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, February 5, 2015 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 Monday, February 2, 2015 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 Monday, February 2, 2015 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
AGENDA

1. CALL TO ORDER AND ROLL CALL

2. ELECTION OF VICE CHAIRMAN OF THE BOARD

3. APPROVAL OF THE MINUTES FROM THE DECEMBER 11, 2014 BOARD MEETING

4. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
   A. Reallocation of Volume Cap – Perrysville Plaza Apartments
   B. Other Business

5. OTHER BUSINESS

6. ADJOURNMENT
Pennsylvania Housing Finance Agency
Meeting of the Board
December 11, 2014

Members Present:
Glenn Moyer, Chairman
*Thomas B. Hagen, Vice Chairman
Craig H. Alexander
K. Scott Baker
Maria F. Coutts
*Ronald F. Croushore
*Noel E. Eisenstat
Lisa R. Gaffney
Keith Welks (serving in the stead of
Rob McCord, State Treasurer)
Brandon Danz (serving in the stead of
Beverly Mackereth, Secretary,
Department of Human Services)
Ross Nese
John Paone
Mark Schwartz
Edward Geiger (serving in the stead of
C. Alan Walker, Secretary,
Department of Community and
Economic Development)

*On Telephone conference call

Members Absent:

Others Present:
Brian A. Hudson, Executive Director
Rebecca L. Peace, Chief Counsel
Carl Dudeck, Director of Housing Management
Scott Elliott, Director of Communications
Holly Glauser, Director of Development
Bryce Maretzki, Director of Strategic Policy & Planning
Kate Newton, Director of Homeownership Programs
Bill Fogarty, Director of Government Affairs
Kim Boal, Director of Information Technology
Melissa Raffensperger, Policy Associate
Michael O’Neill, Assistant Counsel
JoLynn Story, Associate Counsel
Jada Greenhowe, Assistant Counsel
Lauren Starlings, Assistant Counsel
Lori Toia, Director of HEMAP
David Doray, Senior Development Officer
Maggie Strawser, Legal Executive Assistant
Chris Anderson, Communications Officer
A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, December 11, 2014, 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 25, 2014.

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.
Mr. Hudson recognized two staff persons who will be retiring at the end of this year. Joanne Wade in the Account and Loan Servicing Division has been at the Agency for 26 years and Mary Ann Sipos in the Pittsburgh Office has been at the Agency for over 30 years. He wished both Joanne and Mary Ann the very best in their retirement and thanked them for their dedication and service to PHFA.

Mr. Hudson also recognized Donna Sciortino, the Agency’s Manager of Investments, as the Agency’s first 40 year employee. He also thanked Donna for her service and dedication to PHFA.

2. APPROVAL OF THE MINUTES FROM THE OCTOBER 9, 2014 BOARD MEETING

There were no additions or corrections to the minutes.

A motion was made by that the minutes from the October 9, 2014 Board meeting be approved as submitted. This motion was seconded and 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.

A. Portfolio Preservation Refinancing

1. Hillside Village, Woodland Manor and Hilltop Apartments

Mr. Dudeck reported that the owners of these projects have requested permission to prepay their mortgages. He noted that to permit such requests, staff must be assured that the developments will remain in Pennsylvania’s affordable housing stock for at least 30 years; the Agency must not incur any economic losses due to the refinancing; and the refinancing must not create an economic hardship on the developments.

After reviewing the proposals, Mr. Dudeck stated that all of the conditions have been addressed and staff is recommending approval.

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

Ms. Gaffney made the motion that the Board approve the resolutions authorizing the portfolio preservation refinancings for Hillside Village, Woodland Manor and Hilltop Apartments. This motion was seconded by
Mr. Alexander and was unanimously approved. (See Appendices 1, 2 and 3 respectively of these Minutes.)

B. Request for Allocation of Tax Exempt Issuing Authority

1. Berkshire Gardens

   Mr. Doray reported that the owner of this development is requesting an allocation of volume cap in an amount not to exceed $15,000,000. He reviewed the project and its financing plan. Staff recommends approval of this request.

   Ms. Gaffney reported that the Program and Development Committee concurs with staff’s recommendation.

   Ms. Gaffney made the motion that the Board approve the resolution authorizing the issuance of special limited obligation multifamily housing development bonds in an amount not to exceed $15,000,000 for Berkshire Gardens. This motion was seconded by Mr. Geiger and was unanimously approved. (See Appendix 4 of these Minutes.)

C. Other Business

   Ms. Gaffney reported that the Committee approved the reallocation of 2014 tax credits for the North Penn Commons project (formerly Gateway on Main). The project had previously received an allocation of 2013 tax credits. No Board action is required on this issue.

   There was no other business to be brought before the Board by the Committee.

4. POLICY COMMITTEE REPORT

   Mr. Schwartz, as Chair of the Policy Committee, reported that the Committee met prior to the Board meeting.

   A. Review of the 2015 PHARE “Draft” Plan

      Mr. Maretzki briefly reviewed the PHARE program and its permitted funding uses. He stated that the Agency is required to adopt a plan establishing priorities each year and how the funds will be distributed. Following the Board’s authorization to proceed with the plan, it will be posted for public comment. Following the public comment period, the Board will review the plan for final approval. After approval of the final plan by the Board, an RFP will be issued for requests for allocations. Staff will probably make recommendations for funding at the October 2015 Board meeting.

      No action is required by the Board at this time. It is expected that the final plan will be submitted to the Board at the March 2015 meeting for their final approval.
Mr. Schwartz complimented staff for their work on this program. He noted that the Agency has allocated $25,000,000 to 104 projects in the past three years assisting over 3000 families in 37 counties located in the Marcellus Shale regions. This has been a very successful program to this point and he anticipates that to continue.

Chairman Moyer echoed his thanks and appreciation to the staff in this endeavor.

B. Other Business

Mr. Schwartz thanked the Board members for their attendance at the annual policy meeting held on December 10. He also thanked staff for all of the information gathered and presented to the Board on a wide variety of topics regarding the Agency’s programs and operations.

Chairman Moyer also complimented Mr. Hudson and the staff for their preparation for the policy meeting. He thanked Mr. Schwartz for his leadership and guidance throughout the meeting.

5. PRIVATE ACTIVITY BOND ALLOCATON FOR MORTGAGE CREDIT CERTIFICATE PROGRAM

Ms. Peace discussed the Mortgage Credit Certificate (MCC) Program which is authorized under federal tax law as an alternative to the mortgage revenue bond program. This program provides a direct limited tax credit to individual homeowners to offset their ordinary income. She reported that PHFA’s existing volume cap carry forward would be converted into MCC authority to fund this program. By utilizing this program, approximately $125,000,000 in MCC authority should subsidize approximately 2,027 mortgage loans at a maximum tax credit per borrower of $2,000.

There were no questions from the Board.

A motion was made authorizing conversion of housing related bond volume cap allocation and related matters for the implementation and administration of statewide Mortgage Credit Certificate Program. This motion was seconded by Mr. Schwartz and was unanimously approved. (See Appendix 5 of these Minutes.)

6. HEMAP COMMITTEE REPORT

Mr. Schwartz, as Chair of the HEMAP Committee, reported that the Committee met last week with the Mitchell & Titus, the auditors of HEMAP, to review the financial statements. The auditors have provided an unqualified opinion regarding HEMAP. It was noted that GASB 65 provisions are being applied to HEMAP for the first time. A brief discussion took place regarding this and what implications it might have on HEMAP.
Mr. Schwartz stated that the HEMAP Committee recommends approval and acceptance of the financial statements as submitted.

Ms. Lontz reported that everything went well during their audit and they are appreciative of the cooperation from the staff.

7. AUDIT COMMITTEE REPORT

Mr. Geiger, as Chair of the Audit Committee, reported that the Committee also met last week with Mitchell & Titus, the auditors of HEMAP, and KPMG, the Agency’s auditors to review the financial statements. He reported that there was a significant deficiency in the Agency’s financial statements with regard to the GASB 65 provisions and the Agency’s accounting treatment of Homeownership Choice Program projects, which have been addressed sufficiently.

KPMG has issued an unqualified opinion regarding the Agency’s financial statements.

Mr. Geiger stated that the Audit Committee recommends approval of both the HEMAP and Agency financial statements as submitted.

Mr. Siebert of KPMG thanked the Agency’s staff for all of their assistance in preparing the financial statements.

Mr. Geiger made the motion that the Board approve the audited financial statements as prepared by Mitchell Titus for the HEMAP. This motion was seconded by Mr. Schwartz and was unanimously approved.

Mr. Geiger made the motion that the Board approve the audited financial statements as prepared by KPMG for the Agency. This motion was seconded by Mr. Baker and was unanimously approved.

8. INVESTMENT BANKER REPORT

Mr. Rosen representing Bank of America Merrill Lynch distributed an Investment Banker Report booklet.

He noted that the housing market is no longer fragile with housing inventory clearing quickly, prices rising and foreclosure rates dropping.

The Commonwealth’s unemployment rate is slightly lower than the national rate and the net gain of jobs available has continued to rise slightly.

Overall, the national economic development continues to recover. Despite the fact that the inflation rate is currently below target, Bank of America expects the first rate hike later this year by the Federal Reserve.
With respect to the municipal market, rates have been down and it is expected that they will continue on a downward trend.

Chairman Moyer added that it is good to hear that the housing market is not as fragile as it has been in the past.

There were no additional comments or questions from the Board.

9. DEVELOPMENT STATUS REPORT
   There were no comments or questions from the Board on this report.

10. PHFA INVESTMENT REPORT
    There were no comments or questions from the Board on this report.

11. OTHER BUSINESS
    A. 2015 Set-Aside for Agency Programs
       Mr. Hudson reported that staff is requesting the Board’s approval of a set aside from the Agency’s General Fund of $1,500,000 for the Homebuyer/Counseling Programs.

       A motion was made that the Board authorize the set-aside and reservation of available funds for Agency Programs and initiatives in 2015. This motion was seconded and unanimously approved. (See Appendix 6 of these Minutes.)

    B. Fannie Mae/Freddie Mac
       Mr. Hudson reported that the National Housing Trust Fund is to be funded by Fannie Mae and Freddie Mac and it should amount to approximately $1 billion dollars nationwide. Of that amount, Pennsylvania could receive approximately $35 million to $40 million for the State’s Housing Trust Fund, beginning in 2016.

       Mr. Schwartz noted that the State’s Housing Trust Fund will be staffed by PHFA. Ms. Peace reported that staff will be submitting a plan to the Board for approval of the implementation of this program. She indicated that it would be similar to the plan the Board most recently reviewed for the PHARE program., subject to final federal guidelines.

    C. No January, 2015 Board Meeting
       Mr. Hudson confirmed that there is no January, 2015 Board meeting scheduled.

       He wished everyone a very happy holiday.

12. 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 11:45 a.m.
The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, February 12, 2015 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,

Carrie M. Barnes
Secretary
SUBJECT: Perrysville Plaza Apartments

Request for an allocation of tax exempt bond issuing authority
Tax-Exempt Bond/Tax Credit Development: PHFA No. TC2015-102, 101 units
City of Pittsburgh, County of Allegheny, Region 5
Development Officer: William G. Bailey, Jr.

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director

RE: Conditional Allocation of 2015 Volume Cap for Perrysville Plaza Apartments

On September 11, 2014, the Board approved a preliminary allocation of year 2014 volume cap to the Urban Redevelopment Authority of Pittsburgh for the financing of Perrysville Plaza Apartments, located at 2403 Perrysville Avenue, in a mixed residential/commercial area in the Perry Hilltop neighborhood of Pittsburgh. Due to factors beyond the control of the development team, the deal was unable to close and the 2014 allocation of volume cap was returned to the Agency. The developer and all third parties (including HUD) now appear to be prepared to expeditiously proceed to the closing of tax exempt bond financing for the development.

The development team has requested the Agency re-allocate year 2015 volume cap for the financing. Because the development team was unable to close through no fault of their own, and because the anticipated tax exempt bond financing of the project is materially consistent with the prior 2014 application, staff recommends that the Board preliminarily approve an allocation of year 2015 volume cap to the Urban Redevelopment Authority for Perrysville Plaza Apartments (as soon as such 2015 allocation becomes available from the Commonwealth.)

Attached please find the Board memorandum dated August 25, 2014 that describes the anticipated bond financing and presents the conditions for final allocation of 2015 volume cap.
RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING 2015 HOUSING RELATED BOND ALLOCATION

Perrysville Plaza Apartments

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates by virtue of and pursuant to the Housing Finance Agency Law, (1959, Dec. 3, P.L. 1688, as amended, 35 P.S. 1680.101, et seq.) (hereinafter, "the Act"); and

WHEREAS, private activity bond volume cap ("Volume Cap") is expected available to the Agency for the purpose of issuing housing bonds in accordance with the Internal Revenue Code of 1986, as amended (the "Code"), and with applicable laws and regulations in the Commonwealth; and

WHEREAS, the Agency issued its Year 2015 Multifamily Housing Application that includes a Request for Proposals for Volume Cap for Tax Exempt Bond Financing ("RFP") inviting developers of residential rental facilities to seek an allocation of Volume Cap in 2015; and

WHEREAS, Applicant, 2403 Perrysville Plaza LP, received an allocation of Volume Cap in 2014 for the acquisition and rehabilitation of a ten-story residential building for general occupancy in the Perry Hilltop neighborhood of Pittsburgh, Allegheny County, but was unable to close the tax exempt bond financing in 2014 due to factors beyond Applicant's control; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Year 2015 Volume Cap in an amount not to exceed $5,600,000 for the issuance of private activity bonds by the Urban Redevelopment Authority of Pittsburgh, subject to satisfaction of certain conditions set forth below.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12th day of February, 2015, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Year 2015 Volume Cap in an amount not to exceed $5,600,000 (which includes a contingency amount) for the tax exempt bond financing of Perrysville Plaza Apartments subject to the following conditions: a.) submission, review and approval of all documentation necessary to secure construction and permanent loan financing of the project; b.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") and all applicable requirements of the Agency's Tax Credit Program have been met; c.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; d.) compliance with the timeframes and deadlines established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Volume Cap Request for Proposals; e.) evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the project; f.) evidence of the commitment to serve low income tenants for a period of not less than 30 years, which will be included in the Restrictive Covenant Agreement; g.) evidence of the satisfaction of accessibility requirements; h.) contribution of equity in an amount sufficient to ensure the financial feasibility of the development; i.) final underwriting of the application for tax-exempt bond financing and low income housing tax credits; j.) evidence of the final approval from HUD of the 223(f) financing application and of the extension of the current HUD Section 8 HAP Contract for a period of not less than 20 years; and k.) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval.

Section 2. The action taken by the Agency is hereby declared to be an affirmative official act of the Agency toward the issuance of private activity bonds to finance the above named project; provided that in no event shall this official act be construed as an acceptance of any liability on behalf of the Agency nor as an indication of final selection for financing or a commitment of Volume Cap, which is subject to allocation by the Commonwealth.

Section 3. This resolution shall be effective immediately.