

**RIPPOWAM CORPORATION
REGULAR BOARD MEETING**

October 26, 2022

6:45 PM

Agenda

TO: Richard Ostuw
Ronice Latta
Bianca Shinn-Desras

- a. Call to Order
- b. Approval of the Board Meeting Minutes for September 28, 2022
- c. Development Update
- d. Other Business
- e. Adjourn

➤ Director Latta moved, Director Ostuw seconded.

The resolution was passed.

Ayes: Rich Ostuw Nays: None
 Ronice Latta
 Bianca Shinn-Desras

3. Development Update –

The September Development report was presented by Mr. Gottlieb, Ms. Tarulli, Ms. Shutes and Mr. Warren.

4. Adjournment -

At 7:34 p.m., after a motion duly made by Director Ostuw and seconded by Director Latta 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.

Ronice Latta

Rich Ostuw

Bianca Shinn-Desras

THE ABOVE BEING ALL OF THE DIRECTORS
OF RIPPOWAM CORPORATION

RIPPOWAM CORP. DEVELOPMENT UPDATE
OCTOBER 2022

IN CONSTRUCTION

Lawnhill Terrace 4: Progress continues at LHT4. The higher capacity electric meters have been installed on all buildings and have passed inspection on three. Two buildings remain to be inspected, with the city scheduled to do so next week. We are still awaiting the arrival of Eversource on site to do the connection work for the gas and electrics, but we have recently been given the gas installation schedule, which shows the work for LHT4 to be completed by the end of October. As Eversource has also recently pulled the permit for this work, we are hopeful that this schedule is accurate. Further testing of the water that is coming into building 19 shows it not to be domestic water. This means we are not readily able to solve the problem at the source, so we must address the impact. To do so we are installing an additional sump pump, and a generator backup to the building. As we are still some time out from being able to turn on the utilities at the phase – although gas is scheduled, we are still pending electric – we have arranged for temp heat to be available at each unit. The process of installing the temporary heating units on site is underway. Buildings 17 and 18 will be the first to get the temporary heat, which will allow the carpet installation to begin on those units. Final painting and countertop installation is complete in both buildings. Buildings 19 and 20 also have completed countertops, and final painting is in process. Building 21 has countertop and electrical trim ongoing. Site work continues with the majority of precast stairs in place, and sidewalks ongoing. The retaining wall repair is underway and has passed inspection for the preliminary work. We are currently scheduled to pave in mid-November.

Rippowam Manor: The final EPB item to address is for replacement of all the plantings along the river. The plants had been installed as part of the renovation a year ago but have mysteriously disappeared in the last several weeks. We submitted a letter to EPB indicating the plantings would be completed during the spring of 2023. Their response was that it was not too late in the year to plant, and they would not sign off on the project until the landscaping was completed. COC's landscaper, will begin planting as soon as he obtains all the material which he expects to receive shortly. The transfer of limited partner interest from ERI to Forward Housing is expected to close by the end of this year. The process has been delayed by standard lender and legal due diligence regarding the replacement partner.

Glenbrook Manor: We continue to monitor leasing levels and ensure any warranty claims during the builder's warranty period are processed timely. – All draft closing documents were submitted to HUD by Merchant's counsel. Next steps are for a closing coordinator to review the documents and assign HUD legal to the closing. At that time, we should hear back on a tentative closing date.

IN PLANNING STAGE

Oak Park: The Design Development plan set is expected to be completed October 21st. A progress Design Development set was issued by the architect on October 14th for the Construction Manager to start their review and cost estimating. The team is working on the 9% tax credit application to be submitted in January 2023. This complex process will continue through the submission date. Updates will be presented to the Board as the process advances. Our application for funding through the Community Investment Fund of the State Department of Economic and Community Development was not selected for

funding in the first round of this new program. The City of Stamford is recommending an award of \$1.25 million for the Oak Park development effort from City capital funds.

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 closing of the refinance of the existing loan and the supplemental loan to fund the siding repairs has been completed. The refinance of the existing debt at a lower interest rate will be effective immediately. The new loan to fund the repairs will be drawn down as work progresses. The advertisement to Bid was published in the Stamford Advocate on October 17th. A pre-bid walk through will be held in person on October 25th at 10am for those contractors interested in bidding the project. Bids are due on November 17th, 2022. Depending on the bid results, the work will either proceed in the spring of 2023 or the project will be rebid at a future date to be determined.

Quintard Manor: Planning is under way for the installation of a second elevator. The existing elevator is older and needs frequent servicing. In order to avoid using existing residential space for the new elevator, we will utilize the area now occupied by a stairwell. A replacement fully enclosed stairwell will be added on the rear exterior wall. The appraisal ordered by CHFA shows a value of \$9 million and maximum permitted debt of \$7.2 million. The existing debt is \$3.6 million, so we can borrow up to an additional \$3.6 million if necessary. The advertisement to Bid was published in the Stamford Advocate on October 17th. A pre-bid walk through will be held in person on October 25th at 10am for those contractors interested in bidding the project. Bids are due on November 17th, 2022. Depending on the bid results, the work will either proceed in the spring of 2023 or the project will be rebid at a future date to be determined.

ASSET MANAGEMENT

Capital Needs Assessments: Detailed physical needs assessments and multi-year cost projections have been completed for Taylor Street, Stamford Manor, Clinton Manor, and Post House. The written report for Street has been received and the others are expected in the coming weeks. These reviews will help us plan for long-term capital budget needs at each site and aid in decisions regarding refinancing and renovation planning. As part of the annual operating budget development process, we are working with the Finance Dept. to ensure that deposits to each project's replacement reserve are sufficient to fund repairs called for in the needs assessments.

Project Operating Budgets: As part of the enhanced asset management function, we are participating to a greater extent than in previous years with Finance and Operations staff in the review of 2022 operating revenue and expenses and the development of operating budgets for 2023.

Property Inspections and Reviews: Another aspect of the enhanced asset management role is a more frequent presence at each site in the Rippowam and COC portfolios. This will help to identify issues to be addressed and enable us to assist the Operations team.

Lawnhill Terrace 3: Awaiting final lender approval for conversion to permanent financing. All CHFA approvals are in place. JP Morgan Chase is delaying conversion due to elevated level of tenant delinquent

rent. We are working on getting the tenants with outstanding rental balances through the legal process. The majority of the remaining 11 clients with outstanding balances are awaiting court dates to enter into repayment agreements. Once these agreements are in place we will be able to discuss further with the lender the length of time they will need to see active repayment before reevaluating the 'economic vacancy level caused by these outstanding owed amounts.

Park 215, (Phase IV Vidal Court Revitalization): Over half of the commercial space is leased and medical offices there are in operation. A letter of intent has been signed with a pediatric medical group based in Greenwich to lease the larger of the two remaining commercial areas (6,600 square feet). A proposed lease has been issued to the prospective tenant for review. The prospective tenant has retained an architect to prepare a fit-out plan and cost estimate for conversion of the bare space to medical offices. Negotiations are expected to proceed upon completion of that process.

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 its 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. 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. The initial phase of repair work has been completed and fencing removed, allowing us full use of our parking area. Supply chain issues have delayed the delivery of the finish siding material, which is not expected for several months. We will continue to monitor the condition of the wall that abuts our property in the interim

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. Repairs which recent needs 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 \$1.6 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.

HUD has begun final processing of the RAD conversion application that covers Ursula Park and Sheridan Mews, and the application for public housing units at Fairgate. The HUD transaction manager expects we should have HUD comments to these three financing plans prior to the end of October. The application covering Lawn Avenue and CT Avenue will be eligible for final processing following completion of extensive site work at Lawn Avenue funded with HUD capital funds, which is now expected to be completed in spring 2023. HUD estimates its timeframe for final processing to be 60 – 90 days.

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 will pursue conversion to Section 8 under the Streamlined Voluntary 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.

Taylor Street: An owner-occupant that previously rented out their unit in violation of deed restrictions has moved back in. The legal case remains open in pursuit of significant fines, although that owner has now admitted to being absent for an extended period. An owner unit that was for sale has now closed. Taylor Street is approaching the end of its fifteen-year tax credit compliance period (12/2022). We are continuing discussions with Blackstone, which purchased AIG's limited partnership interest effective January 1, regarding their exit from the partnership now that the 15-year required participation period has ended.

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 \$108,000, (60% of the Area Median). 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. We use a private leasing agent, NewBridge Realty, to aid the marketing of affordable units reserved for the 50% - 60% AMI range, and COC has strengthened its marketing effort to this income category, as well. The recent increase in the AMI of almost 20% is much larger than the typical annual increase. This will increase the maximum eligible income in each income tier and allow higher rents to be charged if landlords choose to impose them, and if the market will support such increases.

Year 15 Tax Credit Project Planning (Post House and Taylor Street): 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. Both are currently in year 15. Discussions are under way with the limited partners of both sites, although talks have advanced further regarding Post House. The Post House limited partner has agreed to exit in return for a payment of \$300,000. We have agreed on a two-step process for the transfer of the limited partner interest. We are working with attorneys for both parties to document the agreement appropriately. This will hopefully exempt the transfer from State taxation. Because of the very large pre-payment penalties associated with refinancing we have decided to keep the existing first mortgage in place and pay the limited partner exit fee and State transfer tax from Rippowam Corp funds. The existing Post House mortgage balloons in 2028 and will be refinanced at that time with no pre-payment penalties. Discussions with the Taylor Street limited partner have been delayed due to personnel changes at the Limited Partner but are now again in process.

UPCOMING TRANSACTIONS AND TASKS

Rent Arrearage: Address higher than anticipated rent delinquency levels. Assist COC and Stone Harbour in addressing chronic delinquency issues

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.

Park 215: Continue marketing effort to obtain tenants for remaining available commercial space. Close currently pending commercial lease transaction. Coordinate commercial tenant fit-out process. Consider installing a gate to limit unauthorized parking and charging a monthly parking fee to market rate residents.

Rippowam Manor: Coordinate City sign-off, complete limited partner switch, close supplemental loan when interest rates are more favorable.

Glenbrook Manor: Coordinate final close-out of construction and new financing.

Lawnhill Terrace 3: Complete project close-out.

Lawnhill Terrace 4: Oversee renovations, leasing of units upon completion, and project close-out.

Oak Park: Coordinate work of selected design team, engage with residents and land use approval boards, and prepare 9% tax credit comprehensive plan.

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: Conclude discussions with investor limited partners for Taylor Street and Post House regarding the investor's exit from the limited partnership.

PORTFOLIO PERFORMANCE

Market rate occupancy levels continue strong, with larger than usual rent increases for new tenants and lease renewals. A significant amount of unpaid rent resulting from the Covid pandemic has been recaptured through the COC and State rent relief programs. Demand and occupancy continues 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, 2 and 3, although unpaid rent remains significant at some 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.