

KANSAS GEOLOGICAL SURVEY

The University of Kansas
1930 Constant Ave
Lawrence KS 66047-3726
phone 785-864-3965
fax 785-864-5317
www.kgs.ku.edu

September 18, 2006

Mr. Ralph F. Schroeder
Redwood Dev., Inc.
3609 E. 20th
Joplin, MO 64801

RE: Arma Meadows, L.P., Arma, Kansas

Dear Mr. Schroeder:

I have received your request for comments by the Kansas Geological Survey (KGS) on an application for a U. S. Department of Agriculture, Rural Development Grant by Redwood Development, Inc. to purchase and rehabilitate apartment complexes (Arma Meadows, L.P.) in Arma, Kansas. The apartment complexes are located in the SW¼ of Section 5, T29S R25E.

I was provided a description of the project, a map showing the locations of the apartment complexes, maps of each apartment complex, and a portion of the application. Additionally, I examined a map and report on the Weir-Pittsburg Coal in southeastern Kansas (Abernathy, 1944, KGS Bulletin 52, pt. 5). Almost the entire City of Arma is above underground coal mines. The mines are between 200-230 feet below the surface. The KGS has no knowledge of subsidence issues in Arma; however, it is suggested that you contact the Surface Mining Section of the Kansas Department of Health and Environment for information they might have on possible subsidence in Arma.

The above discussion represents our best assessment based on the information that the Kansas Geological Survey has about this locality and/or proposed project at the time of this writing. Other geologic conditions, not discussed herein, or for which the Kansas Geological Survey has no knowledge, may affect the viability or safe operation of this facility or property. The information provided in this letter is from regional or countywide studies and should not be used as a substitute for detailed site characterization by a licensed geologist or engineer. It is the responsibility of the applicant to provide any required site characterizations.

I have signed and enclosed the agency transmittal form. If you have any questions, please contact me at (785) 864-2194 or ohlmac@kgs.ku.edu.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Ohlmacher', with a stylized flourish at the end.

Gregory Ohlmacher, P.G.
Associate Scientist

Enc.

Geological Survey
1930 Constant Ave.
Campus West KU
Lawrence, KS 66047-3726

1940-J
Exhibit D

AGENCY REVIEW TRANSMITTAL FORM

Comments by: _____

September 1, 2006

Transmittal Date

PROJECT TITLE: Arma Meadows, L.P.

CONTACT PERSON: Ralph F. Schroeder

☐ Notification of Intent
☐ Preapplication
☒ Final Application
☐ Direct Development

This form provides notification and the opportunity for Your agency to review and comment on this proposed project as required by Executive Order 12372. Please complete Parts II & III as appropriate. Your prompt response will be appreciated.

RETURN TO:

Redwood Dev., Inc.
3609 E. 20th
Joplin, MO 64801

PART I

REVIEW AGENCIES/COMMISSIONS

☐ Aging	☐ Education	☐ State Forester
☐ Agriculture-DWR	☒ Geological Survey, KS	☐ Transportation
☐ Biological Survey, KS	☐ Health & Environment	☐ Water Office, KS
☐ Conservation Comm.	☐ Historical Society	☐ Wildlife & Parks
☐ Corporation Comm.	☐ Social & Rehab. Serv.	☐ _____
☐ Commerce	☐ _____	☐ _____

PART II (To be completed by review agency and returned to contact person)

AGENCY REVIEW COMMENTS

COMMENTS: *See cover about issues related to coal mining*

PART III (To be completed by review agency and returned to contact person)

RECOMMENDED ACTION COMMENTS

☐ Clearance of the project should be granted.	☒ Clearance of the project should not be delayed but the Applicant should (in the final application) address and clarify the questions or concerns indicated above.
☐ Clearance of the project should not be granted.	
☐ Clearance of the project should be delayed until the issues or questions have been clarified.	☐ Request the opportunity to review final application prior to submission to the federal funding agency.
☐ Request a State Process Recommendation in concurrence with the above comments.	

DIVISIONS/AGENCY/COMMISSION

Reviewer's Name: _____
(12/04/90) PN 884

Date: 9/18/2006

Enclosures: Site Plan, Description of Property, Location Map, Preapplication for Federal Assistance

Narrative Description For Arma Meadows, L.P.

Friendship Village, Inc. is a 54-unit, multi-phase elderly complex consisting of efficiency and one-bedroom units. Site 1, located at 101 N. 4th Street and 503 E. South Street, consists of four (4) buildings with twenty (20) one-bedroom units and eight (8) efficiency units. Site 2, located at 509 and 511 E. Main Street, consists of sixteen (16) one-bedroom units. Site 3, located at 608 E. Washington Street, consists of eight (8) one-bedroom units and two (2) two-bedroom units. Our plans include converting the eight efficiency units at site 1 into four (4) two-bedroom units, converting two (2) one-bedroom units into two (2) two-bedroom units at site 2, and converting two (2) one-bedroom units at site 3 into one (1) two-bedroom unit. These complexes were built between 1967 and 1979.

These complexes have suffered from aging and are showing major signs of disrepair, as evidenced by a Physical Inspection performed by Larry K. Blackledge, architect and USDA Rural Development on November 29, 2004 that is incorporated into the scope of work for the rehabilitation. The inspection was on both exterior and interior physical standards. The inspection noted several major repair items of widespread or patterned frequency, ranging from drainage and erosion problems to inoperable appliances. It was noted during this inspection that there are numerous health and safety issues the tenants are facing. The apartments have the original appliances, carpeting, flooring, water heaters, and heating systems, with the residents having to provide their own air conditioning units. Several of the appliances are inoperable, or working sporadically. It was also noted that none of the USDA Rural Development ADA transition requirements have been done, making the property totally inaccessible to special needs tenants. With the property in the present state, vacancy issues will continue to be a major problem.

The exterior rehabilitation will include general renovations, such as the installation of a maintenance-free exterior, new roofs, new guttering and downspouts with splash guards, replacing existing wood exterior with vinyl fascias and soffit, and existing masonry work will be repaired. The replacement and re-caulking of all doors, screen doors, windows, and trim will also be necessary. Landscaping of the grounds is to include additional new trees, foundation planting, and flowers. Picnic tables, benches and new BBQ grills will be provided throughout. Specific sections of the sidewalks will be repaired. A paved parking lot will be added and striped. Handicapped parking spaces, additional sidewalks and brighter lighting, will also be installed to ensure a more secure feeling after dark. ADA transition requirements will be addressed and completed. New project signs and trash enclosures will also be provided.

The laundry areas will undergo a complete renovation, including handicapped accessibility. New roofs, storm windows, ventilation systems, doorframes and closures, new water heaters and washers and dryers will be installed.

A complete interior renovation will be done on specific problems in each unit. This will include, but not be limited to the following:

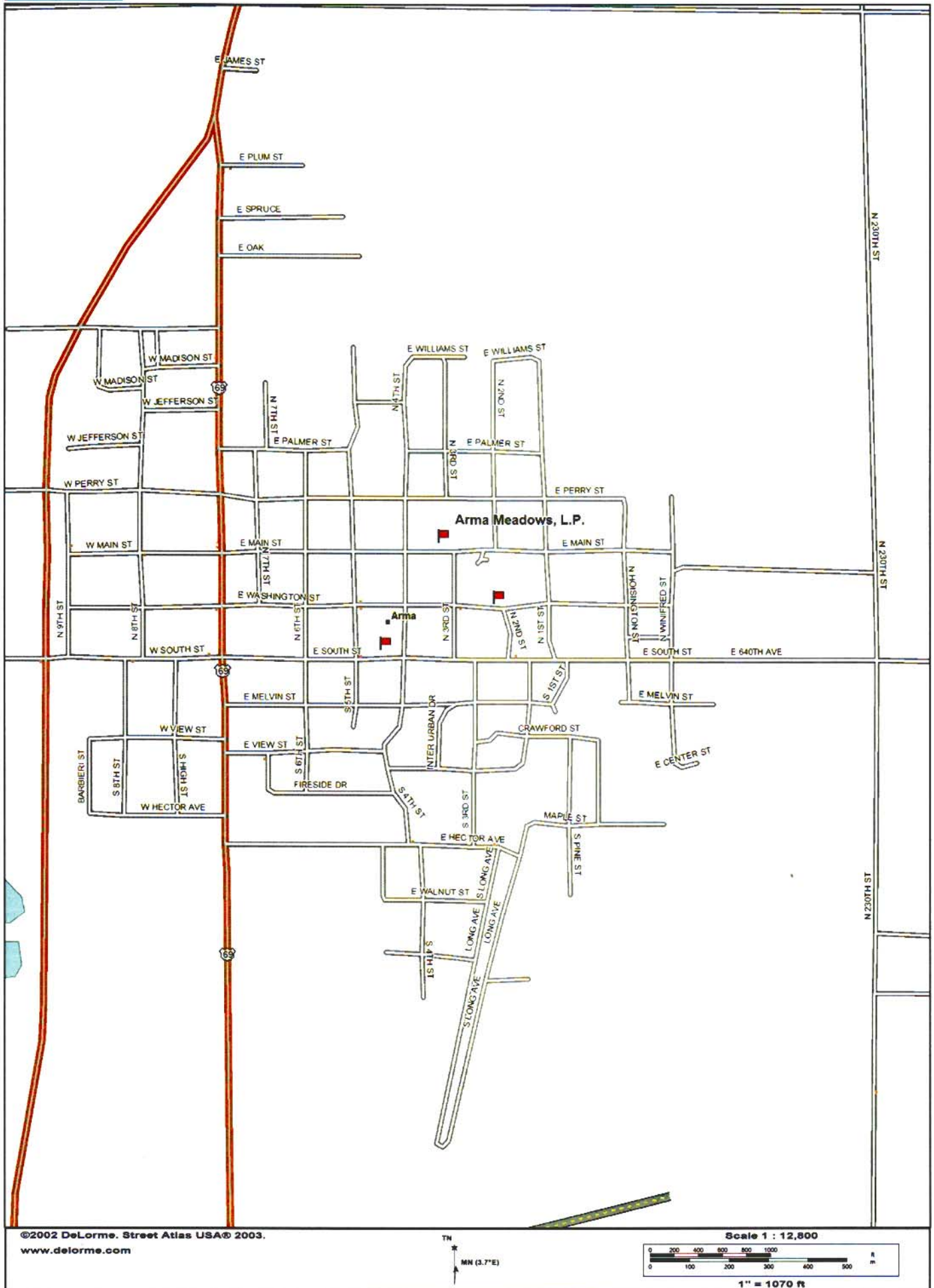
- *Central heat and air
- *Upgrading and providing new appliances (Stove, refrigerators, ceiling fans, etc.)
- *New cabinetry throughout units
- *Installation of insulated windows and doors
- *Electrical and plumbing repair
- *Repair and painting of all interior walls
- *Repairing and/or replacing interior doors, door jams, and all door stops
- *Carpet and vinyl to be replaced through entire unit
- *New bathroom accessories to include cabinets (repaired and refinished), sinks, mirrors, as necessary, and handicapped accessible sinks in handicapped units
- *Light fixtures and receptacles to be replaced
- *Three units will be modified to be handicapped units.

The rehab of this complex will enable us to continue to provide affordable, quality housing to current and future tenants, while the renovation itself will attract prospective tenants. Construction will be financed through Arvest Bank and would begin in approximately October 2006. Estimated completion of all phases would be July 2007. Raymond James Tax Credits Funds, Inc. will provide equity financing. An existing USDA Rural Development section "515" loan will be assumed in the transfer/assumption, along with an approved additional USDA Rural Development section "515" rehab \$1,450,000 loan.

The rehabilitation of this project will require a relocation plan. Our plan is designed to cause as little disruption to the tenants as possible. The work will be done in an estimated four (4) phases, transferring tenants into vacant units while their previous units are under construction, then moving into the completed units so that work can then begin in another building.

Schroeder Arma, L.L.C. and Red-Wood Development, Inc. propose to purchase this existing property through a newly formed limited partnership, and complete a total renovation and rehabilitation on this USDA Rural Development financed property. The rehabilitation will be funded using an assumption of approximately \$320,000 in USDA Rural Development debt, \$724,706 in equity raised from the sale of low-income housing tax credits, a \$1,450,000 rehab USDA Rural Development loan, and existing property reserve funds of \$30,000. The projected rents for this development are \$395 for one-bedroom units and \$450 for two-bedroom units.

Bell Management, Inc. an affiliate of Red-Wood Development, Inc., has been managing USDA Rural Development, Missouri Housing Development Commission, Kansas Department of Commerce and Housing, Oklahoma Housing Finance Agency, and conventional properties for more than sixteen years and takes pride in maintaining a 98-100% occupancy rate, while keeping operation and maintenance costs at one of the lowest levels in the nation.



APPLICATION FOR FEDERAL ASSISTANCE

Version 7/03

1. TYPE OF SUBMISSION: Application		2. DATE SUBMITTED November 1, 2004	Applicant Identifier
☒ Construction	☐ Pre-application	3. DATE RECEIVED BY STATE	State Application Identifier
☐ Non-Construction	☐ Construction	4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
☐ Non-Construction	☐ Non-Construction		

5. APPLICANT INFORMATION

Legal Name: Arma Meadows, L.P.		Organizational Unit Department:	
Organizational DUNS: Limited Partnership		Division:	
Address: Street: 3609 E. 20th		Name and telephone number of person to be contacted on matters involving this application (give area code) Prefix: Mr. First Name: Ralph	
City: Joplin		Middle Name Frederick	
County: Jasper		Last Name Schroeder	
State: MO	Zip Code 64801	Suffix:	
Country: USA		Email: rschroeder@red-wood.com	

6. EMPLOYER IDENTIFICATION NUMBER (EIN):

A P - p l i e d	Phone Number (give area code) 417-624-4144	Fax Number (give area code) 417-624-4140
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8. TYPE OF APPLICATION:

☒ New ☐ Continuation ☐ Revision

If Revision, enter appropriate letter(s) in box(es)
(See back of form for description of letters.)

Other (specify)

7. TYPE OF APPLICANT: (See back of form for Application Types)

N

Other (specify)
Limited Partnership

9. NAME OF FEDERAL AGENCY:

USDA Rural Development

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:

TITLE (Name of Program):
Rural Rental Housing

1 0 - 4 1 5

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:

Acquisition and rehabilitation of a 49-unit elderly apartment complex

12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):

Arma, Crawford County, Kansas

13. PROPOSED PROJECT

Start Date: 8/1/05 Ending Date: 3/31/06

14. CONGRESSIONAL DISTRICTS OF:

a. Applicant 7th b. Project 2nd

15. ESTIMATED FUNDING:

a. Federal	\$	1,450,000
b. Applicant	\$	334,707
c. State	\$	
d. Local	\$	
e. Other RD Assumed loan	\$	320,000
f. Program Income	\$	
g. TOTAL	\$	2,104,707

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?

a. Yes. ☐ THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON
DATE:

b. No. ☒ PROGRAM IS NOT COVERED BY E. O. 12372
☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?

☐ Yes If "Yes" attach an explanation. ☒ No

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Authorized Representative		
Prefix Mr.	First Name Ralph	Middle Name Frederick
Last Name Schroeder		Suffix
b. Title President, Red-Wood Development, Inc. - General Partner		c. Telephone Number (give area code) 417-624-4144
d. Signature of Authorized Representative		e. Date Signed 11-5-04

Budget Information—Construction Programs

Note: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case you will be notified.

Cost Classification	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Column a-b)
1. Administrative and legal expenses	\$ 117,805 .00	\$.00	\$ 117,805 .00
2. Land, structures, rights-of-way, appraisals, etc.	\$ 280,402 .00	\$.00	\$ 280,402 .00
3. Relocation expenses and payments	\$ 55,000 .00	\$.00	\$ 55,000 .00
4. Architectural and engineering fees	\$ 71,500 .00	\$.00	\$ 71,500 .00
5. Other architectural and engineering fees	\$.00	\$.00	\$.00
6. Project inspection fees	\$.00	\$.00	\$.00
7. Site work	\$.00	\$.00	\$.00
8. Demolition and removal	\$.00	\$.00	\$.00
9. Construction	\$ 1,580,000 .00	\$.00	\$ 1,580,000 .00
10. Equipment	\$.00	\$.00	\$.00
11. Miscellaneous	\$.00	\$.00	\$.00
12. Subtotal	\$ 2,104,707 .00	\$.00	\$ 2,104,707 .00
13. Contingencies (sum of lines 1-11)	\$.00	\$.00	\$.00
14. Subtotal	\$ 2,104,707 .00	\$.00	\$ 2,104,707 .00
15. Project (program) income	\$.00	\$.00	\$.00
16. Total Project Costs (subtract #15 from #14)	\$ 2,104,707 .00	\$.00	\$ 2,104,707 .00
Federal Funding			
17. Federal assistance requested, calculate as follows: Enter eligible costs from line 16c	2,104,707	Multiply x 69 %	
(Consult Federal agency for Federal percentage share)			
Enter the resulting Federal share.			\$ 1,450,000 .00

ASSURANCES - CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

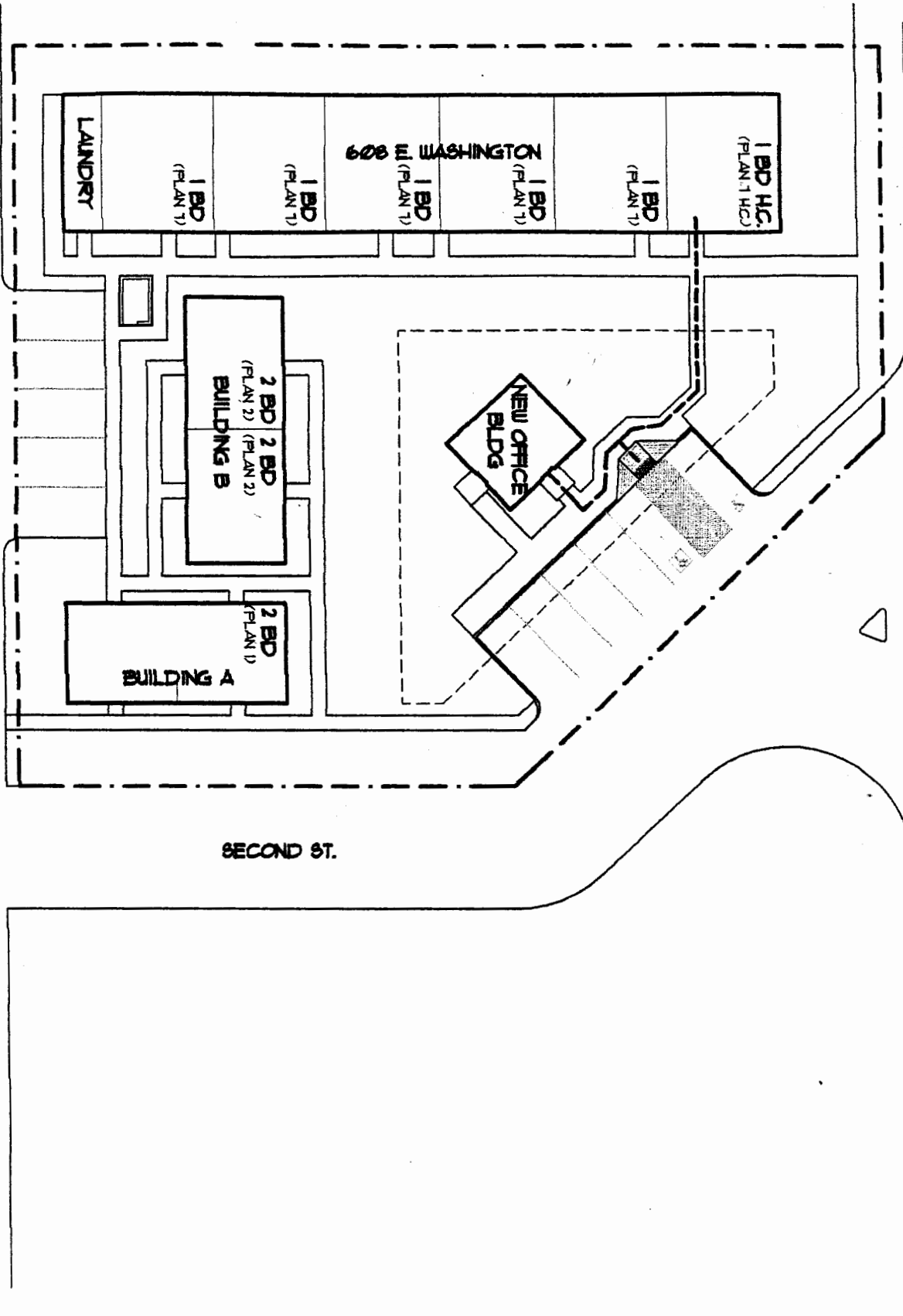
NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE	
APPLICANT ORGANIZATION		DATE SUBMITTED

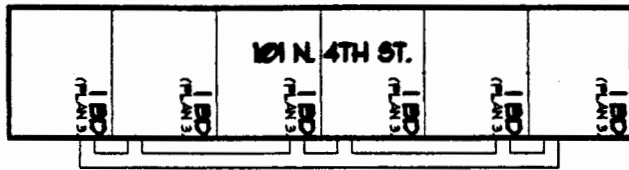


ALLEY

WASHINGTON ST.

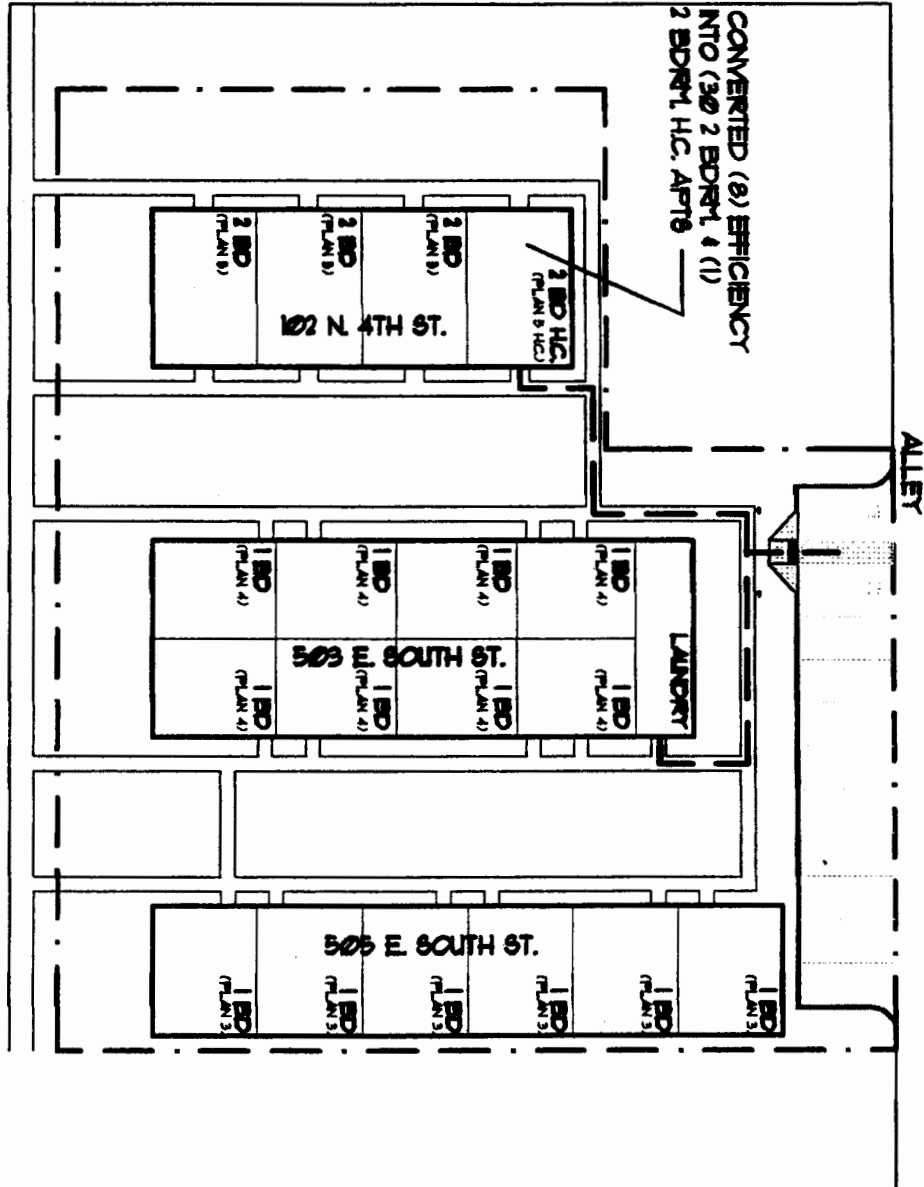
SECOND ST.

1 SITE PLAN
SCALE 1" = 30'-0"



FOURTH ST.

NOTE - CONVERTED (8) EFFICIENCY INTO (3) 2 BDRM. & (1) 2 BDRM. H.C. APTS



SOUTH ST.

1 SITE PLAN
SCALE 1" = 40'-0"

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ARMA MEADOWS, L.P.
RED-WOOD DEVELOPMENT
KANSAS

PROJECT No. 00111 DATE: 08-10-04 REVISION: PRELIMINARY REVIEW



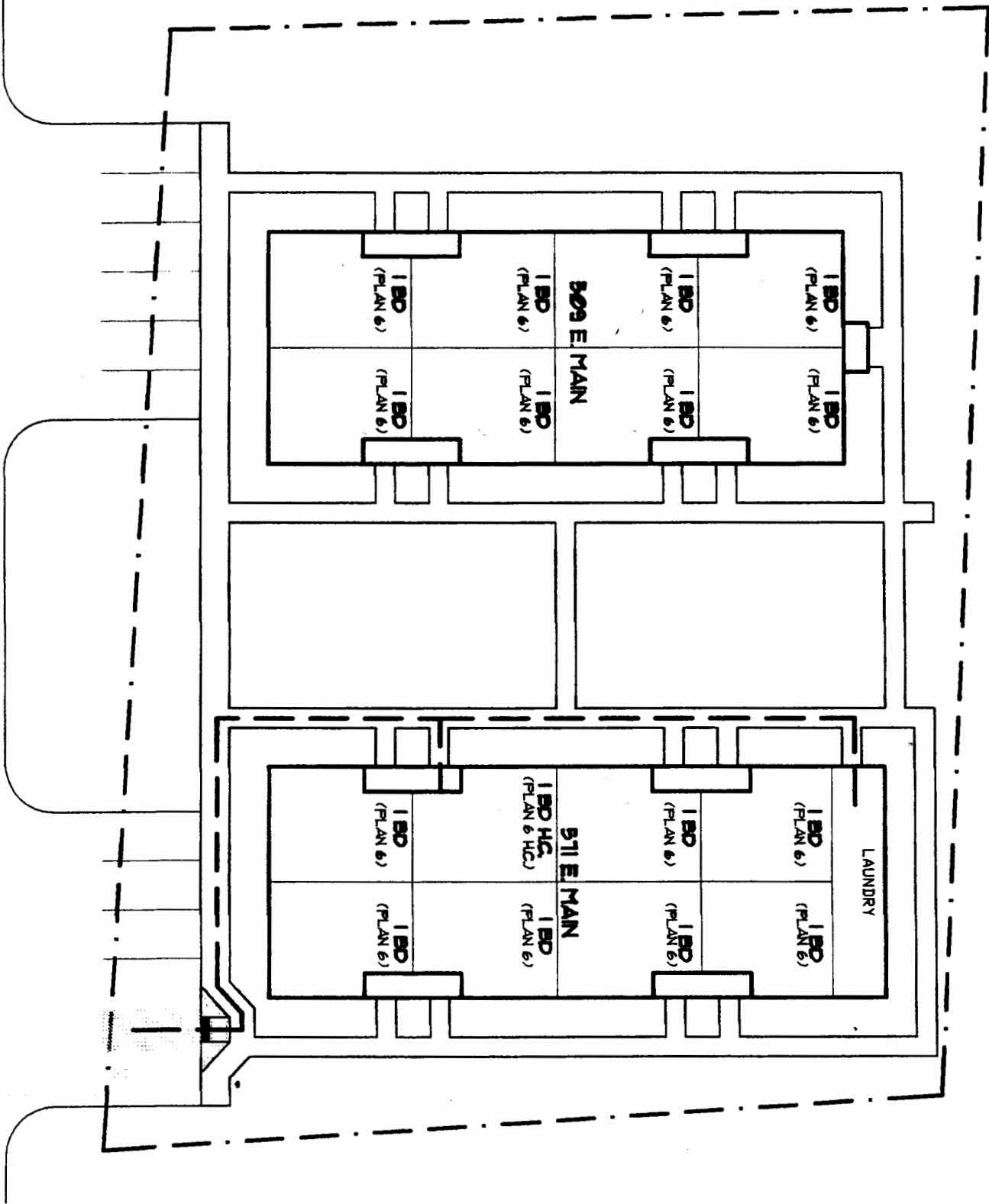
BLACKLEDGE & ASSOCIATES ARCHITECTS

700 N. GARDEN STREET, OMAHA, NE, 68102 (402) 552-2255 (402) 552-2256 FAX: (402) 552-2257

LARRY K. BLACKLEDGE
ARCHITECT

PASCAL A. LAURITZ
ARCHITECT





MAIN STREET

1 SITE PLAN
SCALE: 1" = 30'-0"