

On Thursday, July 27, 2017, 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 10:03 a.m. The meeting adjourned at 11:24 a.m.

Members Present:

Stephen W. Ensign
Kendall Buck
John Cuddy
Pauline Ikawa
Connie Lane
Stephanye Schuyler

Members Absent:

Amy Lockwood
Mary Beth Rudolph
Donald Shumway

Authority Counsel Present:

John Deachman, General Counsel
Thomas Collins, Bond Counsel
Chelsea Tryder, McCarter & English

Others Present:

Dean Christon
Rob Dapice
Pat Donahue
Ben Frost
Debi Granfield
Julie Jussif
Jane Law
Grace Lessner
Ignatius MacLellan
Jim Menihane
Gloria Paradise
Dee Pouliot
Colette Provencher
Bill Ray
David Sargent
Melanie Toscano

Michelle Kim, BAML
Jim Stretz, G.K. Baum

Chair Ensign called the meeting to order at 10:03 a.m.

Approval of the Minutes of the June 22, 2017 Meeting: Members noted that, although Mr. Dapice was present and addressed the Board at the June meeting, he was not on the list of attendees. Mr. Buck moved, seconded by Ms. Ikawa, and the Board unanimously approved the following motion:

2017-44 The minutes of the June 22, 2017, meeting are approved with the revision noted.

COMMITTEE REPORTS:

Finance and Administration Committee

Approval: Referral, Education, Assistance and Prevention (REAP) Program Grant: Ms. Schuyler briefly introduced the \$70,000 grant request, noting it comes to the Board with the Committee's approval. She reviewed the history of the REAP program grant, noting the Authority has provided funding for several years and provided details of the increased funding request. Ms. Schuyler moved, seconded by Ms. Ikawa, and the Board unanimously approved the following motion:

2017-45 The Board of Directors approves the \$70,000 FY 2018 REAP grant. There is sufficient funding for this grant included in the Board-Approved FY 2018 Program Budget.

Approval: Municipal Technical Assistance Grant Program: Ms. Schuyler discussed the Municipal Technical Assistance Grant (MTAG) Program and noted the request to continue with Plan NH as the administrator of the program. She reviewed the requests for funding and increase in grant limits to municipalities, noting this recommendation comes with the Committee's approval. Ms. Schuyler moved, seconded by Ms. Ikawa, and the Board unanimously approved the following motion:

2017-46 The Board of Directors approves continuation of Plan NH as the non-profit sub-recipient to administer the Municipal Technical Assistance Grant (MTAG) Program through June 30, 2019 and allows up to \$10,000 of FY 2018 MTAG funds be allocated for administrative costs. The Board of Directors also approves an increase in grant limits available to municipalities from \$10,000 to \$20,000 and authorizes up to \$10,000 from MTAG funds to be used to support public outreach and engagement in grantee communities. This action supersedes the grant parameters set forth in the original FY 2016 approval.

Approval: Authorization to Proceed, Multi-Family Bond Issue Refunding: Ms. Schuyler briefly reviewed the request for staff to proceed with refunding of up to \$37 Million of Multi-Family Revenue Bonds. Mr. Sargent provided details, discussing the timing of the request and noting the refunding will only take place if it is economically feasible. Ms. Schuyler moved, seconded by Ms. Ikawa, and the Board unanimously approved the following motion:

- 2017-47 The Board of Directors authorizes staff to proceed with the refunding of up to \$37 Million of Multi-Family Revenue Bonds issued from 2002 to 2008 contingent upon bond counsel approval of the transactions and the final estimate of economic benefits. The Board of Directors also approves the required corresponding resolutions.

Approval: Authorization to Extend Term of TD Bank Warehouse Line-of-Credit: Ms. Schuyler briefly reviewed the request to extend the TD Bank Line-of-Credit from two to three years, noting this extension will better accommodate construction and bridge lending. Mr. Christon reported on the slight increase in fees associated with the line-of-credit. Ms. Schuyler moved, seconded by Ms. Ikawa, and the Board unanimously approved the following motion:

- 2017-48 The Board of Directors authorizes the increase in the TD Bank Mortgage Warehouse Line-of-Credit from two years to three years with a corresponding increase in the fee on the unused balance.

Homeownership Committee

The Homeownership Committee did not meet in July.

Multi-Family Housing Committee

Approval: Multi-Family Program Rules Repeal, Amendment, and Adoption: Mr. Cuddy briefly discussed the Rules, noting this comes to the Board following last month's Committee discussions. Mr. Frost provided details of the amendments and changes, and reported this is part of the overall rewrite, evaluation and examination of all of the Authority's rules. Mr. Cuddy moved, seconded by Ms. Lane, and the Board unanimously approved the following motion:

- 2017-49 The Board of Directors:
1. Repeals the following rules:
 - HFA 102 – Planning and Development Division Homeownership Opportunity Program;
 - HFA 103 – Planning and Development Division Direct Purchase Program;
 - HFA 104 – Special Project Financing Policy;
 - HFA 106 – Section 8 Rental Certificates Project-Based Tenant Rental Assistance Program;
 - HFA 107 – Affordable Housing Fund Interim Lead Base Paint Loan Program; and
 - HFA 116 – Greener Homes Program Rules (HFA 116).
 2. Adopts HFA 101 – General Management and Development Program Rules as proposed.
 3. Renumbers HFA 101 – Child Care Loan Guarantee Program to HFA 102, and amends as proposed.

4. Amends HFA 114 – Multi-Family Bond Financing Program, HFA 115 – Initial Equity Determination, and HFA 204 – Residual Receipts and Replacement Reserves as proposed.

Approval: Project Financing and Tax-Exempt Bond Issuance – Whittier Falls Housing: Mr. Dapice reported on the Whittier Falls Housing project. He provided details and history of the project. Mr. Dapice reviewed the proposed funding request. He discussed the Rental Assistance Demonstration (RAD) program details, noting there will be no negative impact to the tenants, and answered members' questions. Mr. Cuddy moved, seconded by Ms. Lane, and the Board unanimously approved the following motion:

2017-50 The Board of Directors approves financing for the Whittier Falls Housing (f/k/a Mineral Park) project located in Dover, New Hampshire, in the amount and terms listed below. The Board of Directors also approves the issuance of up to \$11,500,000 of tax-exempt private activity bonds to finance the first mortgage loan and a required mortgage reserve and adopts the required corresponding bond resolution accompanying this motion. The bonds are to be credit enhanced by placing FHA risk-sharing insurance on the first mortgage loan and, accordingly, the Board approves the use of the FHA risk-share program for this loan, conditional upon FHA approval.

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$10,000,000	Tax-exempt bonds	Construction/ Permanent	5.60% ⁽¹⁾	41.5 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.

With respect to this financing commitment, the Board hereby makes the findings required by NH RSA 204-C.

⁽¹⁾ Long-term fixed rate to be established to maximize Authority allowable spread restricted by the IRS at 150 basis points with possible fluctuation in market pricing. Bond yield as of 6/16/17 was estimated to be 3.75%.

Approval: Project Financing and Tax-Exempt Bond Issuance – Marshall Street Apartments: Mr. Dapice reported on the Marshall Street Apartments project. He provided details of the sponsor, the site and the site remediation planned. Mr. Dapice also reviewed the proposed funding. Staff answered members' questions and provided details on the professional relationship between the developer and the construction company, including the steps being taken to obtain a waiver of the requirements to use an independent entity. Mr. Cuddy moved, seconded by Ms. Lane, and the Board unanimously approved the following motion:

2017-51

The Board of Directors approves the following financing for the Marshall Street Apartments project located in Nashua, New Hampshire, in the amount and terms listed below. The Board of Directors also approves the issuance of up to \$16,800,000 of tax-exempt private activity bonds to finance the first mortgage loan and a required mortgage reserve and adopts the required corresponding bond resolution accompanying this motion. The bonds are to be credit enhanced by placing FHA risk-sharing insurance on the first mortgage loan and, accordingly, the Board approves the use of the FHA risk-share program for this loan, conditional upon FHA approval.

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$15,640,000	Tax-exempt Bonds	Construction/Perm	4.75% ⁽¹⁾	41.5 Years
\$5,860,000	TD LOC ⁽²⁾	LIHTC Bridge	3.65% ⁽³⁾	18 Months
\$2,250,000	MFPP ⁽⁴⁾	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.

With respect to this financing commitment, the Board hereby makes the findings required by NH RSA 204-C.

⁽¹⁾ Long-term fixed rate to be established at 75 basis above the bond yield. Bond yield as of 6/16/17 was estimated to be 3.75%.

⁽²⁾ The Authority's warehouse Line of Credit with TD Bank, or other appropriate source as determined by the Authority.

⁽³⁾ Variable; cost of funds plus 150 basis points. Interest rate as of 7/7/17 would be 3.65%. The Authority expects to apply \$250,000 in subsidy resources from the FHLB Boston Helping to House New England Program to reduce the interest carry cost on the bonds during the construction period.

⁽⁴⁾ Multi-Family Production and Preservation program. Loan will consist of \$1,000,000 in Affordable Housing Fund (AHF) and \$1,250,000 in HOME Investment Partnership Funds.

Approval: Project Financing and Tax-Exempt Bond Issuance – Cimarron Apartments:

Mr. Dapice reported on the Cimarron Apartments project. He provided background and details of the project and history of the property. Mr. Dapice reported on the new affordability restrictions which will be set for 99 years, the rental increases and the property improvements planned. He noted the new tenant income limits and discussed the proposed relocation plan for ineligible tenants, noting the approval of this plan is a project-specific condition of the funding. Mr. Dapice provided details of the funding and staff answered members' questions. Mr. Cuddy moved, seconded by Ms. Lane, and the Board unanimously approved the following motion:

2017-52 The Board of Directors approves financing for the Cimarron Apartments project located in Seabrook, New Hampshire, in the amount and terms listed below. The Board of Directors also approves the issuance of up to \$36,800,000 of tax-exempt private activity bonds to finance the first mortgage loan and a required mortgage reserve and adopts the required corresponding bond resolution accompanying this motion. The bonds are to be credit enhanced by placing FHA risk-sharing insurance on the first mortgage loan and, accordingly, the Board approves the use of the FHA risk-share program for this loan, conditional upon FHA approval.

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$32,000,000	Tax-exempt bonds	Permanent	4.80% ⁽¹⁾	43 Years
\$4,900,000	TBD ⁽²⁾	Bridge	1.5% ⁽³⁾	18 Months

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.

With respect to this financing commitment, the Board hereby makes the findings required by NH RSA 204-C.

⁽¹⁾ Long-term fixed rate to be established at 75 basis above the bond yield. Bond yield as of 6/16/17 was estimated to be 3.75%.

⁽²⁾ The Authority's warehouse Line of Credit with TD Bank, or other appropriate source as determined by the Authority.

⁽³⁾ The Authority expects to apply resources from the FHLB Boston Helping to House New England Program to achieve the 1.5% effective interest rate.

Approval: Project Financing – Friendship House: Mr. Dapice reported on the Friendship House project. He provided history and details of the project, noting the operating contract with North Country Healthcare Consortium. Mr. Dapice reviewed the proposed funding and provided details of the Peacefield Foundation grant, noting the steps being taken to ensure the reliability of the proposed funds. Staff then answered members' questions. Mr. Cuddy moved, seconded by Ms. Lane, and the Board unanimously approved the following motion:

2017-53 The Board of Directors approves the following financing for the Friendship House project located in Bethlehem, New Hampshire, in the amounts and terms that follow:

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$2,500,000	FHLBB ⁽¹⁾	Construction/Bridge	TBD	36 Months
\$1,450,000	AHF ⁽²⁾	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.

⁽¹⁾ Federal Home Loan Bank of Boston Helping to House New England program or other appropriate source as determined by the Authority.

⁽²⁾ Affordable Housing Fund or other appropriate source as determined by the Authority.

Approval: Project Financing – Northeastern Boulevard Recovery Housing: Mr. Dapice reported on the Northeastern Boulevard Recovery Housing project, noting this is the third project to make use of the Substance Use Disorder (SUDs) funds. He provided details of the project and proposed use of the property. Mr. Dapice discussed the proposed financing and answered members' questions. Mr. Cuddy moved, seconded by Ms. Lane, and the Board unanimously approved the following motion:

2017-55 The Board of Directors approves financing for the Northeastern Boulevard Recovery Housing project located in Nashua, New Hampshire, in the amount and term as follows.

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$1,030,000	AHF ⁽¹⁾	Deferred Payment	0%	30 Years

Reservation of a deferred payment loan of up to \$1,030,000 sourced from the Affordable Housing Fund, consistent with the terms of HFA 113.

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.

⁽¹⁾ Affordable Housing Fund

Executive Committee

The Executive Committee did not meet in July.

UNFINISHED BUSINESS:

There was no unfinished business to bring before the Board

NEW BUSINESS:

Election of Vice Chair: Chair Ensign opened the floor for nominations for Vice Chair of the Board of Directors. Mr. Ensign nominated Ms. Amy Lockwood as Vice Chair, seconded by Mr. Buck, and the Board voted unanimously to elect Amy Lockwood as Vice Chair of the Board of Directors.

Approval: Amendment to FY 2018 Resource Allocation Plan: Mr. Christon discussed the Resource Allocation Plan that was approved by the Board in June, noting that the Plan did not include any new AHF (Affordable Housing Fund) funds. He reported the Governor signed the Capital Budget last week with an appropriation of \$2.5 Million to the AHF and staff is now proposing to include the \$2.5 Million AHF appropriation to the multi-family production activities in the Resource Allocation Plan. Mr. Buck moved, seconded by Ms. Ikawa, and the Board unanimously approved the following motion:

2017-56 The Board of Directors approves a revised FY 2018 Resource Allocation Plan to reflect the addition of \$2.5 million in new Affordable Housing Fund resources.

EXECUTIVE DIRECTOR'S REPORT:

Mr. Christon provided an update on Legislative activities. He provided details on the \$2.5 Million appropriation to the Affordable Housing Fund, noting there are no special reporting requirements for this allocation. He reported the Budget Trailer Bill, HB517, passed and within that bill is the creation of a Council of Partner Agencies which will include the Authority. Mr. Christon also discussed SB247, the lead bill, reporting the bill was passed by Senate but the House has retained it and no action will be taken until they return from summer break. Mr. Christon then discussed the Federal legislation and ongoing budget discussions, noting the likelihood of a continuing resolution if the budget is not agreed upon. He noted that HUD activity related to the Project Based Contract Administration (PBCA) program is on hold until HUD appointments are confirmed. Finally, Mr. Christon reported that Barbara Thompson, Executive Director, of the National Council of State Housing Agencies (NCSHA) will be leaving NCSHA at the end of this calendar year.

PROGRAM ACTIVITY REPORTS:

Mr. Christon reviewed the Single Family Mortgage Program Reports noting these are the year-end reports. He reported reservation activity for June and July was slightly below plan and discussed the changing market dynamics, noting the inventory remains tight. Mr. Christon also provided an update on the annual federal grant for housing counseling activity.

Mr. Christon reviewed the Rental Assistance Program Report, discussing the program side of the budget and advising staff is expecting to reach 99% of the utilization rate with the use of some program reserve funds. He provided a brief review of the current waiting list update and answered members' questions.

Mr. Christon then reviewed the Multi-Family Development Reports, providing details on project completions and rent-up activity. He reported the Authority has received another grant for the Lead Program. Mr. Christon also reported the Authority received a letter from Congresswoman Kuster thanking us for the work we are doing.

Finally, Mr. Christon reviewed the financial reports. He reported delinquency is down slightly and the number of REO properties is up slightly. Mr. Christon reported there are no delinquencies in the multi-family portfolio but discussed a project that is currently showing some stress. He reviewed the project and discussed options staff is working on for the project.

COMMITTEE MEETING MINUTES:

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

Mr. Christon discussed upcoming meetings and events. He reviewed the plan for a project tour following the August Board meeting and also reported registration is now open for the NCSHA Annual Conference, advising if members wish to attend please let Colette know as soon as possible.

There being no further business to bring before the Board, the Board unanimously voted to adjourn at 11:24 a.m.

Respectfully submitted,



Dean J. Christon
Executive Director