

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

February 18, 2016

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, February 18, 2016 at 8:30 a.m. at the Offices of the Corporation, 2nd Floor Boardroom, 44 Washington Street, Providence, Rhode Island 02903.

Commissioners in attendance were Chair Nicolas P. Retsinas; Vice Chair Macky McCleary, Director of Business Regulations; Michael DiBiase, Director of Administration; Kelly Rogers, Deisgnee for Seth Magaziner, General Treasurer; Stephen P. McAllister and Kevin Orth.

Also in attendance were: Barbara Fields, Executive Director; Carol Ventura, Deputy Director; Peter Walsh, Deputy Director; Kara Lachapelle, Director of Finance; Leslie McKnight, Director of Loan Servicing and Asset Management; Eric Shorter, Director of Development; Peter Pagonis, Director of Homeownership; Claribel Shavers, Director of Resident Services; and Michael Milito, Deputy Assistant Director and Counsel.

Steve 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.

A quorum being present, Chairman Retsinas called the meeting to order at approximately 8:30 a.m.

Approval of Minutes of Board Meeting Held on January 21, 2016

Upon a motion made by Vice-Chair McCleary and seconded by Commissioner McAllister, the following resolution was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held on January 21, 2016 be and hereby are approved.

Chair's Report

There was no Chair's report.

Executive Director's Review of Recent Activities and Trends

Ms. Field introduced and welcomed Nicole Clement, Rhode Island Housing's new General Counsel who will be assuming her position on March 1, 2016.

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

Homeownership. Homeownership origination activity continues to increase. Loan volumes for the first two months of 2016 are up 42% compared to the similar period in 2015. The Grad Grant is extremely popular.

Rhode Island Housing introduced the Renewed Homes Program, which will provide a \$20,000 forgivable loan to provide eligible homebuyers down payment assistance for the purchase of foreclosed and distressed properties in 10 targeted communities. The program targets those communities in the state that were most impacted by the foreclosure crisis and we expect to assist approximately 135 homebuyers.

Loan Servicing. Ms. Fields gave an update on loan delinquencies. Staff continues to see positive signs regarding portfolio delinquency. Seriously delinquent loans are down 87 basis points year over year.

Development. Ms. Fields noted that Rhode Island Housing received 10 applications for an allocation of low income housing tax credits, seeking a total of \$11.0 million in credits. We have approximately \$2.7 million to allocate.

Leased Housing and Rental Services. This Division has been given a new name to better reflect the services it provides to owners and residents of assisted housing.

Government Relations and Policy. Mr. Fields provided a brief overview of the state and federal budgets as they impact our work. On the state level, the budget includes a \$0 million housing bond proposal and an additional \$1.0 million for the Housing Production and Preservation Program.

Communications. Rhode Island Housing received good media coverage regarding the Renewed Homes Program, and has convened an industry leaders group to discuss our products and services and explore best practices.

Finance. The organization is running approximately \$1.7 million under budget for the fiscal year to date. We are working on a revised dashboard report for the Board.

Approval of Charitable Donations and Contributions

Mr. Milito, Deputy Assistant Director, 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.

Attachment A sets forth the events for the months of February and March 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 or 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). For example, the Rhode Island Coalition for the Homeless is one of the leading organizations in Rhode Island advocating for comprehensive solutions to the problem of housing for homeless persons and families. Similarly, the Providence Preservation Society is the leading advocate for the preservation of historically significant properties in Rhode Island in order to preserve the character of our communities and support neighborhood revitalization. The work of each of these organizations further and support Rhode Island Housing's mission.

Upon a motion made by Commissioner Orth and seconded by Commissioner Rogers, the following resolution was unanimously adopted:

**Resolution of the
Board of Commissioners of
Rhode Island Housing**

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.

Firm Approval of Refinancing for Chimney Hill Apartments

Eric Shorter, Director of Development, made this presentations.

This Request For Action (“RFA”) is for Firm Approval of a taxable refinancing in the amount of \$10,300,000 for Chimney Hill Apartments (“Chimney Hill” or the “Development”), an existing elderly housing development originally financed by Rhode Island Housing. E.A. Fish Development, LLC (“Fish”) is the developer.

Chimney Hill, located in Cumberland, RI, consists of one 6-story apartment building containing 131 units. There are 111 one-bedroom, 20 two-bedroom apartments. The development has received Section 8 rental assistance through a Housing Assistance Payment (“HAP”) contract from initial occupancy in 1978. The current HAP contract was renewed in 2014 and runs through 2034.

In 2001, the Development was refinanced under Rhode Island Housing’s Preservation Program by Cumberland Place Limited Partnership (CPLP). As part of that rehabilitation, CPLP completed approximately \$1 million of renovations and transformed one floor (16 units) into units better suited to serving the needs of seniors aging in place.

This site has a full-time Resident Service Coordinator (RSC) with the cost covered by the site’s operating budget. This position works as a team with Management and provides follow-up to incident reports including lease education, response to requests for reasonable accommodation, and information and referral to supportive services. The RSC also coordinates wellness and enrichment programs for all residents in the community room areas of the building. Based on the most recent HUD RSC Semi-Annual reports the RSC conducted 301 individual resident encounters in the past annual period with the primary needs being homemaking, benefits/entitlements, and health care services. Other referral areas include crisis intervention, substance abuse, and mental health services.

A significant amount of the RSC's time is dedicated to the ongoing case management of resident participation in the on-site Foundations of Senior Health FOSH and meals programs. FOSH is a contracted homemaking program coordinated by RI Housing and Chimney Hill pays \$13,000 per year as a participating site. Rhode Island Housing contracts with Homefront Healthcare on behalf of the participating sites and this provides the building with 40 hours per week of homemaker and some CNA care to residents at an average rate of \$7.50 per hour to assist residents in maintaining unit housekeeping and personal care. Additionally, Homefront Healthcare provides a monthly blood pressure clinic open to all residents. RSC is responsible for management of the program and ensuring all of the hours are utilized by residents, agency follow-up on scheduling, and RI Housing reporting. The program is essential to assist residents with aging-in-place and housekeeping lease compliance.

Over the past five years, the property has had an active capital improvement program using both cash flow and existing reserves. Recent repairs include new electrical transformer that was installed by the utility company; a new roof; full repaving of all parking and roadways; replacement of in-unit electric breakers (Union Pacific load centers); boiler replacement in 2012; elevator piston and mechanical overhaul; and overhaul of the site's emergency generator in 2010. Borrower worked off of a Capital Needs Assessment from 2011 and the list of recent repairs to develop scope of work that includes replacement of all windows, updates to community areas to conform to ADA, and upgrade of fire pumps. The Architectural Team ("TAT") has been engaged to draw the required plans and develop the necessary specifications. The work will be completed by Dellbrook Construction, which is considered an identity of interest firm to Fish.

Rhode Island Housing's Design staff has toured the property, and reviewed and approved the proposed scope of work. The borrower will seed a new Replacement Reserve account with \$242,000 or \$2,000 per unit. In addition, they will make annual deposits into the Replacement Reserve in an amount sufficient to address potential rehabilitation over the next 20 years.

Rhode Island Housing currently holds the first mortgage on the Development, which matures in 2032. In addition to the rehabilitation, the owner will withdraw a portion of accrued equity in the Development as part of the refinancing. As part of the approval process, staff has determined that the Development and owner meet Rhode Island Housing's requirements for participating in this refinance/equity take-out program. Broadly, this review includes:

- Compliance with HUD's requirements
- Demonstrated responsible long-term ownership and management of the property
- A long term HAP contract
- Well-funded reserves
- Low vacancy rates
- Consistency with Rhode Island Housing's standard underwriting requirements
- Financially beneficial to Rhode Island Housing
- Execution of a new 40-year affordability agreement.

Rhode Island Housing commissioned an appraisal seeking the as-is value assuming the lower of current market rents or the current HAP rents. The proposed loan is underwritten to the

approved HAP rents, which are lower than the current market rents.

CHLP has co-general partners, Mendon Corp. and Cumberland Peabody Corp (each a "General Partner"). The current investor limited partner is Lend Lease Chimney Hill, LLC and SLP, Inc. is its Special Limited Partner. As part of this refinancing, the General Partner will use a portion of the proceeds to buy out the interests of the Limited Partner and Special Limited Partner. The management agent will remain the same.

The primary sources of funding are a first mortgage in the amount of \$10,300,000 and existing project reserves.

Mr. Shorter introduced Matt Mittlestadt, a principal of the sponsor, who thanked the Board for its support and responded to a few questions from the Board.

Commissioner Orth, Chari of the Credit Committee, stated that the Committee considers this a sound proposal and recommends approval.

Upon a motion made by Commissioner McAllister and seconded by Commissioner Orth the following resolutions 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>
Chimney Hill	E.A. Fish Development, LLC	\$10,300,000

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 firm approval for first mortgage financing to Cumberland Place Limited Partnership in an amount not to exceed \$10,300,000 for rental housing known as Chimney Hill Apartments located in Cumberland, 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 transfer of (i) the limited partnership interest in Cumberland Place Limited Partnership from Lend Lease Chimney Hill, LLC and (ii) SLP, Inc. the Special Limited Partner, to Cumberland Mendon Corp. and Cumberland Peabody Corp, its current General Partners is approved;

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

- Approval by Rhode Island Housing of the scope of the rehabilitation work.
- 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, either Deputy Director or the Director of Development each acting singly, shall take any and all actions they deem necessary to carry out the foregoing Resolutions.

Reservation of LIHTC and Firm Commitment of Financing for Amherst Gardens

Apartments

Eric Shorter, Director of Development, made this presentation.

This Request for Action is for a Reservation of up to \$827,255 in 2015 9% Low Income Housing Tax Credits (“LIHTC”) and Firm Commitment of first mortgage financing of up to \$390,000 for Amherst Gardens Apartments (“Amherst Gardens” or the “Development”) in Providence. The Sponsor/Developer is Olneyville Housing Corporation d/b/a ONE Neighborhood Developers (“ONE”).

Amherst Gardens is a scattered site development that continues ONE’s comprehensive neighborhood revitalization initiative to address the foreclosure crisis in the Olneyville neighborhood. Several of the properties included in the proposal are currently held in the Rhode Island Housing Land Bank. Amherst Gardens builds upon the recent success of Olney Village and other rental and homeownership projects completed by ONE over the past fifteen years. The current application represents the second submission of the Amherst Gardens proposal. It will provide 36 apartments and 2 commercial units at 14 strategically located properties. Six properties will be newly constructed, while eight existing properties will be fully rehabilitated. One-half of the apartments will be affordable to families with incomes below 50% of Area Median Income (“AMI”) with the remainder affordable to families with incomes slightly below the 60% income level.

All of the existing buildings included in Amherst Gardens are distressed properties requiring immediate and significant redevelopment. Seven are foreclosed and vacant, five are blighted and vacant, and two are severely distressed. These properties were selected due to their nuisance effect in the neighborhood, the high visibility of several buildings located at street corners, their proximity to previously developed OHC sites and the positive impact their redevelopment can have on surrounding homes. Eight of the properties will be demolished to allow for new construction. ONE employed a similar strategy in their Olney Village development completed in 2013, which was focused on the area surrounding the D’Abate Elementary School. The redevelopment of those streets has resulted in significant improvement of the area as well as a renewed interest in the welfare of the school by local businesses, the City of Providence and the neighborhood. Amherst Gardens is expected to create 47 construction jobs. Amherst Gardens provides several benefits to the community on its own, but in addition, the development of Amherst Gardens should also be a catalyst for ONE and their partner’s effort to be competitive when they re-apply for a HUD Choice Neighborhoods Initiative (CNI) Implementation Grant for Manton Heights public housing, located just a couple of blocks away.

Since Rhode Island Housing Board approval in April 2015, ONE has purchased another property at 238 Amherst Street containing two units. The two new large family units at 238 Amherst were offset by a reduction of two smaller units at other properties located at 44 Chaffee and 267 Amherst. The additional cost of acquiring and developing this property is offset by higher tax credit equity due to improved pricing from \$.93 in April to \$1.0 currently. Architectural plans were sent out to bid to five contractors in the fall of 2015 and the bids were valued engineered to stay within budget projections.

Overall, the development will provide four one-bedroom, 15 two-bedroom, 11 three-bedroom and six four-bedroom homes. Five apartments will be set aside for formerly homeless individuals or families. ONE and House of Hope will collaborate to ensure that these households receive supportive services as part of their tenancy. The two commercial spaces will be located at the 8 Hyat Street property located along the commercial/retail zone of Manton Avenue. The commercial units will be on the first floor and the residential apartments will be above, returning the property to its original configuration.

Approximately 80% of the development costs will be paid with syndication equity provided by National Equity Fund. Citizens Bank will provide the construction loan of \$6.1M to bridge the delivery of equity during the 18 month construction period. ONE anticipates closing this project in April 2016 and completing construction within 13 months.

The Permanent First Mortgage is a pass through loan with Citizens of \$390,000. Citizens Bank (“Citizens”) is a member of the Federal Home Loan Bank of Boston (“FHLBB”). In conjunction with Citizens Bank, ONE applied for and was awarded a subsidized advance and grant award (the “Subsidized Advance”) under the Affordable Housing Program (“AHP”) of the FHLBB. The Subsidized Advance allows Citizens to lower the interest rate and maximize the size of the first mortgage.

Because of the Housing Tax Credits and public subsidy dollars invested in the Development, Rhode Island Housing prefers to be in the first lien position in order to ensure compliance with the various program requirements. As we have done with other lenders, the Subsidized Advance will pass through Citizens, to Rhode Island Housing, which will in turn fund the first mortgage loan to the Development. The cost of the Subsidized Advance is less than Rhode Island Housing’s usual cost of capital and allows for a mortgage at a reduced interest rate. The loan from Citizens to Rhode Island Housing will be non-recourse, and will be secured by a pledge of the loan documents in favor of Rhode Island Housing from the new Limited Partnership, which will own the Development.

The total development cost for this project is \$10,223,031. Proposed sources of funding include: (i) a Rhode Island Housing first mortgage; (ii) HOME funds from Rhode Island Housing ; (iii) syndication equity from the sale of Housing Tax Credits; (v) Building Homes Rhode Island funds; (vi) a Federal Home Loan Bank AHP award; (vii) Rhode Island Housing Lead funds; and (viii) Eagle Square TIF funds.

Mr. Shorter introduced Alan Noiset, a representative of the sponsor who responded to several questions of the Board, including a request that a process be developed to measure the secondary benefits from this development, e.g., reduction in crime, increase in jobs and employment, educational attainment and similar factors. Jeanne Cola from LISC stated that

there has been sustained investment in this community over the past decade and that family wealth is up, police calls are down and improvements in other areas of community health. LISC will share this information with Rhode Island Housing.

Commissioner Orth, Chair of the Credit Committee, noted that the proposal had been approved by the Committee, and that these types of scattered site developments are the most difficult to build and maintain over the long-term, but are critical to the effort to weave the neighborhood back together.

Upon a motion made by Commissioner Orth and seconded by Vice Chair McCleary, 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; and

Whereas, the Housing Tax Credit Program (the "Program") was created as part of the Tax Reform Act of 1986 (the "Act"); and

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Staff for Rhode Island Housing has determined that the Applicant ("Applicant") listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of tax credits from the tax credit authority available in the calendar year 2015 and for financing as follows:

Applicant	Development	9% LIHTC	RIH First Mortgage
Olneyville Housing Corporation	Amherst Gardens	\$827,255	\$390,000

Whereas, Rhode Island Housing staff has reviewed the submission, inspected the site, 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 \$827,255 of allocated 2015 housing tax credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of Rhode Island Housing applicable to the Allocation of Housing Tax Credits (the “Rules and Regulations of the Corporation”), and that the Executive Director, any Deputy Director and that the Director of Development hereby is, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby gives firm approval of financing for a taxable first mortgage loan to Olneyville Housing Corporation or an affiliated partnership (the “Borrower”) in an amount not to exceed \$390,000 (the “Loan”) for family housing located in Providence, Rhode Island.

Resolved, That, in order to fund the Loan to Amherst Gardens, Rhode Island Housing is authorized to enter into a \$390,000 loan facility with Citizens Bank (the “Citizens Bank Loan”) substantially in accordance with the terms outlined in the Request for Action to which this Resolution is attached; and

Resolved, That Rhode Island Housing may secure the Citizens Bank Loan by granting to Citizens security or other interests in certain of Rhode Island Housing's assets, including, without limitation, an assignment of Rhode Island Housing's loan documents with Amherst Gardens; and

Resolved, That the Executive Director, any Deputy Executive Director or the Director of Development (each, an "Authorized Officer"), acting singly, be and each hereby is authorized to enter into such documents with Citizens Bank as it may require to evidence the Citizens Bank Loan, including, without limitation, a loan agreement, special obligation 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:

- Firm Commitment from Citizens Bank and Federal Home Loan Bank of Boston for the amount of final AHP Grant and first mortgage subsidized advance pass through mortgage;
- Closing of the construction loan with Citizens Bank for the amount of the approved construction loan;
- Commitment from TD Bank for the financing of the commercial space build out;
- Final Approval by NEF and Citizens Bank of construction contingency, fees and debt coverage reserves;
- Syndication equity from the sale of LIHTCs in amounts sufficient to achieve project feasibility;

- Final approval of plans and specifications by Rhode Island Housing and final agreement with General Contractor on construction costs;
- Approval by Rhode Island Housing of all management related issues;
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

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

Reservation of LIHTC and Firm Commitment of Financing for Greenridge Apartments

Barbara Fields introduced this item and Eric Shorter made the presentation.

This Request for Action is for a Reservation of \$1,072,000 in 2015 9% Housing Tax Credits (HTC), a Forward Reservation of \$1,072,000 in 2016 and/or 2017 9% Housing Tax Credits and Firm Commitment of up to \$1,735,180 in first mortgage financing for Greenridge Apartments (the “Development”) in the Pascoag Village of Burrillville. The developer is NeighborWorks Blackstone River Valley (“NBRV” or the “Developer”).

Greenridge Apartments is a 96 unit, two-site Development comprised of 75 newly constructed townhouse apartments on nine acres of land located on South Main Street (“Greenridge Common”) and 21 apartments in two newly constructed mixed-use buildings with commercial space on the first floor located approximately one mile away in the center of Pascoag Village (“Greenridge Downtown”).

The apartments at Greenridge Common will be designed as townhouses, while the Greenridge Downtown units will have commercial on the ground floor with residential flats above. Overall project unit sizes include 18 one-bedroom, 25 two-bedroom and 53 three-bedroom homes. Of the total, 60 homes will be available to families with incomes below 50% AMI and 36 units available to families earning incomes below 60% AMI. Greenridge Common, when completed, will have a resident community center and small town green, which will provide a playground, sitting area and gardens for resident recreation.

Greenridge Common is part of a 227 acre property that was purchased by the Rhode Island Housing Land Bank in 2003. A portion of the parcel on the west side was previously purchased from the Land Bank for an affordable homeownership development. The balance of the overall parcel will be acquired upon the closing of Greenridge Common for \$1.8 Million. Nine acres will be part of Greenridge Common and approximately 166 acres of the overall site will be preserved through a conservation easement.

Greenridge Common is located between South Main Street and Reservoir Road. Only the rental homes are included in this proposed financing plan. Greenridge Common involves extensive land preparation and infrastructure, which could impact the delivery schedule; the additional challenge is associated with the rent up and absorption of 96 units over the 2 year delivery schedule. The current lease up schedule has units being completed beginning in July 2017 and continuing on a monthly basis through May 2018. All of the road work and infrastructure at Greenridge Common

will be completed prior to the completion of buildings, so that as groups of buildings are completed, they can be immediately leased. The current Lease Up Reserve is sized at \$140,000.

Greenridge Downtown involves the development of three mixed-use buildings, with 8,300 square feet of ground floor commercial space and 21 rental apartments above. The properties are currently owned by the Burrillville Redevelopment Authority (BRA), which will sell the sites to NBRV for development and then lease back the commercial space once construction is completed.

The Development exhibits many elements of comprehensive neighborhood revitalization. It will provide affordable homes within a moderately affluent suburb with median incomes above the State average and few affordable family rental homes. Burrillville will reach its goal of providing 10% of its housing stock defined as affordable with the completion of these 96 homes. The neighborhood is walkable and close to the center of Pascoag, which has municipal offices, retail and commercial businesses.

The site is also near the location of Daniele, Inc., a producer of cured meats, which is constructing a new 300,000 square foot facility that will double its production capabilities and expand its existing workforce. Greenridge will potentially provide housing opportunities for some of the new and existing employees. Greenridge is expected to generate 125 construction jobs over the estimated three year construction timeframe.

The Development is located near major interstate routes and public transportation is within walking distance. Several services are planned for tenants including job training, leadership training, counseling, financial fitness and literacy training through collaborations between the Town of Pascoag, Community Care Alliance, and staff of NBRV.

Rhode Island Housing has the authority to designate projects as “difficult to develop” in order to increase a project’s eligible basis by up to 30%. Rhode Island Housing has designated the buildings in the Development as requiring the increase in basis described in Section 42(d)(5)(B) of the Internal Revenue Code of 1986, as amended (the "Code") in order to be financially feasible as part of a qualified low-income housing project. Therefore, all buildings in the Development will be treated as located in a difficult development area designated pursuant to Section 42(d)(5) of the Code.

Approximately 78% of the development costs will be paid with syndication equity provided by Bank of America, which is paying \$1.055 per credit. Bank of America & Citizens will share the construction loan through a Participation Agreement at a 60%/40% ratio respectively. The construction lenders and Rhode Island Housing will take assignments of all construction and architectural contracts as additional security for the completion of the Development. NBRV anticipates closing this project in April 2016 and completing construction within 25 months.

Citizens Bank (“Citizens”) is a member of the Federal Home Loan Bank of Boston (“FHLBB”). In conjunction with Citizens Bank, NBRV applied for and was awarded a subsidized advance and grant award (the “Subsidized Advance”) under the Affordable Housing Program (“AHP”) of the FHLBB. The Subsidized Advance allows Citizens to lower the interest rate and maximize the size of the first mortgage. The Permanent First Mortgage is a pass through loan with Citizens of \$1,735,180. Citizens Bank (“Citizens”) is a member of the Federal Home Loan Bank of Boston (“FHLBB”). In conjunction with Citizens Bank, NBRV applied for and was awarded a subsidized advance and grant award (the “Subsidized Advance”) under the Affordable Housing Program

("AHP") of the FHLBB. The Subsidized Advance allows Citizens to lower the interest rate and maximize the size of the first mortgage.

Because of the Housing Tax Credits and public subsidy dollars invested in the Development, Rhode Island Housing prefers to be in the first lien position in order to ensure compliance with the various program requirements. As we have done with other lenders, the Subsidized Advance will pass through Citizens, to Rhode Island Housing, which will in turn fund the first mortgage loan to the Development. The cost of the Subsidized Advance is less than Rhode Island Housing's usual cost of capital and allows for a mortgage at a reduced interest rate. The loan from Citizens to Rhode Island Housing will be non-recourse, and will be secured by a pledge of the loan documents in favor of Rhode Island Housing from the new Limited Partnership, which will own the Development.

The total development cost is approximately \$28 million. Sources of funding include: (i) a Rhode Island Housing first mortgage, via pass-thru from Citizens; (ii) HOME funds from Rhode Island Housing; (iii) a Rural Housing and Economic Development grant from HUD; (iv) equity from the sale of Housing Tax Credits; (v) Building Homes Rhode Island funds; (vi) an award of Affordable Housing Program grant funds from the Federal Home Loan Bank of Boston; (vii) Community Development Block Grant funds from the Town of Burrillville; and (viii) a deferred Developer Fee from NeighborWorks Blackstone River Valley.

Mr. Shorter introduced Joe Garlick, the Executive Director of NVBRV who expressed his thanks for Rhode Island Housing's support and patience in moving this project along. He noted that a local firm is serving as general contractor and, using local firms and labor on the project.

Commissioner Orth, Chair of the Credit Committee, stated that the Committee reviewed the proposal and recommended approval. He requested that the proposed rents and overall property value be confirmed prior to closing, suggested that the proposal attempt to be more cost-effective, and noted that while the debt service coverage ratios does fall below our standard requirement of 1.15 prior to year 15, there were sufficient benefits and mitigating factors to justify support of the project.

Upon a motion made by Commissioner McCleary and seconded by Commissioner Orth, 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; and

Whereas, the Housing Tax Credit Program (the "Program") was created as part of the Tax Reform Act of 1986 (the "Act"); and

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Staff for Rhode Island Housing has determined that the Applicant ("Applicant") listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The applicant has submitted an application to Rhode Island Housing for the reservation of tax credits from the tax credit authority available in the calendar year 2015, 2016 and 2017 and for financing as follows:

Applicant	Development	9% HTC	RIH First Mortgage
NeighborWorks Blackstone River Valley	Greenridge Apartments	2,144,000	\$1,735,180

Whereas, Rhode Island Housing staff has reviewed the submission, inspected the site, 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 \$1,072,000 of allocated 2015 and \$1,072,000 of allocated 2016 and/or 2017 9% Housing Tax Credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of Rhode Island Housing applicable to the Allocation of Housing Tax Credits (the “Rules and Regulations of the Corporation”), and that the Executive Director, either Deputy Director and the Director of Development hereby is, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.
- Resolved,** That, subject to the special conditions listed below, the Rhode Island Housing hereby gives firm approval of financing for a taxable first mortgage loan to NeighborWorks Blackstone River Valley or an affiliated partnership (the “Borrower”) in an amount not to exceed \$1,735,180 (the “Loan”) for family housing located in Burrillville, Rhode Island.
- Resolved,** That, in order to fund the Loan to Greenridge Apartments, Rhode Island Housing is authorized to enter into a \$1,735,180 loan arrangement with Citizens Bank (the “Citizens Bank Loan”) substantially in accordance with the terms outlined in the Request for Action to which this Resolution is attached; and
- Resolved,** That Rhode Island Housing may secure the Citizens Bank Loan by granting to Citizens security or other interests in certain of Rhode Island Housing’s assets, including, without limitation, an assignment of Rhode Island Housing’s loan documents with Greenridge Apartments; and
- Resolved,** That the Executive Director, any Deputy Executive Director or the Director of Development (each, an “Authorized Officer”), acting singly, be and each hereby is authorized to enter into such documents with Citizens Bank as it may require to evidence the Citizens Bank Loan, including, without limitation, a loan agreement, special obligation 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:

- Syndication equity from the sale of LIHTCs in amounts sufficient to achieve project feasibility;
- Closing of the construction loan with Citizens Bank for the amount of the approved construction loan;
- Final approval of plans and specifications by Rhode Island Housing and final agreement with General Contractor on construction costs;
- Acceptable final appraisal and market study by an independent appraiser demonstrating that the first mortgage loan does not exceed 90% of the as-stabilized value of the property and that sufficient demand exists for the proposed units;
- Approval by Rhode Island Housing of all management related issues;
- Agreement between Citizens Bank, NRBV and Rhode Island Housing as to a mortgage pass-thru structure that will allow Rhode Island Housing to be the first mortgage lender of record; and
- Satisfactory and timely performance in accordance with the schedule established by the sponsor and approved by Rhode Island Housing.

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

Preliminary Approval of Financing for Park Holm III

Barbara Fields introduced this item and recognized Rhonda Mitchell, Executive Director of the Housing Authority of the City of Newport. Eric Shorter made the presentation.

This Request for Action (“RFA”) is for Preliminary Approval of financing of a tax exempt construction and permanent loan of \$7,000,000 for Park Holm III (“Park Holm”), which is part of an existing 262-unit public housing development owned by the Newport Housing Authority (HACN).

HACN recently completed the comprehensive redevelopment of Phases I&II using tax-exempt bonds and 4% tax credits. Phase III encompasses 38 units comprised of the comprehensive rehabilitation of 34 existing public housing apartments, the demolition of 6 buildings with 16 units, and the construction of 4 new one-bedroom apartments. The proposed 4 new units combined with the 19 new units as part of Phase II, allows HACN to meet their one-for-one replacement unit requirement. HACN is proposing to finance the transaction of the property with 4% LIHTCs, tax-exempt bonds, and Housing Production and Preservation Program (“HPPP”) funds and HACN loans to fund acquisition and rehabilitation of the property.

The 38 apartments will be available to residents with a range of income levels between 30% and 80% of Area Median Income (AMI). Four units will be available to existing residents with incomes above 60% AMI and will be supported with HACN operating subsidy through the Annual Contributions Contract (ACC). The remaining 34 units will be restricted to households with incomes below 60% AMI.

Upon completion of Phase III, 149 of the original 262 apartments will have been renovated or newly constructed leaving 113 original units remaining. HACN intends to renovate those units in future phases.

Park Holm is an existing family public housing development comprised of 262 apartments in the North End of Newport. It fronts Hillside Avenue, sits across from Miantinomi Park, and is adjacent to Newport Heights, which was revitalized under a HOPE VI grant. HACN has a Master Plan to moderately renovate a large portion of the 262 units within the original Park Holm site and demolish the buildings in the poorest condition over several phases. Park Holm III is a continuation of the ongoing Park Holm redevelopment as Phases I and II involved the rehabilitation, demolition and new construction of 111 units that were completed in 2015.

Phase I completed the rehabilitation of 51 apartments that were initially rehabilitated in 2010 and 2011 with Weatherization and Public Housing Capital Funds made available through the American Recovery and Reinvestment Act of 2009 (“ARRA”). The exteriors were transformed with new roofs, windows and siding. Significant attention was paid to energy efficiency. Interior repairs included new kitchens, baths and mechanical systems. Phase I focused on the installation of underground utilities and exterior grading and landscaping.

Phase II addressed the most severely distressed buildings at the Park Holm site. Phase II demolished 41 apartments in 20 buildings and newly constructed 60 apartments in 10 buildings. The new homes are mostly townhouse style buildings with separate entrances for each apartment. The apartments have efficient layouts that conform to Rhode Island Housing design requirements and replace existing, obsolete homes. The buildings meet or exceed all Energy Star requirements reducing utility costs. The majority of completed units in Phase 1 & II have operating subsidies through either an Annual Contributions Contract (“ACC”) in which residents pay 30% of their incomes towards rent ACC subsidy or a project based housing choice voucher provided by HACN. All of the units are restricted to households with incomes under 60% AMI.

Phase III involves the gut rehabilitation of 34 units currently located in severely distressed buildings, the demolition of select buildings and the new construction of 4 one-bedroom units in a single building, for a total project of 38 total units. The successful completion of Phase III means that HACN will have completed approximately 57% of the total units under its Master Revitalization Plan. HACN intends to complete an additional 12 affordable homeownership units over the next 24 to 36 months. These projects have had a major transformative effect on the overall neighborhood, in terms of physical conditions, overall public perception and improved quality of life for all residents.

The remaining Park Holm homes are currently deeply subsidized public housing units that serve residents with incomes up to 80% of Area Median Income (“AMI”). The subsidy for these public housing units is provided by HUD through an Annual Contributions Contract. Phase III

will be developed utilizing, in part, 4% Low Income Housing Tax Credits (“HTC”). Admission to the apartments will be restricted to households with incomes up to 60% of AMI. The new homes will be a mix of ACC apartments, LIHTC apartments with a Project Based Section 8 Voucher (“PBV”) from HACN and 18 apartments that will be LIHTC units without any rental or operating subsidy. There are six current residents with incomes above 60% AMI that will be offered permanent relocation in other HACN units.

HACN is the sponsor and primary developer of the Park Holm redevelopment. HACN was incorporated as a public housing authority under the laws of the State of Rhode Island and owns and operates over 800 units of public housing. It administers approximately 500 Housing Choice Vouchers. HACN, in partnership with a private developer, successfully completed the revitalization of the former Tonomy Hill development, now known as Newport Heights.

The 4% low income housing tax credits are generated by the issuance of tax exempt bonds. The financing plan assumes that, upon construction completion, the project will support \$1,600,000 permanent debt. Credit enhancement will be provided through the HUD risk share program.

This RFA requests preliminary approval for a tax-exempt mortgage of up to \$7,000,000 of which \$1,600,000 will be converted to permanent debt; and \$1,000,000 in Housing Production and Preservation Program funds.

Ms. Mitchell expressed her appreciation to Rhode Island Housing for its ongoing support in Newport. She noted that crime rates have declined, income levels are up and educational attainment has increased. With the completion of this phase, about half of the redevelopment of Park Home will be completed.

Commissioner Orth, Chair of the Credit Committee, stated that the Committee had considered the proposal and recommends preliminary approval, subject to normal underwriting requirements and subsequent review by the Committee.

Upon a motion made by Commissioner Orth and seconded by Commissioner McAllister, the following motion was unanimously approved:

**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 (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, 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:

<u>Development</u>	<u>Applicant</u>	<u>Mortgage</u>
Park Holm III	Housing Authority of the City of Newport	\$7,000,000

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 approval for tax exempt mortgage financing in an amount

not to exceed \$7,000,000 to the Housing Authority of the City of Newport or an affiliated partnership (the “Borrower”) for rental housing known as Park Holm III located at 138- 258 Park Holm, Newport, Rhode Island.

Resolved, That Rhode Island Housing hereby declares that the preliminary 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 \$7,000,000 in construction and permanent mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced develop 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 the following conditions:

- HUD approval of the mixed financing proposal, including demolition and construction of new tax credit and market units within the existing Park Holm neighborhood.
- A Regulatory and Operating (“R&O”) Agreement, acceptable to Rhode Island Housing, between HACN and the Borrower. regarding the public housing assisted units.
- Provision of an acceptable letter of commitment from an equity provider for the transaction demonstrating syndication proceeds from 4% Housing Tax Credits in amounts sufficient to assure development feasibility.
- Approval by Rhode Island Housing of management documents and all management related issues including marketing and lease-up plans.
- Acceptable appraisal by an independent appraiser validating the acquisition value and demonstrating that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- Approval by Rhode Island Housing of development team members.
- Final approval of the new operating budget.
- Approval by Rhode Island Housing of 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, either Deputy Director, or the Director of Development each acting singly, shall take any and all actions they deem necessary to carry out the foregoing Resolutions.

Approval of Engagement of Information Technology Managed Services Provider

Barbara Fields introduced this item and Cathy Matures, Information Technology Director, made the presentation.

This Request for Action is for approval to engage RSM to provide Information Technology Managed Services to Rhode Island Housing.

In mid-2015, Rhode Island Housing engaged a consultant to evaluate the organization's IT infrastructure and business applications, and identify opportunities to expand functionality, streamline integration between business systems, ensure IT system reliability and business continuity, and promote data security.

The results of this comprehensive assessment were presented to the Board at its November, 2015 meeting. The final report presented a roadmap for future IT actions and set forth recommendations to achieve the desired results.

One recommendation was to engage an outside organization to carry out the IT network engineer role and to outsource additional IT managed services, in order to leverage the knowledge of a larger organization that is more attuned to new developments in information technology.

In early January 2016, Rhode Island Housing decided to implement the recommendation for engaging an outside firm to provide IT services and posted a Request for Proposals from qualified firms to provide Information Technology Managed Services. These services are intended to assist Rhode Island Housing to accomplish the goals set forth in comprehensive roadmap for 2016 – 2018.

Notice of the RFP was posted on Rhode Island Housing's website and the website maintained by the Rhode Island Department of Administration's Division of Purchases.

Six firms submitted proposals in response to the RFP. A committee composed of senior staff and representatives from various business lines reviewed the proposals and evaluated them in accordance with the RFP criteria. Attachment A sets forth the evaluation summaries of the proposals for Information Technology Managed Services.

The committee unanimously selected RSM most qualified to provide Managed Services to Rhode Island Housing based on the following:

- Provided complete and thorough responses to the RFP
- Leverages RSM's remote staff capabilities with having someone on site
- Uses own employees base, 8K nationwide
- Depth and breadth of expertise and service RSM provides
- Past working experience, familiar with our roadmap and challenges
- We have confidence in them to help us successfully implement all facets of the roadmap
- Proposal identified specific staff member who would be assigned to our account

RSM was founded in 1926 and is the fifth largest U.S. provider of assurance, tax and consulting services, with 7,000 employees in 75 cities nationwide. This engagement will be handled out of the Boston Office, which has 550 employees. Ernie Almonte, the former Rhode Island Auditor General, is a partner in the firm's Boston office. RSM has worked with other housing finance agencies, including New Hampshire, Missouri, Iowa, Ohio, Wyoming, Illinois, Minnesota, Nevada and Tennessee, and is familiar with our industry and needs.

Initially, Rhode Island Housing will need the services of a Senior Infrastructure Engineer/Team Lead and VCIO; and from time to time, the Managed Services Provider may be called upon to provide other services such as Website Management Services, Business Analyst, Database Administrator, Help Desk Technician, Project Manager, Programmer, and Voice/Data Engineer.

Ms. Matures introduced Ernie Almonte, a senior executive with RSM who will be involved in the provision of services to Rhode Island Housing.

Commissioner McCleary, Chair of the Management Committee, noted that the Committee had reviewed and recommended approval of this item.

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

**Resolution of the Board of Commissioners of
Rhode Island Housing**

Whereas: Rhode Island Housing intends to engage a firm to provide Information Technology Managed Services; and

Whereas: Such activities are intended to ensure that Rhode Island Housing continues to effectively serve its mission by augmenting Rhode Island Housing's IT staff to address projects identified in the 2016 – 2018 roadmap; and

Now, therefore, it is hereby:

Resolved: That Rhode Island Housing be, and hereby is authorized, to engage RSM LLP to provide IT Managed Services as set forth in the Request for Proposals and the proposal submitted in response.

Resolved: That the Executive Director and any Deputy Director, 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 Engagement of Compensation Consultant

Barbara Fields made this presentation, with additional information provided by Patricia Trinque, Human Resources Director.

Rhode Island Housing first adopted its current job classification structure and salary ranges in 1997. At that time, a comprehensive analysis of each job description was conducted and each position was assigned a job classification grade. Each grade was then allotted a competitive salary range based upon a review of market data from appropriate public and private sector companies.

The next comprehensive workforce classification and compensation study undertaken by Rhode Island Housing occurred in 2005. In 2011, Rhode Island Housing conducted an additional comprehensive compensation review and based upon that study's findings, conducted an additional limited review for select positions in 2012. The 2012 review adjusted salary ranges based upon an in-house review of salary data from comparable local and regional employers. Since that time, specific jobs have been classified on a case-by-case basis as new positions were created or responsibilities of existing positions changed.

In light of the time since the last comprehensive review in 2011, the industry standard of conducting comprehensive salary reviews every two (2) years, the significant changes that have occurred internally, and the economic dynamic both nationally and regionally, staff recommends a comprehensive review of Rhode Island Housing's job classification structures and salary ranges. This review is designed to ensure that our positions are competitive in the market place and that there is internal compensation equity.

Rhode Island Housing issued a Request for Proposals (RFP) for consultant services to assist in this comprehensive review in December 2015. The RFP was distributed to several firms that perform these studies and was posted on the website maintained by the Division of Purchasing of the Department of Administration.

Eight firms submitted proposals in response to the RFP. After review by the Human Resources Director, CFO, Deputy Director of Programs, Deputy Director of Administration, Division Director of Loan Servicing, Project Manager, and an Assistant Counsel, the following firms were selected as finalists in accordance with the selection criteria specified in the RFP:

- Arthur J. Gallagher & Co.
- JFitzgerald Business Consultants

The committee discussed the finalists and reached consensus that Arthur J. Gallagher and JFitzgerald Business Consultants were ranked first and second, respectively.

Both Arthur J. Gallagher and JFitzgerald Business Consultants' proposed work plans were the most detailed and demonstrated that they understood the scope of the assignment. Each finalist had experience working with governmental and non-profit entities; however, Arthur J. Gallagher had the most experience working with organizations involved in housing programs similar to ours, and had a staff with sufficient depth and breadth to take on this assignment. In addition, Arthur J. Gallagher has engaged in a similar project with Maine Housing Finance Agency and received a stellar reference from them. Although both of the finalists were judged to be capable

of undertaking the assignment, the majority of JJFitzgerald Business Consultants relevant experience was with federal governmental agencies and educational institutions. Whereas, Arthur J. Gallagher had much more experience working with state housing finance authorities and conducts key position surveys every two to three years for a group of twenty (20) to twenty-five (25) housing finance agencies.

When all the factors were considered, staff determined that Arthur J. Gallagher's proposal represented the most responsive bid and would provide the best value to Rhode Island Housing.

Commissioner McCleary, Chair of the Management Committee stated that the Committee had reviewed and recommended approval of this item. He noted that the Rhode Island Department of Administration is conducting a similar study and asked that we coordinate this activity with that of DOA to the extent possible, and that there be a simultaneous study of the strategic organizational structure of Rhode Island Housing to guide and inform future structure and hiring.

Upon a motion made by Commissioner McAlister and seconded by Commissioner McCleary, the following resolution was unanimously adopted:

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

Resolved: Rhode Island Housing be and hereby is authorized to engage the firm of Arthur J. Gallagher to provide comprehensive compensation and salary consultant services, on such terms and conditions as the Executive Director determines to be in the best interests of Rhode Island Housing.

Resolved: If the Executive Director determines that the engagement of Arthur J. Gallagher is not able to be accomplished on such terms and conditions as are in the best interest of Rhode Island Housing, then Rhode Island Housing be and hereby is authorized to engage the firm of JJFitzgerald Consultants to provide comprehensive classification and compensation consultant services on such terms and conditions as the Executive Director determines to be in the best interests of Rhode Island Housing.

Resolved: The Executive Director, and any Deputy Director, be and hereby is authorized to take any and all actions, including specifically the authority to negotiate terms and fees of the engagement, not to exceed \$60,000, 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.

Approval of Additional Staffing for the Division of Leased Housing and Rental Assistance

Barbara Fields introduced this item and Carol Ventura presented the request.

This Request for Action (RFA) is for approval to increase staffing by one full-time equivalent (FTE) in the Division of Leased Housing and Rental Assistance. This addition will permit Rhode Island Housing to fulfill its staffing obligation under the Continuum of Care (CoC) Planning Grant.

This RFA is brought to the Board in accordance with the provisions of the Quasi-Public Corporations Accountability and Transparency Act, chapter 155 of title 42 of the Rhode Island General Laws.

Staff recommends the addition of one full-time CoC Planner to the Division of Leased Housing and Rental Assistance to comply with the terms of the CoC Planning Grant awarded to Rhode Island Housing in 2015. The CoC Planner is responsible for coordination of all activities of the CoC Program and Board. This position is fully grant funded and is a grade level 8 with a salary range of \$46,500 to \$70,000.

Commissioner McCleary, Chair of the Management Committee, stated that this request had been considered and recommended for approval by the Committee.

Upon a motion made by Commissioner McCleary and seconded by Commissioner Rogers, the following resolution was unanimously adopted:

**Resolution of the
Board of Commissioners of
Rhode Island Housing**

Resolved, that the position of Continuum of Care Planner in the Division of Leased Housing and Rental Assistance be established.

Resolved, that as a result of the foregoing resolution, the number of approved Full Time Employees (FTE) be increased by a total of 1.

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 foregoing Resolutions.

Approval of Continuum of Care Program Consultant

Carol Ventura made this presentation.

This Request for Action seeks approval of the engagement of a consultant to assist in the development of the Continuum of Care Program Plan and preparation of the FY 2016 grant application.

In December 2015, staff issued a Request for Proposals (“RFP”) for Consulting Services in the planning and preparation of the Rhode Island Continuum of Care (“RICOC”) application for fiscal year 2016. One proposal was submitted in response to the RFP.

Housing Innovations has worked with Rhode Island Housing and the RICOC in the past on policy guidance and in developing plans and strategies for the state's Continuum of Care program. The firm works with other Continuum of Care organizations throughout the country including Connecticut, Nebraska and Houston. Housing Innovations has qualified personnel, who are knowledgeable with regard to the homeless system in Rhode Island, the requirements of the Continuum of Care, and in all aspects of the preparation of these applications.

The Continuum of Care application consists of the inventory of the critical needs of the homeless and identifies a system to address those needs. The system is based on an approach that is predicated on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying, unmet needs – physical, economic and social. There is significant planning and engagement with sub-recipients that must be conducted prior to the submission of the application. Staff anticipates that the cost of the consulting services will be reimbursed under the current and pending Continuum of Care Planning Grants.

Commissioner McCleary, Chair of the Management Committee, stated that this request had been considered and recommended for approval by the Committee.

Upon a motion made by Commissioner McCleary and seconded by Commissioner Rogers, the following resolution was unanimously adopted:

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

WHEREAS: Rhode Island Housing has solicited proposals from qualified firms to plan and develop the fiscal year 2016 Rhode Island Continuum of Care application; and

WHEREAS: Housing Innovations was the sole respondent to the Request for Proposals and has professional staff with expertise in planning and preparing applications under the Continuum of Care program; and

WHEREAS: Staff recommends approval of a consulting service agreement with Housing Innovations.

NOW, THEREFORE IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and hereby is authorized, to enter into a consulting contract with Housing Innovations to plan and prepare the fiscal year 2016 Continuum of Care application at a cost not to exceed \$42,880.

RESOLVED: That the Executive Director, any Deputy Director and the Director of Development each acting singly, be, and hereby is, 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 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 Authorization to issue Homeownership Opportunity Bonds Series 67 for \$250,000,000

Barbara Fields introduced this item and Kara Lachapelle, CFO, made the presentation.

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.

Rhode Island Housing currently has about \$810 million in mortgage revenue bonds outstanding. In the current low interest rate environment, Rhode Island Housing may have the opportunity to refund approximately \$200 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 \$50 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.

Commissioner McCleary, Chair of the Management Committee, stated that this request had been considered and recommended for approval by the Committee.

Upon a motion made by Commissioner McCleary and seconded by Commissioner Rogers the resolutions were unanimously adopted in the form presented to the meeting, which the Authorization to Issue Homeownership Opportunity Bonds Series 67 is attached as part of the February 18, 2016 board package.

Closed Session Pursuant to R.I.G.L. Sec. 42-45-5(a)(i) to Conduct the Annual Performance Review of the Executive Director

Chairman Retsinas called for a closed session pursuant to R.I.G.L. Sec. 42-45-5(a)(i) to Conduct the Annual Performance Review of the Executive Director. Michael Milito, General Counsel to Rhode Island Housing, noted that the person who was the subject of the closed session had been informed in writing of her right to have the performance review conducted in open session, and that she indicated she had no objection to a closed session, and would not exercise her right to having the discussion occur in open session.

Mr. Milito next conducted a roll call vote of the Commissioners in response to the call for a closed session. The Commissioners voted as follows:

Chair Retsinas	Aye
Vice Chair McCleary	Aye
Commissioner DiBiase	Aye
Commissioner Orth	Aye
Commissioner McAlister	Aye
Commissioner Designee Rogers	Aye

The Board of Commissioners entered into closed session at approximately 9:45 am.

The Board of Commissioners reconvened in open session at approximately 10:00 am. Chair Retsinas stated that no votes or other actions had been taken in the closed session.

Approval of Executive Director Compensation

Chair Retsinas made this presentation.

During the closed session, the Board discussed the performance of the Executive Director in accordance with the metrics specified in her Employment Agreement with Rhode Island Housing. Based on her performance and positive achievements, the Executive Director is eligible for a salary adjustment as set forth in the Agreement.

On a motion made by Commissioner McCleary and seconded by Commissioner McAlister, the following resolution was unanimously adopted:

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

RESOLVED: That effective January 15, 2016, the Executive Director's salary be \$190,550, representing an increase of three percent (3.0%) from the current salary.

There being no other matters to consider the meeting was adjourned at approximately 10:05 am.

Respectfully submitted,

Barbara Fields
Secretary and Executive Director

**MINUTES OF THE CLOSED SESSION HELD AT THE MEETING
OF THE
RHODE ISLAND HOUSING BOARD OF COMMISSIONERS
February 18, 2016**

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Vice Chair McCleary	Aye
Commissioner DiBiase	Aye
Commissioner Orth	Aye
Commissioner McAlister	Aye
Commissioner Designee Rogers	Aye

The Board of Commissioners entered into closed session at approximately 9:45 am.

Commissioners present at the meeting were Chair Retsinas, Vice Chair McCleary, Commissioner DiBiase, Commissioner Orth, Commissioner McAlister and Commissioner Rogers, Designee for General Treasurer Magaziner. No other persons were present at the closed session.

The Commissioners conducted a performance evaluation of the Executive ?Director in accordance with the metrics specified in her Employment Agreement. These metrics include (i) the extent that the Executive Director has furthered Rhode Island Housing’s organizational, economic and policy initiatives as directed by the Board and guided by the economic and job creation initiatives of the administration; (ii) the extent that Rhode Island Housing has achieved and enhanced fiscal responsibility and controls within its programs and operations, and (iii) the extent that Rhode Island housing has promoted diversity within its employees and operations and through its interactions with the constituencies it serves.

A period of discussion among the board members ensued regarding the performance and evaluation of the Executive Director as they relate to the above metrics.

No votes or other actions were taken during the closed session. The closed sessions was adjourned at approximately 10:00 am.

Nicolas P. Retsinas, Chair

