

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Management Committee
August 3, 2020

The Management Committee of the Rhode Island Housing and Mortgage Finance Corporation (the “Corporation” or “RIHousing”) Board of Commissioners was held on Monday, August 3, 2020 at 3:00 p.m. The meeting was held via telephone conference call pursuant to Executive Order 20-46 (as extended by Executive Order 20-63 as may be further amended or extended).

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 provided additional guidance for the meeting. Ms. Clement stated that (i) pursuant to Executive Order 20-46 (as extended by Executive Order 20-63 as may be further amended or extended) the meeting was being held via teleconference; (ii) members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and (iii) in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Then, Ms. Clement stated that Committee Chairman Smiley would preside over the meeting and requested that any Commissioner or staff to state their name prior to speaking and to mute the phone when not speaking. She then invited Committee Chairman Smiley to call the meeting to order.

Committee Chairman Smiley called the meeting to order and asked Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff (in attendance).

Ms. Ventura then conducted a roll call of Commissioners and staff participating in the meeting. Commissioners participating via conference call were: Brett Smiley, Director of the Department of Administration; Chairman Nicolas P. Retsinas; LeeAnn Byrne, Designee for General Treasurer Seth Magaziner and Commissioner McAllister.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer; Deputy Executive Director; Lisa Primiano, Chief Operating Officer; Kara Lachapelle, Chief Financial Officer; Bernadette MacArthur, Director of Finance; Leslie McKnight, Assistant Deputy Director of Loan Servicing; Christine Hunsinger, Assistant Deputy Director External Affairs, Policy & Research; Barbara Farrand, Director of Human Resources; Nicole Clement, General Counsel; Anne Berman, Assistant Director of Development; and Michael DiChiaro, Assistant Director Development/Asset Management & Compliance.

A quorum being present, Committee Chairman Smiley introduced himself and officially called the meeting to order at approximately 3:05 p.m.

The following matters were discussed by the Committee.

1. Approval of Minutes of Management Committee Meeting Held on June 8, 2020

Committee Chairman Smiley asked for a motion and a second for the approval of the Management Committee minutes held on June 8, 2020. A motion was made by Commissioner Designee Byrne 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:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner McAllister	Aye
Commissioner Designee Byrne	Aye

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

VOTED: That the minutes of the Management Committee Meeting held on June 8, 2020 hereby are approved.

2. Recommendation for Approval of Engagement of Document Custodian

Carol Ventura, Executive Director, introduced Bernadette MacArthur, Director of Finance, who made this presentation.

Ms. MacArthur stated that this request seeks approval to enter into a contract with a subsidiary of U.S. Bancorp (“U.S. Bank”) to provide document custodian services for the certification of pools and loans. U.S. Bank would be engaged by staff primarily for the certification of loans to be pooled as part of the Ginnie Mae (“GNMA”) Mortgage-Backed Securities (“MBS”) Program and for the certification of loans to be sold to Fannie Mae (“FNMA”) and Freddie Mac (“FHLMC”). U.S. Bank would hold in custody all documents for related loans for the duration of the engagement.

The Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) currently securitizes all government-insured mortgage production through GNMA’s MBS Program and finances all conventional production through sale to FNMA. Additionally, RIHousing is undergoing the onboarding process to begin partnering with FHLMC. Each of these three investors requires that business partners wishing to pool and/or sell loans engage the services of an approved document custodian. A document custodian certifies to the investor that a pool or loan meets all criteria for pooling and/or sale and holds the related documents on behalf of the investor.

Since 2009, the Bank of New York Mellon Trust (“BNYM”) has served as RIHousing’s designated document custodian for RIHousing’s active lines of business with GNMA and FNMA. In March 2020, RIHousing was notified by GNMA that BNYM was no longer an approved Ginnie Mae

document custodian, and that institutions utilizing the document custodian services of BNYM would need to cease doing GNMA-related business with BNYM by October 1, 2020. As a result, RIHousing undertook a search for a new document custodian. Staff made the business decision to move all FNMA business line activity away from BNYM as well.

In April 2020, RIHousing issued an RFP and posted it to the RIHousing website. Three vendors submitted proposals in response to the RFP and two were invited to participate in interviews and demonstrate their systems and reporting capabilities. A selection committee comprised of senior staff and representatives from the Finance and Loan Servicing areas reviewed the proposals, participated in interviews and evaluated the submissions according to the RFP criteria. Factors taken into consideration included cost of services, each firm's capacity to support the required services, previous experience, and references. Attachment B, which attachment was included as part of the August 3, 2020 Management Committee package summarizes the evaluation and scoring of the proposals. Based on this evaluation and scoring, U.S. Bank was the unanimous choice of the committee.

U.S. Bank is recognized as one of the premier document custody service providers in the country with more than 600 active custodial customers and safekeeping more than 11.7 million loan files. The cost structure and fee estimates presented by U.S. Bank were overall the lowest presented by any of the respondents and consistent with our existing provider. Based on the proposal, system and reporting demonstration, proposed fee structure and client references, the selection committee believes that the bank has the most qualifying experience and expertise to successfully undertake providing document custodian services for RIHousing.

Upon Board of Commissioner approval to enter into a contract with U.S. Bank, RIHousing will begin phasing out its existing relationship with BNYM and onboarding with U.S. Bank, within GNMA's required time frame for transitioning to a new, approved service provider.

Following the presentation, Committee Chairman Smiley asked for a motion and a second to recommend to the Board of Commissioners the approval of the Engagement of a Document Custodian.

A motion was made by Commissioner Designee Byrne and seconded by Commissioner McAllister.

Chairman Retsinas questioned if U.S. Bank is the right firm for RIHousing and if there is any risk involved in the transaction. Ms. MacArthur confirmed it is simply a transition from one firm to another, involving no risk and the process is well controlled. The references provided all shared that the transition process was smooth and without issues.

Nicole Clement, General Counsel, next conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye

Commissioner McAllister Aye
Commissioner Designee Byrne Aye

Ms. Clement then stated that the recommendation for approval of Engagement of Document Custodian was unanimously approved.

3. Recommendation for Approval of Delegation of Corporate Authority for Purposes of Government National Mortgage Association (Ginnie Mae) MBS Programs

Ms. Ventura noted that Ms. MacArthur would also report on this request.

Ms. MacArthur stated that this action was to provide authorization of certain designated officers and employees of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) to execute and deliver to the Government National Mortgage Association (“Ginnie Mae”) such instruments as may be necessary for RIHousing to participate in the Ginnie Mae Mortgage-Backed Securities (“MBS”) Programs.

RIHousing has been an approved Ginnie Mae Single-Family MBS issuer/servicer since April 2009 and an approved Multi-Family MBS issuer/servicer since June 2014.

Ginnie Mae requires that the RIHousing Board of Commissioners (the “Board”) authorize designated officers and/or employees to execute and deliver to Ginnie Mae instruments necessary to participate in the Ginnie Mae Single-Family and Multi-Family MBS Programs. Ginnie Mae requires that the Board authorize named officers and employees to act on behalf of RIHousing, rather than designating authorized persons by position, which is the usual commercial practice. In addition, Ginnie Mae requires the use of a particular form of resolution for this purpose. With the recent approval of a new document custodian, Ginnie Mae requires Board approval and new submission of authorized officers and employees to facilitate the new document custodian relationship. This designation of officers and employees authorized to act on behalf of RIHousing with respect to the Ginnie Mae Single-Family and Multi-Family MBS Program supersedes any previous such designation.

Ms. MacArthur said that staff recommends that the resolutions designating employees and officers authorized to act on behalf of RIHousing be recommended for approval to the Board of Commissioners, which said resolutions are included as part of the August 3, 2020 Management Committee package.

After the presentation Committee Chairman Smiley asked for a motion and a second to recommend to the Board of Commissioners approval of Delegation of Corporate Authority for Purposes of Government National Mortgage Association (Ginnie Mae) MBS Programs.

A motion was made by Commissioner Designee Byrne and seconded by Commissioner McAllister.

Committee Chairman Smiley then asked if anyone had any questions.

There being no discussion, Nicole Clement, General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner McAllister	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the recommendation for approval of Delegation of Corporate Authority for Purposes of Government National Mortgage Association (Ginnie Mae) MBS Programs was unanimously approved.

4. Recommendation for Approval of Authority to Adopt Multi-Family Development Bond General Resolution and Supplemental Resolution for Series 2020 - \$135,000,000

Ms. Ventura introduced Kara Lachapelle, Chief Financial Officer, who presented this recommendation.

Ms. Lachapelle stated that this request seeks the authority to issue up to \$135,000,000 in multi-family development bonds under the Multi-Family Development Bond General Resolution and Supplemental Resolution for Series 2020.

Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) finances its multi-family loans by issuing bonds, in one or more series, identified for that purpose. RIHousing has approximately \$135,000,000 multi-family loans in the process of closing that may require bond financing during the next year. At this time, it is necessary for RIHousing to issue its Multi-Family Development Bonds to finance those multi-family loans closing in the next few months, as well as to provide anticipatory funding for upcoming multi-family loan production. Sizing of this bond issuance would also include required debt service reserves.

Staff requests the Management Committee recommends to the Board of Commissioners authorizing the issuance of up to \$135,000,000 of both short and long-term bonds under the Multi-Family Development Bond Program.

Following the presentation Committee Chairman Smiley asked for a motion and a second to recommend to the Board of Commissioners Approval of Authority to Adopt Multi-Family Development Bond General Resolution and Supplemental Resolution for Series 2020 - \$135,000,000.

A motion was made by Commissioner Designee Byrne and seconded by Commissioner McAllister.

Chairman Retsina commended Ms. Lachapelle and the Finance team on the excellent work with the Bond issuance. He also asked if Ms. Lachapelle foresaw any long-term consequences in the present COVID-19 economic climate. Ms. Lachapelle stated that in terms for bonding, this is a

good time to bond loans. Staff religiously reviews the portfolio and the financial and bond markets to determine what method is best for the Corporation. Finance then further evaluates the economic trends to make an informed decision to use the TBA platform or the Bond market.

There being no further questions, Nicole Clement, General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner McAllister	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the recommendation for Approval of Authority to Adopt Multi-Family Development Bond General Resolution and Supplemental Resolution for Series 2020 - \$135,000,000 was unanimously approved.

5. Recommendation for Approval of Authority to Issue Homeownership Opportunity Bonds - \$250,000,000

Ms. Lachapelle also presented this request.

Ms. Lachapelle noted that this request seeks the authority to issue up to \$250,000,000 in Homeownership Opportunity Bonds of the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”).

RIHousing staff continuously monitors single-family loan origination activity; prepayment speeds of existing mortgages; refunding, recycling and optional redemption opportunities for existing bond offerings; bond market tone; short and long interest rates and available tax-exempt volume cap. All these activities have the objective of maximizing our lending flexibility and minimizing our net interest costs to provide mortgages to low- and moderate-income homebuyers.

The single-family bonding program provides funding for first time homebuyers and is a sustainable source for funding borrower assistance loans, which are used for down payment and closing costs, a key feature for RIHousing borrowers. At the same time, the program strengthens the future financial sustainability of the corporation by increasing the balance sheet and creating a reliable future annuity stream.

RIHousing’s last bond issue was executed in June 2020 with proceeds expected to be utilized by the end of August 2020. Based on the current pipeline of registrations and production estimates, staff anticipates issuing approximately \$250,000,000 of single-family bonds to fund new first-time homebuyer mortgages and/or refund existing bonds to lower interest costs over the next 12-18 months.

The attached resolutions, which resolutions are included as part of the August 3, 2020 Management Committee package, authorize the issuance of up to \$250,000,000 of bonds under

various series and tax plan components depending on market conditions and fund delivery requirements. This authority will expire on December 31, 2021.

After the presentation Committee Chairman Smiley asked for a motion and a second to recommend to the Board of Commissioners Approval of Authority to Issue Homeownership Opportunity Bonds - \$250,000,000.

A motion was made by Commissioner McAllister and seconded by Commissioner Designee Byrne.

There being no questions, Nicole Clement, General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner McAllister	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the recommendation for Approval of Authority to Issue Homeownership Opportunity Bonds - \$250,000,000 was unanimously approved.

6. Recommendation for Approval of Engagement of Employee Benefits and Retirement Brokerage and Consulting Firm

Ms. Ventura introduced Barbara Farrand, Director of Human Resources, who presented this request.

Ms. Farrand stated that this request was for approval to engage a firm qualified to perform brokerage and consulting services with respect to Rhode Island Housing and Mortgage Finance Corporation's ("RIHousing") employee benefits program including health and welfare plans and retirement plans. Specifically, this RFA seeks approval to engage the firm of Marsh & McLennan Agency LLC to assist with RIHousing's goal of offering quality, market-competitive, and cost-effective benefit solutions to our employees.

To attract and retain a high performing workforce, RIHousing offers its employees a competitive and comprehensive suite of benefits. Employee benefits include medical, dental, vision, flexible spending account, long term disability, basic life insurance/accidental death & dismemberment, and 457(b) and 401(a) retirement plans. RIHousing uses the services of a benefits broker/consultant to provide the corporation with a customized strategy for its benefit offerings.

For its health and welfare benefits, RIHousing uses broker/consultant services to provide vendor and vendor management, evaluation of plan design, strategic recommendations and implementation, collection and analysis of benchmark data, peer group comparisons, strategic recommendations, and comprehensive employee communications and educational support. Additionally, the broker/consultant provides comprehensive services to administer all aspects of

the self-insured portion of RIHousing's high deductible health insurance plan, which RIHousing offers as secondary insurance to employees.

For its retirement plans, RIHousing uses a broker/consultant for fiduciary services to maintain RIHousing's Investment Policy Statement ("IPS"), review and analysis of investment fund performance in accordance with the IPS, investment monitoring and investment fund recommendations, fiduciary training for designated plan fiduciaries, periodic review of the Retirement Plan Committee Charter and IPS, and administrative services for the Retirement Plan Committee. Other retirement plan services include the provision of a dedicated consulting team to provide employee communications and education strategy, review of retirement market trends, monitoring of regulatory changes and the economy, provision of legislative updates, analysis of fund performance and risk, and plan benchmarking.

In March 2020, RIHousing issued a Request for Proposals ("RFP") from qualified firms to provide the employee benefits and retirement brokerage and consulting services described above. Notice of the RFP was posted on RIHousing's website and the website maintained by the State of Rhode Island Department of Administration's Division of Purchases.

Four (4) firms submitted proposals in response to the RFP (the "Applicants"). A selection committee comprised of the Chief Operating Officer, the Director of Homeownership and the Director of Human Resources reviewed the submissions and evaluated them in accordance with criteria outlined in the RFP. The selection committee scored the responses based upon the firm's professional capacity, fee structure, experience, continuity and expertise of account team, experience with firms of similar size with similar benefits and goals, recommendations by references, capacity to offer services directly rather than through subcontractors, firm minority status and affirmative action program or activities.

Based upon the selection committee's evaluation of all proposals, the firm of Marsh & McLennan Agency LLC ("MMA") was determined to be best qualified to provide health and welfare benefits and retirement brokerage and consulting services to RIHousing with a score of 89 out of a possible 100.

MMA is an independent unit of Marsh & McLennan Companies ("Marsh"), founded in 2008 and established to meet the needs of midsize businesses in the United States. MMA, with more than 100 offices and over 6,000 employees nationwide, operates independently from, but collaboratively with Marsh to offer a full-service suite of services within insurance, retirement, and risk management. RIHousing has enjoyed a past positive work experience working with MMA on its benefits and retirement plan services.

After the presentation Committee Chairman Smiley asked for a motion and a second to recommend to the Board of Commissioners approval of Engagement of Employee Benefits and Retirement Brokerage and Consulting Firm.

A motion was made by Commissioner McAllister and seconded by Commissioner Designee Byrne.

Committee Chairman Smiley asked when the Marsh & McLennan will contract expire. Ms. Farrand replied that the contract will expire in September 2020.

Chairman Retsinas asked if this was the right time to undertake this review. Ms. Farrand confirmed that it is an appropriate time for this process. Staff will also be soliciting quotes for health and dental services in September or October.

Chairman Retsinas also questioned if the RFP process included criteria for minority businesses, comparison of fees and experience in the market. Ms. Farrand affirmed that those benchmarks were included in the RFP.

Chairman Retsinas then wanted to know how staff measured the metrics. Ms. Farrand noted that the evaluation included a review of diversity and its part in the vendor's culture. Staff also looked at demographics, past performance, what the company is presently doing and what they project for the future.

Committee Chairman Smiley asked how Marsh & McLennan can price services when there is so much uncertainty in the market. Ms. Farrand said that staff participated in a meeting last week where they reviewed quotes, benchmarking and contemplated options for health insurance services. It's an opportune time to price services and once the firm is officially engaged, the price is set. Even the increase for services in future years is minimal.

There being no further questions, Nicole Clement, General Counsel conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner McAllister	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the recommendation for Approval of Engagement of Employee Benefits and Retirement Brokerage and Consulting Firm was unanimously approved.

Discussion:

- a. Results from Operations for Period ending 3/31/20 and 6/30/20

Ms. Ventura introduced Kara Lachapelle, Chief Financial Officer, who gave the Committee a high-level overview of the Corporation's operations Fiscal Year End results. She noted that the numbers are in draft form until the audit review process is completed.

Ms. Lachapelle began by informing the Committee that despite the pandemic, RIHousing is ahead of budget and finished the year strong. Revenues came in ahead of budget in part from increased loans sales due to the disruption in the bond market. Expenses were under budget, especially in

the last quarter with decreases in spending on seminars and training, advertising, legal and other projects.

Ms. Lachapelle then mentioned that in BoardDocs staff had uploaded the ratios that Standard and Poors (S&P) uses for RIHousing's bond rating. The first line addresses non-performing assets (delinquent loans on the balance sheet) compared to total. This shows the biggest change from 3/31/20 to 6/30/20. It is an increase from 1.61% to 2.49% a direct result of the forbearance requests staff has received from customers. It's still below the maximum recommended by S&P but staff continues to monitor this closely. The next ratio is equity to assets. This is below the S&P target and RIHousing continues to try to improve this ratio. It is influenced by the number of loans being added to the balance sheet. For example, staff added 1 large multifamily loan for \$40 million this year (Festival Fields), which significantly increases assets but does not increase equity. The next ratio is return on assets, which is tied to net income and has improved significantly and is now above the S&P recommended level.

In closing, Ms. Lachapelle said that loans to assets tests liquidity for the Corporation is below the maximum recommended ratio and continues to improve as staff securitizes loans making them more liquid.

There were no votes taken regarding this item.

b. Agency Loan Loss Reserves

Ms. Lachapelle also gave the update on RIHousing's loan loss reserves. She stated that staff wanted to discuss the loan loss reserve because it estimated on the balance sheet and the auditors will evaluate in their analysis. RIHousing's year-end numbers currently include an increase in reserves.

Continuing, Ms. Lachapelle noted that on the single-family side, staff looks at historical losses in the portfolio, current delinquency and market factors such as unemployment and real estate values in the state. The Corporation's losses for the last few years have been low since most of the portfolio has FHA insurance and market values have been strong. The highest year of losses was \$11 million in 2013.

For multifamily developments, the Asset Management team prepares a watch list of properties with risk factors such as low debt service coverage ratios, requests for reserves or delinquency. Staff then analyze each property using a discounted cash flow to determine fair value and compare that to their outstanding loans. As of June 30, 2020, RIHousing had no delinquent multifamily loans.

Finally, Ms. Lachapelle stated that the true impact of the pandemic is not yet evident in the portfolio, so the methodologies staff used in the past for calculating the loan loss reserve may not be a true reflection of potential losses. Finance works with the external auditors to ensure the appropriate level of reserves. This may result in a change to the year-end numbers.

A brief discussion followed with the Committee asking if there will be increases in the delinquency portfolio if the moratorium on evictions is not be prolonged. Ms. Lachapelle replied that yes, there are signs that the portfolio might increase, however, staff diligently analyzes the delinquencies and actively engages with the borrower to prepare a plan to avoid foreclosures and evictions.

Ms. Ventura also noted that staff is seeing delinquencies decrease as compared to June. There are various programs using the CARES Act funding including the HomeSafe program and other subsidies that RIHousing can offer to assist with foreclosure prevention.

Commissioner Designee Byrne applauded that RIHousing is studying the impact of the moratorium expiring and that it can create a large hole in the system. Assessing and working to bring the delinquent loans current is vital.

Ms. Lachapelle next highlighted that the multifamily portfolio is extremely stable, showing no delinquencies, which is extremely positive for the Corporation.

Chairman Retsinas wanted to know if RIHousing has learned anything from the 2008-2009 economic crisis. Ms. Lachapelle mentioned that these circumstances are different than the 2008-2009 scenario. That period was more of a real estate crisis, where during this pandemic the market values are holding steady and RIHousing has more low-income products to offer and a good portion of the loans are FHA insured. Staff also closely monitors the market's impact on employment.

Ms. Ventura then stated that RIHousing also utilizes its land bank program to redevelop properties to keep them affordable.

There were no votes taken regarding this item.

c. Lippitt Mill Project Update

Anne Berman, Assistant Director of Development, gave this presentation. Ms. Berman began by saying the Lippitt Mill is a 65-unit multifamily affordable housing project located at 825 Main Street in West Warwick – the original financing plan called for 28 affordable and 37 market-rate units. The project closed in December 29, 2017 with Citizens Bank, N.A. (“Citizens”) as the construction lender with a forward commitment from Freddie Mac for the permanent loan.

Under the back-to-back loan structure, Citizens as the lender made a direct loan to RIHousing who in turn advanced the loan proceeds to the borrower. The advantage to the borrower includes lower cost of financing and RIHousing bears no financial risk in this deal.

Other sources of funding include low-income housing tax credits (“LIHTCs”), federal and state historic tax credits and RI Rebuild credits, as well as sponsor equity. Citizens allowed a design build structure for construction rather than commissioning a standard full set of 100% completed

drawings and specifications. Unfortunately, current cost overruns, estimated to be approximately \$5.1 million, are due primarily to structural deficiencies and historic compliance.

Citizens has extended the Project Note three (3) times (including as recently as July 29) and given the borrower until August 28, 2020 to close on all their supplemental financing. Citizens has also issued four (4) Reservation of Rights Letters to preserve their ability to foreclose

Continuing, Ms. Berman stated that the borrowers are working on a supplemental closing to close the funding gap and complete the project. Boston Capital will purchase the LIHTCs (replacing existing investor, which is related to the current General Partner) and the federal historic tax credits and the number of affordable units will increase to 45.

A partnership between BlueHub and a Providence based firm, Tax Credit Finance, will purchase the state historic credits and the RI Rebuild credits, and the General Partner will inject an additional \$1.7 million of capital to balance budget and defer all fees. Collectively, the sponsors anticipate providing a long-term loan to the owner to close any remaining construction budget gaps, which is currently projected to total \$5.12 million. Additionally, the developer fee and affiliate construction management fees will also be deferred.

Next, Ms. Berman noted that there are several Bond related issues that staff is monitoring. Staff has determined that the contemplated changes to the bond documents to accommodate the supplemental closing do not require board approval. The original note was for two (2) years and was due 12/2019; the maximum allowable extension under the IRS tax exempt regulations is 12 months effectively to 12/29/2020. The Project Note can't be extended beyond that date without triggering a reissuance. If the project does not place in service before 12/29/2020 and there is a re-issuance, the project will fail to meet the 50% test and therefore will no longer be eligible for LIHTCs.

If there is a re-issuance and the transfer of the limited partner occurs within six (6) months of that re-issuance, then new volume cap would need to be reserved internally and allocated, then the reissued bonds would likely be treated as an acquisition financing, rather than a refunding. In such event, new volume cap would need to be reserved and allocated at the time of its reissuance, if any, to preserve the tax-exempt status of the note. The amount of new volume cap would be equal to the permanent loan amount, which is approximately \$3.8 million.

Lastly, Ms. Berman stated that the law firm of Hawkins Delafield & Wood LLC ("Bond Counsel") has confirmed that should Citizens foreclose; such a foreclosure would have no impact on RIHousing's credit rating since the loan is not recourse to RIHousing. Likewise, Bond Counsel does not believe that there is a continuing disclosure requirement under its existing bond resolutions. Citizens has given the borrower until August 28, 2020 to work through the remaining issues and close on the new financing. RIHousing is working closely with Citizens to monitor progress and address issues as they arrive. At completion, if able to place in service, First Realty Management ("FRM") will be the property manager. FRM has successfully managed LIHTCs and mix-income deals in RI for ONE Neighborhood Builders and WEHDC.

Committee Chairman Smiley asked who is responsible for bringing the project to conclusion. Ms. Berman confirmed that it is the borrower's or developer's responsibility and the property management team they have hired.

Ms. Ventura acknowledged that the construction is 75% complete and it is possible that they can work through the remaining issues. It will be advantageous to have those affordable units in service.

Chairman Retsinas asked if there were any early warnings that the project would unravel. Ms. Berman noted that a possible sign was that the project took a long time to close and the inexperience of the development team was evident.

There were no votes taken regarding this item.

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

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

Commissioner Smiley	Aye
Chairman Retsinas	Aye
Commissioner McAllister	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the motion to adjourn was unanimously approved. The meeting was adjourned at 4:01 pm.

Respectfully submitted,

Carol Ventura, Secretary and Executive Director