

**Pennsylvania Housing Finance Agency
Meeting of the Board
November 10, 2011**

Members Present:

Glenn Moyer, Chairman,
Secretary, Department of Banking)
Thomas B. Hagen, Vice Chairman
*Ford S. Thompson (serving in the stead of
Gary D. Alexander, Secretary,
Department of Public Welfare)
*Ronald F. Croushore
*Morris Dean
*Colleen M. DeFrank
*Noel E. Eisenstat
*Lisa R. Gaffney
*Keith Welks (serving in the stead of
Rob McCord, State Treasurer)
*John Paone
*Mark Schwartz
*Howard B. Slaughter, Jr.
*Edward Geiger (serving in the stead of
C. Alan Walker, Secretary,
Department of Community and
Economic Development)

*On Telephone conference call

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Chief Counsel
David L. Evans, Assistant Executive Director of Multifamily
Robert Bobincheck, Director of Strategic Planning and Policy
Scott Elliott, Manager of Communications
Holly Glauser, Director of Development
Kate Newton, Director Homeownership Programs
Daryl Rotz, Director of Homeowners Emergency Mortgage Assistance Program
Bill Fogarty, Director of Government Affairs
Bryce Maretzki, Director of Business Development
Kimberly Boal, Director of Information Technology
Carl Dudeck, Director of Housing Management
Joseph Knopic, Director of Finance
JoLynn Stoy, Associate Counsel
Melissa Raffensperger, Policy Associate
*Barbara Stephens, Pennsylvania Housing Finance Agency
Kim Shindle, PA Association of Realtors
Cindy Daley, Housing Alliance

Members Absent:

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, November 10, 2011, 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 November 1, 2011.

1. CALL TO ORDER AND ROLL CALL

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

2. APPROVAL OF THE MINUTES FROM THE OCTOBER 13, 2011 BOARD MEETING

There were no additions or corrections to the minutes.

A motion was made by Vice Chairman Hagen that the minutes from the October 13, 2011 Board meeting be approved as submitted. This motion was seconded by Mr. Welks and was unanimously approved.

3. PROGRAM DEVELOPMENT AND REVIEW COMMITTEE REPORT

Ms. Gaffney, as Chair of the Program and Development Review Committee, reported that the Committee met prior to the Board meeting to discuss several issues, including the following agenda items.

A. Portfolio Preservation Restructurings

1. Galilee Village

Mr. Evans reported that the Agency has been approached by the owner of this Section 8 development requesting approval to prepay the Agency's mortgage. He noted that the conditions which must be complied with for approval include extending the recorded use agreement of affordable housing of the development for at least a thirty year period, there must be no economic loss to the Agency due to the refinancing, the refinancing must not create economic hardship to the development and the Agency must continue to be the Section 8 contract administrator if possible. He also reported that an escrow account has been

established to ensure completion of certain capital improvements underway to maintain the physical viability of the project. It has been determined that these conditions will be met and staff recommends approval.

Chairwoman Gaffney reported that the Program and Development Review Committee concurs with staff's recommendation.

Chairwoman Gaffney made the motion that the Board approve the resolution authorizing the portfolio preservation restructuring for Galilee Village. This motion was seconded by Mr. Dean and was unanimously approved. (Appendix 1 of these Minutes.)

2. Connelly Manor

Mr. Evans reported that the Agency has been approached by the owner of this Section 8 development requesting approval to prepay the Agency's mortgage. The same conditions apply to this project as noted for the Galilee Village project with the exception of creating an escrow account. Staff recommends approval.

Chairwoman Gaffney reported that the Program and Development Review Committee concurs with staff's recommendation.

Chairwoman Gaffney made the motion that the Board approve the resolution authorizing the portfolio preservation restructuring for Connelly Manor. This motion was seconded by Vice Chairman Hagen and unanimously approved. (Appendix 2 of these Minutes.)

B. Property Workout

1. Tioga Gardens

Mr. Evans reviewed this project and its financial status for the Board. He noted that the primary mortgage has been paid off and the project has committed to a 30 year tax credit compliance requirement which will not expire until 2024.

The current owner wishes to sell the project and as a part of the transaction, the Agency is being requested to accept 50 percent of the outstanding support loan as payment in full.

Mr. Evans reported that an evaluation of the new ownership entity has been completed and staff recommends approval.

Mr. Eisenstat raised the issue of how the Agency protects its projects during years 15 to 30 to assure tax credit compliance. Following some general discussion, it was determined that this issue would be discussed in more detail at

the Board's annual policy meeting which is scheduled for Wednesday, December 7, 2011.

Chairwoman Gaffney reported that the Program and Development Review Committee concurs with staff's recommendation.

Chairwoman Gaffney made the motion that the Board approve the resolution authorizing the property workout of Tioga Gardens. This motion was seconded by Mr. Geiger and unanimously approved. (Appendix 3 of these Minutes.)

C. Other Business

There was no other business to be brought before the Board by the Program and Development Review Committee.

4. OTHER BUSINESS

A. Board Policy Meeting

Mr. Hudson reported that the annual policy meeting of the Board will be held on Wednesday, December 7, 2011 beginning at 9:00 a.m. here at the Agency in the Board Room. This will be an in-person meeting. Any Board member who has items they would like to discuss at this meeting should contact Mr. Hudson as soon as possible.

5. 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. Chairman Moyer adjourned the meeting of the Board at 10:40 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, December 8, 2011, at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,

Carrie M. Barnes
Secretary

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING PORTFOLIO PRESERVATION RESTRUCTURING
FOR GALILEE VILLAGE, PHFA NO. R-55**

WHEREAS, Galilee Village, Inc. ("Owner") is the current owner of a Section 8 project with outstanding Agency financing, known as Galilee Village (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 structures, and has calculated the economic losses 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 the 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 and assign the existing Section 8 for the maximum term retaining the Agency as Contract administrator, and if 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 10th day of November, 2011, 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 a prepayment of the Agency's mortgage loan (outstanding principal \$1,169,407) with an additional payment of \$58,470 for lost economic value.

Section 2. As a condition of the restructuring, Owner must agree to enter into an extended use agreement, agreeing to retain the Project in the Section 8 portfolio to the maximum extent possible by extending and assigning the Housing Assistance Payments Contract (through an Extension Amendment to Old Regulation State Agency Housing Assistance Payments Contract and Assignment of HAP Contract), and to extend the affordability period for the Project for thirty years.

Section 3. As a condition of restructuring, Owner must also agree to establish and fund an escrow account to ensure completion of certain capital improvements in order to maintain the physical viability of the Project.

Section 4. Staff is further directed to ensure Owner's receipt of all necessary HUD approvals of the transaction.

Section 5. This resolution shall take effect immediately.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING PORTFOLIO PRESERVATION RESTRUCTURING
FOR CONNELLY MANOR, PHFA NO. R-533-8E**

WHEREAS, KB Connelly, LLC ("Owner") is the current owner of a Section 8 project with outstanding Agency financing, known as Connelly Manor (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 structures, and has calculated the economic losses 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 the 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 and assign the existing Section 8 for the maximum term retaining the Agency as Contract administrator, and if 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 10th day of November, 2011, 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 a prepayment of the Agency's mortgage loan (outstanding principal \$1,955,538) with an additional payment of \$97,777 for lost economic value.

Section 2. As a condition of the restructuring, Owner must agree to enter into an extended use agreement, agreeing to retain the Project in the Section 8 portfolio to the maximum extent possible by extending and assigning the Housing Assistance Payments Contract (through an Extension Amendment to Old Regulation State Agency Housing Assistance Payments Contract and Assignment of HAP Contract), and to extend the affordability period for the Project for thirty 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.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING PROPERTY WORKOUT FOR TIOGA GARDENS, PHFA NO. O-347**

WHEREAS, Pennrose Properties, Inc., a Pennsylvania corporation, or an affiliate ("Pennrose") is the general partner of Tioga Gardens LP ("Owner"), which is the owner of a project with outstanding Agency financing that is located in Philadelphia County, Pennsylvania (the "Project"); and

WHEREAS, the Agency provided a primary loan in the amount of \$216,919, which has been fully repaid, and a support loan in the amount of \$742,500 to Owner for the construction and rehabilitation of the Project; and

WHEREAS, the Project has encountered ongoing operating losses which have been funded by the Owner; and

WHEREAS, Pennrose proposes to sell the Project and requests that the Agency accept an amount equal to 50% of the outstanding support loan for the Project as payment in full; and

WHEREAS, the Agency has reviewed the Project and its financial operation and has determined to approve the sale of the Project and repayment of the loan associated with the Project as set forth below.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 10th day of November, 2011, as follows:

Section 1. The Agency staff is authorized to approve the sale of the Project and to accept an amount equal to 50% of the outstanding balance of the support loan as payment in full of the support loan and to take all actions necessary to accomplish the same.

Section 2. This resolution shall take effect immediately.