

PUBLIC MEETING NOTICE
Pursuant to Act 84 of 1986 - Sunshine Act

The monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on **Thursday, May 12, 2016 at 10:30 a.m.** at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania. The purpose of this meeting is to conduct normal Agency business and to approve the issuance of certain Agency securities. Inquiries should be directed to the Secretary.

If you are a person with a disability and wish to attend this meeting and require an auxiliary aid, service or other accommodation to participate, please contact the Secretary by Tuesday, May 10, 2016 to discuss how the Pennsylvania Housing Finance Agency may best accommodate your needs.

Anyone wishing to be recognized by the Chair to address the Members of the Board at this meeting must contact the Secretary no later than Tuesday, May 10, 2016 either in writing or by telephone and detail the nature of their presentation.

Carrie M. Barnes
Secretary
Phone: 717.780.3911
TTY: 717.780.1869

PENNSYLVANIA HOUSING FINANCE AGENCY

THURSDAY, MAY 12, 2016

10:30 A.M.

A G E N D A

1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF THE MINUTES FROM THE APRIL 14, 2016 BOARD MEETING

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Portfolio Preservation Refinancing - Pheasant Hill Estates
 - B. Other Business

4. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 2016-121

5. OTHER BUSINESS

6. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
April 14, 2016**

Members Present:

- *Robin Wiessmann, Chair
- *Thomas B. Hagen, Vice Chair
- *Craig H. Alexander
- *Maria F. Coutts
- *Ronald F. Croushore
- *Lisa Watson (serving in the stead of
Ted Dallas, Secretary, Department
of Human Services)
- *Kathy Possinger (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
- *Noel Eisenstat
- *Lisa R. Gaffney
- *Ross Nese
- *John Paone
- *Keith Welks (serving in the stead of
Timothy Reese, State Treasurer)
- *Mark Schwartz

*On Telephone conference call

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Chief Counsel
William Fogarty, Director of Government Affairs
Carl Dudeck, Director of Housing Management
Holly Glauser, Director of Development
Bryce Maretzki, Director of Strategic Policy & Planning
Kate Newton, Director of Homeownership Programs
Kim Boal, Director of Information Technology
Scott Elliott, Director of Communications
John Zapotocky, Director of Accounting
JoLynn Stoy, Associate Counsel
Clay Lambert, Business Policy Officer
Thomas Brzana, Director of Loan Servicing
Joseph Knopic, Director of Finance
Steve O'Neill, Assistant Counsel
Chris Anderson, Communications Officer
David Doray, Manager of Multifamily Underwriting
Stan Salwocki, Manager of Architecture and Engineering
*Barbara Stephens, Public Affairs Officer
Lori Toia, Director of HEMAP

Members Absent:

Jada Greenhowe, Assistant Counsel
Cindy Daley, Housing Alliance
Maggie A. Strawser, Assistant Secretary
Charlotte L. Nelson, Assistant Secretary
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, April 14, 2016 at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on April 3, 2016.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Wiessmann at 10:30 a.m. The roll was called and a quorum was present.

2. APPROVAL OF THE MINUTES FROM THE MARCH 10, 2016 BOARD MEETING

There were no additions or corrections to the minutes.

A motion that the minutes from the March 10, 2016 Board meeting be approved as submitted. This motion was seconded and was unanimously approved.

3. PROPERTY WORKOUT PRESENTATION

**A. Magnolia Mews
Philadelphia, Philadelphia County**

Mr. Dudeck outlined the project specifics. He reported that the owner has submitted a refinancing proposal for this property to make much needed capital improvements. The proposal includes paying off the primary mortgage loan and repaying 50 percent of the outstanding support loan as payment in full. Mr. Dudeck stated that the capital improvements are extensive. The owner has agreed to establish a reserve to partially cover the necessary improvements.

This project has a 20 year HAP contract that doesn't expire until 2032 so the property will remain as affordable housing.

Staff recommends approval of this refinancing request.

Chair Wiessmann asked if this is something the Agency has done in the past. Mr. Dudeck responded that this has been done several times. This refinancing will enable the owner to make the necessary capital improvements to benefit the tenants. The project is nearly 25 years old and definitely in need of improvements.

Mr. Hudson added that Agency staff will work with the owner to evaluate the capital improvements which need to be done.

Mr. Nese made a motion that the Board approve the resolution authorizing the workout for Magnolia Mews. This motion was seconded by Mr. Eisenstat and was unanimously approved. (See Appendix 1 of these Minutes.)

4. REVIEW OF HEMAP GUIDELNES AND ACT 91 NOTICE

Mr. Hudson reported that the HEMAP and Policy Committees met prior to the Board meeting for an in depth review of the changes made to the HEMAP Guidelines and Act 91 Notice. He thanked the Agency's legal staff, Mr. Fogarty and Ms. Toia for their work during the process of updating the documents.

Mr. Paone, as Chair of the HEMAP Committee, reported that Ms. Peace gave a very thorough report of the changes made to both the Guidelines and the Act 91 Notice during the committee meeting. Committee members concurred that the changes were necessary and voted in favor of the suggested changes.

Mr. Schwartz, as Chair of the Policy Committee, reported that the Policy Committee members agreed that staff did a good job in revising the HEMAP documents and streamlining the process. He believes that the improvements made to these documents will encourage homeowners to apply for assistance.

Mr. Hudson reported that several staff members from the Department of Banking and Securities were very involved and he thanked Chair Wiessmann for allowing them to participate in this process.

Staff requests the Board's approval of the amended HEMAP Guidelines and Act 91 Notice.

Mr. Schwartz made the motion that the Board approve the updates to the HEMAP Guidelines and the Act 91 Notice as presented by staff. This motion was seconded by Mr. Paone and was unanimously approved. (See Appendices 2 and 3 of these Minutes.)

5. Other Business

A. Upcoming PHFA Board Meetings

Mr. Hudson reported that the May 12 meeting may be an in-person Board meeting if the budget for the fiscal year 2016-2017 is ready. The June 9 and/or July 14 meetings may also be in-person meetings as staff will be presenting the projects which have requested Low Income Housing Tax Credit allocations under the current cycle.

6. **ADJOURNMENT**

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. Chair Wiessmann adjourned the meeting of the Board at 10:45 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, May 12, 2016 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie M. Barnes".

Carrie M. Barnes
Secretary

PENNSYLVANIA HOUSING FINANCE AGENCY

Date: April 25, 2016
Subject: Portfolio Preservation Refinancing:
Pheasant Hill Estates
To: Members of the Board
Pennsylvania Housing Finance Agency
From: Brian A. Hudson
Executive Director

The owner of Pheasant Hill Estates, Howard Earl Cohen, has requested that the Agency allow the prepayment of our mortgage. To allow such a request, we have determined that certain fundamental goals must be met:

1. The refinancing must demonstrate a preservation strategy for the development, including entering into an extended use agreement to ensure that the facility is not lost from the affordable housing stock in Pennsylvania for at least a thirty year period.
2. The Agency must not incur any economic loss due to the refinancing. This will include the economic loss from bond proceeds as well as the economic loss from the elimination of the sharing of residual receipts of the development, when applicable.
3. The refinancing will not create an economic hardship for the development.

Development Information

Project Name and Number:	Pheasant Hill Estates, R-305
Location:	Susquehanna Township, Dauphin County
Owner:	Pheasant Hill Estates Associates Limited Partnership, a Massachusetts limited partnership, whose general partner is Pheasant Hill Estates Corp., whose President is Howard Earl Cohen.
Occupancy:	171 units for elderly occupancy; occupied August 1979
First Mortgage Balance:	Original: \$ 4,681,600; Current: \$1,048,754
Terms:	Interest of 7.39% due through August 2019
Economic Loss Payment:	\$255,488

In accordance with the fundamental goals listed previously, the partnership will enter into an extended use agreement to ensure that the facility is not lost from the affordable housing stock in Pennsylvania. This agreement, in the form of a regulatory agreement,

Portfolio Preservation Restructuring

April 25, 2016

Page 2

will require continued occupancy by qualified low income residents, continued maintenance of solid physical property standards, and continued renewal of the Section 8 contract for the facility. We will have the ongoing right to monitor and inspect and to enforce the occupancy standards through a deed restriction that will run on the project for thirty years.

Staff is requesting Board approval for the prepayment of the mortgage on Pheasant Hill Estates.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING PORTFOLIO PRESERVATION REFINANCING
FOR PHEASANT HILL ESTATES, PHFA NO. R-305**

WHEREAS, Pheasant Hill Estates Associates Limited Partnership ("Owner") is the current owner of a Section 8 project with outstanding Agency financing, known as Pheasant Hill Estates (the "Project"); and

WHEREAS, Owner has requested that the Agency allow refinancing of the outstanding Agency mortgage loan; and

WHEREAS, the Agency has reviewed the Project, the remaining Section 8 contract terms and rent levels, the proposed new debt structure, and has calculated the economic loss which will be incurred by the Agency if such Project is refinanced: and

WHEREAS, the Agency has determined that it is willing to allow the refinancing if Owner is willing to undertake a long term affordability strategy for the Project, agrees to pay all of the lost revenues to the Agency which are associated with the bond financing and existing regulatory structure and agrees to extend participation under the Section 8 program to the maximum extent possible and the new Project financing does not create economic hardship on the Project; and

WHEREAS, based on its review and through its negotiations with the Owner, the Agency has determined that these conditions will be met.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12th day of May, 2016, as follows:

Section 1. Staff is authorized to take the following actions regarding the Project and to do all things necessary to effect the referenced mortgage refinancing, subject to the Agency accepting prepayment of the Agency's mortgage loan (outstanding principal \$1,048,754) with an additional payment of \$255,488 for lost economic value.

Section 2. As a condition of refinancing, Owner must agree to enter into an extended use agreement, to retain the Project in the Section 8 portfolio to the maximum extent possible and to extend the affordability period for the Project for 30 years.

Section 3. Staff is further directed to ensure Owner's receipt of all necessary HUD approvals of the transaction.

Section 4. This resolution shall take effect immediately.

May 5, 2016

To: Members of the Board
Pennsylvania Housing Finance Agency

From: Brian A. Hudson 
Executive Director & CEO

Re: Authorization for Single Family Mortgage Revenue Bonds,
Series 2016-121

The Agency continues to take advantage of market conditions to refund higher coupon bonds in our single family mortgage revenue bond portfolio and create savings to support new mortgages.

We recently closed Series 119 for approximately \$162 million, which included approximately \$60 million of new money at 3.25 percent. We are actively working toward our next issuance, Series 120, expected to close in mid-summer.

Given favorable market conditions, I am requesting your approval for Series 2016-121. This bond issuance will refund outstanding bonds and provide savings to support additional new mortgage funding at attractive interest rates. These bonds are expected to be sold and issued in September. We expect thirty year fixed rate mortgages in this issue will have rates ranging between 3.0% - 3.5%, depending on the ever changing market conditions.

Attached is a resolution authorizing the sale of Series 121, delegating final terms and conditions to the Finance Committee.

Attachment

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 2016-121

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., "the Agency has the power...as authorized from time to time by resolution of the members and subject to the written approval of the Governor to issue its negotiable bonds...and notes in such principal amount as... shall be necessary to provide sufficient funds for achieving its corporate purposes...at such price or prices as the Agency shall determine..."; and

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 2016-121 in accordance with a Series Resolution to be attached hereto and made a part hereof; and

WHEREAS, pursuant to a resolution of the Agency adopted June 13, 1991 and entitled "RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY DELEGATING TO THE FINANCE COMMITTEE CERTAIN SPECIFIC AUTHORITY RELATING TO AGENCY BOND ISSUES," the Agency has determined to delegate to the Finance Committee of the Board of the Agency, within the perimeters established herein, the authorization to negotiate the final terms of such series of bonds.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12th day of May, 2016 as follows:

Section 1. Adoption of the Series 2016-121 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 2016-121 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

Section 2. Delegation of Authorization to Negotiate Final Terms. (a) Subject to the provisions of this Section 2, the Finance Committee is hereby authorized and directed to negotiate, prepare or accept, execute, deliver and distribute, for and on behalf of the Agency and in the name thereof, a contract of purchase and/or agreement and memorandum of understanding, which outlines terms of final pricing, interest rates, tender and redemption provisions, bond maturities, payment of associated costs of issuance appropriate for the financing (including reasonable compensation for applicable structuring and fees related thereto), and such documents as may be necessary for the transaction, including offering and disclosure documents, an indenture and all other documents relating to the issuance of and investment mechanisms relating to the Bonds and related securities, which may include taxable, variable rate or fixed rate notes. At the time such final terms have been negotiated on behalf of the Agency, such final terms shall be incorporated into the Series 2016-121 Resolution, which, with such final terms so incorporated, shall constitute the Series Resolution of the Agency authorizing the issuance of the Bonds.

(b) The final terms of the Series 2016-121 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 2016-121 Bonds shall not exceed \$300,000,000, (ii) the final maturity of the Series 2016-121 Bonds shall be no later than 2048, and (iii) the initial interest rate or rates on the Series 2016-121 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. The Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance is authorized to enter into one or more guaranteed investment contracts, escrow deposit agreements or other investment instruments relating to the Bonds, to take all necessary actions and to make any necessary and appropriate amendments or adjustments to all or a relevant portion of any bonds issued under the Indenture and to secure substitute facilities and remarketing agreements for any of the Agency's outstanding variable rate demand obligations.

Section 4. This Resolution shall take effect immediately.