

MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
May 29, 2019

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Wednesday, May 29, 2019, at the offices of the West Virginia Housing Development Fund, 5710 MacCorkle Avenue, SE, Charleston, West Virginia. The Chair called the meeting to order at 9:01 a.m. with the following members present throughout, except where noted:

Ann Urling, Chair
Norman Bailey, Representative for the Honorable Kent Leonhardt,
Commissioner of Agriculture (via phone)
John Gianola, Member (via phone)
Sam Kapourales, Member (via phone)
Bob Nistendirk, Member
Mary Skeens, Member (via phone)
Josh Stowers, Representative for the Honorable John Perdue, Treasurer
Steven Travis, Representative for the Honorable Patrick Morrissey, Attorney General (via phone)

Members Absent:

David Gardner, Member

Staff present:

Erica Boggess, Executive Director
Julie Davis, Deputy Director – Production
Crystal Toney, Deputy Director - Administration
George Gannon, Communications Administrator
Chad Leport, Division Manager - Accounting and Finance
Martha Lilly, Legal Assistant
Kelley Ridling, Senior Manager - Internal Audit
Kristin Shaffer, Senior Legal Counsel
Dorothy White, Federal Compliance Officer
Michelle Wilshere, Senior Manager – Low Income Housing Tax Credit Program
Bret Jones, Credit and Risk Analyst
Joshua Brown, Senior Manager – Asset Management
Lauren Hunter, Loan Processor and Closer

Warnie White, Multifamily Loan Processor and Closer
Jill Martin, Executive Assistant
Jon Rogers, Senior Division Manager – Single Family Lending
Taran Wolford, Senior Manager – Human Resources
Wanda Childers, HOME Program Specialist
Patti Shamblin, Division Manager – Single Family Lending
Jim Jones, Senior Network Administrator – Information Services
Megan Howard, HOME and HTF Rental Programs Administrator (via phone)

Others Present:

Samme Gee, Jackson Kelly PLLC
Kelley Goes, Jackson Kelly PLLC

APPROVAL OF THE MINUTES OF April 24, 2019
MEETING

Representative Josh Stowers moved the approval of the minutes of the April 24, 2019 meeting. His motion was seconded by Member John Gianola, and, upon the affirmative vote of seven (7) members present, the Chair declared the motion adopted.

FINANCIAL STATEMENTS FOR THE PERIOD ENDED
APRIL 30, 2019

Member Bob Nistendirk joined the meeting.

Chad Leport reviewed the financial statements for the period ended April 30, 2019. The financials were accepted as presented.

CONSIDERATION OF CONDUIT FINANCING – FINAL
APPROVAL OF BOND AUTHORIZING RESOLUTION FOR
THE ISSUANCE OF UP TO \$7,500,000 IN BONDS FOR
THE COST OF ACQUISITION AND REHABILITATION OF
BROOKPARK PLACE

Julie Davis stated that, at the September 2018 meeting, the Board approved a Bond Inducement Resolution which preliminarily authorized the issuance of bonds on behalf of Brookpark Place PLLC. The bond issuance will be in an amount not to exceed \$7,500,000 and is a requirement to qualify the project for 4% tax credits. The bond proceeds, along with other funds, will finance the acquisition and rehabilitation of Brookpark Place Apartments, a 152-unit

residential rental housing project for seniors located in Wheeling. Ms. Davis stated that the bonds will be sold once HUD approves a closing date, and staff expects the sale to occur around June 4, 2019. The bonds have an expected maturity date of June 1, 2022. Ms. Davis stated that the Governor approved this bond transaction on May 15, 2019.

Ms. Davis explained that the bonds will be limited and special obligations of the Fund and will not create a debt obligation, either general or special, or a liability or moral obligation of the State or any subdivision of the State. The bonds are not a general obligation of the Fund and are limited and special revenue obligations payable solely from those funds pledged pursuant to the Indenture.

Ms. Davis stated that staff is requesting the Board's approval of the Bond Authorizing Resolution and the bond documents in substantially the form presented.

Representative Stowers moved to approve the bond issuance of up to \$7,500,000 for the costs of acquisition and rehabilitation of Brookpark Place as presented. His motion was seconded by Member Gianola and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

Representative Stowers moved to approve the bond documents substantially in the form presented. His motion was seconded by Member Bob Nistenderk and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

CONSIDERATION OF MULTIFAMILY CONSTRUCTION
AND PERMANENT LOANS AND HOME LOAN TO
LABELLE GREENE II

Kristin Shaffer presented three loan requests from LaBelle Greene II Limited Partnership for new construction and permanent loan financing of a forty (40) unit Low-Income Housing Tax Credit Program ("LIHTCP") project located in Wheeling, known as LaBelle Greene II Apartments that will target families for occupancy.

Ms. Shaffer informed the Board that the project has several strengths including the market for the units. Both the project's 2018 market study and the Fund's 2014 Housing Needs Assessment indicate a strong demand for the units. Ms. Shaffer also stated that the first two phases of this project, Labelle Greene I Apartments and Labelle Greene III Apartments, have a combined waiting list of over thirty (30) families. Ms. Shaffer stated that the development team, The Woda Group, Inc., provides an additional strength of the project. The developer is one of the largest affordable housing developers in the country, and staff has a high level of confidence in the development team's ability to complete the proposed project.

Ms. Shaffer explained that the property has some environmental issues due to its former use as the Labelle Cut Nail plant, but that these issues were expected because they were also discovered when the Fund provided financing for the Labelle Greene III Apartments. Staff will work with Kelley Goes from Jackson Kelly to ensure the risks associated with the site have been adequately identified, assessed, and incorporated into the Project's Remediation and Management Plan and that the Plan will redevelop the property to a standard appropriate for residential use.

Ms. Shaffer stated that the first request is for a construction loan in the amount of up to \$6,200,000 with an interest rate of 4.50% for a term of twenty-four (24) months. The construction loan will be secured by a first lien deed of trust on the land and improvements known as LaBelle Greene II Apartments and the corporate guaranties of LBGII GP, LLC, The Woda Group, Inc., and Woda Construction.

Ms. Shaffer stated that the second request is for a permanent loan in the amount of up to \$780,000 with an interest rate of 5.50%. The permanent loan will be amortized over thirty-five (35) years with a twenty (20) year balloon and will be secured by a first lien deed of trust on the project and the project's operating and replacement reserves. The permanent loan will also be secured by limited, non-recourse guarantees of LaBelle Greene II GP, LLC and The Woda Group, Inc.

Ms. Shaffer stated that the third request is for a HOME Program Loan for construction and permanent financing in the amount of up to \$660,000 with an interest rate of up to 1% for a term of twenty (20) years. The HOME loan will be secured by a second lien deed of trust on the project and by the corporate guarantees of Labelle Greene II GP, LLC, The Woda Group, Inc. and Woda Construction, Inc., during the construction phase of the project. Limited, non-recourse guarantees of LaBelle Greene II GP, LLC and The Woda Group, Inc. will be required thereafter.

Ms. Shaffer stated that all three loans are conditioned on the review and approval of the project's Remediation and Management Plan and requested flexibility to make minor changes to the structure of the three loans that do not impact the Fund's risk due to the complex nature of LIHTC projects.

Representative Stowers moved approval of a construction loan in the amount of up to \$6,200,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Member Nistenderk, and, upon the affirmative vote of eight (8) members present, the Chair declared the motion adopted.

Representative Stowers moved approval of a permanent loan in the amount of up to \$780,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Member Nistenderk, and, upon the affirmative vote of eight (8) members present, the Chair declared the motion adopted.

Representative Stowers moved approval of a HOME Program loan in the amount of up to \$660,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Member Nistenderk, and, upon the affirmative vote of eight (8) members present, the Chair declared the motion adopted.

CONSIDERATION OF MULTIFAMILY CONSTRUCTION
AND PERMANENT LOANS AND HOME LOAN TO
MURDOCH HEIGHTS APARTMENTS

Ms. Shaffer presented three loan requests from Murdoch Heights Apartments LP, for the new construction and permanent loan financing of a fifty (50) unit Low-Income Housing Tax Credit Program ("LIHTCP") project located in Parkersburg known as Murdoch Heights Apartments that will target seniors for occupancy.

Ms. Shaffer informed the Board that both the project's 2018 market study and the Fund's 2014 Housing Needs Assessment indicate a strong demand for the project. Ms. Shaffer also stated that the project's development team is experienced, and staff has a high level of confidence in the developer's ability to complete the proposed project.

Ms. Shaffer stated that the first request is for a revolving construction loan in the amount of up to \$4,600,000 with an interest rate of 5.0% for a term of twenty-four (24) months. The loan will be secured by a first lien deed of trust on the land and improvements known as Murdoch Heights Apartments. The Fund will also be secured by the corporate guarantees of Murdoch Heights GP LLC, Murdoch Heights Associates LLC, Grant Street Commons LLC and personal guarantees of Chris Sadd, Mark Sadd and Steve Sadd. Payment and performance bonds equal to one hundred percent (100%) of the construction contract will also be required.

Ms. Shaffer stated that the second request is for a permanent loan in the amount of up to \$440,000 with an interest rate of 5.50% for a term of twenty (20) years. The permanent loan will be secured by a first lien deed of trust on the subject property. The Fund will also be secured by the operating and replacement reserves associated with the project and the limited guarantees of Murdoch Heights GP LLC, Murdoch Heights Associates LLC, Chris Sadd, Mark Sadd and Steve Sadd.

Ms. Shaffer stated that the third request is for a HOME Program Loan for construction and permanent financing in the amount of up to \$1,345,000 with an interest rate of up to 1% for a term of twenty (20) years. During construction, the HOME loan will be secured by the same guarantees as the construction loan and the payment and performance bonds. During the permanent phase of the project, the HOME loan will be secured by the same limited guarantees as the permanent loan.

Representative Stowers moved approval of a revolving construction loan in the amount of up to \$4,600,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Member Nistenderk, and, upon the affirmative vote of eight (8) members present, the Chair declared the motion adopted.

Representative Stowers moved approval of a permanent loan in the amount of up to \$440,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Member Nistenderk, and, upon the affirmative vote of eight (8) members present, the Chair declared the motion adopted.

Representative Stowers moved approval of a HOME Program loan in the amount of up to \$1,345,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Member Nistenderk, and, upon the affirmative vote of eight (8) members present, the Chair declared the motion adopted.

CONSIDERATION OF MULTIFAMILY CONSTRUCTION
LOAN AND HOUSING TRUST FUND LOAN TO POST
RIDGE APARTMENTS

Ms. Shaffer presented two loan requests from Post Ridge Preservation Associates, LLC to finance the construction and rehabilitation of a twenty-four (24) unit Low-Income Housing Tax Credit Program ("LIHTCP") project located in Madison, known as Post Ridge Apartments.

Ms. Shaffer stated that one of the strengths of this project is the USDA 515 rental assistance for ten (10) of the units and explained that the project's development team specializes in USDA 515 rehab projects, which gives staff a high level of confidence in their ability to rehabilitate the project.

Ms. Shaffer stated that the first request is for a construction loan in the amount of up to \$870,000 with an interest rate of 5.0% for a term of fifteen (15) months. The loan will be secured by a first lien deed of trust on the land and improvements known as Post Ridge Apartments. The Fund will also be secured by the corporate guarantees of MHDC Post Ridge, Inc., Milford Housing Development Corporation and Leon N. Weiner & Associates, Inc. and a letter of credit equal to 15% of the construction contract.

Ms. Shaffer stated that the second request is for a National Housing Trust Fund loan for construction and financing in the amount of up to \$411,000 with an interest rate of up to 1% for a term of thirty (30) years. The HTF loan will be secured by a second lien deed of trust on the subject property that may be a shared lien with USDA. The HTF loan will be secured by the same corporate guarantees as the construction loan during construction and limited guarantees thereafter. The HTF loan will also be secured by the letter of credit.

Ms. Shaffer stated that due to the complex nature of LIHTC projects, staff is requesting flexibility to make minor changes to the structure of the loans that will not impact the Fund's risk.

Representative Stowers moved approval of a construction loan in the amount of up to \$870,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Member Nistenderk, and, upon the affirmative vote of eight (8) members present, the Chair declared the motion adopted.

Representative Stowers moved approval of an HTF Loan in the amount of up to \$411,000, substantially in the form presented with flexibility to allow staff to make minor changes that do not impact the Fund's risk. His motion was seconded by Member Nistenderk, and, upon the affirmative vote of eight (8) members present, the Chair declared the motion adopted.

INFORMATIONAL ITEM – PBCA UPDATE

Erica Boggess updated the Board on the status of the PBCA contract with HUD. Ms. Boggess explained that the Fund has been operating under short-term contract extensions for several years and recently received notice that HUD is going to extend the Fund's contract through December 31, 2020. After that extension, HUD is proposing to reduce the fees the Fund receives, but may add additional contracts to administer as well as additional reporting functions. Ms. Boggess explained that the Fund currently performs Mortgage Occupancy Reviews (MOR) and that HUD may decrease its payment for each review from \$3,800 to \$3,400. Ms. Boggess stated that the changes, based on current contract volume, will result in an approximate \$138,000 annual decrease in the administrative fees that the Fund earns for those reviews and stated that HUD has indicated that it will not negotiate the contract terms.

There being no further business, Representative Stowers moved to adjourn the meeting. His motion was seconded by Member Nistenderk. Meeting adjourned at 9:38 a.m.



Martha Lilly, Assistant Secretary