

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 11, 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, February 9, 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, February 9, 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, FEBRUARY 11, 2016

10:30 A.M.

A G E N D A

1. CALL TO ORDER AND ROLL CALL
2. ELECTION OF VICE CHAIRMAN OF THE BOARD
3. APPROVAL OF THE MINUTES FROM THE DECEMBER 10, 2015 BOARD MEETING
4. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Request for an Allocation of Tax Exempt Issuing Authority
 1. Carson Towers, Pittsburgh, Allegheny County
 - B. Other Business
5. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BOND ISSUES –
SERIES 2016-119 AND SERIES 2016-120
6. OTHER BUSINESS
7. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
December 10, 2015**

Members Present:

Robin Wiessmann, Chair
Thomas B. Hagen, Vice Chair
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
*Ross Nese
*John Paone
Keith Welks (serving in the stead of
Timothy Reese, State Treasurer)
Mark Schwartz

*On Telephone conference call

Members Absent:

Craig H. Alexander

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
Melissa Raffensperger, Policy Associate
JoLynn Stoy, Associate Counsel
Jada Greenhowe, Assistant Counsel
Clay Lambert, Business Policy Officer
Thomas Brzana, Director of Loan Servicing
Joseph Knopic, Director of Finance
Chris Anderson, Communications Officer
Steve O'Neill, Assistant Counsel
David Doray, Manager of Multifamily Underwriting
Nancy Twyman, Director of Eastern Region
Lisa Case, Manager of Project Operations

Jordan Laird, Manager of Investments
Stan Salwocki, Manager of Architecture and Engineering
Barbara Stephens, Public Affairs Officer
Carla Falkenstein, Director of Western Region
Charlotte Folmer, Sr. Asset and Compliance Officer
Lori Toia, Director of HEMAP
Larry Jackson, Manager of Internal Audit
James Smith, Assistant Director of Loan Servicing
Julius Coursey, Wells Fargo
Michael Baumrin, RBC
Michael Judge, Bank of New York Mellon
Steve Baloga, Mitchell Titus
Mitch Gallo, RBC
Dan Rosen, Bank of New York Mellon
Alan Jaffe, JP Morgan
Cindy Daley, Housing Alliance
*Ken Robertson, Cherry Grove Apartments
*Gil Steton, Cherry Grove Apartments
*Jonette Hahn, Cherry Grove Apartments
Maggie 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, December 10, 2015 at 9:30 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 December 1, 2015.

1. **CALL TO ORDER AND ROLL CALL**

The meeting was called to order by Chair Wiessmann at 9:30 a.m. The roll was called and a quorum was present.

2. **APPROVAL OF THE MINUTES FROM THE NOVEMBER 12, 2015 BOARD MEETING**

There were no additions or corrections to the minutes.

Mr. Hagen made a motion that the minutes from the November 12, 2015 Board meeting be approved as submitted. This motion was seconded by Mr. Schwartz 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. **Request for an Allocation of Tax Exempt Issuing Authority**

1. **Cherry Grove Apartments, Altoona, Blair County**

Mr. Doray reported that the owner is requesting tax-exempt bond financing in an amount not to exceed \$6,000,000 for the acquisition and substantial rehabilitation of this 76 unit development. He briefly reviewed the project specifics for the Board noting that staff recommends approval of this request.

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 \$6,000,000 maximum aggregate principal amount of Special Limited Obligation Multifamily Housing Development Notes for Cherry Grove Apartments. This motion was seconded by Mr. Schwartz and was unanimously approved. (See Appendix 1 of these Minutes.)

Ms. Hahn representing the sponsor thanked the Board for their approval of their request.

B. **Other Business**

1. **Lindley Court**

Ms. Glauser reported that the Agency has received a request for the reallocation of tax credits for the Lindley Court project located in Philadelphia. The project previously received a 2013 tax credit reservation but has encountered construction delays. Staff is requesting the Board's approval to reallocate 2015 tax credits to this project recapturing the 2013 credits.

The Program and Development Review Committee was unable to take action on this issue because of a lack of a quorum, therefore, it is presented to the Board for approval.

Ms. Gaffney made the motion that the Lindley Court be reallocated 2015 tax credits. This motion was seconded by Mr. Welks and was unanimously approved.

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 annual policy meeting held with staff was very informative. He thanked those Board members who attended and noted that the meeting and its preparation was very well done by staff.

A. **Approval of Agency Set-Aside of Funds for 2016**

Mr. Hudson reported that staff is recommending that the Board authorize the set-aside of funds for 2016 in the following amounts: Homebuyer/owner Counseling Programs - \$1,500,000 and the ReCLAIM program - \$1,500,000.

Mr. Schwartz made the motion that the Board authorize the set-aside and reservation of available funds for Agency programs and initiatives in 2016 as reported by Mr. Hudson. This motion was seconded by Mr. Hagen and was unanimously approved. (See Appendix 2 of these Minutes.)

B. **Review of Housing Trust Fund/Marcellus Shale Proposed Plan for 2016**

Mr. Maretzki reported that no action is required by the Board on this proposed plan. He stated that the Agency is required to adopt a plan each year establishing program priorities and describing the method in which the funds will be distributed. The proposed plan will be submitted for public comment and then will be presented to the Board for final approval at a later date.

He briefly reviewed the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program (PHARE).

There were no questions from the Board.

C. **Other Business**

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

5. **STATEWIDE MORTGAGE CREDIT CERTIFICATE PROGRAM**

Ms. Peace reported that the Mortgage Credit Certificate Program (MCC) offers an alternative to the mortgage revenue bond program. The MCC program provides direct limited tax credits to homeowners to offset their federal tax liability. These credits can be used with most mortgage loans and may serve as a home buying incentive. The Agency has used this program successfully in the past.

The Agency is requesting an allocation of approximately \$400,000,000 as a result of electing not to issue mortgage revenue bonds under federal tax law. This election will result in approximately \$100,000,000 in MCC authority and should subsidize approximately 800 mortgage loans.

Staff requests the Board's approval of this conversion.

Mr. Schwartz made the motion that the Board approve the resolution authorizing the conversion of housing related bond volume cap allocation and related matters for the implementation and administration of a statewide Mortgage Credit Certificate Program. This motion was seconded by Mr. Hagen and was unanimously approved. (See Appendix 3 of these Minutes.)

6. HEMAP COMMITTEE REPORT

Mr. Paone, as chair of the HEMAP Committee, requested that Mr. Hudson report on the HEMAP Committee meeting.

Mr. Hudson stated that the HEMAP Committee met with Mitchell/Titus, the auditors for the program to review the financial statements. There were no concerns or issues. He noted that the program will continue through at least 2017 while receiving funding from the mortgage settlement.

The Committee accepted the report of Mitchell/Tutus.

There were no questions from the Board.

Mr. Schwartz noted that the loan made to the HEMAP program by the Agency has been repaid.

7. AUDIT COMMITTEE REPORT

Mr. Meade, as chair of the Audit Committee, requested that Mr. Hudson report on the Audit Committee meeting.

Mr. Hudson stated that the Audit Committee met with KPMG, the auditors for the Agency, to review the Agency's financial statements. There were no concerns or issues noted to the Agency's financial statements.

The Committee accepted the report of KPMG.

There were no comments or questions from the Board.

8. INVESTMENT BANKER REPORT

Mr. Baumrin of RBC Capital Markets distributed an Economic and Interest Rate Outlook booklet. He briefly reviewed its contents noting that strong employment data has been recorded and wage growth and salaries have begun to increase slightly. He noted that consumer spending has also begun to pick up as a result but job growth will likely slow down.

Mr. Baumrin stated that the collapse in oil prices has produced a downward impact on inflation.

Housing starts are slow but housing remains as the largest expenditure of personal consumption. Mr. Baumrin noted, however, that homeownership rates continue to decline as more Americans move toward renting.

Mr. Baumrin stated that the GDP is around three percent and that the economy appears to be expanding steadily.

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. ReCLAIM Program

Mr. Hudson reported that the Agency's first ReCLAIM loan in Hazelwood has closed. He reported that \$900,000 was awarded to ACTION Housing to create this mixed use project. The total development cost is expected to total \$4,300,000.

B. No January 2016 Board Meeting

Mr. Hudson reported that no January 2016 Board meeting has been scheduled. Should a meeting become necessary, the Secretary will contact the members.

C. Thank You to Staff

Mr. Hudson thanked staff for their efforts in preparing reports for the Board during the policy session.

Ms. Glover added that she appreciates the follow up from the policy meeting by staff. They provided the information she requested in a very timely manner.

D. PHFA's Building Expansion

Mr. Hagen requested an update on the Harrisburg building expansion project. Mr. Hudson reported that all approvals have been received from the City of Harrisburg and that the project should begin sometime in the spring of next year. He would expect the expansion should be completed by 2017.

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. Chair Wiessmann adjourned the meeting of the Board at 10:10 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, 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

TAX-EXEMPT BOND ISSUING AUTHORITY

Pennsylvania Housing Finance Agency
January 29, 2016

SUBJECT: Carson Towers Apartments

Request for Tax-Exempt Issuance Authority
Tax-Exempt Bond/Tax Credit Development: PHFA No. TC2016-101, 133 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



Proposal Description

Carson Towers Apartments is located at 2117 East Carson Street in a mixed residential/commercial area in the South Side neighborhood of Pittsburgh. This proposal is for the acquisition and moderate rehabilitation of one seven-story building with two elevators for senior occupancy, ages 62 and above, and non-elderly people with disabilities. There are 133 one-bedroom units. The building consists of four unified buildings separately constructed between 1907 and 1977, and includes the former St. Joseph's Hospital. The structural system is concrete masonry block, steel frame and reinforced concrete slabs, with a brick, limestone panels and EIFS exterior finish. The development contains a total of 116,000 square feet and approximately 0.98 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-exempt loan – Citibank, N.A.	\$18,180,000
Deferred developer fee and reserves	3,874,916
Equity from the sale of tax credits	<u>2,734,325</u>
Total Development Cost	\$24,789,241

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Tax exempt loan– Citibank, N.A.	\$18,180,000
Deferred developer fee	483,704
Equity from the sale of tax credits	<u>6,125,537</u>
Total Development Cost	\$24,789,241

3. Development Costs

The Agency will be the conduit issuer of the tax-exempt loan which will be structured using Citibank, N.A's Back-to-Back loan structure. Citibank, N.A. will be the funding lender. The loan proceeds will be used to establish an escrow from which funds will be disbursed during construction.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$ 5,626,678	\$42,406	\$49
Replacement Cost	\$20,745,925	\$155,984	\$179
Total Replacement Costs & Reserves	\$23,120,841	\$173,841	\$199
Total Development Costs	\$24,789,241	\$186,385	\$244
Tax-Exempt Bond	\$18,180,000	\$136,692	\$140
Acquisition Costs	\$13,600,000	\$102,257	\$105

4. Leveraging of Other Resources

The owner anticipates that Alliant Capital, LTD will provide an equity contribution of \$6,125,537 from the proceeds of the syndication of Federal Low Income Housing Tax Credits, with a net pay-in of \$1.01. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$600,484. Developments financed with tax-exempt private activity bonds or notes 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
1 BR	133	550	\$292	\$46	\$983	\$1321
Total	133					

All units receive rental assistance under an existing HUD Section 8 Project Rental Assistance Contract. A new contract extending the term for an additional twenty years will be signed at closing.

Twenty-seven units will be available to tenants earning up to 50% of the area median income and 106 units will be available to tenants earning up to 60% of area median income.

6. Commercial Space

There is a rooftop cell tower.

7. Relocation

Seven tenants will be temporarily displaced in order to create seven fully accessible units. These tenants will be temporarily relocated to a vacant unit in the development during renovations. A preliminary review of the rent roll indicates three tenants having incomes exceeding the tax credit program limits. Any over income tenants will be provided relocation benefits. The budget provides for the cost of temporary relocation and permanent relocation as needed to complete unit renovations.

8. Supportive Services

A broad array of services will be provided to enable tenants to age in place. Apartment Management Consultants, LLC will establish a program of senior services and services for tenants with disabilities which includes linkages to a number of community service providers.

Development Team

1. Identification of Owner

The owner of this development will be Standard Carson Venture, LP, a Pennsylvania limited partnership, with Standard Carson Manager LLC as its general partner.

2. Development Team Members

Sponsor:	Standard Property Company Inc. Joseph Ouellette Los Angeles, CA
Owner:	Standard Carson Venture LP Joseph Ouellette Los Angeles, CA
Attorney:	Rutan & Tucker, LLP Randall Babbush Costa Mesa, CA
Architect:	Architectural Concepts, P.C. Bruce Weinstein Exton, PA
Contractor:	Caldwell, Heckles & Egan, Inc. Peter C. Egan Lancaster, PA
Management Agent:	Apartment Management Consultants, LLC Renee Lee Bolingbrook, IL

Site Description

The site is located in a mixed residential/commercial area in the South Side neighborhood of the City of Pittsburgh. The site is level and pedestrian access to the site is available from East Carson Street, East Wrights Way and 22nd Street.

Many neighborhood amenities are located within a few blocks of the site and the public transit bus stops at two covered stops on the site providing access to the additional services in the South Side and downtown.

Conditions

Final commitment of the tax-exempt issuance authority will be conditioned upon receipt 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 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 Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals.
5. Evidence of the commitment of construction and permanent financing in amounts 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 satisfaction of accessibility requirements.
8. Contribution of equity in an amount sufficient to ensure the financial feasibility of the development.
9. Final underwriting of the application for tax-exempt financing and low income housing tax credits.
10. Evidence of the final approval from HUD of the pre- and post-rehab rents as stated in the application and the extension and assignment of the current HUD Section 8 HAP Contract for a period of not less than 20 years and the transfer.
11. Submission of two sets of complete full-size architectural plans and specifications at least 60 days prior to the construction/tax-exempt 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 \$18,500,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Note
(Carson Towers Apartments)**

Adopted: February 11, 2016

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$18,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT NOTE
(Carson Towers Apartments)**

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, Citi Community Capital, a division of Citibank, N.A. (the "**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, a loan agreement and/or similar loan or financing agreements (such operative documents shall be referred to hereinafter collectively as the "**Funding Loan Agreement**"); and

WHEREAS, Standard Carson Venture LP, , a Pennsylvania limited partnership (the "**Borrower**") sponsored by Standard Property Company Inc., a California corporation, has requested financing from the Agency in an amount not to exceed \$18,500,000 (the "**Project Loan**") to fund a portion of the costs of acquiring and renovating one seven story building for senior and non-elderly disabled occupancy, known as "Carson Tower Apartments", comprised of 133 units in Pittsburgh, Allegheny County, Pennsylvania (the "**Project**"); and

WHEREAS, the Agency will issue the Funding Loan Note and use the proceeds thereof to fund the Project Loan to the Borrower pursuant to a loan agreement between the Agency 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**").

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 \$18,500,000. The Funding Loan Note shall carry the designation set forth in the Funding Loan Agreement. 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 a special and limited obligation of the Agency, payable solely out of the moneys derived pursuant to the Funding Loan Agreement, the Project Loan Agreement and the Project Note evidencing the Project Loan. 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 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 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; (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) 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 financing and low income housing tax credits; (j) evidence of final HUD approval off the pre- and post-rehab rents as stated in the application and the extension and assignment 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 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 the loan closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Funding Loan Note shall be dated the date of issuance, except as may be otherwise provided in the Funding Loan Agreement or the Funding Loan Note. The maturity date, interest rate or rates (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 \$18,500,000; 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 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 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 Agreement. 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 the 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 Funding Lender. 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 Counsel and Bond Counsel, be advisable.

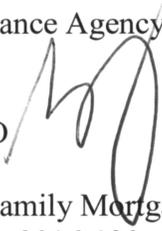
Section 502. Covenant to Comply with Federal Tax Requirements. The Agency hereby covenants to comply, and to take appropriate steps to ensure that the Borrower complies, with all applicable requirements of the Code so that interest on the Funding Loan Note will be excluded from gross income of the holders 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.

February 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 2016-119 and Series 2016-120

The Agency continues to take advantage of market conditions to restructure its outstanding variable rate debt. We closed our Series 118 bond issue in December 2015.

Given favorable market conditions, I am requesting your approval for the sale of our Series 2016-119 and 2016-120 to restructure outstanding variable rate debt and provide new mortgage funding at attractive interest rates.

Attached are resolutions authorizing the sale of Series 119 and 120, delegating final terms and conditions to the Finance Committee.

Attachments

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 2016-119

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 2016-119 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 11th day of February, 2016 as follows:

Section 1. Adoption of the Series 2016-119 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 2016-119 (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 2016-119 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 2016-119 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 2016-119 Bonds shall not exceed \$300,000,000, (ii) the final maturity of the Series 2016-119 Bonds shall be no later than 2048, and (iii) the initial interest rate or rates on the Series 2016-119 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. The Executive Director 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.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 2016-120

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 2016-120 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 11th day of February, 2016 as follows:

Section 1. Adoption of the Series 2016-120 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 2016-120 (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 2016-120 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 2016-120 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 2016-120 Bonds shall not exceed \$300,000,000, (ii) the final maturity of the Series 2016-120 Bonds shall be no later than 2048, and (iii) the initial interest rate or rates on the Series 2016-120 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. The Executive Director 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.