

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

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Wednesday, September 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.

Myer Myers noted that pursuant to the Open Meetings Act (OMA) RIHousing had not achieved a quorum. Nevertheless, the Committee would continue in observance of the Open Meetings Act formalities in anticipation of the arrival of a third committee member.

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 9:35 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; and Stefan Pryor. Jonathan Womer, Director of the Department of Administration and Maria Barry were absent.

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

Deborah Flannery, Deputy Secretary of the Department of Housing, was present, as were members of the public.

The Committee continued in an informational discussion-only manner until a quorum was achieved.

Sara Cabral, Designee for Elizabeth Dwyer, Director of Business Regulation, arrived at 9:40 a.m., and a quorum was present.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on August 5, 2024

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on August 5, 2024. A motion was duly made by Chairman Pryor and seconded by Commissioner Designee Cabral.

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 August 5, 2024.

The Commissioners unanimously voted to approve the minutes.

Ms. Myers then officially stated for the record that the following was adopted:

VOTED: That the minutes of the Credit Committee Meeting held on August 5, 2024, are hereby approved.

2. Recommendation for Revised Firm Approval of Financing for Lockwood Plaza Phase I (Providence)

Committee Chairman Orth invited Trevor Cain, Real Estate Development Officer, to give the presentation.

Mr. Cain said that the request was for revised firm approval of RIHousing tax-exempt financing in an amount not to exceed \$13,300,000, of which an amount up to \$3,000,000 will remain as a permanent tax-exempt first mortgage, for Lockwood Plaza Phase I (the “Development” or “Lockwood Plaza”). WinnCompanies LLC is the developer (“Winn” or the “Developer”).

The Development received preliminary approval for financing from the Board of Commissioners on May 18, 2023 (“Preliminary Approval”) and firm approval on April 18, 2024 (“Firm Approval”). While the other RIHousing financing outlined in the Firm Approval remains unchanged, this RFA recommends an increase in the tax-exempt financing from \$12,300,000 to \$13,300,000.

Lockwood Plaza is a 209-unit development in Providence that was built in 1979 and last renovated in 2011. It is located at and around 50 Prairie Avenue and consists of 108 townhouses in 17 garden-style townhouse buildings as well as a 101-unit high-rise building. This RFA for Phase I is for the townhouse units only as the high-rise component will be completed in a subsequent phase. The Phase I units cater to families and offer a combination of one-, two-, three-, and four-bedroom units restricted for households with incomes at or below 50% or 60% of area median income (“AMI”). With just eight years remaining in its current affordability term, the Developer seeks to extend the affordability term for another forty years. Approximately 95% of the units are supported by Section 8 housing choice vouchers (“HCV”) and provide homes for residents below 50% of AMI and often below 30% of AMI.

At Firm Approval, the bond approval amount met the requirements of the 50% Test; however, at the time of that award, the purchase price for the project was \$9,055,000, based on an appraisal commissioned by the Developer when structuring the transaction in 2023. A March 2024 appraisal commissioned by RIHousing to confirm that the acquisition price was supportable reflected an As-Is value for Phase I of \$13,100,000 primarily due to the increase in voucher rents. Tax counsel has determined that acquiring the Phase I parcel at a value that is materially lower than the appraised value raises potential income tax implications and invalidates the previous 50% Test. Therefore, the Developer has increased the purchase price and is requesting an increase in the bond amount. Increased LIHTC credits and a Seller Note will offset the increased purchase price, construction loan interest on the bonds, and increased soft costs.

Finally, Mr. Cain said that staff requests revised firm approval of an amount not to exceed \$13,300,000 in tax-exempt financing, of which an amount up to \$3,000,000 will remain as permanent debt, subject to certain conditions.

Committee Chairman Orth thanked Mr. Cain and asked for a motion and a second to recommend to the Board of Commissioners Revised Firm Approval of Financing for Lockwood Plaza Phase I (Providence).

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

There being no discussion, Ms. Myers then conducted a voice vote of the Commissioners for Revised Firm Approval of Financing for Lockwood Plaza Phase I (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Revised Firm Approval of Financing for Lockwood Plaza Phase I (Providence) was approved.

3. Recommendation for Preliminary Approval of Financing for The Flynn (formerly Copley Centre) (Providence)

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

Mr. Giordano began by noting that the request was for preliminary approval of RIHousing tax-exempt financing in an amount not to exceed \$38,000,000 and a Capital Magnet Fund loan in an amount not to exceed \$999,000 (the “CMF Loan”) for The Flynn (the “Development”). Marathon Development, LLC (the “Developer”) is the developer.

The Development is the new construction of 178 units of affordable housing covering roughly 215,130 square feet, as well as 10,000 square feet of ground-floor commercial space, in Providence. Collectively, there will be 31 units affordable to households at or below 30% of area median income (“AMI”), 115 units affordable to households at or below 60% of AMI, and 32 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. 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 property. At the time of acquisition, the Development was 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's goal is 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 was 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 as 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 funder. 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 preliminary term sheets, and the final size of the Permanent Loan will be limited to 80% LTV with debt service coverage of 1.15.

The LIHTC syndicator will be CREA, LLC ("CREA"), which will purchase the 4% LIHTCs at \$0.890 per credit. CREA's investors are both Citizens Bank, N.A. and AetnaCVS. This will be AetnaCVS's first LIHTC investment in Rhode Island.

According to the Developer, other anticipated funding sources in the capital stack may include syndication from the redemption of Rhode Island State LIHTCs, a loan from the Providence Redevelopment Agency, a sponsor loan, and a deferred developer fee.

Staff recommends providing preliminary approval of \$38,000,000 in tax-exempt financing and a Capital Magnet Fund loan of \$999,000 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 Preliminary Approval of Financing for The Flynn (formerly Copley Centre) (Providence).

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

Chairman Pryor referenced the Capital Magnet Fund loan amount and asked if RIHousing plans to follow the practice of staying below \$1 million per project maximum. Ms. Berman confirmed. The Chairman also wanted to know why that practice is in effect.

Anne Berman, Director of Real Estate Development explained that there is a higher level of environmental review required if the loan amount awarded is over \$1 million. Additionally, RIHousing has specific unit goals to achieve; therefore, by limiting the amount per project, the Corporation can fund more projects.

Ms. Ventura also mentioned that the Capital Magnet Fund targets the very low-income population.

A brief discussion then ensued regarding the syndicator's pricing which has decreased as evidenced by the \$.89 realized for the project. The Chairman wanted to know whether that is where the market is heading.

Ms. Berman verified that information. She mentioned that staff has heard that prices have started to drop in other states. As this is a proprietary fund, it's new to see pricing under \$.90. The transaction includes a lot of credits; therefore, staff will closely monitor the situation.

Committee Chairman Orth referenced a study that was recently released that nationally the pricing is at approximately \$.87.

Ms. Ventura remarked that it was an incredible deal. Ms. Berman concurred saying that the most exciting part is that AetnaCVS has never invested in Rhode Island. She applauded the developer who reached out to AetnaCVS and was able to secure the syndication.

Committee Chairman Orth then inquired about the progress of Copley Chambers. Dean Harrison, Assistant Director of Real Estate Development remarked that Copley Chambers I and II are doing very well. Copley Chambers I is fully rented and Copley Chambers II/III is on its way to full rental. Furthermore, construction is 99% complete.

The Committee Chairman also asked for the status on the funding from the City of Providence and the state tax credit funding. Ms. Berman stated that the funding from the City of Providence is approved, and the state tax credits rule-making process is ongoing. The goal is that it will be completed soon, approximately by the end of September. Staff anticipates that the Department of Housing will release its RFP in October to coincide with RIHousing's release of its RFP. RIHousing will be meeting with the Department of Housing on a weekly basis to coordinate efforts.

There being no other questions or comments, Ms. Myers conducted a voice vote of the Commissioners for Preliminary Approval of Financing for The Flynn (formerly Copley Centre) (Providence).

The commissioners unanimously voted to approve the motion.

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

#### 4. Recommendation for Approval of Prepayment for Wickford Village Realty, LP

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. He stated that the transaction was for approval of the prepayment of the existing first mortgage loan for Wickford Village

(the “Development”), an affordable housing development for individuals and families situated in North Kingstown, Rhode Island.

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 Development consists of 129 apartments with 70 one-bedroom, 27 two-bedroom and 32 three-bedroom units. All but five units benefit from Section 8 project-based rental assistance. The Development is also encumbered by two Affordable Housing Trust loans, each of which will be prepaid. Such prepayments do not require Board approval.

The owner of the Development is Wickford Village Realty, LP (the “Owner”). The current general partner of the Development is Wickford Village Development Corporation, which holds a .009% interest in the partnership, and the limited partner is WV Limited Partner 23, LLC. The principals of the limited partner are Jacquelyn E. McDonald and Francis J. Spinella, who each hold a 50% interest. The Owner is refinancing the property with Walker & Dunlop, LLC, under their Fannie Mae Program. The proceeds from the refinance will be used to pay off the first mortgage loan and the Affordable Housing Trust Fund loans and to undertake approximately \$3,000,000 of repairs. Based on a September payoff, the prepayment penalty associated with the first mortgage loan payoff is approximately \$958,666.21. The Owner will execute a Prepayment Regulatory Agreement to ensure affordability remains in place.

North Dartmouth Properties, Inc. is the current property manager for the Development and will remain as the property manager. North Dartmouth Properties, Inc. has extensive experience in affordable housing property management, including managing several developments financed by RIHousing. No change in the management agent is contemplated. The Development’s most recent REAC score was 85, and it received a rating of Satisfactory on its last Management and Occupancy Review.

Committee Chairman Orth thanked Mr. Harrison and asked for a motion and a second to recommend to the Board of Commissioners Approval of Prepayment for Wickford Village Realty, LP.

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

Committee Chairman Orth wondered why RIHousing was not able to retain Wickford Village in its portfolio.

Ms. Berman explained that the developer wanted to prepay prior to the 15-year deadline and wanted some flexibility regarding the rehab of the development. Even though RIHousing assumes a lighter touch on such deals, the developer felt it wasn’t as light as they required. The interest rate was the other deterrent. RIHousing was not able to compete with the proposed rate. That included pricing for the FFB program. Unfortunately, it wasn’t quite competitive enough to retain the project.

There being no additional comments, 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 Prepayment for Wickford Village Realty, LP was approved.

a. Pipeline Report

Ms. Berman mentioned that the pipeline has not vastly changed since the previous month. She remarked that RIHousing closed another 4% new construction deal at the end of August. There are three (3) additional tax credit deals scheduled to close in September, but the syndicators might not be ready to close. Staff is working diligently to facilitate September closings and should not slow down construction.

Staff continues to monitor the pricing situation with the hope that it will not have a huge impact on projects for which RIHousing has provided preliminary approval.

Lastly, Ms. Berman said that Development is prepping for the next funding round. The goal is to issue the RFP in early October with applications due late December. Staff is also finalizing updates on the proforma with metrics and mapping it to the ProLink system.

Ms. Ventura also mentioned that RIHousing is working with the Department of Housing to monitor the projects that have already been approved to ensure they stay on track.

No votes were taken on 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 Chairman Pryor and seconded by Commissioner Designee Cabral 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 9:56 a.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted,

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Carol Ventura  
Secretary and Executive Director