

**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, May 21, 2015 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were Vice Chair Macky McCleary, Director of Business Regulations; Michael DiBiase, Director of Administration; Seth Magaziner, General Treasurer (arrived at 8:41); and Stephen P. McAllister. James DeRentis was absent.

Also in attendance were: Barbara Fields, Executive Director; Carol Ventura, Deputy Director; Kara Lachapelle, Director of Finance; Leslie McKnight, Director of Servicing; Carlos Hernandez, Director of Resident Services; 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.

**Approval of Minutes of Board Meeting Held on April 16, 2015 and Approval of Minutes of Special Board Meeting held on March 27, 2015**

Upon a motion made by Commissioner Roos and seconded by Commissioner DiBiase, the following was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held on April 16, 2015 and that the Minutes of the Special Board Meeting held on March 27, 2015 be and hereby are approved.

**Vice Chairman's Report**

Vice Chair McCleary announced that the Governor has nominated two candidates to fill vacant board positions: Nicholas P. Retsinas and Kevin Orth. Senate confirmation of the nominations is expected in June.

Mr. McCleary congratulated Ms. Fields on the production of the Annual Report and invited the Commissioners to view the accomplishments contained in the report. The report covers outstanding achievements along with features on customers that the Agency has assisted in attaining housing and related services.

Vice-Chair McCleary reminded the Commissioners that a *Meet and Greet* is scheduled for 3:00 pm at the State House with the General Assembly and encouraged the board to join him and the Executive Director at the event.

## **Committee Reports**

There were no committee meetings held in May.

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

Ms. Fields welcomed everyone and then referred the Commissioners to her written report and commented on a few topics of interest.

Ms. Fields recognized Representative Jay O'Grady who was present in support of the Edson Tax Credit Awards program, a national awards program of the Affordable Housing Tax Credit Coalition that has selected Olney Village in Providence for an Honorary Mention. Ms. Fields congratulated Olneyville Housing, the Developer and Representative O'Grady on the award. This highly competitive awards program recognizes the best and most innovative affordable housing developments across the nation.

The Director informed the Commissioners that mortgage volume in 2015 continues to be ahead of 2014 on a YTD basis. Staff has closed 293 loans compared to 127 during same timeframe in 2014. The bulk of increase is due to participating lenders who have funded 187 loans compared to 26 during same timeframe in 2014.

Commissioner Magaziner arrived at this point at 8:41 a.m.

Ms. Fields stated that with the high unemployment rate in Rhode Island, the demand for mortgage counseling services continues to be strong. In April, 179 customers asked for assistance, and 144 were seen. Some customers are seeking counseling due to the expiration of their assistance under the US Treasury's Hardest Hit Fund program (administered by Rhode Island Housing).

Demand for mediation services also continues to increase. The Agency has assigned one counselor as a part-time mediation coordinator to assist the full-time mediation coordinator so we can handle the demand for services.

Ms. Fields noted that the Q1 2015 National Delinquency Survey was released earlier this month, which showed only small improvements in delinquency rates and the state's overall foreclosure inventory. Foreclosure starts regressed on both a quarterly and annual basis; Rhode Island moved from 25<sup>th</sup> to 5<sup>th</sup> nationally. While the Total Delinquency rate did improve a bit, Rhode Island slipped from the eighth highest to the fifth highest rate nationally. On the positive side, Rhode Island Housing's delinquency and foreclosure rates are improving at a faster rate than the state overall.

Rhode Island Housing hosted a workshop for development partners to review the 2016 Qualified Allocation Plan (QAP). The QAP Plan establishes the criteria for the allocation of federal Low Income Housing Tax Credits in Rhode Island. The Agency successfully implemented the new scoring system for the 2015 QAP and is working with partners to identify

improvements and clarifications for the 2016 QAP. The draft QAP will be posted on the website and available for public comment during the summer.

Ms. Fields announced that an RFP was issued for a consultant to conduct a comprehensive review and assessment of the agency's current technology and to deliver recommendations for immediate remediation as well as a long-term technology road map. Responses are due June 15 and the Executive Director invited the Commissioners to review those proposals along with staff.

### **Approval of External Charitable Donations and Contributions**

Ms. Fields made this presentation.

This Request for Action is for approval and ratification of Charitable Donations and Contribution of Rhode Island Housing pursuant to the Quasi-Public Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws (the "Act").

Rhode Island Housing is a public corporation of the State of Rhode Island. In carrying out its statutorily defined public purposes, Rhode Island Housing collaborates with a number of organizations that share and advance its mission.

In some instances, Rhode Island Housing is asked to financially support programs and activities of organizations engaged in activities that are consistent with and further our public purposes. We are often invited by our community partners to attend or gain recognition at community events, such as annual meetings or fundraisers, where our organizational presence is necessary or desirable.

At its meeting of December 11, 2014, the Board adopted the Handbook of Policies and Procedures to Ensure Accountability (the "Handbook") pursuant to the Act. Section C of the Handbook sets forth Rhode Island Housing's policy on charitable and civic donation. This Section provides that, consistent with the Act, all Charitable Donations and Contributions must be approved or ratified by the full Board at an open meeting.

Attachment A sets forth events for the month of May for which Rhode Island Housing has or will make a Charitable Donation or Contribution. This Attachment identifies the recipient of the expenditure, the amount of the expenditure, the nature of the event, each Board member of employee who will receive any benefit from the expenditure and the general ledger account number where the expenditure will be recorded in Rhode Island Housing's accounting system. None of these expenditures requires any disclosure under the Rhode Island Code of Ethics.

Rhode Island Housing's support of the work of the organizations listed on Attachment A further our corporate purposes encouraging and stimulate development of housing to alleviate the shortage of safe and sanitary residential housing for low- and moderate-income persons as set forth in R.I.G.L. §42-55-2(a). Crossroad RI is a leading organization providing housing and supportive services to homeless families and individuals in Rhode Island. GrowSmart RI provides statewide leadership around issues of sustainable and equitable economic growth and compact development models, which is consistent with Rhode Island Housing's KeepSpace initiative. The Institute for the Study and Practice of Nonviolence Rhode Island works to reduce gang or group related violence in

many of the communities in which Rhode Island Housing-financed developments are located, and provides services to the youth of those communities. The work of each of these organizations further and support Rhode Island Housing's mission.

Upon a motion made by Commissioner Magaziner and seconded by Commissioner McAllsiter, the following resolution was unanimously adopted.

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

**Whereas,** the legislative findings set forth in Rhode Island Housing's enabling act (R.I.G.L. §42-55-2(a)) provide that the serious shortage of safe and sanitary residential housing leads to environmental decline, depreciated value, reduced tax-paying capacity and impaired investment in the communities of the state; and

**Whereas,** Rhode Island Housing is authorized by statute to take action to encourage new housing in an orderly and sustained manner and to encourage and stimulate the construction of such housing through public financial support; and

**Whereas,** the organizations set forth in Attachment A presented at this meeting have asked Rhode Island Housing to provide financial support of their activities as described in Attachment A; and

**Whereas,** these organizations play an important role in community revitalization and the development of affordable homes for low and moderate income families and individuals and in influencing state policy that impact Rhode Island Housing's mission; and

**Whereas,** Rhode Island Housing staff has reviewed the requests for financial support and determined that it is consistent with Rhode Island Housing's legislative purposes; and

**Whereas,** Attachment A sets forth the information required by the Quasi-Public Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws

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

**Resolved,** that the expenditures set forth in Attachment A are consistent with and in furtherance of the mission of Rhode Island Housing.

**Resolved,** the expenditures set forth in Attachment A are hereby approved and ratified.

**Resolved,** That the Executive Director and any Deputy Director, each acting singly, are hereby authorized and directed to take any and all actions they deem necessary and appropriate to carry out the forgoing Resolutions.

**Approval of Delegation of Corporate Authority for Federal Home Loan Bank of Boston**

Michael Milito, Deputy Assistant Director, gave this presentation.

This Request for Action (RFA) is for authorization of certain designated officers and employees to execute and deliver to the Federal Home Loan Bank of Boston (FHLBB) on behalf of Rhode Island Housing any instruments as may be necessary for Rhode Island Housing to initiate or partake in any of the programs available to correspondent members of the FHLBB.

Rhode Island Housing is a long time correspondent member of the FHLBB, and as such is permitted to participate in various Correspondent Services programs, such as advances or documents or agreements contracts, mortgages, deeds or instruments, which may be entered into by Rhode Island Housing.

Periodically, the FHLBB requests that Rhode Island Housing reauthorize use of the various correspondent services offered by the FHLB and to update its designation of employees or officers authorized to execute and deliver to the FHLBB instruments necessary to participate in the FHLBB programs and services. One of the attached resolutions authorize continued utilization of the correspondent services and authorizes the Executive Director, Deputy Director, Chief Financial Officer, and Treasurer to execute and deliver such instruments, and the second resolution authorizes the Executive Director to designate other staff with authority to carry out actions incidental to such programs and services in which Rhode Island Housing participates.

Upon a motion made by Commissioner McAllister and seconded by Commissioner DiBiase, the following resolution was unanimously adopted.

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

**WHEREAS,** Rhode Island Housing wishes to utilize one or more of the correspondent services (“Correspondent Services”) of the Federal Home Loan Bank of Boston (FHLBB) described in its current standard Correspondent Services Agreement (the “Correspondent Services Agreement”);

**RESOLVED,** That Rhode Island Housing reauthorizes utilization of FHLBB correspondent services as set forth in the Correspondent Services Agreement,

**RESOLVED,** That the Resolution Regarding Correspondent Services Agreement and the Blanket Resolution Regarding Advances presented at this meeting and attached hereto are hereby adopted.

**RESOLVED,** That the Executive Director, of Rhode Island Housing be and is hereby authorized and directed

(ii) to execute and deliver to the Federal Home Loan Bank of Boston, on behalf of Rhode Island Housing, such agreements, documents, or instruments as

may be necessary for Rhode Island Housing to initiate or partake in any of the Correspondent Services and

- (ii) designate in writing the officers or employees of Rhode Island Housing authorized on its behalf to execute documents, take actions, and give oral and written instructions (including by electronic or facsimile means) pertaining to the programs set forth in the Correspondent Services Agreement in which Rhode Island Housing participates.

### **Approval of Authorization to Issue Homeownership Opportunity Bonds Series 66**

Ms. Lachapelle, Chief Financial Officer, presented 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; bond market tone; short and long interest rates and available tax exempt volume cap. All of these activities have the objective of maximizing our lending flexibility and minimizing our net interest costs in order to provide mortgages to low and moderate-income homebuyers.

Over the past few years, due to actions by the Federal Reserve Bank and other federal agencies, interest costs on tax-exempt housing bonds have been higher than federally backed taxable investments with comparable maturities. Therefore, Rhode Island Housing has funded its single-family mortgage program primarily with funds from Fannie Mae and Ginnie Mae.

However, Rhode Island Housing currently has about \$850 million in mortgage revenue bonds outstanding. In the current low interest rate environment, Rhode Island Housing has the opportunity to refund approximately \$63 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, provide relief to troubled borrowers through temporary loan modifications and increase overall net interest income.

In addition, it may be advantageous to issue up to \$35 million in new bonds on a tax-exempt basis in order to fund first time homebuyer mortgages. These loans would not be sold but held in portfolio in order to maintain our balance sheet size.

Upon a motion made by Commissioner Magaziner and seconded by Commissioner DiBiase the resolutions were unanimously adopted in the form presented to the meeting, which the Authorization to Issue Homeownership Opportunity Bonds Series 66 is attached as part of the May 21, 2015 board package.

### **Approval of Selection of KeepSpace Proposals**

Ms. Fields gave the presentation.

KeepSpace, created by Rhode Island Housing in 2007, is a comprehensive community development program that focuses on the non-residential aspects of a community integral to creating vibrant

neighborhoods. Many elements are important to creating and sustaining strong communities, including: good homes, public infrastructure and transportation; health, safety and education; a strong economy and jobs; and community engagement. In 2008, KeepSpace awarded almost \$1 million in funding for four communities: Cranston, Olneyville, Pawtucket/Central Falls, and Westerly. These four communities used the funding to implement projects and programs combining many of the elements noted above with an ultimate goal of enhancing area housing and overall community.

Rhode Island Housing issued a Request for Proposal (RFP) for an award of funding in April 2015. The RFP was posted on the Rhode Island Housing website, the State of RI Division of Purchasing website, and sent to approximately 1,200 organizations, municipalities and interested parties via an email announcement.

This current round of KeepSpace funding sought proposals for projects that are ready to proceed, have completed the planning phase and are anticipated to have positive community outcomes. Projects must support and/or establish a positive connection between housing and other community resources within the targeted neighborhood. Priority was given to projects that are focused in or around Rhode Island Housing financed developments or public housing and that leverage significant other public and private resources. The goal is to support projects that illustrate a creative approach to making communities more livable for all residents, and that could potentially serve as models for other communities. On a case-by-case basis, we may ask organizations to match funds.

### Application Review

Rhode Island Housing received 32 KeepSpace proposals from a total of 24 applicants consisting of organizations, municipalities and housing authorities. A total of \$1.9 million in funding was requested. Proposals were received from urban and rural communities, and projects ranged from art to open space to financial literacy to educational opportunities. The KeepSpace Coordinator reviewed every proposal and provided summaries to a Committee consisting of five internal members and one external member. The Committee reviewed the applications in accordance with the priorities set forth in the RFP and is recommending funding be awarded to the projects described below.

The KeepSpace Proposal Review Committee recommends funding five projects:

- East Street Park (Pawtucket): Pawtucket Central Falls Development Corporation proposes transforming a neglected waterfront site into a new public access point to the Blackstone River. Funding is requested for the second phase of the project, which will include site work/landscaping; solar powered lighting; historic signage; steps to boat launch; seating; and construction administration.
- Park Holm Community Park (Newport): Newport Housing Authority proposes a community park that will include a fountain and water feature for children, tot lot and senior fitness center including a jungle gyms and workout equipment for elders, community garden raised beds, and an interactive walking trail throughout the development, creating a connection to the neighborhood. Funding is requested for the tot lot and senior fitness center and the walking trail.

- Our Neighborhoods Place Making (Woonsocket): NeighborWorks Blackstone River Valley proposes an Our Neighborhoods Place Making project to provide infrastructure and support to the Constitution Hill, Fairmount and Main Street neighborhoods of Woonsocket. The project consists of four components and Rhode Island Housing recommends funding for three: the installation of high-speed fiber optic internet and wireless technology; the beautification and installation of public art; and the creation of business incubator space to attract entrepreneurs to the area.
- Square One Initiative (Olneyville/Elmwood, Providence): One Neighborhood Builders (formerly Olneyville Housing Corporation) proposes expanding their Square One Initiative into Elmwood. Funding is requested to increase capacity, and leverage new fee-for service contracts. Staff and equipment are needed to expand commercial district beautification work, fulfill existing landscape contracts and provide meaningful job training for youth participants. Additionally, funding is sought for new or improved storefront signage through a partnership with Providence Painted Signs and towards the completion of a public art facade project located in Olneyville Square.
- Trinity Square (Elmwood, Providence): LISC RI proposes improvements to the façade of the Southside Cultural Center and its parking lot. This project is part of the larger Illuminating Trinity project, which will engage residents, create permanent gateway artwork, and build capacity for Southside Cultural Center.

All of the recommended projects are located in communities with significant Rhode Island Housing investment:

- Rhode Island Housing has invested in 675 units surrounding the East Street Park.
- Rhode Island Housing has invested in 834 units in the Newport area surrounding Park Holm, including the units in that development.
- Rhode Island Housing has invested in 386 units surrounding the Our Neighborhoods Place Making project in Woonsocket.
- Rhode Island Housing has invested in 413 units in the Olneyville neighborhood.
- Rhode Island Housing has invested in 380 units in Elmwood neighborhood area surrounding Trinity Square.

Upon a motion made by Commissioner Magaziner and seconded by Commissioner McAllister, the following resolution was unanimously adopted.

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

**Whereas,** Rhode Island Housing issued a Request for Proposals under a competitive process to seek applications for KeepSpace grant funding; and

**Whereas,** Rhode Island Housing received thirty-two proposals for KeepSpace grant funding; and

**Whereas,** Staff and an external member of the community reviewed the proposals and determined that five best embodied the elements of KeepSpace.

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

**Resolved,** That, the following projects are approved for grant funding under KeepSpace:

- East Street Park , Pawtucket
- Park Holm Community Park, Newport
- Our Neighborhoods Place Making, Woonsocket
- Square One Initiative, Olneyville/Elmwood
- Trinity Square, Elmwood

**Resolved,** That Rhode Island Housing is authorized to provide grant funding to these organizations in such amount and for such purposes as set forth in Attachment A presented at this meeting, subject to any changes as staff determines to be in the best interests of Rhode Island Housing, provided that the total amount awarded to all recipients shall not exceed \$250,000.

**Resolved,** That the \$250,000 awarded shall be funded out of the FY 2015 budget.

**Resolved,** That the Executive Director, or Deputy Director, each acting singly, shall take any and all actions they deem necessary to carry out the forgoing Resolutions.

**Approval of YouthRap Awards Funding**

Ms. Fields, Executive Director, made this presentation.

Commissioner Magaziner recused from the discussion or vote of this matter based on his involvement as a board member of Crossroads Rhode Island, one of the applicants for YouthRap funding.

This Request for Action is for approval of funding for Youth RAP activities for the period of July 1, 2015 through June 30, 2016.

In 1990, Rhode Island Housing initiated Youth RAP to provide funding for youth activities. Youth RAP programs provide activities that focus on personal development, academic achievement and job readiness skills for youth living in assisted housing developments and low-income communities around the state. Youth RAP offers meaningful support, mentoring, out-of-school programming, job training, high quality additional education programs and a greater connection to community, school and family.

Rhode Island Housing issued a Request for Proposal (RFP) for an award of funding in April 2015. The RFP was posted on the Rhode Island Housing website, the State of RI Division of Purchasing website, and sent to over 1,000 organizations, municipalities and interested parties via an email announcement

Rhode Island Housing received 22 proposals from 19 organizations. A total of \$762,941 in funding was requested. Proposals were received from urban and rural communities. The KeepSpace Coordinator evaluated each proposal against the criteria specified in the RFP and provided summaries to a committee consisting of six internal members and one external member.

The Youth RAP Proposal Review Committee recommends funding the following seven organizations to support the programs identified below:

- AS220 (Providence): Funding is requested for their Youth Technology Studio to increase capacity and support for programs that provide low-income, underserved youth with caring mentors, social and emotional learning, immersive, real world digital literacy and technological skill development through creative projects and expression.
- Crossroads RI (North Kingstown): Funding is requested for enrichment and inclusionary activities, community building activities, GED preparation and transition to college, and a summer youth employment program.
- FSS Foundation (Central Falls): Funding is requested for a Youth Employment Program for low-income teens in Central Falls. Teens will also attend activities to learn communication skills, money management skills, and strategies for staying healthy.
- McAuley Village (Providence): Funding is requested for youth learning and engagement activities around reading, being active, science, and family game nights. A summer program will reinforce grade level learning and maintaining a high level of interest in academics.
- NeighborWorks Blackstone River Valley (Burrillville, North Smithfield, and Woonsocket): Funding is requested for homework tutoring, health and wellness, entrepreneurship, art and music, technology, environmental citizenship and neighborhood beautification, leadership development, and service learning. There will be a focus on preparing youth for college, building their leadership skills and self-esteem, as well as an elementary age program focused on high academic achievement, healthy relationship education, drug and alcohol abuse awareness and leadership development.
- Ocean State YMCA (Chariho): Funding is requested for a teen center and a Leaders Club Program. The Leaders Club is a leadership development program for teens in grades 6-12. Teens develop and implement projects aimed at providing valuable service to their local community, with the goal of teaching responsibility, strong work ethic, respect, and stressing the need for a complete education.
- PASA (Providence): Funding is requested for PASA's AfterZone, which provides approximately 1900 middle school students a year round menu of items along three tracks: STEM, art/music, and sports/wellness. Educational activities, community building and neighborhood revitalization programs, cultural and educational activities, violence prevention and conflict resolution activities, and recreational and social activities will be provided.

Upon a motion made by Commissioner DiBiase and seconded by Commissioner McAllister the following resolution was approved with three votes in favor, none opposed and one recusal by Commissioner Magaziner. Commissioner Magaziner recused and did not participate in the discussion, consideration or vote on this resolution.

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

**WHEREAS,** Rhode Island Housing has financed the development and operation of apartments for families throughout Rhode Island; and

**WHEREAS,** Employment, education and enrichment activities for young people living in low-income neighborhoods contribute to the quality of life for residents; and

**WHEREAS,** Rhode Island Housing has developed the Youth RAP Program to support the provision of employment, education and enrichment activities for young people living in assisted housing developments or low-income neighborhoods; and

**WHEREAS,** Rhode Island Housing issued a Request for Proposals from municipal, private, and non-profit organizations to provide such services; and

**WHEREAS,** The organizations listed in the schedule presented as Attachment A to this Request for Action have been determined to be eligible to participate in the Youth RAP Program.

**NOW THEREFORE IT IS HEREBY:**

**RESOLVED,** The Corporation is authorized to provide up to \$205,000 for Youth RAP activities (July 1, 2015 to June 30, 2016), to the organizations and in the amounts set forth in the schedule presented as Attachment A to this Request for Action, on such terms and conditions as the Executive Director or the Deputy Director determine to be in the best interests of Rhode Island Housing, specifically including the authority to designate those assisted housing developments and low-income communities whose residents will be targeted for Youth RAP assistance.

**RESOLVED,** That the Executive Director, or Deputy Director, each acting singly, shall take any and all actions they deem necessary to carry out the forgoing Resolutions.

**Approval of Threshold Program Awards Funding**

Ms. Ventura, Deputy Director, made this presentation.

Commissioner Magaziner recused from the discussion or vote of this matter based on his involvement as a board member of Crossroads Rhode Island, one of the applicants for Thresholds funding.

The State of Rhode Island established the Thresholds Program in 1990 with the goal of increasing the supply of affordable housing for people with serious and persistent mental illness and/or developmental disabilities. Since 1994, Rhode Island Housing has administered the Thresholds

Program under agreement with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH), formerly the Department of Mental Health, Retardation and Hospitals.

The Thresholds Program provides a source of capital funding to be paired with the supportive services that enables consumers with developmental disabilities and/or persistent mental illness to live independently in integrated settings. Thresholds use restrictions are binding for 30 years. Since FY 2014, in addition to proposals for development of new units, prior recipients of Thresholds funds have begun to submit renewal applications for capital funds to rehabilitate current Thresholds properties and extend their use agreements for another 30 years.

The State of Rhode Island's FY 2015 budget authorizes \$1,000,000 for distribution under the Thresholds Program. In response to a Request for Proposals for Thresholds Program funding, 10 applications, requesting \$1,145,676 were received on January 23, 2015. The Thresholds Program Advisory Committee (the Committee) met on April 10, 2015 to review the applications and recommended funding nine (9) applications. The attending Committee members included representatives of BHDDH; Office of Housing and Community Development; Mental Health Consumer Advocates of RI; and Opportunities Unlimited.

The Committee recommended that the proposals set forth at Attachment A be awarded Thresholds funds. The Committee determined that (i) the recommended awards totaling \$880,832 would enable the Thresholds Program to meet its goal of supplying housing linked to supportive services from a behavioral health or developmental disability agency and (ii) the size of the awards were justified and sufficient. BHDDH has endorsed the recommendations.

With the approval of these proposals, 88% of FY 2015 Thresholds Program funds will be committed, creating an additional 28 Thresholds Program units. The balance of \$124,646 will be awarded later. The award of these recommendations would increase the commitment of the Thresholds Program since 1990 to over \$21.6 million, funding 529 Thresholds Program units.

The Board is requested to authorize Rhode Island Housing to make Thresholds Program awards totaling \$880,832.

Upon a motion made by Commissioner McAllister and seconded by Commissioner DiBiase the following resolution was approved with three votes in favor, none opposed and one recusal by Commissioner Magaziner. Commissioner Magaziner recused and did not participate in the discussion, consideration or vote on this resolution.

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

WHEREAS, The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) has entered into an agreement with Rhode Island Housing pursuant to which BHDDH has delegated to Rhode Island Housing the administration of Thresholds Program funds and;

WHEREAS, The applicants listed in Attachment A have submitted applications which meet the requirements of the Thresholds Program and;

WHEREAS, The Thresholds Program Advisory Committee and BHDDH have reviewed each of the eligible applications submitted and the Advisory Committee has recommended that Thresholds Program funds be committed to the proposals listed in Attachment A.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and it hereby is authorized, to commit \$880,832 in Thresholds Program funds, as set forth in Attachment A, and approved by BHDDH.

RESOLVED: That the Executive Director, any Deputy Director and the Director of Development each acting singly, be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions, including without limitation the authority to negotiate terms of the engagement 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 foregoing.

### **Approval of Neighborhood Opportunities Program Award Funding**

Ms. Ventura made this presentation, briefly summarizing the proposed awards and stating that representatives from each of the proposed recipients were in attendance and available to answer the Board's questions.

Commissioner Magaziner recused from the discussion or vote of this matter based on his involvement as a board member of Crossroads Rhode Island, one of the applicants for NOP Program funding.

The State of Rhode Island established the Neighborhood Opportunities Program ("NOP") in 2001 with the goal of increasing the supply of affordable housing for very low-income households. Originally there were three Program components: Family Housing Funds ("FHF"), which provided affordable housing for households earning no more than 40% of State median income, Permanent Supportive Housing ("PSH"), which provided affordable housing for disabled and homeless households requiring supportive services, and Building Better Communities ("BBC"), which provided funding for homeownership opportunities, mixed-use developments, and community development. Operating funds were also available for the FHF and PSH components.

The BBC component was put on hold FY2007 to provide increased opportunities for rental housing. Since FY 2008, the majority of funds have been provided for operating assistance. The State of Rhode Island Housing Resources Commission funded the program through FY 2011. Since FY 2012, at the direction of the General Assembly, Rhode Island Housing has provided funding for the NOP Program. Rhode Island Housing's FY 2015 budget authorized \$1,300,000 for distribution under the NOP Program.

Rhode Island Housing issued a Request for Proposals for NOP Program funding. In response, 13 applications were received requesting \$4,763,021 in NOP operating subsidy. Two applications were subsequently withdrawn, leaving 11 applications, with requests totaling \$4,247,021.

The Housing Resources Commission NOP Subcommittee (the “Committee”) serves as an advisory committee for the review of applications. Committee members include representatives of the Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; Local Initiatives Support Corporation; HousingWorks Rhode Island; Housing Network of Rhode Island; State of Rhode Island Housing Resources Commission; and the Rhode Island Coalition for the Homeless. The Committee met on April 30, 2015 to review the proposals. As a result of that meeting, the Committee and Rhode Island Housing staff recommend funding for the proposals set forth in Attachment A.

The proposed project sites are located in the following communities: Central Falls, Cumberland, Pawtucket, Providence, Warren, and Warwick. In this FY2015 round, 86 NOP-assisted apartments will serve families and individuals with incomes at or below 40% of State median income, including 54 homeless and disabled households and 32 families.

Upon a motion made by Commissioner McAllister and seconded by Commissioner DiBiase the following resolution was approved with three votes in favor, none opposed and one recusal by Commissioner Magaziner. Commissioner Magaziner recused and did not participate in the discussion, consideration or vote on this resolution.

**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”) has agreed to fund and administer the Neighborhood Opportunities Program (NOP) for FY 2015 and;

WHEREAS: Rhode Island Housing has budgeted \$1,300,000 in FY 2015 agency funds for award to eligible entities under NOP to create and maintain affordable housing opportunities for very low-income individuals and families, and;

WHEREAS: Rhode Island Housing received eleven applications for NOP funding in response to a Request for Proposals which have been reviewed by Rhode Island Housing staff and the NOP Subcommittee of the Housing Resources Commission to determine their eligibility for NOP funding; and

WHEREAS: Rhode Island Housing staff and the Housing Resources Commission NOP Subcommittee have recommended that NOP funds be committed to the proposals listed in Attachment A .

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing commit \$1,300,000 to the proposals identified in Attachment A subject to the availability of funding, and;

RESOLVED: That the Executive Director, the Deputy Director and the Director of Development, each acting singly, be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions, including without limitation the authority to negotiate terms of the engagement as he or she may determine are in the best interests of Rhode Island Housing, and to execute and all agreements or documents as he or she deems necessary to carry out the foregoing.

### **Preliminary Approval of Financing for Greenwood Terrace**

Ms. Fields gave an overview of this request and Ms. Ventura provided additional details on the development.

This Request For Action (“RFA”) is for Preliminary Approval of a taxable refinancing in the amount of \$3,450,000 for Greenwood Terrace Apartments (“Greenwood” or the “Development”), an existing elderly housing development originally financed by Rhode Island Housing. In 1998, the development was refinanced under Rhode Island Housing’s Preservation Program by New Redwood Associates Limited Partnership, a Rhode Island Limited Partnership formed to acquire and refinance the property using tax-exempt financing and 4% low income housing tax credits. Affordable Housing Strategies, Inc., (“AHS”) a Rhode Island Corporation serves as the general partner.

In 2010, Rhode Island Housing approved the transfer of the limited partner interest in the Development from the original tax credit syndicator to an affiliate of AHS. The 15-year tax credit initial compliance period expired at the end of 2012.

Greenwood Terrace is a 53-unit elderly development located in Warwick, RI. The Development is a single three-story building with associated parking and contains 49 one-bedroom apartments and 4 two-bedroom apartments. Section 8 rental assistance has been provided through a Housing Assistance Payment (“HAP”) contract. The current HAP contract was renewed in 2003 and runs through May 2031.

The 2010 transfer of limited partner interest from SunAmerica Housing Fund 539 occurred when Sun America elected to exit the partnership in advance of the expiration of the tax credit compliance period. Sun America was a subsidiary of AIG, which needed to liquidate its holding after the economic downturn. The replacement limited partner was GK Acquisitions, II, LLC. Rhode Island Housing provided a \$450,000 bridge loan (the “Bridge Loan”) to facilitate the transfer.

Rhode Island Housing currently holds the first mortgage, which matures in 2033. The Bridge Loan initially had a three-year term. It has been extended twice and currently matures in December 2015. Cathedral Development Group (“CDG”), the parent company to AHS and GK Acquisitions, II, LLC has requested that Rhode Island Housing refinance the two loans and provide one new 40-year loan. As part of the refinancing, CDG will undertake limited rehabilitation and withdraw a portion of accrued equity in the Development. In exchange for the equity withdrawal, the Borrower will be required to renew the affordability obligations on the property.

The proposed capital improvements include complete window replacement, parking and paving improvements, concrete walkways, partial roof replacements and fencing replacement on the exterior. Interior work includes some kitchen and bath upgrades, flooring replacement in some of

the apartments and common area improvements. A capital needs assessment (“CNA”) will be completed to determine the final scope of rehabilitation work. Based on the CNA, the new owner will establish a reserve to cover the costs of necessary upgrades and improvements forecasted in future years.

Rhode Island Housing routinely uses the HUD Risk-Sharing Program (“Risk Share”) to provide credit enhancement for its loans. Risk Share is only available to Housing Finance Agencies (“HFAs”). Risk Share provides credit enhancement for mortgages of multifamily housing projects whose loans are underwritten, processed, serviced, and disposed of by HFAs. HUD and the HFA share in the risk of the mortgage. The program provides full FHA mortgage insurance to enhance HFA bonds to investment grade. HFAs may share from 10 to 90 percent of the loss on a loan with HUD. The HFA reimburses HUD in the event of a claim pursuant to terms of the risk sharing agreement.

HUD has recently collaborated with the U.S. Department of the Treasury (“Treasury”) to create the Treasury-HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative (the “Initiative”). This new Initiative will allow HFAs the ability to access Ginnie Mae securitization of loans with Risk Share. Prior to the Initiative, Risk Share loans were not eligible for Ginnie Mae securitization. This Initiative will allow Rhode Island Housing to offer rates that are more competitive to its borrowers. As part of its approval for Rhode Island Housing to participate in the Initiative, Rhode Island Housing requested and received a waiver to allow financing of equity withdrawals, which are prohibited by statute under Risk Share. Greenwood will be financed under the FFB Initiative.

The primary sources of funding are a first mortgage in the amount of \$3,450,000 and existing project reserves.

Upon a motion made by Commissioner DiBiase and seconded by Commissioner Magaziner, 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 provide taxable loan funds for the purpose of financing qualified housing developments throughout the state;

**Whereas:** Said loans shall have a term not to exceed forty (40) 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:** 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>Mortgage</u>
<b>Greenwood Terrace</b>	<b>Cathedral Development Group</b>	<b>\$3,450,000</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 first mortgage financing to a limited partnership to New Redwood Associates Limited Partnership, in an amount not to exceed \$3,450,000 for rental housing known as Greenwood Terrace Apartments located in Warwick, Rhode Island to be financed, in part, with taxable funds made available through the Treasury-HUD Federal Financing Bank HFA Multifamily Risk Sharing Loan Financing Initiative;

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

- Acceptable appraisal by an independent appraiser demonstrating that the proposed first mortgage loan does not exceed 90% of the as-is value of the property.
- Approval by Rhode Island Housing of the scope of the rehabilitation work.
- Final approval of the new operating budget.
- Approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the 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 Deputy Director each acting singly, shall take any and all actions they deem necessary to carry out the foregoing Resolutions.

### **Preliminary Approval of Financing for Pierce Manor Apartments**

Ms. Ventura presented this request.

This Request for Action (“RFA”) is for preliminary approval of financing for Pierce Manor Apartments (the “Development”), an existing elderly housing development in Providence. Westerly Associates (the “Sponsor”) will be redeveloping Pierce Manor with the principals of Cornell Management, Stephan and Kevin Baptista, who will also serve as the developer (the “Developer”).

Pierce Manor is an 84 unit, 6-story high-rise development that is located on Grand Street in the West End neighborhood of Providence. The Development, which is restricted to individuals or families over the age of 62, contains 80 one-bedroom and four two-bedroom apartments. Section 8 rental assistance for 83 apartments is been provided through a Housing Assistance Payment (“HAP”) contract. One apartment is unsubsidized and will be rented to a tax credit eligible resident. The existing HAP contract for the Development expires in July 2032.

The Development was originally financed in 1980 with a HUD Section 202 Direct Loan. In 2009, the 202 loan was refinanced with an FHA-insured loan under HUD’s Section 223(f) loan program. The 2009 refinance was completed at HUD’s direction to facilitate the transfer of ownership from the original non-profit owner to Grant/Pierce Housing, Inc. (“Grant/Piece”), the current owner. Grant/Pierce is a 501(c)(3) corporation that is an affiliate of Westerly Associates.

As part of the 2009 transaction, approximately \$600,000 of repair work was completed. Sponsor and Developer are proposing to undertake a more comprehensive recapitalization of the project utilizing low-income housing tax credits and a new mortgage from Rhode Island Housing. The proposed transaction consists of the acquisition and moderate rehabilitation of the Development. A new limited partnership, Pierce Manor Apartments, LP, will be formed to purchase the property from the current owner. Pierce Manor Apartments, LP will consist of an affiliate of Westerly Associates as general partner and a syndicator-sponsored tax credit fund as limited partner. Kevin and Stephan Baptista will be admitted as special limited partners and will be providing some of the

financial and operating guarantees that will be required by the limited partner. Cornell Management Corp. has served and will continue to serve as the property manager of the Development. The proposed transaction will enable the new partnership to acquire the property, undertake repairs and extend the property's affordability

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. The proposed rehabilitation is expected to be approximately \$45,000 per unit. The improvements will include new windows and doors, roof replacement, new fire safety systems, interior common area upgrades, apartment upgrades including kitchen and bathroom components, and 504/ADA upgrades to existing accessible apartments. The Developer is exploring the costs and benefits of installing solar panels on the roof to enhance energy efficiency. A Capital Needs Assessment ("CNA") has been commissioned to help define the scope of work in conjunction with input from the general contractor. Once the final scope of work is determined, the CNA will be analyzed to establish an adequate reserve to cover the costs of necessary upgrades and improvements forecasted in future years.

The primary source of permanent financing will be a 40-year mortgage supported by the lower of HAP or market rents. Additional sources of funds include equity from the sale of 4% low income housing tax credits, a purchase note from the seller, a deferred developer fee, existing reserve funds, and income from operations.

The 4% low-income housing tax credits are generated by the issuance of tax-exempt bonds. The preliminary financing plan assumes that, upon construction completion, the project will support \$6,200,000 permanent debt. This may involve the partial paydown of the tax-exempt construction loan to \$6,200,000 and conversion to permanent, amortizing debt, or the substitution of the construction loan with take-out permanent financing, which may be tax-exempt or taxable. As part of its due diligence, Rhode Island Housing staff will be evaluating the financing options to determine what will be most advantageous for both Rhode Island Housing and the Development. The construction period for the Development is estimated to be 18-24 months from closing until conversion to the permanent loan.

Rhode Island Housing routinely uses the HUD Risk-Sharing Program ("Risk Share") to provide credit enhancement for its loans. Risk Share is only available to Housing Finance Agencies ("HFAs"). Risk Share, authorized under Section 542(c) of the Federal Register, provides credit enhancement for mortgages of multifamily housing projects whose loans are underwritten, processed, serviced, and disposed of by HFAs. HUD and HFAs share in the risk of the mortgage. The program provides full FHA mortgage insurance to enhance HFA bonds to investment grade. HFAs may share from 10 to 90 percent of the loss on a loan with HUD. The HFA reimburses HUD in the event of a claim pursuant to terms of the risk sharing agreement.

HUD has recently collaborated with the U.S. Department of the Treasury ("Treasury") to create the Treasury-HUD Federal Financing Bank ("FFB") HFA Multifamily Risk Sharing Loan Financing Initiative (the "Initiative"). This Initiative will allow HFAs the ability to access Ginnie Mae secured loans with Risk Share. Prior to the Initiative, Risk Share loans were not eligible for securitization. This Initiative will allow Rhode Island Housing to offer rates that are more competitive to its borrowers. The Initiative has not yet developed a mechanism for an 18-month forward rate commitment. The expectation is that HUD and the Treasury will provide guidance on a forward rate commitment over the next few months at which point the source of funds for the permanent

loan for the Development will be finalized. The current underwriting interest rate includes an interest rate hedge to estimate a lock-in rate for the permanent financing.

Upon a motion made by Commissioner Magaziner and seconded by Commissioner DiBiase, 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 forty (40) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve and provide the capitalized interest if determined to be necessary;

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

<b>Development</b>	<b>Applicant</b>	<b>Tax Exempt Loan</b>
Pierce Manor	Westerly Housing Associates and Cornell Management Corporation	\$9,000,000

**Whereas,** Rhode Island Housing staff has reviewed the submission and determined that this development may qualify for financing under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies; and

**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 Rhode Island Housing hereby declares preliminary approval for tax exempt mortgage financing in an amount of \$9,000,000 to Westerly Housing Associates or an affiliated partnership (the “Borrower”) for the acquisition and rehabilitation of Pierce Manor (hereinafter the “Development”) to be located on Grand Street in Providence, Rhode Island.

**Resolved,** That Rhode Island Housing hereby declares that this preliminary approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing and evidences Rhode Island Housing’s intention to issue tax-exempt bonds sufficient to provide \$9,000,000 of mortgage funds for construction of the Development, plus any required bond reserve funds and the related costs of issuing the bonds for the Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

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

- Acceptable appraisal by an independent appraiser demonstrating that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- Completion of a Phase I environmental assessment and any such other environmental studies deemed necessary by Rhode Island Housing.
- Completion of a Capital Needs Assessment
- Approval by Rhode Island Housing of development team members.
- Final approval of the new operating budget.
- Approval by Rhode Island Housing of proposed capital improvements, construction plans, specifications, and supporting construction documentation.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.

- FHA Risk-Sharing approval from HUD for a minimum of 50% of the 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 Deputy Director each acting singly, shall take any and all actions they deem necessary to carry out the foregoing Resolutions.

### **Approval of Engagement of External Auditor Services**

Ms. Lachapelle gave this presentation.

Rhode Island Housing uses an external auditor to perform an audit of its consolidated financial statements as well as to provide a single audit report for its federally funded grant programs. Rhode Island Housing issued a Request for Proposals (“RFP”) for such services in early 2015. In order to solicit interest from a number of qualified audit firms, Rhode Island Housing advertised its RFP in the Providence Journal, on the Rhode Island Society of Certified Public Accountant’s website and on the Rhode Island Vendor Information Page of the State Department of Purchases website.

We received proposals from five firms to serve as auditor to the Corporation through June 2017. The respondents were McGladrey, Marcum, Beaulieu & Co., Toski & Co. PC, and LGC&D. In accordance with the State of Rhode Island guidelines for Quasi-Public Entity Audit Bids and Specifications, the proposals were evaluated using a scoring system for qualifications and experience, audit approach and strategy and audit fees charged.

The proposed fees ranged from \$107,000 to \$290,000 annually. Four of the five firms were qualified, had experience with local municipalities and/or Quasi-state organizations, and had performed Single Audits in accordance with OMB Circular A-133.

Based on the scoring evaluation LGC&D had the highest overall score, as well as the lowest audit fees of \$107,000 annually. They most recently served as auditor for Rhode Island Housing from 2012 - 2014. Based on their knowledge of Rhode Island Housing, and experience in the industry it was determined that they were well qualified to complete the audit timely and efficiently.

The State Auditor General and the Director of Administration have indicated their approval of this engagement, subject to approval by the Board of Commissioners.

Upon a motion made by Commissioner McAllister and seconded by Commissioner DiBiase, the following resolution was unanimously adopted.

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

**Resolved:** That LGC&D be engaged to provide external audit services to Rhode Island Housing for the fiscal years ending June 30, 2015, 2016, and 2017, on such terms and conditions as are consistent with the Request for Proposals issued by Rhode Island Housing and LGC&D’s response thereto.

**Resolved:** The Executive Director, Deputy Director, and Director of Finance, each acting singly, be and hereby is authorized to take any actions they deem necessary and appropriate, and in the best interests of Rhode Island Housing, to implement the foregoing resolution.

### **Approval of Additional Staffing Positions**

Mr. Milito presented this request.

This Request for Action (RFA) is for approval to increase the number of FTEs in order to increase Rhode Island Housing's compliance, adequately respond to increased lending activity, disposition of REO properties and the addition of new HUD programs. One position is in the Executive Division, three of the positions are in the Homeownership Division, two are in the Resident Services Division, and one is in the Servicing Division. This RFA is brought to the Board in order to satisfy the provisions of the Quasi-Public Corporations Accountability and Transparency Act.

#### **a. Executive Division**

Rhode Island Housing operates in a highly regulated environment. We are subject to regulatory requirements governing many of our functions, some simply by the nature of our activities, and others imposed from our receipt of federal financial assistance. The entities that issue regulations to which we are subject include: the United States Department of Housing and Urban Development, the United States Department of the Treasury, the Federal Housing Administration, the Securities and Exchange Commission, Ginnie Mae, Fannie Mae, the Municipal Securities Rule Making Board, the Consumer Finance Protection Board and the State of Rhode Island. Over time, the level of regulatory oversight tends to move towards greater regulatory control rather than less. We must consistently review our processes and procedures to ensure compliance with these continually changing requirements.

Rhode Island Housing previously had an Internal Audit position, which was not filled due to budgetary constraints. However, in light of the ever-increasing level of regulatory oversight, staff believes this is a critical function and recommends that this position be reestablished. This position is proposed to report directly to the Executive Director and be independent of other divisions. The primary functions will be to perform audits of various programs, assist in risk assessments and ensure all programs are reviewed and in compliance with regulations on an on-going basis.

#### **b. Homeownership Division**

Mortgage volume continues to increase year over year. Through April 22, 2015, we have closed 293 compared to 2014's 127 closings. The bulk of this increase is coming from our participating lenders. Through April 22, we have funded 187 loans originated by participating lenders compared to 26 at the same point in time in 2014. In short, we have closed 5 times the number of loans originated by participating lenders this year compared to last year. In addition, we have closed 26 loans originated by our broker partners this year compared to 13 loans last year. Lender/Broker dollar volume closed went from slightly more than \$5,800,000 to nearly \$33,000,000 during the same period this year, an increase of almost 500%.

Overall, we are on track to close 20% more loans than during 2015 if volume remains constant as it has in the first quarter. On a budget to actual basis, income from sales of loans is ahead of budget through 3/31 by \$835,000. Budget for the period ending 3/31/15 was \$2,250,000 and we have achieved \$3,085,000 in income. This positive variance compared to budget is expected to grow through the end of the fiscal year.

In addition, the FirstHomes Tax Credit volume continues to be strong. This was a program we did not have until July of 2014, and through April 22, we have 337 registrations. Last year we issued 361 credits in a 6-month period. Current activity would translate into at least 700 tax credits being issued during the current year, generating \$420,000 in income for Rhode Island Housing.

Finally, effective August 1, 2015, new disclosure rules go into effect, which will have an impact on both our Loan Center and our Broker channel. The new requirements will involve a completely new set of disclosures, different timing, and more participation on the part of our staff to handle the additional workload on the staff, particularly at the time of closing.

Due to the increased volume in these areas, staff recommends that the following positions be added to the Homeownership Division.

### **1. Loan Processor**

The surge in loan originations, coupled with the increased responsibilities because of the new disclosure regulations, which will affect both the loan center and the broker channel, along with an improving housing market and continued low rates, all point to increasing loan volume. An additional full time mortgage processor, who can assist both in the Loan Center and in broker channel processing, will allow us to meet these additional demands. This would be a grade 6 position with a salary range of \$38,500 to \$57,500. With the addition of this loan processing position, we will eliminate a temporary position in the Loan Center.

The increased lending activity has generated more than enough revenue to cover the additional expense. On a budget to actual basis, income from sales of loans is ahead of budget through 3/31 by \$835,000. Budget for the period ending 3/31/15 was \$2,250,000 and we have achieved \$3,085,000 in income. This positive variance compared to budget is expected to grow through the end of the fiscal year.

### **2. Tax Credit Underwriter**

When the FirstHomes Tax Credit program was started in 2014, an existing underwriter was tasked with underwriting our first mortgages, as well as all tax credit applications. There are currently three underwriters on staff, all tasked with underwriting and clearing all files for all channels for approval and closing. With the volume of both tax credit requests and first mortgage requests increasing nearly 100% year over year, having one of the underwriters responsible for this additional responsibility of underwriting tax credit files has become unsustainable. Based on YTD level of tax credit applications, we should receive over 900 requests for tax credits and by year-end issue 700 credits. Tax credit closings typically track the first mortgage closings, which can take anywhere from 30 to 90 days to complete.

Staff recommends the addition of a full time tax credit underwriter. This is a lower level position than our three staff underwriters as a tax credit underwriter does not need any specialized designations such as certifications to underwrite FHA loans, Fannie Mae knowledge, etc. The anticipated grade level for this position would be a 6 or 7, with a salary range of \$38,500 to \$63,000, depending on the specific grade. This new position will free up the three existing underwriters to respond to first mortgage requests, which continue to increase monthly.

### **3. Post-Closing Review Specialist**

In 2014, as part of our review of our mortgage operations, we engaged a post-closing, pre-purchase vendor to review loan files for discrepancies, store files electronically, and follow up on items needed for pooling of loans as they are sold. To date, we have had one individual responsible for handling participating lender loans; responsibility for the review of loan center and broker loans has been handled in each of those areas. However, due to the overall increased volume of lending, the length of time it has been taking to get the loans reviewed and follow up of items noted as discrepancies has lengthened. These loans are sold or pooled just as the lender loans are, so timeliness in completing the process is imperative and centralization of this function is warranted. The addition of this position would increase our capacity to handle this important function, resulting in more efficient sales of loans to our investors. This position would be a grade 5, and the range would be \$34,500 to \$51,500.

#### **c. Resident Services Division**

Rhode Island Housing was recently awarded \$5.6 million from HUD under its Section 811 program to provide 150 housing vouchers targeted towards disabled individuals living in an institutional setting, and for homeless persons living in shelters. Staff recommends the addition of the following two positions to carry out the additional responsibilities associated with the new program: Section 811 PRA Coordinator and Section 811 Voucher Administrator. Funding for these positions is substantially provided under the Section 811 program, which provides for an 8% administrative fee to Rhode Island Housing. At full utilization, we will receive a fee of approximately \$415,000. Staff anticipates that the Coordinator position would be a grade of 9 with a salary range of \$50,750 - \$75,250 and the Administrator position would be a grade of 7 with a salary range of \$42,500 - \$63,000.

#### **d. Servicing Division**

Staff anticipates an increase in the number of Real Estate Owned (REO) properties due to the expiration of the five-year holding period under the tax lien purchase program. Many of these properties have been abandoned by the owner and are in a state of disrepair. As Rhode Island Housing assumes ownership and control of these properties we need an additional staff person with construction expertise to assess the physical condition of the properties, provide technical assistance to REO staff to develop and implement plans to correct the deficiencies and move the properties to market expeditiously. In addition, this position will also be available to provide support to the Development Division in its oversight of construction activities through the programs offered by the Division. Staff recommends the creation of an REO Construction Specialist Position. The anticipated grade level for this position would be a 7, with a salary range of \$42,500 to \$63,000.

Vice Chair McCleary remarked that during the hiring process a best practice is to ensure diversity is represented in all areas of the agency.

Upon a motion made by Commissioner Magaziner and seconded by Commissioner DiBiase, the following resolution was unanimously adopted.

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

- Resolved,** that the position of Internal Auditor in the Executive Division be established.
- Resolved,** that the positions of Loan Processor, Tax Credit Underwriter and Post-Closing Review Specialist in the Homeownership Division be established.
- Resolved,** that the positions of Section 811 PRA Coordinator and Section 811 Voucher Administrator in the Resident Services Division be established.
- Resolved,** the position of REO Construction Specialist in the Servicing Division be established.
- Resolved,** that as a result of the foregoing resolutions, the number of approved Full Time Employees (FTE) be increased to 183.
- Resolved,** that the Executive Director and the Deputy Director, each acting singly, are hereby authorized and directed to take any and all actions they deem necessary and appropriate to carry out the forgoing Resolutions.

**Approval of Selection of Communications Consultant**

Ms. Fields gave this presentation.

This Request for Action (“RFA”) is for authorization to engage New Harbor Group to provide communications services to Rhode Island Housing.

Periodically Rhode Island Housing solicits proposals for communications and public information services as needed in support of its mission. In accordance with established practice of the Board of Commissioners, Rhode Island Housing issued a Request for Proposals (RFP) in April 2015. The RFP notice was listed on the Rhode Island Housing website and the website maintained by the RI Division of Purchasing of the Department of Administration.

Rhode Island Housing received one proposal from New Harbor Group., which met the criteria outlined in the RFP:

- Professional capacity to undertake the Scope of Work.
- Ability to provide the communications/public information services requested in a professional and timely manner.
- Ability to maintain the high customer service and public information standards of Rhode Island Housing.
- Ability to meet the eligibility requirements as set forth in the RFP.

- Current media contacts.
- Proposed fee structure.
- Previous work experience and performance with Rhode Island Housing and/or similar organizations and quality of prior work product.
- Agreement to grant full intellectual property rights to Rhode Island Housing.
- Other pertinent information submitted.

Rhode Island Housing's mission is multifaceted and we hold many roles within the state. During the past 40 years, Rhode Island Housing has enjoyed notable success, including assisting more than 65,000 Rhode Islanders with the purchase of their first home, financing the construction of safe, affordable homes in every municipality in the state, serving homeowners in need through our HelpCenter and foreclosure mediation efforts, providing annual rental assistance to more than 17,000 Rhode Island households and oversight of more than 23,000 affordable apartments.

Despite the myriad of successes we have enjoyed, many members of the general public, elected officials and the media still do not fully understand the role Rhode Island Housing plays in our state. This lack of understanding of our role in various affordable housing efforts has led in part to a number of negative stories in the press within the past year. In order to effectively and proactively communicate the role we play in growing our state's economy, providing stable homes for its residents and jobs for individuals and businesses, we need a strong communications team to help us tell our story and tell it well. With new leadership at the state and local levels, there has never been a more opportune time for us to tell our story and align our efforts with the new administration's economic development agenda.

With this RFA, we seek to engage New Harbor Group to oversee the creation and implementation of a strategic communications plan with a focus on public, media and government relations. New Harbor Group is a full-service marketing communications agency located in Providence. The agency has extensive experience in all aspects of public relations, including crisis management, community relations and integrated communications. New Harbor has assisted numerous organizations in expanding the depth and breadth of their communications efforts and growing brand awareness.

New Harbor has extensive experience working with similar clients and demonstrated success in advancing organizational and communications goals with a depth of understanding of state government, public policy and the legislative and political process of Rhode Island. They have experience in working with the business community and building coalitions among various stakeholders as part of advocacy efforts is a requirement.

New Harbor will develop and execute an annual media relations plan that includes a schedule of recommended editorial and promotional activities; guide the execution of creative marketing and communication campaigns, through Websites and social media platforms, mass media communications and publicity, and other emerging and commonly deployed media. Their expertise will help us assure that elected and other public officials have effective knowledge of the roles and programs of Rhode Island Housing and the importance of affordable housing finance to the residents and economy of our state. They will work closely with senior staff and our Board of Commissioners in developing legislative strategies and priorities that are aligned with the organization's strategic goals and develop testimony, talking points, educational materials and other efforts needed in support of Rhode Island Housing's mission and programs.

New Harbor Group has entered into a Master Price Agreement (MPA) with the state's Division of Purchases to provide services to the state and other public agencies. As a public corporation of the state, Rhode Island Housing is permitted to engage New Harbor Group under terms consistent with the MPA, which we did on a short-term basis in February 2015. Through this RFA Rhode Island Housing seeks to engage New Harbor Group on a longer-term basis pursuant to the RFP process, on terms consistent with the MPA.

New Harbor will serve as our lead communications agency, and will work alongside DK Communications on the creation and production of advertising and marketing materials and specific projects such as an annual report and video profiles.

Staff recommends that that attached resolution authorizing the engagement of New Harbor Group to provide communications and public information services be approved.

Ms. Fields acknowledged David Preston of New Harbor Group who thanked the board for their consideration and the opportunity to work with Rhode Island Housing.

Vice Chair McCleary congratulated Mr. Preston on the contract and expressed his appreciation for the positive media endeavors New Harbor has already initiated.

Upon a motion made by Commissioner McAllister and seconded by Commissioner DiBiase, the following resolution was unanimously adopted.

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

Resolved: That Rhode Island Housing be and hereby is authorized to engage New Harbor Group to provide primary communications and public information services to Rhode Island Housing on such matters as the Executive Director or her designee deems advisable or necessary.

Resolved: That the term of this engagement shall be for two years, renewable on staff's determination that it is in the best interest of Rhode Island Housing and subject to funding availability.

Resolved: That the Executive Director or her designee, or any Deputy Director, each acting singly, be and hereby is authorized to take any and all actions, including specifically the authority to negotiate terms and fees of the engagement which are consistent with the Master Price Agreement between New Harbor Group and the Rhode Island Division of Purchases, as they 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 they deem necessary to carry out the above resolutions.

There being no further business to discuss, a motion was duly made by Commissioner Magaziner and seconded by Commissioner DiBiase to adjourn the open meeting at approximately at 9:45 a.m.

Respectfully submitted,

Barbara G. Fields  
Secretary and Executive Director