

MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF DIRECTORS  
WEST VIRGINIA HOUSING DEVELOPMENT FUND  
October 30, 2019

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Wednesday, October 30, 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 9:02 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  
David Gardner, Member  
Sam Kapourales, 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:

John Gianola, Member  
Jennifer Willits, Member

Staff present:

Erica Boggess, Executive Director  
Josh Brown, Senior Manager – Asset Management  
Cathy Colby, Senior Manager -- Home & IHTF Programs  
Julie Davis, Deputy Director – Production  
George Gannon, Communications Administrator  
Lauren Hunter, Loan Processor and Closer  
Martha Lilly, Legal Assistant  
Jill Martin, Executive Assistant  
Kelley Ridling, Senior Manager - Internal Audit  
Nathan Testman, Division Manager – Multifamily Lending  
Crystal Toney, Deputy Director – Administration  
Dorothy White, Federal Compliance Officer

Others Present:

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

APPROVAL OF THE MINUTES OF SEPTEMBER 25, 2019  
MEETING

Member David Gardner moved the approval of the minutes of the September 25, 2019 meeting, as amended. His motion was seconded by Member Bob Nistendirk, and, upon the affirmative vote of the Seven (7) members present, the Chair declared the motion adopted.

FINANCIAL STATEMENTS FOR THE PERIOD ENDED  
SEPTEMBER 30, 2019

Crystal Toney reviewed the financial statements for the period ended September 30, 2019. The financials were accepted as presented.

Representative Norman Bailey joined the meeting.

CONSIDERATION OF BOND INDUCEMENT RESOLUTION FOR  
CONDUIT FINANCING OF UP TO \$3,550,000.00 FOR THE  
ACQUISITION AND REHABILITATION OF MCCORMICK  
CROSSING

Erica Boggess presented a request for approval of a Bond Inducement Resolution on behalf of McCormick Crossing, a 48-unit affordable residential rental project for individuals and families in Sistersville. The borrower for the transaction, McCormick Crossing Limited Partnership, is in the process of applying for 4% tax credits. If awarded the credits, it will need tax exempt bond financing to fund a portion of the costs of the acquisition and rehabilitation of the project.

Ms. Boggess explained that the Fund is being asked to serve as the conduit bond issuer on behalf of McCormick Crossing Limited Partnership, and the bond amount requested is not to exceed \$3,550,000. The Fund, as the conduit issuer, will provide access to the tax-exempt bond market. Ms. Boggess 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. Boggess stated that the Fund has sufficient bond volume cap to meet this request. The Fund will earn a financing fee of \$10,000, and all costs of issuance will be paid by the borrower.

Ms. Boggess recommended the Board's approval of the Bond Inducement Resolution with McCormick Crossing Limited Partnership. 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 Gardner moved approval of the Bond Inducement Resolution on behalf of McCormick Crossing Limited Partnership for conduit financing of up to \$3,550,000 for the acquisition and rehabilitation of McCormick Crossing. His motion was seconded by Representative Norman Bailey, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

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

CONSIDERATION/APPROVAL OF THE TRANSFER OF  
GENERAL PARTNERSHIP OWNERSHIP OF EXISTING USDA  
538 GUARANTEED LOANS

Josh Brown presented additional information regarding the transfer of the general partnership interest in 11 entities of which Mr. Doug Pauley is currently serving as general partner (GP). Mr. Brown explained that the Fund currently serves as the permanent lender for 15 loans to 14 entities, and Mr. Pauley is the sole GP in all 14 entities with an ownership stake of .01%. Mr. Pauley wishes to sell his interest in 11 limited partnerships to Buckeye Community Hope Foundation (BCHF). All 11 properties received funding through the Low-Income Housing Tax Credit Program and a permanent loan from the Fund. The permanent loans are guaranteed by USDA under the RD Guaranteed Rural Rental Housing Program.

Mr. Brown stated that the Fund's loan documents and the RD regulations require that the Fund approve any changes in a borrower's ownership structure. Mr. Brown explained that the GP's role is to serve as the point of contact for the ownership entity and to provide any additional capital or resources to the property as needed.

Mr. Brown stated that GP substitutions are not an uncommon occurrence and clarified the Fund's process when evaluating substitutions. Following the staff's evaluation, the Fund determined that BCHF has the necessary experience and resources to perform as the GP of the 11 properties.

Mr. Brown provided additional information on the role of the Fund's asset management department in monitoring the Fund's multifamily property portfolio and recommended approval of the GP substitutions.

Member Gardner moved the approval of the transfer of the general partnership ownership with right to 11 existing USDA 538 Guaranteed Loans. His motion was seconded by Representative Bailey, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

INFORMATIONAL ITEM – PRESENTATION OF HOME  
PROGRAM

Nathan Testman presented an overview of the HOME Program.

INFORMATIONAL ITEM – AFFORDABLE HOUSING FUND  
AWARDS

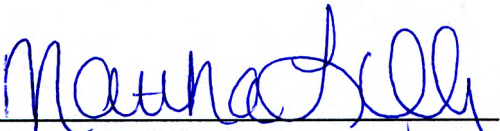
Ms. Boggess stated that the Executive Director can award program grants and loans of up to \$300,000 each, subject to program guidelines that the Board has previously approved. Ms. Boggess presented a list of projects approved for the Affordable Housing Fund Awards. Ms. Boggess informed the Board that there are thirty (30) awards on the list, totaling \$807,968. The awards were awarded for Housing Counseling, Technical Assistance, Predevelopment, and Permanent Gap Funding for both Homeownership and Rental projects.

INFORMATIONAL ITEM – CDBG – DR UPDATE

Ms. Boggess updated the Board regarding the CDBG – DR Program.

ADJOURNMENT

There being no further business, Member Gardner moved to adjourn the meeting. His motion was seconded by Representative Bailey. Meeting adjourned at 9:56 a.m.

  
Martha Lilly, Assistant Secretary

WEST VIRGINIA HOUSING DEVELOPMENT FUND

BOND INDUCEMENT RESOLUTION

RESOLUTION PRELIMINARILY AUTHORIZING THE  
ISSUANCE OF NOT TO EXCEED \$3,550,000 AGGREGATE  
PRINCIPAL AMOUNT OF 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, McCormick Crossing Limited Partnership, an Ohio limited partnership (the "Borrower"), has requested that the Issuer assist the Borrower in financing the acquisition and rehabilitation of McCormick Crossing, located at 230 Wood Street, Sistersville, Tyler County, West Virginia (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 \$3,550,000 (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 by 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 instrument (the "Loan Agreement") among the Issuer, the Borrower and the Trustee;

WHEREAS, the financing of the Project by the Issuer will promote and assist the Borrower to provide 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 Loan 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, subject to a public hearing to be held prior to issuance of the Bonds, that 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 \$3,550,000, and to finance qualifying costs of the Project (which shall include reimbursing the Borrower for the acquisition and rehabilitation of the Property), such Bonds to be secured by and payable from revenues of the Project, a mortgage loan 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 loan 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 Loan Agreement and the Issuer's rights thereunder.
4. The Project shall be owned by the Borrower and financed pursuant to the Loan 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 Loan 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 the State of West Virginia and local tax purposes, the Indenture, the Loan 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 to the Issuer 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 Loan 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 30th day of October, 2019.

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Ann Urling  
Chair, Board of Directors  
West Virginia Housing Development Fund