

**Pennsylvania Housing Finance Agency  
Meeting of the Board  
November 10, 2016**

**Members Present:**

- \*Robin Wiessmann, Chair
- \*Thomas B. Hagen, Vice Chair
- \*Craig H. Alexander
- \*Maria F. Coutts
- \*Ben Laudermilch (serving in the stead of  
Ted Dallas, Secretary, Human Services)
- \*Kathy Possinger (serving in the stead of  
Dennis Davin, Secretary of Department  
of Community and Economic Development)
- \*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:**

Ronald F. Croushore

**Others Present:**

Brian A. Hudson, Executive Director  
Rebecca L. Peace, Deputy Executive Director/Chief Counsel  
William Fogarty, Director of Government Affairs  
Holly Glauser, Director of Development  
Bryce Maretzki, Director of Strategic Policy & Planning  
Kate Newton, Director of Loan Servicing  
Kim Boal, Director of Information Technology  
Scott Elliott, Director of Communications  
Thomas Brzana, Director of Business Analytics  
Steve O'Neill, Assistant Counsel  
Chris Anderson, Communications Officer  
Melissa Raffensperger, Government Affairs Associates  
\*Barbara Stephens, Senior Public Affairs Officer  
Carl Dudeck, Director of Housing Management  
David Doray, Manager of Multifamily Underwriting  
Clay Lambert, Business Policy Officer  
Jordan Laird, Manager of Investments  
Coleen Baumert, Director of Homeownership  
Joseph Knopic, Director of Finance  
Diane Hoffman, Manager of Accounting  
Larry Jackson, Manager of Internal Audit  
Ann Mermelstein, Senior Development Officer

\*Nancy Twyman, Director of Eastern Region  
\*Carla Falkenstein, Director of Western Region  
Cindy Daley, Housing Alliance  
Ayo Ekhaton, Citi Group  
\*Jamie Lontz, MitchellTitus  
\*Darrell Giles, MitchellTitus  
Adrienne Trumpy, KPMG  
\*Chris Chepel, KPMG  
\*Sue McPhedren, Lehigh Park Apartments  
\*Maria Gonzalez, Lehigh Park Apartments  
\*Craig Ratchford, John Fox Towers  
\*Al Schroeder, John Fox Towers  
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, November 10, 2016 at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on November 1, 2016.

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

The meeting was called to order by Chair Wiessmann at 10:50 a.m. The roll was called and a quorum was present.

**2. APPROVAL OF THE MINUTES FROM THE OCTOBER 13, 2016 BOARD MEETING**

There were no additions or corrections to the minutes.

**A motion was made that the minutes from the October 13, 2016 Board meeting be approved as submitted. This motion was seconded and unanimously approved.**

**3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT**

**A. Requests for Tax-Exempt Bond Issuing Authority**

**1. Lehigh Park Apartments, Philadelphia, Philadelphia County**

Ms. Mermelstein reviewed the project and its financing plan. She reported that the owner is seeking tax exempt bond financing through PHFA in an amount not to exceed \$6,600,000. Citibank will be the funding lender and loan servicer. Staff recommends approval of this funding request.

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

**Ms. Gaffney made a motion that the Board approve the resolution authorizing the issuance of \$6,600,000 of special limited obligation multifamily housing development notes for Lehigh Park Apartments. This motion was seconded. Mr. Schwartz abstained due to a conflict. The motion carried. (See Appendix 1 of these Minutes.)**

**2. John Fox Towers, Philadelphia, Philadelphia County**

Ms. Mermelstein reviewed the project and its financing plan. She reported that the owner is seeking tax exempt bond financing through PHFA in an amount not to exceed \$47,700,000. Citibank will be the funding lender and loan servicer. Staff recommends approval of this funding request.

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

**Ms. Gaffney made a motion that the Board approve the resolution authorizing the issuance of \$47,700,000 of special limited obligation multifamily housing development notes for John Fox Towers. This motion was seconded and unanimously approved. (See Appendix 2 of these Minutes.)**

**C. Other Business**

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

**4. HEMAP COMMITTEE REPORT**

Mr. Paone as Chair of the HEMAP Committee reported that the HEMAP and Audit Committees met with MitchellTitus, the auditors for the HEMAP, to review the audited financial statements for fiscal year ending June 30, 2016. The HEMAP Committee members voted in favor of accepting the financial statements as submitted by MitchellTitus.

Mr. Hudson reported that the finding of the audit is that HEMAP has enough cash flow to continue operating through 2018 and into 2019. He reported that applications are currently down because lenders are more willing to work with their borrowers to avoid foreclosure.

**Mr. Paone made the motion that the Board accept the HEMAP audited financial statements as prepared by MitchellTitus for fiscal year ending June 30, 2016. This motion was seconded and unanimously approved.**

**5. AUDIT COMMITTEE REPORT**

Ms. Possinger reported that the Audit Committee met with KPMG, the auditors for the Agency, to review the audited financial statements for fiscal year ending June 30, 2016. She reported that the Agency's audited financial statements include the HEMAP. During the committee meeting, the auditors reviewed the financials and addressed the committee's concerns and questions.

Ms. Possinger stated that the Audit Committee recommends that the audited financial statements for fiscal year ending June 30, 2016 prepared by KPMG be accepted.

**Ms. Possinger made the motion that the Board accept the Agency's audited financial statements as prepared by KPMG for fiscal year ending June 30, 2016. This motion was seconded and unanimously approved.**

Mr. Hudson reported that a more in depth review of these audited financial statements will be presented at the Board policy meeting scheduled for December 7.

**6. AUTHORIZATION FOR HEADQUARTERS BUILDING EXPANSION PROJECT AND FINANCING**

Mr. Hudson reported that after a competitive bidding process, Reynolds Construction was selected as Construction Manager for the addition and renovation to the Agency's headquarters in Harrisburg. He noted that the Architect has been working diligently with PassivScience to provide necessary specialty advice on the design and construction/renovation of the project with respect to complying with PassivHouse requirements.

Mr. Hudson stated that demolition should begin shortly and the construction bidding process will also be implemented.

Mr. Hudson informed the Board that the current debt on the existing building is approximately \$19,000,000. There have been several financial institutions expressing an interest in providing the financing for this project at rather attractive rates. He is evaluating the possibility that both the current building mortgage and the addition might be combined into one mortgage, if the package is more beneficial to the Agency.

Mr. Hudson requested that the Board delegate the authority to the Finance Committee to approve the financing.

A brief discussion took place regarding the range of interest rates the Agency would be looking for and the length of the time of the financing. Mr. Hudson did indicate that he would prefer a fixed rate.

**A motion was made to approve the resolution authorizing certain matters relating to the acquisition, construction and development of 201 North Front Street and renovation of 211 North Front Street and matters related to issuance of bonds or otherwise securing financing to fund costs, fees and expenses relating to the Agency's headquarters. The Finance Committee is also delegated the authority to negotiate the final terms of the financing. This motion was seconded and unanimously approved. (See Appendix 3 of these minutes.)**

**7. OTHER BUSINESS**

**A. Election Update**

Mr. Hudson reported that he has received an election analysis prepared by NCSHA and a summary from the National Housing Trust.

Mr. Hudson briefly highlighted some NCSHA's election analyses, specifically relating to affordable housing and community development, federal spending and financial regulation regarding housing policies. The new Administration would like to increase homeownership; however, the future of FannieMae and FreddieMac remains uncertain. Corporate tax reform was briefly mentioned but not the Low Income Housing Tax Credit program.

Chair Wiessmann asked if the Board would be receiving copies of these documents and Mr. Hudson stated that they would be sent.

**8. 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 11:15 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, December 8, 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

**PENNSYLVANIA HOUSING FINANCE AGENCY**

**RESOLUTION**

**Authorizing the Issuance of \$6,600,000  
Maximum Aggregate Principal Amount of  
Special Limited Obligation Multifamily Housing Development Note  
(Lehigh Park Apartments)**

**Adopted: November 10, 2016**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF  
\$6,600,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT  
SPECIAL LIMITED OBLIGATION  
MULTIFAMILY HOUSING DEVELOPMENT NOTE  
(Lehigh Park 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**, 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**, Lehigh Park Apartments LLC, a Pennsylvania limited liability company (the "**Borrower**") sponsored by HACE, also known as the Hispanic Association of Contractors and Enterprises, a Pennsylvania nonprofit corporation, has requested financing from the Agency in an amount not to exceed \$6,600,000 (the "**Project Loan**") to fund a portion of the costs of acquiring and renovating two multi-story buildings for general occupancy, known as "Lehigh Park Apartments", comprised of 74 units in Philadelphia 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 \$6,600,000. 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; and (j) evidence of final HUD approval of the rents stated in the application and the extension and assignment of the current HUD Section 8 HAP Contract for a period of not less than fifteen (15) years.

**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 \$6,600,000; 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 37 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.

**PENNSYLVANIA HOUSING FINANCE AGENCY**

**RESOLUTION**

**Authorizing the Issuance of \$47,700,000  
Maximum Aggregate Principal Amount of  
Special Limited Obligation Multifamily Housing Development Note  
(John Fox Towers)**

**Adopted: November 10, 2016**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF**  
**\$47,700,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT**  
**SPECIAL LIMITED OBLIGATION**  
**MULTIFAMILY HOUSING DEVELOPMENT NOTE**  
**(John Fox Towers)**

**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**, 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**, John Fox Housing Partners, LP, a Pennsylvania limited partnership (the "**Borrower**") sponsored by Vitus Group, LLC, a Delaware limited liability company, has requested financing from the Agency in an amount not to exceed \$47,700,000 (the "**Project Loan**") to fund a portion of the costs of acquiring and renovating one sixteen-story building for general occupancy, known as "John Fox Towers", comprised of 272 affordable units and one staff unit in Philadelphia 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 \$47,700,000. 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; and (i) final Agency underwriting of the application for tax-exempt financing and low income housing tax credits.

**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 \$47,700,000; the initial 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 20 years or such date supported by the final Agency underwriting of the application for tax-exempt financing and low income housing tax credits (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.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING CERTAIN MATTERS RELATING TO THE ACQUISITION, CONSTRUCTION  
AND DEVELOPMENT OF 201 NORTH FRONT STREET AND RENOVATION OF 211 NORTH  
FRONT STREET AND MATTERS RELATED TO ISSUANCE OF BONDS OR OTHERWISE  
SECURING FINANCING TO FUND COSTS, FEES, AND EXPENSES RELATED THERETO

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 acquired the 201 North Front Street property adjacent to its headquarters, has secured land development plan approval from the City of Harrisburg for renovation and construction of the site to provide additional office space to the headquarters building, has contracted with a design and administrative architect to design and administer the construction, and has solicited and contracted with a construction management firm to manage the competitive bidding process and oversee the construction of the project; and assist in all aspects of the development, including commissioning for LEEDS and PassivHouse; and

WHEREAS, the Agency has determined to finance payment (or reimbursement) of certain costs related to its corporate operations, including its corporate administrative offices, related facilities and furnishings, certain related fees, costs and expenses incurred or to be incurred in connection therewith, and it is the express intention of the Agency to finance some of the costs described above through the issuance of bonds, notes or securities and to reimburse itself (or appropriate funds and accounts) for all original expenditures paid prior to the issuance of bonds or notes for such purposes; and

WHEREAS, the Agency has determined to delegate to the Finance Committee of the Agency within the parameters set forth herein, the authorization to negotiate the final terms of the financing for the project.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 10th day of November, 2016 as follows:

Section 1. Statement of Official Intent. Pursuant to all applicable requirements of federal tax law, including the Treasury Regulations (Sections 1.150-1 and 1-150-2), the Agency intends to issue its bonds and notes to finance certain capital costs as described hereinbefore and hereinafter and to use a portion thereof to reimburse itself (or appropriate funds and accounts) for all original expenditures paid prior to the issuance of securities for such purposes.

Section 2. Adoption of the Resolution to Issue Bonds or Notes. The Resolution authorizing the issuance of bonds or notes to fund capital costs associated with Agency operations including acquisition, relocation and outfitting of its corporate administrative offices, related facilities and furnishings, and related fees, costs and expenses incurred or to be incurred in connection therewith is hereby incorporated by reference and is adopted by the Agency.

Section 3. Delegation of Authorization to Negotiate Final Terms. Subject to the provisions hereof, 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, one or more contracts of purchase, offering and marketing documents and/or agreements direct placement or loan agreements, and memoranda of understanding, which outline the terms of final pricing, interest rates, tender and

redemption provisions, forward financing or escrow structures, bond, note or loan maturities, payment of associated costs of issuance appropriate for the financing (including reasonable compensation for counsel, advisors, specialists, brokers, real estate professionals and bankers and for applicable structuring and fees related thereto), and such documents as may be necessary for the transaction, including, an indenture or amendments thereto, all documents related to the issuance of and investment mechanisms relating to the bonds, notes or loan proceeds. At such time as final terms have been negotiated on behalf of the Agency, such final terms shall be incorporated into the resolution relating to the financing authorized in Section 1 hereof and, with such final terms so incorporated, shall constitute the Series Resolution of the Agency for the financing. The Agency may issue one or more series of bonds (or a direct placement of bonds or notes) to achieve the financing transactions contemplated hereby.

Section 4. Certain Parameters. The final terms of the financing shall be as negotiated by the Finance Committee, provided, however, that the maximum tax exempt or taxable principal amount of the bonds (or notes) shall not exceed \$40,000,000 net of original issue discount, the final maturity shall not exceed the earlier of 2050 or the maximum maturity date allowable under federal tax law; and the initial interest rate or rates on the bonds, notes or loan shall be a rate or rates resulting in a net interest cost not higher than 5.5% per annum.

Section 5. Authorizations relating to the Construction and Project Development. The Executive Director, Deputy Executive Director and Chief Counsel, and Director of Technical Services are each hereby authorized and directed to take appropriate actions to solicit and engage all necessary professional services and to conduct all requisite bid procurement of contract parties for the construction, commissioning, rehabilitation and renovation and to take all related actions necessary to administer the construction and development project at the 201 Front Street building site and related renovation and interface with the 211 North Front Street Building at a total construction price not to exceed \$20,000,000 (including fees and costs) and to enter into agreements and contract consistent herewith.

Section 6. Effective Date. This Resolution shall take effect immediately.