

MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
July 22, 2020

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Wednesday, July 22, 2020 via telephone. The telephone number was made available to the public in the Notice of Meeting of the Board of Directors posted on the Secretary of State website, the Fund's website, and at the gate of the West Virginia Housing Development Fund. The Chair called the meeting to order at 9:03 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
John Gianola, Member
Sam Kapourales, Member
Patrick Martin, Member
Wendy McCuskey, Member
Bob Nistendirk, Member
Josh Stowers, Representative for the Honorable John Perdue, Treasurer
Steven Travis, Representative for the Honorable Patrick Morrissey, Attorney General

Staff present:

Erica Boggess, Executive Director
Tammy Bonham, Division Manager – Loan Servicing
Josh Brown, Senior Manager – Asset Management
Cathy Colby, Senior Manager – HOME and HTF Programs
Julie Davis, Deputy Director – Production
George Gannon, Communications Administrator
Chad Leport, Division Manager – Accounting and Finance
Martha Lilly, Legal Assistant
Alicia Massie, Legal Counsel - Compliance
Kelley Ridling, Senior Manager – Internal Audit
Jon Rogers, Senior Division Manager – Single Family Lending
Lori Ryan, Executive Assistant
Kristin Shaffer, Senior Legal Counsel
Nathan Testman, Senior Division Manager – Multifamily Lending
Dorothy White, Federal Compliance Officer
Michelle Wilshere, Senior Manager – Low Income Housing Tax Credit Program
Crystal Toney, Deputy Director – Administration

Others Present:

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

APPROVAL OF THE MINUTES OF JUNE 24, 2020, MEETING

Member Bob Nistendirk moved the approval of the minutes of the June 24, 2020 meeting. His motion was seconded by Representative Norman Bailey, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

BOND AUTHORIZING RESOLUTION – MCCORMICK
CROSSING

Julie Davis stated that, at the October 30, 2019 meeting, the Board approved a Bond Inducement Resolution which preliminarily authorized the issuance of bonds on behalf of McCormick Crossing Limited Partnership. The bond proceeds, along with other funds, will finance the acquisition and rehabilitation of McCormick Crossing, a 48-unit residential rental housing project located in Sistersville. The bond issuance will be in an amount not to exceed \$3,550,000 and is a requirement to qualify the project for 4% tax credits. Ms. Davis stated that the Governor approved this bond transaction on November 18, 2019.

Ms. Davis explained that the bonds will be issued as drawdown bonds. Drawdown bonds are popular for construction issues and other issues where the proceeds are needed over a period of time. The structure will allow the borrower to avoid negative arbitrage associated with unspent construction funds earning less than the bond yield. The bonds will mature no later than December 1, 2022.

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 issuance will require the use of bond volume cap for which there is sufficient cap. The bonds will count against the Fund's \$1.25 billion authority to have outstanding at any given time, and the Fund will be reimbursed for issuance costs and will earn a financing fee of approximately \$10,000.

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.

Member Nistendirk moved to approve the Bond Authorizing Resolution of up to \$3,550,000 for the acquisition and rehabilitation of McCormick Crossing and the bond documents, in substantially the form presented. His motion was seconded by Representative Josh Stowers, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

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

BOND AUTHORIZING RESOLUTION – LINDSEY TERRACE,
POST GLEN AND TYGART VALLEY APARTMENTS

Ms. Davis stated that, at the August 28, 2019 meeting, the Board approved a Bond Inducement Resolution which preliminarily authorized the issuance of bonds on behalf of WV Rural Preservation, LLC. The bond proceeds, along with other funds, will finance the acquisition, rehabilitation and equipping three residential rental housing projects for individuals and families. The bond issuance will be in an amount not to exceed \$7,255,000 and is a requirement to qualify the project for 4% tax credits. The projects are Lindsey Terrace Apartments in Martinsburg, Post Glen Apartments in Oceana, and Tygart Valley Apartments in

Elkins. The rehabilitation of these properties will preserve their long-term affordability for a collective total of 112 units. Ms. Davis stated that the Governor approved this bond transaction on March 11, 2020.

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 issuance will require the use of bond volume cap for which there is sufficient cap. The bonds will count against the Fund's \$1.25 billion authority to have outstanding at any given time, and the Fund will be reimbursed for issuance costs and will earn a financing fee of approximately \$14,510.

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 Authorizing Resolution and the bond documents in substantially the form presented. His motion was seconded by Member Sam Kapourales, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

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

APPROVAL OF MULTIFAMILY HOME LOAN OF UP TO
\$1,155,000 AND APPROVAL OF HOUSING TRUST FUND
LOAN OF UP TO \$2,485,000 FOR MCCORMICK CROSSING

Nathan Testman presented a loan request from McCormick Crossing Limited Partnership to finance the acquisition and rehabilitation of a forty-eight (48) unit USDA Rural Development Section 515 Rural Rental Housing Program Project currently known as Timber Ridge Apartments, but will be called McCormick Crossing located in Sistersville, West Virginia.

Mr. Testman stated that both this project and the next project on the agenda share several strengths. Both projects will utilize 4% tax credits and will result in the preservation of USDA 515 rental assistance which leads to stabilized occupancy and cash flow. Mr. Testman also stated the preservation of these units extends the USDA rental assistance and the USDA debt and explained that if the units are not preserved, the State will lose these federal resources forever. Also, both projects have requested funding from the Housing Trust Fund which will allow the Fund to meet its commitment deadline obligations to HUD for both this year and next year.

Mr. Testman stated that the McCormick Crossing project consists of nine (9) buildings containing a total of forty-eight (48) units. Twelve (12) units are designated for tenants with income at or below 40% of Area Median Income (AMI) and thirty-six (36) units are designated for tenants with an income at or below 60% of AMI.

Mr. Testman informed the Board that the developer for the project is The Woda Group, Inc. ("Woda"). Woda is one of the largest affordable housing developers in the country and in West Virginia, Woda has produced 40 LIHTC properties for a total of 1,690 units. Given the experience of the developer, staff has a high level of confidence in the development team's ability to develop the proposed project.

Mr. Testman stated that staff is requesting approval of a HOME Loan in the amount of up to \$1,155,000, with interest at the rate of up to 1%, for a term of up to 30 years. The HOME loan will be

secured by the land and improvements known as McCormick Crossing. During construction, the HOME Loan lien will share second position with the Housing Trust Fund lien and a USDA lien. The HOME Loan will also be secured by Borrower's operating and replacement reserves associated with the project, and the corporate guarantees of McCormick Crossing GP, LLC, Woda Construction, Inc. and Woda Cooper Companies, Inc.

Member Sam Kapourales moved to approve the request for the Multifamily HOME loan for the rehabilitation of McCormick Crossing, as presented. His motion was seconded by Member Nistendirik, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

Mr. Testman explained that after staff prepared the Board materials, the project requested an additional \$100,000 in funding from the Housing Trust Fund for the project and that the total Housing Trust Fund Loan being requested is now \$2,485,000. Mr. Testman stated that staff is requesting approval of the Housing Trust Fund loan financing of up to \$2,485,000, with interest at the rate of up to 1%, for a term of 30 years. During construction, the Housing Trust Fund lien will share second position with the HOME lien and a USDA lien. The Housing Trust Fund Loan will also be secured by Borrower's operating and replacement reserves associated with the project, and the corporate guarantees of McCormick Crossing GP, LLC, Woda Construction, Inc. and Woda Cooper Companies, Inc.

Member Martin moved to approve the request for the HTF loan for the rehabilitation of McCormick Crossing, as presented. His motion was seconded by Member Kapourales, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

APPROVAL OF MULTIFAMILY HOME LOANS AND HOUSING
TRUST FUND LOANS FOR LINDSEY TERRACE, POST GLEN
AND TYGART VALLEY APARTMENTS

Mr. Testman presented multiple loan requests from WV Rural Preservation, LLC to finance a scattered site tax credit project which includes Lindsey Terrace Apartments, located in Martinsburg, Post Glen Apartments, in Oceana, and Tygart Valley Apartments, in Elkins. The borrower requested both construction and permanent financing from the Fund's Multifamily Loan Program and from the Housing Trust Fund Program. Mr. Testman stated that this project has several strengths noted earlier and also has an experienced developer that has another scattered site project in West Virginia.

Mr. Testman stated that the project contains a total of one hundred twelve (112) units. All units are designated for tenants with incomes at or below 60% of AMI. Through the RD 515 Program, eighty-four (84) units benefit from Project Based Rental Assistance ("PBRA"), which covers rent and utility costs that exceed 30% of a tenant's adjusted gross household income. Twenty-three (23) units will be designated as HTF units and comply with HUD HTF Rent Restrictions, which restrict occupancy to tenants with incomes as or below 30% AMI. The project is anticipated to be complete in the spring of 2021 with Lindsey Terrace and Post Glen targeting families and Tygart Valley targeting seniors for occupancy.

Mr. Testman informed the Board that the Multifamily Loan Program construction loan for WV Rural Preservation, LLC will provide funding for all three sites and will be in the amount of up to \$7,000,000, with a fixed interest rate of 4.0%, and a term of 24 months. The construction loan will be secured by a first lien deed of trust on the land and improvements known as Lindsey Terrace Apartments, Post Glen Apartments, and Tygart Valley Apartments, the corporate guarantees of MHDC WV Rural Preservation, Inc., Milford

Housing Development Corporation, Leon N. Weiner & Associates, Inc., and RHPA Developers, LLC, as well as a Letter of Credit equal to 30% of the construction contract.

Mr. Testman informed the Board the proposed Project meets all requirements of the Multifamily Loan Program and the HTF Program. Given the substantial amount of investor equity scheduled to be injected into the Project, the Developer's experience and the projected cash flow of the Project, staff is requesting approval of the construction loan in substantially the form presented.

Representative Bailey moved to approve the request for the Multifamily Loan Program construction loan for the acquisition and rehabilitation of the WV Rural Preservation, LLC – Scattered Sites Project in the amount of up to \$7,000,000, as presented. His motion was seconded by Member David Gardner, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

Mr. Testman informed the Board that staff is requesting the approval of three Multifamily Loan Program permanent loans for the WV Rural Preservation, LLC – Scattered Sites Project in the combined amount of \$3,559,000. The proposed loan amounts are: Lindsey Terrace Apartments– up to \$1,790,000, Post Glen Apartments– up to \$1,300,000, and Tygart Valley Apartments– up to \$469,000. All three permanent loans will have a fixed interest rate of 4.5%, for a term of 40 years. Each Multifamily Loan Program permanent loan will also have a USDA 538 Guarantee and will be secured by a first lien deed of trust on the subject property, the operating and replacement reserves associated with the project. Limited, non-recourse guarantees of the corporate owners may also be required.

Representative Bailey moved to approve the request for the Multifamily Loan Program permanent loan for the Project known as Lindsey Terrace in the amount of up to \$1,790,000, as presented. His motion was seconded by Member Martin, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

Member Martin moved to approve the request for the Multifamily Loan Program permanent loan for the Project known as Post Glen Apartments in the amount of up to \$1,300,000, as presented. His motion was seconded by Representative Bailey, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

Member Kapourales moved to approve the request for the Multifamily Loan Program permanent loan for the Project known as Tygart Valley Apartments in the amount of up to \$469,000, as presented. His motion was seconded by Representative Stowers, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

Mr. Testman informed the Board that staff is requesting the approval of three Housing Trust Fund ("HTF") Loans for the WV Rural Preservation, LLC – Scattered Sites Project. The expected loan amounts are: Lindsey Terrace Apartments – up to \$334,001, Post Glen Apartments – up to \$796,999, and Tygart Valley Apartments– up to \$923,000. Mr. Testman stated that the HTF Loans will have an interest rate of 0%, and a term of 30 years. Each HTF Loan will be secured by a second lien deed of trust on the subject property that may be shared by USDA. Each HTF Loan will also be secured by a Letter of Credit equal to 30% of the construction contract during the construction period, and the corporate guarantees of MHDC WV Rural Preservation, Inc., Milford Housing Development Corporation, Leon N. Weiner & Associates, Inc., and RHPA Developers, LLC.

Member Kapourales moved to approve the request for the HTF loan for the Project known as Lindsey Terrace Apartments in the amount of up to \$334,001, as presented. His motion was seconded by Member Martin, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

Member John Gianola moved to approve the request for the HTF loan for the Project known as Post Glen Apartments in the amount of up to \$796,999, as presented. His motion was seconded by Representative Stowers, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

Representative Stowers moved to approve the request for the HTF loan for the Project known as Tygart Valley Apartments in the amount of up to \$923,000, as presented. His motion was seconded by Member Kapourales, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

APPROVAL OF HOME LOAN OF UP TO \$544,500 FOR
BENTLEY APARTMENTS

Nathan Testman presented a loan request from Bentley Apartments LP to finance the new construction and permanent loan financing of a twenty-four (24) unit Low-Income Housing Tax Credit Program ("LIHTCP") project known as Bentley Apartments located in Charleston, West Virginia.

Mr. Testman stated that the project consists of eleven (11) two-story buildings containing a total of twenty-four (24) units. Six (6) units are designated for tenants with income at or below 50% of Area Median Income (AMI) and eighteen (18) units are designated for tenants with an income at or below 60% of AMI. Four (4) units will be designated as HOME units and will comply with HUD HOME Rent Restrictions

Mr. Testman informed the Board that the project has a strong development team and noted that the contractor has changed from what is indicated in the Board Packet and is now Jarrett Construction. This was a decision made by the developers and the Fund supports the change.

Mr. Testman stated that staff is requesting approval of a HOME loan in the amount of up to \$544,500, with interest at the rate of up to 1%, for a term of up to 20 years. During construction, the HOME loan will be secured by a second lien deed of trust on the land and improvements known as Bentley Apartments and first lien position deed of trust during the permanent phase of the HOME loan. The HOME loan will also be secured by the operating and replacement reserves associated with the Project and the corporate guarantees of Bentley GP, LLC, Bentley Apartments Associates LLC, and Grant Street Commons LLC, as well as the personal guarantees of Christopher T. Sadd, Mark A. Sadd and Stephen G. Sadd. During the construction period, the HOME loan will also be secured by Payment and Performance Bonds equal to 100% of the construction contract.

Member Gianola moved to approve the request for the HOME loan for the new construction of Bentley Apartments in the amount of up to \$544,500, as presented. His motion was seconded by Member Nistendirik, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

INFORMATIONAL UPDATE – CDBG-DR

Mr. Testman provided a brief update regarding the WV RISE Program. He discussed the status of three projects: 1) Fairmont Apartments, which is new construction in Dunbar, 2) Joseph's Crossing, which is a rehabilitation in Summersville, and 3) Stockton Greene on the West Side of Charleston. He stated that all three projects target a 2021 closing.

EXECUTIVE SESSION TO DISCUSS LEGAL MATTERS PURSUANT TO W. VA. CODE §6-9A-4(b)(7) AND EXECUTIVE SESSION TO DISCUSS MATTERS INVOLVING COMMERCIAL COMPETITION, WHICH IF MADE PUBLIC, MIGHT ADVERSELY AFFECT THE FINANCIAL OR OTHER INTEREST OF THE STATE OR ANY POLITICAL SUBDIVISION PURSUANT TO W. VA CODE §6-9A-4(b)(9)

Member Kapourales moved that the Board enter Executive Session to discuss matters pursuant to W. Va. Code §6-9A-4(b)(7) and W. Va. Code §6-9A-4(b)(9). His motion was seconded by Member Martin, and, upon the affirmative vote of the ten (10) members present, the Chair declared the motion adopted.

The Board adjourned into Executive Session at 9:49 a.m.

The Executive Session concluded at 10:15 a.m. Chair Urling stated that no action took place during the Executive Session.

CONSIDERATION OF SUPPORT FOR AML GRANT TO FCURA REGARDING WOLF CREEK PARK

Member Gardner moved the approval of providing a letter support to the Fayette County Urban Renewal AML grant application for Wolf Creek Park. His motion was seconded by Member Kapourales, and, upon the affirmative vote of the ten (10) members present, the Chair declared then motion adopted.

ADJOURNMENT

There being no further business, Member Nistendirk moved to adjourn the meeting. His motion was seconded by Member Kapourales. Meeting adjourned at 10:17 a.m.


Martha Lilly, Assistant Secretary