

**LOAN COMMITTEE MEETING**  
**January 21, 2016**

- PRESENT:** Jerry Austin, Commercial Industrial Appraisal Services; Michelle Hovis, HealthChoices Management Unit; Bill Koons, Presbyterian Senior Living; Bruce Rebert, Chairman; Mark Shea, Area Agency on Aging
- ABSENT:** David Cross, R.S. Mowery & Sons; Felicia Dell, York County Board of Commissioners; Fiona Eyster, York Traditions Bank; Tom Hoover, York County Controller's Office; Jessica Mockabee, York County Human Services
- STAFF:** Dory Brannon, Housing Chief; Michelle Trout, Development Specialist
- SOLICITOR:** Kurt Blake, Esquire
- GUESTS:** Amy Hampson, HealthChoices Management Unit; Daniel Dygert and Scott Forry, PFG Capital

**Call to Order**

Bruce Rebert called the meeting to order at 10:00 a.m.

**Approval of Minutes**

Bill Koons made a motion to approve the meeting minutes for October 2015. The motion was seconded by Mark Shea and carried unanimously.

**PFG Proposal/Request for Forgiveness**

Daniel Dygert, President of PFG Capital and Scott Forry, its Controller addressed the loan committee to advise that they are transitioning out of the affordable housing market in order to focus on their other businesses. PFG has received an offer for the sale of its five (5) County HOME projects and one (1) City HOME project. They are in discussions with the NHP Foundation of New York, which has over 6,000 affordable housing units in its current portfolio. NHPF uses 3<sup>rd</sup> party management sources, so PFG has referred them to the York Area Housing Group. Scott Forry distributed a spreadsheet showing the current loan balances, maturity dates and their proposed offer for a partial loan repayment for review and discussion. Some clarifying questions were addressed about the discount factor used to determine the partial repayment, as well as the proposed buyer's financing and possible rehabilitation plans for the properties.

Bruce Rebert thanked the PFG executives for the information and advised that the loan committee would need to review the existing loan terms with the Solicitor before making any decisions. In addition, Kurt Blake reminded PFG that the County would need to review all of the financial details of the transaction before agreeing to any loan forgiveness. Dan Dygert agreed to send Dory Brannon the deal structure for the current purchase offer and asked what the time frame would be for a response from the Loan Committee. Bruce Rebert advised that upon receipt of the requested information, a response should be possible within 30-60 days.

Mr. Dygert and Mr. Forry left the meeting and discussion resumed about the proposal. Dory Brannon will prepare an outline of the current partnership structure and loan terms for each project so that Bruce Rebert, Jerry Austin and Bill Koons can meet with staff and the Solicitor to review and address possible discussion points prior to the next loan committee meeting.

#### **Update on Tailored Lady – Non-Compliance Issues**

Dory Brannon reported that the County has withdrawn the funds from the escrow account for the project, but the Owner still owes the balance of the loan. The Owner has been released from the HOME Program requirements and will be issued a 1099C for debt forgiveness in 2016.

#### **Update on Warehouse Apartments**

Dory Brannon reported that the previous Owner received a 1099C for debt forgiveness in 2015. The new Owner is Shoregate Properties of Hanover. They are working with the Housing Authority to meet the Section 8 Housing Voucher Program requirements.

#### **Update on M'Calister Inn**

Dory Brannon reported that the YMCA is very anxious to sell the M'Calister Inn and has a purchase offer from Trone Properties. Mr. Trone met with staff this week to advise that he intends to pay cash for the property and wants to take out a small loan to make a few repairs. However, he is hoping that the County will forgive the entire HOME loan debt. Mr. Trone was not aware of the extent of the HOME Program restrictions, so Dory explained all of the HOME Program income and rent restrictions and monitoring requirements. Mr. Trone will consider the information provided and let us know if he decides to pursue the project.

Bill Koons inquired as to whether there has been any further contact with the Housing Authority about the M'Calister Inn. Dory Brannon advised that she and Felicia Dell have been talking with the Chairman of the Board for the Housing Authority regarding what happened with their application. Staff will be invited to attend the next Housing Authority board meeting to review the situation.

#### **Update on Shrewsbury Courtyards Rehabilitation**

Dory Brannon reported that the project is 100% complete and staff is processing the disbursement request.

#### **Update on 219 Baltimore Street in Hanover**

Dory Brannon reported that Hanover Borough has agreed to take possession of 219 Baltimore Street for demolition and will transfer it to York Area Development Corp. for development into for sale townhouses. The Borough will also likely need to acquire an adjacent rental property in order to make the project feasible. There will be relocation costs involved for the existing tenant.

Kurt Blake advised that once the property is acquired, he will need to file a quiet title lawsuit to clear the title for common ownership.

#### **Current Application Round**

Dory Brannon reported that the County received an application from Habitat for Humanity to develop a single family home on a donated lot in Manchester for a young veteran and his family.

RAYAC and the Horn Association are investing funds in the project and Habitat held a fundraiser that netted \$63,000 in community contributions. The application is complete and the only concern is that there is no public water on the site. Dory expressed concern about whether the family would be able to afford the cost to repair or replace a failed well. Kurt Blake and Bruce Rebert recommended a flow test and geological survey before committing funds to the project.

### **Bids for a Market Study**

Dory Brannon reported that after speaking with several bidders and other local jurisdictions, the County does not recommend ordering a County-wide market study because it would contain an overwhelming amount of information that may quickly grow stale and become unusable. Lancaster County has found theirs to be very difficult to navigate, so most of their staff does not use it to its full benefit. Therefore, staff proposes that we instead contract with someone on a consultant basis to provide statistical information and on-demand market studies for specific target areas as projects come up for consideration. Mark Shea commented that a statistical database may be more useable than an eight-hundred-page document. Jerry Austin agreed and advised that he uses a database in his appraisal work.

### **Other Business:**

Michelle Hovis outlined Amy Hampson's qualifications to take her seat on the Loan Committee. Amy stated that her position with the HealthChoices Management Unit keeps her involved with numerous local affordable housing communities, making this a good fit for her.

### **Adjournment**

Mark Shea made a motion to adjourn the meeting at 11:05 a.m. The motion was seconded by Bill Koons and carried unanimously.