

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
December 8, 2021

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Wednesday, December 8, 2021 at 9:30 a.m. The meeting was held at the main office of the Corporation, 44 Washington Street, Providence, RI 02903, Conference Library and via telephone conference call.

Carol Ventura, Executive Director, stated that the meeting of the RIHousing Board of Commissioners Credit Committee would be conducted in person. As an additional means of promoting public participation, the meeting was also made available via live teleconference. Ms. Ventura then introduced Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

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

Next, Corinne Myers, General Counsel, provided additional guidance for the meeting. Ms. Myers stated that the meeting was being held in hybrid fashion with all members of the Credit Committee appearing in person and specific RIHousing staff participating via teleconference. Members of the public were invited to access the meeting in person or via teleconference according to their preference. Additionally, members of the public could visit the RIHousing website to view the agenda and information on the actions being taken. In the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

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

A quorum being present, Committee Chairman Orth introduced himself and officially called the meeting to order at approximately 9:35 a.m. Committee Chairman Orth then invited Ms. Ventura to proceed with the roll call of Commissioners.

Ms. Ventura conducted a roll call of Commissioners participating in the meeting. Commissioners participating in-person were: Committee Chairman Orth; Chairman Nicolas P. Retsinas; and Maria Barry. Elizabeth Tanner, Director of the Department of Business Regulation, was absent.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Lisa Primiano, Chief Operating Officer; Kara Lachapelle, Chief Financial Officer, Anne Berman, Director of Real Estate Development; Dean Harrison, Assistant Director of Real Estate Development; Jeffrey Swanson, Real Estate Development Officer; Seth St. Jean, Real Estate Development Officer; Bernadette MacArthur, Director of Finance; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Members of the public were also present via teleconference.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on November 4, 2021

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on November 4, 2021. A motion was made by Commissioner Barry and seconded by Chairman Retsinas.

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 4, 2021. The commissioners unanimously voted to approve the minutes.

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

VOTED: That the minutes of the Credit Committee Meeting held on November 4, 2021 are hereby approved.

2. Recommendation for Firm Approval of Financing for Douglas Manor Apartments (Providence)

Prior to the presentation, Ms. Berman gave a brief overview of the recommendations to be presented at the meeting. Ms. Berman stated that five (5) deals would be submitted under the Federal Financing Bank (FFB) program and reminded the Committee of the previous month's discussion regarding how RIHousing would employ the program for transactions that had an equity takeout component.

Ms. Berman confirmed that the committee agreed to staff's recommendation that in addition to standard origination fee, RIHousing would charge a fee equal to 1.5% of the loan amount for FFB transactions in which the owner is taking out equity. The additional fee is earmarked for the Affordable Housing Trust (AHT) and will be used to assist with the development of new construction or preservation of other affordable housing. Staff has updated the Program Term Sheets accordingly.

Continuing, Ms. Berman said that collectively the five (5) deals will generate more than \$1.13MM for the AHT and another \$1MM in origination fees for the Corporation. Additionally, Finance has determined that the interest earnings on the new loans represent the best approach financially for RIHousing.

Next, Ms. Berman said that the two (2) owners of the properties have approached the transactions a bit differently, one is proposing rehabilitation as part of the refinance and the other is undertaking less work up front but seeding their reserves with higher deposits to ensure adequate funds over time based on the CNA commissioned by RIHousing. In both instances, staff has completed thorough reviews and determined that all the transactions comply with the Corporation's underwriting requirements.

Committee Chairman Orth thanked Ms. Berman for the information and then recognized Jeffrey Swanson, Real Estate Development Officer who gave the presentation for Douglas Manor Apartments.

Mr. Swanson said that staff was asking for firm approval of RIHousing taxable permanent financing in an amount not to exceed \$15,350,000.00 for Douglas Manor Apartments in North Providence

(hereinafter referred to as “Douglas Manor” or the “Development”). Cathedral Development Group, Inc. is the developer (“CDG” or the “Developer”).

Douglas Manor is a three- and four-story masonry building originally constructed in 1979. It has 86 one-bedroom and 14 two-bedroom apartments for elderly and disabled households. Amenities include an outdoor communal patio, community room with a kitchen, laundry room, and management office. The Section 8 HAP contract, which covers all 100 units, was recently renewed for 20 years with rents marked up to market.

The Developer acquired Douglas Manor in October 1992 through a related entity. In 2010, moderate rehabilitation was completed utilizing tax-exempt bonds and Low-Income Housing Tax Credits. The investor limited partner exited the transaction late last year. CDG will ensure the project meets all remaining tax credit obligations. At this time, the Developer would like to complete a light rehabilitation, informed by a RIHousing-commissioned capital needs assessment, of approximately \$13,000.00 per unit. The Developer also seeks to lock in a lower interest rate and complete an equity take-out.

The scope of work includes significant cosmetic upgrades to interior common areas and energy efficiency upgrades in the form of an upgraded domestic boiler, new exterior doors, replacement of 40 stoves, and installation of low-flow toilets. All units will receive new bathroom vanities, counters, and sinks and 40 units will receive new kitchens. There will be additional repairs to meet current fire and life-safety codes.

Committee Chairman Orth thanked Mr. Swanson for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Douglas Manor Apartments (Providence).

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

Following the motion, Committee Chairman Orth asked if anyone had questions or comments.

Committee Chairman Orth commented that another CNA was included in year 10 of the loan and wanted to know if that is the policy for all these transactions. Ms. Berman confirmed that fact saying that the condition is built into the loan to ensure that the building is maintained for the duration of the financing.

Another question posed from Committee Chairman was regarding the risk share and if RIHousing has first position on the loan. Ms. Berman explained that the FFB regulations mandate that the risk share is split 50/50 with HUD. If the loan defaults, HUD pays 100% of the loan and then works with RIHousing to dispose the property. Ms. Berman highlighted that the sponsors of the five (5) actions have worked with HUD to reset the HAP contract for an additional 20-year term.

Chairman Retsinas commented on the two different approaches used by the developers and asked if the risk quotient of one is higher than the other. Ms. Berman stated that there is no difference in the risk quotient.

Corinne Myers, General Counsel, then conducted a voice vote of the Commissioners. The commissioners unanimously voted to approve the motion.

Ms. Myers officially stated that the recommendation for Firm Approval of Financing for Douglas Manor Apartments (Providence) was unanimously approved.

3. Recommendation for Firm Approval of Financing for Hardig Brook Village Apartments (Warwick)

Committee Chairman Orth again invited Jeffrey Swanson to give the presentation.

Mr. Swanson said that this request was for firm approval of RIHousing taxable permanent financing in an amount not to exceed \$16,677,000.00 for Hardig Brook Village Apartments in Warwick (hereinafter referred to as “Hardig Brook” or the “Development”). Providence Realty Investment, LLC is the developer (“PRI” or the “Developer”).

Hardig Brook is a six-story mid-rise building originally constructed in 1978. It has 90 one-bedroom and 10 two-bedroom apartments for elderly and disabled households. Amenities include an outdoor communal patio, community room with a kitchen, common laundry room, and management office. The Section 8 HAP contract, which covers all 100 units, was recently renewed for 20 years with rents marked up to market.

The Developer acquired the Development in 2010 through an arm’s length transaction. In 2011, a moderate rehabilitation was completed utilizing tax-exempt bonds and Low-Income Housing Tax Credits. Prior to closing, the Developer seeks to complete \$40,000.00 of critical and non-critical repairs identified in a RIHousing-commissioned capital needs assessment (“CNA”). After closing, the Developer will undertake a small amount of work and on an ongoing basis address future capital needs. To ensure that the replacement reserve balance remains positive through the first 15 years of the new loan, the Developer will deposit \$6,921.00 per unit in the replacement reserve at closing and \$400.00 per unit per annum. A new CNA will be required at year 10 to ensure that the replacement reserve will stay positive for the next 15 years. If required, the annual deposits to the replacement reserve will be increased at that time. The Developer also seeks to lock in a lower interest rate and complete an equity take-out.

The scope of work to be completed pre-closing includes addressing a variety of accessibility, fire- and life-safety issues, parking lot sealing and striping, and sidewalk repairs. After closing, PRI will upgrade the elevator and replace the roof at an estimated cost of \$620,000.00

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Hardig Brook Apartments (Warwick).

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

Chairman Retsinas noted that this development is one of the earliest financed by RIHousing and asked about the demographics of the residents. He noted that it’s an elderly population but wanted to know the average age of the residents and if the owners offer social services for the population. Ms. Berman acknowledged that the average age is 85 and she believes that specific services are provided when required.

Mr. Swanson said that a resident services coordinator is on site to address some of those issues and Meals on Wheels services are part of the program. Mr. Swanson noted that it is an elderly population and staff does what they can to support the residents.

Chairman Retsinas was curious on what the COVID vaccination rate is for the development. Ms. Berman and Mr. Swanson did not have that information but speculated that the vaccination rate is very high . However, they said that they would research the matter.

The Committee also touched on the transaction's LTV of 90% and if that is determined on the increased rents under the HAP contract and if staff is comfortable with that determination. Mr. Swanson explained that not only did RIHousing review the appraisal, but staff commissioned a second appraisal, looked at three (3) tiers of rent comparison studies and HUD confirmed the rents. Staff has reviewed the information on multiple levels and is comfortable with the proposal.

Asset Management has also reviewed the proposal to ensure that the developer is able to maintain the property in good condition and performs annual inspections on the property. Additionally, Design and Construction performs a pre-closing inspection to ensure that the work is done properly. Funds are escrowed and not released until all work is complete. Ms. Berman stressed that 20% of the equity is held until all work is completed to RIHousing's satisfaction.

There being no further discussion, Ms. Myers, General Counsel, then conducted a voice vote of the Commissioners. The commissioners unanimously voted to approve the motion.

Next, Ms. Myers stated that the recommendation for Firm Approval of Financing for Hardig Brook Apartments was unanimously approved.

4. Recommendation for Firm Approval of Financing for Indian Run Village Apartments (Wakefield)

Committee Chairman Orth asked Jeffrey Swanson to present the recommendation for Indian Run apartments.

Mr. Swanson said that staff is seeking firm approval of RIHousing taxable permanent financing in an amount not to exceed \$23,769,000.00 for Indian Run Village Apartments in South Kingstown (hereinafter referred to as "Indian Run" or the "Development"). Providence Realty Investment, LLC is the developer ("PRI" or the "Developer").

Indian Run is a three-story garden-style building originally constructed in 1978. It has 100 one-bedroom and 15 two-bedroom apartments for elderly and disabled households. Amenities include an outdoor communal patio, community room with a kitchen, common laundry room, a solarium, and management office. The Section 8 HAP contract, which covers 114 units, was recently renewed for 20 years with rents marked up to market.

The Developer acquired the Development in 2010 through an arm's length transaction. In 2011, moderate rehabilitation was completed utilizing tax-exempt bonds and Low-Income Housing Tax Credits. In 2018, through a power purchasing agreement with an affiliated entity, PRI built a carport with solar panels, which subsidizes some of the electric costs at the site. Prior to closing, the Developer will complete \$350,000.00 of critical and non-critical repairs identified in a RIHousing-commissioned capital needs assessment ("CNA"). After closing, the Developer will undertake a small amount of work and plans to address future capital needs as they arise. To ensure that the replacement reserve balance remains positive through the first 15 years of the new loan, the Developer will deposit more than \$5,570.00 per unit in the replacement reserve at closing and \$400.00 per unit per annum. A new CNA will be required at year 10 to ensure that the replacement reserve will stay positive for

the next 15 years. If required, the annual deposits to the replacement reserve will be increased at that time. The Developer also seeks to lock in a lower interest rate and complete an equity take-out.

The scope of work to be completed pre-closing includes addressing a variety of accessibility, fire- and life-safety issues, parking lot resurfacing, and new boilers. Post-closing PRI will install a new fire pump controller and caulk the exterior of the building.

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Indian Run Apartments (Wakefield).

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

There being no discussion, Ms. Myers, General Counsel, then conducted a voice vote of the Commissioners. The commissioners unanimously voted to approve the motion.

Ms. Myers then stated that the recommendation for Firm Approval of Financing for Indian Run Village Apartments (Wakefield) was unanimously approved.

5. Recommendation for Firm Approval of Financing for Chateau Clare Apartments (Woonsocket)

Mr. Swanson explained this request is for the Committee.

Mr. Swans said that the request is for firm approval of RIHousing taxable permanent financing in an amount not to exceed \$10,521,000.00 for Chateau Clare Apartments in Woonsocket (hereinafter referred to as “Chateau Clare” or the “Development”). Providence Realty Investment, LLC is the developer (“PRI” or the “Developer”).

Chateau Clare is a five- and six-story mid-rise style building originally constructed in 1911 as a school and a church. In 1978, the property was substantially rehabbed and converted to residential use. It has eight efficiency units, 60 one-bedroom, and 20 two-bedroom apartments for elderly households. Amenities include a community room, common laundry room, and management office. The Section 8 HAP contract, which covers 87 units, was recently renewed for 20 years with rents marked up to market.

The Developer acquired the Development in 2010 through an arm’s length transaction. In 2011, moderate rehabilitation was completed utilizing tax-exempt bonds and Low-Income Housing Tax Credits. Prior to closing, the Developer seeks to complete \$140,000.00 of critical and non-critical repairs identified in a RIHousing-commissioned capital needs assessment (“CNA”). After closing the Developer will undertake a small amount of work and plans to address future capital needs as they arise. To ensure that the replacement reserve balance remains positive through the first 15 years of the new loan, the Developer will deposit \$3,862.00 per unit in the replacement reserve at closing and \$400 per unit per annum per the CNA. A new CNA will be required at year 10 to ensure that the replacement reserve will stay positive for the next 15 years. If required, the annual deposits to the replacement reserve will be increased at that time. The Developer also seeks to lock in a lower interest rate and complete an equity take-out.

The scope of work to be completed pre-closing includes addressing a variety of accessibility, fire- and life-safety issues, resurfacing a portion of the parking lot, and replacing common area carpet. After closing, PRI will upgrade the elevator and replace the roof at an estimated cost of \$420,000.00.

Committee Chairman Orth then asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Chateau Clare Apartments (Woonsocket).

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

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

Ms. Myers then officially stated that the recommendation for the Firm Approval of Financing for Chateau Clare Apartments (Woonsocket) was unanimously approved.

6. Recommendation for Firm Approval of Financing for Gatewood Apartments (North Smithfield)

Mr. Swanson reported on the transaction for Gatewood Apartments.

Mr. Swanson stated that the recommendation is for the firm approval of RIHousing taxable permanent financing in an amount not to exceed \$9,018,000.00 for Gatewood Apartments in North Smithfield (hereinafter referred to as “Gatewood” or the “Development”). Providence Realty Investment, LLC is the developer (“PRI” or the “Developer”).

Gatewood is a one- and two-story garden style apartment complex originally constructed in 1979. It has 56 one-bedroom and four two-bedroom apartments for elderly and disabled households. Amenities include a community room with a kitchen, common laundry room, and management office. The Section 8 HAP contract, which covers all 60 units, was recently renewed for 20 years with rents marked up to market.

The Developer acquired the Development in 2010 through an arm’s length transaction. In 2011, a moderate rehabilitation was completed utilizing tax-exempt bonds and Low-Income Housing Tax Credits. Prior to closing, the Developer will complete \$165,000.00 of critical and non-critical repairs identified in a RIHousing-commissioned capital needs assessment (“CNA”). After closing, the Developer will undertake a small amount of work and plans to address future capital needs as they arise. To ensure that the replacement reserve balance remains positive through the first 15 years of the new loan, the developer will deposit \$6,556.00 per unit in the replacement reserve at closing and \$375.00 per unit per annum. A new CNA will be required at year 10 to ensure that the replacement reserve will stay positive for the next 15 years. If required, the annual deposits to the replacement reserve will be increased at that time. The Developer also seeks to lock in a lower interest rate and complete an equity take-out.

The scope of work to be completed pre-closing includes addressing a variety of accessibility, fire- and life-safety issues, roof replacement and concrete replacement. Post-closing, PRI will install new cabinets in those units that were not upgraded in 2011.

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 Gatewood Apartments (North Smithfield).

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

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

Ms. Myers then stated that the recommendation for Firm Approval of Financing for Gatewood Apartments (North Smithfield) was unanimously approved.

7. Recommendation for Firm Approval of Second Mortgage for DeAngelis Manor (West Warwick)

Committee Chairman Orth introduced Seth St. Jean, Real Estate Development Officer who gave the presentation.

Mr. St. Jean stated that staff is seeking firm approval of RIHousing taxable second mortgage financing in an amount not to exceed \$1,500,000.00 for DeAngelis Manor I (“DeAngelis Manor” or the “Development”). 825 Housing L.P. is the borrower (the “Borrower”), an affiliate of Sacred Heart Housing Corporation, the original non-profit sponsor of the Development.

This firm approval for a second mortgage will support immediate critical repairs to the elevator and roof of the Development, the cost of which exceeds the balance in the replacement reserves. DeAngelis Manor was initially developed in 1978 and was most recently refinanced by RIHousing in 2001. The 96 units are all located in one high-rise building for elderly and disabled households. All units are subject to a Section 8 Housing Assistance Payment (“HAP”) contract. The current HAP contract was renewed in 2008 for 20 years.

The property is currently carrying approximately \$1,635,414.00 in debt, consisting of an RIHousing first mortgage with a principal balance of \$1,480,808.00 and an RIHousing amortizing second mortgage totaling \$154,606.00. The first mortgage will remain, but the existing second mortgage will be paid off as part of this proposed transaction. The Borrower and its board of directors are considering a full refinance sometime in the future.

Mr. St. Jean noted that the approval of up to \$1,500,000.00 in taxable second mortgage financing is subject to certain conditions. The anticipated loan amount is \$1,300,000.00 and the difference between the authorized and anticipated actual loan amounts is meant to accommodate potential cost escalations for the proposed scope of work.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Second Mortgage for DeAngelis Manor (West Warwick)

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

Committee Chairman Orth commented on why the owner did not want to refinance. He asked if it was due to the prepayment lockout. Mr. St. Jean mentioned that the refinance issue was discussed in depth. Staff investigated different financing opportunities with the owner, however, they wanted to pay off that loan.

Ms. Berman further elaborated saying that this is a small nonprofit who is not interested in cashing out. Their focus is to maintain the property in a decent condition for the residents and to retain the assets. Ms. Berman did note that there is the possibility of refinancing in five (5) to ten (10) years.

Chairman Retsinas inquired if there's any risk associated with the financing. Ms. Berman confirmed that RIHousing will hold all the proceeds until the work is complete and performed to RIHousing's satisfaction.

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

Ms. Myers then stated that the recommendation for Firm Approval of Second Mortgage for DeAngelis Manor (West Warwick) was unanimously was approved.

8. Recommendation for Recommendation for Approval of Prepayment for Blackstone Falls Apartments (Central Falls)

Committee Chairman Orth recognized Anne Berman, Director of Real Estate Development and asked her to give the presentation.

Ms. Berman introduced this transaction by noting that it was an administrative matter that met all RIHousing prepayment requirements.

Ms. Berman then stated that this transaction was for approval of the prepayment of the existing first mortgage of Blackstone Falls Apartments (the "Development"), an affordable housing development for elderly and disabled households located at 1485 High Street in Central Falls.

The Development consists of 133 apartment units and associated parking. The property was built circa 1895 and renovated for apartment use, with a new wing addition, circa 1978. It was most recently refinanced in 2005 utilizing the Low-Income Housing Tax Credit ("LIHTC") Program and financing from Rhode Island Housing and Mortgage Finance Corporation ("RIHousing"). The Development's 40-year Regulatory Agreement expires in 2045.

Under RIHousing's 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 Blackstone Falls, LLC (the "Owner"). The Owner seeks to prepay the existing mortgage without a concurrent refinance and will operate the property without any debt. Repayment of the first mortgage is subject to RIHousing approval. As part of its approval, RIHousing intends to charge a prepayment penalty to be remitted with the loan payoff.

The staff of the Asset Management Department and Development Division jointly reviewed this request under the TPA Regulations and determined that the proposed transaction complies with the regulatory requirements. The current property manager is The Shoreline Corporation, an identity of interest company of the Owner. The Shoreline Corporation will remain as the property manager after the prepayment. The Owner has proposed amendments to the Regulatory Agreement which delete references to RIHousing's position as lender. No changes to the term or substance of the Regulatory Agreement are contemplated.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Approval of Prepayment for Blackstone Falls Apartments (Central Falls).

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

The Committee briefly discussed the outstanding balance of the loan and the possibility of the owner refinancing the loan. Ms. Berman commented that the owner is not interested in refinancing the loan. Blackstone Falls, LLC, is not disposed to incur additional debt and is not interested in any refinance proposals. However, the present regulatory agreement extends the affordability of the property until 2045 and staff is comfortable that they will continue to maintain and provide services to the development.

Committee Chairman Orth and the Committee also speculated on utilizing a lower than maximum FFB option and the prepayment route. Ms. Berman explained that staff offered the owner several financing alternatives, but the owners had already made up their minds this is the direction they wanted to pursue and were unwilling to negotiate. Mr. Swanson also said that there has been a five-year long conversation around the issue, but the owners are looking to reduce their rate. Unfortunately, RIHousing is not as competitive as the rates available in the marketplace. Additionally, this property is a rehab mill and not eligible for MAP financing.

Commissioner Barry noted that the property has 23 years left on the affordability condition and asked if the development is eligible for a MAP financing. Ms. Berman affirmed that as the property is mill rehab, it does not qualify for MAP financing.

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

Ms. Myers then stated that the recommendation for Approval of Prepayment for Blackstone Falls Apartments (Central Falls) was unanimously approved.

9. Recommendation for Firm Approval of Funding for Zero Energy for the Ocean State (“ZEOS”) Demonstration Program

Ms. Berman gave this presentation and began by recognizing Haley Kenyon, Manager Construction, on performing an outstanding job in coordinating and working with partners in reviewing the proposals for the awards.

Ms. Berman then said that RIHousing, in partnership with the Rhode Island Office of Energy Resources (“OER”) and National Grid (collectively, the “Program Partners”), administers the Zero Energy for the Ocean State (“ZEOS”) Demonstration Program to design and construct affordable energy efficient Zero Energy Building (“ZEB”) housing unit(s) to serve low- and moderate-income (“LMI”) residents in Rhode Island. The ZEOS Demonstration Program responds to the recommendations included in the Rhode Island Zero Energy Building Task Force’s Zero Energy Building Pathway to 2035 white paper. The white paper established a goal to create ZEB demonstration projects across building sectors in Rhode Island. For this second round of ZEOS funding, OER made available a total of Two Hundred Fifty Thousand Dollars (\$250,000.00) to support the ZEOS Demonstration Program and the activities mentioned above. RIHousing

committed Five Hundred Thousand Dollars (\$500,000.00). RIHousing and National Grid will provide technical support in the administration of the ZEOS Demonstration Program.

In May 2021, RIHousing issued a Request for Proposals (“RFP”) for the ZEOS Demonstration Project. The Program Partners solicited demonstration projects (the “ZEOS Projects”) that encompassed four primary activities – design, explore, inform, and assess –to create a pathway for scaling ZEBs in LMI residential sectors as a means of reducing greenhouse gas emissions. In response to the RFP, RIHousing received five proposals requesting \$1,240,000 in ZEOS Demonstration Program funds.

Proposals were evaluated based on project team experience, budget, overall project approach, efficient use of funds, leveraging of funds, and the extent to which the proposed approach achieved the following objectives:

- a) Stimulates innovative, replicable solutions to deploying solar photovoltaic systems in combination with energy efficiency and air source heat pump technology to achieve the ZEB definition for LMI residents.
- b) Delivers the highest, long-term cost savings for residents (including both energy and non-energy impacts).
- c) Develops a user-friendly home that makes it easy for a customer to achieve zero energy consumption.
- d) Serves families at or below 120% AMI as defined by HUD.
- e) Creates a project that is readily replicable.
- f) Demonstrates an ability to complete all required deliverables.

After reviewing the application packages, a selection committee comprised of Program Partners and RIHousing staff recommends funding for three proposals. Funding these three proposals will allow the ZEOS Demonstration Program to provide financial assistance to projects across the state in East Greenwich, Providence, and Tiverton, and serve as an excellent example of how to scale net-zero housing for a variety of housing types.

Staff recommends allocating up to \$500,000 for project funding under the ZEOS Demonstration Program for the Funding Recommendations set forth in an attachment as provided at the meeting.

Ms. Berman then stated that there is a chart presented in the package that requires a slight modification and will be updated prior to firm approval.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Funding for Zero Energy for the Ocean State (“ZEOS”) Demonstration Program.

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

Chairman Retsinas asked about the specific amount of solar costs attributed for each development. Ms. Berman responded that she did not the specific amounts for the individual developments but would follow up with that information.

The Committee also considered the recommendations to confirm that the costs were allocated for not just the cost of the solar component but for the equipment. Also reviewed was who truly benefited

from the savings. Chairman Retsinas wanted to know if the savings were passed on to the residents of the development or if the owner realized the cost savings.

Ms. Berman did not have the specifics for the breakdown of those savings but would follow up to locate the information.

The Committee's concern was to ensure that the consumer, as well as the owner would benefit from the program. Ms. Berman acknowledged that from a comfort perspective, the energy efficiency is a positive and lowers the utility allowances.

Committee Chairman Orth also touched on the tax credit amounts and how it reduces the utility amounts but that after two to three years, modifications could not be made to those rates. His worry was that rents for the residents would increase.

Mr. Comer clarified that the residents will not be affected in any manner nor incur a higher rent for the service.

The Committee also deliberated the master metering of developments where residents are presently not paying for the utilities. Committee Chairman Orth said it would be helpful if staff could provide the projected energy savings of the program and the calculated return on investment along with the payment period.

Ms. Berman said that she would perform additional research on the matter and circle back with a memo to the Committee.

Commissioner Barry recused/abstained from the discussion or vote of this application as her employer may be involved in the financing of one of the projects.

There being no further discussion, Corinne Myers, General Counsel, then conducted a voice vote of the Commissioners. The Commissioners voted to approve the motion with two (2) votes in favor, one (1) recusal and zero (0) nay votes: Commissioner Barry recused from the vote.

Ms. Myers then stated that the recommendation for Firm Approval of Funding for Zero Energy for the Ocean State ("ZEOS") Demonstration Program was approved as presented at the meeting.

10. Discussion:

a. Pipeline Report

Committee Chairman Orth mentioned that he would appreciate an update on the Workforce Housing projects. Ms. Berman said that two (2) projects are under construction and Parcel 6 is 40% completed. Four (4) other projects are scheduled to close soon and two (2) of the four (4) projects are scheduled to close before the end of the year. Artic Mill is a few months away from closing as it's a much more complicated mill rehab. Ms. Berman confirmed that all the projects are on track.

Chairman Retsinas recommended expanding outreach efforts for the program. The Chairman advised talking to the developers to gather feedback on their perspective of the process and what they would like to see addressed or modified.

Ms. Berman agreed and mentioned that staff has seen quite a bit of interest from developers regarding the program. Additionally, RIHousing has received a significant amount of exposure from an article illustrating the Corporation's program in Affordable Housing Magazine.

Chairman Retsinas and Committee Chairman Orth suggested that staff utilize a light touch in revising the program parameters and to engage in frequent conversations on best practices.

Ms. Berman mentioned that staff is planning to fine tune the program, to modify the subsidies and converse with the developers to explain the proposed changes. RIHousing will schedule virtual meetings to review the program with the developers.

Mr. Comer said that with each round of funding, staff has learned valuable lessons and incorporated the experience to the next round. Ms. Ventura also confirmed that the Workforce Housing program is a priority of the Governor.

Next, Ms. Berman informed the Committee that Barbara Jordan II will close by end of January. Staff, the developer and associates have worked extremely hard to move the project forward. Ms. Berman credited Omni Development on the achievement.

Ms. Ventura also reminded the Committee that the Barbara Jordan II site was used by the Providence and Connecticut Fire Departments for training exercises. Their training sessions also helped with the demolition of some of the site.

Finally, Ms. Berman said that staff has a robust pipeline for the new year. BHRI applications will be reviewed by the HRC soon along with 4% tax credit applications. The Development team is extremely busy and projects a very productive 2022.

There were no votes taken regarding this item.

Adjournment

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

Ms. Myers then conducted a voice vote of the Commissioners in response to a motion for adjournment. The Commissioners unanimously voted to adjourn the meeting at approximately 10:34 p.m.

In closing, Committee Chairman Orth thanked everyone for a productive meeting.

Respectfully submitted

Carol Ventura, Secretary and Executive Director