

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

Members Present:

Robin Wiessmann, Chair
*Thomas B. Hagen, Vice Chair
*Craig H. Alexander
*Maria F. Coutts
*Ronald F. Croushore
*Joseph Meade (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
*Joanne Glover (serving in the stead of
Ted Dallas, Secretary,
Department of Human Services)
*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:

K. Scott Baker
Noel Eisenstat

Others Present:

Brian A. Hudson, Executive Director
*Rebecca L. Peace, Chief Counsel
Carl Dudeck, Director of Housing Management
Holly Glauser, Director of Development
Bryce Mareztki, Director of Strategic Policy & Planning
Kate Newton, Director of Homeownership Programs
Bill Fogarty, Director of Government Affairs
Kim Boal, Director of Information Technology
Melissa Raffensperger, Policy Associate
JoLynn Stoy, Associate Counsel
Jada Greenhowe, Assistant Counsel
Lori Toia, Director of HEMAP
Lisa Case, Manager of Project Operations
Clay Lambert, Business Policy Officer
Thomas Brzana, Director of Loan Servicing
Joseph Knopic, Director of Finance
Stan Salwocki, Manager of Architecture and Engineering
Renaë Hodges, Communications Officer
Chris Anderson, Communications Officer
Carol Carroll, Development Officer
David Doray, Manager of Multifamily Underwriting

*Barbara Stephens, Public Affairs Officer
*Carla Falkenstein, Director of Western Region
Cindy Daley, Housing Alliance
John Raymond, Department of Banking
Alan Flannigan, Department of Banking
Maddie Peabody, Department of Banking
Tim Arthun, Department of Banking
*Max Kent, New Courtland Apartments at Allegheny Phase 2
*Sue McPhedran, New Courtland Apartments at Allegheny Phase 2
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, September 10, 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 1, 2015.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Wiessmann at 10:35 a.m. The roll was called and a quorum was present.

2. APPROVAL OF THE MINUTES FROM THE JULY 9, 2015 BOARD MEETING

There were no additions or corrections to the minutes.

A motion was made and seconded that the minutes from the July 9, 2015 Board meeting be approved as submitted. This motion 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. New Courtland Apartments at Allegheny Phase 2

Ms. Carroll reviewed the project and its financing plan and reported that the owners are requesting a conditional preliminary allocation of year 2015 volume cap in an amount not to exceed \$6,000,000. After review of all of the documentation, staff recommends approval of this allocation.

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 a housing related bond allocation in an amount not to exceed \$6,000,000 to New Courtland Apartments at Allegheny Phase 2. This motion was seconded. Mr. Schwartz abstained. The motion carried. (See Appendix 1 of these Minutes.)

B. Disposition of Properties – Ogontz Hall and Ogontz III

Mr. Dudeck reported that staff is recommending debt forgiveness on the Ogontz Hall and Ogontz II developments. Both developments are experiencing occupancy concerns, ongoing operating losses, maintenance issues and poor overall management. He noted that numerous repairs are needed and no resources are available to correct them.

Mr. Dudeck stated that staff is recommending that both support mortgages be written off. This should assist the owners in locating buyers for these developments.

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

Ms. Gaffney made the motion that the resolution authorizing a property workout for Ogontz Hall and Ogontz III be approved. This motion was seconded and was unanimously approved. (See Appendix 2 of these Minutes).

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 2016 Low Income Housing Tax Credit Allocation Plan.

A. Approval of the Revised 2016 Low Income Housing Tax Credit Allocation Plan

Ms. Glauser reported that the Board approved the preliminary draft of the 2016 Low Income Housing Tax Credit Allocation Plan at its July, 2015 meeting. She briefly reviewed the sections which have been changed; including, but not limited to selection criteria scoring; school performance, developer team experience and the ability to proceed.

Ms. Glauser stated that a public hearing will be held on September 22, 2015 to receive outside comments to the revised Plan. Following the public hearing, staff will

review the comments brought forth and may incorporate additional changes into the Final Plan for the Board to review at the October 8, 2015 Board meeting.

Mr. Schwartz reported that the Committee is very pleased with staff's work on this Plan and he thanked Ms. Glauser and her staff.

Mr. Schwartz made the motion that the Board approve the revised 2016 Low Income Housing Tax Credit Allocation Plan as submitted by staff. This motion was seconded and was unanimously approved.

C. Other Business

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

5. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2015-118

Mr. Hudson reported that Series 2015-117 will close later this month. Through this issuance, the Agency was able to refund certain outstanding variable rate bonds and also achieve cost savings to support new mortgages with interest rates ranging from 3 percent to 3.5 percent.

Since it appears that the market may support a similar issuance, staff is requesting the Board's approval to begin working on Series 2015-118 in an amount not to exceed \$275,000,000. The final authorization of this issuance is delegated to the Finance Committee by the Board resolution.

Mr. Schwartz made a motion that the Board authorize the issuance of Single Family Mortgage Revenue Bonds, Series 2015-118 in an amount not to exceed \$275,000,000. This motion was seconded and unanimously approved. (See Appendix 3 of these Minutes.)

6. OTHER BUSINESS

A. NCSHA Annual Conference

Mr. Hudson reported that NCSHA's annual conference is being held in Nashville from September 26 through September 29. Board members should contact him with any questions. This conference is always well attended and provides very valuable information to those attending.

B. PHFA's Building Expansion

Mr. Hudson reported that the Agency's expansion plans have been approved by the City of Harrisburg's Planning Commission. A letter of support has been received from the local neighborhood group.

This expansion project will add 35,000 square feet of space to the Agency's headquarters.

There are two more City committees which must review and approve the plans; namely the Harrisburg Architectural Review Board and the Zoning Board. Mr. Hudson doesn't expect any additional opposition to the current plans and believes the project will now move forward.

Mr. Hudson expects construction to be completed by 2017.

7. 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 10:55 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, October 8, 2015 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,



Carrie M. Barnes
Secretary

**RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING HOUSING RELATED BOND ALLOCATION
NewCourtland Apartments at Allegheny Phase 2**

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

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

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

WHEREAS, Applicant, NewCourtland Apartments at Allegheny 2, LP, has requested an allocation of Volume Cap for the development of a building to provide housing for elderly 62 and older as the second phase of a development plan at 1900 West Allegheny Avenue in the Allegheny West/ Tioga neighborhood of Philadelphia, PA; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed \$6,000,000 for the issuance of private activity bonds by the Philadelphia Authority for Industrial Development for this development, subject to satisfaction of certain conditions set forth below.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 10th day of September, 2015, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Year 2015 Volume Cap in an amount not to exceed \$6,000,000 (which includes a contingency amount) for the tax exempt bond financing of NewCourtland Apartments at Allegheny Phase 2 subject to the following conditions: a.) submission, review and approval of all documentation necessary to secure construction and permanent loan financing of the project; b.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") and all applicable requirements of the Agency's Tax Credit Program have been met; c.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; d.) compliance with the timeframes and deadlines established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Volume Cap Request for Proposals; e.) evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the project (which may include restructuring of existing debt); f.) evidence of the commitment to serve low income tenants for a period of not less than 30 years, which will be included in the Restrictive Covenant Agreement; g.) evidence of the satisfaction of accessibility requirements; h.) evidence of the contribution of equity in an amount sufficient to ensure the financial feasibility of the development; i.) final underwriting of the application for tax-exempt bond financing and low income housing tax credits; j.) submission of a construction contract with a qualified contractor for an amount not to exceed \$8,420,678; and l.) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval.

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

Section 3. This resolution shall be effective immediately.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING PROPERTY WORKOUT
FOR OGONTZ HALL AND OGONTZ III
PHFA O-116 and O-359**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") is authorized to make mortgage loans to mortgagors for such projects as in the judgment of the Agency have promise of supplying well-planned and well-designed apartment units for low and moderate income persons or families or the elderly or others in the Commonwealth of Pennsylvania; and

WHEREAS, the Agency originally provided loans to two related properties now under the management and control of Ogontz Avenue Revitalization Corporation; Ogontz Hall (a 25 unit property in Philadelphia owned by Ogontz Hall Investors) in 1992; and Ogontz III (a 15 unit property in Philadelphia owned by ZAG Development LP) in 1995;

WHEREAS, the aggregate balance of PennHOMES support mortgages currently outstanding is \$696,151 and \$327,500, respectively;

WHEREAS, the compliance period for tax credits has expired for Ogontz Hall and Ogontz III in 2006 and 2009, respectively;

WHEREAS, each of these properties has experienced occupancy, operating, and maintenance issues and difficulties and have failed to meet financial reporting requirements of the Agency since 2009;

WHEREAS, the Agency has reviewed the development and its financial operations and has determined to terminate the developments from the PennHOMES program, to write-off the outstanding support loans and to release its liens associated with the developments as set forth below.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 10th day of September, 2015, as follows:

Section 1. Agency staff is authorized to write-off the Agency's outstanding support loans, to release the Agency support mortgages and to take all actions necessary to accomplish the same.

Section 2. 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 2015-118

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 2015-118 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 10th day of September, 2015 as follows:

Section 1. Adoption of the Series 2015-118 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 2015-118 (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 2015-118 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 2015-118 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 2015-118 Bonds shall not exceed \$275,000,000, (ii) the final maturity of the Series 2015-118 Bonds shall be no later than 2047, and (iii) the initial interest rate or rates on the Series 2015-1185 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.