

**MINUTES OF MEETING
OF THE TRUSTEES OF THE
AFFORDABLE HOUSING TRUST FUND**

A meeting of the Trustees of the Affordable Housing Trust Fund (the “AHT”) of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) was held on Thursday, February 17, 2022 at 10:00 a.m. The meeting was held via telephone conference call pursuant to Executive Order 22-01 (as extended by Executive Order 22-17, and as may be further amended or extended).

Carol Ventura, Executive Director, stated that this was a telephonic meeting of the Affordable Housing Trust Fund. Ms. Ventura then introduced Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

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

Next, Corinne Myers, General Counsel of RIHousing, provided additional guidance for the meeting. Ms. Myers stated that pursuant to Executive Order 22-01, as most recently extended by Executive Order 22-17, the meeting was being held via teleconference. 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 Ms. Ventura would preside over the Trustee 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 Ms. Ventura to call the meeting to order.

A quorum being present, Ms. Ventura introduced herself and officially called the meeting to order at approximately 10:59 a.m. Ms. Ventura then conducted a roll call of the Trustees, RIHousing Board of Commissioners and RIHousing staff. Trustees participating via teleconference were: Carol Ventura; Kara Lachapelle, and James Thorsen.

Other RIHousing Board of Commissioners and staff participating via teleconference were: Commissioner Kevin Orth; Commissioner Designee Byrne; James Comer, Deputy Executive Director; Anne Berman, Director of Real Estate Development; Dean Harrison, Assistant Director of Real Estate Development; Seth St. Jean, Real Estate Development Officer; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Members of the public were also present on the call.

Approval of Minutes of the Affordable Housing Trust Fund Meeting of January 12, 2022

Ms. Ventura entertained a motion and a second for the approval of the minutes of the Affordable Housing Trust Fund meeting held on January 12, 2022.

A motion was duly made by Ms. Lachapelle and seconded by Ms. Ventura. There being no discussion, Corinne Myers, General Counsel of RIHousing, conducted a roll call vote of the Trustees. The Trustees voted as follows:

Trustee Ventura	Aye
Trustee Lachapelle	Aye
Trustee Thorsen	Abstained

The Trustees voted to approve the minutes with two (2) votes in favor, Trustee Thorsen abstaining, and zero (0) nay votes. Ms. Myers then officially stated for the record that the following was adopted:

VOTED: That the minutes of the Affordable Housing Trust Fund Meeting held on January 12, 2022, hereby are approved.

Approval of Preservation Loan Program Fund Financing for Factory and Main Street Apartments (Cumberland)

Ms. Ventura introduced Seth St. Jean, Real Estate Development Officer, who gave this presentation.

Mr. St. Jean began by noting that the presentation was for firm approval of financing for Factory and Main Street Apartments was made earlier to the Board of Commissioners at the Board meeting. Mr. St. Jean mentioned this request was for approval of financing under the Preservation Loan Program Fund (“PLPF”) for Factory and Main Street Apartments located in Cumberland (“FM”) or the “Development”). The PLPF was created to provide a flexible source of capital to be utilized for the preservation of existing affordable housing with priority given to developments previously financed by RIHousing.

RIHousing’s portfolio includes approximately 13,000 affordable apartments. In addition, more than 1,430 affordable residential homes have been financed under the state’s HOME Investment Partnerships Program. Many of these affordable apartments need improvements. These apartments were constructed and/or rehabilitated in the 1990s and are beyond the initial 15-year tax credit compliance term. Several developments lack adequate reserves to conduct necessary improvements to ensure that residents are housed in a safe and healthy environment. In addition, there are unrestricted apartments in the Rhode Island market currently available for developers to acquire, rehabilitate and deed restrict to ensure long-term affordability. Thus, there is a need to upgrade these affordable apartments and homes to meet health and safety standards, make necessary improvements and address physical deterioration due to wear and tear.

The Affordable Housing Trust Fund (the “AHT”) has designated \$16,000,000.00 for the PLPF. In March 2018, RIHousing issued the Program Guidelines and a Request for Proposals (“RFP”) for the PLPF financing. Applications are being accepted on a rolling basis.

FM comprises the acquisition and rehabilitation of three existing portfolios, combining them into a single low-income housing tax credit (“LIHTC”) project. The 75 units are in 18 buildings on scattered sites across a tight geographic area. The units and buildings are in average condition. Fifteen of the buildings were built in 1870 and three of the buildings were built in 2003.

The Developer is Valley Affordable Housing Corp. (“VAH” or the “Developer”) and is seeking \$1,500,000.00 in PLPF funds to undertake a portion of the rehabilitation and the soft costs associated with the transaction. VAH is simultaneously seeking firm approval of (i) a RIHousing first mortgage and (ii) a RIHousing construction loan.

Staff from the Development Division, including the Design and Construction team and Asset Management Department, have reviewed the application for eligibility in accordance with the Program Guidelines and determined that the Valley Affordable Housing Corp. proposal is consistent with the requirements of the PLPF and will help to refinance and stabilize the Development.

After the presentation, Ms. Ventura asked for a motion and second for the Approval of Preservation Loan Program Fund Financing for Factory and Main Street Apartments (Cumberland).

A motion was made by Ms. Lachapelle and seconded by Mr. Thorsen. Following the motion and second, Ms. Ventura opened the meeting for questions or discussion.

There being no questions, Ms. Ventura asked Ms. Myers, General Counsel of RIHousing, to conduct a roll call vote of the Trustees eligible to vote. The Trustees voted as follows:

Trustee Ventura	Aye
Trustee Lachapelle	Aye
Trustee Thorsen	Aye

Ms. Myers then announced that the following resolution was unanimously adopted:

**Resolution of the Board of Trustees
of The Affordable Housing Trust Fund**

Whereas, the Affordable Housing Trust Fund (the “AHT”) was created by Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) for the sole purpose of making homeownership to low- and moderate-income residents of the State of Rhode Island more affordable;

Whereas, one of the purposes of the AHT is to assist in the preservation of affordable housing throughout the State of Rhode Island;

Whereas, the AHT has increased its investment portfolio over the last several years through its preservation-related activities; and

Whereas, the AHT created the Preservation Loan Program Fund and has set aside \$16,000,000 to assist in the preservation of affordable housing.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, the AHT be, and is hereby authorized, to commit up to \$1,500,000.00 in funding to Valley Affordable Housing Corp. or an affiliated entity (the “Borrower”) to finance the

rehabilitation of the multi-family development known as Factory and Main Street Apartments in Cumberland, RI.

Resolved, that the foregoing resolution is subject to the following conditions:

- Syndication proceeds from the sale of 4% LIHTCs in an amount sufficient to ensure development feasibility;
- Final approval by RIHousing of construction plans, specifications, and supporting construction documentation;
- Execution and delivery by the Borrower of a construction completion guaranty in form and substance satisfactory to RIHousing;
- Approval by RIHousing of management documentation;
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenants and Regulatory Agreement in form(s) acceptable to RIHousing; and
- Completion of all items required for firm commitment and for closing of the PLPF loan in accordance with normal underwriting and processing requirements.

Resolved, that the Executive Director, Deputy Executive Director, and the Director of Development each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.

Approval of Preservation Loan Program Fund Financing for Tanglewood Village Apartments (West Warwick)

Ms. Ventura introduced Dean Harrison, Assistant Director of Real Estate Development who informed the Trustees that Anne Berman, Director of Real Estate Development, would give a brief background of the transaction.

Ms. Berman explained that the transaction was unique and exciting as this approval will ensure that the 176 units remain deed restricted and affordable for the 80% AMI population for 30 years. For an investment of \$8,500 per unit, the apartments will remain affordable for 30 years. Ms. Berman was excited about that provision.

Continuing, Ms. Berman said that the request was for approval of \$1,500,000.00 of financing under the Preservation Loan Program Fund (“PLPF”) for Tanglewood Village Apartments located in West Warwick (“Tanglewood” or the “Development”). The PLPF was created to provide a flexible source of capital to be utilized for the preservation of existing affordable housing with priority given to developments previously financed by RIHousing.

RIHousing’s portfolio includes approximately 13,000 affordable apartments. In addition, more than 1,430 affordable residential homes have been financed under the state’s HOME Investment Partnerships Program. Many of these affordable apartments need improvements. These apartments

were constructed and/or rehabilitated in the 1990s and are beyond the initial 15-year tax credit compliance term. Several developments lack adequate reserves to conduct necessary improvements to ensure that residents are housed in a safe and healthy environment. In addition, there are unrestricted apartments in the Rhode Island market currently available for developers to acquire, rehabilitate and deed restrict to ensure long-term affordability. Thus, there is a need to upgrade these affordable apartments and homes to meet health and safety standards, make necessary improvements and address physical deterioration due to wear and tear.

The Affordable Housing Trust Fund (the “AHT”) has designated \$16,000,000 for the PLPF. In March 2018, RIHousing issued the Program Guidelines and a Request for Proposals (“RFP”) for the PLPF financing. Applications are being accepted on a rolling basis.

Tanglewood Village is an existing 176-unit market-rate multi-family apartment complex. It consists of nine residential buildings, scattered over 11.64 acres, 9 studios, 76 one-bedroom units, 70 two-bedroom units, and 21 three-bedroom units. There is also one community building with a fitness center, community room and management office. The property has a pool, tennis court and basketball court for free use by the residents and is currently family-designated with no restrictions on the tenancy.

CS Fund I Tanglewood Owner LLC plans to acquire Tanglewood Village Apartments and commit to restricting all 176 market units to 80% of AMI for a term of 30 years. The capital stack includes a first mortgage from JLL, Inc. that will be funded through Fannie Mae’s workforce housing program, borrower equity and this PLPF loan. The PLPF loan will be used to address a portion of the deferred maintenance and unit renovations which consists of replacing cabinets, appliances, countertops and sinks as needed, as well as an upgrade of the common areas by adding a grilling area and improving signage. The overall renovation budget is approximately \$18,000 per unit which will allow the Development to qualify for the low-income housing 8% tax assessment pursuant to Rhode Island General Laws § 44-5-13.11, thereby paving the way for long-term affordability.

Staff from the Development Division, including the Design and Construction team and Asset Management Department, have reviewed the application for eligibility in accordance with the Program Guidelines and determined that CS Fund I Tanglewood Owner LLC’s proposal is consistent with the requirements of the PLPF and will help to refinance the Development.

After the presentation, Ms. Ventura asked for a motion and second for Approval of Preservation Loan Program Fund Financing for Tanglewood Village Apartments (West Warwick).

A motion was made by Mr. Thorsen and seconded by Ms. Lachapelle. Following the motion and second, Ms. Ventura opened the meeting for questions.

Commissioner Orth commented that this was a great and exciting development. The Commissioner felt that this model could be used as a template for future deals to address the growing need for affordable units.

However, Commissioner Orth wanted to know the percentage of residents that would not income qualify for the 80% AMI rents and potentially be displaced. Mr. Harrison responded that he did not have that information available as CS Fund presently has limited access to the resident’s rental information. However, Mr. Harrison confirmed that CS Fund anticipates that in six (6) months 50%

of the residents will income qualify. An additional 15% are predicted to qualify after the next six months. Given the current rents, most of the residents will qualify.

Commissioner Orth's concern was regarding what measures are in place to ensure no one is displaced until income qualified. Additionally, Commissioner Orth wanted to know how the current rent schedules compares to the proposed rents.

Ms. Berman confirmed that none of the residents will be displaced. Mr. Harrison explained that some of the current residents do meet the income limits. Ms. Berman further clarified that the proposed rents are equal to the 80% rent.

Commissioner Orth asked how much of a difference exists and to get an appraisal to provide that information.

Ms. Berman said that the terms of the preservation loan mandate a 30-year term at 4% interest deferred. At year 10 all accrued interest is repaid and another interest only payment is due at year 20 with final repayment of outstanding interest and principal at year 30.

Following the comments, Ms. Ventura asked Ms. Myers, General Counsel of RIHousing, to conduct a roll call vote of the Trustees eligible to vote. The Trustees voted as follows:

Trustee Ventura	Aye
Trustee Lachapelle	Aye
Trustee Thorsen	Aye

Ms. Myers then announced that the following resolution was unanimously adopted:

**Resolution of the Board of Trustees
of The Affordable Housing Trust Fund**

Whereas, the Affordable Housing Trust Fund (the "AHT") was created by Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") for the sole purpose of making homeownership to low- and moderate-income residents of the State of Rhode Island more affordable;

Whereas, one of the purposes of the AHT is to assist in the preservation of affordable housing throughout the State of Rhode Island;

Whereas, the AHT has increased its investment portfolio over the last several years through its preservation-related activities; and

Whereas, the AHT created the Preservation Loan Program Fund and has set aside \$16,000,000 to assist in the preservation of affordable housing.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, the AHT be, and is hereby authorized, to commit up to \$1,500,000.00 in funding to CS Fund I

Tanglewood Owner LLC or an affiliated entity (the “Borrower”) to finance the rehabilitation of the multi-family development known as Tanglewood Village Apartments in West Warwick.

Resolved, that the foregoing resolution is subject to the following conditions:

- First mortgage proceeds in an amount sufficient to ensure development feasibility;
- CS Fund I Tanglewood Owner LLC’s registration with the Secretary of State to conduct business within the State of Rhode Island;
- Owner’s equity proceeds in an amount sufficient to ensure development feasibility;
- Final approval by RIHousing of construction plans, specifications, and supporting construction documentation;
- Approval by RIHousing of management documentation;
- Recordation of a RIHousing Regulatory Agreement in form(s) acceptable to RIHousing; and
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

Resolved, that the Executive Director, Deputy Executive Director, and the Director of Development each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.

There being no further business, Ms. Ventura asked for a motion to adjourn the Affordable Housing Trust Fund meeting.

A motion was made by Ms. Lachapelle and seconded by Mr. Thorsen to adjourn the meeting.

Ms. Ventura then asked Corinne Myers, General Counsel of RIHousing, to conduct a roll call vote of the Trustees. The Trustees voted as follows:

Trustee Ventura	Aye
Trustee Lachapelle	Aye
Trustee Thorsen	Aye

Ms. Myers then officially stated that the motion to adjourn the meeting was unanimously approved. Ms. Ventura thanked everyone for participating and the meeting was adjourned at 11:12 a.m.

Respectfully submitted,

Carol Ventura,
Secretary and Executive Director, RIHousing