

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS
August 18, 2016**

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

Commissioners in attendance were Chairman Nicolas P. Retsinas; Ellen Balasco, designee for Vice-Chairman Macky McCleary, Director of the Department of Business Regulation; Michael DiBiase, Director of the Department of Administration; 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; Michael Fitzmaurcie, Director of Finance; Leslie McKnight, Director of Loan Servicing and Asset Management; Eric Shorter, Director of Development; Peter Pagonis, Director of Homeownership; Claribel Shavers, Director of Leased Housing and Rental Services; and Nicole Clement, General Counsel.

Andrew Prescott, 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 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.

Approval of Minutes of Board Meeting Held June 17, 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 June 17, 2016 be and hereby are approved.

Chairman's Report

There was no Chairman's report.

Executive Director's Review of Recent Activities and Trends

Ms. Field introduced and welcomed Michael Fitzmaurice, Rhode Island Housing's new Director of Finance. She stated that Mr. Fitzmaurice has extensive experience in housing and most recently served as Chief Financial Officer of MassHousing.

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

Homeownership. Ms. Fields announced that the Homeownership Division recorded another strong month in July with 148 closed first mortgages with a volume of \$25.5 million, exceeding July 2015 numbers by 8% and 13% respectively. Year-to-date first mortgage volume has increased 36% as compared to YTD 2015.

Ms. Fields was also pleased to announce that the Homeownership Division approved Regency Mortgage Corporation, a New Hampshire-based mortgage bank, in July as a new Participating Correspondent Lender.

Then Ms. Fields noted that the Ocean State Grad Grant continues to be popular in the market as evidenced by the YTD issuance of 210 Grants totaling approximately \$1.3 million versus a 2016 annual goal of 240 units totaling \$1.4 million. The average OSSG equals \$6,075. She stated that the program has exceeded expectations with success in 29 of Rhode Island's cities and towns with Warwick as the highest participant of the program.

Ms. Fields announced that the HHFRI opened its operations on July 11 at the Rhode Island Housing satellite office located on Jefferson Blvd. The goal is to continue its previous efforts to prevent foreclosures and stabilize the Rhode Island housing market. In the first 3 weeks of operation, the HHFRI received 49 completed applications for underwriting consideration and 2 approvals.

Since the HHFRI's inception, it has hosted weekly community information sessions to educate Rhode Islanders on the program and the various ways it can help struggling homeowners. Those outreach efforts include "robo" calls by Mayors of various cities and towns along with sessions held in East Providence, Warwick, and Providence, including the August 3rd meeting held in Warwick, which Representative Shekarchi attended.

Loan Servicing. Ms. Fields stated that Rhode Island Housing continues to see positive signs regarding portfolio delinquency, for month end July 2016 there was an increase in the total overall delinquency year over year. For month ending July 31, 2016 versus month ending July 31, 2015, Rhode Island Housing experienced an increase in the total number of delinquent loans of 85 basis points (on active single-family servicing portfolio of \$1.341 billion). In the seriously delinquent category (loans 90+ days delinquent), there was a reduction of 20 basis points totaling \$400,000.

Development. Ms. Fields informed the Board of Commissioners that as one of nine (9) states approved to pilot the new Federal Financing Bank (FFB) multifamily risk-sharing loan program, staff has identified an initial 20 developments. Development officers closed the first FFB deal

(Washington Hill) with the Federal Financing Bank in June 2016. Staff successfully closed two (2) additional FFB deals (Chimney Hill, Esmond Village) this summer.

In addition, staff submitted a Housing Trust Fund Allocation Plan to HUD this month. Rhode Island Housing anticipates receiving a small state allocation of \$3million dollars in the 4th quarter of 2016.

Ms. Fields updated the Board of Commissioners on the HOME Program stating that staff has officially closed out the HUD IG audit. Additionally, staff has submitted a response to HUD CPD's on-site monitoring report.

Leased Housing and Rental Services. Ms. Fields was happy to announce that Charlie Francis has joined the Leased Housing and Rental Services Division as Assistant Director. Mr. Francis will be responsible for managing the HCVP and Section 8 departments. Mr. Francis is a former HUD and DHCD employee who brings a wealth of knowledge to the position.

Ms. Fields informed the Board of Commissioners that on April 20, staff submitted an application to the Public Housing Authorities of Rhode Island ("PHARI") to develop and administer a statewide waitlist for all public housing authorities. She is pleased to report that PHARI has selected Rhode Island Housing as the Centralized Wait List Administrator. Rhode Island Housing will be responsible, in collaboration with the other PHAs, for the set up and management of a statewide applicant pool. Ms. Fields explained that the waitlist is one of the Governor Raimondo's top priorities.

Additionally, 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 has completed four (4) MORs.

Ms. Fields noted that three (3) staff members have been hired in the Grant Administration area. Staff continues to process invoices for program year 14 and have disbursed over \$1.3 million year to date. The staff is working on executing program year 2015 agreements and collaborating with sub-recipients to complete the 2017 program year application for funding. HUD has conducted on-site monitoring of the RICoC, and will continue remote monitoring through September.

Other Legislative Priorities: The United Way of Rhode Island is taking the lead role in the campaign for the Housing Bond (which will once again be Question 7 on the ballot) and has committed \$100,000 to the effort. They have contracted with Advocacy Solutions to manage the campaign. A kick-off event is tentatively scheduled for September 15 at 2PM in Pawtucket. Ms. Fields encouraged everyone to attend the event.

In July, Amy Rainone and Eric Shorter spent two (2) days in Washington, D.C. meeting with national housing organizations to build partnerships for future work together at the state and national level. The trip included meetings with eleven (11) leaders of organizations like the

National Association of Realtors and the National Association of Housing and Redevelopment Officials. Follow-up work is planned with these organizations and their state representatives.

Ms. Fields announced that best-selling author of “Evicted: Poverty and Profit in the American City” Matthew Desmond is to be the Keynote Speaker at HousingWorksRI Fact Book Luncheon (to be held September 14th). Ms. Fields is moderating a fireside conversation with Mr. Desmond at the event.

Finally, Ms. Fields reminded the Board of Commissioners that on September 24-27, NCSHA is holding its Annual 2016 Conference and Showplace in Miami and invited them to participate if interested.

Convening of the Section 8 Committee and Approval of Amendments to the PHA Annual Plan

Upon a motion made by Commissioner Designee Balasco and seconded by Commissioner Magaziner the Board unanimously adopted a motion to convene a meeting of the Section 8 Committee of the Board of Commissioners to consider approval of Amendments to the PHA Annual Plan. The Section 8 Committee Meeting was convened at 8:45 am.

Claribel Shavers, Director of Leased Housing and Rental Services announced that Keisha Sanders, a resident participant of the certificate and voucher program administered by Rhode Island Housing in its role as a Public Housing Authority as the Resident Member of the Section 8 Committee, was officially notified of the meeting but was not able to attend. Ms. Shavers stated that Ms. Sanders had no objections to the proposed amendments.

Approval of Amendments PHA Annual Plan

Ms. Shavers gave this presentation.

Rhode Island Housing acts as a public housing authority (“PHA”) with respect to the administration of Section 8 tenant-based rental subsidies provided by the U.S. Department of Housing and Urban Development (“HUD”) through the Housing Choice Voucher (“HCV”) Program. In accordance with Title V of the Quality Housing and Work Responsibility Act of 1998 (the “Act”), Rhode Island Housing must adopt an annual plan for this program that establishes goals and objectives for meeting the housing needs of the agency’s jurisdiction (the “Annual Plan”). The Annual Plan includes Rhode Island Housing’s strategies for expanding the supply of assisted housing, promoting family self-sufficiency, and ensuring equal opportunity in housing.

The Annual Plan for Fiscal Year 2017 was originally approved by the Board of Commissioners in April 2016 and was subsequently reviewed and approved by HUD. Rhode Island Housing is now proposing changes to HCV Program admission preferences, which meet the criteria for a Significant Plan Amendment specified in our most recent 5-Year PHA Plan. These changes to admission preferences were reflected in the new Housing Choice Voucher Administrative Plan presented to and approved by the Board in June.

Specifically, Rhode Island Housing's homeless definition has been revised in accordance with staff recommendations to improve administrative processes and more accurately state agency priorities with respect to serving the homeless and persons exiting institutional settings. A description of the changes is included in the Revised Annual Plan attached to the Request for Action as Attachment B.

In addition, in anticipation of the opening of the HCV Program waitlist in conjunction with the Providence Housing Authority, a new admission preference category has been created for Rhode Island residents. Both agencies anticipate a significant volume of applications, and the intent of this change is to ensure that the Program serves Rhode Island's most vulnerable residents.

As the Board of Commissioners is aware, the Division of Leased Housing and Rental Services recently made other updates to its Housing Choice Voucher Administrative Plan to reflect current practice and ensure compliance with recent HUD guidance. However, these other changes would not trigger the requirement for a revised Annual Plan submission.

In accordance with the requirements of the Act, program participants were randomly selected to review the Revised Annual Plan, and Rhode Island Housing held a public hearing and provided a forty-five day period for public comment. Rhode Island Housing's Development staff reviewed the Revised Annual Plan to ensure consistency with the State's comprehensive plan. The Revised Annual Plan must be approved by the Board of Commissioners and presented to HUD.

Attachment B sets forth the components of the Revised Annual Plan for Fiscal Year 2017. The Annual and 5-Year Plans, in their entirety, are available for review at Rhode Island Housing in the Section 8 Department of the Division of Leased Housing and Rental Services.

Staff recommends the approval of the Resolution attached to the Request for Action authorizing the adoption of the Revised Annual Plan.

Commissioner Designee Balasco, Chairperson of the Management Committee, announced that the Committee reviewed the revisions and it supports the approval of the amendments. She also stated that the Board of Commissioners appreciates the amount of work involved in complying with all the new regulations recommended by HUD and thanked staff for their efforts.

Upon a motion made by Commissioner Designee Balasco 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 has been designated by the U.S. Department of Housing and Urban Development ("HUD") as a public housing authority

in connection with the Housing Choice Voucher Program, through which Rhode Island Housing administers tenant-based Section 8 rental assistance; and

WHEREAS, Title V of the Quality Housing and Work Responsibility Act of 1998 requires public housing agencies that administer Section 8 assistance programs to set forth certain program-related policies and information in an annual plan (the “Annual Plan”), which plan must be adopted by the public housing agency’s board of directors; and such plan for Fiscal Year 2017 was adopted in April 2016 and approved by HUD; and

WHEREAS, Rhode Island Housing staff have recommended that current practices require modification to accurately reflect agency priorities, and;

WHEREAS, Following a public notice and comment process and an internal review of relevant policies and procedures, Rhode Island Housing staff has developed the attached Revised PHA Annual Plan for Fiscal Year 2017;

NOW, THEREFORE, BE IT:

RESOLVED, That Rhode Island Housing, in its capacity as a Public Housing Authority, be and hereby is authorized to approve and adopt this Revised PHA Annual Plan substantially in the form attached hereto.

RESOLVED, That the Executive Director, any Deputy Director, and the Director of Leased Housing and Rental Services be, and is, authorized to take any action they deem necessary to carry out the foregoing resolutions.

Upon a motion made by Commissioner DiBiase and seconded by Commissioner Magaziner, the Section 8 Committee adjourned at 8:48 a.m. and Chairman Retsinas reconvened the full Board of Commissioners’ meeting in open session.

Approval of External Charitable Donations and Contributions

Ms. 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.

Rhode Island Housing is 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 of Commissioners at an open meeting.

Attachment A of the Request for Action sets forth events for which Rhode Island Housing has or will make a Charitable Donation or Contribution. This Attachment A 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 Latino Policy Institute (“LPI”) at Roger Williams University is committed to generating and communicating non-partisan data of Latinos in Rhode Island. LPI’s mission is to stimulate public policy discussions and enhance the public’s understanding of the Rhode Island Latino experience. LPI is celebrating its 10th Anniversary by honoring Latino leaders and other community leaders who have shaped and encouraged LPI along the way. The Institute of Real Estate Management (“IREM”) is an international community of real estate managers dedicated to ethical business practices, maximizing the value of investment real estate, and promoting superior management through education and information sharing. The Friends of IREM program allows vendors, firms and/or industry professionals to present their products or services to chapter members, and foster relationships with locally represented service contractors and other real estate related professionals. IREM and its members continue to partner with Rhode Island Housing to bring safe, affordable and healthy housing to the people who live and work in Rhode Island. The Downtown Providence Parks Conservancy (“DPPC”) is a public-private partnership formed to preserve and revitalize Providence’s historic downtown core by transforming it into a lively, cohesive and prosperous economic and cultural center through the development and management of exceptional public spaces, which is consistent with Rhode Island Housing’s KeepSpace initiative. As part of the Performance in the Plaza series, DPPC will host two (2) outdoor performances of the Dopleganger Dance Collective’s “The Trail We Left Behind.” The Greater Providence Board of Realtors (“GPBOR”) is the oldest and largest REALTOR® Association in Rhode Island. GPBOR and its members continue to partner with Rhode Island Housing to promote homeownership and to promote the REALTOR® Code of Ethics. The work of these organizations furthers and supports the mission of Rhode Island Housing.

Chairman Retsinas requested that an annual report be prepared at year-end to summarize the yearly expenditures for this account. Ms. Clement responded that a summary of expenditures would be prepared for the Board of Commissioners' review.

Upon a motion made by Commissioner Magaziner 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 Merit-Based Increase for Employees at Maximum Salary Range

Ms. Fields gave this presentation.

Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) has seventeen (17) salary ranges that cover approximately one hundred (100) job classifications. Salaries are set within the salary range for the job classification grade for each position. Rhode Island Housing generally adjusts the salary ranges every other year. However, the last adjustment to the salary ranges was in January 2012. In February, Rhode Island Housing engaged a compensation consultant to conduct a comprehensive review of Rhode Island Housing’s job classification structure and salary ranges, and to ensure that employment positions at Rhode Island Housing are competitive in the public and private sectors. Rhode Island Housing expects the compensation review to be completed in the fall of 2016, and any salary range adjustments to be presented to the Board of Commissioners for approval.

Rhode Island Housing’s salary structure allows employees to be rewarded for performance and skill development while controlling overall base salary cost by providing a cap on the range paid for particular job classifications. Rhode Island Housing typically provides periodic, merit-based salary adjustments to eligible employees. These merit-based increases are provided to employees within the salary ranges based on annual adjustments to the overall budget. Merit-based increases have averaged between 2.5% to 3% per year since 2012. Under Rhode Island Housing’s salary structure, once an employee reaches the maximum of his or her salary range, the employee is no longer eligible for a salary increase. Several Rhode Island Housing employees have reached their salary range maximum. The executive staff believes that (i) valuable employees should not be precluded from receiving merit-based salary increases because of salary range caps and (ii) a salary freeze could negatively affect the morale of those employees at the maximum of their salary range.

As Rhode Island Housing awaits the results of the compensation review, the executive staff proposes that employees situated at the maximum of their salary range be eligible to receive a one-time (retroactive to July 1), merit-based salary increase of three percent (3%), which will ensure internal compensation equity and allow employees to be recognized for quality job performance.

Executive staff recommends for approval that employees at the maximum of their salary range be eligible to receive a one-time, merit-based salary increase of three percent (3%).

Commissioner Designee Balasco confirmed that the Management Committee supported and encouraged this one-time merit increase.

Upon a motion made by Commissioner Designee Balasco 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

Resolved: That employees situated at the maximum of their salary range be eligible to receive a one-time, merit-based salary increase of three percent (3%).

Resolved: That the Executive Director, each Deputy Director, and the designee of any such person be and each of them is hereby authorized and directed to perform any action they deem necessary and in the best interests of The Corporation to carry out the foregoing resolutions.

Approval of Neighborhood Opportunities Program Awards Funding

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

Commissioner Magaziner recused from the discussion or vote of this matter based on his service as a board member of Crossroads Rhode Island, one of the potential recipients of the Neighborhood Opportunities awards.

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

The BBC component was suspended in FY 2007 to provide increased opportunities for rental housing. Since FY 2008, the majority of funds have been provided for operating assistance to support FHF and PSH. The State of Rhode Island Housing Resources Commission funded the program through FY 2011. Since FY 2012, at the direction of the General Assembly, Rhode Island Housing has provided funding for the NOP Program.

Rhode Island Housing issued a Request for Proposals for NOP Program funding in March 2016. In response, four applications were received requesting \$1,741,987 in NOP operating subsidy.

Rhode Island Housing staff met to review the applications on April 29, 2016. As a result of that meeting, three (3) proposals set forth in Attachment A to the Request for Action are recommended. The fourth application was not recommended at this time, due to the current balance of operating funds for the project.

The proposed project sites are located in Central Falls and Providence. In this FY 2016 round, 34 NOP-assisted apartments will serve families and individuals with incomes at or below 40% of State median income, including 31 homeless and disabled households and 3 families.

The attached resolution authorizing the allocation of \$680,435 in NOP funds is recommended for approval.

Chairman Retsinas asked for a brief history of the program and Carol Ventura provided the required information. She highlighted the fact that since the State requested Rhode Island Housing to administer the program in 2012, hundreds of units have been created whose escrows are now depleted. Staff is working to extend funding for supportive housing for such entities as Crossroads RI to honor the State's commitment to the agencies with supportive services.

Commissioner Orth emphasized the fact that the Credit Committee approved these awards but noted that Rhode Island Housing administrators the program as directed by the State and is exploring alternate means to fund this program in the future.

Ms. Fields commented that she met with Tom Callahan and Stefan Pryor, of the Rhode Island Commerce Corporation, and David Cruz, of the Governor's office, and discussed funding for NOP at the meeting. Presently the State budget has a line item for NOP with the provision that Rhode Island Housing fund the program; however, a dollar amount has not been identified.

Ms. Ventura recognized Eileen Hayes of Amos House, one of the recipients of the awards along with other representatives including Michelle Wilcox of Crossroads RI.

Upon a motion made by Commissioner Designee Balasco and seconded by Commissioner Barry the following resolution was approved with six (6) votes in favor and none opposed. Commissioner Magaziner did not participate in the discussion, consideration or vote on this resolution.

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

WHEREAS: Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") has agreed to fund and administer the Neighborhood Opportunities Program (NOP) for FY 2016; and

WHEREAS: Rhode Island Housing received four applications for NOP funding in response to a Request for Proposals, which applications have been reviewed by Rhode Island Housing staff to determine their eligibility for NOP funding; and

WHEREAS: Rhode Island Housing staff has recommended that NOP funds be committed to the proposals listed in Attachment A.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing commit \$680,435 to the proposals identified in Attachment A subject to the availability of funding, and;

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

Approval of Draft 2017-18 Qualified Allocation Plan (QAP)

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

Pursuant to the Revenue Reconciliation Act of 1989, each Housing Credit allocating agency must adopt a Qualified Allocation Plan (the “Plan”) that establishes the priorities and criteria for both allocating and monitoring Housing Credits. The allocating agency must conduct a public hearing and a subsequent public comment period on the Plan prior to the Plan being finalized and presented to the Governor for approval.

Rhode Island Housing has administered the Housing Credit program in Rhode Island under a Plan that was first adopted in January 1990. The Plan was last amended in November 2015. While previous years’ Plans have been promulgated as agency rules in recent years, the 2017-2018 Plan is being adopted as a guidance document, in accordance with the recently amended Rhode Island Administrative Procedures Act. Rather than being filed with the Office of the Secretary of State, the Plan will be immediately available on the Rhode Island Housing website.

Staff has proposed the changes summarized below to the following sections of the Plan. These changes seek to amplify and explain our goals and procedures.

SECTION	CHANGE	REASON
Section I(B)-(C)	Two year term of Plan established; general information updated; housing needs updated	To reduce administrative burden and improve consistency for applicants; to reflect most current available data
Section I(E)(10), Section III(A)(3)	Requirement added for market study to accompany mixed-income project proposals	To reflect comments received from industry
Section I (L), Section VII(B)	Requirement added that owners afford certain protections to victims of domestic violence, dating violence, sexual assault, and stalking; requirement added that owners provide related certification	To comply with the Violence Against Women Reauthorization Act of 2013
Section II (A)	Clarification added with respect to	To increase the transparency of

	the establishment of a waiting list; schedule updated	the selection process and enable developers to plan accordingly; to provide dates for this year's first funding round
Section II (B)	Clarification added with respect to the unavailability of an appeal for threshold determinations	To provide clarity for applicants. Threshold determinations are made by staff based on information provided in the application.
Section III	New criteria added with respect to the minimum number of new units in preservation deals	To minimize the disparity between preservation and new production proposals. Given the lack of affordable housing throughout the state, Rhode Island Housing is placing a priority on increasing the number of units.
Section III(B)	Increase points for projects serving very low income, homeless and/or special needs persons, and projects providing supportive services	To encourage the provision of supportive services for households with incomes below 30%AMI
Section III(B)	Adjust points available for projects leveraging rental and operating subsidy and total points available	To correct typographical errors
Section (III)(B)	Clarify circumstances under which points are awarded for providing housing for a range of income levels	To encourage mixed-income development
Section (III)(B)	Adjust circumstances under which points are awarded for incorporating green infrastructure	To promote design features that minimize environmental impacts
Section (III)(B)	Clarify circumstances under which points are awarded for blight remediation by defining "blighted"	To provide clarity for applicants as to whether properties qualify for points under this category
Section (III)(B)	Clarify that developers may prevent the assessment of negative points by securing other sources of funds	To clarify circumstances under which negative points are assessed to allow applicants to plan effectively
Section VII (C)-(D)	Update and clarify compliance monitoring requirements	To comply with new Internal Revenue Procedures and make language consistent

Traditionally, the QAP has been updated and approved as an annual document. Among the proposed changes in Section I is the establishment of the QAP as a two-year document, which will cover the 2017 and 2018 allocation rounds. The primary reason for converting to a two-year document is to streamline the application and approval processes in order to allocate funds earlier in the year and reduce staff time associated with the review and other administrative functions. We believe this change will also afford applicants an additional measure of consistency.

Staff actively sought feedback from Rhode Island Housing's partners in regards to the application and scoring process in order to develop the 2017-2018 Plan. Staff held a meeting on May 26, 2016 with a committee of stakeholders to discuss the 2016 QAP and review process. Much of the conversation revolved around the tension between new production and preservation deals. As a result of this engagement with our partners, a few additional changes were made to Sections II and III. The committee included: Jeanne Cola, LISC; Paul Tavares, Providence Housing Authority; Derek Farias, Barbara Sokoloff Associates; Joe Garlick, NeighborWorks Blackstone River Valley; Sharon Conard-Wells, West Elmwood Housing Development Corporation; David Twombly, Consultant; and, Jack Bentz, PAG. Written comments were received from Raoul Moore, Enterprise; Barbara Sokoloff, Barbara Sokoloff Associates; David Pride, Consultant; and Carla DeStefano, SWAP.

The proposed Plan is attached as Attachment B to the Request for Action. As part of its review and recommendation to the Board of Commissioners, the Credit Committee requested further consideration of the following issues: (1) strengthening incentives for developers to reduce overall total development costs or otherwise increase efficiency; and (2) limiting the use of 9% Housing Credits for preservation activities.

The Plan will become final upon (i) the expiration of the public comment period; (ii) final approval by the Board of Commissioners of the Plan (including any changes reflective of public comments received and/or the comments of the Credit Committee); (iii) approval by the Governor; and (iv) posting to the Rhode Island Housing website.

The public comment period will begin on or about August 24, 2016. The public hearing will be held no sooner than 30 days following the publication of the proposed Plan, with final submission to the Board of Commissioners expected in October or November 2016.

Staff recommends that the Board of Commissioners approve the attached Resolution attached to the Request for Action authorizing publication of Rhode Island Housing's notice of its intent to approve and adopt the Plan as set forth in Attachment B.

Commissioner Orth commended Mr. Shorter on the concise synopsis of the proposed changes and noted that the Credit Committee engaged in an active discussion on the merits of the 2-year term for the Plan. He also applauded prioritizing the creation of new units as opposed to preservation.

Commissioner Orth also applauded the fact that staff considered establishing a consistent strategy around awarding incentives to developers for reducing their costs when scoring and evaluating their creative use of services.

Upon a motion made by Commissioner Orth 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 has been designated by the Governor as the Principal Housing Agency and Tax Credit Allocation Agency for the State of Rhode Island (the “State”);

WHEREAS, The Revenue Reconciliation Act of 1989 requires Housing Credit allocating agencies to allocate Housing Credits according to a Qualified Allocation Plan (the “Plan”);

WHEREAS, The Plan must establish priorities and criteria for allocating the Housing Credits that best meet the housing needs of the state and must be adopted pursuant to a public hearing and comment period; and

WHEREAS, Housing needs for the State of Rhode Island have been established pursuant to the Rhode Island Consolidated Plan: 2015-2019.

NOW, THEREFORE, BE IT:

RESOLVED: That Rhode Island Housing be, and hereby is, authorized to publish notice of its intent to approve and adopt the proposed Qualified Allocation Plan, substantially in the form attached hereto as Attachment B; and

RESOLVED: That the Executive Director and each 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.

Approval of Engagement of Bond Underwriting Firms

Ms. Fields introduced this item and Ms. Lachapelle, Chief Financial Officer, gave the presentation.

Commissioner Barry recused herself from the discussion of or vote on this matter based on her employment with Bank of America Merrill Lynch as Bank of America Merrill Lynch is one of the firms responding to the RFP.

Rhode Island Housing uses a group of investment bankers to assist in structuring our bond offerings and leading the sales effort to place its bonds with retail and institutional buyers.

Rhode Island Housing issued a Request for Proposals (“RFP”) for such services in April 2016. In order to solicit interest from a broad group of investment banks, Rhode Island Housing advertised its RFP in the national daily trade publication for the governmental bond industry. Rhode Island Housing received written proposals from seventeen firms wishing to serve as underwriters or selling group members. Proposals were reviewed and evaluated by a committee and five firms were selected as finalists for senior managing underwriters. They were J.P. Morgan Chase & Co., Bank of America Merrill Lynch, Morgan Stanley & Co. LLC, Jefferies LLC, and RBC Capital Markets, LLC. Staff conducted in person interviews with the five firms during the afternoons of July 28 and July 29.

Firms were evaluated on several factors including industry experience, marketing/sales ability, and creativity in transactions. Based on a review of the proposals and the in person interviews, staff recommends that J.P. Morgan Chase & Co., Morgan Stanley & Co. LLC, and RBC Capital Markets, LLC be selected as co-senior managers to be used on a rotating basis for fiscal years 2017-2019.

Staff is also recommending a co-manager pool of twelve firms on a rotating basis. Co-managers assist the senior underwriters in the sales effort. Recommendation for composition of the co-manager pool includes Bank of America Merrill Lynch, Jefferies LLC, Barclays, Raymond James Financial, Inc., Samuel A. Ramirez & Co., Inc., Roosevelt & Cross Incorporated, Fidelity Investments, Loop Capital Markets, George K. Baum & Company, Janney Montgomery Scott LLC, Hilltop Securities Inc., and Oppenheimer.

The attached resolution authorizing the appointment of co-senior managing underwriters and a co-manager pool of underwriters as set forth above is recommended for approval.

A brief discussion followed. Commissioner Designee Balasco, Chairperson of the Management Committee stated that the Committee reviewed the pool of respondents and congratulated Ms. Lachapelle on Rhode Island Housing’s ingenuity of utilizing a varied spectrum of businesses to maximize proficiency. Ms. Fields also applauded staff for their analysis of the firms and said that she received two (2) unsolicited calls from sister HFAs commending the firm of RBC Capital Markets for their creativity and expertise.

Commissioner McAllister thanked staff for assembling and providing the evaluation sheet to the Board of Commissioners. He found it extremely valuable and mentioned the visual aspect made it easy to review.

Upon a motion made by Commissioner Designee Balasco and seconded by Commissioner McAllister the following resolution was approved with six (6) votes in favor and none opposed. Commissioner Barry did not participate in the discussion, consideration or vote on this resolution.

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

Resolved: That J.P. Morgan Chase & Co., Morgan Stanley & Co. LLC, and RBC Capital Markets, LLC be appointed Co-Senior Managing Underwriters for Rhode Island Housing for the three fiscal years 2017 through 2019.

Resolved: That Bank of America Merrill Lynch, Jefferies LLC, Barclays, Raymond James Financial, Inc., Samuel A. Ramirez & Co., Inc., Roosevelt & Cross Incorporated, Fidelity Investments, Loop Capital Markets, George K. Baum & Company, Janney Montgomery Scott LLC, Hilltop Securities Inc., and Oppenheimer serve as Co-Managing Underwriters for the same three (3) year period as the Co-Senior Managing Underwriters.

Resolved: That the Executive Director or the Chief Financial Officer, each acting singly, be authorized (i) to determine the composition of the underwriting team from the selected Co-Senior and Co-Managing Underwriting Groups for future financings, and (ii) to add or remove entities as Co-Managing Underwriters if they deem such action to be in the best interests of Rhode Island Housing.

Resolved: That the Executive Director be authorized, upon consultation with the Chairman, to replace a Co-Senior Managing Underwriter with one of the approved Co-Managing Underwriters if it is deemed such replacement to be in the best interest of Rhode Island Housing.

Approval to Provide Mortgage Loan Sub-Servicing and Document Custodian Services to HFA Lender

Ms. Fields publicly thanked Ms. McKnight, Director of Loan Servicing and Asset Management, and her team for the extensive due diligence required to deliver this new opportunity for Rhode Island Housing. She also commended Cathy Matarese, Director of Information Technology, and the IT department for their investment in time and technology and Kara Lachapelle, Chief Financial Officer, and Finance for financially supporting and moving forward with this enterprise.

Ms. McKnight then outlined the parameters of the sub-servicing arrangement.

This Request for Action is for authorization for Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) to provide mortgage loan sub-servicing and document custodian services to the residential loan portfolio (the “Maine Housing Portfolio”) of Maine State Housing Authority (“Maine Housing”), and to enter into a three (3) year (with an additional two (2) year renewal option) Sub-Servicing Agreement (the “Agreement”) with Maine Housing. Rhode Island Housing believes that a sub-servicing arrangement with Maine Housing will provide a public benefit, be of public use and enhance Rhode Island Housing’s ability to fulfill its public obligations to the residents of the State of Rhode Island.

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

In May 2016, Maine Housing asked Rhode Island Housing to consider sub-servicing the Maine Housing Portfolio on its behalf. The Maine Housing Portfolio consists of approximately 7,300 loans secured by liens on single and multi-family homes, condominium units, and mobile homes located throughout the State of Maine.

Maine Housing has provided Rhode Island Housing with a Sub-Servicing Scope of Work, which sets forth general and default-related servicing responsibilities and compliance requirements, including information such as: (i) the Maine Housing Portfolio's size and make-up; (ii) the delinquency rates of the loans that comprise the Maine Housing Portfolio; and (iii) the geographic distribution of the Maine Housing Portfolio's collateral.

In evaluating Maine Housing's request and developing its sub-servicing pricing proposal, Rhode Island Housing staff:

- Reviewed its existing contracts with those vendors whose services would be utilized in the sub-servicing of the Maine Housing Portfolio and discussed the potential implications of the Agreement with those vendors;
- Consulted with legal counsel regarding Maine's loan servicing and foreclosure laws and regulations, and employment laws specific to the state of Maine; and
- Researched industry-standard sub-servicing pricing, costs, and fees.

Rhode Island Housing's responsibilities under the Agreement will include, but are not limited to:

- Collecting Maine Housing customers' monthly mortgage payments and remittance of those payments to Maine Housing;
- Providing requisite state and federal notices and other documents such as tax reports and payoff statements to Maine Housing's customers;
- Performing escrow administration functions and the monitoring and maintenance of insurance coverage on the properties that constitute Maine Housing Portfolio's collateral;
- Reporting of loan-level data to credit reporting bureaus, responding to customer inquiries, and resolving reporting disputes; and
- Serving as Maine Housing's document custodian.

In entering into this sub-servicing arrangement with Maine Housing, Rhode Island Housing will need to hire additional staff in the Loan Servicing and Asset Management Division. Senior management recommends hiring six (6) full-time employees (FTE). The additional staffing will permit Rhode Island Housing to properly transfer, implement and sub-service the Maine Housing Portfolio.

Staff recommends that the resolution attached to the Request for Action authorizing Rhode Island Housing (i) to provide mortgage loan sub-servicing and document custodian services to Maine Housing, (ii) to enter into a Sub-Servicing Agreement with Maine Housing, and (iii) to add six (6) FTE to the Loan Servicing and Asset Management Division be approved.

Commissioner Orth queried if the fees are fixed for the service. Ms. McKnight responded that the fee is fixed and that the proposal is on the high end of the charge, but noted that the agreement incorporates a 15% contingency to provide a cushion for Rhode Island Housing. She continued by saying that the agreement is only for three (3) years at which time staff will evaluate the effectiveness and profitability of the endeavor to determine feasibility of a longer term contract.

Commissioner Designee Balasco, Chairperson of the Management Committee, considered that three (3) years was a good option and would give Rhode Island Housing time to review the structure and financial terms.

Commissioner DiBiase applauded staff on this bold, new and resourceful venture and believed that it is a positive both financially and for public relations. Commissioner Designee Balasco also congratulated staff and stated that this is a great opportunity for expansion into new territory.

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

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

Whereas, Rhode Island Housing (the “Corporation”) currently services its own residential loan portfolio;

Whereas, Maine State Housing Authority (“Maine Housing”) maintains a residential loan portfolio of approximately 7,300 loans, and seeks to engage the Corporation as its sub-servicer for its residential loan portfolio (the “Maine Housing Portfolio”);

Whereas, Maine Housing would also like to engage the Corporation as the document custodian for the Maine Housing Portfolio, and to enter into a three (3) year (with an additional two (2) year renewal option) for Sub-Servicing Agreement with the Corporation; and

Whereas, the Corporation finds:

(1) that sub-servicing the Maine Housing Portfolio will be of public use, provide a public benefit, and enhance the Corporation’s ability to fulfill its public obligations to the residents of the State of Rhode Island; and

(2) that the Corporation, in the legitimate exercise of its business judgment and public mission, has determined that the sub-servicing of the Maine Housing Portfolio is synergetic with the Corporation’s capabilities, staffing and resources; and

(3) that sub-servicing the Maine Housing Portfolio and entering into a Sub-Servicing Agreement is within its authority and consistent with the provisions of

the Rhode Island Housing and Mortgage Finance Corporation Act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

- Resolved, That the Corporation be and hereby is authorized to provide mortgage loan sub-servicing and document custodian services to Maine Housing, and enter into a Sub-Servicing Agreement with Maine Housing, structured generally in accordance with the description contained herein, with such changes as the Executive Director or any Deputy Director may, in their sole discretion determine to be necessary or advisable.
- Resolved, that as a result of the foregoing resolution, six (6) full-time employees (FTE) be added to the Loan Servicing and Asset Management Division to support the transfer, implementation and sub-servicing of the Maine Housing Portfolio.
- Resolved, that the Executive Director, each Deputy Director, and the designee of any such person be and each of them is hereby authorized and directed to execute and deliver any agreements, documents or other instruments necessary for the Corporation to effectuate the transfer, implementation and sub-servicing of the Maine Housing Portfolio.
- Resolved, that the Executive Director, each Deputy Director, and the designee of any such person be and each of them is hereby authorized and directed to perform any action they deem necessary and in the best interests of the Corporation to carry out the foregoing resolutions.
- Resolved, that all actions previously taken by the Executive Director, each Deputy Director, and the designee of any such person regarding the transfer, implementation and sub-servicing of the Maine Housing Portfolio be and are hereby ratified.

Approval of Preliminary Commitment of Back-to-Back Financing for Lippitt Mill (West Warwick)

Ms. Fields introduced the topic and Mr. Shorter, Director of Development, presented this request.

This Request For Action (“RFA”) is for Preliminary Approval of conduit tax-exempt financing in the amount of \$5,500,000 for Lippitt Mill Apartments (“Lippitt Mill” or the “Development”) a historic mill renovation in West Warwick. The mill is the second oldest in Rhode Island and currently vacant and uninhabitable. Prominen Management Group, LLC (“Prominen” or the “Developer”) acquired Lippitt Mill in February 2015 for \$1,185,000 through court receivership.

The site includes two parcels of land totaling 15 acres and the Developer intends to redevelop the site in two phases. In the first phase, the Developer is proposing to undertake \$9 million of construction and renovate the existing mill into 65 new mixed-income residential units, of which

40% or 28 will be income restricted. The second phase, to be completed later, will be new construction and is not part of this funding proposal.

The subject site is located in downtown West Warwick, a mixed-use neighborhood consisting of multifamily and single-family residential uses, public uses, and commercial uses. Views to the north and east consist of multifamily residential uses and commercial uses in fair to good condition. Views to the west and south consist of wooded land and the Pawtucket River. The site is heavily wooded along the periphery, and as such, views primarily consist of wooded land and the river. The site is located along Main Street with little setback, offering excellent visibility from Main Street.

Prominen is a real estate development firm with four principals, each with experience in construction and real estate: Nestorio M. Tanpiengco, Kristopher Shaw, Juan Vallarino and Allston Moore. Mr Shaw and Mr. Tanpiengco are taking the lead in RI. Kris Shaw has significant construction management experience, having overseen the construction of a wide variety of construction projects, primarily in the greater New York City area. Mr. Tanpiengco, a former CFO with several regional healthcare systems, takes primary responsibility for the financing and modeling. He recently worked with the Providence Community Health Center on the construction of their new health center and medical office building.

Prominen currently owns the Lippitt Mill under the limited partnership, Lippitt Mill LLC. The new Limited Partnership will consist of Prominen as general partner and a syndicator-sponsored tax credit fund as limited partner. Prominen will complete the renovation using the proceeds from the new loan, the sale of housing and historic tax credits and through Rhode Island Commerce's Rebuild RI tax credits. West Warwick has been designated a Hope Community and is therefore eligible for the Rebuild credits.

Overall, the mill is considered to be in poor condition, as apparent in the attached photographs. The State of Rhode Island and Town of West Warwick will benefit from the preservation and renovation of this historic landmark. The current renovation budget is \$8.24 million or \$127,000 per unit. Final pricing is due in September.

The Developer has proposed a design build structure for construction rather than commissioning a standard full set of 100% completed drawings and specifications. As a mixed income property, the development is being built out to "market rate" standards with finishes that are of a higher quality than typically provided in a 100% affordable development. Rhode Island Housing has reviewed the current plans, specifications and proposed finishes. RIH staff is working with the borrower to ensure that adequate documentation is provided and approved to ensure a finished building consistent with the proposed design. Management of the design and construction process is critical to ensure the building conforms to Rhode Island Housing standards.

Prominen will engage Wingate Management, based in Newton, Massachusetts, as their property management agent. There is no identity of interest between the firms. Wingate has 45 years of experience and manages over 14,000 multifamily units in 16 states owned by affiliates and

clients. Wingate manages 27 LIHTC properties including 8 in Rhode Island Housing's portfolio.

The total development cost is approximately \$15 million. The primary sources of financing are a tax-exempt loan of \$5.5 million, of which \$3.82 million will remain as permanent debt. The borrower has requested that Rhode Island Housing provide conduit tax-exempt financing through a "Back-to-Back" execution with Freddie Mac as the lender. Walker Dunlop is the DUS lender and will service the loan on behalf of Freddie Mac. Freddie Mac will bear all financial risk should the Borrower default on the loan. Rhode Island Housing will bear the reputational risk of this deal.

The remaining capital stack includes; \$4.7 million of equity from the sale of State and Federal Historic Tax Credits, \$1.66 million from the sale of Rebuild RI Tax Credits, \$1.24 million of equity from the sale of Low Income Housing Tax Credits ("LIHTC"), \$1.33 million of cash and \$1.9 million in deferred developer fee.

The borrower has proposed a Tax-Exempt Private Placement Back-to-Back ("Back to Back") Loan structure. In this structure, the Funding Lender (in this case Freddie Mac) will make a direct loan to Rhode Island Housing as the Governmental Lender, which will in turn advance the loan proceeds to the borrower. This varies from the traditional private placement structure in which Freddie Mac or other institutional buyers would purchase tax exempt bonds issued by Rhode Island Housing, the proceeds of which would be loaned to the borrower. The Back-to-Back Loan structure will be exempt from federal taxes under the IRS Code, and will generate 4% LIHTC for the transaction. Rhode Island Housing and the borrower will undertake all of the standard obligations related to a tax-exempt facility.

The advantages to the borrower include lower cost of financing and a more expedited closing process. Walker Dunlop has provided a preliminary term sheet. The final sizing of the mortgage will be limited to 90% of the post rehabilitation value of the building. Prominen will pay the full cost of issuance and all Rhode Island Housing fees associated with the transaction. Rhode Island Housing will charge an issuer fee and an annual servicing fee. Since Walker Dunlop issued its initial Term Sheet, the syndicator Boston Capital, Rhode Island Housing and Rhode Island Commerce Corporation have requested changes to the model that have resulted in a lower loan amount than reflected on their current Term Sheet.

The Request for Action is for Preliminary Commitment of tax-exempt financing in an amount of \$5,500,000 for Lippitt Apartments of which \$3,820,000 will remain as permanent debt.

Mr. Shorter introduced Kris Shaw, of Prominen Management Group, who expressed his appreciation and warmest regards to the Board of Commissioners and staff for their support of this partnership that also includes working with the State's Commerce Department. He informed the Board of Commissioners that this project provides jobs, opportunity and partnerships with women and minority businesses.

Commissioner Orth, Chairman of the Management Committee, expressed his appreciation of the Developer’s presence and stressed that Rhode Island Housing is the conduit for this financing, not the lender.

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

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

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

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

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

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

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

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Mortgage</u>
Lippitt Mill, LLC	Prominen Management Group, LLC	\$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 that:

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

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

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

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

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

NOW, THEREFORE, IT IS HEREBY:

Resolved: That, subject to the special conditions listed below, Rhode Island Housing hereby declares preliminary commitment approval for tax-exempt financing to a limited partnership to be formed by Lippitt Mill, LLC in an amount not to exceed \$5,500,000 for rental housing known as Lippitt Mill Apartments located in West Warwick, Rhode Island to be financed, in part, by tax-exempt financing;

Resolved: That Rhode Island Housing hereby declares that the preliminary commitment approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue tax-exempt financing up to \$5,500,000 plus the required reserve funds and the related costs of issuance for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder;

Resolved, That, in order to fund the Loan to Lippitt Mill, LLC, Rhode Island Housing may enter into a loan arrangement with Borrower's Lender (the "Borrower's Loan") substantially in accordance with the terms set forth in the term sheet attached as Attachment C to the Request for Action to which this Resolution is attached; and

Resolved, That the Executive Director or the Director of Finance (each, an "Authorized Officer"), acting singly, be and each hereby is authorized to enter into such

documents with Borrower's Lender as it may require to evidence the Borrower's Loan, including, without limitation, a funding loan agreement, note, and pledge and security agreement, each containing such terms and conditions as the Authorized Officer shall approve, each such determination to be conclusively evidenced by his/her execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by Rhode Island Housing, approved in all respects by the Commissioners of Rhode Island Housing;

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

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

- Approval by Rhode Island Housing of all members of the development team.
- Syndication proceeds from the sale of 4% Housing Tax Credits and Federal Historic Tax Credits in amounts sufficient to insure development feasibility.
- Proceeds from the sale or transfer of State Historic Tax Credits and Rebuild Rhode Island Tax Credits in amounts sufficient to insure development feasibility.
- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the post rehabilitation as-stabilized value of the property
- Receipt and approval of third party reports including capital needs assessment, structural survey and Phase I environmental reports.
- Approval by Rhode Island Housing of construction plans and specifications, construction documentation and the design build proposal.
- Approval by bond counsel that the proposed Back to Back loan will satisfy all required bond provisions.
- The financing is a special limited obligation that is non-recourse to Rhode Island Housing

- Rhode Island Housing approval of all loan documents.
- Recordation of a Rhode Island Housing Declaration of Land Use Restrictive Covenants and Regulatory Agreement in form(s) acceptable to Rhode Island Housing.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation

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

Convening of the Rhode Island Housing Development Corporation

Upon a motion made by Commissioner Designee Balasco and seconded by Commissioner Barry, Chairman Retsinas recessed the meeting of the Board of Commissioners at approximately 9:16 a.m. at which point a meeting of the Rhode Island Housing Development Corporation was convened.

At approximately 9:24 a.m., the meeting of the Rhode Island Housing Development Corporation was adjourned and the Rhode Island Housing Board of Commissioners’ meeting was reconvened.

Closed Session Pursuant to R.I.G.L. Sec. 42-46-5(a)(1) to Discuss Job Performance of Executive Staff

Chairman Retsinas called for a closed session pursuant to R.I.G.L. Section 42-46-5 (a)(1) to discuss job performance of Executive Staff. Nicole Clement, General Counsel, , noted that the individuals who are the subject of the closed session had been informed in writing of their right to have the discussion conducted in open session, and that all specified no objection to a closed session, and would not exercise his or her right to having the discussion occur in open session.

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

Chairman Retsinas	Aye
Commissioner Designee Balasco	Aye
Commissioner Barry	Aye
Commissioner DiBiase	Aye
Commissioner Magaziner	Aye
Commissioner McAllister	Aye
Commissioner Orth	Aye

The Board of Commissioners entered in closed session at approximately 9:25 a.m.

The closed session ended at approximately 9.54 a.m., and Chairman Retsinas reconvened the Board in open session. Chairman Retsinas stated that no votes or other actions had been taken in closed session.

There being no further business to discuss, a motion was duly made by Commissioner Designee Balasco and seconded by Commissioner McAllister to adjourn the meeting at approximately 9:55 a.m.

Respectfully submitted,

Barbara G. Fields
Secretary and Executive Director