

MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
WEST VIRGINIA HOUSING DEVELOPMENT FUND
May 30, 2024

The regular meeting of the Board of Directors of the West Virginia Housing Development Fund (the "Fund") was held on Wednesday, May 30, 2024 at the Fund's office. The Board of Directors attended via video conferencing, via phone, and in person. The video conferencing information was made available to the public in the Notice of Meeting of the Board of Directors posted on the West Virginia Secretary of State website and the Fund's website. The Chair called the meeting to order at 9:01 a.m. with the following members present throughout, except where noted.

Ann Urling, Chair (via video)
Lynne Gianola, Member (via video)
Troy Giatras, Member (via phone)
Kara Hughes, Representative for the Honorable Riley Moore, State Treasurer (via phone)
Patrick Martin, Member (via video)
Kris Raynes, Member (via phone)
Allen Retton, Member (in person)
Steven Travis, Representative for the Honorable Patrick Morrissey, Attorney General (via phone)
Kellie Wooten-Willis, Member (via video)

Members Absent:

Norm Bailey, Representative for the Honorable Kent Leonhardt, Commissioner of Agriculture
Bob Nistendirk, Member

Staff present:

Erica Boggess, Executive Director
Tammy Bonham, Senior Division Manager Loan Servicing
Zach Fisher, Internal Auditor
Antonia Francis, Legal Counsel
Jessica Greathouse, Multifamily Programs Administrator
Trisha Hess, Senior Manager – Accounting
Chad Leport, Division Manager – Finance and Federal Compliance
Martha Lilly, Legal Assistant
Michael Lindsco, Manager – Asset Management
Kelley Ridling, Senior Manager – Internal Audit
Jon Rogers, Senior Division Manager – Single Family Lending
Lori Ryan, Executive Assistant
Kristin Shaffer, Deputy Director – Administration and General Counsel
Scott Smith, Senior Manager – Multifamily Lending
Claire Spradling, Loan Processor and Closer
Nathan Testman, Deputy Director – Production
Michelle Wilshere, Senior Division Manager – Multifamily – Low Income Housing Tax Credit Program

Others Present:

Samme Gee – Jackson Kelly PLLC
Thomas Moat, Peoples Bank (via phone)

APPROVAL OF THE MINUTES OF THE APRIL 24, 2024
MEETING

Member Troy Giatras moved the approval of the minutes of the April 24, 2024 meeting. His motion was seconded by Member Pat Martin, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

FINANCIAL STATEMENTS AND DELINQUENCY REPORT
FOR THE PERIOD ENDED APRIL 30, 2024

Member Kris Raynes joined the meeting.

Erica Boggess presented the financial statements and delinquency reports for the period ended April 30, 2024. The financial statements and delinquency reports were accepted as presented.

Ms. Boggess also provided an update on Fund's latest bond issuance for single family mortgage loans and stated that pricing started at 9:00 am and reminded the Board that the issuance would be a tax-exempt/taxable blend which would allow the Fund to preserve bond volume cap.

CONSIDERATION OF BOND INDUCEMENT RESOLUTION FOR
CONDUIT FINANCING OF UP TO \$5,500,000 FOR FRANKLIN
MANOR

Chad Leport presented a request for approval of a Bond Inducement Resolution on behalf of EPD2 FMA, LP ("Borrower"). The proposed transaction will involve the acquisition and rehabilitation of Franklin Manor Apartments ("Franklin Manor"), a 48-unit affordable residential rental project for families located in Martinsburg (the "Property"). The borrower for the transaction, EPD2 FMA, LP, is in the process of applying for 4% tax credits. If awarded the credits, it will need tax exempt bond financing to fund a portion of the costs of the acquisition and rehabilitation of the Property.

Mr. Leport explained that the Fund is being asked to serve as the conduit bond issuer on behalf of EPD2 FMA, LP, and the bond amount requested is not to exceed \$5,500,000. The Fund, as the conduit issuer, will provide access to the tax-exempt bond market. Mr. Leport stated that the bonds will not be a general or moral obligation of the Fund, and the bonds are not a debt of the State. Any default by the borrower will not affect the Fund's ratings. The bonds will use bond volume cap and count against the Fund's maximum bonds outstanding limit of \$1.25 billion, and Mr. Leport stated that the Fund has sufficient bond volume cap to meet this request. The Fund will earn a financing fee of \$17,000 and all costs of issuance will be paid by the Borrower.

Mr. Leport recommended the Board's approval of the Bond Inducement Resolution with EPD2 FMA, LP. If approved, Mr. Leport stated that staff and the financing team will begin the preliminary steps of the

financing transaction, and staff will return to the Board for approval of the final bond authorizing resolution before issuing the bonds.

Member Giatras moved approval of the Bond Inducement Resolution on behalf of EPD2 FMA, LP for conduit financing of up to \$5,500,000 for the acquisition and rehabilitation of Franklin Manor Apartments. His motion was seconded by Member Allen Retton, and, upon the affirmative vote of the nine (9) members present, the Chair declared the motion adopted.

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

CONSIDERATION OF MULTIFAMILY LOAN PROGRAM/ERA2
CONSTRUCTION LOAN AND MULTIFAMILY LOAN PROGRAM
PERMANENT LOAN

Member Retton asked to be recused from participating in this agenda item and then left the room.

Nathan Testman presented a Multifamily Loan Program and ERA2 construction loan and a Multifamily Loan Program permanent loan request from Patriot Center Apartments LP to finance the new construction of a thirty-three (33) unit Low-Income Housing Tax Credit Program ("LIHTCP") project to be located in Parkersburg, West Virginia.

Mr. Testman stated that the Project consists of 33 two-bedroom units. Twenty-four (24) units are designated for tenants with income at or below 60% Area Median Income (AMI) and Nine (9) units are designated for tenants with income at or below 40% AMI.

Mr. Testman informed the Board that the developer for the project is Patriot Center Associates LLC, whose members are Stephen Sadd, Christopher Sadd, Mark Sadd, Kathy Childers, and Bob Childers (collectively, the "Principals"). The Principals have collectively developed 13 LIHTC projects, creating 514 affordable housing units in West Virginia. Given the Principals' experience, staff has a high level of confidence in its ability to develop the proposed project.

Mr. Testman stated that staff is requesting approval of a construction loan funded from the Multifamily Loan Program, the ERA2 Program, and the Land Development Program in the amount of up to \$6,800,000 with a fixed rate of up to 5%, for 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 Patriot Center Apartments, personal guarantees of Christopher Sadd and Stephen Sadd, a limited guarantee of Mark Sadd, corporate guarantees of Patriot Center GP LLC and Patriot Center Associates LLC, and payment and performance bonds equal to 100% of the construction contract.

Member Martin moved to approve the request for the Multifamily Construction Loan/ERA2/Land Development Loan for the construction of Patriot Center Apartments, as presented. His motion was seconded by Member Giatras, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

Mr. Testman stated that staff is requesting approval of a Multifamily Loan Permanent loan in the amount of up to \$1,040,000 with a fixed rate of up to 5.75%, for a term of 40 years. The Multifamily Loan Permanent loan will be secured by a first lien deed of trust on the land and improvements known as Patriot

Center Apartments, Borrower's operating and replacement reserves associated with the Project, and a USDA 538 GRRHP Option 1 Permanent Loan Guarantee, which will cover 90% of the permanent loan balance. Limited, non-recourse guarantees for the corporate owners may also be required.

Member Martin moved to approve the request for the Multifamily Loan Program for the permanent financing for Patriot Center Apartments, as presented. His motion was seconded by Member Giatras, and, upon the affirmative vote of the eight (8) members present, the Chair declared the motion adopted.

Member Retton rejoined the meeting.

ADJOURNMENT

There being no further business, Member Giatras moved to adjourn the meeting. His motion was seconded by Member Martin. Meeting adjourned at 9:17 a.m.



Martha Lilly, Assistant Secretary

WEST VIRGINIA HOUSING DEVELOPMENT FUND

BOND INDUCEMENT RESOLUTION

RESOLUTION PRELIMINARILY AUTHORIZING THE ISSUANCE
OF NOT TO EXCEED \$5,500,000 AGGREGATE PRINCIPAL
AMOUNT OF THE ISSUER'S REVENUE BONDS AND
AUTHORIZING THE REIMBURSEMENT OF COSTS INCURRED
PRIOR TO BOND ISSUANCE

WHEREAS, the West Virginia Housing Development Fund, a public body corporate and governmental instrumentality of the State of West Virginia (the "Issuer"), under Chapter 31, Article 18 of the Code of West Virginia, 1931, as amended (the "Act"), has plenary power and authority to finance residential housing projects by making loans to others to provide funds for the financing, acquisition, construction and improvement of such residential housing projects and to issue revenue bonds for the purpose of defraying the costs of financing, acquiring, constructing and improving such projects;

WHEREAS, EPD2 FMA, LP ("EPD2 FMA"), a West Virginia limited partnership (the "Borrower"), has requested that the Issuer assist the Borrower in financing the acquisition and rehabilitation of a 48-unit affordable residential rental project available for low-income families known as Franklin Manor Apartments, located at 700 W. Burke Street, Martinsburg, Berkeley County, West Virginia 25401 (the "Property"), and the payment of certain costs and expenses related thereto (collectively, the "Project") (A detailed description of the Property and the Project is attached hereto as Exhibit A.);

WHEREAS, the Borrower has requested that the Issuer issue its revenue bonds or notes in an aggregate principal amount not to exceed \$5,500,000 (the "Bonds") pursuant to an indenture, financing agreement or other like document (the "Indenture"), between the Issuer and/or a trustee, fiscal agent or other like entity named therein (the "Trustee"), and/or the Borrower and/or the holder of the Bonds, such Bonds to be secured under such Indenture, and the proceeds of such Bonds to be used by the Issuer for the purpose of providing funds to finance certain costs of the Project;

WHEREAS, the Borrower has requested that the Issuer lend the proceeds of the Bonds to the Borrower pursuant to a financing agreement, loan agreement or other like instrument (the "Loan Agreement") among the Issuer and the Borrower and/or the holder of the Bonds;

WHEREAS, the financing of the Project by the Issuer will promote and assist the Borrower to provide affordable housing to the citizens of West Virginia, and the financing of the Project is a public purpose of the Issuer under the Act;

WHEREAS, it is intended that this Resolution shall constitute a "bond resolution or some other official action" in respect of the issuance of the Bonds for the Project and related reimbursement purposes under the income tax regulations promulgated by the United States Department of the Treasury (the "Regulations") under the Internal Revenue Code of 1986, as amended (the "Code"), including a declaration of the Issuer's official intent under Section 1.150-2

of the Regulations to reimburse the Borrower or the Issuer for qualified costs of the Project paid or incurred by the Borrower or the Issuer during the period beginning 60 days prior to the date hereof until the date of issuance of the Bonds (plus preliminary expenditures) in a total amount up to \$5,500,000;

WHEREAS, the Bonds, together with the interest thereon, shall be secured by loan payments from the Borrower under the Loan Agreement, revenues of the Project, a mortgage loan or loans on the Property and/or a form or forms of credit enhancement, and under no circumstances will the Bonds be payable from funds of the Issuer; and

WHEREAS, it is now necessary to provide for the preparation of the Indenture, the Loan Agreement and other documents with respect to the issuance and sale of the Bonds;

NOW THEREFORE, BE IT RESOLVED BY THE WEST VIRGINIA HOUSING DEVELOPMENT FUND, AS FOLLOWS:

1. It is hereby found and determined, subject to a public hearing to be held prior to issuance of the Bonds, that proceeding with the financing of the Project for the Borrower is a public purpose of the Issuer and is in the public interest.

2. The Issuer hereby determines it intends to issue, pursuant to the Act, the Bonds, if so requested by the Borrower, in an aggregate principal amount to be agreed upon by the Issuer and the Borrower, not to exceed \$5,500,000, and to finance qualifying costs of the Project (which may include reimbursing the Borrower for the acquisition, rehabilitation and construction of, and the making of certain improvements to, the Property), such Bonds to be secured by and payable from loan payments from the Borrower under the Indenture and/or the Loan Agreement, revenues of the Project, a mortgage loan or loans on the Property and/or a form or forms of credit enhancement (such as cash collateral, a mortgage-backed security of a government-sponsored enterprise, such as the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac), or a credit facility), and which Bonds may be additionally secured by such instruments as the Borrower and the Issuer shall agree.

3. The Bonds shall bear such dates, mature at such time or times, bear interest at such rate or rates and contain such other terms and provisions as shall be determined by subsequent action of the Issuer and approved by the Borrower. The Bonds shall be special limited obligations of the Issuer, and it is expressly provided that any and all Bonds and the interest thereon, as may be so issued, shall in no way constitute or become an indebtedness of the Issuer or the State of West Virginia and shall never give rise to any pecuniary liability of the Issuer or the State of West Virginia. The Bonds shall be secured by and payable from loan payments from the Borrower under the Indenture and/or the Loan Agreement, revenues of the Project, a mortgage loan or loans on the Property and/or a form or forms of credit enhancement, and shall not be a general obligation or moral obligation of the Issuer or in any way secured by any assets of the Issuer other than pursuant to the Indenture and the Loan Agreement, subject to the Issuer's rights thereunder.

4. The Project shall be owned by the Borrower and financed pursuant to the Loan Agreement, the terms of which are to be mutually agreed upon by the Borrower and the Issuer, and which shall provide that the Borrower will be obligated to repay the loan made to the Borrower

by the Issuer under the Loan Agreement and to pay a loan financing fee payable to the Issuer, the charges of the Trustee and certain other expenses under the Indenture.

5. Such approvals, consents, certificates of compliance, opinions of counsel and other instruments and proceedings satisfactory to the Issuer and to the Borrower as to such matters with respect to the Bonds and the tax exemption of interest thereon for federal income tax purposes and the tax exemption thereof and income thereon for the State of West Virginia and local tax purposes, the Indenture, the Loan Agreement, any credit enhancement documents and other necessary documents as shall be specified by the Issuer and the Borrower shall have been obtained from such governmental and nongovernmental agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertinent thereto and to the Project and shall be in full force and effect at the time of the issuance of the Bonds.

6. This Resolution is an affirmative declaration of official intent of the Issuer toward the issuance of the Bonds as contemplated herein in accordance with the purposes of the laws of the State of West Virginia, the Code and the Regulations, including the declaration of the Issuer's official intent described in Section 1.150-2 of the Regulations, and it is understood that the Borrower may rely upon this Resolution in commencing with the Project and providing temporary financing therefor. The Issuer hereby declares its intent, as of the date hereof, to timely reimburse the Borrower or itself for certain qualified costs of the Project paid or incurred by the Borrower or the Issuer during the period beginning 60 days prior to the date hereof until the date of issuance of the Bonds (plus preliminary expenditures), in a total amount up to \$5,500,000, with the proceeds of the Bonds, the interest on which will be exempt from federal income tax. However, the Issuer's ability to actually issue the Bonds is subject to satisfying the conditions in Paragraphs numbered 4 and 5 herein.

7. The law firm of Hawkins Delafield & Wood LLP, New York, New York ("Bond Counsel"), is hereby appointed bond counsel to the Issuer in connection with the issuance and sale of the Bonds, and said firm is hereby authorized and directed to act in such capacity in the preparation of the Indenture, the Loan Agreement and other documents necessary for the authorization, issuance and sale of said Bonds, subject to submission of all such documents to the designated attorney for the Issuer. The fees and charges of said Bond Counsel shall be payable only from the proceeds of sale of the Bonds or otherwise by the Borrower.

8. Jackson Kelly PLLC ("General Counsel") is hereby appointed as general counsel to the Issuer in connection with the issuance and sale of the Bonds. The fees and charges of said General Counsel shall be payable only from the proceeds of sale of the Bonds or otherwise by the Borrower.

9. Piper Sandler & Co. (the "Financial Advisor") is hereby appointed as financial advisor to the Issuer in connection with the issuance and sale of the Bonds. The fees and charges of said Financial Advisor shall be payable only from the proceeds of sale of the Bonds or otherwise by the Borrower.

10. The members of the board of directors of the Issuer, the officers and employees of the Issuer and the Issuer itself shall not have any expense, financial liability or financial obligation of any kind in connection with the Bonds except as shall be reimbursed by the Borrower.

11. The Borrower is responsible for (i) all rebate calculations and rebate obligations in respect of the Bonds under the Code and the Regulations, (ii) compliance with all other provisions of the Code and the Regulations applicable to the Bonds and the Project and (iii) compliance with all secondary market reporting obligations in respect of the Bonds, if any.

12. This Resolution shall become effective immediately.

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Adopted this 30th day of May, 2024.



Chair, Board of Directors
West Virginia Housing Development Fund

Adopted this 30th day of May, 2024.



Executive Director
West Virginia Housing Development Fund

Allocation Request Letter

April 17, 2024

West Virginia Housing Development Fund
5710 MacCorkle Avenue
Charleston, WV 25304

Attn: Erica Boggess, Executive Director

RE: Franklin Manor Apartments – Bond Allocation Request

Dear Executive Director Boggess:

In accordance with applicable West Virginia law, EPD2 FMA, LP, a West Virginia limited partnership authorized to transact business in West Virginia (the “Borrower”), respectfully requests an allocation of tax-exempt bonds in the amount not to exceed \$5,500,000.00 (the “Bonds”) from West Virginia Housing Development Fund (the “Issuer”).

The Bonds will be used to finance the development and construction of 48 affordable housing units, located at 700 W Burke St., Martinsburg, WV 25401, and the payment of certain costs and expenses related thereto (the “Project”). The financing of the Project will promote affordable housing for the citizens of West Virginia, and such financing is considered a valid purpose of the Issuer.

Please forward any questions or other requests for information to Neil Martelle who can be reached by email at nmartelle@eaglepointco.com or by phone at 207-523-8932.

Sincerely,

EPD2 FMA, LP

By: Franklin Manor GP, LLC; its General Partner,
a Maine limited liability company; its General
Partner

By: Eagle Point Development-Series 2, LLC; a
Maine limited liability company; its Managing
Member



By: Richard Nelson, Jr.; Its Manager

Franklin Manor Apartments

Narrative

Development Characteristics

Franklin Manor Apartments, located at 700 W. Burke Street, in Martinsburg was built in 1981 as an affordable housing community. The property consists of (6) two-story walk-up and townhome buildings, containing 48 apartments, in addition to one non-residential building which houses the leasing office, a resident community room, and property maintenance facility. The unit mix consists of (12) 1-bedroom apartments, (28) 2-bedroom apartments, (4) 3-bedroom apartments, and (4) 4-bedroom apartments for a total of 48 units. Property amenities include on-site laundry facilities, a children's playground, and on-site management and maintenance. Franklin Manor is a family property with no age restrictions for residents and benefits from a Project-Based Section 8 HAP contract covering all 48 apartments.

Franklin Manor's \$10M acquisition and rehabilitation will be financed through an allocation of 4% Low Income Housing Tax Credits, tax-exempt bonds and funds from the Emergency Rental Assistance program (ERA2). The buildings are 40+ years old, and many of the building systems are at or near the end of their expected useful lives. With a rehab budget of \$4.5M, the property will feature newly renovated kitchens with new cabinets and appliances, updated bathrooms, new flooring, fresh paint, and new HVAC equipment, once complete. The installation of EnergyStar-rated appliances, LED lights, low-flow water fixtures and high-efficiency HVAC units will enhance energy efficiency throughout the units. Exterior work includes new roofs, parking lot paving, fresh landscaping and updates to the community building.

As complete, Franklin Manor will offer 8 units restricted at 50% of the area median income (AMI) and 40 units restricted at 60% of AMI. Affordability restrictions will be in place for a minimum of 30 years to ensure that this property continues to serve some of Martinsburg's most vulnerable residents for years to come. As renovated, Franklin Manor will continue to provide high-quality, safe, and affordable housing throughout the compliance period and beyond.

Development Funding

The redevelopment budget for Franklin Manor Apartments is \$10M. The proposed funding sources include the following:

| Sources | Amount |
|--------------------------------------|-------------------|
| RD Sec538 Perm Loan | 4,712,000 |
| WVHDF ERA2 Funds | 1,050,000 |
| Interest Earned TEB Investment | 180,000 |
| Deferred Developer Fee | 369,755 |
| Interest Earned Perm Loan Investment | 33,905 |
| Rebate of Earned TEB Interest | -26,000 |
| Cash Flow During Rehab | 50,000 |
| Federal LIHTC Equity | 3,664,304 |
| Total Sources | 10,033,965 |

Development Team Experience

Eagle Point Development-Series 2, LLC is Eagle Point Companies' active development arm. Formed in 1995, Eagle Point Companies is a multifaceted family of firms focused on various areas within the affordable housing industry. The Eagle Point Companies are actively engaged in developing new, and preservation existing, affordable housing as well as property management, consulting services, and investing. Since its inception, Eagle Point has developed and managed more than 5,000 affordable housing units in 10 states. The firm's principals have more than 75 years of affordable housing experience and work with several of the industry's most respected consultants and partners. On this project, Eagle Point has partnered with Caldwell, Heckles & Egan, as the general contractor, and Hooker DeJong, as the architect. Eagle Point Management will continue to be the property manager of Franklin Manor Apartments, which it has managed since 2019.