

**Rhode Island Housing and Mortgage Finance Corporation**  
**Minutes of the Meeting of the Credit Committee**  
**April 10, 2024**

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Wednesday, April 10, 2024, at 9:30 a.m. The meeting was held at the main office of the Corporation, 44 Washington Street, Providence, RI 02903, Conference Boardroom and via telephone conference call.

Carol Ventura, Executive Director, opened the meeting and introduced Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

Mr. Rotella stated that (i) this meeting would be recorded and available for review on the RIHousing website within 3-5 business days after the meeting and (ii) except for specific RIHousing staff participating telephonically in the meeting, all callers would be muted during the meeting. Mr. Rotella also asked that to prevent any feedback or background noise, telephone participants to please mute the telephone if not speaking. Additionally, Mr. Rotella announced that if during the meeting anyone had technical difficulties with audio or accessing the call, they should call (401) 457-1240.

Next, Corinne Myers, General Counsel, provided additional guidance for the meeting. Ms. Myers stated that members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Ms. Myers also stated that Committee Chairman Orth would preside over the meeting and requested that any Commissioner or staff member state their name prior to speaking for the benefit of listeners and to mute the phone when not speaking. She then invited Committee Chairman Orth to call the meeting to order.

Committee Chairman Orth introduced himself and officially called the meeting to order at approximately 9:34 a.m. Committee Chairman Orth then invited Ms. Ventura to proceed with the roll call of Commissioners in attendance.

Ms. Ventura conducted a roll call of Commissioners participating in the meeting. Commissioners participating were: Committee Chairman Orth; Stefan Pryor; Sara Cabral, Designee for Elizabeth Dwyer, Director of the Department of Business Regulation; Jonathan Womer, Director of the Department of Administration and Maria Barry.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Anne Berman, Director, Real Estate Development; Dean Harrison, Assistant Director of Real Estate Development; Trevor Cain, Real Estate Development Officer; Antonio Giordano, Real Estate Development Officer; James Dillon, Real Estate Development Officer; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Deborah Flannery, Deputy Secretary of the Department of Housing was present as were members of the public via teleconference.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on March 13, 2024

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on March 13, 2024. A motion was duly made by Chairman Pryor and seconded by Commissioner Designee Cabral.

There being no discussion, Corinne Myers, General Counsel conducted a voice vote of the Commissioners for the approval of the minutes of the Credit Committee Meeting held on March 13, 2024.

The Commissioners unanimously voted to approve the minutes.

Ms. Myers then officially stated for the record that the following was adopted:

VOTED: That the minutes of the Credit Committee Meeting held on March 13, 2024, are hereby approved.

Commissioner Barry arrived at 9:36 a.m.

## 2. Recommendation for Firm Approval of Financing for Lockwood Plaza Phase I (Providence)

Committee Chairman Orth announced that Trevor Cain, Real Estate Development Officer would present the request.

Mr. Cain said that the request was for firm approval of (i) RIHousing tax-exempt financing in an amount not to exceed \$12,300,000, of which \$3,000,000 will remain as a permanent tax-exempt first mortgage; (ii) a Development of Affordable Housing 2 Program (“DAH-2”) Loan in an amount not to exceed \$4,010,000; (iii) a Capital Magnet Fund (“CMF”) Loan in an amount not to exceed \$990,000; and (iv) a Community Revitalization Program (“CRP”) Grant in an amount not to exceed \$680,000 for Lockwood Plaza Phase I (the “Development” or “Lockwood Plaza”). WinnCompanies LLC is the developer (“Winn” or the “Developer”). The Development received preliminary approval for financing from the Board of Commissioners on May 18, 2023 (“Preliminary Approval”).

Lockwood Plaza is a 209-unit development in Providence that was built in 1979 and last renovated in 2011. It is located at and around 50 Prairie Avenue and consists of 108 townhouses in 17 garden-style townhouse buildings as well as a 101-unit high-rise building. This RFA for Phase I is for the townhouse units only as the high-rise component will be completed in a subsequent phase. The Phase I units cater to families and offer a combination of one-, two-, three-, and four-bedroom units restricted for households with incomes at or below 60% of area median income (“AMI”). With just eight years remaining in its current affordability term, the Developer seeks to extend the affordability term for another forty years. Approximately 88% of the units are supported by Section 8 housing choice vouchers (“HCV”) and provide homes for residents below 50% of AMI and often below 30% of AMI.

Staff recommends firm approval of (i) \$12,300,000 in tax-exempt financing, of which \$3,000,000 will remain as permanent debt; (ii) a DAH-2 Loan of up to \$4,010,000; (iii) a CMF Loan of up to \$990,000; and (iv) a CRP Grant of up to \$680,000, subject to certain conditions.

Committee Chairman Orth thanked Mr. Cain for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Lockwood Plaza Phase I (Providence).

A motion was duly made by Chairman Pryor and seconded by Commissioner Womer.

Committee Chairman Orth then asked if anyone had any questions.

A brief discussion followed with Chairman Pryor asking at what point of the process the bonds are issued for the transaction.

Anne Berman, Director of Real Estate Development explained the process noting that the syndicator is Boston Financial, and the investor is Citizens Bank. It is not uncommon with these types of transactions that the investor requires that they provide the construction financing as they earn more money and receive additional CRA credits. Citizens Bank will fund the first 50% of construction. Once construction is at that point, RIHousing will issue its bonds and take out the construction loan to finish the project so that the bonds are out for a long enough period to meet the bond requirements. The balloon mortgage gets repaid at construction completion. Ms. Berman also mentioned that she would defer to Commissioner Barry on how banks look at the CRA credits and if they offer a more favorable outlook for multi-funds as opposed to a proprietary fund. The multi-funds are typically priced lower than the proprietary deals.

Commissioner Barry confirmed that banks typically fund at a lower debt for multi-fund transactions. The Commissioner also noted that from a bank's perspective, it's much easier to monitor the process if they hold the loan.

Ms. Berman said that staff will work with the developer and syndicator to scrutinize the cash flow to get as much of the SFRF dollars expensed as quickly as possible, to maximize what is spent.

Committee Chairman Orth then inquired about the repayment terms for the DAH2 loan. Ms. responded that it's 50% of surplus cash.

The Committee Chairman next referenced the appraisal LTV number of \$7.3 million, yet the acquisition cost states \$9.1 million. Committee Chairman Orth wanted to confirm it was justified.

Ms. Berman responded that staff spent extensive time reviewing the appraisal and said that the property appraises at \$15 million. She explained that the as is appraisal is \$13.1 million.

Committee Chairman Orth acknowledged that information but noted that the chart reflected \$7.23 million. Ms. Berman said that number is for the proposed transaction. It does not take into consideration the evaluation of the as is appraisal.

Committee Chairman Orth wanted to ensure that the acquisition costs are justified. Ms. Berman said she would review the appraisal and update the chart to clearly identify the costs.

There being no further questions, Ms. Myers then conducted a voice vote of the Commissioners for Firm Approval of Financing for Lockwood Plaza Phase I (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Firm Approval of Financing for Lockwood Plaza Phase I (Providence) was approved.

3. Recommendation for Firm Approval of First Mortgage Financing for Cathedral Square Apartments II (Providence)

Committee Chairman Orth once again invited Mr. Cain to give the presentation.

Mr. Cain said that the request was for firm approval of a RIHousing first mortgage taxable financing in an amount not to exceed \$20,750,000 for Cathedral Square Apartments II (hereinafter referred to as the “Development” or “CSAII”). Cathedral Development Group, Inc. is the developer (the “Developer”).

CSAII is a five story 93-unit building originally constructed in 1976 which is not currently financed by RIHousing. The Development has 82 one-bedroom and 11 two-bedroom apartments for elderly and disabled households. There is a 5,700 square foot commercial space on the first floor, the majority of which is currently vacant. Amenities for residents include a community room with a kitchen, common laundry room, and management office. The Section 8 Housing Assistance Payments contract (the “HAP Contract”) for the Development, which covers all 93 units, was recently renewed for 20 years with rents marked up to market.

Committee Chairman Orth thanked Mr. Cain and asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of First Mortgage Financing for Cathedral Square Apartments II (Providence).

A motion was duly made by Chairman Pryor and seconded by Commissioner Womer.

Chairman Pryor noted the \$12.9 million equity take out and asked why staff was recommending that amount, especially as the developer refinanced in 2013. Ms. Berman said it was important to know that the loan is not part of RIHousing’s portfolio. The Developer could go to any lender for better refinancing options. However, due to the existing positive relationship the developer has with the Corporation, they chose to come to RIHousing. The project is a great candidate for a HUD MAP loan and would be an excellent asset to RIHousing’s portfolio.

Ms. Ventura emphasized that is the purpose of the program, to generate business for the Agency. Additionally, the Corporation will garner long term benefits on its balance sheet.

Mr. Comer, Deputy Executive Director stated that due to the long-term relationship with Cathedral Development, staff recognizes that they are a responsible, proactive owner that takes excellent care of their properties.

Committee Chairman Orth corroborated that the developer could sell the property and/or seek alternate financing options. Nonetheless, they have chosen to work with RIHousing. Cathedral Development has demonstrated that they are conscientious, and the relationship is important.

Continuing, the Committee Chairman mentioned that the sign-off sheet was contingent upon the final scope of work. He wanted to know if Design and Construction is confident regarding that final report. Ms. Berman verified that fact, saying that staff spent considerable time analyzing the CNA. Staff is very confident, and she stressed that at year 10 a new CNA is required. If at that time replacement reserves need to be resized, staff will adjust accordingly.

Committee Chairman Orth then stated that the development is still in the tax credit compliance period. He suggested that it would be prudent to insert the tax credit maximum rents. Ms. Berman said that she will include those rents in the chart.

No further discussion was presented.

Ms. Myers then conducted a voice vote of the Commissioners for Firm Approval of First Mortgage Financing for Cathedral Square Apartments II (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Firm Approval of First Mortgage Financing for Cathedral Square Apartments II (Providence) was approved.

4. Recommendation for Approval of Transfer of Physical Assets (TPA) for Smith Hill Visions Limited Partnership (Providence)

Committee Chairman Orth announced that Dean Harrison, Assistant Director of Real Estate Development would give the presentation for the transfer of physical assets for Smith Hill Visions.

Mr. Harrison began by noting that the request was administrative. He then stated that staff requests (i) approval of the transfer of the limited partnership interest in Smith Hill Visions (“Visions” or the “Development”), a 26-unit affordable housing development for families located at various properties in the Smith Hill neighborhood of Providence, and (ii) approval of the subsequent sale of the Development.

The owner of the Development is Smith Hill Visions Limited Partnership. The current general partner of the Development is Smith Hill Community Development Corporation, a Rhode Island corporation that holds a .01% interest in the partnership. The two current investor limited partners in the Development are Apollo Housing Capital, LLC, Limited Partner and Apollo Housing Manager II, Inc., Special Limited Partner, a/k/a RBC Community Investments Manager II Inc. (collectively, the “Transferor”). The Transferor holds a 99.99% limited partnership interest. The Transferor intends to withdraw and transfer its partnership interests to Smith Hill Community Development Corporation (the “Transferee” or “SHCDC”). SHCDC is the sole shareholder of the general partner.

The Transferee will assume all existing obligations encumbering the Development. The initial compliance period ended in 2019, and the financial benefits of the tax credits and depreciation losses have been fully realized by the Transferor.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Approval of Transfer of Physical Assets (TPA) for Smith Hill Visions Limited Partnership (Providence).

A motion was duly made by Commissioner Chairman Pryor and seconded by Commissioner Barry.

There being no questions or comments, Ms. Myers conducted a voice vote of the Commissioners for Approval of Transfer of Physical Assets (TPA) for Smith Hill Visions Limited Partnership (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of Transfer of Physical Assets (TPA) for Smith Hill Visions Limited Partnership (Providence) was unanimously approved.

5. Recommendation for Approval of Transfer of Physical Assets (TPA) for Barton Street Neighborhood Revitalization (Pawtucket)

Committee Chairman Orth announced that Mr. Harrison would also give the presentation for Barton Street Neighborhood Revitalization.

Mr. Harrison stated that the request was for approval of the transfer of the limited partnership interest in Barton Street Neighborhood Revitalization (the “Development”), a 27-unit housing development located in Pawtucket.

The owner of the Development is Barton Street Neighborhood Limited Partnership (the “Limited Partnership”). The current general partner of the Limited Partnership is Barton Street Development Corporation (the “General Partner”), which holds a .01% interest. The current investor limited partner of the Limited Partnership is Freddie Mac Equity Plus II-ESIC Limited Partnership (the “Limited Partner”), which holds a 99.99% interest. The Limited Partner intends to withdraw and transfer its partnership interest to Pawtucket Central Falls Development Corporation (the “Transferee” or “PCFDC”). The current General Partner is wholly owned by the Transferee.

The Transferee will assume all existing obligations encumbering the Development. The initial compliance period ended in 2018, and the financial benefits of the tax credits and depreciation losses have been substantially realized by the Transferor. Once the transfer is complete, PCFDC intends to work with RIHousing on a future refinance of the Development.

Committee Chairman Orth thanked Mr. Harrison and asked for a motion and a second to recommend to the Board of Commissioners Approval of Transfer of Physical Assets (TPA) for Barton Street Neighborhood Revitalization (Pawtucket).

A motion was duly made by Chairman Pryor and seconded by Commissioner Barry.

There being no questions, Ms. Myers then conducted a voice vote of the Commissioners for Approval of Transfer of Physical Assets (TPA) for Barton Street Neighborhood Revitalization (Pawtucket).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of Transfer of Physical Assets (TPA) for Barton Street Neighborhood Revitalization (Pawtucket) was approved.

6. Discussion:

a. Pipeline Report

Committee Chairman Orth invited Ms. Berman to report on the pipeline activity.

Ms. Berman began by saying staff is working diligently to bring two (2) to three (3) transactions to the board in May for firm commitment. Additionally, staff is hopeful that the remaining previously funded SFRF deals will be ready for firm approval in June.

Staff continues to work through the RFP review process and is coordinating with the Department of Housing’s staff to move those applications forward. The 9% applications have been notified of their scores and are in the appeal period. The remaining 65 plus projects have been scored and staff is working through the challenge of funding as many as possible. It’s a huge endeavor.

Furthermore, construction on existing projects continues to move forward and most appear to be on schedule to be on-line by year end.

Finally, Ms. Berman announced that RIHousing hired two (2) additional loan officers. She then introduced Antonio Giordano and James Dillion to the Commissioners.

Committee Chairman Orth reiterated that for the deals approved for funding in May of 2023, a few will be ready for final approval in May and the balance in June. Ms. Berman confirmed that timeframe.

Commissioner Barry inquired if closings are going well. Ms. Berman verified that closings are going relatively well, especially considering the numerous legal documents required. Commissioner Barry also asked if staff is seeing any moderation in costs. Ms. Berman responded that there is no change in costs. Insurance and electrical gear continue to be a challenge, but the developers are aware of what is required and are navigating through the challenges.

Committee Chairman Orth wondered if there were any reports from general contractors and subcontractors on volume and issues. Ms. Berman stated she has not heard anything but will check in with Design and Construction.

Ms. Ventura said that the volume has not hit yet. The real test will be in approximately 12 months.

There were no votes taken regarding this item.

#### Adjournment

There being no further business to discuss, Committee Chairman Orth asked for a motion to adjourn the meeting. A motion was duly made by Chairman Pryor and seconded by Commissioner Barry to adjourn the meeting.

Corinne Myers, General Counsel, then conducted a voice vote of the Commissioners. The Commissioners unanimously voted to adjourn the meeting.

The Commissioners unanimously voted to adjourn the meeting at approximately 10:05 a.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted,

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Carol Ventura  
Secretary and Executive Director