RIPPOWAM CORPORATION
BOARD MEETING

October 26, 2021
5:00 PM
Agenda

TO: Richard Ostuw
Ronice Latta
Bianca Shinn-Desras

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a. Call to Order

b. Approval of Minutes for September 21, 2021

c. October Development Update

d. Other Business

e. Adjourn

RIPPOWAM CORPORATION

Meeting Minutes of the Board of Directors

September 21, 2021

The Meeting of the Board of Directors of the Rippowam Corporation (the "Corporation") was held on a remote connection meeting platform- Zoom on Tuesday, September 21, 2021. The meeting was called to order at 5:12 p.m.

Attendees

Board Members:	Rich Ostuw Ronice Latta Bianca Shinn-Desras	Absent:
COC Board Members:	Susan Rutz Rich Ostuw Lester McKoy Sheila Williams-Brown	
Staff:	Vin Tufo Jon Gottlieb Michele Tarulli Natalie Coard Lisa Reynolds Jackie Figueroa Ken Montanez Jamie Perna Sam Feda Christine Young Chris Warren	

1. **Approval of Minutes of Previous Meetings** –
   Meeting Minutes of August 24, 2021, were approved unanimously on a motion by Director Latta, seconded by Director Shinn-Desras.

2. **Development Update** –
   The September Development report was presented by Mr. Gottlieb, Ms. Tarulli and Mr. Warren.

3. **Adjournment** -
   At 5:30 p.m., after a motion duly made by Director Latta and seconded by Director Shinn-Desras, the Board meeting was adjourned.

Respectfully submitted by:
Jonathan Gottlieb, President

The undersigned, being all of the Directors of Rippowam Corporation, do hereby affirm and consent to each and every resolution duly adopted and action duly taken by the Directors of the Corporation at this Meeting.

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Ronice Latta

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Rich Ostuw

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Bianca Shinn-Desras

THE ABOVE BEING ALL OF THE DIRECTORS
OF RIPPOWAM CORPORATION

RIPPOWAM CORP. DEVELOPMENT UPDATE
SEPTEMBER 2021

Corona Virus Actions: We are coordinating closely with COC and aligning actions taken at the sites managed by Stone Harbour with those policies and practices implemented by COC. We provide updates on changes in State and federal policies and actions and assist operations staff in resolving issues with UniteCT applications.

The State prohibition on initiation of evictions for non-payment and all but the most severe lease violations expired on July 20, and the federal CDC moratorium expired on July 31, but the Governor has extended certain eviction prevention provisions until February 15, 2022. These primarily include additional time before evictions can be effective and seem intended to encourage tenants to apply to the State rent relief program, UniteCT. We continue to assist operations staff in seeking funds through UniteCT and negotiated an agreement with DOH to accept a letter we prepared as proof of project ownership, and to direct related questions to one senior DOH official. While we continue to assist with processing issues as they arise, problems are fewer and overall response times have improved,

<u>IN CONSTRUCTION</u>
Lawnhill Terrace 3: All 52 residential units have been approved for occupancy, and residents have begun moving into the completed units from the Lawnhill 4 area and from the list of applicants new to Lawnhill Terrace. The management office/community building is complete and has received final City sign-off, which will trigger issuance of a final certificate of occupancy for the entire development. Our focus is on completing the leasing and project close-out processes. 39 of the 52 units have been leased and occupied. Three more are expected to be occupied on November 1. The property management team expects the ten remaining units to be occupied during November, as the screening and income verification process is completed for identified applicants. Both the Commissioner of DOH and the CEO of CHFA visited Lawnhill 3 recently, viewing the completed Phase 3 and the Phase 4 area, for which tax credit and DOH funding applications are currently under review.

Rippowam Manor: Renovations are complete, with only final City sign off still outstanding. Lease up of the vacant units is going well. Only six units remain unoccupied with two additional move-ins anticipated by the end of October. We have a wait list of 322 households, and applications for the four open units are under review. CHFA has approved release of the large replacement reserve it continues to hold. The funds will be transferred to partnership control upon final HUD approval. We continue to work with the lender on close-out issues and the process to obtain the supplemental loan triggered by HUD approval of post-rehab rents, and with HUD on obtaining approval to implement post-rehab rents.

Glenbrook Manor: Third and fourth floor units have been completed and residents have been relocated back to those apartments, bringing interior unit work to 50% completion. The entire 2nd floor has been vacated and work is proceeding in a combination of what had been planned as two separate phases. We expect to continue this pattern for the first and final floor. The contractor has prepared a revised schedule for the balance of the project which we believe extends far too long. Delays in delivery of materials and fixtures continue to be a problem and may cause further delays, but the larger problem is the contractor's inability to get their subcontractor to the job in sufficient numbers. Appliances are still a major item subject to extended delays. Existing, older refrigerators are being kept in use until new ones are delivered. Site work in ongoing and will continue as weather permits.

IN PLANNING STAGE

Vidal Court Replacement – Phase V: Under an existing HUD grant, master planning and schematic design for a possible fifth phase of the Vidal Court revitalization on Stillwater Avenue was performed. A preliminary cost estimate for the development has been completed, but further action on this phase is not scheduled for the near term.

Lawnhill Terrace 4: The Zoning Board has awarded an additional $1.3 million in Fee-in-Lieu funds bringing the total allocated to Lawnhill 4 to over $2.1 million. We have received a special allocation of State DOH funds to complete the funding sources and the team is preparing the DOH and tax credit applications and finalizing terms with the lender and investor. Thirteen Project-Based Vouchers will be assigned to Lawnhill 4, which will generate additional revenue and support a larger permanent mortgage. Weekly team meetings with CHFA and DOH continue, to identify open issues and respond to questions arising during the application review process. We are holding separate weekly meetings with the lender and investor to finalize partnership and loan documents and assist their underwriting. Market studies and appraisals ordered by CHFA and the lender are nearing completion. A financial closing before year end remains our goal, depending on the timing of CHFA and DOH review and the availability of tax-exempt bond volume cap.

Oak Park: CHFA has issued a new Qualified Allocation Plan (QAP) which will guide the award of 9% tax credits for 2022 and 2023. The new QAP incorporates important changes we have recommended for several years, including a set-aside of 25% of available credits for projects that preserve existing affordable housing. The timing of the 2022 application round in January is too soon for us, but we have commenced a comprehensive planning and design process in hopes of submitting a strong application in the following 9% credit application round, expected in late 2022 or early 2023. In the interim, we will implement a program of emergency repairs focused on the electrical system, roof repair, and certain structural problems in a few locations. We have received the final plans and bid documents for the emergency repairs and are reviewing both in detail prior to initiating contractor procurement. Both the Commissioner of DOH and the CEO of CHFA visited Oak Park recently, and acknowledged the strong need for revitalization, whether through extensive renovations or full or partial demolition and redevelopment. An independent engineering study of chronic drainage and water retention problems in portions of the site is under way, with the goal of identifying potential corrective measures and evaluating their feasibility and cost.

Clinton Manor: During a recent high wind event, a portion of the exterior building siding detached and fell to the ground. After examination by an architect, engineer, and siding consultant, it has been determined that the siding on the two sides of the building that was not replaced during major renovations several years ago should now be replaced. The architect and consultants are preparing repair plans and a bid package for the siding replacement. Our current lender, Bankwell has approved our refinancing application, and work will proceed following the procurement of a contractor through a formal procurement process. The tax credit investor, Boston Financial, has approved the repair plans and specs. Because of the current unavailability of building materials and the onset of colder weather, we now plan to perform the repairs in the spring of next year. We have asked Bankwell to close the refinancing now and delay release of the additional $1.5 million for disbursement when repairs commence.

Stamford Manor: Because of the recurring sizeable operating deficit at Stamford Manor, COC has asked that we investigate possible alternative funding approaches to the conventional low-income public housing program under which Stamford Manor has always operated. The deficit is primarily attributable to very large security expenditures and to the resident services provided through Family Centers. The amount of HUD operating subsidy is based on an internal calculation performed by HUD for all regions of the country, with no consideration of the actual costs of any given development. The HUD formula is unable to recognize the special security needs or the importance of supportive services to the particular population at Stamford Manor.

We have determined that it is not possible to increase the amount of public housing operating subsidy. We have also investigated other potential options for addressing the recurring deficits at Stamford Manor. All would maintain the level of affordability at Stamford Manor that currently exists, would not result in any change in resident rent payments, and would not require relocation of any residents. This topic is addressed in greater detail under Asset Management.

ASSET MANAGEMENT

Park 215, (Phase IV Vidal Court Revitalization): Over half of the commercial space is leased and medical offices there are in operation. A non-profit service provider has recently expressed strong interest in the remaining commercial space. We have worked closely with this organization to show the space, provide operational details, and offered terms for either a sale or long-term lease of the space. We are investigating the possibility installing an electronic gate at the entrance to the residential parking area due to non-residents using the lot. We would offset the cost by charging market rate residents a small monthly parking fee, and also charging those residents with second cars in the lot.

Summer Place – Siding Repair of Adjacent Building: The two buildings on either side of Summer Place are built on the lot lines and are built out to the street frontage. Summer Place is set back from the street with it's parking area in front. A significant amount of the exterior siding on one of the adjacent buildings (1010 Summer Street) has detached and fallen into our parking area. No injuries resulted but one resident's vehicle was damaged. Half of our lot remains roped off for safety and unavailable. The owner of 1010 has offered free parking to our residents in their parking area, beneath the building. The owner has been fighting with his insurance carrier, which most recently blamed the siding detachment on vibrations from heavy equipment used in the recent repaving of Summer Street. The owner has made a claim against the City, and we have notified the owner that the repairs must be made immediately, while any claims are pursued. We provided the 1010 owner with a temporary license and indemnity agreement, allowing workers to access our property to make the required repairs while protecting us from liability. Repair work has been halted due to poor contractor practices, but the owner is now working with the City Building Department and is planning to resume work with approved plans and appropriate permits.

Conversion of COC Public Housing Portfolio: Applications for Rental Assistance Demonstration (RAD) conversion of Ursula Park Townhouses, Sheridan Mews, Lawn Avenue, and CT Avenue, and for the 33 public housing units at Fairgate to Section 8 project-based vouchers have received preliminary approval. Physical needs assessments have been completed for all five RAD sites. Data from the assessments has been uploaded to the HUD e-Tool platform. We have completed a detailed review of the assessments and the architect has completed the upload of the revised reports in the HUD electronic system. A new environmental and energy conservation electronic assessment has also been completed and uploaded. The next step will be a "concept call" with HUD, followed by submission of the formal financing plan. Repairs which the assessments call for in the first five years following RAD conversion must be done shortly after conversion. We estimate the cost of those repairs at approximately $1 million for the four COC developments, which will be funded from either the proceeds of scattered site property sales or existing public housing reserves. Repairs at Fairgate will be funded from existing project reserves.

For the remaining 249 units, which includes Stamford Manor (215 units), and the public housing units within Post House, Taylor Street, Palmer Square, Greenfield, and Park 215, we suggest conversion to Section 8 under the Streamlined Conversion program, which is available for portfolios under 250 units. The simpler streamlined process has two significant advantages: Full Section 8 rental assistance is provided for every resident household, and HUD does not require a specific program of repairs. The revenue increase would be quite large, allowing reserves to be built up and providing an ability to fund repairs and improvements over time. The six scattered site public housing units are not addressed here because their disposition is already under way.

Taylor Street: Investigation by an independent party has determined that two of the eight owner-occupants were living elsewhere and renting their units, in violation of their deed covenants. We initiated legal action against these two owners. One has sold their unit and paid $26,000 in fines. The other owner has moved back in and the legal case remains open in pursuit of the fines, although that owner has now admitted to being absent for an extended period. A unit that was listed for sale is under contract. We have completed the verification of the buyer's eligibility and that sale appears to be nearing closing. We continue to assist prospective buyers and sellers by providing the maximum sale price calculation and buyer income limits. The annual meeting of the condominium association took place in late September, and the 2022 operating budget was approved. Taylor Street is approaching the end of its fifteen-year tax credit compliance period (12/2022). We have initiated discussion with the equity partner (AIG) on unwinding the partnership at that time. AIG is selling its affordable housing interests to Blackstone at the end of this year, so meaningful discussions will be delayed until early 2022. We have had initial introductory conversations with Blackstone but nothing beyond that. We will be issuing an RFP for property manager in January, following the next Condo Association meeting because no re-procurement has been done since occupancy began in 2008. We have also revised and updated the Management Agreement.

Refinance of Existing Mortgage Loans: The Westwood interest rate modification is in process and we have commenced another interest rate modification for Palmer Square.

Leasing of Higher End Affordable Units: Eligibility under the Low-Income Housing Tax Credit Program (LIHTC) extends through households earning up to 60% of the area median income (AMI). In Stamford, the maximum income for a family of four is currently over $91,000. While there is almost always significant demand for LIHTC units in the separate category for households under 25% of AMI, there are fewer applications submitted by households at the higher end of the 26% - 50% AMI category, and within the 51% - 60% AMI category.

After extensive discussions with COC Admissions and Property Management staff, some changes have been implemented in hopes of generating more applications from households at the upper end of the eligible income range and retaining those applicants throughout the leasing process. COC has created new marketing materials and has reduced the size of the application package for units that have affordability restrictions but do not receive subsidy under the public housing or Section 8 programs. NewBridge Realty, the firm that handles the leasing for our market rate units, has been actively marketing the unsubsidized affordable units. The problem of recruiting applicants at the upper end of the income ranges eligible for affordable units remains, and we are working with COC and NewBridge to improve recruiting. COC is initiating a new marketing effort on a trial basis. We are coordinating with COC and are hopeful that the program will lead to increased wait lists.

Additional efforts and procedural changes remain under discussion both to improve our marketing efforts and to maintain better contact with households on the waiting lists, but we have identified one new approach as an experiment: We have begun using a private broker, Newbridge Realty, to generate applicants for units at Lawnhill Terrace aimed at households with incomes at the upper end of the affordable range. NewBridge has generated a significant number of applications for newly available units at Lawnhill 3, which is encouraging. We are hopeful that NewBridge applicants unable to get into Lawnhill 3 during initial lease-up will remain on the waiting list for future openings.

Year 15 Tax Credit Project Planning: As tax credit projects approach their fifteenth year of operations, it is necessary to prepare for the exit of the investor limited partner, which typically exits between years thirteen and fifteen of operations. Taylor Street and Post House are the two oldest tax credit developments in our portfolio, and we are focusing on these two sites initially. Discussions are being initiated with the investor limited partners, with the goal of transfer of their interest to the General Partner, which in each case would be an entity owned by Rippowam Corporation. Debt remaining at Taylor Street will be approximately $400,000 at the time of partnership dissolution, and approximately $2 million at Post House. Both developments can be refinanced for amounts sufficient to pay off the existing loans and fund any needed capital items, including energy efficiency improvements.

Miscellaneous: We have prepared a Request for Qualifications for architectural services in order to expand the list of pre-qualified design firms from which we can request proposals for specific projects. This will allow project-specific procurement to focus on the suitability of the pre-approved firms for the project under consideration and reduce the length of the procurement period.

<u>UPCOMING TRANSACTIONS AND TASKS</u>

COVID-19: Address higher than anticipated rent delinquency levels. Implement rent relief program. Assist residents in applying for the State and local rent relief programs, and for unemployment compensation and other benefits. FEMA funding application for fourth quarter 2020 – applications for second and third quarters have been previously submitted and approved. Monitor new federal and state rent relief programs and assist COC in implementation. FEMA rules have recently changed to provide 100% reimbursement of eligible expenditures rather than 75%.

992 Summer Street: Monitor repair work at the adjacent 1010 Summer Street. Continue to facilitate communication and coordination between COC property managers and Inspirica service provider team. Determine appropriate use for space previously planned for medical clinic for residents. Work with Inspirica to utilize the growing balance in the supportive services reserve. Identify and address source of mold in certain units. Monitor the repair of exterior siding on adjacent building.

Park 215: Continue marketing effort to obtain tenants for remaining available commercial space. Coordinate commercial tenant fit-out process. Continue discussions are with a prospective purchaser/tenant interested in all of the remaining commercial space. Consider installing a gate to limit unauthorized parking and charging a monthly parking fee to market rate residents.

Rippowam Manor: Lease remaining vacant units as quickly as possible. Coordinate close-out of renovations, City sign-off, HUD approval of post-rehab rents, and close supplemental loan supported by post-rehab rents.

Glenbrook Manor: Coordinate temporary relocation of residents during renovations. Coordinate renovations and oversee project during development period.

Lawnhill Terrace 3: Coordinate re-occupancy with property management team and private leasing agent, complete project close-out.

Lawnhill Terrace 4: Respond to any questions or information requests from CHFA and DOH, lender, investor, bond counsel, etc. and target financial closing asap.

Oak Park: Complete plans and specifications for initial emergency repairs, procure contractors, and implement repairs. Develop 9% tax credit comprehensive plan.

Westwood and Palmer Square: Complete refinancing. Closing expected in November.

Wait List Management Improvement: Working with COC, develop improvements in marketing and recruitment of applicants, in evaluating applicant eligibility, and in keeping applicants eligible and interested while on the waiting lists. Coordinate use of private real estate agents.

Year 15 Preparation: Hold discussion with investor limited partners for Taylor Street regarding the investor's exit from the limited partnership.

PORTFOLIO PERFORMANCE

Market rate occupancy levels continue strong. The amount of unpaid rent remains high, with some market rate residents experiencing income loss due to Covid-19 and others simply choosing to withhold rent while the State and federal eviction moratoria remained in place. A significant amount of unpaid rent has been recaptured through the COC and State rent relief programs. The 2022 Section 8 rent limits have recently been issued, with increases averaging 12% across all unit sizes. This will boost operating results at all properties with significant numbers of Project-Based Voucher units. Demand and occupancy continues to be strong at the fully affordable developments in the Rippowam Corp. portfolio: Post House, Taylor Street, Clinton Manor, Quintard Manor, Summer Place, Rippowam Manor, Glenbrook Manor, and Lawnhill Terrace 1 and 2, although unpaid rent levels are significant at several sites, especially Lawnhill Terrace 2 and Oak Park. Rippowam staff work very closely with property managers from COC and Stone Harbour Management, and with Family Centers, which provides supportive services for all sites in our portfolio. We are closely monitoring rent delinquencies due to tenant income loss during the Covid 19 emergency and taking steps to offset those losses.

EXTERNAL COMMUNICATIONS AND ISSUES