Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
December 11, 2024

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") Board of Commissioners was held on Wednesday, December 11, 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 Val Lingasami, Assistant Director of Information Technology, who outlined the parameters of the meeting.

Val Lingasami 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. Ms. Lingasami also asked that to prevent any feedback or background noise, telephone participants to please mute the telephone if not speaking. Additionally, Ms. Lingasami announced that if during the meeting anyone had technical difficulties with audio or accessing the call, they should call (401) 429-1430.

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 then 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 9:31 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; Sara Cabral, Designee for Elizabeth Dwyer, Director of the Department of Business Regulation; Rebecca Webber, Designee for Jonathan Womer, Director of the Department of Administration and Maria Barry. Stefan Pryor was absent.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Kara LaChapelle, Chief Financial Officer; Dean Harrison, Assistant Director of Real Estate Development; Seth St. Jean, Senior Development Officer; Trevor Cain, Real Estate Development Officer; Antonio Giordano, Real Estate Development Officer; Daniel Pollard, Real Estate Development Officer; Corinne Myers, General Counsel; and Val Lingasami, Assistant Director of Information Technology.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on November 6, 2024

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on November 6, 2024. A motion was duly made by Commissioner Designee Cabral and seconded by Commissioner Designee Webber.

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 November 6, 2024.

The Commissioners voted to approve the minutes with three (3) votes in favor, Commissioner Barry 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 Credit Committee Meeting held on November 6, 2024, are hereby approved.

2. Recommendation for Firm Approval of Financing for The Flynn (Providence)

Committee Chairman Orth announced that Antonio Giordano, Real Estate Development Officer would give the presentation.

Mr. Giordano said that the request was for firm approval of RIHousing tax-exempt financing in an amount not to exceed $38,000,000, of which $19,105,000 will remain as permanent debt, as well as firm approval of (i) a Capital Magnet Fund loan in an amount not exceed $999,000 (the "CMF Loan"); and (ii) an ERA2 Loan in an amount not to exceed $10,470,000 for The Flynn (hereinafter referred to as the "Development"). Marathon Development, LLC is the developer (the "Developer"). The Development received preliminary approval from the Board of Commissioners on September 19, 2024 ("Preliminary Approval").

The Development is the new construction of 178 units of affordable housing, as well as 10,000 square feet of ground-floor commercial space, in Providence. Collectively, there will be 36 units affordable to households at or below 30% of area median income ("AMI"), 102 units affordable to households at or below 60% of AMI, and 40 units affordable to households at or below 80% of AMI. All 178 dwelling units will be financed under the low-income housing tax credit ("LIHTC") program. Seventy-one percent (71%) of the units will be two and three-bedroom units targeting families, and the balance will be one-bedroom units.

In May 2024, RIHousing provided acquisition financing to the Developer to facilitate its acquisition of the site, which was to be known as "Copley Centre." The Developer intends to form a land condominium and will enter into a ground lease for the portion of the land dedicated to the Development. This will allow for future development of the portion of the parcel not included in the Development. The Developer aims to provide community-focused housing with services that ensure tenant success and neighborhood revitalization. Children's Friend is an anchor tenant and will provide childcare and Head Start education to tenants and the broader community. This will be Children's Friend's third partnership with LIHTC developers to expand Head Start opportunities. In addition to the Children's Friend lease, the Developer will enter into parking lot leases to generate additional commercial revenue to support the net operating income of the Development. Furthermore, the Development will connect tenants with Providence Community Health Center's full array of care utilizing their Community Health Workers.

This is a conduit transaction in which Citizens Bank, N.A. ("Citizens") will provide the capital for RIHousing's tax-exempt issuance. The proceeds will be loaned as a construction loan to the Borrower (the "Construction Loan"). To minimize the amount of tax-exempt funding, Citizens will provide a taxable tail in the amount of $6,000,000 to support a total construction loan of $44,000,000. The funding for the Construction Loan is non-recourse to RIHousing, and the only security to be provided by RIHousing will be an assignment of RIHousing's rights under the Construction Loan. The Construction Loan will be a recourse loan to the Borrower and any guarantors. Berkeley Point Capital LLC d/b/a Newmark Capital ("Newmark") will act as the DUS lender to provide the permanent loan in conjunction with Freddie Mac (the "Permanent Loan"). Upon completion, Freddie Mac will step in as the Permanent Loan lender. Newmark will service the Permanent Loan on behalf of Freddie Mac who will bear the financial risk should the Borrower default on the Permanent Loan. RIHousing will charge a one-time issuer fee of 1% and an annual servicing fee of 25 basis points on the Construction and Permanent Loans.

Both Citizens and Newmark have provided term sheets and drafted the loan documents for the proposed loans. Once the rate is locked, the final size of the permanent loan will be determined. It will be limited to 80% LTV with debt service coverage of 1.15.

Since Preliminary Approval, the Developer has started construction in order to be out of the ground before winter starts. The foundations are in, and the first floor of steel is erected. The Developer closed on their two loans with the City of Providence and is using the City funds to cover the current construction disbursements.

At the time of Preliminary Approval, the capital stack included $13,934,366 in state low-income housing tax credit (SLIHTC) equity, but the SLIHTC awards have not yet been made. Since Preliminary Approval, ERA2 funding has become available for the production of affordable housing. ERA2 funds may only be used for (i) units affordable to households with incomes below 50% of AMI and (ii) projects that can meet the disbursement deadline of September 30, 2025. An RFP for ERA2 funding was recently issued by RIHousing, and the Developer submitted an application (the "ERA2 Application") in order to replace the SLIHTC which has not yet been allocated. The ERA2 Application identifies 20% of the units as below 50% AMI and includes a construction cash flow illustrating how the ERA2 funds can be disbursed by the spending deadline. Accordingly, the current capital stack includes ERA2 funding and no SLIHTC. Since the amount of ERA2 funds is less than the original SLIHTC request, the Developer has increased their deferred fee to cover the remaining funding gap. In addition, the Developer has submitted an amended request for SLIHTC to reduce the deferred fee but is prepared to close with the higher fee.

The LIHTC syndicator will be CREA, LLC ("CREA"), which will purchase the 4% LIHTCs at $0.890. CREA's investors are Citizens and Aetna/CVS. This will be Aetna/CVS's first LIHTC investment in Rhode Island.

Staff requests firm approval of an amount not to exceed $38,000,000 in tax-exempt financing, of which $19,105,000 will remain as permanent debt, as well as firm approval of (i) a Capital Magnet Fund loan in an amount not exceeding $999,000; and (ii) an ERA2 Loan in an amount not to exceed $10,470,000 for The Flynn, subject to certain conditions.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for The Flynn (Providence).

A motion was duly made by Commissioner Barry and seconded by Commissioner Designee Cabral.

Commissioner Barry asked if Citizens Bank and Newmark are sharing the equity partnership investment.

Mr. Giordano explained that Citizens is providing $6 million for the taxable portion and $38 million in tax-exempt financing, for a total of $44 million for the construction loan. Newark Capital is providing a permanent loan of $19.105 million. The equity investment is financed by a combination of Aetna and CVS.

Commissioner Designee Webber inquired if the partnership of Aetna/CVS was an established program that includes health services or if it's an initiative to support housing endeavors.

Mr. Giordano said that the initiative is to support housing programs and it's the first time enacted in Rhode Island.

James Comer, Deputy Executive Director mentioned that the development is appealing due to its location to the hospital allowing for an easy commute for hospital staff to live and work.

Committee Chairman Orth remarked that a partnership is part of the development agreement with the community health center. Dean Harrison, Assistant Director of real Estate Development confirmed the fact that the commercial space is to be rented to the community center.

Committee Chairman Orth then referenced the $6 million deferred fee and approximately $10 million of ERA funds. He wanted to know if those are repaid with 50% surplus cash.

James Comer stated that the ERA funds are specific to the 50% or lower AMI units and needs to be expended prior to September 2025.

Committee Chairman Orth referenced the NOFA production guidelines that state that the loans would be repaid through 50% surplus cash. Ms. Ventura explained that the ERA 2 funds became available after the State could not expend the funds. Therefore, there's a possibility those will not be repaid.

Dean Harrison said that the draft guidelines do include that clause for surplus cash. However, staff does alternate the funds depending on what resources are available at the time of financing.

Ms. Ventura and Mr. Comer explained that RIHousing does not expect that those funds will be repaid. The funds were a passthrough from the state to the Corporation to ensure the ERA funds are expended prior to the deadline.

There being no further questions or comments, Ms. Myers conducted a voice vote of the Commissioners for Firm Approval of Financing for The Flynn (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Firm Approval of Financing for The Flynn (Providence) was unanimously approved.

3. Authorization to Issue Tax-Exempt Loan to Support Construction of The Flynn $38,000,000

Committee Chairman Orth informed the Committee that Mr. Giordano would also present the request for the tax-exempt loan for the Flynn.

Mr. Giordano stated that as part of the process of financing the construction of The Flynn in Providence, staff has requested the Board of Commissioners to approve the issuance by RIHousing of a tax-exempt note not to exceed $38,000,000. The Flynn will provide 178 units of housing, of which 100% will be affordable to households with incomes at or below 80% of area median income. The developer, Marathon Development, LLC ("Marathon"), has formed a limited liability company, The Flynn I LLC (the "Borrower"), which will be the owner of the project and the recipient of the loan.

The request was for authorization to enter into a tax-exempt private placement back-to-back loan structure with Citizens Bank, N.A. ("Citizens") to fund the loan for The Flynn.

Citizens will make a direct loan to RIHousing and RIHousing will issue a tax-exempt note to Citizens evidencing the loan. RIHousing, in turn, will advance the loan proceeds to the Borrower under the agency's tax-exempt bond volume cap that will otherwise go unused. The back-to-back loan proceeds will be deemed tax-exempt. RIHousing and the Borrower will undertake all the standard obligations related to a tax-exempt facility. Upon construction completion, Freddie Mac will step in as the Permanent Loan funder. Because the loan is considered to be a tax-exempt financing, the Development will be eligible to receive 4% low-income housing tax credits and generate approximately $32 million in equity to fund development costs.

The loan will be non-recourse to RIHousing. RIHousing will only need to provide an assignment of its rights under the loan to Citizens. The Borrower note and mortgage will also be assigned to Citizens and, subsequently, Freddie Mac. Berkeley Point Capital LLC d/b/a Newmark Capital ("Newmark") will act as the DUS lender and will service the permanent loan for Freddie Mac. During construction and prior to conversion to the permanent loan, Citizens will bear the financial risk. Freddie Mac will bear the financial risk on the permanent loan.

This structure provides a number of advantages to the participants. The Borrower receives a better interest rate, reduced transaction fees, and more expedited closing process. Citizens is able to record this transaction as a loan for purposes of its evaluation under the Community Reinvestment Act. RIHousing will receive a one-time origination fee of 1.0% of the principal amount of the loan, plus an annual issuer fee equal to 25 basis points of the outstanding loan, without having to service the loan to the Borrower or bearing any financial risk from the Borrower's default. Marathon will pay all costs associated with the transaction.

Attachments setting forth the terms of the loan agreement between RIHousing and Citizens and the terms of the loan agreement between RIHousing and the Borrower were included as part of the December 11, 2024, Credit Committee package.

RIHousing staff recommends authorizing a loan from Citizens in an amount up to $38,000,000 to finance a tax-exempt loan to the Borrower for the acquisition and rehabilitation of The Flynn, and the execution of the loan agreements in substantially the form presented at the Credit Committee meeting.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Authorization to Issue Tax-Exempt Loan to Support Construction of The Flynn $38,000,000.

A motion was duly made by Commissioner Designee Cabral and seconded by Commissioner Barry.

There being no questions Ms. Myers conducted a voice vote of the Commissioners for Authorization to Issue Tax-Exempt Loan to Support Construction of The Flynn $38,000,000.

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Authorization to Issue Tax-Exempt Loan to Support Construction of The Flynn $38,000,000 was unanimously approved.

4. Recommendation for Firm Approval of Tax-Exempt Financing for Broad Street Homes (Central Falls)

Committee Chairman Orth announced that Seth St. Jean, Senior Real Estate Development Officer, would give the presentation.

Mr. St. Jean said that the request was for firm approval of: (i) RIHousing tax-exempt financing in an amount not to exceed $12,500,000, of which $2,663,000 will remain as permanent debt; (ii) a Development of Affordable Housing - 2 loan in an amount not to exceed $7,338,069 (the "DAH-2 Loan"); and (iii) a Community Revitalization Program loan in an amount not to exceed $2,000,000 (the "CRP Loan") for Broad Street Homes (hereinafter referred to as the "Development"). Olneyville Housing Corporation d/b/a ONE Neighborhood Builders ("ONENB" or the "Developer") is the developer. The Development received preliminary approval from the Board of Commissioners on May 18, 2023, and March 28, 2024 (collectively, "Preliminary Approval").

ONENB and the City of Central Falls through its Redevelopment Agency (the "City") have partnered to develop 46 affordable apartments in downtown Central Falls to be known as Broad Street Homes. The proposed development site is made up of three proximate lots along Broad Street adjacent to City Hall. The unit sizes vary from efficiencies to three bedrooms. All units will be affordable to individuals and families with incomes of less than 60% of area median income ("AMI"). Five of the units will be restricted to households with incomes below 30% of AMI, and the Developer has been awarded HPF-ELI funds to provide operating support for these 30% AMI units.

The City utilized the RIHousing Site Acquisition Program ("SAP") for the acquisition of the three properties, which include a historic former police station and courthouse, a blighted former Dunkin Donuts that was recently demolished by the City, and a municipal parking lot. Originally approved as a 47-unit Development, at the request of the City, the number was reduced to 44 units. Subsequent conversations with the City have resulted in an additional 2 units for a total of 46 units.

Over the past 6 months, the Developer finalized the plans and specifications and put the project out to bid. Total development costs have increased by approximately $1,972,000 primarily due to general construction increases. As a result of the Section 106 review required by the National Historic Preservation Act, the Developer incorporated a $250,000 allowance to address the requirements of the State Historic Preservation Office for the rehabilitation portion of the Development. The City demolished the former Dunkin Donuts site utilizing an infrastructure grant, and as part of that demolition, uncovered a former foundation and unsuitable soils. In addition, financing and soft costs have also increased. To address the increased costs, the Developer was able to increase their first mortgage due to the addition of HPF-ELI subsidy and increases in LIHTC maximum rents, as well as generate additional LIHTC equity.

Berkadia Real Estate Advisors, LLC ("BKE") will be the syndicator and is paying $0.908 per credit, which constitutes an increase from the $0.895 quoted in March 2024. The investor is Webster Bank.

In total, the permanent capital stack includes (i) the RIHousing permanent tax-exempt loan, (ii) equity from the sale of 4% LIHTC, (iii) the DAH-2 Loan, (iv) the CRP Loan, (v) a federal appropriation, (vi) a Seller Note, and (vii) a deferred developer fee.

Finally. Mr. St. Jean said that staff requests firm approval of (i) a RIHousing tax-exempt loan in an amount not to exceed $12,500,000, of which $2,663,000 will remain as permanent debt; (ii) a DAH-2 loan in an amount not to exceed $7,338,069; and (iii) a CRP loan in an amount not to exceed $2,000,000 for Broad Street Homes, subject to certain conditions.

A discussion followed the presentation where the Committee discussed the increase in costs due to unexcepted conditions in the soil, architectural changes, the change in number of units, and insurance risks.

Commissioner Designee Webber wanted to know if the increases were more a market issue than specific to the project. Seth St. Jean responded that staff is seeing higher insurance premiums on the deals, particularly since prices have increased from preliminary approval to firm approval. Staff has done significant research on that matter and will share that information with the Committee. Commissioner Designee Webber thanked Mr. St. Jean and said that the information would be beneficial.

Next, Committee Chairman Orth referenced the total development cost of the project. He noted that at $572, 000 per unit it is the most expensive project to date. Additionally, there's no limit on the DAH 2 funds. However, the QAP and developers' handbook specify a cap of reasonable cost of up to $450,000 per unit. The Committee Chairman felt that the amount did not meet underwriting standards and should be underscored.

The Committee then reviewed and discussed the per unit costs acknowledging that they were higher than recommended guidelines and requested additional information and an explanation as to why RIHousing would go beyond the cap prior to approving the request.

Committee Chairman Orth then advised tabling the discussion until staff could reexamine the matter and impart additional details to substantiate the higher cost before the December 19, 2024, board meeting.

Committee Chairman Orth then asked for a motion and a second to table the recommendation for Firm Approval of Tax-Exempt Financing for Broad Street Homes (Central Falls).

A motion was duly made by Commissioner Designee Webber and seconded by Commissioner Designee Cabral.

There being no further comments, Ms. Myers conducted a voice vote of the Commissioners to table the request for Firm Approval of Tax-Exempt Financing for Broad Street Homes (Central Falls).

The commissioners unanimously voted to table the request.

Ms. Myers then officially stated that the recommendation to table the request for Firm Approval of Tax-Exempt Financing for Broad Street Homes (Central Falls) was unanimously approved.

5. Recommendation for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for The Villages at Manville (Lincoln)

Committee Chairman Orth introduced Trevor Cain, Real Estate Development Officer, who made the presentation.

Mr. Cain said that the request was for firm approval of the reservation of up to $1,344,000 of 2024 and/or 2025 Low-Income Housing Tax Credits ("LIHTC") and firm approval of (i) a RIHousing taxable first mortgage loan in an amount up to $4,775,000, (ii) a HOME Investment Partnerships Program loan in an amount not to exceed $1,900,000 the (the "HOME Loan"), (iii) a Housing Trust Fund loan in an amount not to exceed $1,174,331 (the "HTF Loan"), (iv) a Rhode Island Rebounds Production Fund loan in an amount not to exceed $305,669 (the "RIRPF Loan"), (v) a Development of Affordable Housing-2 loan in an amount not to exceed $5,839,148 (the "DAH-2 Loan"), and (vi) a Middle Income Program loan in an amount not to exceed $214,730 (the "MIP Loan") for The Villages at Manville ("TVM" or the "Development"), a 72-unit rental housing development to be located in Lincoln, Rhode Island. Connolly and Partners, LLC is the developer (the "Developer"). The Development received revised preliminary approval from the Board of Commissioners on May 16, 2024 ("Revised Approval").

The Development will consist of 72 apartments located in three buildings. Of the 72 units, 57 will be LIHTC units with rents up to 60% of the area median income ("AMI"), and 15 will be restricted to households at or below 80% of AMI. There will be eight units set aside for households with incomes below 30% of AMI, and they will be supported by RIHousing Section 811 vouchers.

The original developer, Dakota Partners, Inc. ("DPI"), was moving to close in the second quarter of 2023 when it lost its syndicator due to the demise of Signature Bank. This negatively impacted the project, resulting in higher costs and delays. As a result, in its Revised Approval, the Board approved the rescission of the Development's 2022 LIHTC reservation. However, the Board simultaneously approved a reservation of 2024 and/or 2025 LIHTC, thus resetting the Placed in Service ("PIS") deadline from December 2024 to December 2026.

After Revised Approval, DPI, as part of its corporate financial restructuring, decided to sell its interest in TVM to Connolly and Partners, LLC, a subsidiary of First Hartford Realty Corporation ("FHC"), a publicly traded company. At loan closing, the Developer will purchase the existing Borrower entity, TVM 2 Owner, LLC. FHRC Management Corporation, the property management entity, is a wholly owned subsidiary of FHC.

As part of Connolly's due diligence, they bid out the construction and have selected Pariseault Builders, Inc. ("Pariseault") as the General Contractor. The Developer has also refreshed the local permitting, which went stale, and consolidated the architectural drawings to fully define the scope of the project. Since Revised Approval, total development costs ("TDC") have increased by approximately $1,250,000. Construction costs have increased slightly, and contingency has increased from 5% to 9%. In addition, the Developer has capitalized a small lease-up reserve, and some soft costs have increased. To address the overall increase in costs, the Developer was able to increase their

first mortgage and their deferred fee, and they were able to receive slightly higher credit pricing. The investor will be Bank of America, N.A., and/or its affiliates ("BOA"), and BOA will also provide the construction loan.

Finally, Mr. Cain said that staff requests firm approval of a reservation of an amount not to exceed $1,344,000 of 2024 and/or 2025 LIHTC, and firm approval of (i) a first mortgage loan in an amount not to exceed $4,775,000, (ii) a HOME Loan in an amount not to exceed $1,900,000, (iii) an HTF Loan in an amount not to exceed $1,174,331, (iv) a RIRPF Loan in an amount not to exceed $305,669, (v) a DAH-2 Loan in an amount not to exceed $5,839,148, and (vi) a MIP Loan in an amount not to exceed $214,730 for the Villages at Manville, subject to certain conditions as set forth in the attached Resolution.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for The Villages at Manville (Lincoln).

A motion was duly made by Commissioner Designee Cabral and seconded by Commissioner Designee Webber.

Committee Chairman Orth mentioned that he was not familiar with the First Hartford Realty Corporation and asked if they have expertise in the field. Mr. Cain replied that they have extensive experience, just not with RIHousing. First Hartford Realty Corporation has developed over 800 units in the surrounding area.

There being no other comments, Ms. Myers conducted a voice vote of the Commissioners for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for The Villages at Manville (Lincoln).

The Commissioners voted to approve the motion with three (3) votes in favor, Commissioner Barry recusing, and zero (0) nay votes.

Ms. Myers then officially stated that the recommendation for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for The Villages at Manville (Lincoln) was approved.

6. Recommendation for Preliminary Approval of Financing for West End III (Providence)

Committee Chairman Orth invited Daniel Pollard, Real Estate Development Officer to give the presentation.

Mr. Pollard said that the request was for preliminary approval of RIHousing tax-exempt financing in an amount not to exceed $8,000,000, of which $1,375,000 will remain as a permanent first mortgage for West End III (hereinafter referred to as the "Development"). Women's Development Corporation is the developer ("WDC" or the "Developer").

The Development, which includes the rehabilitation and preservation of 47 affordable housing apartments, is located in the Elmwood and West End neighborhoods of Providence. The Development combines the West End Preservation Apartments ("WEPA") and the Historic West End II Apartments ("HWE"), which will be merged into a newly formed borrower entity.

The Development is comprised of 19 individual buildings spread amongst the Elmwood and West End neighborhoods but all within a ½ mile radius of each other. Of the 47 units, 31 will be restricted to households earning up to 60% of area median income ("AMI"), 9 units will be restricted to households earning up to 50% of AMI, and 7 units will be restricted to households earning up to 30% of AMI. The 47 units are comprised of 22 2-bedroom, 20 3-bedroom, and five 4-bedroom units.

Interior and exterior renovations are anticipated to include, at a minimum, roofing, siding replacement, insulation, hot water boilers, and heaters, unit upgrades including new kitchens and baths, fire code compliance, exterior lighting, and security cameras with remote monitoring capabilities. Since many of the buildings are in a historic district, the Developer's ability to make exterior repairs has been limited. Accordingly, the city has cited the buildings for their deteriorating conditions. If, as anticipated, the properties are awarded federal historic credits, particular attention will be paid to the exterior siding and windows.

There is approximately $1,642,000 of existing RIHousing debt plus accrued interest on the properties. The existing debt includes a RIHousing Targeted Loan among other loans. As part of the approval process, staff has determined that the Development and sponsor meet RIHousing's requirement for rollover of existing debt:

- 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;
- An equity pay-in schedule satisfactory to RIHousing;
- Maximization of amortizing debt able to be supported by the property; and
- Borrower will-provide guarantees to cover any deficit shortfalls.

This RFA requests preliminary approval of an amount not to exceed $8,000,000 in tax-exempt financing, of which an amount not to exceed $1,375,000 will remain as permanent debt, for the development known as West End III, subject to certain conditions as outlined in the attached Resolution.

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Preliminary Approval of Financing for West End III (Providence).

A motion was duly made by Commissioner Designee Cabral and seconded by Commissioner Barry.

A brief discussion followed where Commissioner Designee Webber inquired if the units are currently occupied. Mr. Pollard stated that units are occupied. The owners do have relocation plans in place and have hired relocation specialists to facilitate the process.

Committee Chairman Orth noted that the total development costs per unit is $458,000. The developer's handbook allows up to $269,000 per unit for rehab and wondered if that went against underwriting.

Mr. Harrison explained that the project was one of the oldest projects in the Corporation's portfolio. The building is complicated, and rehab is extremely difficult. The units do not have closets along with the issue that it's a historical property which adds to the cost. A lot of the exterior work involved is

complicated and to replace existing materials has increased the price. Design and Construction has reviewed the costs and determined that it's justifiable. Furthermore, RIHousing does not want to lose any units, especially in that neighborhood.

Tony A'Vant, Assistant Director of Design and Construction confirmed that they reviewed the CNA and determined that it was in line with other transactions. The buildings are old, there's high turnover, and hasn't been renovated in 30 years, therefore the CNA is justified.

Mr. Comer further expounded by saying that the owner has made multiple attempts throughout the years to update the units but has not been successful largely due to the nature of the work to be performed. There's a lot of work that needs to be done.

Committee Chairman Orth inquired about the level of operating expenses. Michael DiChiaro, Director of Leased Housing and Rental Services said the operating expenses are projecting a bit higher but are within acceptable levels of other developments.

Mr. Harrison also mentioned that the units carry a higher replacement reserve.

Committee Chairman Orth then requested that staff provide pictures of the development. He felt that would be useful. Mr. Harrison said that he is happy to share photos of the property.

Commissioner Barry asked if something could be done to enhance community building so that residents want to stay. Mr. Comer said that there is no space for a community facility and as soon as residents can acquire a voucher in Providence or another city, they tend to move on.

There being no further questions Ms. Myers conducted a voice vote of the Commissioners for Preliminary Approval of Financing for West End III (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Preliminary Approval of Financing for West End III (Providence) was unanimously approved.

7. Recommendation for Approval of Transfer of Physical Assets (TPA) for Heritage Village Apartments (North Kingstown)

Committee Chairman Orth announced that Dean Harrison, Assistant Director of Real Estate Development, would give the presentation.

Mr. Harrison commenced by mentioning that the request was administrative. The request was for approval of the transfer of the limited partnership interest in Heritage Village Apartments (the "Development"), a 204-unit housing development for families located in North Kingstown.

Under Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, 825-RICR-30-00-3 (as amended, the "TPA Regulations"), project owners must obtain RIHousing's approval and comply with RIHousing's administrative procedures for the transfer of physical assets and prepayment of the mortgage before conveying, assigning, or transferring any ownership interest in a multifamily housing project.

The owner of the Development is Heritage Preservation Associates Limited Partnership (the "Owner"). The current general partner of the Owner is POAH Heritage Apartments, LLC (the "General Partner"), which holds a .01% interest in the partnership. The current investor limited partner in the Development is NHT XXIV Tax Credit Fund LLC (the "Limited Partner"). The Limited Partner holds a 99.99% limited partnership interest. The Limited Partner intends to withdraw and sell their partnership interests to Preservation of Affordable Housing, LLC (the "Transferee"). The General Partner and the Transferee are affiliates of the developer, Preservation of Affordable Housing, Inc. ("POAH").

Heritage Village Apartments ended its 15-year Compliance Period on December 31, 2022. POAH plans to complete the limited partner's exit and then work with RIHousing on a new tax credit capitalization for the Development. The Transferee will assume all existing obligations encumbering the Development. The Regulatory Agreement with RIHousing is in effect until September 2047.

The current property manager is POAH Communities, LLC. The owner and management company are affiliated entities. No change in the management agent is contemplated.

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 Heritage Village Apartments (North Kingstown).

A motion was duly made by Commissioner Designee Webber and seconded by Commissioner Barry.

There being no questions, Corinne Myers, General Counsel conducted a voice vote of the Commissioners. The Commissioners voted to unanimously approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of Transfer of Physical Assets (TPA) for Heritage Village Apartments (North Kingstown) was unanimously approved.

8. Discussion:

   Pipeline Report:

Mr. Harrison mentioned that Development has closed quite a few deals since November. Dexter Street should go to record that day. Parcel 9 is scheduled to close the following week, bearing a few outstanding items. Additionally, in November, RIHousing closed Reynold Farms, a senior housing in North Kingstown. Mr. Harrison was pleased to share that staff has been very busy with closings.

Committee Chairman Orth mentioned that a recent development with syndicators is that they are delaying closings. The Committee Chairman noted that it was unusual and speculated if it was a national trend or just in Rhode Island. Mr. Harrison relayed that the trend is countrywide. The syndicators are looking to be the last to enter the transactions.

Ms. Ventura and Mr. Comer stated that syndicators are not mobilizing as quickly. They are waiting until the end of the transaction before processing their portion of due diligence and assembling the asset management teams. RIHousing would prefer to have everything assembled at the same time, but it appears the syndicators are holding off.

Commissioner Barry wondered if developers are having trouble identifying investors. Mr. Comer said the developers have no problem identifying investors. He believes that the syndicators want all the other conditions verified before they close the deal. Moreover, they could be just as busy as everyone else and are waiting until the last minute.

Commissioner Barry said that in her opinion the syndicators are providing a service and getting compensated, therefore should be as involved as everyone else and be more proactive in assisting the developer.

No votes were taken on this item.

Prior to adjournment, Ms. Ventura reiterated that the Committee requested cost justifications for Broad Street and photos of the West End III development. She confirmed staff would provide that information to the Committee.

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 Commissioner Designee Cabral and seconded by Commissioner Designee Webber 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 10:15 a.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted,

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Carol Ventura
Secretary and Executive Director