

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS**

April 2, 2020

A Regular Meeting of the Rhode Island Housing and Mortgage Finance Corporation (the “Corporation” or “RIHousing”) Board of Commissioners was held on Thursday, April 2, 2020 at 9:30 a.m. The meeting was held via telephone conference call pursuant to Executive Order 20-05, as amended.

Carol Ventura, Executive Director, 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 and (ii) except for the Board of Commissioners and specific RIHousing staff, all callers will be muted during the meeting. 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, Nicole Clement, General Counsel explained the rules of the meeting. Ms. Clement stated that (i) pursuant to Executive Order 20-05, 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 (ii) in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Chairman Retsinas called the meeting to order and thanked everyone for their participation. He then asked Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff (in attendance).

Ms. Ventura then conducted a roll call vote of Commissioners and staff participating in the meeting. Commissioners participating via conference call were: Chairman Nicolas P. Retsinas; Seth Magaziner, General Treasurer; Brett Smiley, Director of the Department of Administration; Elizabeth Tanner, Director of the Department of Business Regulations, Kevin Orth; Stephen P. McAllister and Maria Barry.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer; Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Lisa Primiano, Chief Operating Officer; Leslie McKnight, Assistant Deputy Director - Loan Servicing; Bernadette MacArthur, Director of Finance; Eric Shorter, Director of Development; Peter Pagonis, Director of Homeownership; Claribel Shavers, Director of Leased Housing and Rental Services; Christine Hunsinger, Assistant Deputy Director External Affairs, Policy & Research; and Nicole Clement, General Counsel.

Steven Richard, Counsel to the Corporation, was also present on the call, as were members of the public.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Board of Commissioners was posted in the Offices of the Corporation, on the Corporation's web site www.rihousing.com and at the following link: <https://www.rihousing.com/boardmeeting/>.

Ms. Ventura stated that Chairman Retsinas would preside over the meeting and mentioned that any Commissioner or staff to state their name prior to speaking. She then invited Chairman Retsinas to call the meeting to order.

A quorum being present, Chairman Retsinas introduced himself, noted that he could not overstate the challenges in conducting business in the present climate and said that everyone must persevere. He then officially called the meeting to order at approximately 9:42 a.m.

Approval of Minutes of Board Meeting held on February 19, 2020

Chairman Retsinas asked for a motion and a second for the approval of the Board of Commissioners minutes held on February 19, 2020. A motion was made by Commissioner Tanner and seconded by Commissioner McAllister. There being no discussion, Nicole Clement, General Counsel conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Magaziner	Aye
Commissioner Smiley	Aye
Commissioner Tanner	Aye
Commissioner Orth	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye

Ms. Clement then stated that the following was unanimously adopted:

VOTED: That the minutes of the Board Meeting held on February 19, 2020 hereby are approved.

Chairman's Remarks

Chairman Retsinas greeted and thanked everyone for actively proceeding during these challenging times. He thanked the Commissioners and staff for making all efforts possible to remain working productively.

Executive Director's Review of Recent Activities and Trends

Carol Ventura, Executive Director, welcomed everyone and proceeded with an update on the Corporation's operations since the March 20, 2020 closing of the office.

Ms. Ventura stated that since the closing of RIHousing on March 20, staff has taken actions based on guidance from the Centers for Disease Control and Prevention, in coordination with the State of RI, Governor's Office and RI Department of Health, and in response to the Governor's Executive Orders, federal legislation and programmatic guidance. A COVID-19 Policy has been distributed to all staff and 137 employees are working either at home or in the office while 66 staff members have been classified as non-essential. All non-essential employees are discharging accumulated sick and vacation time prior to applying for unemployment benefits. All health benefits and insurance will be provided to those non-essential employees by RIHousing through June 20, 2020.

Continuing, Ms. Ventura explained that due to the COVID-19 health crisis, RIHousing has suspended all travel and postponed all upcoming events to support state efforts to help reduce the spread of the virus. At this point in time, no new dates have been identified for previously scheduled events.

Homeownership. Ms. Ventura reported that first mortgage production mortgage demand has cooled slightly amid news of the pandemic. New registration volume fell 23% to \$10.7 million from the period February 17 – February 24, 2020 to the period March 17 - March 24, 2020.

Loan Servicing. Ms. Ventura announced that during the past week, many RIHousing borrowers have reached out to the Loan Servicing Division looking for assistance in making their mortgage payments due to financial hardship related to COVID-19. Loan Servicing has sent more than 200 financial hardship applications to RI borrowers and continues to monitor the evolving regulations related to mortgage payment and foreclosure relief. To date staff has received 5 completed applications back.

Development. Ms. Ventura was pleased to inform the Commissioners that on March 25, the Trustees of the Affordable Housing Trust Fund (AHT) approved two (2) workforce housing proposals in the amount of \$3,040,000, which will result in the development of 38 workforce housing units. Both developments are in Providence.

Leased Housing. Ms. Ventura shared that in response to the ramifications of COVID-19 issues, staff is expediting all requests for rent modifications due to reductions in income.

Ms. Ventura announced that RIHousing has suspended moving forward with the Consolidated Plan. On March 20, RIHousing received an 8-week extension on the Consolidated Plan from HUD. It will now be posted for public comment in late May and a final version will be submitted to HUD in July.

Finally, Ms. Ventura opened the floor to discussion and asked if anyone had any questions.

A brief conversation followed Ms. Ventura's update. Commissioner Magnaziner inquired if staff has performed stress testing on the portfolio to address the impact of the crisis. Ms. Ventura responded that RIHousing's financial consultants have run data and analytics and determined that there is no major impact to RIHousing's portfolio. Kara Lachapelle, Chief Financial Officer, confirmed that the stress tests were performed two (2) different ways including the worst case

scenario where if 100% of RIHousing's customers could not make P&I payments, the Corporation would still be able to cover its debt service payment.

Commissioner Magaziner also asked if there was a bond covenant for financial relief for borrowers experiencing difficulties in making payments and/or facing potential foreclosure.

Leslie McKnight, Assistant Deputy Director of Loan Servicing, explained that staff has provided borrowers with various tools depending on the mortgage and personal situation. The CARES Act Phase I provides forbearance and deferred payment for 6-12 months. Once the customer resumes employment, the Loan Servicing Division will review the loan for modifications and recapitalization. RIHousing can also advance funds in the form of an additional lien on the property.

Commissioner Orth acknowledged that during this period new business volume has declined, but asked if staff has seen any impediments on the single-family side such as delays to the inability to perform inspections and acquiring signatures.

Ms. Ventura assured the Commissioners that inspections are moving forward, and signatures are being attained electronically.

Approval of External Charitable Donations and Contributions

Carol Ventura, Executive Director, gave this presentation. She noted that this month's action has one single request for approval. She remarked that it is the 50th Anniversary celebration of West Elmwood Housing Development Corporation and felt that it is important to support partners during this crisis period.

Continuing, Ms. Ventura stated that the request was for approval and ratification of external Charitable Donations and Contributions of Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") pursuant to the Quasi-Public Corporations Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws (the "Act").

RIHousing is a public corporation of the State of Rhode Island. In carrying out its statutorily-defined public purposes, RIHousing collaborates with a number of organizations that share and advance its mission. In some instances, RIHousing is asked to financially support programs and activities of organizations engaged in activities that are consistent with and further its public purposes. RIHousing is often invited by its community partners to attend or gain recognition at community events, such as annual meetings or fundraisers, where our organizational presence is necessary or desirable.

At its meeting of December 11, 2014, the Board of Commissioners adopted the Handbook of Policies and Procedures to Ensure Accountability (the "Handbook") pursuant to the Act. Section C of the Handbook sets forth RIHousing's policy on charitable and civic donation. This Section provides that, consistent with the Act, all Charitable Donations and Contributions must be approved or ratified by the full Board of Commissioners at an open meeting.

Attachment A, which attachment is included as part of the February 19, 2020 Board of Commissioner package, sets forth events for which RIHousing has or will make a Charitable Donation or Contribution. This Attachment A identifies the recipient of the expenditure, the amount of the expenditure, the nature of the event, the reason for supporting the event or recipient, each Commissioner or employee who will receive any benefit from the expenditure, and the general ledger account number where the expenditure will be recorded in RIHousing's accounting system. None of these expenditures require any disclosure under the Rhode Island Code of Ethics.

RIHousing's support of the work of the organization(s) listed on Attachment A furthers our corporate purposes of encouraging and stimulating the development of housing to alleviate the shortage of safe and sanitary residential housing for low- and moderate-income persons as set forth in R.I.G.L. §42-55-2(a). For example, the West Elmwood Housing Development Corporation was created as a non-profit with the mission of developing healthy sustainable communities to help individuals and neighborhoods meet their affordable housing needs. The 50th Anniversary Celebration is an excellent opportunity to celebrate and support a close partner as well as network with colleagues and stakeholders. The work of this organization furthers and supports the mission of RIHousing.

Commissioner Smiley stated that the Management Committee discussed the request and the Committee recommended approval.

Chairman Retsinas asked for a motion and a second for the approval of External Charitable Donations and Contributions. A motion was duly made by Commissioner Smiley and seconded by Commissioner McAllister. There being no discussion, Nicole Clement, General Counsel conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Magaziner	Aye
Commissioner Smiley	Aye
Commissioner Tanner	Aye
Commissioner Orth	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye

Ms. Clement announced that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners of
Rhode Island Housing and Mortgage Finance Corporation**

Whereas, the legislative findings set forth in Rhode Island Housing and Mortgage Finance Corporation's ("RIHousing") enabling act (R.I.G.L. §42-55-2(a)) provide that the serious shortage of safe and sanitary residential housing leads to environmental decline, depreciated value, reduced tax-paying capacity and impaired investment in the communities of the state; and

Whereas, RIHousing is authorized by statute to take action to encourage new housing in an orderly and sustained manner and to encourage and stimulate the construction of such housing through public financial support; and

Whereas, the organization(s) set forth in Attachment A presented at this meeting have asked RIHousing to provide financial support of their activities as described in Attachment A; and

Whereas, the organization(s) set forth in Attachment A plays an important role in supporting community revitalization and the development of affordable homes for low- and moderate-income families and individuals and policies that impact RIHousing’s mission; and

Whereas, RIHousing staff has reviewed the request for financial support and determined that it is consistent with RIHousing’s legislative purposes; and

Whereas, Attachment A sets forth the information required by the Quasi-Public Corporations Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that the expenditure(s) set forth in Attachment A are consistent with and in furtherance of the mission and policy initiatives of RIHousing.

Resolved, the expenditure(s) set forth in Attachment A are hereby approved and ratified.

Resolved, that the Executive Director, Deputy Director and the Chief Operating Officer, each acting singly, are hereby authorized and directed to take any and all actions they deem necessary and appropriate to carry out the forgoing resolutions.

Preliminary Approval of Financing for Securing the Future/Building the Dream (Woonsocket)

Eric Shorter, Director of Development, presented the request.

Mr. Shorter began by stating that the request was for preliminary approval of a Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) first mortgage in the amount of \$350,000 and a loan from the Capital Magnet Fund (“CMF”) in the amount of \$750,000 for Securing the Future/Building the Dream (“STF/BTD” or the “Development”). The applicant and developer, NeighborWorks Blackstone River Valley (“NWBRV” or the “Developer”), is also requesting a Preservation Loan Fund (“PLF”) Program loan in the amount of \$1,500,000 from the Affordable Housing Trust (“AHT”).

This is a proposed refinance of 2 separate post year-15 low-income housing tax credit (“LIHTC”) projects, Securing the Future (“STF”) and Building the Dream (“BTD”), both of which are in the Constitution Hill neighborhood of Woonsocket, RI. Both are 100% affordable, restricted to households earning up to 60% of Area Median Income (“AMI”).

STF (aka Constitution Hill II/III) was developed in 1998. It contains 46 units in 13 buildings. BTD (aka Constitution Hill IV) was developed in 2002. It contains 19 units in 7 buildings. The primary sources of financing for both transactions were LIHTC, a small amortizing loan, a RIHousing Targeted Loan, HOME funds, lead funds and sponsor loans. Each of the buildings was substantially renovated. National Equity Fund (“NEF”) was the original limited partner in both deals.

With this refinancing, NWBRV contemplates merging the two-existing LIHTC limited partnerships into a new single asset entity. NEF will transfer their limited partnership interest in both deals to an affiliate of NWBRV. The new entity will combine, own and operate the 2 existing developments. NWBRV intends to undertake approximately \$35,000/unit of rehabilitation to the Development. The merger of these two limited partnerships will serve to preserve the affordability of the units and to create stronger economies of scale for the long-term operation of the properties. This transaction does not currently contemplate a new LIHTC allocation.

To determine the scope of work, NWBRV has inspected each individual unit and created a matrix outlining interior and exterior repairs. The proposed rehabilitation includes new roofs, boiler replacement in select units, exterior carpentry, site work (sidewalks & walkway), and upgrading unit interior finishes. Once preliminary approval is received, a capital needs assessment (“CNA”) completed by an independent third party will be completed to ensure that the proposed scope of work is consistent with need and will result in a replacement reserve analysis that meets RIHousing requirements.

As part of the approval process, staff has determined that STF/BTD meets RIHousing’s requirements for rollover of existing debt. Broadly, the requirements include:

- Current on first mortgage or in compliance with forbearance agreement;
- No outstanding monitoring findings and no history of significant monitoring findings;
- Demonstrated responsible long-term ownership and management of the property;
- Maximize amortizing debt the property can support; and
- Borrower and/or key principals provide guarantees to cover any construction deficit shortfalls.

The capital stack includes the following: (i) a taxable first mortgage, (ii) a CMF loan, (iii) a PLF Program loan from the AHT and (iv) rollover of existing debt.

This RFA seeks preliminary approval of a RIHousing first mortgage in the amount of \$350,000 and a CMF loan in the amount of \$750,000.

Following the presentation, Chairman Retsinas asked for a motion and a second for the Preliminary Approval of Financing for Securing the Future/Building the Dream (Woonsocket).

A motion was duly made by Commissioner Orth and seconded by Commissioner Barry.

Commissioner Orth confirmed that the Credit Committee discussed the request and remarked that the proposal is the best execution for refinancing for the project. Re-syndication did not make sense. Commissioner Orth also mentioned that the application includes the rollover of \$5.4 million and working through underwriting of rents.

Nicole Clement, General Counsel, next conducted a roll call vote of the Commissioners, eligible to vote, in response to a vote for approval. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Magaziner	Aye
Commissioner Smiley	Aye
Commissioner Tanner	Aye
Commissioner Orth	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye

Ms. Clement stated that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units which will provide or preserve housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing; and

Whereas: RIHousing intends to provide taxable loan funds for the purpose of financing qualified housing developments throughout the state; and

Whereas: said loans shall have a term not to exceed 40 years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary; and

Whereas, the applicant (“Applicant”) listed below has presented an application to RIHousing requesting mortgage financing to acquire and rehabilitate the buildings as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Mortgage</u>	<u>Capital Magnet Fund</u>
Saving the Future & Building the Dream	NeighborWorks Blackstone River Valley	\$350,000	\$750,000

Whereas: staff has reviewed the submission of the Applicant for mortgage financing and determined that the Development may qualify for financing under RIHousing’s enabling legislation, regulations, guidelines and policies;

Whereas, the Applicant intends to form a new entity to acquire both Saving the Future and Building the Dream; and

Whereas, RIHousing finds that:

(1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;

(4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;

(5) That the proposed housing development will be undertaken, and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the RIHousing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that, subject to the special conditions listed below, RIHousing hereby gives preliminary approval of financing for a taxable first mortgage loan to Woonsocket Neighborhood Development Corporation d/b/a NeighborWorks Blackstone River Valley, or an affiliated entity, (“Borrower”) in an amount not to

exceed \$350,000 (the “Loan”) for rental properties known as Securing the Future and Building the Dream, located in Woonsocket, Rhode Island, (the “Development”).

Resolved: that, subject to the special conditions listed below, RIHousing hereby authorizes preliminary approval of a Capital Magnet Fund loan of up to \$750,000 for the Development;

Resolved, that the transfer of the limited partnership interest in the Development from the National Equity Fund, the original limited partner in both deals, to a new entity to be formed by the Borrower be, and hereby is, approved;

Resolved, that the foregoing resolutions are subject to the following conditions:

- Approval of a loan for \$1,500,000 under the Preservation Program Loan Fund from the Affordable Housing Trust.
- A final appraisal and market study acceptable to RIHousing prepared by an independent appraiser demonstrating that the first mortgage loan does not exceed 90% of the as-stabilized value of the property.
- Final approval by RIHousing of construction plans, specifications, and supporting construction documentation.
- Execution and delivery by the Developer of a Construction Completion Guaranty in form and substance satisfactory to Lender.
- Completion of a capital needs assessment (“CNA”) which indicates the proposed scope of work on the existing units is adequate.
- Approval by RIHousing of management documentation.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Approval by RIHousing of a detailed plan outlining the implementation of proposed rent increases for the Development, to be submitted by the Developer within 30 calendar days of this preliminary approval.

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

Preliminary Approval of Financing for Beachwinds (Narragansett)

Mr. Shorter also presented this request.

Mr. Shorter state that this request was for preliminary approval of tax-exempt financing in an amount not to exceed \$17,000,000 for Beachwinds (“Beachwinds” or the “Development”). Beachwinds is the redevelopment of 2 existing low-income housing tax credit (“LIHTC”) projects at the end of their initial 15-year compliance periods. The Development consists of a

total of 104 existing apartments located within South Winds Apartments and Beachwood Apartments located approximately one mile apart in Narragansett. Preservation of Affordable Housing, Inc. (“POAH”) is the “Developer.”

South Winds Apartments was built in 1977. The project contains 3 buildings located on 1 parcel of land. There are a total of 48 units; 42 one-bedroom units and 6 two-bedroom units. POAH purchased this property in 2004 and financed the property using tax-exempt bonds, 4% LIHTC and a deferred loan from the Affordable Housing Trust (“AHT”). The initial 15-year compliance period ended December 31, 2018.

Beachwood Apartments was built in 1977. The project contains 3 buildings linked by common corridors. There are a total of 56 units; 52 one-bedroom units and 4 two-bedroom units. POAH purchased Beachwood in 2004 and financed the property using tax-exempt bonds and 4% LIHTC. The initial 15-year compliance period ended December 31, 2019.

In 2018 and 2019, National Equity Fund (“NEF”), the limited partner in both deals, transferred their interests to an affiliate of POAH. POAH will now form a new limited partnership entity to acquire both South Winds and Beachwood, combine them into one single asset entity and re-syndicate the Development. The new investor limited partner will be the Massachusetts Housing Investment Corporation (“MHIC”). POAH recently received a Mark-Up-To-Market Program rent increase for both properties and a new 20-year Section 8 Housing Assistance Payment (“HAP”) is in process.

POAH intends to undertake approximately \$70,000 per unit of rehabilitation. The proposed rehabilitation scope of work includes envelope improvements and unit upgrades with a focus on energy efficiency. The proposed rehabilitation does not currently include any building additions and maintains the existing building footprints. Common areas in both properties will be upgraded to allow for enhanced supportive services geared toward seniors. Plans and specifications are in the preliminary stage at this time. Once plans are complete, POAH intends to put the project out to bid.

During construction, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) will issue tax-exempt bonds in an amount not to exceed \$17,000,000 which includes both the permanent loan and a bridge loan to assist in (i) meeting the 50% test needed to be eligible to generate 4% LIHTC on all units, and (ii) to bridge the LIHTC equity in order to increase the pricing of the tax credits. A recourse guarantee for the bridge loan will be required. The permanent loan will be amortized over 40 years but have a mandatory balloon in year 17 in order to improve the interest rate.

As part of this transaction, the existing permanent loans and approximately \$1,000,000 of accrued interest and principal on the existing AHT loan will be paid off. Staff has determined that the Development and sponsor meet RIHousing’s requirements for rollover of existing debt. Broadly, this review includes:

- Current on first mortgage or in compliance with forbearance agreement;

- No outstanding monitoring findings, no history of significant monitoring findings;
- Demonstrated responsible long-term ownership and management of the property;
- A satisfactory equity pay-in schedule to RIHousing;
- Maximize amortizing debt the property can support; and
- Borrower provides guarantees to cover any deficit shortfalls.

Prior to firm commitment, RIHousing and POAH will be refining the Development budget with the goal of generating greater proceeds in order to pay down more of the existing AHT loan.

The capital stack includes the following: (i) a tax-exempt loan, (ii) equity generated from the allocation of 4% LIHTCs, (iii) a deferred developer fee, (iv) cash flow from operations, and (v) the partial rollover of the existing AHT loan.

This RFA seeks preliminary approval of a tax-exempt loan in an amount of up to \$17,000,000 of which \$11,740,000 will remain as permanent debt.

Chairman Retsinas asked for a motion and a second for the approval of Preliminary Approval of Financing for Beachwinds. A motion was duly made by Commissioner Orth and seconded by Commissioner Barry.

Commissioner Orth stated that the proposal was reviewed by the Credit Committee, which recommended approval. Commissioner Orth was also pleased to report that the property is in a fantastic location for seniors and is excited to be able to retain the development in RIHousing’s portfolio.

Following the motion and second, Ms. Clement conducted a roll call vote of the Commissioners, eligible to vote. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Magaziner	Aye
Commissioner Smiley	Aye
Commissioner Tanner	Aye
Commissioner Orth	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye

Ms. Clement then reported that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in

the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units, which will provide or preserve housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, RIHousing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

Whereas, said bonds shall have a term not to exceed 20 years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas, the applicant (“Applicant”) listed below has presented an application to RIHousing requesting mortgage financing to acquire and rehabilitate the buildings as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Loan</u>
Beachwinds	POAH, Inc.	\$17,000,000

Whereas, staff has reviewed the submission of the Applicant for mortgage financing and determined that the Development may qualify for financing under RIHousing’s enabling legislation, regulations, guidelines and policies;

Whereas, the Applicant intends to form a new limited partnership entity to acquire 2 existing projects known as, South Winds Apartments and Beachwood Apartments and combine them into one single asset entity known as Beachwinds (the “Development”); and

Whereas, RIHousing finds that:

(1) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) that private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) that the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for

persons or families of low and moderate income and that those sponsors are financially responsible;

(4) that the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit; and

(5) that the proposed housing development will be undertaken, and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the RIHousing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, RIHousing hereby declares preliminary commitment for tax-exempt mortgage financing for Preservation of Affordable Housing, Inc. or an affiliated entity (the “Borrower”) in an amount not to exceed \$17,000,000 for rental housing known as Beachwinds located in Narraganset to be financed, in part, by tax-exempt bonds;

Resolved, that RIHousing hereby declares that this preliminary commitment of financing for the Borrower constitutes the affirmative official act of RIHousing of its intention to issue bonds to finance up to \$17,000,000 in mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption;

Resolved, that the transfer of the limited partnership interest in the Development from the Applicant to a new limited partnership entity to be formed by the Applicant be, and hereby is, approved;

Resolved, that the foregoing resolutions are subject to the following conditions:

- Syndication equity from the allocation of Low-Income Housing Tax Credits in an amount sufficient to achieve project feasibility.
- A relocation plan acceptable to RIHousing.
- Approval by RIHousing of proposed general contractor.
- Approval of an operating budget for the Development.
- Approval by RIHousing of management documentation including marketing and lease-up plans.
- Approval by RIHousing of the final scope of work, construction plans, specifications, and supporting construction documentation.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the first mortgage loan.

- Approval by bond underwriter and bond counsel that the loan will satisfy all bond requirements.
- Execution of a construction completion guarantee from POAH that includes a guarantee of bridge loan repayment, cost overruns and/or equity shortfalls.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

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

Approval of Community Development Program Funding Awards

Ms. Ventura introduced Christine Hunsinger, Assistant Deputy Director of External Affairs, Policy & Research, who presented the funding awards request.

Ms. Hunsinger stated that the Request for Action (“RFA”) was for approval of grant funding under the Community Development Program (“CDP”). The Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) approved up to \$450,000 in CDP funding as part of the program budget for fiscal year 2020.

The RIHousing CDP provides funding for the following priority activities:

- support the viability of housing financed by RIHousing;
- promote homeownership opportunities, especially those with outreach strategies to increase racial and ethnic diversity or those that help homebuyers become “mortgage ready”;
- promote energy efficiency and environmental sustainability;
- stabilize housing for Rhode Islanders.

RIHousing issued a Request for Proposals (“RFP”) for an award of CDP funding in September 2019. The RFP was posted on the RIHousing website, the State of RI Division of Purchasing website, social media, and sent to approximately 800 organizations, municipalities, property managers, developers and interested parties via an email announcement. RIHousing received 27 proposals in response to the RFP from 25 applicants consisting of service organizations, housing developers and municipalities. Funding requested totaled \$1,122,850.

A committee consisting of the Executive Director, Assistant Deputy Director of External Affairs, Policy and Research, and staff from the Communications Division, Development Division, and Leased Housing and Rental Services Division conducted a review of each proposal in accordance with the ranking criteria set forth in the RFP. The committee is recommending funding be awarded to the projects and programs described at Attachment A.

A brief conversation followed the presentation. Commissioner Smiley acknowledged that the Management Committee discussed the funding and was supportive. However, as the economic

environment has changed since the meeting, he questioned if the funds should be reevaluated with fresh eyes.

Ms. Ventura stated that now more than ever these resources are highly needed. She mentioned that the funds will keep more people from experiencing homelessness and establish stable housing. She then confirmed that the funding was very appropriate given the challenging times in the world.

Commissioner Orth inquired if RIHousing is requiring data, performing metrics for the program and tracking the success of the initiatives. Ms. Ventura confirmed that staff will collect data and track the results.

Following the discussion, Chairman Retsinas asked for a motion and a second for the approval of Community Development Program Funding Awards.

A motion was made by Commissioner Smiley and seconded by Commissioner Magaziner. Ms. Clement, General Counsel, then conducted a roll call vote of the Commissioners, eligible to vote. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Magaziner	Aye
Commissioner Smiley	Aye
Commissioner Tanner	Aye
Commissioner Orth	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye

Ms. Clement, General Counsel, confirmed that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS: Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) created the Community Development Program to support the viability of RIHousing financed housing; to promote homeownership opportunities; to promote energy efficiency and environmental sustainability; and to stabilize housing for Rhode Islanders; and

WHEREAS: RIHousing issued a Request for Proposals under a competitive process to seek applications for Community Development Program grant funding; and

WHEREAS: RIHousing received twenty-seven (27) complete proposals for Community Development Program funding; and

WHEREAS: staff reviewed the proposals according to the ranking criteria outlined in the Request for Proposals and have determined that nine (9) of the proposed programs and/or projects best fit the priority activities and criteria of the program.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: that the projects and programs set forth at Attachment A be, and hereby are approved for grant funding under the Community Development Program in the amounts specified at Attachment A, subject to any administrative adjustments as the Executive Director determines to be in the best interests of RIHousing, provided that the total amount awarded to all recipients shall not exceed \$450,000.

RESOLVED: that all funds awarded hereunder shall be funded out of the FY 2020 budget.

RESOLVED: that the Executive Director and the Assistant Deputy Director of External Affairs, Policy and Research, each acting singly, be and hereby is authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions.

Attachment A
Proposed FY 2020 Community Development Program Funding Awards

Organization	Program or Project	Location	Award
Amos House	Financial Opportunity Center	Providence	\$50,000
Community Action Partnership of Providence	Bridging gap in minority homeownership/expansion of financial literacy	Providence	\$25,680
NeighborWorks Blackstone River Valley	Culturally sensitive homebuyer education	Woonsocket	\$50,000
Pawtucket Central Falls Development	Asset management and sustainability of existing rental portfolio	Pawtucket	\$50,000

Providence Community Libraries and Providence Public Schools	“Math in the House” and financial and housing literacy	Providence	\$49,550
RI Office of Postsecondary Commissioner	Workforce development opportunity	Central Falls	\$50,000
Skills for Rhode Island’s Future	Connect housing insecure individuals to employment opportunities	Providence	\$50,000
SWAP, Inc.	Build-a-Buyer financial literacy and resident advocacy programs	Providence	\$50,000
West Elmwood Housing Development Corporation	Homebuyer and landlord education classes	Providence	\$50,000
		TOTAL	\$425,230

Authorization to Increase Lines of Credit

Kara Lachapelle, Chief Financial Officer, presented this request. She stated that Rhode Island Housing and Mortgage Finance Corporation (“RIHousing” or the “Corporation”) funds its mortgage lending activity primarily through the issuance of bonds and sales of mortgage pools in the To-be-Announced (TBA) market. The timing and sizing of each transaction is planned in such a way to make the most efficient use of funds and to minimize the interest expense related to the bonds while loans are being assembled. Lines of credit assist in this process by allowing a larger loan warehouse position, especially during times of high loan origination or tight bond markets. Such an arrangement is common in the mortgage banking industry.

In addition to our single-family homeownership production, our lines of credit are utilized to fund multifamily loan transactions prior to issuing bonds. Multifamily loans often take longer to close because of their complexity, and therefore compiling several transactions and coordinating the timing of bond issuance is critical.

Due to disruptions in financial markets as a result of the COVID-19 pandemic, our ability to issue bonds has become inefficient. Investors have moved to more liquid positions as they wait for the U.S. economy to normalize. We are starting to see some slow improvement based on intervention by the federal government with financial assistance packages, including purchases of municipal bonds, in an attempt to stabilize markets.

RIHousing currently utilizes lines of credit through four (4) separate financial institutions providing a total of \$110,000,000 in available liquidity, as outlined below. All four (4) lines of credit are used to manage our cash flow and loan warehousing needs. We currently have \$20,000,000 available for use on those lines. Based on the disruptions in the bond market and an expected decrease in monthly mortgage collections due to high unemployment we anticipate an increased liquidity need.

Financial Institution	Date Established	Maximum Borrowing Amount
Citizens Bank, N.A.	March, 2006	\$25,000,000
Bank of America, N.A.	July, 2006	\$50,000,000
JP Morgan Chase Bank, N.A.	December, 2009	\$20,000,000
The Washington Trust Company of Westerly	May, 2017	\$15,000,000
		<hr/> \$110,000,000

Staff recommends that the Board of Commissioners authorize the increase of RIHousing's available line or lines of credit with one or more of its existing lenders, and that any line of credit increase shall not cause RIHousing's maximum borrowing amount to exceed \$150,000,000.

Commissioner Magaziner recognized that the bond market is in turmoil and asked Ms. Lachapelle what staff is experiencing in the secondary market. Ms. Lachapelle announced that RIHousing continues to be able to sell loans, that the TBA market has stabilized. The Corporation's strategy is to be able to utilize the bond and TBA markets as required by the economic landscape. If the TBA market goes into disarray, staff will bond the loans.

Commissioner Magaziner also questioned if the proposed lines of credit are with existing lenders or new financial entities. Ms. Lachapelle confirmed that the recommendation is with existing lenders who over the years have periodically offered RIHousing the opportunity to increase the line of credit. Ms. Lachapelle remarked that she believes the increase is temporary and staff will reevaluate the situation in a year. Commissioner Magaziner concurred that the strategy is prudent.

Commissioner Orth requested that Ms. Lachapelle explain any potential risk with the commitment regarding the rate on buying the loans. Kara Lachapelle confirmed that staff was able to achieve the full spread in the bond offering. The rates on the line of credit is lower, therefore, RIHousing can achieve a better spread. The risk is not significant and RIHousing should realize proposed regular revenue projections.

After the discussion, Chairman Retsinas asked for a motion and a second to approve the action.

A motion was made by Commissioner Magaziner and seconded by Commissioner Tanner. Ms. Clement, General Counsel, next conducted a roll call vote of the Commissioners, eligible to vote. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Magaziner	Aye
Commissioner Smiley	Aye
Commissioner Tanner	Aye
Commissioner Orth	Aye
Commissioner McAllister	Aye
Commissioner Barry	Abstained

Ms. Clement stated that the following resolution was adopted with six (6) votes in favor and one (1) abstention. Commissioner Barry abstained from the vote.

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to borrow money and issue bonds and notes or other evidences of indebtedness, and to do any and all things necessary or convenient to carrying out its purposes;

Whereas, due to disruptions in financial markets as a result of the COVID-19 pandemic, RIHousing’s ability to issue bonds has become inefficient;

Whereas, RIHousing currently utilizes lines of credit through four (4) separate financial institutions providing a total of \$110,000,000 in available liquidity, which is used to manage its cash flow and loan warehousing needs;

Whereas, based on the disruptions in the bond market and an expected decrease in monthly mortgage collections due to high unemployment, RIHousing anticipates an increased liquidity need; and

Whereas, staff recommends that the RIHousing Board of Commissioners authorize the increase of its available line or lines of credit with one or more of its existing lenders as an additional tool for cash flow needs.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that RIHousing be, and hereby is authorized to increase its available line or lines of credit with one or more of its existing line of credit lenders: (i) Citizens Bank, N.A., (ii) Bank of America, N.A., (iii) JP Morgan Chase Bank, N.A. and/or (iv) The Washington Trust Company of Westerly (each, a “Bank”), and that any line of credit increase shall not cause RIHousing’s maximum borrowing amount to exceed \$150,000,000;

Resolved, that the Executive Director, Deputy Executive Director or the Chief Financial Officer (each, an “Authorized Officer”), acting singly, be and each hereby is authorized to enter into such documents with any Bank as that Bank may require

to evidence the line of credit limit increase, including, without limitation, a note and loan agreement or any amendments thereto, each containing such terms and conditions as the Authorized Officer shall approve, each such determination to be conclusively evidenced by his/her execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by RIHousing, approved in all respects by the Board of Commissioners; and

Resolved, that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed to take any and all action necessary to effectuate the purpose and intent of the foregoing resolutions, including, without limitation, (i) the execution and delivery on behalf of RIHousing of all such other agreements, documents and instruments and the performance by RIHousing thereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate or advisable, and (ii) the consummation of the transactions contemplated hereby and the performance by RIHousing as required hereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate or advisable, each such determination pursuant to the immediately preceding clauses (i) and (ii) to be conclusively evidenced by the taking of any such action by any Authorized Officer and each such determination is hereby fully and completely approved and adopted as the valid action of and by RIHousing, approved in all respects by the Board of Commissioners.

Chairman Retsinas then expressed his appreciation to the Commissioners and staff for their time and public service.

Commissioner Smiley thanked Nicole Clement, General Counsel, for working with the Board in ensuring that the meeting ran smoothly. He mentioned that RIHousing and Resources Recovery have done the best job to comply with the Open Meetings Act. He commended everyone on a successful Board meeting.

There being no further business to discuss, Chairman Retsinas asked for a motion to adjourn the meeting. A motion was duly made by Commissioner Tanner and seconded by Commissioner Smiley to adjourn the meeting.

Ms. Clement then conducted a roll call vote of the Commissioners, eligible to vote, in response to a vote for adjournment. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Magaziner	Aye
Commissioner Smiley	Aye
Commissioner Tanner	Aye
Commissioner Orth	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye

Ms. Clement announced that the motion to adjourn was unanimously approved. The meeting was adjourned at 10:27am.

In closing, Chairman Retsinas quoted King Solomon, saying “*this too shall pass.*”

Respectfully submitted,

Carol Ventura
Secretary and Executive Director