

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 scheduled for Thursday, July 9, 2020 has been rescheduled for **Thursday, August 13, 2020 at 10:30 a.m. via conference call** (conf. call: 844.874.0853; access code: 9653125108). **PLEASE NOTE THIS IS A CHANGE IN MEETING DATE.** Due to COVID-19, no physical meeting space will be provided for this meeting. 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 participate in this meeting and require an auxiliary aid, service or other accommodation to participate, please contact the Secretary by Thursday, July 30, 2020 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 Thursday, July 30, 2020 in writing by emailing phfaboard@phfa.org and detail the nature of their presentation.

Margaret Strawser
Secretary
Phone: 717.780.3845
phfaboard@phfa.org
TTY (in Pennsylvania): 711

BOARD MEETING AGENDA
THURSDAY, AUGUST 13, 2020

10:30 A.M.

A G E N D A

1. CALL TO ORDER AND ROLL CALL
2. APPROVAL OF THE MINUTES FROM THE JUNE 18, 2020 BOARD MEETING
3. RECOGNITION OF RETIREE
4. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Approval of Transfer of General Partner Interests - Legacy Commons
 - B. Review and Approval of the 2020 PHARE Allocation of Resources
 - C. Review and Approval of the 2020 LIHTC Allocation of Resources
 - C. Other Business
5. CARES FUNDING UPDATE
6. INVESTMENT BANKER REPORT
7. OTHER BUSINESS
8. PUBLIC COMMENTS
9. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
June 18, 2020**

Members Present:

- *Richard Vague, Acting Chair
- *Mark Schwartz, Vice Chair
- *Maria F. Coutts
- *Ronald F. Croushore
- *Kathy Possinger (serving in the stead of Dennis Davin, Secretary, Department of Community and Economic Development)
- *Mark Dombrowski
- *Beth Ellis (serving in the stead of Teresa Miller, Secretary, Department of Human Services)
- *Jennifer Koppel
- *Gary E. Lenker
- *Robert Loughery
- *John P. O'Neill
- *John Paone
- *Keith Welks (serving in the stead of Joseph Torsella, State Treasurer)

Members Absent:

Ross Nese

*On Telephone conference call

Others Present:

- *Robin L. Wiessmann, Executive Director & CEO
- *Leonidas Pandeladis, Deputy Executive Director and Chief Counsel
- *Holly Glauser, Director of Development
- *Jordan Laird, Director of Finance
- *Bryce Maretzki, Director of Strategic Planning & Policy
- *Adrienne Trumpy, Director of Accounting
- *Scott Elliott, Director of Communications
- *Kathryn Newton, Director of Loan Servicing
- *Melissa Grover, Director of Government Affairs
- *Coleen Baumert, Director of Homeownership Programs
- *Ali Tomich, Director of Western Region
- *Jay Hausher, Director of Eastern Region
- *Carl Dudeck, Director of Housing Management
- *Lori Toia, Director of Homeowners Emergency Mortgage Assistance Program (HEMAP)
- *Susan Delgado, Director of Human Resources
- *Kimberly Boal, Director of Information Technology
- *Wendy Gessner, Director of Commonwealth Cornerstone Group
- *Linda Stewart, Manager of Tax Credit Program
- *Larry Jackson, Manager of Internal Audit

- *Terri Redmond, Director of Counseling
- *Lisa Case, Manager of Project Operations
- *David Doray, Manager of Multifamily Underwriting
- *Heather Shull, Manager of Investments
- *Chris Anderson, Communications Officer
- *Steve O'Neill, Assistant Counsel
- *Aaron Son, Special Assistant of Policy and Finance
- *Shelby Rexrode, Policy Officer
- *Clay Lambert, Business Policy Officer
- *Kurtis Liverling, Manager of Financial Operations
- *Lauren Starlings, Assistant Counsel
- *Jada Greenhowe, Assistant Counsel
- *David Gregorits, Development Officer
- *Kelly Wilson, Senior Development Officer
- *Sherry Pates, Development Officer
- *Demier Casteel, Development Officer
- *Leighton Stiffler, Internal Audit Officer
- *Charlene White, Escrow Officer
- *Stan Salwocki, Manager of Architecture and Engineering
- *Gena Hudson, Quality Control Officer
- *Alan Flannigan, Department of Banking and Securities
- *Kia Buckner, Horsey, Buckner & Heffler, LLP
- *Alexander Yanko and Craig Swallow, KPMG
- *Jennifer Shockley, Pennsylvania Developer's Council
- *Kathryn Evans, Chris Dirr and Mike Zelenkofski, Melton Senior Center
- *Jocelyn Torio and Stuart Poppel, Esquire, HELP VI
- *Andy Haines, Natrona Heights
- *Victor Rodriguez, Penn Hills
- *Josh Cohen, Quianna Wasler and David Motley, North Negley Residences
- *Eden Roberts, Red Clay Manor I
- *George Werner, Piper Sandler & Co.
- *Nicholas Fluehr and Matthew Engler, Wells Fargo
- *Mitch Gallo and Michael Baumrin, RBC Capital Markets
- *Barry Gottfried, Stifel
- *Alan Jaffe and Bob Foggio, Jefferies
- *Vikram Shah and Albert Luong, Barclays
- *Joseph Monitto and David Notkin, Bank of America Securities
- *Joe Tait, Raymond James
- *Allison Hutchings, Assistant Secretary
- *Jeannie Galloway, Assistant Secretary
- *Kimberly Smeal, Assistant Secretary
- *Margaret Strawser, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency, which offices are located at 211 North Front Street, Harrisburg, Pennsylvania, was held on Thursday,

June 18, 2020 at 10:30 a.m. via conference call. Due to COVID-19, no physical meeting space was provided for this meeting.

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 June 7, 2020.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Acting Chair Vague at 10:33 a.m. The roll was called and a quorum was present.

2. APPROVAL OF THE MINUTES FROM THE MAY 14, 2020 BOARD MEETING

There were no additions or corrections to the minutes as presented.

A motion was made to approve the minutes from the May 14, 2020 Board Meeting. This motion was seconded and was unanimously approved.

3. RECOGNITION OF RETIREES

Director Wiessmann recognized three Agency employees who will be retiring at the end of June. Charlene White, Escrow Officer in the Loan Servicing Division, has been with the Agency for 19 years; Stan Salwocki, Manager of Architecture and Engineering in the Technical Services Division, has been with the Agency 20 years; and Gena Hudson, Quality Control Officer in the Executive Division, has been with the Agency 28 years. The Director thanked each of the employees for their dedication and service to the Agency. The employees agreed it has been an honor and a privilege to work for Agency and offered best wishes for continued success and health to each other and to the Agency.

Acting Chair Vague also offered his thanks and congratulations. He indicated it is the heart and soul of any organization to be fortunate to have such employees with the longevity of the three honored today.

4. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT

Mr. Welks, as Chair of the Program and Development Review Committee, reported that the Committee met prior to the Board meeting to discuss and review the following items.

A. Portfolio Preservation Refinancing – Kelly Apartments

Mr. Dudeck reported that the owner of Kelly Apartments has requested permission to prepay the mortgage. In order to accommodate the request, the Agency must be assured the development will extend the use agreement (in the form of a regulatory agreement) to ensure that the units remain as affordable housing stock in Pennsylvania for at least 30 years. The Agency

must not incur any economic losses due to the refinancing and no economic hardship will be incurred by the development. Kelly Apartments is an 80-unit property, located in Lewisburg, Union County. The Agency currently holds two mortgages against the property which were funded in 2004. In order to retain the affordability of the development, the owner will enter into an extended use agreement, in the form of a regulatory agreement.

Mr. Welks indicated the Committee has considered this request and made a motion that the Board approve the resolution authorizing portfolio preservation refinancing for Kelly Apartments. This motion was seconded by Mr. Loughery and was unanimously approved. (See Appendix 1 of these Minutes.)

B. Commitment of First Mortgage Financing

Mr. Welks reported that the Committee also reviewed the first mortgage financing request of six different developments. Each development's funding request would be discussed individually with the approval being in the aggregate. He asked Ms. Glauser to provide a summary to the Members of the Board. Ms. Glauser indicated that all the developments being presented today previously received low-income housing tax credits in July 2019. Members from each of the respective development teams are participating on today's conference call. Following each presentation, staff will recognize the development team members.

i. Melton Senior Center

Ms. Pates provided an overview of the proposal for Melton Senior Center. The development is located in West Chester and is currently under a ground lease agreement until December 31, 2021. The developer has requested first mortgage financing from the Agency in the amount of \$3 million. Ms. Kathryn Evans, from Melon Center Apartments, LLC, is available to answer any questions. Ms. Evans expressed her appreciation for the Agency's consideration of funding for this development.

ii. HELP VI

Ms. Wilson, provided an overview of the proposal submitted by HELP VI for adaptive reuse of a former school building. Ms. Wilson indicated the developer has extensive experience with the Agency and the development will be providing supportive housing. The developer has requested first mortgage financing from the Agency in the amount of \$754,735. Ms. Jocelyn Torio is available to answer any questions. Ms. Torio offered her thanks and extended Mr. David

Cleghorn's appreciation of the staff at the Agency and Members of the Board for considering this proposal.

iii. Natrona Heights (aka Riverview Senior Housing)

Ms. Glauser provided an overview of the proposal for financing for Natrona Heights (aka Riverview Senior Housing). She indicated the development is accessible to public transportation. The developer has requested first mortgage financing from the Agency in the amount of \$600,000. The owner has extensive experience with the Agency. Mr. Andy Haines is available for comments. Mr. Haines extended his appreciation to the Agency's Board Members and to Agency staff for their continued hard work to provide affordable housing in the Commonwealth.

iv. Penn Hills (aka Emerald Hills Retirement Residence)

Ms. Glauser also provided a summary of the funding proposal for Penn Hills (aka Emerald Hills Retirement Residence). The developer also has significant experience with the Agency and in providing senior housing which is considered "enriched". The developer has requested first mortgage financing from the Agency in the amount of \$500,000. Mr. Victor Rodriguez is available for any questions. Mr. Rodriguez offered his appreciation to the Members of the Board, Agency staff and is looking forward to providing a net-zero affordable housing project in Pennsylvania.

v. North Negley Residences

Mr. Gregorits provided the location and plan details for North Negley Residences. The developer also has prior experience with the Agency and the LIHTC program. The developer has requested first mortgage financing from the Agency in the amount of \$1.1 million. An agreement of sale is in place for the site acquisition. Mr. Josh Cohen is available to answer any questions. Mr. Cohen expressed his appreciation for the funding opportunity.

vi. Red Clay Manor I

Mr. Gregorits outlined the funding proposal of Red Clay Manor I. The site is under a purchase agreement through July 31, 2020. The developer has prior experience with the Agency and the LIHTC process. The developer has requested first mortgage financing from the Agency in the amount of \$2.6 million. Ms. Eden Roberts is available to answer any questions. Ms. Roberts expressed her thanks to the Agency for its consideration of this development.

Mr. Welks thanked Agency staff for their presentations. He indicated a resolution with funding conditions was presented in the materials.

Mr. Welks made a motion that the Board approve the resolution with funding conditions authorizing the mortgage financing for Melton Senior Center, HELP VI, Natrona Heights (aka Riverview Senior Housing), Penn Hills (aka Emerald Hills Retirement Residence), North Negley Residences and Red Clay Manor I. Mr. Lenker seconded. Mr. Schwartz and Mr. Paone abstained. Motion carried with abstention. (See Appendix 2 of these Minutes.)

C. Other Business

There was no other Committee business to be brought before the Board. Chair Vague thanked Agency staff for the presentations. At this point, Chair Vague needed to leave the meeting and asked Vice Chair Schwartz to act as Chair for the remainder of the meeting.

5. JOINT HEMAP AND AUDIT COMMITTEE REPORTS

A. HEMAP Audit Plan

Mr. Paone, as Chair of the HEMAP Committee, reported that the HEMAP and Audit Committees met on June 1, 2020 to review the audit plan presentations by the auditing firms. Horsey, Buckner & Heffler, auditors for the Agency's HEMAP, presented its plan for the HEMAP audit. Following the presentation, the members had an opportunity to ask questions. It was the decision of both the HEMAP and Audit Committees that Horsey, Buckner & Heffler be authorized to proceed with the HEMAP audit.

B. PHFA Audit Plan

Ms. Possinger, as Chair of the Audit Committee, reported that KPMG, the auditors for the Agency, presented its plan for the Agency's audit. Following the presentation, KPMG addressed questions presented by the members.

Vice Chair Schwartz asked for a motion to approve the Agency's audit plan and the HEMAP's audit plan. Mr. Paone made the requested motion, the motion was seconded by Mr. Loughery. Motion carried.

C. Other Business

No other comments or questions were brought before the Board.

6. JOINT HEMAP AND FINANCE COMMITTEE REPORTS

A. HEMAP Budget

Mr. Paone, as Chair of the HEMAP Committee, reported that the HEMAP and Finance Committees met on June 11, 2020 to review budgets for HEMAP and the Agency. The HEMAP

Committee members discussed how HEMAP is affected by COVID-19 and the potential increase in applications for mortgage assistance.

Director Wiessmann indicated additional information regarding mortgage assistance will be provided later in the meeting when CARES funding is discussed. There is a possibility of a program shut down if the demand for mortgage assistance exceeds the available funding. In such event, it is the Agency's intention for collaboration with Board Members for future funding for HEMAP.

Mr. Paone made the motion that the Board approve the budget as presented by staff for the HEMAP for the fiscal year ending June 30, 2021. This motion was seconded and unanimously approved. (See Appendix 3 of these minutes.)

B. Agency Budget

Ms. Possinger, as Chair of the Finance Committee, indicated during the joint meeting there was open and lively conversation regarding Agency's budget for the 2020-2021 fiscal year. Director Wiessmann added the Agency incurred unforeseen expenses due to COVID-19. The fiscal year 2020-2021 budget is a flat budget.

Ms. Possinger made a motion that the Board approve the budget as presented by staff for the fiscal year ending June 30, 2021. This motion was seconded and unanimously approved. (See Appendix 4 of these minutes.)

Vice Chair Schwartz thanked Director Wiessmann, Ms. Possinger and Mr. Paone for their summaries.

C. Other Business

No other comments or questions were brought before the Board.

7. CARES Funding Update

Mr. Maretzki provided an overview of the CARES program funding, the guidelines and distribution of funds. Applications for the Pandemic Mortgage Assistance Program (PMAP) for homeowners and the Rent Relief Program (RRP) for renters will be available June 29, 2020; submission of the applications begins July 6, 2020. A verification of unemployment will be required for both funding programs. CARES funding must be disbursed by November 30, 2020. A final reporting of the program is due by December 30, 2020. Director Wiessmann added that it has been an all-Agency effort to establish these programs and rapidly set up for implementation.

Additional discussions surrounded identifying any Pennsylvania county which may not have a designated organization (entity) for program operation and the ability to track the funding to identify additional resources for homeowners and renters.

Director Wiessmann expressed her appreciation to the Board Members who have been supportive and have taken an active stance in the distribution of the funding.

8. INVESTMENT BANKER REPORT

Mr. Fluehr of Wells Fargo provided an investment banker report to the Members of the Board. The financial impacts of COVID-19 are not near the impacts from the 2008 financial crisis. While the markets were volatile in March and April, there is now a significant relay in the treasury market and municipal rates are increasing. In general, housing bonds performed much better in this problematic period than other bond classes. With the Agency's issuance of its current deal, it received a robust rate when the bonds were marketed.

9. Other Business

Director Wiessmann asked for staff from Loan Servicing, Homeownership and HEMAP Divisions to report on COVID-19 updates.

Ms. Baumert, Director of Homeownership Programs, provided an update of the current number of mortgage applications received. The Agency currently offers a low interest rate of 2.95% for first-time homebuyers and is now offering a new construction rate lock of 180 days. Mr. Lenker expressed his appreciation for this change and its benefit to the construction industry.

Ms. Newton, Director of Loan Servicing, provided an update on the number of forbearance requests processed by the Agency and mortgage loan payments. While homeowners are paying their mortgages, they are doing so later in the month rather than at the beginning of the month.

Ms. Toia, Director of HEMAP, summarized the policy and procedures which have been updated for accepting mortgage assistance applications. The program will start accepting mortgage assistance applications on July 13, 2020, which is after the current moratorium on evictions and foreclosures expires on July 10, 2020. Per program guidelines, the number of months an approved homeowner can receive mortgage assistance can be changed to 36 months if the unemployment rate is higher than 6.5% for three consecutive months. The unemployment rate for February, March and April averaged 8.5%. A notice regarding the change in the number of months of assistance will be published in the Pennsylvania Bulletin on June 27, 2020.

Director Wiessmann indicated there would not be a July board meeting. However, there will be an August Board Meeting whereby the Agency anticipates announcing the tax credit and PHARE awards at that meeting. The Board Secretary will be in contact with a firm meeting date.

10. PUBLIC COMMENTS

Mr. Pandeladis informed the Board that due to today's meeting being held remotely and no in-person meeting space because of COVID-19, the Agency advertised a public comment agenda item that required pre-registration to allow for remote access being granted. No public comments were registered in response to PHFA advertising access.

11. ADJOURNMENT

There being no further business to present to the Board, a motion was made by Mr. Lenker and seconded by Mr. Welks that the Board meeting be adjourned. The motion was unanimously approved. The meeting adjourned at 12:04 p.m.

The next monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held at the Agency's offices at 211 North Front Street, in Harrisburg, Pennsylvania 17101 on Thursday, July 9, 2020 at 10:30 a.m.

Respectfully submitted,



Margaret Strawser
Secretary

Pennsylvania Housing Finance Agency
August 13, 2020

SUBJECT: Transfer of General Partner Interest
Legacy Commons, PHFA No. O-780

TO: Program and Development Review Committee
Pennsylvania Housing Finance Agency

FROM: Carl Dudeck, Jr.
Director of Housing Management

Legacy Commons is a 29 unit general occupancy tax credit property located in Farrell, Mercer County. The property originally received an Agency PennHOMES loan in the amount of \$2,537,424 in July 2003. The current loan balance is \$2,500,856. The owner is Legacy Commons Housing Partnership, L.P., a Pennsylvania limited partnership, with Pennrose Equities, a Pennsylvania general partnership, Halliday Properties, Inc., a Pennsylvania corporation, and Ralph A. Falbo, Inc., a Pennsylvania corporation, its general partners. This development locked in a 30 year tax credit compliance period that will not expire until 2033.

The current general partners have agreed to transfer their general partnership interests to Centennial GP, Inc., a Pennsylvania corporation. Centennial GP, Inc. is an affiliate of the Mercer County Housing Authority, Holly Nogay, Executive Director. The owner is requesting Agency approval of this transfer. The management agent will remain the same. Staff has reviewed the project and the documents evidencing the transfer and recommends approval of the proposed transfer of general partner interest.

A resolution is attached for your consideration.

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING TRANSFER OF GENERAL PARTNER INTEREST
Legacy Commons, PHFA No. O-780**

WHEREAS, Legacy Commons, a 29 unit low income housing project in Farrell, Mercer County, Pennsylvania (the "Development"), was originally financed in 2003 with \$2,537,424 in PennHOMES mortgage funds provided by the Agency, and currently has an outstanding balance of \$2,500,856; and

WHEREAS, the current ownership entity of the Development, Legacy Commons Housing Partnership, L.P., a Pennsylvania limited partnership, has requested Agency approval of the transfer of certain partner's interest; and

WHEREAS, the Development is subject to Agency approval of any change in the nature or character of the ownership entity throughout the term of the Agency mortgage loan; and

WHEREAS, the partnership is being restructured through transfer of the general partners' interest from Pennrose Equities, Halliday Properties, Inc. and Ralph A. Falbo, Inc. to Centennial GP, Inc., a Pennsylvania corporation, as sole general partner; and

WHEREAS, the partnership and the new general partner will continue to operate the Development and shall be responsible for the fiscal and physical condition of the Development as the general partner of Legacy Commons Housing Partnership, L.P.; and

WHEREAS, staff has reviewed the management capacity of the new general partner and the proposed changes to the partnership and recommends approval of the proposed transfers of partnership interests, subject to the conditions set forth below.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 13th day of August, 2020, as follows:

Section 1. The Agency approves the withdrawal of the general partners, Pennrose Equities, Halliday Properties, Inc. and Ralph A. Falbo, Inc., and the transfer of all general partner interests to Centennial GP, Inc.

Section 2. The Executive Director, Deputy Executive Director and other Agency staff are authorized and directed to take all actions necessary to effectuate the transfer; subject to staff review and approval of the appropriate documents for the transaction.

Section 3. This resolution shall take effect immediately.