

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
ADFA BOARD – HOUSING REVIEW COMMITTEE

MAY 16, 2024

DEPARTMENT OF COMMERCE, 1 COMMERCE WAY
ROCKEFELLER MEETING ROOM
LITTLE ROCK, AR

Housing Review Committee Members Present: Rod Coleman, Committee Chair; Jon Chadwell; Stephanie Garner; George O'Connor; and Carey Smith.

Housing Review Committee Members Present Via Phone or Video: Seth Mims; and Denise Sweat.

ADFA Board Members Present: Andy Babbitt (Designee for Jim Hudson, Secretary, Department of Finance and Administration); Dr. Lee Lane; Katelyn Martin; Kirkley Thomas; and Larry Walther, Treasurer, Office of Treasurer of State of Arkansas.

ADFA Board Members Present Via Phone or Video: Harold Perrin.

ADFA Board Members Absent: Hugh McDonald, Cabinet Secretary of Department of Commerce.

ADFA Staff Present: Mark Conine, President, Arkansas Development Finance Authority; Ro Arrington, Vice-President, Homeownership and Public Finance; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel and Special Project Director; Lori Brockway, Federal Housing Program Manager; Chuck Cathey, Vice-President, Development Finance; Kristy Cunningham, Chief Financial Officer; Sean Doolin, Assistant Controller; Paula Farthing, Loan Servicing Manager; Susan Gardner, Assistant Federal Housing Program Manager and Software Coordinator; Tracy Green, Assistant Controller; Kimmy Helble, Executive Assistant to President and Capital Access Program Administrator; Hope Lewis, Controller; Derrick Rose, Public Information Officer; Megan Summitt, Internal Auditor; Tammy White, Compliance Manager; and Tony Williams, Director, Arkansas Student Loan Authority.

ADFA Staff Present Via Phone or Video: Jason Bays, HOME Program Coordinator; Netta Bradford, Finance Program Analyst; Kimberly Edmonson, HOME-ARP Program Specialist; Cathy Ganaway, Senior Accountant; Alisa Green, HOME-ARP Program Specialist; Lanita Hastings, HOME Program Coordinator; Amanda Hill, HOME Program Coordinator; Carol Leek, HOME Finance Program Coordinator; Yedda Matthews, Senior Accountant; and Drew Rogers, Attorney.

Others Present: Greg Handberg and Andrew Michaelson, Artspace; Tonya Peebles, Boylan Enterprises; Jim Fowler, Rose Law Firm; Tori Barrett, Glenda Dean and Lee Rush, Simmons Bank; Kristina Knight, RichSmith Development; Brent Lacefield and Jim Petty, Strategic Realty; and Patricia (Pat) Forgy, Windgate Foundation.

Others Present Via Phone or Video: Steven Hykes, Academy of Math, and Science; Keeona Watson, Arkansas Economic Development Commission; Edmond Hurst, Carty & Company; Gwen Coleman and Adron Gilbert, CCI of Arkansas; Casey Kleinhenz, Community

Development Corporation of Bentonville/Bella Vista, Inc; Andrea N. Cooper, Cooper Development & Consulting, LLC; Reid Hall, Ed Financial; Gordon Wilbourn, Kutak Rock; Amanda Raible, PDC Companies; Brigitte Finley-Green, Squire Patton Boggs; Nona McVay and Lornea Wells, The McVay Firm, PLLC; Matt Darst, Upward Housing Group; and Terry Warren, Warren Charter Law.

Call to Order: Mr. Coleman, Committee Chair, called the meeting to order at approximately 11:00 AM.

Opening Statement: Mr. Coleman addressed the Board and ADFA Staff with a request that the action memo behind Tab 9 be presented after the action memos behind Tab 10.

All were agreeable to the request.

Minutes: Mr. Coleman presented the minutes to the full Board from the May 16, 2024, Housing Review Committee meeting seeking approval being that there were no questions or changes.

Mr. Chadwell made a motion to approve the minutes. Ms. Garner seconded the motion. The motion passed.

Update: Emergency Solutions Grant (ESG) - For Information Only: Ms. Brockway stated that she was providing the Board with an update that ADFA had taken on the responsibility of the Emergency Solutions Grant (ESG) funding due to the Department of Human Services (DHS) had opted out of the program.

Ms. Brockway further stated that the HOME department had been working with HUD, and that HUD had encouraged ADFA to pick up the program because it mimics the HOME-ARP program with the Supportive Services and Non-Congregate Shelter Housing effective October 1st and that there will be a lot of preliminary work before the effective date.

Ms. Brockway continued that the brand model would be \$2,296,487 for 2024 with the administrative dollars set at 7.5% which is \$172,236 with a necessity that some of the administrative dollars would have to be passed on to the nonprofits.

Ms. Brockway commented that the current recipient data for DHS indicated about 45 recipients of these ESG funds and that ADFA would be looking to make larger allocations to make more of an impact.

Ms. Brockway stated that if ADFA had not picked up the ESG funding program that the state of Arkansas would have lost the much-needed funds.

Ms. Garner interjected that the ARVAC, Inc. agency, to which she is CEO, is a current recipient of ESG funds, and she wanted the record to show that she would recuse herself from any votes that pertained to the ESG funding program. For future knowledge, it was determined that ARVAC, Inc would still be able to apply for ESG funding, but that Ms. Garner would need to abstain from said votes.

In conclusion, Ms. Brockway stated that she would provide updates to the Board on as the structure of the program is formed and whether the program would be in-house or outsourced, as ADFA currently did not have the staff availability.

For information only. No action was taken.

Action Memos: 9% LIHTC Exchange Requests: Mr. Blackwell stated that he had two exchange requests to present to the Committee and would begin with Strategic Realty Advisors.

Mr. Blackwell stated that Strategic Realty Advisors was requesting to exchange the 2022 9% LIHTC allocation totaling 621,000 which was awarded to Strategic Realty EA Phase II Partners, LP, for a 2024 9% re-issue of 621,000 for the same development which will reset the time clock on placing those units, at four different scattered site properties in Eastern Arkansas, in service. Mr. Blackwell continued that the Arkansas properties are located in Sunset, West Helena, and two properties in Wynne.

Mr. Blackwell further stated that as it is, the in-service date is set by the end of 2024. However, if approved, the new deadline to place the units in service will be December 31, 2025.

Mr. Coleman asked for verification that there would be no loss of credits or no loss of HOME funds, that this would be a simple swap of the 2022 9% LIHTC allocation of 621,000 for a 2024 9% allocation of 621,000, to which Mr. Blackwell confirmed that.

Mr. Blackwell continued on to the second exchange request on behalf of Boykin Enterprises, LLC, and stated that the request was to exchange the 2021 (1,103,491), and 2022 (105,545) 9% LIHTC allocations totaling 1,209,036 awarded to Peaks at Springdale Phase III for a 2024 9% re-issue of 1,209,036 for the same development. Mr. Blackwell further stated that the development had been approved for \$1,925,000 HOME and \$605,000 NHTF.

Mr. Coleman asked for verification that there would be no loss of credits or no loss of HOME funds, that this would be a simple swap of the 2021 and 2022 9% LIHTC allocation of 1,209,036 for a 2024 9% allocation of 1,209,036, to which Mr. Blackwell confirmed that and added that if approved, the new deadline to place the units in-service would be December 31, 2025.

Being no further questions or comments, Mr. Coleman entertained a motion to approve the exchange requests as presented for Strategic Realty Advisors and Boykin Enterprises, LLC.

Mr. Mims made a motion to approve the exchange requests.

Mr. Chadwell seconded the motion. The motion passed.

Action Memo: 4% LIHTC - Artspace Little Rock: Mr. Blackwell provided some background information that Artspace Little Rock (the "Project") was a new construction, 60-unit apartment building development in Little Rock and that all units would be available to the general public while there would be a preference for occupancy for those applicants who participate in and are committed to the arts.

Mr. Blackwell continued that the recommended action for the request would be the issuance of \$15,125,000 Bond Volume Cap which would lead to a 4% LIHTC annual amount approximated at \$1,444,394 that would generate approximately \$12,203,909 in equity with Raymond James Affordable Housing Investments as the equity investor. In addition, Mr. Blackwell concluded the request with the issuance of a Section 42(m) Letter for 4% Low-Income Housing Tax Credits and waiving the Total Development Costs limit that exceed \$245,000/Dwelling Unit (DU).

Mr. Blackwell opened the floor to Artspace Little Rock representatives, Mr. Greg Handberg, Senior Vice President, and Mr. Andrew Michaelson, Vice President, for a concise presentation.

As the presentation continued and details communicated, Mr. Michaelson stated that the development team would be comprised of AMR Architects and Clark Contractors, both of Little Rock, Arkansas with Performance Property Management as the property manager out of Minneapolis, Minnesota.

Mr. Michaelson expounded on the Waiver Request for the Total Development Costs that exceed \$245,000/DU as Parking Waiver, Artspace Little Rock Total Development Costs, Breezeway alternative materials, Building envelope materials, and Landscaping plans. Mr. Michaelson continued with the cost mitigation efforts which included a philanthropic donation, valued at \$300,000, and a Developer Fee below allowable at 10%, valued at \$750,000.

Mr. Michaelson further stated that the Windgate Foundation's philanthropic support of \$15.5 MM (\$258K/DU), if credited against per unit costs of \$502K/DU yield an adjusted ADFA-supported per unit cost of \$243K/DU.

After considerable discussion among Board members and Artspace Little Rock representatives, the Board considered that their questions were met with appropriate answers.

Mr. Coleman, Committee Chair, spoke plainly that he wanted his view of the project on public record, though he did not want to jeopardize it; he continued that he did not feel that the Artspace Little Rock project suited the mettle of the program and what ADFA meant to accomplish with housing.

Mr. Coleman further stated that he admired the Windgate Foundation and the tremendous contribution to the situation to bring the costs down, but wanted the Committee to be aware and understand what was happening.

After additional discussion, Mr. Chadwell made a motion to approve the action memo in favor of Artspace Little Rock.

Mr. O'Connor seconded the motion.

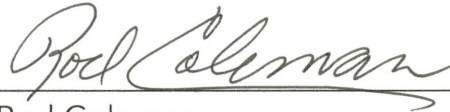
All Committee members were in favor, with one exception of Mr. Coleman, who voted against the action memo.

The motion passed.

Adjournment: Mr. Coleman submitted his report of the Housing Review Committee for approval to the full Board in the form of a motion of the Committee actions.

Mr. Chadwell seconded the motion. The Housing Review Committee adjourned at approximately 12:02 PM.

Minutes approved and signed this 16th day of May 2024.

A handwritten signature in cursive script that reads "Rod Coleman". The signature is written in black ink and is positioned above a horizontal line.

Rod Coleman,
Housing Review Committee Chair