

**Pennsylvania Housing Finance Agency
Meeting of the Board
November 9, 2017**

Members Present:

- *Robin Wiessmann, Chair
- *Thomas B. Hagen, Vice Chair
- Keith Welks, Acting Chair (serving in the
stead of Joseph Torsella, State Treasurer)
- *Craig Alexander
- *Maria F. Coutts
- *Ron Croushore
- *Noel Eisenstat
- *Ben Laudermilch (serving in the stead of
Teresa Miller, Acting Secretary, Human
Services)
- *Robert Loughery
- *Ross Nese
- *John Paone
- *Mark Schwartz

*On Telephone conference call

Members Absent:

Dennis Davin, Secretary, Department
of Community and Economic
Development)

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Deputy Executive Director/Chief Counsel
Holly Glauser, Director of Development
Kim Boal, Director of Information Technology
*Nancy Twyman, Director of Eastern Region
*Ali Tomich, Director of Western Region
Bryce Marezki, Director of Strategic Policy & Planning
William Fogarty, Director of Government Affairs
Scott Elliott, Director of Communications
John Zapotocky, Director of Accounting
Joseph Knopic, Director of Finance
Carl Dudeck, Director of Housing Management
Lori Toia, Director of HEMAP
Thomas Brzana, Director of Business Analytics
Melissa Grover, Government Affairs Associate
Chris Anderson, Communications Officer
Jordan Laird, Manager of Investments
David Doray, Manager of Multifamily Underwriting
Ann Mermelstein, Senior Development Officer
Clay Lambert, Business Policy Officer
Jada Greenhowe, Assistant Counsel
Lauren Starlings, Assistant Counsel

Steve O'Neill, Assistant Counsel
Stan Salwocki, Manager of Architecture & Engineers
Jim Stretz, George K. Baum & Company
*Jay Reinhard, President, Orbach Affordable Housing Solutions, LLC
*Jaime Birman, Director of Development, Lighthouse Properties
*Robert Jacobs, Principal, RCJ Consulting, LLC
*Alan Jaffe, Managing Director, Jefferies LLC
*Chris Paul, Executive Vice President of Development, Diamond and Associates
*Matthew Keen, Project Manager, Diamond and Associates
*Karyntha Cadogan, Vice President of Development, Diamond and Associates
*Paul Haley, Barclays
*Damian Busch, Barclays
*Vikram Shah, Barclays
Maggie Strawser, Assistant Secretary
Carrie M. Barnes, Secretary

A regular monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, November 9, 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 December 29, 2016.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 10:30 a.m. by Acting Chairman Welks. The roll was called and a quorum was present.

2. APPROVAL OF THE MINUTES FROM THE OCTOBER 12, 2017 BOARD MEETING

There were no additions or corrections to the minutes.

A motion was made that the minutes from the October 12, 2017 Board meeting be approved as submitted. This motion was seconded and unanimously approved.

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT

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

A. Allocation of Tax-Exempt Bond Issuing Authority - University Square Apartments, Philadelphia, Philadelphia County

Ms. Mermelstein reviewed the project and its financing plan. She reported that tenants will be temporarily relocated during rehabilitation and the cost for this relocation has been included in the project budget.

The sponsor has requested a volume cap allocation for the acquisition and rehabilitation of this project in an amount not to exceed \$110,000,000. The private activity bonds will be issued by the Philadelphia Authority for Industrial Development.

Staff recommends approval.

Mr. Welks reported that the PDR Committee concurs with staff's recommendation.

Mr. Eisenstat asked if the relocation process would take tenants off property and Ms. Mermelstein reported that they would be relocated within the existing building until their unit has been rehabilitated.

Mr. Welks made a motion that the Board approve the resolution authorizing a 2017 housing related bond allocation to University Square Apartments in an amount not to exceed \$110,000,000. This motion was seconded and unanimously approved. (See Appendix 1 of these Minutes.)

Mr. Reinhard, representing the sponsor, thanked the Board for their approval of this volume cap allocation. He thanked Ms. Glauser, Ms. Mermelstein and other members of the Agency's staff for their assistance throughout the process. He added that this rehabilitation project is important to the City of Philadelphia.

B Other Business

Mr. Welks reported that the Program and Development Review authorized the reallocation of tax credits to the Lofts at Fullerton Mills located in Whitehall Township, Lehigh County. The Committee has been authorized by the Board to approve these reallocation requests and no Board action is required.

4. POLICY COMMITTEE REPORT

A. 2018 Draft PHARE Plan and Program Update

Mr. Marezki reported that there are no changes being proposed to the 2018 PHARE Plan from the previous Plan. Following the Board's approval of the draft Plan, it will be made available for public comment for 45 days. After that time, staff will review the comments and consider any changes proposed by the public. Following any changes, the Plan will be submitted to the Board for final approval.

Mr. Marezki informed the Board that the Agency is proposing to combine the Marcellus Shale Impact Fee, the Realty Transfer Tax Revenue and the National

Housing Trust Fund into one comprehensive Plan. By doing this, it will make the program very flexible.

Mr. Maretzki reported that a total of 203 applications were received for PHARE funds – 158 applications for Realty Transfer Tax requesting \$40,500,000; 42 applications for Marcellus Shale funds requesting \$6,300,000; and 34 applications for Housing Trust Fund monies requesting \$16,600,000. The Agency has a total of \$28,000,000 to be allocated for PHARE funding (\$17,000,000 for Realty Transfer Tax requests; \$5,700,000 for Marcellus Shale requests; and \$5,800,000 for Housing Trust Fund requests.) The application requests far exceeded the monies available.

Mr. Maretzki noted that a number of the application have also requested tax credits from the Agency. Staff will begin reviewing each application to determine the most feasible proposals to submit to the Board for review and approval.

No action is required by the Board at this time. Staff will present the final Plan for Board approval early in 2018.

B Other Business

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

5. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 125 AND SERIES 126

Mr. Hudson reported that the Agency's Series 124 bond issue which closed in late September has been fully reserved with a mortgage interest rate of 3-5/8 percent. Staff is requesting authorization to proceed with Series 125 and Series 126, delegating the terms and conditions to the Finance Committee.

Mr. Hudson noted that there are many uncertainties with the proposed tax reform changes and the Agency needs to be prepared to move forward quickly if the need arises.

A motion was made that the Board approve the resolutions authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 125 and Series 126. This motion was seconded and unanimously approved. (See Appendices 2 and 3 respectively of these Minutes.)

6. FEDERAL HOME LOAN BANK PROGRAM PARTICIPATION

Mr. Hudson reported that the Agency is a qualified "non-member borrower" of the Federal Home Loan Bank and as such has the ability to borrow funds at very attractive rates on a line of credit basis. This will enable the Agency to borrow funds to ensure liquidity when needed for general agency operations, for repurchased or warehoused loans in its Mortgage Backed Securities portfolio and as a possible financing mechanism for various Agency programs.

He reported that the Agency must post collateral for the funds it borrows and that would likely be the Agency's treasury bonds or possibly single family loans.

Mr. Hudson noted that the Federal Home Loan Bank has been a very active purchaser in the Agency's tax exempt bond offerings. He added that the Agency has a very good relationship with the Bank.

Mr. Hudson is requesting the Board's approval to enter into this program with the Federal Home Loan Bank in an amount not to exceed \$100,000,000.

A motion was made that the Board approve the resolution to participate in the Federal Home Loan Bank Non-Member Borrowing Program in an amount not to exceed \$100,000,000. This motion was seconded and unanimously approved. (See Appendix 4 of these Minutes.)

6. OTHER BUSINESS

A. Federal Home Loan Bank Homeless Initiative

Mr. Hudson informed the Board that the Federal Home Loan Bank has approved a partnership with Pennsylvania, Delaware and West Virginia to provide monies for a homeless initiative not to exceed \$5,000,000. Pennsylvania will receive \$3,000,000; Delaware and West Virginia will receive \$1,000,000 each. Staff is reviewing this initiative and it will be discussed further at the Policy meeting being held on Wednesday, December 13.

B. Tax Reform

Mr. Hudson reported that tax reform remains unsettled. The Agency has been in contact with Senator Casey and Senator Toomey's offices regarding this very important issue. It is still unknown about the fate of private activity bonds which affect the Agency's affordable housing programs including tax credits and the Mortgage Revenue Bond program.

Mr. Fogarty stated that the Agency has been making every attempt to educate our Legislators about the tax reform package and what it will mean to the Commonwealth and its affordable housing programs. He briefly reviewed some of the tax reform ramifications. Generally speaking though, no one really knows what the tax reform bill will look like until it is completed.

Mr. Hudson added that the funds for the New Market Tax Credit Program are also at risk which would impact the Agency's Commonwealth Cornerstone Group's community development endeavors.

Mr. Hudson stated that if the tax reform passes as proposed in the House Bill, it would essentially shut down the Agency's tax exempt program and make it very difficult for the Agency to compete in mortgage funding with lenders throughout the Commonwealth.

Mr. Jaffe of Jefferies LLC reiterated what has been said about the seriousness of the tax reform on the Agency and how it would affect the Agency's housing programs.

C. December Board Meetings

Mr. Hudson informed the Board that the annual policy meeting will be held on Wednesday, December 13 followed by the regular monthly Board meeting on December 14. He encouraged Board members to make every effort to attend these meetings.

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. Acting Chairman Welks adjourned the meeting of the Board at 11:10 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, December 14, 2017 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 2017 HOUSING RELATED BOND ALLOCATION
University Square Apartments**

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 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; and

WHEREAS, Applicant, OAHS University Square GP LP, which is to become the general partner of University Plaza Associates, has requested an allocation of Volume Cap for the acquisition and rehabilitation of 442 units of senior (sixty-two and older) occupancy housing in the City of Philadelphia, Philadelphia County; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed \$110,000,000 for the issuance of private activity bonds by the Philadelphia Authority for Industrial Development ("Issuer"), 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 9th day of November, 2017, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Volume Cap in an amount not to exceed \$110,000,000 (which includes a contingency amount) for the tax exempt bond financing of University Square Apartments subject to the following conditions: a.) 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"), including, but not limited to, the Issuer's determinations made pursuant to Section 42(m)(2)(D) of the Code, and all applicable requirements of the Agency's Tax Credit Program have been met; b.) 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; c.) compliance with the timeframes and deadlines established by the Agency; d.) evidence of the commitment of construction and permanent financing and equity in amounts sufficient to ensure the financial feasibility of the project; e.) 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; f.) evidence of the satisfaction of accessibility requirements; and g.) evidence of all requisite HUD approvals.

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 MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 125

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 125 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 9th day of November, 2017 as follows:

Section 1. Adoption of the Series 125 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 125 (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 125 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 125 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 125 Bonds shall not exceed \$750,000,000, (ii) the final maturity of the Series 125 Bonds shall be no later than 2050, and (iii) the initial interest rate or rates on the Series 125 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 MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 126

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 126 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 9th day of November, 2017 as follows:

Section 1. Adoption of the Series 126 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 126 (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 126 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 126 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 126 Bonds shall not exceed \$750,000,000, (ii) the final maturity of the Series 126 Bonds shall be no later than 2050, and (iii) the initial interest rate or rates on the Series 126 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 MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE
AGENCY APPROVING BORROWING AN AMOUNT NOT TO EXCEED \$100,000,000
THROUGH THE FEDERAL HOME LOAN BANK NON-MEMBER BORROWING
PROGRAM

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists pursuant to the housing finance agency law, 35 P.S. Section 1680.101 *et seq.* (the "Act") for the purposes, *inter alia*, of creating and stimulating affordable housing and administering housing financing programs throughout the Commonwealth for persons of low and moderate income;

WHEREAS, the Act provides that the Agency may do such things as are necessary and convenient to carry out its operations and programs;

WHEREAS, the Act provides that the Agency may borrow money for the operation and work of the Agency and for the administration of its programs in accordance with the provisions of the Act;

WHEREAS, the Agency has determined that it is desirous of entering into an agreement with the Federal Home Loan Bank of Pittsburgh to establish a funding facility in an amount not to exceed \$100,000,000 to be used for its general corporate and program purposes.

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY ON THIS 9th DAY OF NOVEMBER, 2017 AS FOLLOWS:

Section 1. Staff is authorized and directed to enter into an agreement with the Federal Home Loan Bank of Pittsburgh authorizing the Agency to borrow funds for its general corporate, program and liquidity purposes as set forth below.

Section 2. The maximum amount outstanding under the aggregate FHLB program loan at any time shall not exceed \$100,000,000; the interest rate on the FHLB funds shall be set at the time such funds are drawn and shall be evidenced in a note executed at each draw, at a rate of established by FHLB and agreed to by PHFA (which rate shall not exceed 8% per annum); funds shall be drawn down in increments agreed upon by the parties; the term of each Note shall not exceed thirty years; the FHLB loan shall be secured by pledges of such mortgage instruments, collateral or security as FHLB deems acceptable from time to time.

Section 3. This Resolution shall take effect immediately.