and 300 hours during the academic year to promote better understanding of STEM fields and prepare students for tech careers.

¹ A to be created special purpose entity of Community College of Philadelphia, which must qualify as a “Qualified Active Low-Income Community Business” as defined in 26 CFR 1.45D-1(d)(4).

Eligibility:	The Project is located in 2010 Census Tract Number 42101008602 designated as metropolitan, which is qualified under the NMTC program as a “Severely Distressed Area” due to an Area Median Income 49.66% (<60%) and a Poverty Rate of 38.9% (> 30%) based on the 2011-2015 ACS data.
Total Project Costs:	\$32,000,000
NMTC Allocation Amount:	\$8,000,000 from Reinvestment Fund. The Borrower anticipates receiving additional allocation from URP (\$12M) and USBCDC (\$4M) for a total of up to \$24,000,000 in allocation (together “ CDE Lenders ”)
Allocatee:	The Reinvestment Fund, which has been certified as a community development entity by the Community Development Financial Institutions Fund (“ CDFI Fund ”) in accordance with IRC 45D(c)(1).
Sub-Allocatee/ CDE Lender:	TRF NMTC Fund L, LP, a Pennsylvania limited partnership managed by RF, General Partner, has been certified as a community development entity by the CDFI Fund in accordance with IRC 45D(c)(1).
NMTC Investor:	US Bancorp Community Development Corporation (USBCDC)
NMTC Equity Amount:	Gross NMTC Equity associated with the allocation shall be approximately \$2,277,600 (the “ NMTC Equity Investment ”), subject to the terms and conditions of a mutually acceptable Investment Fund operating agreement. Such an equity investment is based on the actual credits generated from the \$8,000,000 Allocation Amount priced estimated at \$0.73 per credit.
Fee and Cost Structure:	RF’s NMTC financing fees and costs are as follows: <ul style="list-style-type: none">• <i>Deposit:</i> A deposit of \$25,000 is due from Sponsor to RF CDE Lender upon the execution of this letter, which deposit is non-refundable except as provided in the following sentences. Such funds are expected to be returned at closing or applied to RF CDE Lender legal fees. However, if the transaction is not approved by Reinvestment Fund or does not close, the deposit will be refunded to Sponsor minus Transaction Costs. Wire Instructions can be found in Exhibit A.• <i>Investment Fund Sub-Allocation Fee:</i> RF will receive an Investment Fund Sub-Allocation Fee of 3.250% of its Allocation Amount at closing.• <i>Annual Compliance Fee and Tax Preparation Costs:</i> RF will receive a fee in the amount of 0.50% of its Allocation Amount annually (the “Annual Compliance Fee”) from QALICB, which Annual Compliance Fee is expected to be included in the interest payable on NMTC Loans (but which shall be paid directly by QALICB in the event of any shortfalls). If there is a default under the NMTC Loan Documents or if redeployment is required, the Annual Compliance Fee may be immediately accelerated in RF’s sole discretion. QALICB will also be responsible for certain out of pocket costs during the compliance period, including annual Sub-Allocatee and RF CDE Lender audit fees, tax preparation fees and other operating expenses, which are currently estimated at \$13,000 annually (this estimate should be used in the projections with a 3% annual inflation during the NMTC compliance period). RF CDE prefers but does not require that the audit, tax preparation fees, and other operating expenses are reserved at closing (\$118,000 would be the amount of the reserve).• <i>Origination Fee:</i> RF CDE Lender does not charge an origination fee to the QALICB.• <i>Success Fee:</i> At the end of the seven-year NMTC compliance period, RF will receive a success fee of \$25,000 (the “Success Fee”) from QALICB. The Success Fee should not be reserved.
Collateral:	It is expected that the QALICB will prior to or simultaneous with closing retain ownership of the Property and shall provide a) a shared (as between the CDE Lenders) first priority

mortgage lien on the Property related to the Project for the NMTC Loans; b) first priority lien position assignments on all furniture, fixtures, and equipment related to the project; c) first priority lien position assignments of all rights, titles, and interests of the QALICB in and to any/all leases related to the project; d) first priority lien position assignments of rights, titles, and interest of the QALICB in and to any licenses, contracts, permits and approvals, plans, specifications, financing sources and other agreements covering the project; and e) first priority interest in the QALICB's construction disbursement account and any other Project related reserve accounts. Please consult **Exhibit B** for RF CDE Lender's insurance requirements and **Exhibit C** contains RF CDE Lender's title and survey requirements.

Community Impacts:

RF CDE Lender expects the Sponsor and the Project to achieve certain benchmark community impacts for the Philadelphia community as a result of the Project. It is expected that these benchmarks will be documented in a community benefits agreement (“**CBA**”) and that the QALICB will provide reports, at least annually, on the Project's progress towards achieving the benchmarks. The CDE Lenders will work with the QALICB and Sponsor to determine the appropriate benchmarks during the closing process, but expect that it will include, but not be limited to the following anticipated impacts:

- **Certificate Program Enrollment:** Enrollment will grow from about 350 annually to over 1,100 within five years with the following program enhancements and additions to the automotive and health care certificate programs. Annually, the CDE Lenders will seek data around enrollment and completion rates by program . In addition, the CDE Lenders will require information on employment placement and partnership information including starting wages, other ways that the College is supporting students in these programs, and to the extent possible, retention of jobs for 12 months after program completion.
- **Power Up Your Business:** Project will also provide new facilities for the college's existing Power Up Your Business (neighborhood-based entrepreneurship program for Philadelphia Small Businesses). Annually, the CDE Lenders will seek information on the number of businesses enrolled.
- **Pre-College STEM Academy:** Programming will be offered providing after school and summer STEM academic and career exploration programming for 7th and 8th graders. Annually, the CBA will capture number of students who participate and from which schools.
- **Energy Efficiencies:** Project will meet at least a LEED Silver Standard and the building will meet the constructed to at least a LEED Silver Standard.
- **Construction Jobs:** Union construction anticipated to create 30 FTE jobs. Actual job numbers will be required to be reported post-closing.
- **RF CDE Lender NMTC Priorities:** The CBA will also include narrative reporting fields for annual updates regarding RF's stated NMTC priorities including Racial Equity, Community Inclusion, and Climate Consciousness. Possible questions/fields may include (or some variation thereof): Please provide updates of how your organization has advanced racial equity internally and externally in report year; Please provide an example of how your organization has gathered feedback from community members or current students about the Project's impact in the community or how the project has served residents of the immediate West Philadelphia community or partnered with local organizations in report year; and What are the realized impacts (energy savings, etc.) in report year of the Project's environmental components?

Closing Timeline:

RF expects that the NMTC financing for the Project will close by December 1, 2020. If the Project financing has not closed by that date, RF reserves the right to place our Allocation Amount into another project.

Transaction Costs:

In addition to the fees described above, Sponsor and Borrower are responsible for RF CDE Lender's transaction costs, including, but not limited to legal fees, plan and cost review fee, environmental review fees, construction inspection costs, title insurance fees, appraisal² fee,

² Since the Sponsor is providing the leverage for the transaction, it is possible that an appraisal will not be required.

survey fees, recording fees, searches and filing fees as applicable (collectively, the “**Transaction Costs**”). RF CDE Lender will coordinate with the NMTC Investor and other participating CDE Lenders to share service providers³ and costs where possible, including with respect to the construction inspector, environmental consultant, appraiser, and surveyor. RF CDE Lender anticipates that the Sponsor is responsible for procuring environmental consultants, title company and survey directly. Sponsor and QALICB are responsible for Transaction Costs even if the transaction fails to close. RF CDE Lender shall provide invoices with respect to all Transaction Costs in reasonable detail.

If you desire for RF to seek credit approvals to sub-allocate up to \$8,000,000 of RF’s Round 16 allocation based on the foregoing terms and conditions, please accept this Term Sheet and return to my attention via email at donna.nuccio@reinvestment.com. Please understand that this term sheet does not represent an offer or commitment by Lender for the proposed new financing, nor does it define all of the terms and conditions of a loan commitment, but is a framework upon which a loan request may be submitted. Issuance of a commitment or entry into definitive loan documents by Lender are subject to, among other things, the approval of your loan request under Lender’s approval process. If Lender were to issue a financing commitment or enter into definitive loan documents for the proposed transaction, such commitment and/or loan documents would in all respects supersede this summary of terms.

If you have any questions or comments regarding the contents of this letter, please do not hesitate to contact me at 215-574-5881

Sincerely,

Donna Leuchten Nuccio

Senior Director, Structured Finance

ACCEPTED BY:

THIS ____ DAY OF _____, 2020:

SPONSOR

COMMUNITY COLLEGE OF PHILADELPHIA

By: _____

Name:

Title:

³ The CDE Lenders are planning to share counsel to reduce transaction costs incurred by the QALICB.

EXHIBIT A – WIRE INSTRUCTIONS

In *reference* or *memo line*, please put COMMUNITY COLLEGE OF PHILADELPHIA

Company Name:	The Reinvestment Fund, Inc
Company Address:	1700 Market Street, 19 th Floor Philadelphia, PA 19103
Company Contact:	Timothy Gillespie, Treasurer 215-574-5806
Bank Name:	PNC Bank, N.A.
Bank Address:	1600 Market Street Philadelphia, PA 19103
Bank Contact:	Donald Paterson, Senior Vice President 215-585-7145
Account Title:	The Reinvestment Fund Inc
Account Subtitle:	TRF Lending
Account Number:	8616159438
ABA Routing Number:	031000053

EXHIBIT B – INSURANCE REQUIREMENTS

Reinvestment Fund Insurance Requirements – Construction (CDE)

Type	Amount	Certificate/Policy/Endorsement Requirements
Borrower’s Commercial General Liability	\$2,000,000 per occurrence, \$3,000,000 general aggregate per project	Lender to be named as Additional Insured on a primary and non-contributory basis for ongoing and completed operations with defense provided in addition to policy limits and personal injury and no cross liability exclusion.
Borrower’s Commercial Excess/Umbrella Liability	\$5,000,000 minimum	Lender to be named as Additional Insured Excess/Umbrella Liability shall be in excess of General Liability, Employer’s Liability and Auto Liability.
Borrower’s Worker’s Comp. and Employer’s Liability (if applicable)	Statutory limits and \$1,000,000 minimum per accident	Worker’s Compensation to be provided in the state where work is being performed with “All States” Endorsement as applicable.
Borrower’s Auto Liability (if applicable)	Limits of \$1,000,000 Bodily Injury/Property Damage Combined Single Limit	Lender to be named as Additional Insured Coverage is to be provided for all owned, hired and non-owned vehicles.
Borrower’s or Contractor’s Special/All Risk Builder’s Risk during Construction	<ul style="list-style-type: none"> • 100% Insurable Value Replacement Cost Basis • Perils: Special Cause of Loss • No Coinsurance • State if Windstorm is excluded or has a sublimit with the applicable deductible. • Customary soft cost coverage • Maximum deductible of \$25,000 	Lender to be named as Mortgagee and Lenders Loss Payee Acord Form 28
Borrower’s Special Risk Property Note – Special replaced All Risk last year.	<ul style="list-style-type: none"> • 100% Insurable Value Replacement Cost Basis • Perils: Special Cause of Loss • Insurer shall provide coverage for buildings, equipment, business personal property, 12 months of loss of rent or business interruption coverage in the amount of 12 months’ operations, post construction completion. • No Coinsurance • State if Windstorm is excluded or has a sublimit with the applicable deductible. • State that the following coverages apply and the applicable limits: <ul style="list-style-type: none"> - Soft Costs - Building Ordinance or Law - Off Site Materials Storage - Property in Transit - Loss of Materials and Equipment at the Jobsite - Boiler & Machinery, if 	Lender to be named as Mortgagee and Lenders Loss Payee Acord Form 28

	<p>applicable</p> <ul style="list-style-type: none"> - If PML (Probable Maximum Loss) is 20% or greater, Earth Quake insurance is required. • If applicable, Tenant Improvements in the amount of \$. • Maximum deductible of \$25,000 	
Contractor's Commercial Excess/Umbrella Liability	\$1,000,000 minimum	<p>Lender and the Owner to be named as Additional Insured</p> <p>Certificate Holder – Name Lender</p> <p>Acord Form 25</p>
Contractor's Commercial General Liability	<p>\$1,000,000 per occurrence, combined single limit, \$2,000,000 general aggregate per location,</p> <p>Worker's Compensation - \$1,000,000 per statute</p> <p>Automobile liability – minimum of \$1,000,000 per occurrence</p> <p>Products/Completed Operations</p> <p>Contractor's pollution liability, if applicable</p>	<p>Lender to be named as Additional Insured</p> <p>Certificate Holder – Name Lender</p> <p>Acord Form 25</p>
Architect's and Engineers Insurance	Evidence of Professional Liability Insurance for a minimum of \$1,000,000	<p>Certificate Holder – Name Lender</p> <p>Acord form 25</p>

Additional Requirements:
1. Certificate must reference the property description or address, full name of insurance company and term of policy.
2. Blanket policies: Certificate must identify the secured property by address and show the sum insured or state replacement value.
3. Certificate must provide for 30 days notice of adverse change, cancellation or non-renewal (“endeavor to” verbiage is not acceptable).
4. Evidence of liability insurance must be presented on an Acord 25 form certificate. Builder's risk and special cause of loss, hazard and property must be on an Acord 28 (Commercial Property) form certificate.
5. Company Insuring must be rated not less than “A-” or better by A.M. Best Co., in Best's Rating Guide.
6. Waiver of Subrogation against named Additional Insured.
7. Loan documentation may have the right to force place special cause of loss, hazard and property insurance and flood insurance (if applicable) if there is a lapse in coverage.

Lender Clause should read as follows:

TRF NMTC Fund L, LP; ISOA/ATIMA
 1700 Market Street, 19th Floor
 Philadelphia, PA 19103

EXHIBIT C – TITLE AND SURVEY REQUIREMENTS

Title Insurance Requirements (Lender)
(Loan Policy)

The Title Insurance Commitment must obligate the Title Company to issue to Sub-CDE(s), its successors and assigns an ALTA title insurance policy in the maximum amount of the Loan plus any other amount secured by the mortgage instrument, on a reinsurance basis if and as required by Lender, insuring without exclusion or exception for creditors' rights that the mortgage instrument constitutes a valid lien covering the land and all improvements thereon, having the priority required by Lender and subject only to those exceptions and encumbrances (regardless of rank or priority) that Lender approves, in a form acceptable to Lender, and with all "standard" exceptions which can be deleted, including the exception for matters which a current survey would show, deleted to the fullest extent authorized under applicable title insurance rules, and Borrower shall satisfy all requirements therefor; containing no exception for standby fees or real estate taxes or assessments other than those for the year in which the closing occurs to the extent the same are not then due and payable and endorsed "not yet due and payable" and containing no exception for subsequent assessments for prior years; providing full coverage against mechanics' and materialmen's liens to the extent authorized under applicable title insurance rules, and Borrower shall satisfy all requirements therefor; insuring that no restrictive covenants shown in the title insurance policy have been violated, and that no violation of the restrictions will result in a reversion or forfeiture of title; insuring all appurtenant easements; insuring that fee simple indefeasible or marketable (as coverage is available) fee simple title to the land and improvements is vested in Borrower; containing such affirmative coverage and endorsements as Lender may require and are available under applicable title insurance rules, and Borrower shall satisfy all requirements therefor; insuring any easements, leasehold estates or other matters appurtenant to or benefiting the land and/or the improvements as part of the insured estate; insuring the right of access to the land to the extent authorized under applicable title insurance rules, and Borrower shall satisfy all requirements therefor; and containing provisions acceptable to Lender regarding advances and/or readvances of Loan funds after closing. Neither Borrower nor Borrower's counsel shall have any interest, direct or indirect, in the Title Company (or its agent) or any portion of the premium paid for the title insurance policy.

Title Endorsements (Lender)

The Loan Policy should also include the following endorsements and/or affirmative coverages (generally and, as available):

- a. Zoning with Parking (ALTA 3.1-06)
- b. Variable Rate (ALTA 6.2-06)
- c. Commercial Environmental (ALTA 8.2-06)
- d. Comprehensive (ALTA 9-06)
- e. Private Rights (ALTA 9.6-06)
- f. Leasehold Lender's Endorsement (ALTA 13.1-06), *if applicable*
- g. Access (ALTA 17-06)
- h. Utility Access (ALTA 17.2)
- i. Separate or Single Tax Parcel (ALTA 18-06)/Multiple Tax Parcel (ALTA 18.1-06), *as applicable*
- j. Contiguity (ALTA 19.1-06)
- k. Location/Same Address as (ALTA 22-06)
- l. Same as Survey (ALTA 25-06)
- m. Subdivision (ALTA 26-06)

- n. Usury (ALTA 27-06)
- o. Easement – Damage or Enforced Removal (ALTA 28-06)
- p. Encroachments – Boundaries and Easements (ALTA 28.1-06)
- q. Assignment of Rents or Leases (ALTA 37-06)
- r. Mortgage Tax (ALTA 38-06)
- s. Policy Authentication/Lack of Signatures (ALTA form 39-06)
- t. Severable Improvements (ALTA 31-06), *if applicable*
- u. Street Assessment (ALTA 1-06), *if applicable*
- v. Condominium or PUD endorsement, *if applicable*
- w. Mechanic’s Lien Coverage, *if applicable*
- x. Deletion of Binding Arbitration
- y. Future Advance – Priority (ALTA 14-06), *if applicable*
- z. Construction Loan - Loss of Priority (ALTA 32-06), *if applicable*
- aa. Assignment of Rents or Leases (ALTA 37-06), *if applicable*
- bb. Anti-Taint (ALTA 43-06), *if applicable*
- cc. Water – Buildings (ALTA 41-06), *if applicable*
- dd. GAP Endorsement
- ee. Doing Business (ALTA 24-06)
- ff. Minerals Endorsement, *if applicable*

This list remains subject to review. The Policy must also include such additional affirmative coverage and endorsements as the Lender may require and as are available under applicable title insurance rules.

The policy shall also comply with the following:

1. The Lender requires a 2006 ALTA (or TLTA in Texas) form lender’s title insurance policy. The policy shall be issued by a title insurance company approved by Lender.
2. The Lender and/or its counsel must be provided with copies of all of the documents appearing as exceptions on the title commitment/title policy, as well as a copy of the current vesting deed for the property and the current record plat for the property.
3. The Owner must satisfy (or cause to be satisfied) any and all requirements set forth on Schedule B-1 of the title commitment for each Policy.
4. The title policy should guarantee the Owner good and marketable title to the property in fee simple (or leasehold, as applicable), subject only to those liens, exceptions and encumbrances (regardless of rank or priority) that Lender approves, in a form acceptable to Lender.
5. All standard exceptions shown in the title policy must be deleted.
6. The general survey exception in the policy must be deleted, either directly or by endorsement depending on the jurisdiction. If any survey exception is taken for specific matters shown on the survey map or plat, the matters must be itemized and specific affirmative coverage should be provided for each of those matters. If affirmative coverage for the exception(s) is already provided under the terms of the ALTA 9 comprehensive endorsement, this should be noted at the end of the exception.

7. The legal description for the property as it appears in the title policy must be identical in all respects to the legal description that appears on the vesting deed, the legal description that appears on the survey and in the security instrument of record. The title policy should also include an endorsement to provide that the property described in the policy and in the security instrument is the same property shown on the survey. Any appurtenant easements or other easements and estates benefiting the property must also be included as part of the insured legal description.
8. Any exception taken for taxes, assessments, special assessments, or other lienable items must insure that such items are paid in full through the date of the policy, and the policy should indicate that any amounts owed subject to the date of the policy are a lien not yet due and payable.
9. The date of the Loan Policy shall be either the later of the date of recording of the mortgage or the date of funding of the Loan.
10. The Loan Policy must otherwise be in form and substance acceptable to Lender.

Survey Requirements

1. Requirements. The survey shall be made in accordance with, and meet the requirements of, the certification below by a registered professional engineer or registered professional land surveyor. The description shall be a single metes and bounds perimeter description of the entire land, and a separate metes and bounds description of the perimeter of each constituent tract or parcel out of the land. The total acreage and square footage of the land and each constituent tract or parcel of the land shall be certified. If the land has been recorded on a map or plat as part of an abstract or subdivision, all survey lines must be shown, and all lot and block lines (with distances and bearings) and numbers, must be shown. The date of any revisions subsequent to the initial survey prepared pursuant to these requirements must also be shown.
2. Additionally, the survey should show:
 - a. The location of all recorded easements and of all unrecorded easements ascertainable by an inspection of the Land, which benefit or burden the Land. (Note: All recorded easements are to be identified by a document recording number or other document reference.)
 - b. All areas affected by any recorded restrictions or access limitations. (Note: All such areas are to be identified by a document recording number or other document reference.)
 - c. The location of all adjoining streets, roads, highways and alleys, with names, rights-of-way widths and distances from the Land noted, or the location of the nearest public street, road or highway and its distance from the Land.
 - d. The street address of any existing improvements.
 - e. Location of all applicable municipal setback lines or building lines. Any setback or building line violations should be flagged.
 - f. The location of existing connections and onsite utility and service liens for natural gas, electricity, water, and sanitary and storm sewers.
 - g. Any portion of the Land which is located in a flood plan or in any other flood hazard or flood danger area as designated by any governmental authority claiming jurisdiction over the Land.
 - h. Location and size of internal driveways and paved parking areas and the location and number of individual parking spaces contained therein, if any.
 - i. Location of ingress and egress (curb cuts and driveways), if any.

- j. Location of all buildings and improvements, as built, including distances from each building to the two nearest property boundary lines and the exterior dimensions of each building.
- k. Applicable zoning classification, together with a table of all pertinent zoning requirements and restrictions.
- l. Street address of each building.
- m. Square foot area of each building.
- n. All entrances to and exits from each building.
- o. Location of cemeteries or burial grounds.
- p. Location of a solid waste dump or sanitary landfill.
- q. Location of any encroachments onto the property or upon any easement, with a summary of all such encroachments.
- r. The boundaries of any wetlands located pursuant to an environmental report or observed markers in the process of fieldwork.
- s. Fieldwork should be conducted within 180 days of closing unless otherwise approved by the Lender.
- t. A certification of surveyor as provided below:

The certification for the property description and the map or plat shall be addressed to Lender, [Sub-CDE(s)], Borrower and the Title Company, signed by the surveyor (a registered professional land surveyor or registered professional engineer), bearing current date, registration number, and seal, and shall be in the following form or its substantial equivalent:

To Reinvestment Fund, Inc., together with its successors and assigns, [Sub-CDE(s)], as Lender, _____, as Borrower, and _____, as Title Company:

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items 1, 2, 3, 4 (in square feet or acres), 6(a), 6(b), 8, 11, 13, 14, 16, 17, 18, 19, 20, and if buildings are located on the land, optional items 7(a), 7(b)(1), 7(c), and 9, [and 10(a)] of Table A thereof. The fieldwork was completed on _____.

Date of Plat or Map: _____
(Surveyor's signature, printed name and seal with Registration/License Number)

**Urban Research Park
Term Sheet
(Attachment D)**

Urban Research Park CDE, LLC

230 Schilling Circle • Suite 120 • Hunt Valley, Maryland 21031 • (410) 321-1900 • (410) 321-1901 FAX

September 18, 2020

Donald Generals, Ed.D.
President
Community College of Philadelphia
1700 Spring Garden Street
Philadelphia, PA 19130

Re: **Community College of Philadelphia Career and Advanced Technology Center – Letter of Commitment for a Federal New Markets Tax Credit (“NMTC”) Investment**

Dear Dr. Generals:

Urban Research Park CDE, LLC (“URP”) is pleased to provide you this letter of commitment (this “LOC”), which outlines the general terms and conditions of a proposed financing commitment by URP, or its assignee, to the Community College of Philadelphia (“CCP” or the “Sponsor”) for the (1) demolition of CCP’s current 24,000 SF educational facility located at 4725 Chestnut Street, Philadelphia, PA (the “Project Site”), (2) new construction of a replacement 75,000 square foot educational facility (the “Career and Advanced Technology Center” or “CATC”) at the Project Site, and (3) equipment purchase and installation, and parking lot renovations for the CATC (together, the “Project”).

Project Description

The CATC will enable CCP to consolidate and expand career-based education and training through credit and non-credit courses at its West Philadelphia Regional Campus. The CATC will include the latest technology and equipment to provide students with training and employment skills, thereby fulfilling regional employers’ need for trained employees in the automotive technology, manufacturing and health care sectors. The goal of the Project is to transform lives through education and training, providing sustainable pathways out of poverty. The creation of this state-of-the-art facility seeks to improve the lives of Philadelphia’s most vulnerable citizens while responding to the regional needs of growing businesses and industries.

A state-of-the-art automotive technology facility will anchor the CATC, allowing CCP to double enrollment in a program that has a long history of immediate job placement. New auto technology programming will focus on alternative fuels education and the repair and maintenance of advanced driver-assistance systems and technologies. An expanded Computer Numerical Control (CNC) Technology program will enable CCP to grow and expand industry partnerships, apprenticeships, and pre-apprenticeships with employers throughout the region. CCP is working to become an approved partner in developing the Siemen’s Mechatronic Certification Program, a comprehensive industry skills certification in mechatronic systems. CCP will enhance its non-credit health care offerings with high-

tech simulated dental and medical environments to provide applied work experiences. Additional space will permit expanded opportunities, such as Direct Care and Sterile Processing Equipment Technician, to position CCP as a premier trainer for entry-level jobs in the Health Care industry. A new STEM Academy will use robotics, math enrichment and experiential learning to inspire middle and high school students, bolster math skills and provide academic and career success strategies. The program will expose students to 400 hours of programming each year, including 100 summer hours and 300 hours during the academic year to promote a better understanding of STEM fields and prepare them for tech careers.

The CATC will work with existing partnerships and collaborations, build and expand the CCP's course offerings, and develop innovative programs that will serve the entire Philadelphia region. Program design and development at the CATC will respond to industry needs using regional and local assessments and surveys, with local environmental scans and current research, such as the High Priority Occupation list from the PA Department of Labor and Industry, and an advisory board. Programs will align with the City of Philadelphia's workforce development strategy. Experience from CCP's broad array of community programs will guide curriculum development.

<i>Project Costs</i>	Total Project costs are represented to be approximately \$34MM.
<i>URP NMTC Allocation and Credits</i>	\$12,500,000 NMTC allocation, generating \$4,875,000 in credits.
<i>Total Maximum NMTC Allocation From All Sources</i>	\$24,500,000
<i>Project Use Restrictions</i>	Any additional proposed use, lien, encumbrance, transfer or sale of the Project that diverts from the above Project Description, shall be subject to URP's review and approval.
<i>Need for NMTC Financing</i>	<p>The Sponsor represents:</p> <ul style="list-style-type: none"> - The Project requires \$24.5 MM of NMTC allocation to move forward as planned. - CCP has maximized other funding sources to finance the CATC, including a \$10 million Pennsylvania Department of Education capital grant and \$4.25 million Redevelopment Assistance Capital Program ("RCAP") Commonwealth of Pennsylvania grant, in addition to the NMTC subsidy. - Without the NMTC allocation, the Project would proceed with a reduced scope that would provide less benefit to the LIC (defined below), would be significantly delayed and would have severe negative impacts on CCP's operations.

- CCP is capital constrained, it does not have a sizeable endowment, and it is essential that CCP keeps the cost per credit hour as low as possible. In spite of rising operating costs and reduced public support, CCP is committed to keeping tuition affordable and has only increased tuition once in the past five years. The average tuition for a student to complete a credit-bearing degree at CCP is \$10,636 - \$15,954. The average debt for degree-seeking students is \$3,710. Very few students leave CCP's non-credit programs with debt—they either self-pay in advance, pay in advance through employer plans, or participate in scholarship programs such as Philadelphia Works or Veterans Benefits.

- CCP's access to the capital markets has traditionally been via the tax-exempt bond market. The CATC will be financed through a blend of taxable and tax exempt bonds. The bond structure that exists does not allow CCP to borrow from traditional banking sources; CCP structures its debt on a long-term basis. Borrowing terms from a conventional commercial bank are much shorter and are not feasible.

*Project Sponsor
("Sponsor")*

CCP, a Minority-Controlled nonprofit organization, is accredited by the Middle States Commission on Higher Education and Pennsylvania Department of Education. CCP was established in 1965 as an open-admission, associate-degree-granting institution which provides access to higher education for all. Its program of study in the liberal arts and sciences, career technologies and basic academic skills provide a coherent foundation for college transfers, employment and lifelong learning. To help address broad economic, cultural and political concerns in the City of Philadelphia and beyond, CCP draws together students from a wide range of ages and backgrounds and seeks to provide the programs and support they need to achieve their goals. 89% of recent graduates who were working at a job eight months after graduation from CCP were employed in the City of Philadelphia. 83% of the full-time and 74% of all students receive some type of financial aid.

CCP has won numerous awards for providing quality educational services, including being named one of the 12 "Most Innovative Colleges for Adult Learning" by Washington Monthly, National League of Cities "Addressing Basic Needs to Promote Post Secondary and Workforce Success," Social Innovation Journal 2019 Post-Secondary Innovator Award (1st), and Social Enterprise Intermediary Innovator (3rd).

*Qualified Active Low
Income Community
Business ("QALICB")*

TBD Special Purpose Entity

NMTC Price

\$0.73 per dollar of credit, as determined by U.S. Bank as tax credit investor (the "Investor").

<i>Compliance with URP's NMTC Requirements</i>	<p>URP will require documentation that the structure and terms of the transaction shall comply with the terms and conditions of URP's applicable NMTC Allocation Application and Allocation Agreement ("URP's NMTC Obligations"), including, but not limited to:</p> <ul style="list-style-type: none"> • Demonstration that "but for" the entire NMTC allocation, the Project could not proceed. • All of URP's investments must meet the CDFI Fund's criteria for flexible financing terms, including low interest loans. • All of URP's investments must be in qualified "highly distressed" census tracts or meet higher distress criteria by serving Targeted Populations as defined by the final IRS regulations, which qualification shall be demonstrated by evidence acceptable to URP.
<i>Guarantee Provisions</i>	<p>The QALICB and such guarantors as URP shall require (the "Guarantor(s)") shall guarantee excess development costs and construction completion, environmental matters, loan payments, and annual expense reimbursements. Additionally, URP may require the QALICB and its Guarantor(s) to guarantee other obligations, including, but not limited to, any loss, cost and/or expense to URP resulting from the making of the qualified low-income community investments ("QLICIs"), provided such loss, cost and/or expense is not caused by URP's gross negligence, fraud or intentional misconduct.</p>
<i>QLICI Loan Amount</i>	\$12,500,000
<i>Interest Rate</i>	TBD, with a target rate of 1%
<i>Amortization</i>	Interest only throughout the seven-year NMTC compliance period (the "Compliance Period"). Upon completion of the Compliance Period, no mandatory principal paydowns (other than amortization) or refinancing prior to 3 months after the end of the put/call option period.
<i>Payment Frequency</i>	Annual or quarterly
<i>Charitable Contribution</i>	2% (\$250,000) of the QLICI will be donated to one or more non-profit organizations that (1) provide career pathways for LIC residents and/or LIPs (defined below) to obtain living wage jobs in science, technology, engineering and math ("STEM") or healthcare fields, (2) provide STEM-based youth development programs in the community in which the Project is located, or (3) expand healthcare to LIC residents and/or LIPs. The organization(s) will be recommended by the QALICB and subject to the approval of URP and its Advisory Board. A LIP is defined as an individual having an income, adjusted for family size, of not more than 80% of area median family income. A LIC resident is defined as a resident of a census tract where the poverty rate is at least 20% or the median family income is not more than 80% of area median family income.

The Charitable Contribution funds will be held in a controlled account separate from a construction disbursement account. Release of the funds to approved organization(s) will be subject to URP's sole approval and exclusive of the standard construction draw process.

<i>Allocation Reservation Deposit</i>	\$50,000, due upon acceptance of this term sheet. The Allocation Reservation Deposit will be refunded at closing if the transaction closes by the Outside Closing Date. Otherwise, the Allocation Reservation Deposit is not refundable under any circumstances.
<i>Sub-Allocation Fee</i>	7.25% (\$906,250), payable from the investment fund (i.e., not from QEI proceeds) at closing.
<i>Back-End or Exit Fee</i>	None
<i>Annual Operating Expense Reimbursement</i>	The QALICB will be responsible for periodically reimbursing URP (or its assignee) and/or its controlling entity, Townsend Capital, LLC ("Townsend") (or its assignee) for the cost of its annual third-party operating expenses including, but not limited to, tax, audit, compliance, bank charges, legal and filing fees. Such reimbursements shall be due to URP for as long as the URP QLICIs remain outstanding. It is estimated that these expenses will total approximately \$13,000 annually. Expenses in the first year may be slightly higher. URP will require up to eight (8) years of projected expense reimbursements to be reserved from QLICI proceeds subject to satisfactory resolution of the mechanics for guarantying this reimbursement obligation. URP and/or Townsend shall submit invoices for such expense reimbursements directly to the QALICB and the QALICB will agree to pay such invoices within thirty (30) days of receipt of such invoices. Any remaining proceeds in the reserve account after the compliance period shall be the property of the QALICB and may be distributed accordingly, provided, however, in the event the URP QLICIs remain outstanding after the Compliance Period, such proceeds shall continue to be pledged to URP for payment for these expenses.
<i>Transaction Costs</i>	The QALICB shall be responsible for payment of all third-party fees and expenses associated with this proposed transaction, whether or not the transaction closes. See the accompanying Disclosure Statement for an <u>initial estimate</u> of all Transaction Costs related to the URP QLICIs. Please note that this Disclosure Statement is based on the sample Disclosure Statement format provided by the CDFI Fund.
<i>General Underwriting, Closing Requirements</i>	Among other things, the closing of the QLICIs will be contingent on (a) the QALICB and URP each confirming mutually acceptable terms for the participation of an Investor in URP, whose QEIs will be used to fund the QLICIs (including, but not limited to, Investor sign-off on the mechanics by which sufficient wherewithal will be made available in support of the QALICB's indemnity obligations); (b) the completion of real estate, project and community impact underwriting, (c) the preparation of satisfactory closing documentation necessary to implement the transaction, (d) receipt

of due diligence and all necessary NMTC documentation and tax opinions regarding the status of the QALICB, the true debt nature of the QLICI and such other matters as the Investor and URP shall require; (e) no adverse change having occurred in the condition of the overall Project, the QALICB, or any Guarantor, which would materially affect their ability to meet the obligations under this proposed financing; and (f) a minimum of 50% of the Project's leasable space leased (or under LOI).

*Construction Monitoring,
Draw Requests*

The QALICB will hire a third-party construction monitor (to be approved by URP, whose approval shall not be unreasonably withheld) at the QALICB's sole cost and expense. The duties of the construction monitor will include, but may not be limited to, (1) monitoring the construction of the Project and providing customary progress reports, and (2) reviewing draw requests providing a written recommendation of approval or denial of such requests. The construction monitor shall expressly allow URP to rely on its recommendation of approval or denial.

*Reimbursement of
Previously Incurred
Expenses*

Only documented and verified out-of-pocket expenses that are incurred within the 24 months preceding the QLICI closing date in connection with the Project will be eligible for reimbursement via QLICI loans ("Eligible Reimbursement Expenses"). Eligible Reimbursement Expenses can only be reimbursed at closing. That is, only newly incurred costs will be eligible for post-closing draw requests. The QALICB shall provide URP and Investor with evidence of such expenses in form and substance acceptable to URP and Investor. URP may elect to require the Project accountant to review and approve Eligible Reimbursement Expenses.

Please note that eligibility of expenses for reimbursement remains subject to CDFI Fund guidance, as amended from time to time.

Community Outcomes

The QALICB represents that the Project will use best efforts to attain the following Community Outcomes:

Jobs

- Total Full-Time Equivalent ("FTE")* construction job creation: 31.
- Total FTE permanent jobs created: 21
- Total FTE permanent jobs retained or relocated: 26

* A Full-Time Equivalent job is at least a 35-hour work week. Part-time employees' hours were aggregated and translated into FTEs.

Quality of Jobs

- 100% of the 31 FTE construction jobs will receive a living wage above \$12.45 per hour, as calculated by the MIT Living Wage Calculator for Philadelphia County.
- 100% of the total FTE permanent jobs at the Project, including part-time jobs, will receive living wages above \$12.45 per hour, offer employment benefits, and offer training and advancement opportunities. Employment benefits include medical insurance, dental insurance, paid sick days,

retirement, paid holidays, paid vacation days, and life insurance, as well as free tuition at CCP and a tuition forgiveness program outside of CPP.

- CCP has a long-standing workforce that is covered under a collective bargaining agreement.

Accessibility of Jobs

- 100% of the 31 FTE construction jobs will be filled by LIC residents, LIPs, people with other barriers to employment and/or be available to persons with less than a two-year college degree.

- >38% of the total FTE permanent jobs created and retained/relocated at the Project (at least 18 jobs) will be filled by LIC residents, LIPs, people with other barriers to employment and/or be available to persons with less than a two-year college degree.

Career Training and Education

CATC will provide career-based education and training using the latest technology and equipment to provide training and employment skills, fulfilling regional needs for the automotive technology, manufacturing, health care, and more.

All existing programs will expand the number of course offerings and enrollment.

- Enrollment in non-credit automotive technology, healthcare and other Science, Engineering, Technology and Math (STEM) workforce development courses will increase from 338 students currently to 1,139 students within 5 years of CATC operations

- Enrollment in credit automotive technology courses will increase from 157 students currently to 433 students within 5 years of CATC operations

- Enrollment in the Power Up program will increase from 110 students currently to 230 students within 5 years of CATC operations

- The new STEM Academy will serve 60 students per year within 5 years of CATC operations

- The new Fab Lab will serve 60 students per year within 5 years of CATC operations

- 80% of CCP's current students are LIPs or LIC residents, and a similar percentage is expected at the CATC. 80% of students are Pell Grant Recipients. Most Pell Grant recipients are students with a total family income of below \$20,000 yearly.

- 78% of CCP's current students are racial or ethnic minorities, and a similar percentage is expected at the CATC.

The CATC will offer the following new programs:

- Surgical Sterilization

- Medical Assistant

- Phlebotomy

- Manufacturing Maintenance and Repair

- Automotive repair focused on electric vehicles and advanced fuels (non credit)
- A specialty program partnership with Toyota Motor Corporation exclusively for the repair of Toyota vehicles
- STEM Academy
- Fab Lab

Advancing Racial and Educational Equity

CCP is a U.S. Department of Education designated Minority Serving Institution and Predominantly Black Institution (“PBI”). PBIs, which are predominantly two-year colleges, must have over 40 percent African-American students and at least 50 percent low-income or first-generation college students.

CCP’s student population is extremely diverse: 51% of students identify as African-American; 24% White; 15% Hispanic/Latino; and 10% Asian. More than half of CCP’s students are first-generation college students.

CCP's 2017 to 2021 Diversity Plan goals include: Recruit, hire, promote an increased percentage of historically underrepresented and other diverse faculty and staff.

Racial equity is advanced by the Project by developing programs that provide technical skills to low and very low income persons who can enter the workforce and start employment with wages at or above the living wage. In particular with the automotive programs, students within a short time will have the ability to have annual incomes well above the living wage standards. The goal of the Project is employment and improving the living situation by increased income and employment stability now and for years to come.

Supporting Minority Businesses

- CCP is governed by a Board of Trustees that is comprised of a majority (70%) of individuals who identify themselves as Black American, Asian American, Hispanic American, Native American or other non-White racial/ethnic identities.
- The Executive Team is compromised of a majority (66%) of individuals who identify themselves as Black American, Asian American, Hispanic American, Native American or other non-White racial/ethnic identities.
- 20-25% of the construction contracts by dollar amount will be awarded to Minority Business Enterprises, under a Equal Opportunity Program established by CCP, including 50% racial/ethnic minority apprentices for all hours worked.

Lease Rates for 3rd Party Tenants Not Applicable

Workforce Development and Training

The Project will expand workforce education, training, and employment opportunities for Philadelphia’s low-income communities as described elsewhere in this LOC.

The Project has received enthusiastic support from Philadelphia Works, as evidenced by its letter of support.

Environmentally Sustainable Outcomes

The Project will obtain the following environmentally sustainable outcomes:

- A minimum of LEED silver certification
- ASHRAE Energy Standard 90.2
- The Project will help eliminate blight.
- Improved HVAC, state-of-the-art equipment, simulation labs and innovative classroom environments.

- The Project is a Transit Oriented Development and will enhance pedestrian access to the 46th Street Revitalization Transit District (SEPTA Subway Station).
- Energy efficient features will include a green roof covering 85% of the roof, daylight harvesting, and energy recovery HVAC units.
- Water conservation features include spring loaded faucets and low flow fixtures.
- All building-related stormwater will be diverted through the green roof and to an underground stormwater management system.
- All demolition waste will be recycled.

Access to Healthy Foods

Not Applicable

Community Input and Support

Community meetings and outreach were ongoing during the planning for the CATC, including a meeting with the Recognized Community Organization (RCO).

The Project has received meaningful community support, as evidenced by the two grants from the State of Pennsylvania and letters of support from the following local organizations:

- Public Health Management Corporation
- The Enterprise Center
- Philadelphia Works, Inc.
- University City District
- Walnut Hill Community Association

Alignment with Community and/or Economic Development Strategy

The Project is part of the City of Philadelphia (1) 2035 Plan, (2) University Southwest District Plan, and (3) West District Plan. These plans were created by the City of Philadelphia Planning Commission, with the goal of furthering educational anchors within the City.

Additionally, the Project is part of the Walnut Hill Community Association's 2016 Neighborhood Plan. CCP is seen as an anchor institution in the community.

The Project is also an integral part of the City of Philadelphia / Philadelphia Works Workforce Development Strategy.

Furthermore, the CATC is in a State-designated Qualified Opportunity Zone.

Additional Private Investment

The Project will be a catalyst for the following additional private investment in the LIC, by redeveloping a site that has historically been used as a parking lot:

- A mixed-used development (affordable housing, community retail, office) is planned at the nearby intersection of 58th and Market Streets.
- A 275,000 square feet building at 4601 Market Street will be renovated into medical and office space, with Public Health Management Corporation and the Children's Hospital of Philadelphia as the anchor tenants.
- Supporting the re-growth of small area businesses that were affected by the SEPTA subway construction to upgrade lines in recent years.

Community Benefits Agreement ("CBA")

The QALICB will execute a CBA with URP that will require the QALICB to monitor and track specific community outcomes from the Project (including, but not limited to, the community outcomes and workforce development practices delineated above) and provide a report on such outcomes annually by completing URP's annual Community Impact Survey, together with any supplemental information requested by URP, by January 31st of each year. The information in the CBA will be based upon (1) this LOC, (2) the final URP intake form certified by the Sponsor, and (3) other documentation and information provided to URP, either written or verbal. The Sponsor and QALICB acknowledge that in the event additional NMTC Allocation is obtained from other sources, URP's individual Community Impact Survey will be completed annually and delivered solely to URP.

The CBA will also require the QALICB to include language in its tenant leases and sub-leases that tenants and sub-tenants (as applicable) shall submit a tenant Community Impact Survey annually to URP.

As part of the CBA and annual Community Impact Survey, the QALICB shall submit, and include language in its leases and sub-leases (as applicable) that requires tenants and sub-tenants to submit (1) anonymous residential addresses or census tracts of employees, in order for URP to determine the percentage of such employees who are LIC residents, and (2) anonymous statistics about job benefits and wages.

Failure to comply with the terms of the CBA may result in a default under the QLICB loan agreement.

URP anticipates incurring expenses and foregoing other opportunities while finalizing a QLICI for this Project. URP is willing to do so with the understanding that upon execution of this LOC: (i) all information and materials received by each party to this LOC are to be kept confidential and (ii) the parties hereto shall negotiate in good faith to close this transaction. By executing this LOC, the QALICB agrees to each of these terms and conditions provided the terms and conditions of the final transaction documents will control. This LOC may be executed in any number of counterparts, each of which shall be deemed an original as against any party who signed such counterpart, and all of which together constitute one and the same instrument.

We greatly appreciate your interest in working with URP. If the terms and conditions of this letter are acceptable to you, please sign and return with payment of the Allocation Reservation Deposit sent via wire (Wiring Instructions attached as Exhibit A). This proposal is valid until September 30th 2020, unless countersigned by you and returned with payment to us within such time. The NMTC commitment outlined above is contingent upon a closing of this transaction by December 1st, 2020 (the “Outside Closing Date”). After the Outside Closing Date, URP will have no obligation to close this transaction; provided, however, that the addressee shall in all events remain liable for transaction costs and for maintaining confidentiality, as set forth herein. URP, at its sole discretion, may elect to extend the Outside Closing Date if it believes that sufficient progress has been made by the Outside Closing Date with respect to closing this proposed transaction.

[Signatures on Following Page]

Urban Research Park CDE, LLC

By: _____

Name: Joshua Ferguson

Title: President

Accepted this ____ day of _____, 2020

Community College of Philadelphia

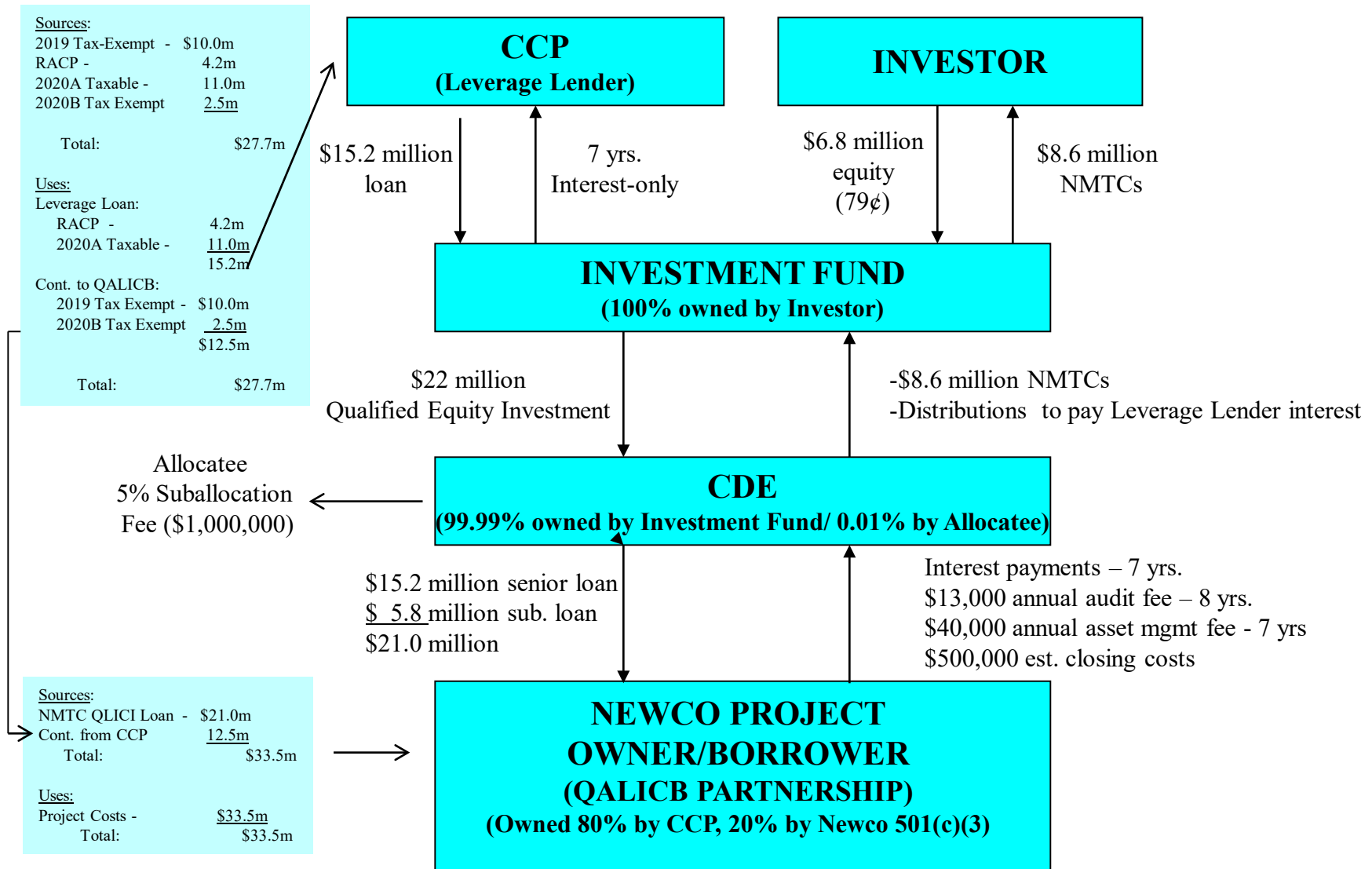
By: _____

Name:

Title:

NMTC Structure (Attachment E)

NMTC STRUCTURE EXAMPLE - \$22 MILLION NMTC ALLOCATION



Note: All amounts in this chart, including allocation amount, purchase price, fees and loan amounts are hypothetical and are for illustrative purposes only.

**NMTC Transaction - Questions &
Answers
(Attachment F)**

**Career & Advanced Technology Center 4725 Chestnut Street Development
NMTC Transaction – Questions and Answers**

Q: What is the New Markets Tax Credit (NMTC) Program?

A:

- The NMTC Program was created by Congress in 2000 and is administered by a unit of the US Treasury Department. The program was designed to encourage investments in “low income communities.” A “low income community” is generally a qualified census tract that meets certain income, unemployment and poverty level requirements.
- The Career and Advanced Technology Center at 4725 Chestnut Street (the “Project”) is located in a census tract which is a highly distressed “low income community” and thus qualifies under the NMTC Program requirements.
- The NMTC is generated by an investor making an equity contribution into a Community Development Entity (“CDE”). CDEs could be banks, not for profits, local and state governments as well as certain types of for profit entities. The investor is entitled to a 39% federal tax credit on its equity contribution which is taken by the investor over a seven-year period. For example, a \$1,000,000 investment in a CDE results in a \$390,000 federal tax credit to the investor. However, the tax credits are only available to investments in CDEs that have been allocated NMTC authority from the US Treasury.
- The US Treasury solicits proposals from CDEs for allocations of NMTC authority. The allocation process is extremely competitive. In the last round, the US Treasury received applications from 206 CDEs and only awarded allocation to 76 CDEs.
- In the last round the application requests totaled over \$14.7 billion; authorization was only \$3.5 billion. In general, banks and Community Development Financial Institutions (CDFIs) get most of the allocations nationally.

Q: Who are the parties to the NMTC transaction?

A:

- The Investor (a large National Bank) will form a wholly owned limited liability company to facilitate its NMTC investment in the project, which is referred to as the “Investment Fund.”
- It is anticipated that the College will facilitate the financing of the Project in its role as the “Leverage Lender.” The College will make a loan to the Investment Fund which in effect will “leverage” the Investor’s NMTC cash equity contribution to generate additional NMTCs (the “Leverage Loan”).
- It is anticipated that there will be three CDEs in the transaction: one controlled by Reinvestment Fund (RF CDE), one controlled by Urban Research Park (URP CDE) and one controlled by the Investor (“Bank CDE”).
- Each of the three CDEs received NMTC allocation from the US Treasury in July 2020. The three CDEs will sub-allocate their combined NMTC allocation of an estimated \$19 to \$22 million to the Project.

- In order to participate in the NMTC Program, the Project must meet the requirements of a “qualified active low income community business” (“QALICB”), and must be located in a qualified census tract. The QALICB will be a newly formed SPE entity controlled by the College and will control the property by lease with the College of the Chestnut Street property and will complete new construction chart.

Q: What Happens at the end of Seven (7) years

A:

At the end of the 7-year compliance period:

- After the 7-year NMTC compliance period elapses, the Investor has the option (but not the obligation) to put its interest in the Investment Fund to the College (or an affiliate) for \$1,000 and exit the transaction. It is the practice of each investor to exercise its option. Similarly, each of the three CDEs would exit the transaction.
- In the event that the Investor did not exercise its put option, the College, or a College affiliate, would have a call option that, if exercised, would require the Investor to sell its interest in the Investment Fund to the College for the fair market value of the interest. The Investor is incentivized to put its option to the College.

Q: What are the next steps towards closing and related issues

- Each of the CDEs and Investors is completing its internal and advisory board approvals.
- While each CDE has a slightly different process, term sheets from each CDE and the Investor are anticipated before the end of August.
- It is anticipated that it should take about 60 days to close with the parties once term sheets are executed by the parties. Closing should occur by late October or early November. The CDEs and Investor need to close the transaction before the end of the year.
- The Building Permit will need to be issued before the closing.
- The funding of the Leveraged loan and any other funding by the College should be coordinated with the NMTC closing.

This Q&A is intended only as a summary of the proposed transaction based on facts, assumptions and budget numbers currently available, and to the extent those facts, assumptions or budget numbers are not accurate or change, different results may occur. This summary is not intended to be an exhaustive review of the transaction, but rather a focal point for discussion, and the ultimate structure will be determined upon completion of the definitive transaction documents.

Financing Options (Attachment G)

Community College of Philadelphia
West Regional Campus
FINANCING OPTIONS
September 18, 2020

	OPTION A Traditional Tax-Exempt	OPTION B NMTC Taxable	OPTION C NMTC Hybrid
SOURCES OF FUNDS			
2020 Taxable Proceeds	\$ -	\$ 14,535,000	\$ 12,060,000
2020 Tax-Exempt Proceeds	\$ 19,861,167		2,471,018
2019 Tax-Exempt Proceeds	10,000,000	10,000,000	10,000,000
RACP	4,250,000	4,250,000	4,250,000
NMTC Equity	-	5,808,900	5,808,900
Total Sources	\$ 34,111,167	\$ 34,593,900	\$ 34,589,918
USES OF FUNDS			
Project Costs	\$ 33,500,000	\$ 33,500,000	\$ 33,500,000
Bond Insurance	125,175	104,782	102,510
Costs of Issuance	485,992	989,118	987,308
Total Uses	\$ 34,111,167	\$ 34,593,900	\$ 34,589,818
Average Annual Debt Service	\$ 1,275,846	\$ 1,067,994	\$ 1,044,831
Total Debt Service (Level)	\$ 25,034,933	\$ 20,956,413	\$ 20,501,907
Final Maturity	6/15/2040	6/15/2040	6/15/2040
Yield on the 2020 Bonds	1.904%	3.192%	3.055%
LESS: Annual Fees		\$ 462,000	\$ 462,000
PLUS: CDE Contribution		\$ 250,000	\$ 250,000
DEBT SERVICE BENEFIT		\$ (3,866,520)	\$ (4,321,026)

**CCP NMTC Assumptions
(Attachment H)**

CCP NMTC Assumptions:

	URP	RF	CDE	Total
NMTC Allocation	\$ 12,500,000	\$ 8,000,000	\$ 4,000,000	\$ 24,500,000
Tax Credit	39%	39%	39%	
Tax Credits to Investor	\$ 4,875,000	\$ 3,120,000	\$ 1,560,000	\$ 9,555,000
Investor Pricing (approx.)	\$ 0.73	\$ 0.73	\$ 0.73	
Gross NMTC Equity	\$ 3,558,750	\$ 2,277,600	\$ 1,138,800	\$ 6,975,150
CDE Fees (assume % of allocation)	\$ (906,250)	\$ (260,000)	\$ -	\$ (1,166,250)
Legal Fees (CDE, Investor and Sponsor)	\$ -	\$ -	\$ -	\$ -
Accounting/Modeling Fees	\$ -	\$ -	\$ -	\$ -
Audit/Tax Fees of QALICB (8 years @ \$10,000)	\$ -	\$ -	\$ -	\$ -
Net NMTC Equity	\$ 2,652,500	\$ 2,017,600	\$ 1,138,800	\$ 5,808,900

Closing Costs

Tax Model / Resnick	25,000
Legal URP	60,000
Legal RF	60,000
Legal Investor	70,000
Legal CCP Sponsor	55,000
3rd Party Construction Review	20,000
Title Insurance	
NMTC Consultant	139,503
Closing Cost Contingency	40,000
Recording Filing Fees	10,000
CDE Fees at back end	25,000
Total Closing Costs	\$ 504,503

Annual Fees

Asset Management Fee (0.50% of allocation)		40,000	-	40,000
Tax Filings	13,000	13,000	-	26,000
Total Annual Fees	\$ 13,000	\$ 53,000	\$ -	\$ 66,000