

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, November 12, 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 Tuesday, November 10, 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 Tuesday, November 10, 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

PENNSYLVANIA HOUSING FINANCE AGENCY

THURSDAY, NOVEMBER 12, 2015

10:30 A.M.

A G E N D A

1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF THE MINUTES FROM THE OCTOBER 8, 2015 BOARD MEETING

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Volume Cap Allocation Requests - Four Freedoms House and Philip Murray House
 - B. Other Business

4. OTHER BUSINESS

5. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
October 8, 2015**

Members Present:

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

*On Telephone conference call

Members Absent:

Ross Nese

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Chief Counsel
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
Melissa Raffensperger, Policy Associate
JoLynn Stoy, Associate Counsel
Jada Greenhowe, Assistant Counsel
Lauren Starlings, Assistant Counsel
Lori Toia, Director of HEMAP
Clay Lambert, Business Policy Officer
Thomas Brzana, Director of Loan Servicing
Joseph Knopic, Director of Finance
Renaë Hodges, Communications Officer
Chris Anderson, Communications Officer
David Doray, Manager of Multifamily Underwriting
Barbara Stephens, Public Affairs Officer

Carla Falkenstein, Director of Western Region
William Bailey, Senior Development Officer
Charlotte Folmer, Sr. Asset and Compliance Officer
Edward Geiger
Cindy Daley, Housing Alliance
Rick Welsh, Wells Fargo
Alan Jaffe, JP Morgan
Mike McGee, PA Developers Council
Mitch Gallo, RBC
Michael Baumrin, RBC
John Raymond, Department of Banking
*Chuck Treatch, Daniel J. Flood Tower
*Jon LaLanne, Daniel J. Flood Tower
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, October 8, 2015 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 September 29, 2015.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Wiessmann at 10:40 a.m. The roll was called and a quorum was present.

Chair Wiessmann announced that K. Scott Baker has resigned as a member of the Board of the Pennsylvania Housing Finance Agency effective October 6, 2015. Recognition of Mr. Baker's service to the Agency will take place at a later date.

2. APPROVAL OF THE MINUTES FROM THE SEPTEMBER 10, 2015 BOARD MEETING

There were no additions or corrections to the minutes.

Mr. Schwartz made a motion that the minutes from the September 10, 2015 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 regarding the following items.

A. Volume Cap Allocation Request – Daniel J. Flood Tower

Mr. Bailey reviewed the project and its financing plan and reported that the project was originally financed by the Agency in 1974. It has been operating under the HUD Section 8 Housing Assistance Payments program since that time.

The purchasers of this project have requested a tax exempt bond allocation in an amount not to exceed \$16,500,000 for the acquisition and rehabilitation of the buildings.

Following review of this request, staff recommends approval of the bond issuance.

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 resolution authorizing the issuance of \$16,500,000 maximum aggregate principal amount of Special Limited Obligation Multifamily Housing Development Bonds for Daniel J. Flood Tower. This motion was seconded by Mr. Meade and was unanimously approved. (See Appendix 1 of these Minutes.)

Mr. Treatch, representing the ownership, thanked the Board for their approval of this bond issuance. They are delighted to be able to preserve this project for low income housing.

B. 2015 Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE) Projects

Mr. Marezki reported that the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE) was established in 2010 as part of a housing trust fund bill. In 2012, the "Impact Fee" Act was signed which provided funding for the PHARE program from impact fees relating to activity in the Marcellus Shale regions of the Commonwealth.

Mr. Marezki briefly reviewed the requirements associated with the PHARE program. He noted that only those counties with active wells are entitled to monies from this fund.

This year, the Agency has received an allocation of \$8,460,000. The Board previously adopted the PHARE Plan. A Request for Proposals was released and applications have been received. The Agency received 51 applications requesting \$11,800,000 in PHARE funds.

After reviewing all of the proposals, staff is recommending 44 projects in 28 counties for approval. The total allocation for these projects is \$8,100,000. The Agency will retain 5 percent, or \$250,000 of its allocation for administration of the program.

Mr. Maretzki reported that the Agency has funded 148 projects under this program totaling \$134,000,000 since 2010. The Agency is pleased with the success of this program, now in its fourth year.

Information on each project being recommended for funding was submitted to the Board. There were no questions or comments from Board members.

Mr. Maretzki thanked Ms. Raffensperger and Mr. Lambert for their assistance with this program. It is expected that the amount of funds available next year will be reduced because the number of wells being drilled has decreased as the price of oil declines.

Mr. Maretzki requested the Board's approval of the projects presented and the amount of funding to be provided to each development.

Ms. Gaffney made the motion that the Board approve the resolution authorizing funding of 2015 Marcellus Shale-PHARE program and projects. This motion was seconded by Mr. Schwartz and was unanimously approved. (See Appendix 2 of these Minutes).

Mr. Schwartz added his compliments to the staff for the work done on this program.

C. Other Business

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

4. POLICY COMMITTEE REPORT

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

A. Final Approval of the Year 2016 Tax Credit Allocation Plan

Ms. Glauser briefly reviewed the changes including several suggestions received by the Policy Committee to the 2016 Low Income Housing Tax Credit Allocation Plan. She noted that the changes were very minor since the Board last reviewed the Plan at its last meeting.

Mr. Schwartz made the motion that the Board approve the Year 2016 Low Income Housing Tax Credit Allocation Plan as submitted by staff. This motion

was seconded by Mr. Meade and was unanimously approved. (See Appendix 3 of these Minutes.)

B. Request For Proposals for Tax Exempt Volume Cap

Ms. Glauser reported that, in conjunction with the adoption of the Allocation Plan, the Agency issues a Request For Proposals (RFP) for tax exempt volume cap from developments seeking private activity bond volume cap. This is an open RFP and offered on a first-come, first-served basis. Staff requests the Board's approval of the RFP as submitted.

Mr. Schwartz made the motion that the Board approve the Request for Proposals for 2016 Tax Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations. This motion was seconded by Mr. Welks and was unanimously approved. (See Appendix 4 of these Minutes.)

C. Other Business

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

5. INVESTMENT BANKER REPORT

Mr. Jaffe, representing J.P.Morgan , distributed a Market Update booklet to the Board.

He noted that the most recent labor report was disappointing in that fewer jobs were created than expected. J.P.Morgan doesn't expect an interest rate change until December and they anticipate a slowdown in global economies as sharp declines in Chinese equity markets continue to drive market volatility.

It is expected that a slowdown will occur in manufacturing, however, higher consumer spending is predicted.

With respect to the housing market, Mr. Jaffe reported that it is somewhat balanced between existing sales and housing starts which is at one of the highest levels in recent years. Interest rates are expected to increase by perhaps one percent toward the end of the calendar year.

Mr. Jaffe noted that the budget impasse in the Commonwealth is a bit of a concern in the market, however, the Agency's most recent bond issue was not affected and was well received by investors. The budget impasse issue will continue to be monitored.

Chair Wiessmann added that consumers continue to buy and that is the key to the economic outlook.

There were no other comments or questions from the Board.

6. DEVELOPMENT STATUS REPORT

There were no comments or questions from the Board on this report.

7. PHFA INVESTMENT REPORT

There were no comments or questions from the Board on this report.

8. OTHER BUSINESS

A. PHFA Board Policy Session

Mr. Hudson reported that the annual policy session with the Board will be held on Wednesday, December 9, 2015 at 9:00 a.m. The session usually lasts into mid-afternoon followed by a dinner that evening. The Board meeting will be held on Thursday, December 10, 2015 at 10:30 a.m.

Board members who have any suggestion for agenda items should contact Mr. Hudson or Mr. Maretzki as soon as possible.

B. Ladies First

Mr. Hudson reported that Ladies First, a nonprofit organization dedicated to providing educational and networking opportunities for female public finance professionals, will be honoring Rebecca Peace with their “Ladies First Leading Woman Award” at their meeting on November 5, 2015.

Mr. Hudson congratulated Ms. Peace on being chosen for this award.

C. PHFA Staff

Mr. Schwartz stated that during his attendance at various events, he has heard many complimentary and positive comments regarding members of the PHFA staff and he believes the staff should know that they are well respected among their peers.

Ms. Glover added that she recently attended the National Council of State Housing Agencies Board conference and also received compliments regarding Brian Hudson and his direction of PHFA as an organization.

9. EXECUTIVE SESSION

Chair Wiessmann reported that the Board would enter an Executive Session to discuss personnel issues. The Board meeting was temporarily adjourned at 11:15 a.m.

Following the Executive Session, Chair Wiessmann reconvened the Board meeting at 11:35 a.m.

10. PERSONNEL COMMITTEE REPORT

Mr. Hagen, as Chair of the Personnel Committee, made a motion that the Board approve the recommendations of the Personnel Committee as presented during the Executive Session. This motion was seconded by Mr. Schwartz. Mr. Welks abstained. The motion carried.

11. 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 11:40 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, November 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

TAX EXEMPT BOND ISSUING AUTHORITY

Pennsylvania Housing Finance Agency
November 4, 2015

SUBJECT: Four Freedoms House and Philip Murray House

Request for an issuance of tax exempt bonds
Tax-Exempt Bond/Tax Credit Development: PHFA No. TC2015-110, 590 units
City of Philadelphia, County of Philadelphia, Region 1
Tax Credit Officer: Douglas Haughton

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director



Proposal Description

The Four Freedoms House and Philip Murray House development is composed of two separate existing facilities in the City of Philadelphia that are being merged into a joint ownership and financing structure. The Four Freedoms House is located at 6101 Morris Street and Philip Murray House is located at 6300 Old York Road which are mixed use neighborhoods of commercial and residential properties in the City of Philadelphia. This proposal is for the acquisition and substantial rehabilitation of both facilities. Each residential building is 14 stories with multiple elevators for senior occupancy for persons age 62 and above. The buildings house 590 total units consisting of 358 efficiency units and 232 one-bedroom units. The structural system is steel and concrete with an exterior of brick veneer, concrete panels, metal and glass curtain walls. The buildings contain a total of 397,200 square feet, and are situated on a total of 6.123 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

PNC Bank, National Association, Construction Loan	\$ 31,500,000
Acquired Reserves	1,753,536
Interim Income	716,170
Equity from Proceeds of Sale of Tax Credits	<u>15,228,324</u>
Total Development Cost	\$ 49,198,030

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amount of:

Tax-Exempt Bonds – PNC Bank, National Association, Freddie Mac	\$ 31,500,000
Acquired Reserves	1,753,536
Interim Income	716,170
Equity from Proceeds of Sale of Tax Credits	<u>15,228,324</u>
Total Development Cost	\$ 49,198,324

3. Development Costs

The Agency will be the conduit issuer of the tax-exempt bonds, which will be structured as a Freddie Mac Tax Exempt Loan. PNC Bank, National Association will be the initial funding lender and the Freddie Mac Seller/Service. The bond proceeds will be used to establish an escrow from which funds will be disbursed during the construction period.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$23,224,193	\$39,363	\$58
Replacement Cost	\$44,834,849	\$75,991	\$113
Total Replacement Costs & Reserves	\$44,954,238	\$76,194	\$113
Total Development Costs	\$49,198,030	\$83,386	\$124
Tax-Exempt Bonds – First Mortgage	\$31,500,000	\$53,390	\$79
Acquisition Costs	\$19,563,248	\$33,158	\$49

4. Leveraging of Other Resources

The owner anticipates R4 Capital LLC providing an equity contribution of \$15,228,324 from the proceeds of the syndication of Federal Low Income Housing Tax Credits, with a net pay-in of \$1.03. The development anticipates qualifying for an allocation of tax credits in the approximate amount of \$1,478,449. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent credit allocation on the development's eligible basis.

5. Rental Estimates

Unit Type	No. of Units	Avg. Net Rentable Sq. Ft.	Projected Tenant Rent	Estimated Cost of Utilities	Rental Subsidy	Total Housing Expense
Four Freedoms House						
Eff	131	400	\$ 317	\$ 0	\$ 628	\$ 945
Eff	10	400	\$ 317	\$ 0	\$ 678	\$ 995
Eff	35	400	\$ 440	\$ 0	\$ 0	\$ 440
1 Bd	43	550	\$ 317	\$ 0	\$ 753	\$ 1,070
1 Bd	28	550	\$ 317	\$ 0	\$ 763	\$ 1,080
1 Bd	8	550	\$ 317	\$ 0	\$ 803	\$ 1,120
1 Bd	25	550	\$ 577	\$ 0	\$ 0	\$ 577
1 Bd Mgr	2	550	\$ 0	\$ 0	\$ 0	\$ 0
Philip Murray House						
Eff	175	600	\$ 293	\$ 0	\$ 597	\$ 890
Eff	7	600	\$ 454	\$ 0	\$ 0	\$ 454
1 Bd	51	700	\$ 293	\$ 0	\$ 707	\$ 1,000
1 Bd	73	800	\$ 293	\$ 0	\$ 777	\$ 1,070
1 Bd	1	800	\$ 600	\$ 0	\$ 0	\$ 600
1 Bd Mgr	1	700	\$ 0	\$ 0	\$ 0	\$ 0

The property benefits from a project-based Section 8 HAP contract covering 88% of the units. 238 units will be available to tenants earning up to 50% of the area median income and 349 units will be available to tenants earning up to 60% of the area median income. The current five (5) year renewal HAP contracts which began in 2012 will be replaced at closing with a new 20 year HAP contract.

6. Commercial Space

None.

7. Relocation

The rehabilitation of the building will not result in any off-site relocation. Residents may need to vacate their units at certain times during the workday hours to allow the construction crew uninterrupted access. Local hotels and vacant units will be set up where residents can spend time during their time away from their units.

8. Supportive Services

A full array of services is available to the tenants of this building.

Development Team

1. Identification of Owner

FFPM Housing Partners, LP, a Pennsylvania limited partnership, has been created as a new single purpose entity, by Four Freedoms House of Philadelphia, Inc., a Pennsylvania non-profit corporation, and FFPH Housing Management LLC, a Pennsylvania limited liability company, to acquire and preserve Four Freedoms House and Philip Murray House. Four Freedoms House of Philadelphia, Inc. will serve as the 0.001% General Partner and FFPH Housing Management LLC, a subsidiary of Vitus Development II, will serve as a 0.009% special limited partner.

2. Development Team Members

Sponsor:	Vitus Development II, LLC Craig Ratchford New York, NY
Owner:	FFPM Housing Partners, LP Craig Ratchford New York, NY
Attorney:	Berman Indictor LLP Steve Berman Philadelphia, PA
Architect:	The Architectural Team, Inc. Phil Renzi Chelsea, MA
Four Freedoms House Contractor:	Keith Construction, Inc. Dan Carleton Canton, MA
Philip Murray House Contractor:	Apollon Contracting LLC Jerome H. Blue Roslyn Heights, NY
Management Agent:	Prudent Property Managers, Inc. Mark Hildebrandt Miami Beach, FL

Site Description

Located in a mixed residential and commercial area, the neighborhood is highly walkable, and is in close proximity to the main neighborhood amenities, including grocery store, pharmacy, restaurants, schools and recreation. Site control is in the form of a Real Estate Purchase and Sale Agreement, which extends to November 30, 2015, with an extension available.

Conditions

Final commitment of the bond financing will be conditioned upon receipt and review of the following:

1. Submission, review, and approval of all documentation necessary to secure construction and permanent loan financing of the project.
2. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended, and all applicable requirements of the Agency's Year 2015 Tax Credit Program have been met.
3. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Internal Revenue Code of 1986, as amended, have been met.
4. Compliance with the timeframes and deadlines established by the Agency in the 2015 Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Volume Cap Request for Proposals.
5. Evidence of the commitment of construction and permanent financing in an amount sufficient to ensure financial feasibility of the project.
6. 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.
7. Evidence of the contribution of equity in an amount sufficient to ensure the financial feasibility of the project.
8. Evidence of the satisfaction of accessibility requirements.
9. Submission, review, and approval of the final terms and conditions for the syndication of the Low Income Housing Tax Credits.
10. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
11. Evidence of appropriate documents reflecting the necessary approvals from HUD, as applicable.
12. Evidence of appropriate documents reflecting the final approval of all necessary financing documents by Freddie Mac.
13. 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. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond closing.

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$32,500,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Note
(Four Freedoms House and Philip Murray House)**

Adopted: November 12, 2015

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$32,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT NOTE
(Four Freedoms House and Philip Murray House)**

WHEREAS, the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "**Act**"), determines and declares that the welfare of the Commonwealth of Pennsylvania (the "**Commonwealth**") is threatened by an inadequate supply of housing for persons and families of low and moderate income and the elderly; that the housing need for persons and families of low and moderate income and the elderly has not had economic expression in a market demand sufficient to encourage greater production of such housing by private industry due to high construction costs, a scarcity of financing and increased interest rates; that necessary governmental activities in urban renewal programs and under regulatory laws protecting health and safety face serious curtailment or interruption unless it becomes economically feasible for persons and families to acquire housing in place of the dwellings being eliminated by such activities; that the Commonwealth has a strong moral responsibility to assist in providing opportunity for the rental of relocation housing by persons and families displaced by necessary governmental activities and a general responsibility to eliminate conditions which prevent private industry from supplying housing to relieve the general shortage of housing; that private industry alone is unable to provide financing necessary for housing for persons and families of low and moderate income at a cost which such persons and families can afford; that the financing provided for in the Act will encourage greater expenditure of private capital for housing; and that there is a clear relationship between the provision of adequate, safe and sanitary housing and the advancement of public health and morals and the prevention of fire, accident and crime; and

WHEREAS, the Act empowers the Pennsylvania Housing Finance Agency (the "**Agency**") to make loans to eligible borrowers to provide for the construction, rehabilitation or permanent financing of such residential housing developments as in the judgment of the Agency have promise of supplying well planned, well designed apartment units which will provide housing for low and moderate income persons or families or the elderly and others in locations where there is a need for such housing and to purchase, service and sell such loans and to accept grants and subsidies from and to enter into agreements or other transactions with any federal agency or agency of the Commonwealth or other entity and to do all things necessary or convenient to carry out the powers granted by the Act; and

WHEREAS, the Agency is further authorized to issue and sell, subject to written approval by the Governor, bonds or notes in such principal amounts as, in the opinion of the Agency, are necessary to provide sufficient funds for achieving its corporate purposes; and

WHEREAS, the Agency has the power to invest any funds held in reserve or sinking funds and any funds not required for immediate disbursement in such investments as may be lawful for fiduciaries under any law of the Commonwealth, and the Agency may pledge reserve funds to the holders of bonds or notes which are issued pursuant to the Act and proceeds of loans created therefor by the Agency, all or any part of the assets acquired by the Agency pursuant to the Act, and any other lawfully available money to secure the payment of such bonds or notes; and

WHEREAS, the Act provides that bonds or notes issued by the Agency may be secured by a trust agreement by and between it and a trustee and that the resolution providing for the issuance of such bonds or notes or such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Agency in relation to the custody, safeguarding and application of all moneys, may set forth the rights and remedies of the bondholders or noteholders and of the trustee, and may contain such other provisions as the Agency may deem reasonable and proper for the security of the bondholders or noteholders; and

WHEREAS, PNC Bank, National Association (the "**Initial Funding Lender**"), or such successor entity as may be approved by the Agency, will make a loan to the Agency to provide funding for the Project (the "**Funding Loan**"), and certain documents to evidence the transaction, including the note to be issued by the Agency evidencing the Funding Loan (the "**Funding Loan Note**") and other financing documentation relating to the Project, will be prepared; and

WHEREAS, the Agency has determined to issue and secure the Funding Loan Note in accordance with, pursuant to and under this Resolution and a Funding Loan Agreement by and among the Initial Funding Lender, the Agency and a fiscal agent ("**Fiscal Agent**") to be determined (such operative documents shall be referred to hereinafter collectively as the "**Funding Loan Agreement**"); and

WHEREAS, FFPM Housing Partners, LP, a Pennsylvania limited partnership (the "**Borrower**"), has requested financing from the Agency in an amount not to exceed \$32,500,000 (the "**Project Loan**") to fund a portion of the costs of acquiring and renovating a multifamily residential rental housing project known as "Four Freedoms House and Philip Murray House", located at 6101 Morris Street, Philadelphia, and 6300 Old York Road, Philadelphia, in Philadelphia County, Pennsylvania (the "**Project**"); and

WHEREAS, the Agency will issue the Funding Loan Note pursuant to the Funding Loan Agreement and use the proceeds thereof to fund the Project Loan to the Borrower pursuant to a Project Loan Agreement by and among the Agency, the Fiscal Agent and the Borrower (the "**Project Loan Agreement**"); and

WHEREAS, the Agency may use a portion of the proceeds of the Funding Loan Note to reimburse itself or the Borrower for original expenditures paid prior to the date of issuance of the Funding Loan Note; and

WHEREAS, this Resolution is intended, inter alia, to constitute a statement of "Official Intent" pursuant to Treasury Regulations §1.150-2, T.D. 8476 (the "**Treasury Regulations**"); and

WHEREAS, following the closing of the Funding Loan and Project Loan, the Funding Loan Note is expected to be purchased and held by the Federal Home Loan Mortgage Corporation ("**Freddie Mac**").

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS FOLLOWS:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

Section 101. Authority for Resolution. This Resolution (hereinafter referred to as the "**Resolution**") is adopted pursuant to the authority granted to the Agency in the Act.

Section 102. Definitions. All terms which are used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement.

ARTICLE II AUTHORIZATION OF NOTE

Section 201. Principal Amount and Designation. The Funding Loan Note is hereby authorized to be issued in an aggregate principal amount not to exceed \$32,500,000. The Funding Loan Note shall be issued pursuant in all respects to the terms of this Resolution.

Section 202. Purposes. The Funding Loan Note is being issued as special and limited obligation of the Agency, payable solely out of the moneys derived pursuant to the Funding Loan Agreement and the Project Loan Agreement and the Project Note evidencing the Project Loan to the Borrower. Proceeds of the Funding Loan Note shall be used for the payment of qualified costs associated with the acquisition, construction, renovation, equipping and/or improvement of the Project, and may be applied to certain costs of issuance; and which Project is in every respect intended to qualify as a "residential rental facility" under the exempt facility provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "**Code**").

Section 203. Conditions. This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Year 2015 Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code and to the Agency's tax-exempt financing have been met; (d) compliance with all timeframes and deadlines established by the Agency; (e) evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the Project and to provide appropriate security for the Funding Loan Note; (f) evidence of the commitment to serve low income tenants for a period of not less than thirty (30) years, which will be included in the Restrictive Covenant Agreement; (g) contribution of equity in an amount sufficient to ensure the financial feasibility of the development; (h) evidence of the satisfaction of accessibility requirements; (i) submission, review, and approval of the final terms and conditions for the syndication of the Low Income Housing Tax Credits; (j) final underwriting of the application for tax-exempt financing and low income housing tax credits; (k) evidence of all necessary HUD approvals, including of the current HUD Section 8 HAP Contracts for a period of not less than 20 years and of the budgeted pre- and post-rehabilitation rents; (l) evidence reflecting the final approval of all necessary financing documents by Freddie Mac; and (m) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of loan closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Funding Loan Note shall be dated the date of its issuance, except as may be otherwise provided in the Funding Loan Agreement or the Funding Loan Note. The maturity date, interest rate (which may be fixed or variable), interest payment dates, place of payment and other terms of the Funding Loan Note shall be as provided in the Funding Loan Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Funding Loan Note shall not exceed \$32,500,000; the interest rate on the Funding Loan Note shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting and agreed upon by the Initial Funding Lender and Freddie Mac; and the final maturity of

the Funding Loan Note shall be no later than 18 years, or such date supported by the final underwriting (whichever is shorter).

Section 205. Payments. The Funding Loan Note shall bear interest from its dated date and shall be payable as set forth in the Funding Loan Note and the Funding Loan Agreement, until the date of maturity of the Funding Loan Note or prepayment prior to maturity, as provided in the Funding Loan Agreement. All principal shall be due at maturity or prepayment prior to maturity, as provided in the Funding Loan Agreement.

Section 206. Form. The Funding Loan Note shall be in substantially the form and tenor prescribed in the Funding Loan Agreement.

Section 207. Execution of Funding Loan Note. The Funding Loan Note shall be executed by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance and the seal of the Agency or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Funding Loan Note and attested by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel, Director of Finance or Secretary of the Agency. The Funding Loan Note shall be delivered to or on behalf of the Initial Funding Lender.

Section 208. Place of Payment. The principal payments, including payments upon prepayment, of the Funding Loan Note shall be payable as provided in the Funding Loan Agreement.

Section 209. Prepayment. The Funding Loan Note shall be subject to prepayment as provided in the Funding Loan Agreement.

Section 210. Execution of Agreements. Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Funding Loan Note, the Funding Loan Agreement and the Project Loan Agreement, with such final terms and provisions as their counsel may deem advisable, provided that the Funding Loan Note shall contain such substantive terms and provisions materially consistent with this Resolution.

ARTICLE III NOTE PROCEEDS AND PAYMENTS OF COSTS

Section 301. Note Proceeds. Pursuant to the Funding Loan Agreement, upon receipt of the proceeds of Funding Loan and the issuance of the Funding Loan Note in connection therewith, such proceeds shall be advanced to the Borrower pursuant to the Project Loan Agreement.

Section 302. Payments of Costs. At closing, the Borrower shall pay the costs, expenses and professional fees associated with the issuance of the Funding Loan Note.

ARTICLE IV SECURITY FOR THE NOTE

Section 401. Limited Obligation. The Funding Loan Note shall be a special and limited obligation of the Agency, and shall be payable only from funds paid by or on behalf of Borrower for such purposes. The Funding Loan Note shall be secured by the collateral described in the Funding Loan Agreement as security for the noteholder. The Funding Loan Note shall contain a statement therein to the

effect that the obligations of the Agency on the Funding Loan Note are expressly limited to and are payable solely from the sources described in the Funding Loan Agreement.

Section 402. Credit of Commonwealth Not Pledged. The Funding Loan Note shall contain therein a statement to the effect that the Funding Loan Note shall be a special and limited obligation of the Agency payable only from the sources provided in the Funding Loan Agreement, that neither the Commonwealth nor any political subdivision thereof shall be liable on the Funding Loan Note and that neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Funding Loan Note. Neither the members of the Board nor the officers of the Agency nor any person executing the Funding Loan Note shall be liable personally on the Funding Loan Note or be subject to any personal liability or accountability by reason of the issuance thereof.

ARTICLE V MISCELLANEOUS

Section 501. Authorization of Officers. The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Funding Loan Note and the Funding Loan Agreement as shall, with the advice of the Agency Chief Counsel and Bond Counsel, be advisable.

Section 502. Covenant to Comply with Federal Tax Requirements. The Agency hereby covenants to comply, and to take appropriate steps to ensure that the Borrower complies, with all applicable requirements of the Code so that interest on the Funding Loan Note will be excluded from gross income of the holders thereof for federal income tax purposes, including all applicable requirements of the Code regarding the provision of funds for qualified residential rental properties, investment of proceeds, treatment of fund investment earnings, repayments or unused proceeds, restriction of earnings on reserve funds, and rebate and yield restrictions set forth in Section 148 of the Code. The Agency also covenants to make any required payment imposed by the United States to maintain compliance with said requirements from time to time as required by Section 148 of the Code (or by applicable subsequent Treasury Regulation.) The Agency shall require that Borrower contract for and fund the retention of qualified computation advisers to perform all applicable disclosure and federal tax compliance requirements.

Section 503. Official Intent. In accordance with Treasury Reg. §1.150-2, the Agency hereby confirms its intentions that a portion of the proceeds of the Funding Loan Note may be used to reimburse itself or the Borrower for qualifying expenditures paid prior to the date of issuance of the Funding Loan Note. All original expenditures to be reimbursed will be capital expenditures (as defined in Treas. Reg. Sec. 1.150-1(b)) and other amounts permitted to be reimbursed pursuant to Treas. Reg. Sec. 1.150-2(d)(3) and (f).

Section 504. Effective Date and Validity. This Resolution shall take effect immediately and shall remain in effect until specifically repealed.