

**Pennsylvania Housing Finance Agency
Meeting of the Board
June 8, 2017**

Members Present:

Robin Wiessmann, Chair
Thomas B. Hagen, Vice Chair
*Maria F. Coutts
*Ronald F. Croushore
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
*Ross Nese
John Paone
Mark Schwartz
*Keith Welks (serving in the stead of
Joseph Torsella, State Treasurer)

*On Telephone conference call

Members Absent:

Craig Alexander
Robert Loughery

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Deputy Executive Director/Chief Counsel
Holly Glauser, Director of Development
Bryce Maretzki, Director of Strategic Policy & Planning
Kim Boal, Director of Information Technology
Kate Newton, Director of Loan Servicing
William Fogarty, Director of Government Affairs
Scott Elliott, Director of Communications
Steve O'Neill, Assistant Counsel
Chris Anderson, Communications 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
John Zapotocky, Director of Accounting
JoLynn Stoy, Associate Counsel
Stan Salwocki, Manager of Architecture & Engineers
Nancy Twyman, Director of Eastern Region
Carla Falkenstein, Director of Western Region
Lisa Case, Manager of Project Operations
Charlotte Folmer, Executive Director of CCG

Lori Toia, Director of HEMAP
Jada Greenhowe, Assistant Counsel
Lauren Starlings, Assistant Counsel
Linda Demmi, Manager of Contract Administration
Diane Hoffman, Manager of Accounting
David Notkin, Bank of America Merrill Lynch
Phyllis Chamberlin, Housing Alliance
Robert Foggio, Jefferies
Greg Brunner, M & T Securities
Joe Tait, Raymond James
Michael Baumrin, RBC
Mitch Gallo, RBC
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, June 8, 2017 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 May 30, 2017.

1. CALL TO ORDER AND ROLL CALL

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

2. APPROVAL OF THE MINUTES FROM THE APRIL 13, 2017 BOARD MEETING

There were no additions or corrections to the minutes.

Mr. Hagen made the motion that the minutes from the April 13, 2017 Board meeting be approved as submitted. This motion was seconded by Ms. Possinger and was unanimously approved.

3. JOINT HEMAP AND FINANCE COMMITTEE REPORTS

A. HEMAP Budget for Fiscal Year Ending June 30, 2018

Mr. Paone reported that the HEMAP Committee met to review the HEMAP budget for the upcoming fiscal year.

Mr. Hudson stated that the budget reflects a 2.6 percent decrease with no new positions requested. Currently there are 20 employees in the HEMAP Division. The current cash balance of the program is \$16,000,000 which should be sufficient to

continue the program for the next several years primarily because the number of applications for assistance has decreased and repayments continue.

Mr. Hudson reported that an issue has been noted regarding assisting homeowners, primarily the elderly, who own their homes but have gotten behind in paying their taxes. They are now being foreclosed on for nonpayment. Currently this is not a permitted use of assistance under the HEMAP. The enabling legislation for the HEMAP would need to be revised to permit this use. He did note that based on the criteria that HEMAP applicants need to have a reasonable prospect of repaying the loan, this might be more difficult to work out. He did note that this issue is not a new one, it has been raised in the past.

Chair Wiessmann added that she believes this is a situation which warrants being looked into. Mr. Paone reported that the City Council in Philadelphia has raised some concern about this problem noting that the foreclosure rate in the City has increased primarily because of this situation.

Mr. Hudson will report any activity on this issue to the Board.

Mr. Hudson reported that staff recommends approval of the proposed HEMAP budget.

Chair Wiessmann made a motion that the Board approve the HEMAP budget for fiscal year ending June 30, 2018 as submitted. This motion was seconded by Mr. Hagen and was unanimously approved. (See Appendix 1 of these Minutes.)

B. PHFA Budget for Fiscal Year Ending June 30, 2018

Ms. Possinger stated that the Finance Committee met to review the Agency's budget for the upcoming fiscal year.

Mr. Hudson reported that the Agency's budget reflects an increase of 2.35 percent with no new staff positions requested. He noted that the cost of employee benefits has increased by 3 percent. Mr. Hudson reported that the Agency's net income is approximately \$2,200,000.

Mr. Hudson reported that staff recommends approval of the proposed PHFA budget.

There were no questions from the Board.

Mr. Paone made the motion that the Board approve the PHFA budget for fiscal year ending June 30, 2018 as submitted. This motion was seconded by Mr. Hagen and was unanimously approved. (See Appendix 2 of these Minutes.)

Mr. Hudson informed the Board that the Agency has three staff persons in the Harrisburg Office retiring on June 30. Crystal Baker in the Agency's Customer Solutions Center has been with the Agency for 17 years; Charlotte Nelson in Strategic Planning and Policy for 21 years; and Christine Stewart in Accounting for 21 years. He expressed his congratulations to the retirees and thanked them for their service to PHFA.

4. JOINT HEMAP AND AUDIT COMMITTEES REPORTS

A. HEMAP Audit Report

Mr. Hudson reported that a joint meeting of the HEMAP and Audit Committees was held last week. Mitchell Titus has been HEMAP's auditors for some time. The Committee met with the auditors independently to discuss matters without Agency staff. They have begun some preliminary auditing work and don't believe that there will be any particular issues.

Mr. Hudson noted that there were very few questions from the Committee and the committee recommended acceptance of Mitchell Titus' auditing plan.

Chair Wiessmann made a motion that the Board approve the audit plan for the HEMAP. This motion was seconded by Ms. Possinger and was unanimously approved.

B. PHFA Audit Report

Ms. Possinger reported that the Agency's auditors, KPMG, have already begun working on the audit and they expect to be finished by early Fall. The Committee met with the auditors independently to discuss matters without Agency staff. There should be no significant changes to the scope of the audit.

Mr. Paone made a motion that the Board approve the audit plan for PHFA.

The motion was seconded and was unanimously approved.

5. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2017-124

Mr. Hudson reported that conditions in the bond market remain attractive for the Agency to refund some of its higher interest rate outstanding debt. He noted that Series

2017-123 will close later this month and staff would like the Board's authorization to begin working on the next issue.

Bank of America Merrill Lynch will be the lead underwriter on Series 2017-124 and Mr. Hudson noted that the issue will include refunding some of the Agency's higher interest rate debt as well as new money. Staff and the underwriters believe that this issue should generate a good deal of interest by investors and should keep the Agency's mortgage interest rates low.

Mr. Schwartz asked what PHFA's mortgage rates are and Ms. Baumert reported that the current rate is 3.625 percent. Most lenders are issuing mortgages in the 4 to 4-1/2 percent range.

Mr. Hudson added that the Agency has a number of competitive mortgage products including its Closing Cost Assistance Program which can be utilized to assist homebuyers.

Mr. Paone made the motion that the Board approve the resolution authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 2017-124 and delegating the final terms of the issuance to the Finance Committee. This motion was seconded by Ms. Possinger and was unanimously approved. (See Appendix 3 of these Minutes.)

6. INVESTMENT BANKER REPORT

Mr. Notkin of Bank America Merrill Lynch (BofAML) distributed an Investment Banker Update to the Board.

He began by thanking the Board and the Agency for including Bank of America Merrill Lynch as a member of the underwriting team for the upcoming Series 2017-124 bond issuance.

Mr. Notkin stated that BofAML expects two Federal rate hikes before the end of this calendar year. They also expect little if any progress on tax reform through summer.

He noted that homeownership and rental housing demand is strong and personal income continues to increase while household debt decreases. The cost of purchasing a home will increase and rental housing vacancies will decline.

Mr. Notkin reported that BofAML is forecasting that government spending will increase and that there will be weaker demand for consumer loans.

There were no comments or questions from the Board.

7. **OTHER BUSINESS**

A. **NCSHA Housing Credit Conference**

Mr. Hudson informed the Board that NCSHA's Housing Credit Conference will be held in Atlanta from June 20-23, 2017. Any Board member who would like to attend should contact the Secretary to make arrangements.

8. **EXECUTIVE SESSION**

Chair Wiessmann informed the Board that the public meeting would be temporarily adjourned so that the Board could enter Executive Session to discuss legal and personnel issues. The meeting was temporarily adjourned at 11:15 a.m.

Following the Executive Session, Chair Wiessmann reconvened the meeting of the Board at 12:10 p.m.

Mr. Hagen made the motion that the Board approve the resolution authorizing certain matters relating to bidding for the Section 8 Performance Based Contract Administration Program. This motion was seconded and was unanimously approved. (See Appendix 4 of these Minutes.)

9. **PERSONNEL COMMITTEE REPORT**

Mr. Paone made the motion that the Board approve the recommendations of the Personnel Committee as discussed in Executive Session. This motion was seconded by Ms. Possinger and was unanimously approved.

10. **PERSONNEL COMMITTEE REPORT**

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 12:15 p.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, July 13, 2017 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,



Carrie M. Barnes
Secretary

PENNSYLVANIA HOUSING FINANCE AGENCY
Homeowner's Emergency Mortgage Assistance Program Budget
FISCAL YEAR ENDING JUNE 30, 2018

<u>Salaries and Related Benefits</u>	Budget FYE <u>6/30/2017</u>	Budget FYE <u>6/30/2018</u>	% Increase (Decrease)	<u>Comments</u>	Estimated FYE <u>6/30/2017</u>
Salaries	\$ 1,500,000	\$ 1,450,000	(3.3%)		\$ 1,300,000
Benefits	\$ 510,000	\$ 510,000	0.00%		\$ 510,000
Retirement	\$ 145,000	\$ 145,000	0.00%		\$ 99,000
Payroll Taxes	\$ 110,000	\$ 110,000	0.00%		\$ 100,000
Total	<u>\$ 2,265,000</u>	<u>\$ 2,215,000</u>	<u>(2.2%)</u>		<u>\$ 2,009,000</u>
 <u>General and Administrative</u>					
Advertising	\$ 1,000	\$ 1,000	0.00%		\$ 1,000
Audit of program	\$ 31,000	\$ 32,000	3.23%	(A.)	\$ 31,000
Books/Reference Materials	\$ 500	\$ 500	0.00%		\$ 500
Credit Reporting/Document Recording	\$ 140,000	\$ 120,000	(14.3%)		\$ 85,000
Insurance Expense	\$ 3,000	\$ 3,000	0.00%		\$ 3,000
Legal Counsel	\$ 2,000	\$ 2,000	0.00%		\$ 2,000
Meetings	\$ 1,000	\$ 1,000	0.00%		\$ 1,000
Office Machines/Equipment Rental	\$ 1,000	\$ 1,000	0.00%		\$ 1,000
Office Rent	\$ 65,000	\$ 65,000	0.00%		\$ 65,000
Office Supplies	\$ 4,500	\$ 4,500	0.00%		\$ 5,100
Postage & Freight	\$ 48,000	\$ 48,000	0.00%		\$ 32,000
Printing & Composition	\$ 27,500	\$ 27,500	0.00%		\$ 24,000
Professional Training	\$ 5,500	\$ 5,500	0.00%		\$ 4,000
Property Fees	\$ 2,000	\$ 2,000	0.00%		\$ 2,000
Repair/Maint. Of Equipment	\$ 7,000	\$ 7,000	0.00%		\$ 3,000
Telephone	\$ 27,000	\$ 27,000	0.00%		\$ 27,000
Travel	\$ 4,500	\$ 4,500	0.00%		\$ 5,400
Unemployment Comp.	\$ 1,000	\$ 1,000	0.00%		\$ 1,000
Miscellaneous	\$ 2,500	\$ 2,500	0.00%		\$ 500
Total	<u>\$ 374,000</u>	<u>\$ 355,000</u>	<u>(5.1%)</u>		<u>\$ 293,500</u>
Counseling Agency Fees	\$ 150,000	\$ 140,000	(6.7%)		\$ 100,000
PHFA Support Fees	\$ 250,000	\$ 250,000	0.00%		\$250,000
TOTAL	<u>\$ 3,039,000</u>	<u>\$ 2,960,000</u>	<u>(2.6%)</u>		<u>\$2,652,500</u>

Homeowners' Emergency Mortgage Assistance Program Budget

July 1, 2017 to June 30, 2018

REASONS FOR BUDGET INCREASES

(A.) – Routine increase in audit fee.

**Pennsylvania Housing Finance Agency
General Activities Budget
Fiscal Year Ending June 30, 2018**

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
Multi-Family Loan and Tax Credit Fees	894,314	1,194,314	1,488,628	1,788,628	5,365,884
Multi-Family Service and Other Fees	2,822,720	2,822,720	2,822,720	2,822,720	11,290,880
Single Family Service and Other Fees	5,403,708	5,411,224	5,418,740	5,426,256	21,659,928
Investment Income	20,000	22,000	25,000	31,000	98,000
TOTAL REVENUE	<u>9,140,742</u>	<u>9,450,258</u>	<u>9,755,088</u>	<u>10,068,604</u>	<u>38,414,692</u>
TOTAL EXPENSES	<u>8,900,900</u>	<u>9,055,900</u>	<u>9,030,700</u>	<u>9,183,485</u>	<u>36,170,985</u>
NET INCOME	<u><u>239,842</u></u>	<u><u>394,358</u></u>	<u><u>724,388</u></u>	<u><u>885,119</u></u>	<u><u>2,243,707</u></u>

**Pennsylvania Housing Finance Agency
General Activities Budget
Schedule of Expenses - Estimated
Fiscal Year Ending June 30, 2018**

	<u>Actual at 3/31/2017</u>	<u>Estimated Actual at 6/30/2017</u>	<u>Budget FYE 6/30/2017</u>	<u>Estimated Actual Under/(Over) 2017 Budget</u>	<u>Budget FYE 6/30/2018</u>	<u>Budget % Increase (Decrease)</u>	<u>Comment</u>
Salaries and Related Benefits:							
Salaries	14,197,331	18,457,000	18,523,000	66,000	19,125,900	3.25%	A
Employee Benefits	4,390,213	5,819,500	5,819,500		5,994,085	3.00%	B
Retirement	3,163,202	4,200,000	4,200,000		4,200,000	---	
Payroll Taxes	1,042,372	1,355,000	1,460,000	105,000	1,460,000	---	
Total Salaries and Related Benefits:	<u>22,793,118</u>	<u>29,831,500</u>	<u>30,002,500</u>	<u>171,000</u>	<u>30,779,985</u>	<u>2.59%</u>	
Program Expenses:							
Annual Report	41,192	41,192	60,000	18,808	60,000	---	
Audit	142,192	195,000	195,000		195,000	---	
Advertising/Public Relations/Req. for Proposals	69,240	75,000	75,000		75,000	---	
Appraisals/Market Studies	11,700	15,600	30,000	14,400	30,000	---	
Cost Estimating/Professional Consultation			25,000	25,000	25,000	---	
Credit Rating			45,000	45,000	45,000	---	
Information Services	27,094	36,125	50,000	13,875	50,000	---	
Legal Counsel	11,231	14,975	75,000	60,025	75,000	---	
Total Program Expenses:	<u>302,649</u>	<u>377,892</u>	<u>555,000</u>	<u>177,108</u>	<u>555,000</u>	<u>---</u>	

Pennsylvania Housing Finance Agency
General Activities Budget
Schedule of Expenses - Estimated
Fiscal Year Ending June 30, 2018

	<u>Actual at 3/31/2017</u>	<u>Estimated Actual at 6/30/2017</u>	<u>Budget FYE 6/30/2017</u>	<u>Estimated Actual Under/(Over) 2017 Budget</u>	<u>Budget FYE 6/30/2018</u>	<u>Budget % Increase (Decrease)</u>	<u>Comment</u>
General and Administrative:							
Board Expenses	29,079	39,000	45,000	6,000	45,000	---	
Books and Reference Materials	30,294	31,000	30,000	(1,000)	32,000	6.67%	C
Computer Maintenance and Supplies	493,862	525,000	500,000	(25,000)	525,000	5.00%	D
Corporate Memberships	9,386	50,000	60,000	10,000	60,000	---	
Insurance	290,000	300,000	300,000		300,000	---	
Building Debt and Bond Expenses	706,989	815,986	925,000	109,014	925,000	---	
Office Machine/Furniture Rental	50,141	67,000	110,000	43,000	110,000	---	
Office Rent	103,547	138,063	199,000	60,937	199,000	---	
Office Supplies	130,924	175,000	210,000	35,000	210,000	---	
Personnel Advertising/Employment Agency Fees	14,654	25,000	25,000		25,000	---	
Postage and Freight	157,629	210,000	325,000	115,000	325,000	---	
Printing and Composition	34,103	45,470	125,000	79,530	125,000	---	
Professional Memberships	16,886	23,000	25,000	2,000	25,000	---	
Professional and Technical Consultants	245,380	250,000	225,000	(25,000)	250,000	11.11%	E
Professional Training	114,684	125,000	125,000		125,000	---	
Real Estate Taxes	125,238	150,000	150,000		150,000	---	
Repairs and Maintenance	324,514	375,000	375,000		375,000	---	
Telephone	230,647	300,000	300,000		300,000	---	
Temporary Help	27,022	36,030	50,000	13,970	50,000	---	
Travel	276,737	360,000	360,000		360,000	---	
Unemployment Compensation	6,823	9,000	20,000	11,000	20,000	---	
Utilities	175,761	234,348	285,000	50,652	285,000	---	
Miscellaneous	7,695	10,000	15,000	5,000	15,000	---	
Total General and Administrative Expenses:	<u>3,601,996</u>	<u>4,293,896</u>	<u>4,784,000</u>	<u>490,104</u>	<u>4,836,000</u>	<u>1.09%</u>	
Total Expenses:	<u>26,697,762</u>	<u>34,503,289</u>	<u>35,341,500</u>	<u>838,211</u>	<u>36,170,985</u>	<u>2.35%</u>	

**Pennsylvania Housing Finance Agency
General Activities Budget
Fiscal Year Ending June 30, 2018
Comments**

- A. Increases in salaries assuming average merit increases and promotions
- B. Increases in employee benefit plan costs brought on by rising healthcare costs.
- C. Increases in research and reference requirements resulting from an ever-changing regulatory environment.
- D. Increases in maintenance and related IT service costs attributable to rising prices for ongoing services and additional software platforms.
- E. Increases in professional services commensurate with regulatory changes, staff training, and increased costs of professional service vendors.

**Pennsylvania Housing Finance Agency
General Activities Budget
Schedule of Expenses - Estimated Quarterly
Fiscal Year Ending June 30, 2018**

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>	<u>2nd Qtr Total</u>	<u>3rd Qtr Total</u>
Salaries and Related Benefits:							
Salaries	4,590,000	4,734,000	4,829,000	4,972,900	19,125,900	9,324,000	14,153,000
Employee Benefits	1,499,000	1,499,000	1,499,000	1,497,085	5,994,085	2,998,000	4,497,000
Retirement	1,050,000	1,050,000	1,050,000	1,050,000	4,200,000	2,100,000	3,150,000
Payroll Taxes	350,400	361,400	368,700	379,500	1,460,000	711,800	1,080,500
	<u>7,489,400</u>	<u>7,644,400</u>	<u>7,746,700</u>	<u>7,899,485</u>	<u>30,779,985</u>	<u>15,133,800</u>	<u>22,880,500</u>
Program Expenses:							
Annual Report	30,000	30,000	---	---	60,000	60,000	60,000
Audit	97,500	97,500	---	---	195,000	195,000	60,000
Advertising/Public Relations/Req. for Proposals	18,750	18,750	18,750	18,750	75,000	37,500	78,750
Appraisals/Market Studies	7,500	7,500	7,500	7,500	30,000	15,000	22,500
Cost Estimating/Professional Consultation	6,250	6,250	6,250	6,250	25,000	12,500	18,750
Credit Rating	11,250	11,250	11,250	11,250	45,000	22,500	33,750
Information Services	12,500	12,500	12,500	12,500	50,000	25,000	37,500
Legal Counsel	18,750	18,750	18,750	18,750	75,000	37,500	56,250
	<u>202,500</u>	<u>202,500</u>	<u>75,000</u>	<u>75,000</u>	<u>555,000</u>	<u>405,000</u>	<u>367,500</u>

**Pennsylvania Housing Finance Agency
General Activities Budget
Schedule of Expenses - Estimated Quarterly
Fiscal Year Ending June 30, 2018**

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>	<u>2nd Qtr Total</u>	<u>3rd Qtr Total</u>
General and Administrative:							
Board Expenses	11,250	11,250	11,250	11,250	45,000	22,500	33,750
Books and Reference Materials	8,000	8,000	8,000	8,000	32,000	16,000	24,000
Computer Maintenance and Supplies	131,250	131,250	131,250	131,250	525,000	262,500	393,750
Corporate Memberships	15,000	15,000	15,000	15,000	60,000	30,000	45,000
Insurance	75,000	75,000	75,000	75,000	300,000	150,000	225,000
Building Debt and Bond Expenses	231,250	231,250	231,250	231,250	925,000	462,500	693,750
Office Machine/Furniture Rental	27,500	27,500	27,500	27,500	110,000	55,000	82,500
Office Rent	49,750	49,750	49,750	49,750	199,000	99,500	149,250
Office Supplies	52,500	52,500	52,500	52,500	210,000	105,000	157,500
Personnel Advertising/Employment Agency Fees	6,250	6,250	6,250	6,250	25,000	12,500	18,750
Postage and Freight	81,250	81,250	81,250	81,250	325,000	162,500	243,750
Printing and Composition	31,250	31,250	31,250	31,250	125,000	62,500	93,750
Professional Memberships	6,250	6,250	6,250	6,250	25,000	12,500	18,750
Professional Training	31,250	31,250	31,250	31,250	125,000	62,500	93,750
Professional and Technical Consultants	62,500	62,500	62,500	62,500	250,000	125,000	187,500
Real Estate Taxes	37,500	37,500	37,500	37,500	150,000	75,000	112,500
Repairs and Maintenance	93,750	93,750	93,750	93,750	375,000	187,500	281,250
Telephone	75,000	75,000	75,000	75,000	300,000	150,000	225,000
Temporary Help	12,500	12,500	12,500	12,500	50,000	25,000	22,500
Travel	90,000	90,000	90,000	90,000	360,000	180,000	270,000
Unemployment Compensation	5,000	5,000	5,000	5,000	20,000	10,000	15,000
Utilities	71,250	71,250	71,250	71,250	285,000	142,500	213,750
Miscellaneous	3,750	3,750	3,750	3,750	15,000	7,500	11,250
Total General and Administrative Expenses:	<u>1,209,000</u>	<u>1,209,000</u>	<u>1,209,000</u>	<u>1,209,000</u>	<u>4,836,000</u>	<u>2,418,000</u>	<u>3,612,000</u>
Total Expenses:	<u>8,900,900</u>	<u>9,055,900</u>	<u>9,030,700</u>	<u>9,183,485</u>	<u>36,170,985</u>	<u>17,956,800</u>	<u>26,860,000</u>

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 2017-124

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 2017-124 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 8th day of June, 2017 as follows:

Section 1. Adoption of the Series 2017-124 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 2017-124 (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 2017-124 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 2017-124 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 2017-124 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 2017-124 Bonds shall be no later than 2048, and (iii) the initial interest rate or rates on the Series 2017-124 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. The Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance is authorized to enter into one or more guaranteed investment contracts, escrow deposit agreements or other investment instruments relating to the Bonds, to take all necessary actions and to make any necessary and appropriate amendments or adjustments to all or a relevant portion of any bonds issued under the Indenture and to secure substitute facilities and remarketing agreements for any of the Agency's outstanding variable rate demand obligations.

Section 4. This Resolution shall take effect immediately.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING CERTAIN MATTERS RELATING TO BIDDING FOR THE SECTION 8
PERFORMANCE BASED CONTRACT ADMINISTRATION PROGRAM**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates pursuant to the Housing Finance Agency Law (35 P.S. Section 1680.101 *et seq.*) (the "Act") for the purposes ". . . of alleviating hardship which results from insufficient production of private homes and of rental housing for persons and families of low and moderate income, including the elderly . . the deleterious effect of inadequate housing upon the general welfare of the Commonwealth . . . by broadening the market for private homes and for housing for persons and families of low and moderate-income, through the provision of specialized financing... improving and stimulating the distribution of capital for housing and neighborhood revitalization projects "; and

WHEREAS, among the powers conferred in the Act, PHFA has the power to "...enter into agreements or other transactions with any Federal agency or agency of the Commonwealth or other entity; ... invest in, pledge capital to, lease, own, manage, or develop housing projects or programs in the furtherance of the purposes set forth in the Act, individually, as a partner... or joint venturer...; do all things necessary or convenient to carry out the powers granted by this Act or other acts...."

WHEREAS, pursuant to the National Housing Act of 1937 (the "1937 Housing Act"), the Federal Department of Housing and Urban Development ("HUD") administers various programs, including the Section 8 housing program through which payments are made to qualified developments which provide decent, safe and sanitary housing to qualified low and moderate income households ("PBCA Program");

WHEREAS, PHFA is a public housing authority for purposes of the 1937 Housing Act with statewide jurisdiction in the Commonwealth of Pennsylvania; the PBCA Program is administered by public housing authorities on behalf of HUD; and since 2000, which is the year the PBCA commenced, PHFA has been the PBCA administrator in the Commonwealth;

WHEREAS, HUD has indicated that it will be initiating a new procurement soliciting bids to perform these PBCA Program administrative services; and

WHEREAS, PHFA has reviewed its program administration and has determined that it is desirous of continuing to administer the PBCA Program in the Commonwealth.

NOW THEREFORE, this 8th day of June, 2017, be it resolved by the Members of the Pennsylvania Housing Finance Agency as Follows:

Section 1. Staff is hereby authorized to take all necessary action to file a competitive response to the PBCA Program bid solicitation when and as initiated by HUD, which includes all necessary steps to prepare a responsive bid in accordance with advice of counsel.

Section 2. Staff is hereby authorized and directed to confer with counsel (including the Office of Attorney General and Cohen & Mohr, LLC) to determine appropriate and necessary legal challenges, if any to the structure and scope of the federal bid issued by HUD and to take appropriate actions.

Section 3. Staff is further authorized to offer to provide fee based third party services to any other state housing finance agency which requests its assistance in the administration of the PBCA Program contract in their jurisdiction.

Section 4. This resolution shall take effect immediately.