

On Thursday, June 27, 2019, 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 12:10 p.m.

Members Present:

Stephen Ensign
Kendall Buck
John Cuddy
Pauline Ikawa
Mary Beth Rudolph
Stephanye Schuyler

Members Absent:

Connie Lane
Don Shumway
Michael Skelton

Authority Counsel Present:

Tom Collins, Bond Counsel

Others Present:

Andrew Cadorette
Dean Christon
Rob Dapice
Pat Donahue
Ben Frost
Debi Granfield
David Hebert
Natalie Kenney
Jane Law
Ann Lemire
Grace Lessner
Ignatius MacLellan
Heather McCann
Jim Menihane
Chris Miller
Kathleen Moran
Julia Morgan
Gloria Paradise
Dee Pouliot
Colette Provencher
Bill Ray
David Sargent

Michael Baumrin, RBC
Barbara Feldman, BAML
Jen Hopkins, New Hampshire Community Loan Fund
Elizabeth O'Malley, NHHFA Management & Development Intern
Jeffrey Siefert, TD Bank
Jim Stretz, G.K. Baum

Chair Ensign called the meeting to order at 10:30 a.m. Mr. Ensign noted that he and Ms. Schuyler will soon complete their terms on the Board of Directors and, on behalf of himself and Ms. Schuyler, he expressed appreciation and respect for the Authority.

Approval of the Minutes of the May 23, 2019 and June 3, 2019 Meetings: Mr. Cuddy moved, seconded by Ms. Rudolph and the Board unanimously approved the following motion:

2019-25 The minutes of the May 23, 2019, and June 3, 2019, meetings are approved as presented.

COMMITTEE REPORTS:

Finance and Administration Committee

Approval: Operations Manual Revisions – Section II Board of Directors: Ms. Schuyler briefly reviewed the proposed revisions to the Operations Manual, noting the revisions are due to upcoming staff transitions in the Management and Development division. Ms. Schuyler moved, seconded by Ms. Ikawa, and the Board unanimously approved the following motion:

2019-26 The Board of Directors approves the revised Officer policy in Section II, Board of Directors, of the Operations Manual as outlined below and approved by the Finance & Administration Committee:

1. **Officers:**

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.

The Managing Director, Finance/CFO, ~~Managing Director for Management & Development~~ **Managing Director, Assisted Housing** 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.

Approval: FY 2020 Administrative Budget: Ms. Schuyler briefly reviewed the proposed FY 2020 Administrative Budget and reported this request comes to the Board with the Committee's support. Mr. Christon reported on new positions that are being added, provided details, and noted the Authority's continued investment in technology, including security monitoring. Ms.

Schuyler moved, seconded by Ms. Ikawa, and the Board unanimously approved the following motion:

2019-27 The Board of Directors approves the FY 2020 Administrative Budget as recommended by the Finance and Administration Committee.

Homeownership Committee

The Homeownership Committee did not meet in June.

Multi-Family Housing Committee

Approval: Amendments to Affordable Housing Fund Rules (HFA 113): Mr. Cuddy reviewed the proposed amendment for HFA 113, noting the minor conflict and the proposed language change for consistency. Mr. Cuddy moved, seconded by Mr. Buck, and the Board unanimously approved the following motion:

2019-28 The Board of Directors adopts the following amendments to the rules for the Affordable Housing Fund (HFA 113):

HFA 113.10 Compliance

(a) All projects receiving Affordable Housing Fund Program funds must maintain income and rent targeting for the [~~longer of the financing term or thirty years~~]***period specified in HFA 113.05(b).***

Approval: Project Financing – Penacook Landing Phase I: Ms. Morgan reported on the Penacook Landing Phase I project, providing details of the project. She discussed the remediation of the brownfield site and provided details of the funding request. Mr. Christon noted the project has the support of the city of Concord. Mr. Cuddy moved, seconded by Ms. Rudolph, and the Board unanimously approved the following motion:

2019-29 The Board of Directors approves the following financing for the Penacook Landing project located in Concord, 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>
\$800,000	Operating Fund	Permanent	5.00% ⁽¹⁾	30 Years
\$336,432	Housing Trust Fund	Deferred	0.00%	30 Years
\$484,568	HOME Investment Partnerships Program	Deferred	0.00%	30 Years

The Executive Director or designee is authorized to execute the security documents required for this transaction, add conditions as necessary and implement short-term modifications to terms as deemed appropriate to facilitate the closing and/or payoff of the above loan(s). All documents shall be reviewed and approved by the Authority's legal counsel.

⁽¹⁾ The interest rate, locked at construction loan closing, will be the 30-year Treasury rate plus 200 basis points. The current estimated interest rate is 5.00%.

Approval: Project Financing – Wallace Farm Phase II: Ms. Morgan reviewed the Wallace Farm Phase II project, noting this is the second of three phases. She discussed the unit mix and noted the project meets the workforce housing requirements for the town of Londonderry. Ms. Morgan then provided details of the proposed funding. Mr. Cuddy moved, seconded by Ms. Rudolph, and the Board unanimously approved the following motion:

2019-30 The Board of Directors approves the following financing for the Wallace Farm Phase II project located in Londonderry, New Hampshire, in the amount and terms listed below. The Board of Directors also approves the issuance of up to \$11,000,000 of tax-exempt private activity bonds to finance the construction and first mortgage loans 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 mortgage loan and, accordingly, the Board approves the use of the FHA risk-sharing program for this loan, conditional upon FHA approval.

<u>Amount</u>	<u>Source</u>	<u>Type</u>	<u>Rate</u>	<u>Term</u>
\$9,600,000 ⁽¹⁾	Tax Exempt Bonds	Const/Perm	5.00% ⁽²⁾	42.0 Years
\$3,000,000	HOME	Deferred	0.00%	30.0 Years

The Executive Director or designee is authorized to execute the security documents required for this transaction, add conditions as necessary and implement short-term modifications to terms as deemed appropriate to facilitate the closing and/or payoff of the above loan(s). All documents shall be reviewed and approved by the Authority's legal counsel.

⁽¹⁾ In the event that the actual loan interest rate is less than 5.0%, the loan amount may be adjusted upward based on the project's ability to support additional debt at the underwritten rents while still meeting the Authority's underwriting standards. Any increase in permanent debt will be used to cover increases in project costs, reduce the deferred developer fee, and/or, reduce the Authority deferred debt, as determined by the Authority.

⁽²⁾ Long-term fixed rate to be established at 75 basis points above the bond yield. Bond yield as of 5/31/19 was estimated to be 4.25%.

Approval: Official Intent Resolution: Bedford Village Manor at Riddlebrook: Mr. Cuddy provided a review of the Official Intent Resolution, noting this indicates the Authority is considering the issuance of bonds on behalf of the project. Mr. Christon provided details of the protection afforded the developer with this Resolution. It was noted that staff continues to await an official application from the project. Mr. Cuddy moved, seconded by Ms. Rudolph, and the Board unanimously approved the following motion:

2019-31 The Board of Directors approves the Official Intent Resolution relative to a particular financing plan for The Bedford Village Manor at Riddlebrook project.

Executive Committee

Mr. Ensign reported the Committee met in a non-public session this morning.

UNFINISHED BUSINESS:

Approval: FY 2019-2021 Strategic and Program Plan: Mr. Christon discussed the Strategic Plan reporting that the Plan being presented for approval today is the same as was reviewed at the June 3, 2019, meeting. Mr. Christon noted the potential impact to the plan if additional resources are provided to the Authority in legislation currently under consideration. Mr. Cuddy moved, seconded by Mr. Buck, and the Board unanimously approved the following motion:

2019-32 The Board of Directors approves the FY 2020-2022 Strategic and Program Plan, including the FY 2020 Resource Allocation Plan.

NEW BUSINESS:

Staff Presentation: Housing Market Update: Ms. McCann provided a Housing Market Update and reported on the 2019 Residential Rental Cost Survey, discussing how the survey is conducted, goals for the 2019 survey, and which counties are covered by the survey. She provided details on median gross rental costs, and vacancy rates, noting the challenging rental market which ultimately presents a challenge to employers as they have difficulty bringing new people into the state. Ms. McCann discussed the goals for next year's focus, including the effort to increase the survey sample size in Carroll County and answered members' questions.

EXECUTIVE DIRECTOR'S REPORT:

Mr. Christon provided an update on the transitions within the Board of Directors, reporting that the Governor has nominated two candidates to fill the upcoming vacant positions. Sarah Marchant of the City of Nashua, and Jim Graham from Woodsville Guaranty Savings Bank are scheduled to be confirmed by the Executive Council on July 10, 2019. He advised that if confirmed as members in July the expectation is they will be present for the August Board meeting. Mr. Christon expressed appreciation for Mr. Ensign and Ms. Schuyler's leadership during the past 10 years and thanked them for their service. He noted that there will be a luncheon immediately following the August Board meeting in honor of our outgoing members. Mr. Christon also reported that the Governor has designated Mr. Shumway to serve as Chair of the Board, effective July 1, 2019.

Mr. Christon then provided members with an update on upcoming staff transitions, noting Mr. Miller's legacy to the organization with the 15,000 units added to our portfolio as a result of the work he and his team have done over the years.

Mr. Christon updated members on federal level legislation, noting the President's Executive Order creating a federal task force on housing affordability. He reviewed several bills, including the tax credit expansion bill which has been introduced into Congress, a bill to address the Rural Development expiring use issue which is expected to be introduced, and an additional bill to address the expiring use issues with tax credit properties. Mr. Christon then discussed State level legislation, providing updates on the judicial foreclosure bill, and HB 600, which provides tax relief to affordable properties, which was passed and has been signed by the Governor. He reported the two bills the Authority requested were also passed and signed by the Governor. Mr.

Christon reported on the budget, discussed the Affordable Housing Fund appropriations, and Housing Appeals Board and he discussed potential implications if the budget were to be vetoed by the Governor.

PROGRAM ACTIVITY REPORTS:

Mr. Christon reviewed the Homeownership Activity Reports noting that, overall, activity in the single family program continues to trend downward, and discussing likely causes. He also reported that reservations have increased in the last two months. Mr. Christon reported the Participating Originator model continues to grow and staff will continue to work on this model to further develop it. He also noted the Fannie Mae and HFA relationships have become somewhat strained and staff continues to work to see how the relationship will evolve moving forward.

Mr. Christon reviewed the Rental Assistance Program Reports, noting staff continues to work towards the goal of 99% occupancy for the end of the year. He provided details on the status of the voucher program and noted clients have been having difficulty finding units to rent once the voucher has been issued.

Mr. Christon then reviewed the Multi-Family Development Reports. He reported on efforts in the supportive housing area, and discussed the most recent group of projects that have submitted applications for funding. Mr. Christon reported staff is moving forward with the Corporation for Supportive Housing contract, reviewing the goals and noted the expectation that the Governor's Commission on Substance Use will officially endorse this effort as well.

Finally, Mr. Christon reviewed the financial reports, discussing the delinquency report and noting the portfolio has declined slightly. He reported delinquencies are down slightly since last month and foreclosure activity is also down. Mr. Christon then noted there are no multi-family issues to report.

COMMITTEE MEETING MINUTES:

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

Mr. Christon reminded members there is no meeting scheduled for July and also discussed the NCSHA Annual Conference which is being held in Boston in October, advising members if they would like to attend, let Colette know for registration purposes.

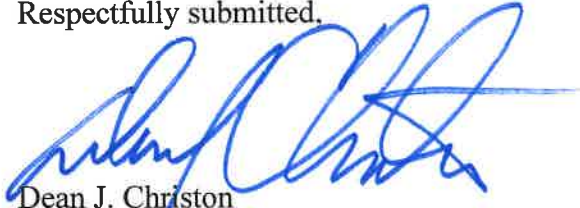
Mr. Christon informed members that Mr. Skelton has welcomed a new member of his family; his daughter was born on Tuesday of this week.

A motion was made by Ms. Rudolph and seconded by Ms. Ikawa to enter into a non-public session pursuant to RSA 91-A:3, II(b). A unanimous roll call vote was taken and the non-public session began at 11:40 a.m.

The Board ended the non-public session at 12:06 p.m. and a motion to seal the minutes, as provided for in the statute, was made by Ms. Rudolph and seconded by Ms. Ikawa. The motion passed by a unanimous roll-call vote.

There being no further business to bring before the Board, it was unanimously voted to adjourn the meeting at 12:10 p.m.

Respectfully submitted,



Dean J. Christon
Executive Director