

**MINUTES OF MEETING  
OF THE  
BOARD OF COMMISSIONERS**

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, August 28, 2014 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Andrew L. Cortés; Paul McGreevy, Director of Department of Business Regulation; Andrew Roos designee for General Treasurer Gina Raimondo; and Jose Monteiro. Steven Costantino, designee for Richard Licht, Director of Administration; Jim DeRentis and Stephen P. McAllister were absent.

Also in attendance were: Richard Godfrey, Executive Director; Kara Lachapelle, Director of Finance; Carol Ventura, Director of Development; Leslie McKnight, Director of Servicing; Peter Walsh, Director of Homeownership and Customer Service and Michael Milito, Deputy Assistant Director.

Steven Richard, Counsel to the Corporation was also present, as were members of the public.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Board of Commissioners was posted in the Offices of the Corporation and at the first floor bulletin board in the State House.

Chairman Cortés called the meeting to order at approximately 8:35 a.m.

**Approval of Minutes of Board Meeting Held on June 19, 2014**

Upon unanimous consent by the Board, the following was approved:

VOTED: That the Minutes of the Board Meeting held on June 19, 2014 be and hereby are approved.

**Chairman's Report**

Chairman Cortés announced that on August 16 -19, he and Mr. Godfrey attended the National Council of State Housing Board's 2014 Educational and Development Workshop in Idaho. Despite of the challenges in traveling to the destination, the workshops were highly informative and educational. Chairman Cortés encouraged the Commissioners to participate in future sessions. He also stated that he was honored to be associated with Rhode Island Housing and noted that Mr. Godfrey's knowledge and expertise is highly respected by the other directors and Board members.

**Committee Reports**

Chairman Cortés reported that there were no committee meetings held in July.

## **Executive Director's Review of Recent Activities and Trends**

Mr. Godfrey referred the Commissioners to his written report which included various attachments and very briefly commented on a few topics of interest.

Mr. Godfrey directed the Board's attention to the dashboard for the year ending June 30, 2014. While audited financials are still a month away from being finalized, the overall trend is extremely favorable. Both single family loan origination and delinquency rates are positive. Even with a significantly reduced operating budget for FY 2014, management believes that Rhode Island Housing will finish the year under the expense budget. Net interest income is close to the highest level in 12 years. REO continues to be high reflecting the pipeline of long-term delinquencies in the portfolio which are now reaching the foreclosure stage.

The Agency's FirstHomes Tax Credit program was launched on July 1<sup>st</sup> and has been well received. During the first month we received 50 applications for the credits. Thirty six of the applications were from Rhode Island Housing generated loans, with 14 coming from our lender partners. There were no operational issues with the launch. A press conference with the Governor on July 29<sup>th</sup> generated significant media interest which resulted in television and print coverage.

At the June Board meeting the Board adopted the FY 2015 budget that included an overall program budget of \$5.5 million. Mr. Godfrey announced that staff has now developed a proposed breakdown for the program budget and expects to bring the program budget to the Board for approval in September.

Finally, Mr. Godfrey invited the Commissioners to attend NCSHA's, the national organization of state housing finance agencies' annual conference in Boston from October 18 – 21. The conference brings together approximately 1,000 HFA practitioners from around the country and is extremely educational. Discounted registration ends September 22.

## **Organizational Meeting for Election of Vice Chair**

Chairman Cortés remarked that as an election year usually represents an uncertain climate regarding the incoming Governor's appointments to the board, he suggested that this item be postponed until February 2015. The Commissioners concurred with the Chair's decision.

## **Preliminary Approval of Financing for Charlesgate South Apartments**

Mr. Godfrey gave this presentation.

This Request for Action ("RFA") is for preliminary commitment of tax exempt financing for Charlesgate South Apartments ("the Development"), an existing 100 unit elderly development in Providence. The developer is Davenport Associates, Ltd. ("Davenport" or the "Developer").

Charlesgate South Apartments is located at 20 Randall Street in Providence. The Development consists of eighty-nine (89) one bedroom and eleven (11) two bedroom apartments in a single high-rise building that was constructed in 1979. The site was preserved and substantially rehabilitated by Davenport in 1995 utilizing 9% Housing Tax Credits. The Development was refinanced in 2004. The Developer has requested new financing in order to take out the original investor limited partner and to undertake rehabilitation of the building. Since inception, Section 8 rental assistance has been provided for all 100 apartments through a Housing Assistance Payments (“HAP”) contract. A new 20-year HAP contract was executed on December 29, 2011, with an effective date of January 1, 2012. Simultaneous with this transaction, the Developer will also refinance two other developments known as Charlesgate East and Charlesgate Park, both of which received preliminary approval earlier this spring.

The proposed transaction consists of the acquisition and moderate rehabilitation of the Development. Davenport Associates, Ltd. is the general partner of Charlesgate South Affordable Housing Partners, L.P. (the current owner), and is responsible for the day-to-day operations of the Development. A new limited partnership will be formed to purchase the property from the current owner. The new Limited Partnership will consist of an affiliate of Davenport as general partner and a syndicator-sponsored tax credit fund as limited partner. The Developer will complete the renovations using the proceeds from the new loan and from the sale of housing tax credits to a new investor limited partner. Presently, proposed capital improvements include new boilers, upgraded kitchens and baths in all apartments and upgraded elevator equipment.

The Developer seeks a tax-exempt loan of \$5,000,000. The mortgage will be underwritten to the lower of HAP or market rents as determined by an independent appraisal commissioned by Rhode Island Housing.

There is an Affordable Housing Trust (“AHT”) Note that was placed on the property in 1995 when the Development was initially preserved in 1995. This was early on in Rhode Island Housing’s efforts to preserve the larger Section 8 properties that were nearing the end of their original Regulatory Agreements. The AHT Note was employed to evidence the Partnership’s obligation to pay 50% of proceeds plus 50% of future available cash flow as consideration for the tax credits allocated in connection with enrolling in the Preservation Program. The amount of the AHT Note was calculated based on a reasonable estimate of future available cash flow and the AHT Note was assumed by the purchaser and included in the acquisition tax credit basis. The partnership has been making annual payments to pay down the AHT Note. The Developer has requested that this AHT Note remain and be subordinated to the new financing.

Net sales proceeds from the transaction will be used to pay off the existing amortizing debt on the property as well as a loan from the existing partnership. The remaining amount after exit taxes are paid will be distributed to the selling partners according to the terms of the existing limited partnership agreement.

The primary sources of funding are a first mortgage in the amount of \$5,000,000 and syndication equity from the sale of 4% housing tax credits. Other sources include existing reserves, a purchase note from the seller, deferred developer fee, and the new partnership’s

assumption of the existing AHT Note. The permanent mortgage will be insured through FHA's Risk Share Program.

The Request for Action is for Preliminary Commitment of tax-exempt bond financing in an amount of \$5,000,000.

Upon a motion made by Commissioner Roos and seconded by Commissioner McGreevy the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners  
of Rhode Island Housing and Mortgage Finance Corporation**

**Whereas:** Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing have promise of supplying well-planned, well-designed apartment units which will provide housing for low and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

**Whereas:** Rhode Island Housing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

**Whereas:** said bonds shall have a term not to exceed thirty-five (35) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

**Whereas:** Rhode Island Housing is authorized to issue bridge financing at an economically acceptable rate to promote the acquisition, rehabilitation or preservation of affordable housing;

**Whereas:** The applicant ("Applicant") listed below has presented an application to Rhode Island Housing requesting a mortgage financing to acquire and rehabilitate the development as set forth below (the "Development"):

| <u>Development</u>                          | <u>Applicant</u>                      | <u>Tax Exempt<br/>Mortgage</u> |
|---|---------------------------------------|--------------------------------|
| <b>Charlesgate<br/>South<br/>Apartments</b> | <b>Davenport<br/>Associates, Ltd.</b> | <b>\$5,000,000</b>             |

**Whereas:** Staff has reviewed the submission and determined that the Development may qualify for financing under Rhode Island Housing's enabling legislation, regulations, guidelines and policies.

**Whereas,** Rhode Island Housing finds that:

(1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;

(4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;

(5) That the proposed housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved:** That, subject to the special conditions listed below, Rhode Island Housing hereby declares preliminary approval for tax-exempt mortgage financing to a limited partnership to be formed by Davenport Associates, Ltd., in an amount not to exceed \$5,000,000 for rental housing known as Charlesgate South Apartments located in Providence, Rhode Island to be financed, in part, by tax-exempt bonds;

**Resolved:** That Rhode Island Housing hereby declares that the preliminary commitment approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to a \$5,000,000 loan plus the required bond reserve funds and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder;

**Resolved:** That the foregoing resolutions are subject to the following conditions:

- Acceptable final appraisal by an independent appraiser demonstrating that the new first mortgage does not exceed 90% of the as-stabilized value of the

property.

- Approval by Rhode Island Housing of all members of the development team.
- Syndication proceeds from the sale of Housing Tax Credits in an amount sufficient to insure development feasibility.
- Approval by Rhode Island Housing of proposed capital improvements, construction plans, and specifications and construction documentation.
- Approval of the proposed operating budget.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue
- FHA Risk-Sharing approval for 50% of the permanent First Mortgage.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

**Resolved:** That the Executive Director or any Deputy Director, each acting singly, shall take any and all action they deem necessary to carry out the foregoing resolutions.

### **Preliminary Approval of Financing for Charles Place Apartments**

Mr. Godfrey summarized this request.

This Request for Action is for Preliminary Approval of conduit tax exempt financing for Charles Place Apartments (“Charles Place” or the “Development”) an existing development located on Charles Street in Providence. Rhode Island Housing is not the current lender.

Charles Place is an elderly/disabled housing development with 200 apartments in one ten-story building. The Development contains 100 studio and 100 one-bedroom apartments as well as laundry facilities and a community room. The property was developed in 1975 under HUD’s Section 236 program. The owner has refinanced the development several times over the past nine years using HUD financing to undertake some repairs including the installation of a co-generating heating plant and to take advantage of low interest rates. Overall the property is in fair condition and has received low REAC scores from HUD. The residents of the building will benefit from the sale of the property and subsequent renovation.

The proposed purchaser is Standard Property Company (“SPC” or “Borrower”), a real estate development company based in New York City and Los Angeles. The principals, Scott Alter and Jeff Jaeger, formed the company six years ago. Currently SPC has developed over 9,000 units of multifamily housing throughout the country of which 3,300 are affordable. Four of SPC’s properties, containing 830 apartments, are subject to Section 8 Housing Assistance Payments (HAP) contracts. SPC will form a new limited partnership to purchase the property from the current owner. The new Limited Partnership will consist of an affiliate of SPC as general partner and a syndicator-sponsored tax credit fund as limited partner. SPC will complete the renovations using the proceeds from the new loan and from the sale of housing tax credits

The current renovation budget is estimated to be \$7 million. SPC has initiated a capital needs assessment, structural survey and environmental reports as part of their due diligence, all of

which will inform the final scope of work. Their initial scope includes exterior upgrades including roof and window replacement, façade improvements and balcony repairs. Interior work includes new kitchens and bath fixtures, new appliances, flooring replacement and painting as required. The common areas including hallways and elevators, which are currently poorly lit and uninviting, will be upgraded with new paint, carpeting, lighting and wall coverings. All major systems will also be evaluated. Rhode Island Housing will review all reports and approve the final scope of work.

SPC will engage Apartment Management Consultants based in Salt Lake City as their management agent. There is no identity of interest between the firms and AMC currently manages SPC's entire portfolio. AMC provides management for approximately 300 developments across the country primarily in the Midwest and west coast. Twenty-six of the developments were financed with tax credits and/or tax exempt bonds and five of the developments have HAP contracts. Rhode Island Housing has no prior experience with the developer and management firm; therefore staff will evaluate their qualifications and existing portfolios, check references with other lenders and HFAs, as well as review their financial statements and credit history.

The current HAP rents are below market rents. As part of the transaction SPC will request (i) a Mark-up-to-Market rent increase to the current HAP contract, and (ii) a twenty-year HAP contract subject to federal appropriations. The Mark-up-to Market rents will be based on post rehabilitation rents and the Developer is requesting that the new rents become effective at closing rather than post construction. As part of their request to HUD, the developer is seeking two waivers. The first is for the implementation of the rents at closing rather than post construction and the second is approval of a mid-contract mark-up-to-market as a for-profit developer. Such a request is only allowed in the Handbook to non-profits. The waiver requests are part of their overall submission and are waivers that HUD has approved in the past. SPC, Rhode Island Housing Development and Resident Services staff and HUD convened a meeting to discuss the process and timing of the various requests.

The total development cost is approximately \$33 million. The primary sources of financing are a tax exempt loan of \$22.3 million and equity from the sale of Housing Tax Credits ("HTC"). The borrower has requested that Rhode Island Housing provide conduit tax exempt financing and allow Citibank to be the lender and servicer. Similar to a private bond placement, Citibank would bear all financial risk should the Borrower default on the loan.

Rather than use a traditional tax-exempt structure with a private placement, Citibank has proposed a Tax Exempt Private Placement Back to Back ("Back to Back") Loan structure. In this alternative structure, Citibank will make a direct loan to Rhode Island Housing, which will in turn advance the loan proceeds to the Borrower. This varies from the traditional private placement structure in which Citibank would purchase tax exempt bonds issued by Rhode Island Housing, the proceeds of which would be loaned to the borrower. The Back to Back Loan structure will be exempt from federal taxes under the IRS Code, and will generate 4% HTCs for the deal. Rhode Island Housing and the Borrower will undertake all of the standard obligations related to a tax exempt facility.

The advantages to the borrower include lower cost of financing and a more expedited closing process. Citibank has provided a preliminary term sheet. The final sizing of the mortgage will be limited to 85% of the post rehabilitation value of the building. SPC will pay the full cost of issuance and all Rhode Island Housing fees associated with the transaction. Rhode Island Housing will charge an issuer fee and an annual servicing fee for its involvement in the Citibank loan.

The primary source of financing for the transaction will be (i) a permanent first mortgage from Citibank, (ii) equity from the sale of 4% HTCs, (iii) a deferred developer fee and, (iv) cash from operations.

The Request for Action is for Preliminary Commitment of tax-exempt financing in an amount of \$22,290,000 for Charles Place Apartments.

Upon a motion made by Commissioner McGreevy and seconded by Commissioner Roos the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners  
of Rhode Island Housing and Mortgage Finance Corporation**

**Whereas:** Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing have promise of supplying well-planned, well-designed apartment units which will provide housing for low and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

**Whereas:** Rhode Island Housing intends to issue tax-exempt financing through a note for the purpose of financing qualified housing developments throughout the state;

**Whereas:** said loan shall have a term not to exceed thirty (30) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

**Whereas:** Rhode Island Housing is authorized to issue conduit financing at an economically acceptable rate to promote the acquisition, rehabilitation or preservation of affordable housing;

**Whereas:** The applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting a mortgage financing to acquire and rehabilitate the development as set forth below (the “Development”):

|                       |                              |                                 |
|-----------------------|------------------------------|---------------------------------|
| <u>Development</u>    | <u>Applicant</u>             | <u>Tax Exempt</u>               |
| Charles Place<br>Apts | Standard Property<br>Company | <u>Mortgage</u><br>\$22,290,000 |

**Whereas:** Staff has reviewed the submission and determined that the Development may qualify for financing under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies.

**Whereas,** Rhode Island Housing finds that:

(1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;

(4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;

(5) That the proposed housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved:** That, subject to the special conditions listed below, Rhode Island Housing hereby declares preliminary commitment approval for tax-exempt financing to a limited partnership to be formed by Standard Property Company, in an amount not to exceed \$22,290,000 for rental housing known as Charles Place Apartments located in Providence, Rhode Island to be financed, in part, by tax-exempt financing;

**Resolved:** That Rhode Island Housing hereby declares that the preliminary commitment approval of financing for the Borrower constitutes the affirmative official act of

Rhode Island Housing of its intention to issue tax-exempt financing up to \$22,290,000 plus the required reserve funds and the related costs of issuance for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder;

**Resolved,** That, in order to fund the Loan to Charles Place Apartments, Rhode Island Housing may enter into a loan arrangement with Citibank (the “Citibank Loan”) substantially in accordance with the terms set forth in the term sheet attached as Attachment C to the Request for Action to which this Resolution is attached; and

**Resolved,** That the Executive Director or the Director of Finance (each, an “Authorized Officer”), acting singly, be and each hereby is authorized to enter into such documents with Citibank as it may require to evidence the Citibank Loan, including, without limitation, a funding loan agreement, note, and pledge and security agreement, each containing such terms and conditions as the Authorized Officer shall approve, each such determination to be conclusively evidenced by his/her execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by Rhode Island Housing, approved in all respects by the Commissioners of Rhode Island Housing;

**Resolved,** That the Authorized Officers be, and each of them hereby is, authorized, empowered and directed to take any and all action necessary to effectuate the purpose and intent of the foregoing resolutions, including, without limitation, (i) the execution and delivery on behalf of Rhode Island Housing of all such other agreements, documents and instruments and the performance by Rhode Island Housing thereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate or advisable, and (ii) the consummation of the transactions contemplated hereby and the performance by Rhode Island Housing as required hereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate or advisable, each such determination pursuant to the immediately preceding clauses (i) and (ii) to be conclusively evidenced by the taking of any such action by any Authorized Officer and each such determination is hereby fully and completely approved and adopted as the valid action of and by Rhode Island Housing, approved in all respects by the Board of Commissioners; and

**Resolved:** That the foregoing resolutions are subject to the following conditions:

- HUD approval of the borrower’s rent request and waivers.
- Evidence of the availability of a twenty year HAP Contract for Charles Place Apartments at rent levels, in the judgment of Rhode Island Housing, sufficient to ensure project feasibility.
- Approval by Rhode Island Housing of all members of the development team.
- Syndication proceeds from the sale of 4% Housing Tax Credits in an amount

sufficient to insure development feasibility.

- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 85% of the post rehabilitation as-stabilized value of the property
- Receipt and approval of third party reports including capital needs assessment, structural survey and Phase I environmental report.
- Approval by Rhode Island Housing of construction plans and specifications and construction documentation including an acceptable reserve analysis for the rehabilitation items not immediately undertaken following acquisition.
- Approval by bond counsel that the proposed Back to Back loan will satisfy all required bond provisions.
- The financing is a special limited obligation that is non-recourse to Rhode Island Housing
- Rhode Island Housing approval of all Citibank loan documents.
- Recordation of a Rhode Island Housing Declaration of Land Use Restrictive Covenants and Regulatory Agreement in form(s) acceptable to Rhode Island Housing.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation

**Resolved:** That the Executive Director, any Deputy Director, and the Director of Finance, each acting singly, shall take any and all action they deem necessary to carry out the foregoing resolutions.

### **Approval of Engagement of Residential Appraisers**

Mr. Godfrey made this presentation.

This Request for Action seeks approval to contract with Residential Real Estate Appraisal Firms to perform comprehensive one to four family real estate appraisals and inspections for Rhode Island Housing. These appraisals and inspections are required primarily for use by the Homeownership Division in conjunction with our FirstHomes and Community Lending Programs. Other Divisions requiring third party valuations are Servicing and Development.

Rhode Island Housing finalized a Request for Proposals (RFP) seeking bids from qualified appraisal firms. Nineteen (19) firms responded to the RFP, including most of the firms on our current approved list. The RFP Review Committee, comprised of Rhode Island Housing staff, reviewed the proposals and the anticipated level of appraisal services of the Homeownership, Servicing and Development Divisions.

Based on this projected volume, the Committee recommends that these nineteen (19) firms identified in Attachment B be engaged to provide appraisal services to Rhode Island Housing. The recommended firms include the addition of 3 new firms; however, this results in no net

gain as three (3) existing firms did not submit a proposal for the upcoming period and one appraiser recently retired.

The RFP Review Committee, comprised of Rhode Island Housing staff from the Homeownership and Servicing Divisions, reviewed the proposals in accordance with the following evaluation and selection criteria:

- Cost
- Professional capacity to undertake the Scope of Work
- Professional experience; experience with all lending and REO appraisals formats
- Work samples
- Review of client list
- Previous work performance with properties directly related to Rhode Island Housing lending, underwriting and disposition efforts, including quality of work and turn-around time.
- Other pertinent information submitted.

The attached resolution authorizing the engagement of the appraisal firms identified in Attachment B is recommended for approval as presented at the August 18, 2014 Board meeting.

Upon a motion made by Commissioner McGreevy and seconded by Commissioner Monteiro the following resolution was unanimously:

**Resolution of the Board of Commissioners  
of Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS: Rhode Island Housing requires that various Divisions procure third-party, independent real estate evaluations for lending, foreclosure, purchase and disposition decisions and;

WHEREAS: Rhode Island Housing has solicited proposals from residential real estate appraisal firms and is authorized to enter into contractual agreements for appraisal and inspection services and;

WHEREAS: Staff of Rhode Island Housing have reviewed each of the submitted services proposals and recommend awarding the contract to nineteen (19) firms listed in Attachment B;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing is authorized to engage the residential real estate appraisal firms listed in Attachment B.

RESOLVED: That the Executive Director, The Director of Homeownership, Director of Development, The Director of Servicing, the Default Manager and the Real

Estate Manager, each acting singly be, and hereby is, authorized to take any and all actions, including specifically the authority to negotiate terms of the engagements that will standardize fees between firms for similar services and such other terms as he or she may determine are in the best interests of Rhode Island Housing and to execute any and all agreements and to take such further actions as he or she deems necessary to carry out the above resolutions.

### **Approval of Engagement of Real Estate Brokerage Firms**

Mr. Godfrey presented this request.

This Request for Action seeks approval for the engagement of Residential Real Estate Brokerage Firms to provide brokerage services with respect to the disposition of one- to four-family Real Estate Owned (“REO”) and certain properties held in the Land Bank. REO properties may have been obtained through mortgage foreclosure or tax sale. These selected firms will provide services primarily to the Loan Servicing and Development Divisions.

Rhode Island Housing issued a Request for Proposals (“RFP”) seeking bids from qualified brokerage firms. Twenty-two (22) firms responded to the RFP, including fourteen (14) firms on Rhode Island Housing’s current list of approved service providers. A review committee comprised of Rhode Island Housing Homeownership and Loan Servicing staff reviewed the proposals in light of the level of brokerage services anticipated to be required by the Loan Servicing and Development Divisions.

Based on this projected volume, the Committee recommends that the fifteen (15) firms identified in Attachment B be engaged to provide brokerage services to Rhode Island Housing. This list includes a firm to cover the East Providence area, which has not had dedicated local representation in the past. Current firms recommended for renewal provide ample coverage for the rest of the state.

The Committee reviewed the proposals in accordance with the following evaluation and selection criteria:

- Professional capacity to undertake assignments
- Staffing (both agents and support staff)
- Professional experience
- Review of client list
- Geographic coverage and location of offices
- Previous demonstrated results in the geographic locations indicated in the Scope of Work
- Previous demonstrated results in marketing REO properties
- Previous work experience with Rhode Island Housing
- Other pertinent information submitted
- Cost

Brokerage fees for services will remain level with the current fee schedule.

The resolution provided at Attachment A, which authorizes the engagement of the brokerage firms identified in Attachment B, is recommended for approval as presented at the August 18, 2014 Board meeting.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner McGreevy the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners  
of Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS: Rhode Island Housing requires the services of real estate brokerage firms for assistance in the disposition of Real Estate Owned and certain other residential real property; and

WHEREAS: Rhode Island Housing has solicited proposals from real estate brokerage firms; and

WHEREAS: Staff recommends engaging the fifteen (15) firms listed in Attachment B to perform such services;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and hereby is, authorized to engage the residential real estate brokerage firms listed in Attachment B.

RESOLVED: That the Executive Director, Director of Homeownership, Director of Development, Director of Loan Servicing, Default Manager and Real Estate Manager, each acting singly, be, and hereby is, authorized to take any and all actions, including specifically the authority to negotiate fees and such other terms of the engagements as he or she may determine are in the best interests of Rhode Island Housing, and to execute any and all agreements and to take such further actions as he or she deems necessary to carry out the above resolutions.

**Approval of Foundations of Senior Health (FOSH) Service Contract**

Mr. Godfrey delivered this report.

The Foundations of Senior Health (FOSH) Program provides direct support services to assist elderly and disabled residents of Rhode Island Housing financed developments with their activities of daily living. These services help residents continue to live independently for as long as possible. On average, over 120 residents per month receive services through the FOSH Program. Residents pay a nominal fee for the services with the remainder of the cost being

assumed by the developments and Rhode Island Housing. For the past two years, services under the FOSH program have been provided by Homefront Health Care. The contract with this agency will expire on August 31, 2014.

Rhode Island Housing issued a Request for Proposals (RFP) in April, 2014. Three proposals were received and reviewed by a committee of three Rhode Island Housing staff and two representatives from the management companies involved in the FOSH Program. Proposals were evaluated under the following criteria:

- (i) Cost
- (ii) Professional Experience/Qualifications
- (iii) Capacity to meet the scope of services statewide
- (iv) Quality and breadth of policies and procedures
- (v) Licensing review
- (vi) Rate of homemaker turnover
- (vii) Capacity to meet the scope of services

Following a review of the proposals received from Homefront Health Care, Lifetime Medical and MAS HomeCare, the committee determined that the proposal submitted by Homefront Health Care most clearly and efficiently met the specifications set forth in the RFP. The proposal submitted by Homefront Health Care was cost-competitive, met licensing requirements, has statewide capacity, low homemaker turnover and has the capacity to meet the scope of services. The organization is very familiar with the FOSH program and the participating developments, and will ensure consistency and continuity for residents.

The contract period is for two years, subject to funding availability. The maximum possible amount to be funded in any year by Rhode Island Housing is \$108,944. The actual cost to Rhode Island Housing is projected to be \$35,936 per year, and will depend on the actual hours of service provided to the residents and the residents' actual co-pay. This projection is based on a historic utilization rate of seventy percent (70%) and an average co-pay of \$6.00.

Upon a motion made by Commissioner McGreevy and seconded by Commissioner Monteiro the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners  
of Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS: Rhode Island Housing's Foundations of Senior Health Program (FOSH) requires the services of a home health care agency to continue the delivery of homemaker/personal care services to the residents of participating developments.

NOW THEREFORE, it is hereby:

RESOLVED: That Rhode Island Housing is authorized to enter into a contract with Homefront Health Care for the provision of services as set forth in the proposal

submitted by the agency on May 23, 2014 and modified to reflect the hours and developments as set forth in Attachments B and C, and with such modifications, including the amount, as the Executive Director or the Deputy Director may deem necessary or advisable. The contract shall be subject to annual availability of funds.

RESOLVED: That the Executive Director, or the Deputy Director, be, and each hereby is, authorized to execute (or cause to be executed) any and all contracts, purchase orders, certificates, instruments, letters of instructions, and documents as shall be required to effectuate the aforementioned contract for homemaker services, and to take such further action in connection therewith as they deem necessary or advisable.

### **Approval of Management Development/Strategic Planning Consultant Contract**

Mr. Godfrey gave this presentation.

Rhode Island Housing continues to experience significant change with regard to its business operations and organizational structure. To provide proper tools and training for staff to adapt to new roles and responsibilities, we are seeking to engage a qualified consultant to provide on-site professional development; coaching services for executives, managers and supervisors; and conflict management training. The consultant will work with individuals and/or teams to assess specific professional development needs and implement solutions for improvement. Generally speaking, the consultant will provide programming, guidance and other resources relative to:

- Leadership Development
- Effective Communication and Problem Solving
- Staff/Team Development
- Change Management
- Assessment Tools
- Using Diversity for Better Outcomes

In addition, Rhode Island Housing recently completed the planning phase of its Strategic Plan and is entering the implementation phase. The selected consultant will also work with staff by helping them to carry out their responsibilities pursuant to the Strategic Plan and prepare reports documenting progress toward the goals.

In May 2014, Rhode Island Housing issued a Request for Proposals (RFP) from experienced organizational development consultants. The RFP was posted on the Rhode Island Housing website and the site maintained by the Rhode Island Department of Administration's Division of Purchases.

In response to the RFP, the following firms submitted proposals:

- ABJ Enterprises International

- Bronner Group, LLC
- CCA Inc.
- Performance Management Associates
- Traaen & Associated, LLC

A senior staff committee reviewed each proposal and recommends engagement of Performance Management Associates. Performance Management Associates was chosen because of the depth and breadth of their experience undertaking the strategic planning process, and their extensive knowledge of the housing industry. Furthermore, many of the respondents were out-of-state companies that would rely on remote programming and virtual communications. The committee felt that staff would benefit from personal contact and more direct modes of communication with the selected firm. Rhode Island Housing has worked with Performance Management Associates on past consulting projects and has received excellent service. Performance Management Associates also proposed the lowest hourly rate. The engagement will be for a two-year term at an estimated annual cost of \$22,500

Chairman Cortés mentioned that he has had the opportunity of working with Performance Management Associates and the principal, Ms. Pam Heffernan, and believes that the firm is extremely well-suited to address Rhode Island Housing’s needs and goals.

Upon a motion made by Commissioner McGreevy and seconded by Commissioner Monteiro the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners  
of Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS: Rhode Island Housing intends to engage in management development and strategic planning activities; and

WHEREAS: The activities will occur over a two-year period; and

WHEREAS: Staff recommends engaging the firm of Performance Management Associates to provide management development and strategic planning consultant services to Rhode Island Housing.

NOW, THEREFORE IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and hereby is authorized, to enter into a two-year contract with Performance Management Associates for the performance of management development and strategic planning consultant services.

RESOLVED: That the Executive Director, and the Deputy Directors each acting singly be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolution, including without limitation the authority to negotiate terms of the engagements as he or she may determine are

in the best interests of Rhode Island Housing, and to execute any and all agreements or documents as he or she deems necessary to carry out the above resolution.

**Approval of Authority to Issue Homeownership Opportunity Bonds Series 65 for \$90 Million**

Mr. Godfrey summarized this request.

Staff continuously monitors single family loan origination activity, prepayment speeds of existing mortgages, refunding, recycling and optional redemption opportunities for existing bond offerings, seasonality, bond market tone, short term investment yields applicable to escrowed bond proceeds, and volume cap available to issue tax exempt mortgage revenue bonds. All of these activities have the objective of maximizing our lending flexibility and minimizing our interest costs in order to provide mortgages to low and moderate income borrowers in connection with the purchase of their first home.

Over the past few years, capital markets have been illiquid and interest costs associated with housing or mortgage related bond financing have reached historically high levels compared to traditional benchmarks such as the Treasury yield curve which has been held artificially low. This has made tax-exempt bonds as a source for new mortgage volume ineffective, requiring Rhode Island Housing to find alternative funding sources.

However, due to this current low interest rate environment, Rhode Island Housing has the opportunity to refund approximately \$90 million of previously issued bonds at lower rates. Refunding these bonds will generate interest savings, which can be used to offset foreclosure losses in the indenture and provide relief to troubled borrowers through temporary loan modifications.

The resolution also provides flexibility to break the issue into smaller tax plan components to better time the bond sale to accommodate market conditions and fund delivery requirements.

Staff recommends the issuance of up to \$90 million of bonds within the Homeownership Opportunity Bond program.

Upon a motion made by Commissioner Roos and seconded by Commissioner McGreevy the resolution was unanimously adopted in the form presented to the meeting, which Resolution is attached as part of the August 18, 2014 board package.

There being no further business to discuss, a motion was duly made by Commissioner Roos and seconded by Commissioner McGreevy to adjourn the open meeting at approximately at 9:10 a.m.

Respectfully submitted,

Richard Godfrey  
Secretary and Executive Director