

On Thursday, September 27, 2018, New Hampshire Housing Finance Authority held its monthly Board meeting at the Authority's offices located at 32 Constitution Drive, Bedford, NH. Chair Ensign called the meeting to order at 10:30 a.m. The meeting adjourned at 12:35 p.m.

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**Members Present:**

Stephen W. Ensign  
Kendall Buck  
John Cuddy  
Pauline Ikawa  
Mary Beth Rudolph  
Stephanye Schuyler  
Donald Shumway  
Michael Skelton

**Members Absent:**

Connie Lane

**Authority Counsel Present:**

John Deachman, General Counsel  
Tom Collins, Bond Counsel

**Others Present:**

Andrew Cadorette  
Dean Christon  
Rob Dapice  
Pat Donahue  
Ben Frost  
Debi Granfield  
Amanda Gray  
Tim Karanasios  
Sandy Kenney  
Jane Law  
Grace Lessner  
Ignatius MacLellan  
Jim Menihane  
Chris Miller  
Gloria Paradise  
Dee Pouliot  
Colette Provencher  
Bill Ray  
George Reagan  
David Sargent

Barbara Feldman, BAML  
Mitch Gallo, RBC  
Jennifer Hopkins, NH Community Loan Fund  
Dennis McGowan, Dovenmuehle Mortgage, Inc.  
Jim Stretz, G.K. Baum  
Janet Taft, TD Bank  
Jeremy Veilleux, Baker Newman Noyes

Chair Ensign called the meeting to order at 10:30 a.m. and welcomed Michael Skelton to the Board of Directors.

**Approval of the Minutes of the August 23, 2018 Meeting:** Mr. Cuddy moved, seconded by Mr. Buck, and the Board approved the following motion. Mr. Skelton abstained due to not having attended the August meeting:

2018-64        The minutes of the August 23, 2018, meeting are approved as presented.

**COMMITTEE REPORTS:**

**Finance and Administration Committee**

The Finance and Administration Committee did not meet in September.

**Homeownership Committee**

The Homeownership Committee did not meet in September.

**Multi-Family Housing Committee**

**Approval: Project Financing – Wallace Farm Phase I:** Mr. Dapice reported on the Wallace Farm Phase I project. He discussed the history of the project and provided details of the proposed financing. Mr. Christon noted this is the first phase and an additional phase for this project is currently in underwriting, which will bring the total number of units to 240. Mr. Cuddy moved, seconded by Mr. Shumway, and the Board unanimously approved the following motion:

2018-65        The Board of Directors approves the following financing for the Wallace Farm Phase I project located in Londonderry, New Hampshire, in the amount and term as follows:

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$15,300,000	FFB <sup>(1)</sup>	Permanent	4.75% <sup>(2)</sup>	40 years

The permanent loan will be credit enhanced under the FHA Risk Sharing Program and accordingly the Board approves the credit enhancement under that program, conditional upon FHA approval.

The Executive Director or designee is authorized and directed to execute the security documents for each transaction and shall add such conditions as are determined necessary. All documents shall be reviewed and approved by the Authority's legal counsel.

<sup>(1)</sup> Federal Financing Bank 100% participation interest.

<sup>(2)</sup> Long-term fixed rate to be established at approximately 100 basis points above the estimated FFB pass-through rate, with consideration for possible fluctuation in the pass through rate at the time of application and commitment to the rate.

**Approval: Project Financing – Westgate Village Apartments:** Mr. Dapice discussed the Westgate Village Apartments, reviewing the details of the proposed financing and risk sharing agreement with the Department of Housing and Urban Development (HUD). He also provided details of the non-age restricted project and the proposed renovations. Mr. Cuddy moved, seconded by Mr. Shumway, and the Board unanimously approved the following motion:

2018-66 The Board of Directors approves the following financing for the Westgate Village Apartments project located in Dover, New Hampshire, in the amount and term as follows:

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$6,820,000	FFB <sup>(1)</sup>	Permanent	4.75% <sup>(2)</sup>	35 years

The permanent loan will be credit enhanced under the FHA Risk Sharing Program and accordingly the Board approves the credit enhancement under that program, conditional upon FHA approval.

The Executive Director or designee is authorized and directed to execute the security documents for each transaction and shall add such conditions as are determined necessary. All documents shall be reviewed and approved by the Authority's legal counsel.

<sup>(1)</sup> Federal Financing Bank 100% participation interest.

<sup>(2)</sup> Long-term fixed rate to be established at approximately 100 basis points above the estimated FFB pass-through rate, with consideration for possible fluctuation in the pass through rate at the time of application and commitment to the rate

**Approval: Project Financing – Sunrise Farm:** Mr. Dapice reported on the Sunrise Farm special needs project. He provided details of the program and history of the project and existing buildings. Mr. Dapice discussed the details of the proposed financing and answered members' questions. Mr. Cuddy moved, seconded by Mr. Shumway, and the Board unanimously approved the following motion:

2018-67 The Board of Directors approves the following financing for the Sunrise Farm project located in Enfield, New Hampshire, up to the amounts and terms as follows:

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$466,981	AHF	Deferred	0%	30 Years

The Executive Director or designee is authorized and directed to execute the security documents for each transaction and shall add such conditions as are determined necessary. All documents shall be reviewed and approved by the Authority's legal counsel.

**Approval: Project Financing – Bridge House Expansion:** Mr. Dapice reported on the Bridge House Expansion providing details of the special needs project. He reported on the proposed financing request, related targeting requirements, and the Section 8 vouchers committed to this project. Mr. Cuddy moved, seconded by Mr. Shumway, and the Board unanimously approved the following motion:

2018-68 The Board of Directors approves the following financing for the Bridge House Expansion project located in Plymouth, New Hampshire, up to the amount and term as follows:

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$680,000	HTF	Deferred	0%	40 Years

The Executive Director or designee is authorized and directed to execute the security documents for each transaction and shall add such conditions as are determined necessary. All documents shall be reviewed and approved by the Authority's legal counsel.

**Approval: Amendments to Affordable Housing Fund Rules (HFA 113):** Mr. Frost reviewed the Affordable Housing Fund (AHF) Rules revisions recommended by staff. He provided a brief history of the statute, the Authority's rule making process and noted these recommendations come to the Board with the Committee's recommendation. Mr. Cuddy moved, seconded by Mr. Shumway, and the Board unanimously approved the following motion:

2018-69 The Board of Directors adopts the following amendments to the rules for the Affordable Housing Fund (HFA 113):

HFA 113.01 Overview and Purpose

(a) The Affordable Housing Fund Program is operated by the Authority for the purpose of providing loans and grants for the [~~construction, rehabilitation, and/or acquisition~~] ***purchase and rehabilitation or construction*** of housing affordable to households of low and moderate income. ...

HFA 113.05 Project Eligibility

(a) Affordable housing projects financed by the Affordable Housing Fund Program may be [~~new construction, rehabilitation, and/or acquisition~~] ***purchase and rehabilitation or construction***.

(b) [~~All projects must meet one of the following minimum income targeting restrictions for occupying households for the length of the mortgage but in no case less than 30 years. Although, projects may target a higher percentage of the units than the minimum.~~] ***All projects must meet one of the following minimum income targeting restrictions for occupying households. If financing is made as a grant, then income targeting will be required for 20 years. Loan***

***financing will require income targeting according to the loan requirements or for 20 years, whichever is longer. Projects may target a higher percentage of the units than the minimum required below.***

- (1) 20% of the units must be rented to households with incomes at or below 50% of the area median income (AMI) as adjusted for household size and published from time to time by HUD.
- (2) 40% of the units must be rented to households with incomes at or below 60% of the area median income as adjusted for household size and published from time to time by HUD.
- (3) 50% of the units must be rented to households with incomes at or below 80% of the area median income as adjusted for household size, published from time to time by HUD, and found on the Authority's Website. [~~In no case may more than 50% of the units of a project be occupied by households with incomes above 80% AMI.~~]

***In no case may more than 50% of the units of a project be occupied by households with incomes above 80% AMI.***

...

- (d) [~~In order to ensure affordability, the rent and utility cost for a unit in one of the above targeting categories may not exceed 30% of the maximum income for that category.~~] ***In order to ensure affordability, gross rents (combined rental and utility costs) shall be restricted to 30% of the applicable income limit adjusted for unit size and expected occupancy.*** For limited equity cooperatives, the household's monthly occupancy cost may instead be limited to 1/12 of the household's pro rata share of the annual operating expense of the project.

### **Executive Committee**

**Approval: FY 2018 Year-End Audit and Audited Financial Statements:** Mr. Ensign reported the Executive Committee met and received the financial statements and Year-End Audit report from Baker Newman Noyes. He noted these reports have been received by the Committee. Ms. Kenney provided a review of the FY 2018 Financial Statements, reviewing both assets and liabilities. She provided details on the Statement of Net Position, discussing fluctuations that are due to timing of the reports. Ms. Kenney reported the Authority received an unmodified report and the audit was clean. Mr. Ensign noted the Committee's conversations with Mr. Veilleux of Baker Newman Noyes and reported no management letter was issued and there were no findings. Mr. Cuddy moved, seconded by Ms. Schuyler and the Board unanimously approved the following motion:

2018-70

The Board of Directors accepts the FY 2018 Year-End Audit as performed

by Baker Newman Noyes and the corresponding audited financial statements which will be made available for external publication.

**UNFINISHED BUSINESS:**

There was no unfinished business to bring before the Board.

**NEW BUSINESS:**

**Presentation: Update – Dovenmuehle Mortgage, Inc.:** Mr. Karanasios provided a brief overview of sub-servicing and what a sub-servicer provides, including administration of payments, escrow, delinquencies and foreclosures. He noted that for 22 years the Authority has contracted with Dovenmuehle Mortgage, Inc., to provide these services. Mr. McGowan of Dovenmuehle Mortgage, Inc., provided an update, discussing the Authority's portfolio information and current mortgage industry trends. He discussed Dovenmuehle's security measures and trends in loan performance. Mr. McGowan answered members' questions throughout the presentation and staff advised the presentation will be made available for Board member review following the meeting.

**Presentation: Update - Community Loan Fund:** Mr. Cadorette briefly reported on the Authority's partnership with the New Hampshire Community Loan Fund (NHCLF), discussing the current initiatives the Homeownership Division has with NHCLF. Ms. Hopkins, Director of Single Family Housing at the Community Loan Fund provided details on the organization, including their focus on manufactured housing. She reported on current manufactured housing, noting the affordability, energy efficiency and also noting that 99% of manufactured homes are not mobile. Ms. Hopkins reviewed the Resident Owned Communities (ROCs) advising this is a low-income housing, first-time homebuyer and senior housing solution. She discussed the benefits and barriers to ROCs and also discussed the ROC Infill opportunities, answering members' questions throughout the presentation.

**EXECUTIVE DIRECTOR'S REPORT:**

Mr. Christon updated members on the HB 1817 Working Group, providing a brief history of the group and reviewing the final report which has been submitted to the Fiscal Committee. He noted the report was addressed by the Fiscal Committee last week and the Authority will now be seeking the transfer of funds from the Treasurer. Mr. Christon reported on the RFP process and timeline and also reported that the Authority will be rolling additional funds into this initiative to increase the amount of funds to up to \$4.5 million.

Mr. Christon briefly reviewed the NCSHA 2019 Priorities, noting the proposed new policies that the NCSHA board will vote on at the upcoming Annual Meeting.

Mr. Christon provided an update on the FFB initiative, discussing projects in the pipeline and noting the program is expected to be terminated at the end of September. He reported on the lobbying efforts underway to continue the program, noting the Authority is among the advocates for the continuation of the program.

Mr. Christon provided an update on several potential bills staff is expecting to be introduced in the next session and then reviewed the new Board Committee assignments.

**PROGRAM ACTIVITY REPORTS:**

Mr. Christon reviewed the Homeownership Activity Reports, noting purchase loan activity is up slightly relative to last year. He reported reservation activity has also increased although it is starting to show signs of slowing slightly.

Mr. Christon reviewed the Rental Assistance Program Report, noting staff's goal to obtain 100% utilization without going over that amount. He reported on the 67 new vouchers which have been received for the Special Needs application and veteran supportive housing. Mr. Christon also discussed the wait list and the impact of the addition of Department of Health and Human Services (DHHS) clients resulting from the new vouchers for the Special Needs Program.

Mr. Christon then reviewed the Multi-Family Development Reports. He discussed the Low Income Housing Tax Credits (LIHTC) reporting nine applications have been received and staff is expecting to be able to fund six or seven projects due to the extra capacity this year. Mr. Christon provided an update on the Project Based Contract Administration (PBCA) Program reporting HUD has indicated a new RFP will be rolled out shortly. He noted the Authority's PBCA contract expires at the end of this calendar year, however, staff is anticipating an additional renewal by HUD.

Finally, Mr. Christon reviewed the financial reports, discussing the servicing report, noting delinquencies decreased in August. He noted the number of loans to repurchase in the Ginnie Mae portfolio has also decreased, reflecting the overall performance of the portfolio. Mr. Christon reported the multi-family portfolio remains strong with no delinquencies.

**COMMITTEE MEETING MINUTES:**

The Board had no comments on the Committee minutes as presented.

Mr. Christon reported on upcoming events, discussing the upcoming NCSHA Annual Conference and timing for the October Committee meetings. He also reminded members of the Housing and The Economy Conference on October 4, noting 250 people are currently registered to attend.

There being no further business to bring before the Board, it was unanimously voted to adjourn the meeting at 12:35 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dean J. Christon". The signature is fluid and cursive, with a large initial "D" and "C".

Dean J. Christon  
Executive Director