

On Thursday, January 26, 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 10:00 a.m. The meeting adjourned at 11:39 a.m.

Members Present:

Stephen W. Ensign
Kendall Buck
Pauline Ikawa
Connie Lane
Mary Beth Rudolph
Stephanye Schuyler
Donald Shumway

Members Absent:

John Cuddy
Amy Lockwood

Authority Counsel Present:

John Deachman, General Counsel
Thomas Collins, Bond Counsel

Others Present:

Andy Boyle
Dean Christon
Jessica Daniels
Pat Donahue
Ben Frost
Bill Guinther
Julie Jussif
Jane Law
Anne Lemire
Lynn Lippitt
Ignatius MacLellan
Heather McCann
Jim Menihane
Chris Miller
Gloria Paradise
Dee Pouliot
Colette Provencher
Bill Ray
George Reagan
David Sargent
Melanie Toscano

Tom Caine, Caine Mitter and Associates
Cathy Kuhn, Families in Transition
Mitch Gallo, RBC
Stephanie Savard, Families in Transition
Jim Stretz, G. K. Baum

Chair Ensign called the meeting to order at 10:00 a.m.

Approval of the Minutes of the December 13, 2016 Meeting: Ms. Ikawa moved, seconded by Mr. Buck, and the Board unanimously approved the following motion:

2017-01 The minutes of the December 13, 2016 meeting are approved as presented.

COMMITTEE REPORTS:

Finance and Administration Committee

Approval: Amendments to Investment Policy: Ms. Schuyler reported on the proposed amendments to the Authority's Investment Policy. She provided details on the updated language and proposed addition of participants. Ms. Schuyler moved, seconded by Ms. Ikawa, and the Board unanimously approved the following motion:

2017-02 The Board of Directors approves amendments to the Investment Policy as contained in Section II.5 and Appendices A and B of the Operations Manual.

Homeownership Committee

There was no Homeownership Committee meeting in January.

Multi-Family Housing Committee

Approval: Project Financing – Rolling Green Village, Pittsfield: Mr. Miller provided a detailed review of the Rolling Green Village project. He reported on the history of the project and the developer and reviewed the details of the limited partnership agreement and refinance of the project. Mr. Miller discussed the proposed funding and answered members' questions. Ms. Lane moved, seconded by Ms. Rudolph, and the Board unanimously approved the following motion:

2017-03 The Board of Directors approves permanent financing for the Rolling Green Village project located in Pittsfield, New Hampshire, in the amount and term as follows:

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$1,332,000	FFB ⁽¹⁾	Permanent	4.70 % ⁽²⁾	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.

⁽¹⁾ Federal Finance Bank 100% participation interest

⁽²⁾ The interest rate assumes a 1.0% spread to the Authority over the FFB pass-through rate. The estimated rate as of 1/19/17 is 4.3%

Executive Committee

The Executive Committee did not meet in January.

UNFINISHED BUSINESS:

There was no unfinished business to bring before the Board.

NEW BUSINESS:

Presentation: Families in Transition – Emerging Opportunities Update on Medicaid and Supportive Housing: Mr. Christon briefly discussed the Emerging Opportunities program, reviewing its intended purpose. Mr. Reagan discussed the Families in Transition (FIT) Emerging Opportunities grant, providing a brief history of FIT and introduced Cathy Kuhn and Stephanie Savard from Families in Transition. Ms. Kuhn and Ms. Savard provided a presentation for members, reporting on FIT's model of supporting the homeless through supportive housing. They reviewed the project's rationale, goals, output and key findings and also discussed the projected next steps of the program. They thanked members for their support and answered questions throughout their presentation.

Staff Presentation: Multi-Family Project Financing Transition: Mr. Christon provided a brief background of the multi-family financing transition and the analysis of the transition away from traditional bond financing. Ms. Jussif provided a presentation for members on the multi-family project financing transition from traditional bond financing to a participation loan model. She reviewed the multi-family portfolio and discussed profitability. Ms. Jussif reported on the benefits of the new model, including improved cash flow and the growth of the portfolio. She answered members' questions throughout the presentation.

EXECUTIVE DIRECTOR'S REPORT:

Mr. Christon provided an update on Legislative activities, reporting on the list of Legislative Service Requests (LSRs) and bills which may be of interest to the Authority and noting the list continues to evolve. He reported on several bills relating to Accessory Dwelling Units (ADUs) and foreclosure issues. Mr. Christon discussed SB94, the \$25 million appropriation of funds for the Affordable Housing Fund (AHF), providing details and advising that staff continues to watch this closely. Mr. Christon reported the activity on the federal noting staff is watching activity concerning the tax credits and bond programs. He noted they are awaiting the administration's tax reform program and capital budget.

Mr. Christon then discussed Private Activity Bond Cap and the Authority's history of transfers of bond cap from the Business Finance Authority (BFA). He noted there will likely be no transfer this year, however, he reported the bond cap which the BFA borrowed from the

Authority last year will be automatically transferred back to us this year. He discussed multi-family activity and its connection with the bond cap and answered members' questions.

PROGRAM ACTIVITY REPORTS:

Mr. Christon reviewed the Single Family Mortgage Program reports noting volume remains strong and is above staff's projections. He reported MCC activity also remains strong. Mr. Christon reported interest rates remain challenging and noted staff continues to manage the rates to maintain the Authority's value in the market. He then answered members' questions.

Mr. Christon reviewed the Rental Assistance Program Report noting this is the year-end report. He reported on staff's goals to maximize leasing and spend all funds and reported staff has achieved the utilization goals with 93.3% units leased and 101% of funds, which includes some program reserves, have been used. Mr. Christon reported nearly 500 clients have been added to the program this year. He reported the budget has not been received yet, however, staff is well positioned for funding if the standard approach continues to be applied. Mr. Christon then provided an update on the Moving to Work (MTW) program, reporting it remains on hold as Housing and Urban Development (HUD) has issued an RFP for the first round of funding but it is for small public housing authorities and New Hampshire Housing does not qualify.

Mr. Christon then reviewed the Multi-Family Development Reports. He discussed potential effects of the new tax reform on the tax credits and how this may affect the 2017 tax credit projects. Mr. Christon reported the 2018 Qualified Allocation Plan (QAP) process has begun with a goal of minimizing substantial changes this year. He advised members an open forum is to be held on February 6, 2017. He then reported on HUD's plan to re-bid the PBCA contracts stating NHHFA may have to decide if it wants to participate in related litigation in the near future.

Finally, Mr. Christon discussed the financial reports. He reported the portfolio continues to grow and also noted the slight increase in delinquencies. He reviewed the REOs reporting they have declined and noting they include a significant number of FHA conveyances. Mr. Christon noted there are no multi-family project concerns to report and there are no projects currently on the critical watch list.

COMMITTEE MEETING MINUTES:

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

Mr. Christon discussed the NCSHA Legislative Conference which will be held in March, noting the schedule and asked members to let Colette know as soon as possible if they plan to attend.

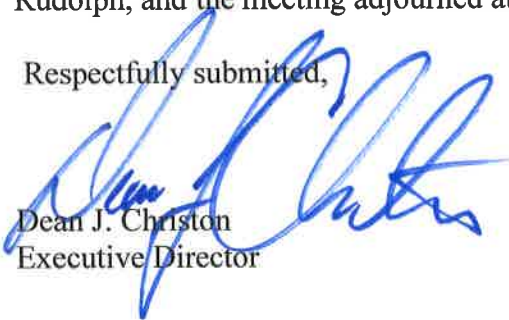
The Chair then called for a non-public session pursuant to RSA 91-A:3II(e). A roll call vote was taken and members unanimously voted to enter into the non-public session at 11:23 a.m. Those in attendance were Steve Ensign, Kendall Buck, Pauline Ikawa, Connie Lane, Mary Beth Rudolph, Stephanye Schuyler, Don Shumway, Dean Christon, David Sargent and Ben Frost. Following discussion and action in non-public session, Ms. Rudolph moved, seconded by Mr. Buck, and a roll call vote was taken. Members unanimously voted to move out of the non-public session at 11:37 a.m.

Chair Ensign moved to seal the minutes from the non-public session. A roll call vote was taken and members unanimously moved to seal the minutes from the non-public session.

Mr. Christon advised members the minutes will remain sealed, however, there may be circumstances where public records law states the minutes would then be exempt and become a matter of public record.

There being no further business to bring before the Board, Mr. Buck moved, seconded by Ms. Rudolph, and the meeting adjourned at 11:39 a.m.

Respectfully submitted,



Dean J. Christon
Executive Director

SECTION II. BOARD OF DIRECTORS

1. OPERATING POLICIES AND COMMITTEE STRUCTURE

II. BOARD OF DIRECTORS

1. OPERATING POLICIES AND COMMITTEE STRUCTURE

A. RESPONSIBILITIES AND OPERATING AUTHORITY

The purpose of these policies is to identify those matters which require direct approval or other action by the Board of Directors of the Authority and to clearly establish the responsibilities and operating authority of the Executive Director of the Authority.

1. Officers:

- (a) The Executive Director is the Chief Executive Officer of the Authority and shall be primarily responsible to the Board of Directors for the implementation of Authority programs. The Executive Director is authorized to execute any and all documents necessary for the conduct of Authority business – within the guidelines established here. This specifically includes the authority to open and have signature authority over escrow and other bank accounts necessary for the operation of Authority programs, as well as the authority to act on behalf of the Authority in all matters related to the foreclosure and disposition of properties financed under Authority programs.
- (b) The Managing Director, Finance/CFO, Managing Director for Management & Development and Managing Director, Administration and Human Resources are also designated as officers of the Authority. The Executive Director may delegate, in writing, authority to one or more of these officers as determined to be appropriate by the Executive Director. The Executive Director may also delegate in writing limited authority to execute specific types of documents to other staff.

2. Rules:

The Board of Directors shall approve the adoption, amendment or repeal of all rules of the Authority.

3. Program Development:

- (a) The Board of Directors shall approve the establishment, termination or modification of Authority financing programs. This shall include adoption of any implementing rules and/or substantive amendments to such rules. (The Executive Director may, however, authorize non-substantive changes related to editorial matters and format without specific Board approval.)
- (b) The Board of Directors shall approve fund allocations for all new and existing Authority programs.

4. **Personnel:**

- (a) The Board of Directors shall appoint and establish the compensation of the Executive Director of the Authority.
- (b) The Board of Directors shall approve a Code of Conduct for members and Authority staff and shall also approve compensation and benefits policies for staff.
- (c) The Executive Director shall, as authorized by the Board approve administrative budget or other Board action, appoint Authority staff and adopt appropriate human resource policies for such staff. Any separation payments made to current or former employees, other than those provided for under Board approved policy, shall be subject to approval by the Board of Directors.

5. **Investment Policy:**

- (a) It shall be the policy of the Authority to (i) invest monies (whether such monies are derived from bonds or other obligations issued by the Authority [~~said bonds or other obligations constituting~~ (“Authority Bonds”)]), or from any other source) in the investments set forth in Appendix A (such investments constituting “Permitted Investments”); and (ii) enter into, in furtherance of the Authority’s investment needs and objectives, arrangements with respect to Permitted Investments with the entities listed in Appendix B (such entities constituting the “Investment Program Participants”), which arrangements may include without limitation, ~~investment and investment related transactions and agreements such as~~ (a) ***purchasing and selling permitted investments***, (b) ***entering into*** collateralized and uncollateralized investment agreements and contracts, (bc) opening and maintaining trust and brokerage accounts for the purpose of purchasing and selling Permitted Investments, on behalf of the Authority, and (ed) opening and maintaining ~~of~~ custodial accounts for the safekeeping of the Authority’s investment securities.
- (b) If any resolution of the Authority (whether denominated a general resolution, series resolution, supplemental resolution, or otherwise) requires that the Authority approve a particular type of investment as a condition of the investment of Authority monies (whether such monies are derived from Authority Bonds or other sources) (said requirement constituting a “Resolution Investment Requirement”), any investment constituting a Permitted Investment shall be deemed to have met the Resolution Investment Requirements.
- (c) The Chairman, Executive Director or staff delegated with specific investment policy authority by the Executive Director is authorized to effect on behalf of the Authority the execution and delivery of any instrument pertaining to any arrangement with an Investment Program Participant.

- (d) ~~The approval by the Board of Directors of this Investment Policy is in recognition of current and anticipated future investment practices of the Authority, and is not intended to be construed and shall not be construed to obviate or nullify any existing investment of monies by the Authority (whether of proceeds of Authority Bonds or of other monies.)~~

6. Grants/Requests for Funds:

- (a) The Executive Director may apply for federal or other funds for activities related to existing Authority programs without specific Board approval, provided that the following criteria are met:
- (i) the grant application does not commit the Authority to provide matching funds or otherwise contribute financial resources to the grant unless such resources are included in the approved annual administrative budget, Program Plan or have otherwise been approved by the Board of Directors; and,
 - (ii) does not require the addition of staff, unless such positions have been approved through the annual operating budget or other Board actions.

The Executive Director shall report any such grants received to the Board of Directors within 30 days of being notified of a grant award.

- (b) The Board of Directors must approve, prior to submission of any application, all grant or funding applications which:
- (i) will require Authority matching funds not otherwise allocated; and,
 - (ii) would require the addition of staff not otherwise authorized by Board action.

7. Contracts:

- (a) The Executive Director is authorized to execute any contracts or documents, without further Board of Directors review, which are:
- (i) necessary to implement any loan commitments or loan programs approved by the Board;
 - (ii) related to funding included in the annual administrative budget (including consultant or professional services contracts except otherwise specified);
 - (iii) related to ongoing approved programs (i.e., HUD documents related to Section 8 Program.)

SECTION IV. APPENDICES

APPENDIX A

PERMITTED INVESTMENTS

- 1) U. S. Treasury Notes, Bonds & Bills
- 2) U. S. Government-Sponsored Agency Securities
 - Federal Home Loan Bank (FHLB)
 - Federal National Mortgage Association (Fannie Mae)
 - Federal Home Loan Mortgage Corporation (Freddie Mac)
 - Government National Mortgage Association (Ginnie Mae)
 - Student Loan Marketing Association (Sallie Mae)
 - Farmers Home Administration (FRMC)
 - Federal Farm Credit Bank
- 3) Guaranteed Investment Contracts (GIC's)
 - GIC's will apply only to investment of bond proceeds
 - GIC providers must have ~~and maintain~~ a long term unsecured and uninsured Moody's Ratings of at least Aa3 long term and P1 short term *rating that is sufficient to support the rating of the related bond issue at the time of bond issuance.*
- 4) Collateralized Repurchase Agreements (REPOS)
 - REPO providers must be members of the Federal Deposit Insurance Corporation (FDIC) or the Association of Primary Dealers in U. S. Government Securities.
 - Collateral must (a) be either of the kind listed in Sections 1 and 2 above or Section 7 below, (b) have a maintained market value of not less than 102% of the REPO maturity value, and (c) be delivered to a third party custodian acting as fiduciary on behalf of the Authority.
- 5) Money Market Funds
 - Money Market Funds must be comprised of direct debt obligations of the U. S. Government and/or debt obligations of U. S. Government-sponsored agencies and/or Repurchase Agreements with security collateral of the kind listed in Sections 1 and 2 *above*.
- 6) Collateralized Certificates of Deposit and Interest-Bearing Time Deposits
 - Deposits must be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to the standard limits.
 - Collateral security shall be either in the form of investment instruments of the type listed in Subsections 1 and 2 above or Section 7 below, and/or mortgages insured or guaranteed by FHA or VA.

7) Other Government Obligations

- **Fixed rate, non-derivative securities that are direct and general obligations of any state or governmental entity of the United States and/or any political subdivision or instrumentality thereof whereas said securities are rated in either of the two highest rating categories by a nationally recognized bond rating agency.**

APPENDIX B

INVESTMENT PROGRAM PARTICIPANTS

- Bank of America Merrill Lynch
- *The Bank of New York Mellon, N.A.*
- *Caine Mitter & Associates Incorporated*
- Federal Home Loan Bank
- Federated Investors
- Fidelity Investments
- George K. Baum & Company
- Morgan Stanley Smith Barney
- Pinnacle Financial Group (Guaranteed Investment Contracts Broker)
- RBC Capital Markets
- TD Bank, N.A.
- US Bank National Association
- *Wilmington Trust, N.A.*
- Affiliates and successors of the above-listed entities