

MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS  
WEST VIRGINIA HOUSING DEVELOPMENT FUND  
August 28, 2019

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Wednesday, August 28, 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 (via phone)  
Norman Bailey, Representative for the Honorable Kent Leonhardt,  
Commissioner of Agriculture (via phone)  
John Gianola, Member (via phone)  
Bob Nistendirk, Member (via phone)  
Mary Skeens, Member (via phone)  
Josh Stowers, Representative for the Honorable John Perdue, Treasurer (via phone)  
Steven Travis, Representative for the Honorable Patrick Morrissey, Attorney General (via phone)

Members Absent:

David Gardner, Member  
Sam Kapourales, Member

Staff present:

Erica Boggess, Executive Director  
Julie Davis, Deputy Director – Production  
Chad Leport, Division Manager - Accounting and Finance  
Martha Lilly, Legal Assistant  
Jill Martin, Executive Assistant  
Kelley Ridling, Senior Manager - Internal Audit  
Kristin Shaffer, Senior Legal Counsel  
Nathan Testman, Division Manager – Multifamily Lending  
Crystal Toney, Deputy Director – Administration  
Dorothy White, Federal Compliance Officer

Others Present:

Samme Gee, Jackson Kelly PLLC

#### APPROVAL OF THE MINUTES OF JULY 31, 2019 MEETING

Member Bob Nistendirk moved the approval of the minutes of the July 31, 2019 meeting. His motion was seconded by Member Mary Skeens, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

#### FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019

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

#### BOND INDUCEMENT RESOLUTION

Julie Davis presented a request for approval of a Bond Inducement Resolution on behalf of Lindsey Terrace Apartments, a 40-unit affordable residential rental project for individuals and families in Martinsburg; Post Glen Apartments, a 40-unit affordable residential rental project for seniors, individuals and families in Oceana; and Tygart Valley Apartments, a 32-unit affordable residential rental project for seniors in Elkins. The borrower for the transaction, WV Rural Preservation, LLC, is in the process of applying for 4% tax credits. If it is awarded the credits, it will need tax exempt bond financing to fund the costs of the acquisition and rehabilitation of the project.

Ms. Davis explained that the Fund is being asked to serve as the conduit bond issuer on behalf of WV Rural Preservation, LLC, and the bond amount requested is not to exceed \$7,255,000. The Fund, as the conduit issuer, will provide access to the tax-exempt bond market. Ms. Davis stated that the bonds will not be a general or moral obligation of the Fund, and the bonds are not a debt of the State. Any default by the Borrower will not affect the Fund's ratings. The bonds will use bond volume cap and count against the Fund's maximum bonds outstanding limit of \$1.25 billion, and Ms. Davis stated that the Fund has sufficient bond volume cap to meet this request. The Fund will earn a financing fee of 20 basis points of the issuance amount, and all costs of issuance will be paid by the borrower.

Ms. Davis recommended the Board's approval of the Bond Inducement Resolution with WV Rural Preservation, LLC. If approved, staff and the financing team will begin the preliminary steps of the financing transaction, and staff will return to the Board for approval of the final bond authorizing resolution before issuing the bonds.

Member John Gianola moved approval of the Bond Inducement Resolution on behalf of WV Rural Preservation, LLC for Conduit Financing of up to \$7,255,000 for the acquisition and rehabilitation of Lindsey Terrace Apartments, Post Glen Apartments, and Tygart Valley Apartments. His motion was seconded by Member Nistendirk, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

A copy of the Bond Inducement Resolution is attached as Exhibit A.

#### AUTHORIZATION TO USE AUDITED FINANCIAL STATEMENTS

Erica Boggess informed the Board that, due to the timing of the upcoming bond issue, staff is requesting the Board's authorization to use the June 30, 2019 audited financial statements in the 2019 Housing Finance Bonds Series B offering documents with a note that the financial statements have been accepted by the Audit Committee but are subject to Board approval. Ms. Boggess explained that staff plans to present the financial statements to the Audit Committee for acceptance the week of September 2<sup>nd</sup>. The financial statements will then be included in the offering documents on September 18, 2019 and will be finalized and presented to the full Board at the September 25, 2019 Board Meeting.

Representative Norm Bailey moved to approve the use of the June 30, 2019 Audited Financial Statements as presented. His motion was seconded by Member Nistendirk, and, upon the affirmative vote of the seven (7) members present, the Chair declared the motion adopted.

#### INFORMATIONAL ITEMS

Ms. Boggess informed the Board that she approved two (2) Multifamily Loan Program loans to Laurel Run Management Group, LLC. The first loan is in the amount of up to \$244,300.00 to finance the rehabilitation of Ronceverte Village Apartments, a 24-unit affordable housing project in Ronceverte. The second loan is in the amount of up to \$198,650.00 to finance the rehabilitation of Riverview Apartments, a 16-unit affordable housing project for the elderly also in Ronceverte.

Ms. Boggess informed the Board that the Governor has appointed Jennifer Willits to the Board.

#### ADJOURNMENT

There being no further business, Representative Bailey moved to adjourn the meeting. His motion was seconded by Member Nistendirk. Meeting adjourned at 9:14 a.m.

  
Martha Lilly, Assistant Secretary

## WEST VIRGINIA HOUSING DEVELOPMENT FUND

BOND INDUCEMENT RESOLUTIONRESOLUTION PRELIMINARILY AUTHORIZING THE  
ISSUANCE OF NOT TO EXCEED \$7,255,000 AGGREGATE  
PRINCIPAL AMOUNT OF THE ISSUER'S REVENUE BONDS

WHEREAS, the West Virginia Housing Development Fund, a public body corporate and governmental instrumentality of the State of West Virginia (the "Issuer"), under Chapter 31, Article 18 of the Code of West Virginia, 1931, as amended (the "Act"), has plenary power and authority to finance and refinance residential housing projects by making loans to others to provide funds for the refinancing, acquisition, construction and improvement of such residential housing projects and to issue revenue bonds for the purpose of defraying the costs of refinancing, acquiring, constructing and improving such projects;

WHEREAS, WV Rural Preservation, LLC, a Delaware limited liability company (the "Borrower"), has requested that the Issuer assist the Borrower in financing the acquisition and rehabilitation of (i) a 40-unit affordable residential rental project with units available for individuals and families, known as Lindsey Terrace Apartments, located at 11 Advantage Drive, Martinsburg, Berkeley County, West Virginia ("Lindsey Terrace"); (ii) a 40-unit affordable residential rental project with units available for seniors and for individuals and families, known as Post Glen Apartments, located at 300 Lugar Lane, Oceana, Wyoming County, West Virginia ("Post Glen"); and (iii) a 32-unit affordable residential rental project with units available for seniors, known as Tygart Valley Apartments, located at 330 Wilson Lane, Elkins, Randolph County, West Virginia ("Tygart Valley"; together with Lindsey Terrace and Post Glen, the "Property"), and the payment of certain costs and expenses related thereto (collectively, the "Project") (A detailed description of the Property and Project is attached as Exhibit A.);

WHEREAS, the Borrower has requested that the Issuer issue its revenue bonds in an aggregate principal amount not to exceed \$7,255,000 (the "Bonds") pursuant to an indenture, financing agreement or other like document (the "Indenture"), between the Issuer and a trustee, fiscal agent or other like entity named therein (the "Trustee"), such Bonds to be secured under such Indenture, and the proceeds of such Bonds to be used by the Issuer for the purpose of providing funds to finance costs of the Project;

WHEREAS, the Borrower has requested that the Issuer lend the proceeds of the Bonds to the Borrower pursuant to a financing agreement, loan agreement or other like document (the "Financing Agreement"), between the Issuer and the Borrower;

WHEREAS, the financing of the Project by the Issuer will promote and assist the Borrower in providing affordable housing to the citizens of West Virginia, and the financing of the Project is a public purpose of the Issuer under the Act;

WHEREAS, it is intended that this Resolution shall constitute a "bond resolution or some other official action" in respect of the issuance of the Bonds for the Project and related reimbursement purposes under the income tax regulations promulgated by the United States Treasury Department (the "Regulations") under the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, the Bonds, together with the interest thereon, shall be secured by revenues of the Project, a mortgage loan on the Property and/or a form of credit enhancement, and under no circumstances will the Bonds be payable from funds of the Issuer; and

WHEREAS, it is now necessary to provide for the preparation of the Indenture, the Financing Agreement and other documents with respect to the issuance and sale of the Bonds;

NOW THEREFORE, BE IT RESOLVED BY THE WEST VIRGINIA HOUSING DEVELOPMENT FUND, AS FOLLOWS:

1. It is hereby found and determined that, subject to a public hearing to be held prior to issuance of the Bonds, proceeding with the financing of the Project for the Borrower is a public purpose of the Issuer and is in the public interest.
2. The Issuer hereby determines it intends to issue, pursuant to the Act, the Bonds, if so requested by the Borrower, in an aggregate principal amount to be agreed upon by the Issuer and the Borrower, not to exceed \$7,255,000, and to finance qualifying costs of the Project (which may include reimbursing the Borrower for the acquisition of and the making of certain improvements to the Property), such Bonds to be secured by and payable from revenues of the Project, a mortgage on the Property and/or a form of credit enhancement (such as cash collateral, a mortgage-backed security of a government-sponsored enterprise, such as Fannie Mae, or a credit facility), and which Bonds may be additionally secured by such instruments as the Borrower and the Issuer shall agree.

3. The Bonds shall bear such dates, mature at such time or times, bear interest at such rate or rates and contain such other terms and provisions as shall be determined by subsequent action of the Issuer and approved by the Borrower. The Bonds shall be limited obligations of the Issuer, and it is expressly provided that any and all Bonds and the interest thereon, as may be so issued, shall in no way constitute or become an indebtedness of the Issuer or the State of West Virginia and shall never give rise to any pecuniary liability of the Issuer or the State of West Virginia. The Bonds shall be secured by and payable from revenues of the Project, a mortgage on the Property and/or a form of credit enhancement, and shall not be a general obligation or moral obligation of the Issuer or in any way secured by any assets of the Issuer other than pursuant to the Indenture and the Financing Agreement and the Issuer's rights thereunder.

4. The Project shall be owned by the Borrower and financed pursuant to the Financing Agreement, the terms of which are to be mutually agreed upon by the Borrower and the Issuer, and which shall provide that the Borrower will be obligated to repay the loan made to the Borrower by the Issuer under the Financing Agreement and to pay a loan financing fee payable to the Issuer, the charges of the Trustee and certain other expenses under the Indenture.

5. Such rulings, approvals, consents, certificates of compliance, opinions of counsel and other instruments and proceedings satisfactory to the Issuer and to the Borrower as to such matters with respect to the Bonds and the tax exemption of interest thereon for federal income tax purposes and the tax exemption thereof and income thereon for State of West Virginia and local tax purposes, the Indenture, the Financing Agreement, any credit enhancement documents and other necessary documents as shall be specified by the Issuer and the Borrower shall have been obtained from such governmental and nongovernmental agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertinent thereto and to the Project and shall be in full force and effect at the time of the issuance of the Bonds.

6. This Resolution is an affirmative declaration of official intent of the Issuer toward the issuance of the Bonds as contemplated herein in accordance with the purposes of the laws of the State of West Virginia, the Code and the Regulations, and it is understood that the Borrower may rely upon this Resolution in commencing with the Project and providing temporary financing therefor. The Issuer reasonably expects, as of the date hereof, to timely reimburse the Borrower for certain costs of the Project paid or incurred by the Borrower prior to the issuance of the Bonds with the proceeds of the Bonds, the interest on which will be exempt from federal



income tax. However, the Issuer's ability to actually issue the Bonds is subject to satisfying the conditions in Paragraphs numbered 4. and 5. herein.

7. The law firm of Hawkins Delafield & Wood LLP, New York, New York, is hereby appointed bond counsel in connection with the issuance and sale of the Bonds, and said firm is hereby authorized and directed to act in such capacity in the preparation of the Indenture, the Financing Agreement and other documents necessary for the authorization, issuance and sale of said Bonds, subject to submission of all such documents to the designated attorney for the Issuer. The fees and charges of said firm shall be payable only from the proceeds of sale of the Bonds or otherwise by the Borrower.

8. Jackson Kelly PLLC ("General Counsel") is hereby appointed as general counsel to the Issuer in connection with the issuance and sale of the Bonds. The fees and charges of said General Counsel shall be payable only from the proceeds of sale of the Bonds or otherwise by the Borrower.

9. Piper Jaffray & Co. (the "Financial Advisor") is hereby appointed as financial advisor to the Issuer in connection with the issuance and sale of the Bonds. The fees and charges of said Financial Advisor shall be payable only from the proceeds of sale of the Bonds or otherwise by the Borrower.

10. The members of the board of directors of the Issuer, the officers and employees of the Issuer and the Issuer itself shall not have any expense, financial liability or financial obligation of any kind in connection with the Bonds except as shall be reimbursed by the Borrower.

11. The Borrower is responsible for (i) all rebate calculations and rebate obligations in respect of the Bonds under the Code and the Regulations, (ii) compliance with all other provisions of the Code and the Regulations applicable to the Bonds and the Project and (iii) compliance with all secondary market reporting obligations in respect of the Bonds, if any.

12. This Resolution shall become effective immediately.

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2019.

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Chairman, Board of Directors  
West Virginia Housing Development Fund

Adopted this \_\_\_\_ day of \_\_\_\_\_, 2019.

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Executive Director  
West Virginia Housing Development Fund