

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS
June 17, 2016**

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Friday, June 17, 2016 at 8:30 a.m. at The Meadows, 2 Village Way, North Smithfield, RI 02896.

Commissioners in attendance were Chairman Nicolas P. Retsinas; Vice Chairman Macky McCleary, Director of Business Regulations; Michael DiBiase, Director of Administration (arrived at 8:34 a.m.); Bea Lanzi, designee for Seth Magaziner, General Treasurer; Stephen P. McAllister; Kevin Orth and Maria F. Barry.

Also in attendance were: Barbara Fields, Executive Director; Carol Ventura, Deputy Director; Peter Walsh, Deputy Director; Kara Lachapelle, Chief Financial Officer; Leslie McKnight, Director of Loan Servicing and Asset Management; Eric Shorter, Director of Development; Peter Pagonis, Director of Homeownership; Claribel Shavers, Director of Leased Housing and Rental Services; and Nicole Clement, General Counsel.

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 Meadows Main Office, at 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.

The Meadows

Chairman Retsinas welcomed everyone and thanked Joe Garlick, Executive Director of NeighborWorks Blackstone River Valley for hosting the meeting at the Meadows.

Joseph Garlick welcomed board, staff and guests to The Meadows and delivered a concise history of the development. Additionally, Mr. Garlick graciously invited anyone interested to tour the building after the meeting.

Ms. Fields extended her appreciation to Mr. Garlick, commended him on his long-term relationship with the Corporation and thanked his staff for the work involved in hosting the meeting. Ms. Fields then showed a slideshow illustrating the construction of The Meadows, including an explanation of the financing structure and Rhode Island Housing's involvement in the development.

Approval of Minutes of Board Meeting Held on May 19, 2016

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

VOTED: That the Minutes of the Board Meeting held on May 19, 2016 be and hereby are approved.

Chairman's Report

There was no Chairman's report.

Commissioner DiBiase arrived at this point in the meeting at 8:34 a.m.

Approval of 2016 Performance Goals for the Executive Director

Chairman Retsinas gave this presentation.

On May 19, 2016, the Board of Commissioners convened in closed session to discuss the 2016 performance goals for the Executive Director. The Board of Commissioners discussed the Executive Director's performance to date and established 2016 performance goals in accordance with the performance metrics specified in the Employment Agreement by and between Rhode Island Housing and Mortgage Finance Corporation and Barbara G. Fields dated as of May 25, 2015 (the "Employment Agreement").

Pursuant to Section 4. 2 of the Employment Agreement, these performance 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.

Upon review of these metrics, the Board of Commissioners established the performance goals set forth on Attachment B to the Request for Action.

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

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

WHEREAS: On May 19, 2016, pursuant to R.I.G.L. Section 42-46-5(a)(1), the Board of Commissioners convened in closed session to discuss the 2016 performance goals for the Executive Director; and

WHEREAS: The Board of Commissioners discussed the performance of the Executive Director and established 2016 performance goals for the Executive Director in accordance with the performance metrics specified in the Employment Agreement dated May 25, 2015; and

WHEREAS: Attachment B sets forth the 2016 Performance Goals for the Executive Director.

NOW, THEREFORE IT IS HEREBY:

RESOLVED: That the 2016 Performance Goals of the Executive Director set forth on Attachment B are hereby approved.

**Attachment B
2016 Performance Goals of the Executive Director**

Division	Performance Goals
HOMEOWNERSHIP	Launch new closing cost credit program for new and expanding companies.
DEVELOPMENT	Launch new mezzanine debt product targeted at middle income (60-120% AMI)
LOAN SERVICING/ASSET MANAGEMENT	Decrease number of serious delinquencies of loans in portfolio by 2%.
FINANCE	Increase net income by \$500k in calendar year 2016 and set long term profitability targets for future years.
LEASED HOUSING/RENTAL SERVICES	Increase Housing Choice Voucher Program utilization rates by 2%.
POLICY(ECONOMIC DEVELOPMENT)	<ul style="list-style-type: none"> • Develop a written framework and implementation plan for how the findings of the HousingWorks RI study will be incorporated into agency policy and investment decisions. • Support Governor's economic development agenda in concert with the Executive Office of Commerce, including joint development of housing policy, as well as coordination of residential and mixed use investments.
ADMINISTRATION & OPERATIONS (INTERNAL)	<ul style="list-style-type: none"> • Implement recommendations from IT study to improve and increase efficiencies and implement firewall protections. • Resolve issues and move forward with HUD (HOME and Continuum of Care programs).

Executive Director's Review of Recent Activities and Trends

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

Homeownership. Ms. Fields announced that the Homeownership Division loan activity continues to increase and remain strong. The Homeownership Division recorded a solid month in May with 148 closed first mortgages with a volume of \$26.9 million, exceeding May 2015 numbers by 59%

and 72% respectively. Ms. Fields attributed the increase to the robust activity generated in the summer months. The demand for the Ocean State Grad Grant Program continues with 160 total grants issued totaling almost \$1 million. Since the Program's inception, total grant volume exceeds \$1.3 million.

Ms. Fields noted that on May 26, NeighborWorks America announced that \$39.9 million was awarded to 100 state housing finance agencies, housing counseling intermediaries and community-based organizations to provide counseling to families and individuals facing the threat of foreclosure. As part of this funding, Rhode Island Housing's Help Center received NFMC Round 10 funding of \$579,120 versus \$336,613 received in Round 9. Ms. Fields congratulated the Homeownership Division and the Help Center staff on the award.

Loan Servicing. Ms. Fields stated that Rhode Island Housing continues to see positive signs regarding portfolio delinquency. For month ending May 31, 2016 versus month ending May 31, 2015, Loan Servicing experienced a reduction in the total number of delinquent loans of 82 basis points (on active single-family servicing portfolio of \$1.312 billion). In the seriously delinquent category (loans 90+ days delinquent), there was a reduction of 41 basis points totaling \$2.6 million.

During the week of June 7, Rhode Island Housing's Loan Servicing department hosted a HUD Real Estate Assessment Center (REAC) training. This is one of five (5) trainings held nationally to certify new inspectors under the REAC protocol. Two (2) Rhode Island Housing staff completed the training, enabling them to participate in the HUD Physical Inspection Alignment Pilot Program.

Development. Ms. Fields informed the Commissioners that as one of nine states approved to pilot the new Federal Financing Bank (FFB) multifamily risk-sharing loan program, staff has identified an initial 20 developments. Staff is on schedule to exceed 2016 projections. The Agency is slated to close its first FFB deal (Washington Hill) with the Federal Financing Bank this month. Three (3) other developments are in the process of closing and staff is underwriting an additional eight (8) developments. These twelve (12) developments will preserve 1,486 rental homes.

HUD recently announced the National Housing Trust Fund award. Rhode Island Housing will administer the small state minimum of \$3 million. Staff is currently developing the administrative plan for the program for submission on August 1, 2016.

Ms. Fields updated the Commissioners on the HOME Program stating that staff has successfully attained an audit resolution agreement with HUD.

Leased Housing and Rental Services. Ms. Fields shared that Rhode Island Housing continues to work with the families placed on the Housing Choice Voucher wait list in 2015. Currently, there are **102** active vouchers for families that are searching for housing units. Sixteen (16) new families have been added to list in the month of May. Ms. Fields also announced that on April 20, staff submitted an application to the Public Housing Authorities of Rhode Island ("PHARI") to develop and administer a statewide wait list for all public housing authorities. Rhode Island Housing is considered to be in the "competitive range," and participated in an interview on June 1, 2016.

Ms. Fields informed the Commissioners that HUD has revised the Annual Contributions Contract (ACC) to allow PBCAs to resume Management and Occupancy Reviews (MORs) and has agreed to

compensate PBCAs on a per MOR basis. Rhode Island Housing has finalized a final work plan in collaboration with the local HUD Office and will conduct its first MOR in June.

Other Legislative Priorities: On May 23, Governor Raimondo signed Rhode Island Housing's Madeline Walker legislation. The changes proposed in the bill will go into effect on October 1. The General Assembly is expected to adjourn this week. Staff will provide a full report on the final status of the Corporation's legislative priorities at the Board of Commissioner's meeting in August.

Ms. Fields acknowledged Peter Walsh, Cathy Matarese, Director of Information Technology, and her staff for tirelessly working to ensure that the new Jefferson Blvd. site had a seamless network connection to the main office by installing and configuring infrastructure equipment used to link both offices.

Finally, Ms. Fields announced that Providence Business News has named Rhode Island Housing as one of Rhode Island's "Best Places to Work". The recognition is especially meaningful, as the award is based on results from a confidential survey of staff.

Approval of External Charitable Donations and Contributions

Nicole Clement, General Counsel, made this presentation.

This Request for Action is for approval and ratification of Charitable Donations and Contributions 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 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, the reason for supporting the event or recipient, 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 require any disclosure under the Rhode Island Code of Ethics.

Rhode Island Housing's support of the work of the organization(s) listed on Attachment A furthers our corporate purposes by encouraging and stimulating 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). The Greater Providence Chamber of Commerce ("GPCC") is a business advocacy organization formed to ensure that businesses in the greater Providence area continue to expand and thrive. GPCC's 2016 Economic Outlook Luncheon presents an opportunity to discuss Rhode Island, business, the economy and innovation with state and business leaders. FirstWorks is a non-profit organization that provides world-class performing arts programs that build the cultural, educational and economic vitality of the Rhode Island community. PVDFest 2016 is a four (4) day, outdoor, multi-arts festival held in the heart of Providence. In addition to supporting the PVDFest opening night activities, Rhode Island Housing will assemble a team of volunteers for this vibrant and multicultural arts festival. Providence Business News ("PBN") is a weekly business newspaper focusing on the economy in Rhode Island and Bristol County, Massachusetts. PBN recently announced the awardees of its 2016 edition of the Best Places To Work competition. Rhode Island Housing was named among the best places to work in the large employer category (150-499 employees). Sixty companies were judged based on confidential surveys of employees and management reports compiled by Best Companies Group. PBN stated that the management practices in place at Rhode Island Housing made for a productive and enjoyable workplace. The work of these organizations furthers and supports the mission of Rhode Island Housing.

Commissioner McCleary, Chairman of the Management Committee, extended the Board of Commissioner's congratulations to Ms. Fields and staff on receiving the Best Places to Work award. He also stated that the Board of Commissioners is very proud of the achievement.

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, 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 organization(s) 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, each organization plays 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 Comprehensive Community Development Program Awards

Ms. Fields gave this presentation.

Rhode Island Housing's Comprehensive Community Development Program aims to fund projects and programs that will enhance neighborhoods and communities in which Rhode Island Housing has made significant investments. The ultimate goal is to improve the quality of life for residents living in these communities. This grant program is intended to help transform and stabilize neighborhoods in a positive and comprehensive manner.

Rhode Island Housing issued a Request for Proposals (RFP) for an award of funding in March 2016. The RFP was posted on the Rhode Island Housing website, the State of RI Division of Purchasing website, and sent to approximately 630 organizations, municipalities and interested parties via an email announcement.

Rhode Island Housing received 35 proposals in response to the RFP from 31 applicants consisting of organizations, municipalities and housing authorities. Funding requested totaled \$1.7 million. Staff from the Government Relations and Policy Division, Development Division, and Leased Housing and Rental Services Division conducted an initial review of each proposal in accordance with the scoring criteria set forth in the RFP. The scoring criteria and evaluation matrix of each proposal is set forth in Attachment A to the Request for Action.

Staff provided summaries to a Committee consisting of nine (9) staff members and five (5) community partners. The Committee reviewed the applications and is recommending funding be awarded to the projects and programs described in Attachment B to the Request for Action. The most recent audited financial statements were reviewed for all recommended grantees. Staff recommends that the attached resolution authorizing funding in the amount of \$468,554 for the

Comprehensive Community Development projects and programs set forth in Attachment B to the Request for Action be approved.

Ms. Fields thanked the Housing Network and NeighborWorks for their efforts in working to improve neighborhoods and the lives of residents within those communities.

Commissioner McCleary inquired whether applicants are informed of the scoring system and if the results are communicated to them. Ms. Ventura assured the Commissioners that the applicants are aware of the scoring methodology and that those results are conveyed to the applicants.

Commissioner DiBiase commented that the scoring element is important and that this service is an essential component of the Corporation's mission.

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 created a Comprehensive Community Development program to enhance neighborhoods and communities in which Rhode Island Housing has made significant investments; and

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

Whereas, Rhode Island Housing received thirty-five proposals for Comprehensive Community Development grant funding; and

Whereas, Staff and five external community partners reviewed the proposals according to the scoring and evaluation criteria outlined in the Request for Proposals and have determined that twelve of the proposals best fit the criteria and goals of the program.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That the projects and programs set forth on Attachment B be, and hereby are approved for grant funding under the Comprehensive Community Development Program in the amount specified in Attachment B, 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 \$468,554.

Resolved, That all funds awarded hereunder shall be funded out of the FY 2016 budget.

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

Approval of Thresholds Program Funding Awards

Ms. Ventura, Deputy Director, presented this request.

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”).

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 Program use restrictions are binding for 30 years. Since FY 2014, in addition to proposals for development of new units, recipients of Thresholds Program funds have begun to submit renewal applications for capital funds to rehabilitate current Thresholds Program properties and extend their affordability and use agreements for another 30 years.

The State of Rhode Island’s FY 2016 budget authorizes \$1,000,000 for distribution under the Thresholds Program. In addition, there is a balance of available funds totaling \$320,416, which includes \$119,168 of FY 2015 funds, which were reserved for Georgiaville Village Green, \$194,000 repaid by the Urban League of Rhode Island for Slater Street, and \$7,248 in project balances and interest earned. In response to a Request for Proposals for Thresholds Program funding, nine (9) applications seeking a combined total of \$1,368,425 were received. The Thresholds Program Advisory Committee (the “Committee”) met on May 18, 2016 to review the applications, and recommends that the proposals set forth at Attachment A be awarded Thresholds Program funds. The Committee has determined that the recommended awards totaling \$693,452 will enable the Thresholds Program to meet its goal of supplying housing linked to supportive services from a behavioral health or developmental disability agency, and that the size of the awards is justified and sufficient. BHDDH has endorsed the recommendations. Approval of the \$693,452 in funding recommendations would increase the cumulative commitment of the Thresholds Program since 1990 to over \$22.2 million, funding a total of 522 Thresholds Program units.

With the approval of these proposals, approximately 37% (\$373,036) of FY 2016 Thresholds Program funds will be committed, creating an additional 31 Thresholds Program units. It is intended that the balance of Thresholds Program funds in the amount of \$626,745 will be made available for a second funding round later in the year in conjunction with the HOME Investment Partnerships funding round.

The Committee recommends the attached Resolution authorizing the award of Thresholds Program funds in the amount of \$693,452.

Commissioner Orth emphasized the fact that these awards have been approved by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and that Rhode Island Housing administrators the program.

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

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 \$693,452 in Thresholds Program funds, to the organizations and in the amounts 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 execute any and all agreements or documents as he or she may determine are in the best interests of Rhode Island Housing and deem necessary to carry out the foregoing resolution.

Approval of Engagement of IT Document Imaging Vendors

Ms. Fields introduced this item and congratulated staff for their efforts in moving forward with this endeavor. Cathy Matarese, Director of Information Technology, presented this request.

This Request for Action is for approval to engage MetaSource, LLC to provide loan document scanning services, identified as Project A, and ARC Document Solutions to provide project plan and specification scanning services, identified as Project B, to Rhode Island Housing.

In mid-2015, Rhode Island Housing engaged a consultant to evaluate Rhode Island Housing'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 of Commissioners 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 is to further implement and leverage DocuShare, Rhode Island Housing's content management system, to digitize paper assets and automate approval processes. Currently, Rhode Island Housing stores approximately 3.8 million pages of active mortgage loan documents on

the 6th floor and the Development Division stores approximately 20,000 pages of architectural drawings in their business area.

In early April 2016, Rhode Island Housing decided to implement the recommendation to start digitizing the active mortgage loan documents, Project A and project plan and architectural drawings, Project B, and posted a Request for Proposals (“RFP”) from qualified firms to provide document imaging services. Firms had the option of submitting a proposal for either or both projects. These services are intended to assist Rhode Island Housing in accomplishing the goals set forth in the 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.

Sixteen firms submitted proposals in response to the RFP. A selection committee composed of senior staff and representatives from various business lines reviewed the proposals and evaluated them in accordance with the RFP criteria. The selection committee applied a weighted average scoring model for evaluating and comparing the responses in both project A and B. Factors taken into consideration included: firm’s capacity, work plan, work experience, security, quality control, and fee structure. The maximum allowable score under the employed model was 500 pts.

Attachment A sets forth the evaluation summaries of the proposals for document imaging services.

Project A

Following review of the bid documents and pricing proposal, MetaSource, LLC was the unanimous choice of the committee for engagement to provide loan document imaging services. MetaSource, LLC scored 490, scores ranged from 180 to 490. References provided by MetaSource, LLC were contacted and information received was found to be satisfactory. MetaSource, LLC has been part of the document management and outsourcing industry for more than 30 years and supports more than 4,800 clients, and over 400 business process outsourcing engagements today for three of the top five mortgage servicers. MetaSource, LLC has the experience and expertise to undertake the assignment and their fee proposal is reasonable. The proposed cost of their engagement is based upon total number of pages scanned, which is estimated to be approximately 3,800,000 pages at a cost of \$172,900. Range of pricing from other Project A proposals ranged from \$123,304 to \$518,200.

Project B

Following review of the bid documents and pricing proposal, ARC Document Solutions was the unanimous choice of the committee for engagement to provide project plan and specification document imaging services. ARC Document Solutions scored 435, scores ranged from 160 to 435. References provided by ARC Document Solutions were contacted and information received was found to be satisfactory. ARC Document Solutions is the largest document management services company in the world. ARC Document Solutions’ clients include some of the world’s largest architectural, engineering and construction companies. ARC Document Solutions has the experience and expertise to undertake the assignment and their fee proposal is reasonable. The proposed cost of their engagement is based upon drawing size and number of drawing, which is estimated to be approximately 20,000 drawings, at a cost of \$29,400 and \$20,940 for a 5 year license

(PlanWell Cloud based document management solution license); total engagement - \$50,340. Range of pricing from other Project B proposals ranged from \$13,800 to \$71,400.

Upon a motion made by Commissioner McCleary and seconded by Commissioner Barry the following resolution was unanimously approved.

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

Whereas: Rhode Island Housing intends to engage firms to provide back file document imaging for loan documents and project plans and specifications; and

Whereas: Such activities are intended to ensure that Rhode Island Housing continues to effectively serve its mission by addressing the document imaging project identified in the 2016 – 2018 roadmap; and

Now, therefore, it is hereby:

Resolved: That Rhode Island Housing be, and hereby is authorized, to engage MetaSource, LLC to provide back file document scanning for loan documents, identified as Project A, and ARC Document Solutions to provide project plan and specification scanning, identified as Project B, on such terms and conditions as are consistent with the Request for Proposals issued by Rhode Island Housing and the proposals submitted in response thereto.

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 Engagement of a Real Estate Tax Service Vendor

Ms. Fields introduced this item and Leslie McKnight, Director of Loan Servicing and Asset Management, presented this request.

This Request for Action is for approval of the selection of a real estate tax service vendor pursuant to the Quasi-Public Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws.

Rhode Island Housing maintains a loan portfolio of approximately ten thousand (10,000) properties located throughout the state of Rhode Island. Currently, real estate tax data is manually boarded with Rhode Island Housing's loan servicing platform, real estate tax information is obtained by contacting the municipality directly for each property, and real estate tax payments are generated and issued manually. Because this system is redundant and lacks automation, in March, 2016 Rhode Island Housing issued a Request for Proposals ("RFP") through which it sought proposals from qualified firms to assist it with streamlining its real estate tax functions.

Two national vendors submitted responses to the RFP. The responses were reviewed and scored by a committee of staff members based on the criteria set forth in Attachment A to the Request for Action and LERETA, LLC (“LERETA”) received the highest score. In its RFP response, LERETA indicated that it currently has three Housing Finance Agency clients, all of which utilize the same loan servicing platform as Rhode Island Housing. Additionally, LERETA proposed converting Rhode Island Housing’s existing portfolio into its system at no cost to Rhode Island Housing. The engagement of LERETA will allow Rhode Island Housing to streamline the real estate tax functions of its existing and future loan portfolio. Accordingly, the committee recommends that the contract for real estate tax services be awarded to LERETA.

Commissioner McCleary proposed that staff consider establishing a consistent strategy around awarding a bonus to Rhode Island based entities when scoring and evaluating applicants for services.

Upon a motion made by Commissioner McCleary 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’s enabling act provides it with all of the power to make and execute contracts necessary for the exercise the powers and functions provided to it under that act (R.I. Gen. Laws §42-55-5(6)); and
- Whereas,** Rhode Island Housing seeks to enter into a contract for real estate tax services with LERETA, LLC (“LERETA”); and

NOW THEREFORE, IT IS HEREBY:

- Resolved,** That Rhode Island Housing be, and it is hereby authorized, to engage LERETA to provide real estate tax services; and
- Resolved,** That the Executive Director and the Director of Loan Servicing and Asset Management, each acting singly be, and hereby are, authorized and empowered to take any and all actions necessary , desirable, and in the best interests of Rhode Island Housing to carry out the foregoing resolution.

Approval of Engagement of Consultants to Develop Grant and Funding Applications

Ms. Fields introduced this topic, and Ms. Ventura, Deputy Director, presented the request.

Rhode Island Housing periodically has opportunities to prepare and file grant and funding applications with federal and institutional agencies. In order to respond to these funding opportunities in a timely manner, staff has recommended the development of a professional consultant list to be used when funding opportunities arise.

In April, staff issued a Request for Proposals (“RFP”) for consulting services to develop federal and institutional grant and funding applications. Four (4) firms responded to the RFP. All firms have experience in preparing and filing applications for federal and institutional funding. Two (2) firms have previously provided consulting services for Rhode Island Housing. Given the broad range of

expertise associated with each firm, staff recommends adding all agencies to a professional consultant list that can be used as funding opportunities arise. Staff recommends the approval of the attached Resolution authorizing the establishment of a professional consultant list and the addition of the firms identified on Attachment A as presented at this meeting.

Commissioner McCleary, Chairman of the Management Committee, stated that the Management Committee thinks that this service will provide much needed assistance to the Corporation.

Upon a motion made by Commissioner McCleary 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: Barbara Sokoloff Associates, Inc., Housing Innovations, TAG Associates, Inc. and Farnum Associates have a broad range of experience in the preparation and filing of federal and institutional funding applications; and

WHEREAS: Rhode Island Housing periodically has opportunity to seek federal and institutional funding to support programs that furthers its mission;

WHEREAS: Staff recommends establishment of a consultant list and approval of the four (4) firms identified in Attachment A be added to the consultant list.

NOW, THEREFORE IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and hereby is authorized, to establish a professional consultant list, and that Barbara Sokoloff Associates, Inc., Housing Innovations, TAG Associates, Inc. and Farnum Associates be added to the professional consultant list.

RESOLVED: That the Executive Director or any Deputy Director 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 Amendments to the Administrative Plan for the Section 8 Housing Choice Voucher

Ms. Fields opened this discussion and Claribel Shavers, Director of Leased Housing and Rental Services, made the presentation.

Rhode Island Housing operates several federal housing programs, one of which is the Section 8 Housing Choice Voucher Program (the "HCV Program" or "Program"). The HCV Program offers rental subsidies to help income-qualifying families, senior citizens and disabled individuals afford safe, healthy homes of their choosing. Rhode Island Housing serves as a Public Housing Authority

("PHA") in a number of Rhode Island communities. In this capacity, Rhode Island Housing makes subsidy payments directly to landlords on behalf of participating families, and the families pay the difference between the rent charged by their landlords and the amounts subsidized by the Program. Rhode Island Housing's operation of the HCV Program is governed by an internal Administrative Plan (the "Plan"), developed as required by federal regulation.

In connection with Rhode Island Housing's ongoing efforts to reduce administrative burdens on Program participants and adopt best practices in the administration of the Program, staff recently undertook a review of the Plan. As a result of this review, staff identified several areas in which the Plan should be updated to reflect statutory or regulatory changes, new guidance from HUD, or evolving industry practice.

Staff has proposed a series of amendments, summarized below, to the Administrative Plan to ensure that the Plan reflects current practice and complies with applicable HUD requirements. The revised Plan is set forth as Attachment B to the Request for Action.

- Chapters 1, 5, 10, 16 and the Glossary have been revised to reflect HUD's Final Rule entitled Housing Choice Voucher Program: Streamlining the Portability Process, 80 Fed. Reg. 50564 (Aug. 20, 2015).
- Chapter 3 has been revised to reflect new guidance from HUD with respect to the use of criminal records in rendering housing decisions. These changes are intended to bring the Plan into alignment with HUD Notice PIH 2015-19 entitled Guidance for Public Housing Agencies (PHAs) and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions (issued November 2, 2015).
- Chapter 3, 4, 6, 7, 8, 11 and 16 have been revised to clarify and streamline administrative procedures in accordance with HUD Notice PIH 2016-05 entitled Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies (issued April 7, 2015).
- Chapter 4 has been revised in accordance with staff recommendations to (i) improve administrative processes, (ii) more accurately state agency priorities with respect to serving the homeless and persons exiting institutional settings, and (iii) reflect the anticipated opening of the Housing Choice Voucher Program waitlist.
- Chapter 6 and Exhibit 6 have been amended to reflect updated HUD guidance with respect to the treatment of certain student assistance, as set forth in (i) HUD Notice PIH 2015-21 entitled Amendment to the Definition of Tuition (issued December 10, 2015) and (ii) Federally Mandated Exclusions from Income: Republication of Corrected Listing, 77 Fed. Reg. 74495 (December 14, 2012).
- Chapters 3, 10, 12, 13 and 16 have been revised to reflect the Violence Against Women Reauthorization Act of 2013.
- Chapters 1, 3, 5, 12, 16 have been updated to reflect best practices, as identified by staff and recommended by Rhode Island Housing's vendor, Nan McKay. Affected policies relate to changes in family composition, family briefing procedures, and repayments agreements, among others.

- Chapter 17 has been revised to reflect policies set forth in HUD Notice PIH 2015-05 entitled Project-Based Voucher Guidance (issued April 1, 2015) with respect to owner selection procedures for PHA-owned units.
- Table of Contents has been revised to reflect updated page numbers and section titles; section number, footers, and revision dates have been updated.

The proposed amendments to the Plan are consistent with Rhode Island Housing's Annual Plan for Fiscal Year 2017, which was initially approved by the Board of Commissioners at its April 2016 meeting and is expected to be amended in August 2016. The amendments to the Plan will become effective following approval and adoption by the Rhode Island Housing Board of Commissioners, submission to HUD, and finalization of the related amendment of the Annual Plan.

Staff recommends that the Board of Commissioners approve the attached Resolution adopting the revisions to the Administrative Plan substantially in the form as presented at this meeting.

Commissioner McCleary, Chairman of the Management Committee affirmed that periodic review of the Administrative Plan has merits and recommended that staff continue examining policies that would be advantageous for the Corporation to modernize.

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") has been designated by the United States Department of Housing and Urban Development ("HUD") as a Public Housing Authority ("PHA") in connection with the Section 8 Housing Choice Voucher Program (the "HCV Program");

WHEREAS: Part 982.54 of Title 24 of the Code of Federal Regulations requires each PHA to administer its HCV Program according to an Administrative Plan (the "Plan");

WHEREAS: The Plan must establish local policies for administration of the program in accordance with HUD requirements and must be adopted by the PHA Board of Commissioners; and

WHEREAS: Staff has undertaken a review of the Administrative Plan and has established the need for certain revisions, which will bring the Plan into alignment with new or changed statutory or regulatory requirements, HUD guidance, or evolving industry practice;

NOW, THEREFORE, BE IT:

RESOLVED: That Rhode Island Housing hereby approves and adopts the amendments to the Rhode Island Housing Administrative Plan substantially in the form presented at this meeting.

Approval of Firm Commitment of Financing for Matthew XXV Apartments (Warwick)

Director Fields provided a brief overview of the four (4) tax credit FFB deals requesting approval and Mr. Shorter, Director of Development, gave this presentation.

This Request For Action (“RFA”) is for Firm Approval of a taxable refinancing in the amount of \$5,500,000 for Matthew XXV Apartments (“Matthew XXV” or the “Development”), an existing affordable housing development originally financed by Rhode Island Housing. St. Paul Housing Corporation (“St. Paul”) is the developer.

Matthew XXV, located in Warwick, consists of a 5-story, 95-unit apartment building, containing 95,300± square feet of gross building area and 47,900± square feet of gross living area. The property was built circa 1978, and renovated circa 2002. 94 of the 95 units are assisted with a Section 8 Housing Assistance Payments contract (“HAP”). One unit is occupied by a maintenance person providing no rental income. The current HAP was renewed in June 2011 and runs through January 2031. Over the past several years, the property has used both cash flow and existing reserves to maintain the property. The building was originally constructed in 1978 and renovated in 2001. As part of the 2001 transaction, Matthew XXV Associates, LP purchased the property from a related party seller and bought the interests of the former limited partner. St. Paul Housing, the general partner, assumed full control of the property.

Matthew XXV Associates, LP (the “Borrower”) has used a Capital Needs Assessment (“CNA”) prepared in October 2015 to develop the scope of work that includes replacement of the property retaining wall, patio and community room expansion, parking lot repaving, exterior repointing, renovation of 95 kitchens, upgrade of the fire alarm and fire suppression systems to meet code, replacement of the two boilers, hot water tank, associated piping and trash compactor.

Rhode Island Housing’s design staff has toured the property, and reviewed and approved the proposed scope of work. The Borrower will fund a Replacement Reserve account with \$190,000 or \$2,000 per unit. In addition, the owner will make annual deposits into the Replacement Reserve in an amount sufficient to address potential rehabilitation over the next 20 years. The CNA will be revised to reflect the recent and current scope of work and a revised 20 year Replacement Reserve projection.

Rhode Island Housing currently holds the first mortgage, 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 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 20 year HAP contract

- Well-funded reserves
- Low vacancy rate
- 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 current HAP rents, which are equal to the current market rents. The refinancing of the Development will allow for \$1,832,000 in repairs to the site, extend the affordability for an additional 40 years, provide a return to the owner, and a new loan for Rhode Island Housing.

An existing issue with the RI Department of Environmental Management (“RIDEM”) is being managed in the current scope of work. The majority of the site (though not the structure) is located within a Flood Zone which is an area of minimal flood hazard and is usually depicted on Flood Maps as above the 500-year flood level. A small portion of the subject site, located abutting the Pawtuxet River, is in Flood Zone AE. The replacement of the retaining wall will require RIDEM’s approval due to the site’s proximity to the river. It is expected that the approval will take approximately 6 months. The funds for the retaining wall replacement (which has been priced by the general contractor) will be escrowed with Rhode Island Housing until the work can commence in Spring 2017.

The primary source of funding is a first mortgage in the amount of \$5,500,000 and existing project reserves. The Request for Action is for Firm Commitment of a taxable loan of up to \$5,500,000, which will be funded through the U.S. Department of the Treasury-HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative.

Commissioner Orth, Chairman of the Credit Committee, stated that the Committee reviewed the proposal, agreed that it’s a good project and recommends approval.

Mr. Shorter recognized James O’Leary and Bob Jacobs who thanked the Commissioners for their consideration and look forward to working with Rhode Island Housing’s staff.

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

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>
Matthew XXV Apartments	St. Paul Housing Corporation	\$5,500,000

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:

(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 Matthew XXV Apartments, LP in an amount not to exceed \$5,500,000 for rental housing known as Matthew XXV 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:

- 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.

Approval of Firm Commitment of Financing for Parkway Apartments (East Providence)

Mr. Shorter, Director of Development, presented this request.

This Request For Action (“RFA”) is for Firm Approval of a taxable refinancing in the amount of \$7,767,000 for Parkway Apartments (“Parkway” or the “Development”), an existing affordable housing development originally financed by Rhode Island Housing. Ferland Corporation (“Ferland”) is the developer.

Parkway, located in East Providence, RI, consists of one 9-story apartment building containing 104 units. There are 95 one-bedroom and 9 two-bedroom apartments. 103 of the 104 units are assisted with a Section 8 Housing Assistance Payments contract (“HAP”). One unit is a low income housing tax credit (“HTC”) unit leased at 60% of area median income (“AMI”).

The building was originally constructed in 1978 and renovated in 2002/2003. The 2002/2003 rehabilitation scope of work included exterior window replacement, roofing system replacement, select boiler system replacement and common area renovations. The current HAP was renewed in July 2003 and runs through July 2023. Over the past several years, the property has used both cash flow and existing reserves to maintain the property. In 2001, the development was refinanced under Rhode Island Housing’s Preservation Program by Parkway Apartments LP (the “Borrower”), a Rhode Island Limited Partnership formed to acquire and refinance the property with 4% HTC. Ferland Corporation, a Rhode Island Corporation serves as the general partner. In 2015, Rhode Island Housing provided the Borrower and Ferland with a \$1,425,000 bridge loan to redeem the interest of the limited partner, which exited the partnership in advance of the expiration of the tax credit compliance period.

The Borrower has used a Capital Needs Assessment (“CNA”) prepared in January 2016 to develop a scope of work that includes upgrading the fire alarm and suppression systems, replacement of the emergency generator, repairs to the elevators, exterior masonry repair of the building envelope, energy efficiency upgrades with new circuit breakers and low flow toilets, new flooring and painting in 30 units.

Rhode Island Housing’s design staff has toured the property, and reviewed and approved the proposed scope of work. The Borrower will fund a Replacement Reserve account with \$208,000 or \$2,000 per unit. In addition, the owner 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, which matures in 2032, and the second mortgage, which matures in 2030. 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 rate
- 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 HAP rents, which are currently lower than market rents.

The refinancing of the Development will provide over \$950,000 of repairs to the site, extend the affordability for an additional 40 years, provide a return to the owner and a new loan for Rhode Island Housing. The primary source of funding is a first mortgage in the amount of \$7,767,000 and existing project reserves. The Request for Action is for Firm Commitment of a taxable loan of up to \$7,767,000, which will be funded through the U.S. Department of the Treasury-HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative.

Mr. Shorter introduced John Cooper, President and Chief Operating Officer of Ferland Corporation, who expressed his appreciation to the Board of Commissioners and staff for their support.

Commissioner Orth, Chairman of the Credit Committee, said that the Committee believes this a solid proposal and recommends approval.

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

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>
Parkway Apartments	Ferland Corporation	\$7,767,000

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:

(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 Parkway Apartments, LP in an amount not to exceed \$7,767,000 for rental housing known as Parkway Apartments located in East Providence, 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:

- 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.

Approval of Firm Commitment of Financing for Bradford Court (Burrillville)

Eric Shorter, Director of Development, presented this request, and Commissioner Orth, Chairman of the Credit Committee, offered additional remarks.

This Request For Action (“RFA”) is for Firm Approval of a taxable refinancing in the amount of \$8,320,000 for Bradford Court Apartments (“Bradford Court” or the “Development”), an existing elderly housing development originally financed by Rhode Island Housing. Cathedral Development Group, Inc. (“CDG”) is the developer.

Bradford Court, located in Burrillville, RI, consists of three 3-story apartment buildings containing 98 units. There are 88 one-bedroom and 10 two-bedroom apartments. Section 8 rental assistance has been provided through a Housing Assistance Payment (“HAP”) contract since the building was

originally built in 1981. The current HAP contract was renewed in May 2011 and runs through May 2031.

In 2003, the development was refinanced under Rhode Island Housing's Preservation Program by Bradford Court Associates LP (the "Borrower"), a Rhode Island Limited Partnership formed to acquire and refinance the property with 4% low income housing tax credits. CDG, a Rhode Island Corporation, serves as the general partner. In 2014, Rhode Island Housing provided the Borrower and CDG with a \$2,000,000 bridge loan to redeem the interest of the limited partner, which exited the partnership in advance of the expiration of the tax credit compliance period. The redemption price was less than what the redemption price would have been had the redemption occurred at the end of the tax credit compliance period. At the time of the bridge financing, the expectation was that the Borrower would undertake a full refinancing within the next 2 years.

Over the past several years, the property has used both cash flow and existing reserves to maintain the property. The recent work consisted primarily of appliance replacement, boiler and burner conversion, elevator improvements and the construction of an outdoor patio and gazebo. The Borrower commissioned a Capital Needs Assessment in 2016 to develop a scope of work that includes window, siding and roofing replacement, ADA upgrades, replacement of the emergency generator, elevator upgrades, and replacement of water closets. The developer has submitted plans and specifications, the work has been priced and the general contractor has submitted his draft contract. The work will be completed by Cathedral Construction Management, LLC, an identity of interest firm to CDG.

Rhode Island Housing's design staff has toured the property, and reviewed and approved the proposed scope of work. The borrower will fund a new Replacement Reserve account with \$196,000 or \$2,000 per unit. In addition, the owner 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 2033. 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 rate
- 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 (approved May 2016) which are equal to the current market rents.

The refinancing of the Development will provide over \$1M of repairs to the site, extend the affordability for an additional 40 years, deliver a return to the owner and provide a new loan for Rhode Island Housing. The primary source of funding is a first mortgage in the amount of \$8,320,000 and existing project reserves. The Request for Action is for Firm Commitment of a taxable loan of up to \$8,320,000, which will be funded through the U.S. Department of the Treasury-HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative.

Mr. Shorter welcomed Robert Gaudreau, of Cathedral Development Group, who thanked the Commissioners, Anne Berman and Tim Caplice for their assistance and encouragement.

Commissioner Orth complimented the developer and announced that the Credit Committee recommended approval of the proposal.

Upon a motion made by Commissioner Orth and seconded by Commissioner Barry, 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>
Bradford Court	Cathedral Development Group	\$8,320,000

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 Bradford Court Associates LP in an amount not to exceed \$8,320,000 for rental housing known as Bradford Court Apartments located in Burrville, 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:

- 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.

Approval of Firm Commitment of Financing for Greenwood Apartments (Warwick)

Mr. Shorter, Director of Development, made this presentation with additional comments and recommendation for approval provided by Commissioner Orth, Chairman of the Credit Committee.

This Request for Action (“RFA”) is for revised Firm Approval of financing for Greenwood Terrace Apartments (“Greenwood” or the “Development”), an existing elderly housing development originally financed by Rhode Island Housing. Cathedral Development Group, Inc. (“CDG” or the “Developer”) is requesting a short-term tax-exempt loan and a taxable-permanent loan funded through the U.S. Department of the Treasury -HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative.

Greenwood received firm approval for refinancing using the FFB program in August 2015. This revised firm approval is for an acquisition/rehabilitation using tax exempt bonds and low income housing tax credits (“HTC”) with a permanent loan funded through the FFB program. This revised financing plan is a result of CDG’s successful application for tax abatement through the City of Warwick, which will allow for a higher mortgage but also requires additional rehabilitation in order to qualify for the abatement. The transaction will include 4% HTC equity syndicated through Michel Associates.

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.

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% HTC. Affordable Housing Strategies, Inc. (“AHS”), a Rhode Island Corporation, served, and continues to serve, 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, SunAmerica Housing Fund 539 (“SunAmerica”), to an affiliate of AHS, GK Acquisitions, II, LLC. The 15 year tax credit compliance period expired at the end of 2012.

The 2010 transfer of limited partner interest from SunAmerica occurred when SunAmerica elected to exit the partnership in advance of the expiration of the tax credit compliance period. SunAmerica 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 2016. CDG, the parent company to AHS and GK Acquisitions, II, LLC, has requested that Rhode Island

Housing refinance the two loans and provide a 40 year loan. As part of the refinancing, CDG will undertake approximately \$850,000 of rehabilitation and receive a portion of accrued equity in the Development through the sale of the property. In exchange for the equity withdrawal, CDG or an affiliated partnership, as borrower, will be required to renew the perpetual affordability obligations on the property.

The Developer commissioned a Capital Needs Assessment (“CNA”) to assess the physical condition of the property and determine the long-term rehabilitation needs for the Development. The current scope of work includes roofing, window and siding replacement, exterior painting, replacement of the parking lot, repair of the concrete walkways, landscaping upgrades, and fencing replacement. Interior work includes 20 kitchen and bath upgrades and flooring replacement in some apartments, security upgrades, expansion of manager’s office, a hot water boiler and common area improvements. Plans and specifications for this work are currently under review at Rhode Island Housing. The final scope of work will be incorporated into the CNA so that the 20 year projection of future capital needs will reflect this rehabilitation.

The primary permanent sources of funding are a first mortgage in the amount of \$4,232,000, proceeds from the sale of HTC in the amount of \$1,472,654, a seller note in amount of \$293,628 and existing project reserves. Upon construction completion, the syndication equity and permanent debt will fully repay the construction loan from Rhode Island Housing. The permanent first mortgage will be a taxable permanent loan funded through the FFB.

This Request for Action is for Firm Commitment of a tax exempt bridge loan for construction in the amount of \$5,000,000 and a taxable loan of up to \$4,232,000, which will be funded through the FFB.

Commissioner Orth declared that staff discussed the LTV ratio at the Credit Committee along with establishing a policy to standardize a reasonable origination fee for all loans. Staff will be bringing recommendations to the Credit Committee in the near future.

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

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 two (2) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance,

fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas: Rhode Island Housing 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>First Mortgage</u>	<u>Construction Loan</u>
Greenwood Terrace	Cathedral Development Group, LLC	\$4,232,000	\$5,000,000

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:

(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 tax exempt mortgage financing in an amount not to exceed \$5,000,000 to Cathedral Development Group, LLC or an affiliated partnership (the “Borrower”) for rental housing known as Greenwood Terrace Apartments located in Warwick, Rhode Island.

Resolved, That, Rhode Island Housing hereby declares that the firm 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 \$5,000,000 in 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, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for first mortgage financing to the Borrower, in an amount not to exceed \$4,232,000 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:

- 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.

Approval of Preliminary Commitment of Financing for Cathedral Square Associates I (Providence)

Mr. Shorter presented this request and highlighted that this transaction is slightly different as it is a MAP deal.

This Request for Action is for Preliminary Approval of short-term tax exempt financing and a HUD fully-insured Multifamily Accelerated Process (“MAP”) loan (the “Permanent Loan”) and associated Government National Mortgage Association (“GNMA” or “Ginnie Mae”) issuance for Cathedral Square Apartments I (“CSA I” or the “Development”) an existing 100 unit development for the elderly. Cathedral Development Group, Inc. (“CDG”) is the developer. The Development is located on Washington Street in Providence’s Cathedral Square.

CDG, a for-profit developer, developed Cathedral Square Apartments I in 1978 using a HUD 236 loan. In 2001, the project was refinanced with 4% Housing Tax Credits (“HTC”) and tax exempt bonds issued by the Providence Housing Authority (“PHA”). The PHA bonds matured in 2015, at which time CDG refinanced CSA I with BankRI and acquired the remaining interests of the limited partner. The intent was to proceed with a subsequent acquisition/rehabilitation using bonds and credits in 2016.

CSA I is a 100 unit affordable senior housing development with a Section 8 Housing Assistance Payment (“HAP”) contract that was recently renewed in 2011 for twenty-years. The contract received a Mark-up-to-Market rent increase in June 2016. CDG has requested that Rhode Island Housing be the MAP lender for the current refinance utilizing a HUD 223(f) loan with HTC. A new limited partnership will be formed to acquire and rehabilitate the Development. CDG has requested that Rhode Island Housing issue tax exempt bonds to finance the acquisition and construction at the site. This financing mechanism will generate 4% HTC and will be subject to a 30 year affordability restriction. The tax-exempt loan will be repaid with the proceeds of the Permanent Loan from HUD. Rhode Island Housing will act as both the MAP underwriter and Ginnie Mae seller/servicer for the MAP loan.

This MAP transaction will require approvals from both the Boston HUD office for the MAP loan and Rhode Island Housing for the bonds. The anticipated approvals and schedule will be as follows:

- Rhode Island Housing Preliminary Board Approval (June 2016)
- Rhode Island Housing Firm Board Approval (August 2016)
- Firm Commitment Submission to HUD (August 2016)
- HUD Firm Commitment Approval (September 2016)
- Closing (October 2016)

The transaction proposes to use HUD’s 223(f) program for the Permanent Loan. The HUD loan will be issued by Rhode Island Housing as the MAP lender. Rhode Island Housing will underwrite and service the HUD loan. Rhode Island Housing will prepare a firm commitment application for HUD’s approval. As a MAP lender, Rhode Island Housing has access to low cost taxable financing from Ginnie Mae. Ginnie Mae’s current issuance rates are at or below 3%, which is much lower than Rhode Island Housing can provide through the issuance of a standard long-term tax exempt, financing. The proposed 223(f) loan is being underwritten at an all-in rate of 4.10%, which includes the base rate, GNMA guarantee fee, servicing, mortgage insurance and a 50% basis point hedge over current rates as the loan will not close until the fall. Tax exempt bonds will be issued in order to generate HTC. The equity will be used to pay the acquisition and rehabilitation costs. CSA I will pay for the full cost of issuance for the bonds and all Rhode Island Housing legal fees associated with the transaction.

As part of the proposed transaction the new entity will complete approximately \$1,500,000 in improvements. Renovations will include replacement of the existing roof and windows, new entry doors in units and common areas, handicap accessibility modifications, common area upgrades, elevator upgrades, kitchen cabinet replacement in 25 units and stoves and refrigerators in 40 units. The building is considered to be in good condition and has an estimated remaining useful life of 50 years assuming the existing scope of work is implemented. Additionally, a Phase I Environmental Site Assessment was conducted and reported no environmental concerns relative to the property. A draft appraisal is being reviewed but appears to support the Permanent Loan.

The primary source of financing for the transaction will be (i) an eighteen month tax exempt construction loan from Rhode Island Housing, (ii) a permanent first mortgage from HUD, (iii) 4% HTC proceeds, (iv) a seller note, (v) existing project reserves, and (vi) a deferred developer fee. Following completion of the construction and the payoff of the construction bonds, Rhode Island Housing will not hold any debt on the property, though we will be servicing debt on behalf of HUD. Rhode Island Housing will have a 30 year affordability restriction associated with the HTC and a 40 year Regulatory Agreement associated with the issuance of the tax exempt bonds.

The Request for Action is for Preliminary Commitment of short term tax-exempt bond financing in an amount of \$10,000,000 and preliminary approval for the MAP loan of \$10,980,000 for Cathedral Square Apartments I.

Commissioner Orth observed that the MAP transaction is an innovative process and that Rhode Island Housing is a pioneer in this field. He complimented staff on constructing a product that works for all parties and enhances the tools in the Corporation's financing kit.

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

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 eighteen months and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

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

Whereas: Rhode Island Housing is a HUD approved MAP Lender and a Ginnie Mae approved Seller/Service;

Whereas: The applicants (“Applicants”) listed below have 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>HUD 223(f) Loan</u>	<u>Tax Exempt Mortgage</u>
Cathedral Square I Apartments	Cathedral Development Group, Inc.	\$10,980,000	\$10,000,000

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:

- (1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;
- (2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;
- (3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;
- (4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;
- (5) That the proposed housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved: That, subject to the special conditions listed below, Rhode Island Housing hereby declares preliminary commitment approval for tax-exempt mortgage financing to a limited partnership to be formed by Cathedral Development Group, Inc., in an amount not to exceed \$10,000,000 for rental housing known as Cathedral Square Apartments I located in Providence, Rhode Island to be financed, in part, by tax-exempt bonds;

Resolved: That Rhode Island Housing hereby declares that the preliminary commitment approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to a \$10,000,000 loan plus the required bond reserve funds and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder;

Resolved: That , subject to the special conditions listed below, Rhode Island Housing hereby declares preliminary commitment for the submission of a 223(f) MAP loan application to HUD and the subsequent sale and Ginnie Mae securitization of said loan;

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

- HUD approval of the permanent 223(f) loan.
- Approval by Rhode Island Housing of all members of the development team.
- Syndication equity from the sale of low-income housing tax credits in an amount sufficient to insure development feasibility.
- Approval by Rhode Island Housing of construction plans and specifications and construction documentation including an acceptable reserve analysis for the rehabilitation items not immediately undertaken following acquisition.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- Recordation of a Rhode Island Housing Declaration of Land Use Restrictive Covenants and Regulatory Agreement in form(s) acceptable to Rhode Island Housing.
- Completion of all items required for closing in accordance with normal underwriting and processing requirements.

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

Chairman Retsinas thanked Mr. Shorter and Commissioner Orth for their remarks and detailed commentaries.

Ms. Fields stated that the Housing Study recently completed by HousingWorks and Rhode Island Housing showcases that Rhode Island is a great place to live but also revealed that we must preserve what we already have to move forward. She applauded staff on maintaining its high quality portfolio of affordable housing developments.

Approval of FY 2017 Budget

Ms. Fields welcomed and introduced Bea Lanzi, who was present at the meeting in her role as designee for General Treasurer Magaziner.

Ms. Fields noted that the Finance Department staff worked with each Division Director to compile revenue and expense estimates for Fiscal Year 2017, commencing on July 1, 2016, and ending on June 30, 2017. Executive Management reviewed and discussed all estimates with both the Finance Department staff and each Division Director.

At the June 6, 2016 meeting of the Management Committee of the Board of Commissioners (the “Committee”), the forecasts and assumptions underlying the proposed budget were discussed in detail. Staff made a presentation to the Committee regarding the projected revenues, expenses and staffing recommendations for FY 2017. The Committee recommended that the proposed FY 2017 operating budget be referred to the Board of Commissioners for approval.

Staff and the Committee engaged in discussions regarding the assumptions underlying the proposed budget. Ms. Ventura reported on the financing of State programs administered by Rhode Island Housing. The Chairman then asked what the impact would be if Rhode Island Housing did not allocate funding for these programs. Ms. Ventura confirmed that these programs would cease to exist. Commissioner McCleary then suggested that a conversation focusing on the Corporation’s priorities would be beneficial to see how the Corporation’s goals could be better reflected in the budget. Ms. Fields commented that the budget reflects allocations for many of the Corporation’s goals while also projecting a profit.

Commissioner DiBiase asked Ms. Fields if the budget incorporates the State Housing Opportunities Bond. Ms. Fields replied that the State Housing Opportunities Bond had not been approved and is not included in Rhode Island Housing’s budget.

Chairman Retsinas encouraged staff to explore options for the best use of the Corporation’s funds. Commissioner McCleary agreed and revealed that boards across the country are making decisions to disengage their support for certain services. He mentioned that the impact that decision has on communities is massive. Ms. Fields clarified that support for such partners, as LISC is vital to the economy. They provide a continuous pipeline for generating business along with offering services to neighborhoods and its residents that build strong thriving communities. LISC has produced and can provide numerous charts illustrating not only the number of units developed, but also the impact on the State, along with the various services offered to residents. Commissioner Barry also agreed and encouraged that examination of the Corporation’s best practices. She stressed that staff should look more broadly at for profit developers to investigate what value they can bring to the table.

The Commissioners discussed the “missing middle” dilemma. The question posed was; are there any other programs the Corporation can create to address the issue. Ms. Fields commented that Rhode Island Housing designed the Grand Grant program as a means to bridge that gap; however, more needs to be done. Ms. Fields also said that staff is considering new opportunities for renters and working families to help a greater percentage of Rhode Islanders. Commissioner Barry concurred stating that working families need subsidies to make ends meet. She proposed staff outline the needs of the state and explore possibilities to tackle those needs.

Chairman Retsinas offered to lay the groundwork by specifying the concentration of priorities for the Corporation. He advised the following outline:

- New Sources of Funding
- Primary Focus on Production
- Balance Policy (focusing on the low income and working families, expressly targeting the middle class)

Commissioner Orth wondered what the projected impact the passage of the Housing Bond would have on Rhode Island Housing. He asked if additional staff is necessary and if that would affect the operating expenses. Ms. Fields responded that the Corporation would add staff as needed and that the Bond would open up additional business opportunities for the Corporation and help Rhode Islanders afford a home.

Finally, Chairman Retsinas and Commissioner DiBiase requested that staff track the budget, making sure to evaluate profits, expenses and fees.

Upon a motion made by Commissioner Orth and seconded by Commissioner McCleary, the following resolution was unanimously adopted as presented at the meeting.

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

Whereas, pursuant to the provisions of the Rhode Island Housing and Mortgage Finance Corporation Act, Chapter 55 of Title 42 of the Rhode Island General Laws, Rhode Island Housing has the authority to adopt an annual budget and disburse funds; and

Whereas, the Management Committee of the Board of Commissioners (the “Committee”) provided the staff an opportunity to present and discuss the proposed FY 2017 operating budget; and

Whereas, the Committee recommended that the proposed FY 2017 operating budget be approved and referred to the Board of Commissioners for adoption.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that the proposed Fiscal Year 2017 Operating Budget of Rhode Island Housing as presented to the Committee and as set forth in Attachments A is hereby approved; and

Resolved, that the Executive Director, any Deputy Director, and the Chief Financial Officer each acting singly, be and hereby is authorized, empowered and directed to take any and all actions they shall deem necessary or advisable to carry out the foregoing resolution.

There being no further business to discuss, a motion was duly made by Commissioner McCleary and seconded by Commissioner Orth to adjourn the meeting at approximately 10:00 a.m.

Respectfully submitted,

Barbara G. Fields
Secretary and Executive Director