

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS
September 22, 2016**

The annual meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, September 22, 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 (arrived at 8:36 a.m), 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.

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

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Board of Commissioners was posted 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 August 18, 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 August 18, 2016 be and hereby are approved.

Chairman's Report

Chairman Retsinas welcomed everyone and congratulated Commissioner McAllister on his election as council member for the City of Warwick, Ward 7. Chairman Retsinas stated that he is honored to have Commissioner McAllister serving on Rhode Island Housing's Board of Commissioners and wished him success in his public service.

Chairman Retsinas then announced that he has reorganized the committee assignments for the Board of Commissioners. Based on conversations Chairman Retsinas had with each of the Commissioners, he made the following appointments to the Management, Credit, Audit and Intergovernmental Relations Committees:

Management Committee

Michael DiBiase (Chair)
Stephen P. McAllister
Seth Magaziner
Nicolas Retsinas (Ex-Officio)

Credit Committee

Kevin Orth (Chair)
Maria F. Barry
Ellen Balasco
Nicolas Retsinas (Ex-Officio)

Audit Committee

Seth Magaziner (Chair)
Ellen Balasco
Nicolas Retsinas (Ex-Officio)

Intergovernmental Relations Committee

Stephen P. McAllister (Chair)
Michael DiBiase
Kevin Orth
Nicolas Retsinas (Ex-Officio)

Chairman Retsinas thanked the Commissioners for their service as members of the Committees and expressed his appreciation for their commitment to Rhode Island Housing and its mission.

Selection and Approval of Commissioner to Serve as Vice-Chairperson of the Board of Commissioners

Following the delegation of Commissioners to the various Committees, Chairman Retsinas introduced the request for selection and approval of the Vice-Chairperson.

Chairman Retsinas explained that pursuant to Pursuant to Article IV, Section 1 of the By-Laws of Rhode Island Housing and Mortgage Finance Corporation (the “Corporation”), the officers of the Corporation shall consist of a Chairperson, Vice-Chairperson, Secretary and Treasurer. The Chairperson is designated by the Governor and the Executive Director serves as Secretary. Pursuant to Article IV, Section 2(b) and (c) the positions of Vice-Chairperson and Treasurer shall be elected by the Board of Commissioners from among its members at the annual meeting.

Per the Rhode Island Housing and Mortgage Finance Corporation Act, R.I. Gen. Laws §42-55-1, et seq. (the “Act”), the powers of the Corporation shall be vested in seven (7) commissioners consisting of the Director of Administration, or his or her designee, the General Treasurer, or his or her designee, the Director of Business Regulation, or his or her designee; and four (4) members to be appointed by the Governor with the advice and consent of the Rhode Island State Senate. In January 2015, Commissioner McCleary was appointed to the Board of Commissioners in his capacity as Director of the Rhode Island Department of Business Regulation. In March 2015, Commissioner McCleary was elected by the members of the Board of Commissioners to be the Vice-Chairperson of the Corporation. In June 2016, Governor Raimondo appointed Commissioner McCleary to serve as the new Administrator for the Rhode Island Division of Public Utilities and Carriers, effective September 5, 2016. Commissioner McCleary has designated Ellen Balasco, Deputy Chief of Legal Services, to serve as his designee

until the new Director of the Rhode Island Department of Business Regulation is appointed. Based on the foregoing, it is in the best interest of the Corporation that a new Vice-Chairperson be elected by the Commissioners to be available to perform the duties of the Chairperson in the absence or inability of the Chairperson to carry out those responsibilities.

The staff of the Corporation recommends that the Board of Commissioners elect one of its members to serve as Vice-Chairperson of the Corporation.

Chairman Retsinas opened the floor to nominations for the Vice-Chairperson position.

Commissioner McAllister nominated Commissioner DiBiase to serve as Vice-Chairman.

Upon a motion made by Commissioner McAllister and seconded by Commissioner Orth, Commissioner DiBiase was elected as Vice-Chairman on a unanimous vote.

Executive Director's Review of Recent Activities and Trends

Ms. Fields introduced and welcomed Brenda Clement, Executive Director of HousingWorks RI; Deputy Secretary of Commerce Thomas Callahan; Melinda Lodge, Executive Director of the Housing Network of Rhode Island and Jeanne Cola, Executive Director of LISC RI to the meeting.

Ms. Fields announced that LISC is celebrating its 25-year anniversary, and welcoming a new CEO. Ms. Cola elaborated by saying that LISC is excited to bring to its helm Virginia's former Secretary of Commerce, Maurice Jones. The LISC team is looking forward to his leadership and expertise and will be hosting a leadership event that Ms. Fields is graciously moderating for LISC.

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

Homeownership. Ms. Fields congratulated Peter Pagonis, Director of Homeownership and his staff for the great work the department is performing. Ms. Fields is especially proud of the relationships that the Director has fostered with lenders and community partners.

Ms. Fields is pleased to announce that in August 2016 the Homeownership Division registered the highest monthly number of first mortgage fundings, 166, on record. The August total exceeded the previous highs reached of 154 in June 2007 and 154 in July 2007. Overall, first mortgage production has increased 31% as compared to 2015 YTD.

Ms. Fields also noted that since the Hardest Hit Fund's (HHF) operations began in July 2016, 13 loan packages have been approved. Staff is hosting weekly Community Information Events around the State. Several State senators and representatives have joined Rhode Island Housing staff in spreading the message.

Loan Servicing. Ms. Fields stated that while Rhode Island Housing continues to see positive signs regarding portfolio delinquency, for month end August 2016 there was an increase in the total overall delinquency year over year. For month ending August 31, 2016 vs. month ending August 31, 2015, there was a slight increase in the total number of delinquent loans of two basis points. In the seriously delinquent category (loans 90+ days delinquent), staff experienced a reduction of 25 basis points totaling \$1.8 million.

In September, Loan Servicing and Asset Management staff participated in the Rhode Island Tax Collector's Association meeting to provide training on the implementation of changes to the Madeline Walker Act-R.I.G.L. 44-9-10(a), which take effect on October 1, 2016. The changes will reduce the burden and expense to the taxing authorities by allowing electronic delivery of tax sale notices.

Development. Ms. Fields informed the Commissioners that Rhode Island Housing was granted approval on a waiver from HUD to allow equity take-out for an additional fifteen projects totaling \$129 million (1,900 units). To date, seven projects have been processed; one closed; two have received rate locks and four are scheduled to close. Ms. Fields commended Mr. Shorter and the Development team on obtaining the waiver and for underwriting the projects.

Leased Housing and Rental Services. Ms. Fields was happy to announce that staff continues to work with the families placed on the wait list in 2015 to overcome barriers to leasing by providing them with security deposit assistance. Currently, there are seventy-five active vouchers for families that are searching for housing units, and another fifteen new families were admitted in August. Rhode Island Housing is focused on housing stabilization, and has designated a staff member, Housing Stabilization Specialist, to assist families to ensure that their housing subsidy is not at risk.

In addition, staff is processing invoices for the RI CoC program year 14 and has disbursed over \$1.5 million year to date. Work continues on executing program year 2015 agreements and staff is working with sub-recipients to complete the program year 2017 application. HUD has conducted on-site monitoring of the RI CoC and Ms. Fields expects a closeout by December 1.

Ms. Fields shared that on September 19 Rhode Island Housing held a statewide meeting of all PHAs that currently administer an FSS Program. Best practices, new ideas and opportunities for collaboration were discussed. Ms. Fields thanked Ms. Shavers, Director of Leased Housing and Rental Services and the FSS staff for coordinating the event.

Ms. Fields noted that the Housing Bond Campaign kickoff event of September 15 was extremely successful and well attended. Governor Raimondo gave the opening remarks and public members, including Mayor Elorza, Mayor Diossa, Mayor Grebien, developers and community leaders were on hand to support the effort.

Ms. Fields also mentioned that on September 14, HousingWorks RI Fact Book Lunch highlighted Keynote Speaker Matthew Desmond. The lunch was attended by business and

community leaders and generated media coverage from The Providence Journal, Providence Business News and The Associated Press. Ms. Fields mentioned that Chairman Retsinas attended the event and thanked him for his support.

On August 31, Ms. Fields joined HUD Secretary Julian Castro and Senator Jack Reed for a tour of a Providence home that underwent lead remediation through Rhode Island Housing's LeadSafe Homes program. Following the house tour, a press conference was held where Secretary Castro announced a proposed new rule to lower the threshold of lead in young children. The event received extensive media coverage.

Finally, Ms. Fields stated that on September 14, Rhode Island Housing successfully priced a new bond issuance for \$250 million for the Single-Family Bond Program. This issuance is the largest that Rhode Island Housing has ever funded. It includes \$153 million to refund existing bonds and \$40 million to fund new mortgage loans.

Ms. Fields was also pleased to report that as part of this transaction, Standard & Poor's and Moody's Rating Services reaffirmed Rhode Island Housing's ratings on the bonds at AA+/Aa2, respectively.

Commissioner Designee Balasco arrived at this point of the meeting at approximately 8:36 a.m.

Approval of External Charitable Donations and Contributions

Ms. Clement, General Counsel, made this presentation and stated that this is a standing agenda item requiring approval from the Board.

This Request for Action is for approval and ratification of Charitable Donations and Contributions of Rhode Island Housing pursuant to the Quasi-Public Corporations 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). Progreso Latino, Inc. ("Progreso Latino") is a multi-service, non-profit, community based organization whose mission is to empower Rhode Island's Latino and immigrant communities to achieve greater self-sufficiency and socio-economic progress by providing transformational programs that support personal growth and social change. Progreso Latino provides services in many of the communities in which Rhode Island Housing-financed developments are located. HousingWorks RI at Roger Williams University ("HousingWorks") is an authoritative source of information about housing in Rhode Island, conducting research and analyzing data to inform public policy. The 2016 Housing Fact Book Luncheon will highlight the housing cost burdens that contribute to housing instability in the State of Rhode Island. HousingWorks will partner with Rhode Island Housing and Roger Williams University's Office of the President to host Matthew Desmond, Associate Professor of the Social Sciences at Harvard University, and author of *Evicted: Poverty and Profit in America*. Amos House is a nonprofit social services agency that provides hospitality and direct services to the homeless and poor in the State of Rhode Island. Amos House continues to partner with Rhode Island Housing to address issues of hunger, homelessness, and poverty, including the Continuum of Care Program. Citizens Housing and Planning Association ("CHAPA") is a non-profit umbrella organization for affordable housing and community development organizations. While CHAPA is primarily active in Massachusetts, it also provides support and leadership to similar organization in New England, such as the Rhode Island Housing Network, on matters involving federal housing policy and best practices for community development corporations. The work of these organizations furthers and supports the mission of Rhode Island Housing.

Commissioner Designee Balasco confirmed that the Management Committee reviewed the request and determined that the proposals are consistent with Rhode Island Housing's mission and interests.

Chairman Retsinas reiterated his request for a report summarizing the year's charitable expenditures. Ms. Clement assured Chairman Retsinas that staff is working on compiling the information and a detailed accounting will be presented at the October Board of Commissioners' meeting.

Upon a motion made by Commissioner Designee Balasco 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,** 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 Engagement of Software Provider for the Housing Choice Voucher Program

Ms. Shavers, Director of Leased Housing and Rental Services, made the presentation.

This Request for Action is for approval to engage Yardi Systems, Inc. as the software provider for management of Rhode Island Housing's Housing Choice Voucher Program, including

Rhode Island Housing's eventual role as Housing Choice Voucher program Centralized Wait List administrator on behalf of the Public Housing Association of Rhode Island (PHARI).

In Rhode Island Housing's role as a public housing authority, the agency administers 1,835 federal Section 8 Housing Choice Vouchers. To operate effectively and in compliance with HUD requirements, Rhode Island Housing requires a comprehensive software package to facilitate all aspects of program administration, including maintenance of waiting lists, acceptance of electronic applications, tenant eligibility verification and rent calculation, management of unit inspections, facilitation of electronic payments to landlords, and reporting to HUD. Since 2003, our software provider has been Happy Systems, Inc.

The Public Housing Association of Rhode Island (PHARI), of which Rhode Island Housing is a member, has expressed a desire for several years to implement a centralized wait list for all Housing Choice Voucher applicants in the state in order to more efficiently serve low-income households and reduce agency administrative costs. PHARI approached Rhode Island Housing in February 2016 and encouraged the agency to respond to a request for proposals for a centralized wait list administrator. Rhode Island Housing was selected as the successful bidder in June 2016.

To ensure that its software provider had the capability to support this expanded role, Rhode Island Housing concurrently issued an RFP for Housing Choice Voucher software providers in June 2016. This RFP originally included the HUD Section 811 program, but Leased Housing and Rental Services Division staff ultimately decided to procure software to manage this program separately.

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.

Four 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. Factors taken into consideration included: firm's capacity, strength of work plans, work experience, security, woman-/minority-owned business status and affirmative action policies, fee structure, and other pertinent information submitted. The maximum allowable score under the employed model was 500 points. Attachment B sets forth an evaluation summary of the proposals.

Following review of the bid documents and pricing proposals, Yardi Systems, Inc. was the unanimous choice of the committee with a score of 470. Overall, scores ranged from 275 to 470.

Yardi Systems, Inc. is the largest provider of property and financial management software in North America, with more than 15,000 client organizations of all sizes, including hundreds of public housing authorities. The selection committee believes that the firm has the experience and expertise to undertake this assignment and their fee proposal was reasonable. The proposed initial cost of their engagement is \$120,020. This total includes \$72,020 in annual software license fees as well as \$48,000 in one-time setup and support costs. The Rhode Island Office of Housing and Community Development has agreed to fund the cost of the license fees and set-up and support costs. The pricing from the other proposals ranged from \$81,575 to \$244,000.

Rhode Island Housing's existing contract with Happy expires April 1, 2017, and has been pre-paid. Upon approval by the Board of Commissioners to enter into this contract, staff expects to provide notice of Rhode Island Housing's intent not to renew the contract with Happy.

Commissioner Designee Balasco remarked that the selection of Yardi for software provider for the HCVP program was reviewed at the Management Committee, and stressed that approval of this vendor would produce a reduction in costs for Rhode Island Housing; therefore, the Committee recommends approval of the engagement of Yardi Systems.

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**

WHEREAS: Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") requires a comprehensive software package in order to carry out its responsibilities with respect to the federal Section 8 Housing Choice Voucher Program;

WHEREAS: Rhode Island Housing has been selected as the centralized wait list administrator by the Public Housing Association of Rhode Island by means of a competitive bidding process, a role that will require administration of Housing Choice Voucher wait lists for all participating housing authorities statewide;

WHEREAS: Rhode Island Housing has solicited proposals from vendors to provide a software package that is able to substantially meet the requirements associated with both of these roles;

WHEREAS: Yardi Systems, Inc. submitted the highest-scoring proposal to Rhode Island Housing in this process;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and hereby is, authorized to award a contract to Yardi Systems, Inc. in an amount not to exceed \$120,020 to provide a software package and related set-up, and technical support services to enable Rhode Island Housing to undertake its responsibilities to manage the Housing Choice Voucher Program and the Rhode Island centralized wait list; and

RESOLVED: That the Executive Director, each Deputy Director, and the Director of Leased Housing and Rental Services, each acting singly be, and hereby is, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions.

Approval of Amendments to the “Handbook of Policies and Procedures to Ensure Accountability” and the Rhode Island Housing Employee Handbook

Ms. Clement, General Counsel, presented this request.

On July 8, 2014, Governor Chafee signed into law the Quasi-Public Corporations Accountability and Transparency Act (the “Accountability Act”) codified at Chapter 155 of Title 42, of the Rhode Island General Laws. The Accountability Act enables, creates and encourages high standards of transparent, effective and ethical operations by the boards that serve critical oversight of government resources of the more than twenty (20) enumerated quasi-public corporations found at 42-155-3(a). Rhode Island Housing is subject to the Accountability Act that became effective on January 1, 2015.

As a result, several existing governance documents were created and others updated to conform to the Accountability Act. The Board approved these new and updated governance documents on December 11, 2014. This Request for Action seeks Board approval of minor modifications to two of those documents.

a. Policies on Internal Accounting, Charitable Donations, Marketing and Lobbying

The Accountability Act required Rhode Island Housing to adopt policies and procedures addressing among other topics the use of agency credit cards. The Board on December 11, 2014 approved the Handbook of Policies and Procedures to Ensure Accountability (the “Accountability Handbook”) which specifically set forth a policy for credit cards. On November 19, 2015, the Board approved an amendment to the Accountability Handbook relating to Part D, the Credit Card Policy (the “First Amendment”). The First Amendment allowed a limited number of specified employees of Rhode Island Housing to make purchases on behalf of the organization, such as instances where payment cannot be made by check request, or where the purchase would require the employee to advance significant personal funds in advance of reimbursement, such as airfare or hotel accommodations for business purposes. The Credit Card Policy requires detailed receipts for all permitted transactions.

Staff is now recommending changing the Credit Card Policy to require detailed receipts only for those purchases over thirty dollars (\$30.00). The Policy on Credit Card Use with the recommended changes redlined is attached hereto as Attachment A.

b. Updates to Employee Handbook

The Accountability Act also required the Board to adopt written policies regarding reimbursement for business expenses, including items classified as gifts or entertainment. Rhode Island Housing’s Employee Handbook contains provisions regarding these topics. The Board on December 11, 2014 approved changes to the Employee Handbook for reimbursement of business expenses and expenses classified as gifts or entertainment in compliance with the Accountability Act.

Staff recommends changing Section 607 of the Business Expense Policy to require detailed receipts only for those purchases over thirty dollars (\$30.00). The Business Expense Policy with the recommended changes redlined is attached hereto as Attachment B.

Staff recommends that the resolution authorizing minor changes to the Credit Card Policy and Business Expense Policy be approved.

Commissioner Designee Balasco commented that the Management Committee reviewed the request and approved the proposed changes. Commissioner Designee Balasco stated that the policies outlined are perfectly in line with what State and other quasi-public entities have established.

Commissioner DiBiase agreed that the changes are consistent with State policy.

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

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

WHEREAS: On July 8, 2014, the Governor signed into law the Quasi-Public Corporations Accountability and Transparency Accountability Act found at Title 42, Chapter 155 of the Rhode Island General Laws (the “Accountability Act”), which Accountability Act will take effect on January 1, 2015;

WHEREAS: Rhode Island Housing is a “quasi-public corporation” as defined by the Accountability Act;

WHEREAS: The Accountability Act seeks to hold all quasi-public corporations to the highest standards of transparency and accountability;

WHEREAS. Staff of Rhode Island Housing has reviewed current governance documents and policies and procedures of the corporation to determine compliance with the Accountability Act;

WHEREAS: Staff of Rhode Island Housing have found that compliance with the Accountability Act will require the updating of certain governance documents requiring Board approval;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing approve the update to the Credit Card Policy found in the Handbook of Policies and Procedures to Ensure Accountability substantially in the form as presented at this meeting.

RESOLVED: That Rhode Island Housing approve the update to the Business Expense Policy found in the Employee Handbook substantially in the form as presented at this meeting.

RESOLVED: That the Executive Director may take such actions as deemed necessary and in the best interests of Rhode Island Housing to carry out the foregoing Resolutions.

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 Preliminary Commitment for Financing for Barbara Jordan I (Providence)

Ms. Fields declared that this development is a valuable asset to the community and emphasized that to bring this project to the Board of Commissioners staff has expended a significant amount of work and effort. Ms. Fields highlighted the fact that Barbara Jordan I is a legacy development inherited from the State Rental Assistance Program. Mr. Shorter, Director of Development, then gave the presentation.

This request is for Preliminary Approval of tax-exempt financing for \$25,245,000 for Barbara Jordan I (“Barbara Jordan I” or the “Development”). This is a large scattered site project consisting of 193 units in 82 buildings in South Providence. The Development has a Project

Based Section 8 HAP contract for all units. Omni America LLC, an affiliate of Omni New York LLC (“OmniNY”), is the developer and proposing to undertake approximately \$13.49 million of rehabilitation.

The properties are located near the I-95 and Route 6 Exchange and are within walking distance to transportation, shopping, restaurants, churches, schools and entertainment. Originally constructed in the 1940s and renovated in 1983 and 1984, the current ownership, SCHS Associates, has owned and self-managed the property since the renovations. SCHS Associates has exhibited poor management and oversight of the property, leading to placement of the HAP contract on the HUD Watch list for several years. Moreover, SCHS Associates recently lost the sister project, Barbara Jordan II and its HAP Contract, to a HUD foreclosure.

OmniNY and its affiliates are a privately held real estate development, construction and property management firm. OmniNY is operated by three managing directors, Eugene Schneur, Rob Bennett and Maurice Vaughn. Omni and its affiliates have acquired 63 properties/12,000 housing units with an aggregate transaction value of approximately \$1.5 billion since its inception in 2004.

Barbara Jordan I is in fair to poor condition and received a REAC score of 37c in 2015. Current vacancy levels of 15% or 30 units reflect continued neglect and deferred maintenance of the buildings by the current owner. Rhode Island Housing has been working with OmniNY to ensure that the scope of work adequately addresses the needs of the property and is reflective of the mission of both the owner and Rhode Island Housing.

The current scope of work calls for approximately \$70,000 per unit of repairs. This scope has been increased from the initial proposal based upon several discussions with Rhode Island Housing Design and Construction staff and a thorough review of architectural plans of three representative buildings. Rhode Island Housing Design & Construction staff has worked with OmniNY and Union Studio architects to increase the scope of work by 26%. OmniNY’s initial proposal was based off of a CNA that included 100% of building exteriors and 10% of interiors. Since then, Union Studio has provided Rhode Island Housing with renderings of three representative buildings, plans and specifications for all properties, and a more indepth analysis of the property condition beyond the original CNA.

All buildings in the development require significant improvements, especially the need to address curb appeal concerns, due to deferred maintenance on the exterior of the buildings. Rhode Island Housing staff visited three buildings deemed to be representative of the project and an internal walk through revealed moderate to poor conditions of the envelope and within the units including common areas and basements. Some of the universal repairs within the scope of work include:

Building Envelope:

- Renovation of the building exterior including: replacement of all siding with new vinyl siding, repair of doors, roof shingles and gutters, sidewalk repair, new fencing, trees, exterior lighting, and repair of stair rails, wood porch decks, wood

siding and exposed foundations.

- Installation of new low-E argon windows with screens and child guards
- Security systems at the properties will be completely overhauled, including the installation of more than 200 DVR surveillance cameras

Interior Upgrades:

- In-unit capital improvements, such as replacement of kitchen cabinets, appliances including Energy Star refrigerators, countertops, and upgraded bathroom vanities, new low flow sinks and toilets and new bathtubs
- Upgrading of building mechanicals
- New smoke and carbon monoxide detectors
- Replace all boilers and radiators
- Replace doors
- New cabinets and appliances in kitchens

Grounds:

- Replacement of new accessible ramps for the ADA units
- Basic landscaping improvements

Rhode Island Housing Design and Construction staff is currently reviewing plans and specifications that have been submitted for all 82 properties, however preliminarily the proposed budget appears adequate.

Reliant Realty Services, LLC ("Reliant") is a full-service property management company wholly owned by the principals of OmniNY and will be the management agent for Barbara Jordan I. Matthew Holladay is the Managing Director. Reliant employs and manages approximately 400 personnel who facilitate operations at the asset level. Reliant currently manages all of Omni's properties, 13,000 units across 10 states. Reliant also maintains an in-house legal department to address all landlord-tenant matters for its properties. Reliant's main office is located in New York City, and it employs regional managers outside of New York.

OmniNY is proposing to finance the transaction with 4% LIHTCs, tax-exempt bonds, a deferred developer fee and cash flow from operations to fund acquisition and rehabilitation of the property. Upon completion, the Development will be eligible to pay real estate taxes based on 8% of gross potential income based on the State statute and adopted through ordinance by the City of Providence.

The total development cost is approximately \$48.12 million. The primary sources of financing are a tax-exempt loan of \$25.245 million, \$16.2 million of equity from the sale of Low Income Housing Tax Credits ("LIHTC"), \$4.2 million in deferred developer fee, \$1.3 million in existing Replacement Reserve and \$1.12 million in cash from operations.

Rhode Island Housing routinely uses the HUD Risk-Sharing Program ("Risk Share") to provide credit enhancement for its loans. Risk Share is only available to Housing Finance Agencies

(“HFAs”). Risk Share, authorized under Section 542(c) of the Federal Register, provides credit enhancement for mortgages of multifamily housing projects whose loans are underwritten, processed, serviced, and disposed of by HFAs. HUD and HFAs share in the risk of the mortgage. The permanent loan will be insured through the HUD Risk Share program. The current financing plan assumes a balloon mortgage at the end of the initial LIHTC compliance period. This will allow the bonds to be priced lower on the yield curve, which results in a lower interest rate. The balloon mortgage will require a HUD waiver. However, the proposed rule changes to the Risk Share Program published in the March Federal Register include provisions for balloon mortgages by right into the program. Rhode Island Housing has existing Risk Share Program Underwriting guidelines. As part of its development of this program for Balloon Loans, Rhode Island Housing created additional guidelines to analyze the potential risk associated with Balloon Loans. Critical to this risk mitigation is a review of several key items, including but not limited to the following:

- the experience and capacity of the developer and management company with similar type properties;
- the strength of the developer and guarantors balance sheet;
- the proposed rehabilitation and anticipated replacement reserve needs over the term of the loan;
- the proposed exit strategy of the borrower;
- analysis of the projected loan value at the time of the proposed balloon payment; and
- on-going evaluation of the project during the loan.

The Request for Action is for Preliminary Approval of tax-exempt financing in an amount of \$25,245,000 for Barbara Jordan I.

Mr. Shorter recognized Robert Bennet and Eugene Schneur of OmniNY who took a few moments to address the Commissioners regarding the significance of the development and to thank staff and the Board for their consideration in working with them to resolve outstanding issues.

A brief discussion followed. Commissioner Orth, Chairman of the Credit Committee, acknowledged the Development team’s due diligence on scrubbing numbers and negotiating with the Developer for acceptable terms of financing. Commissioner Orth also recognized the importance of this project to the community and residents.

Commissioner Orth stated that the Committee reviewed the project and recommended approval subject to the condition that the Developer satisfy Rhode Island Housing’s financing guidelines and standards.

Upon a motion made by Commissioner Orth and seconded by Commissioner Barry, the following resolution was unanimously approved as amended above.

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

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

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

Whereas, Said bonds shall have a term not to exceed forty (40) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve and provide the capitalized interest if determined to be necessary;

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

Development	Applicant	Tax Exempt Loan
Barbara Jordan I, LP	Omni NY, LLC	\$25,245,000

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

Whereas, Rhode Island Housing finds:

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

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

(3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for

persons or families of low and moderate income and that those sponsors are financially responsible;

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

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That Rhode Island Housing hereby declares preliminary approval for tax exempt mortgage financing in an amount of \$25,245,000 to Barbara Jordan I, LP or an affiliated partnership (the “Borrower”) for the acquisition and rehabilitation of Barbara Jordan I (hereinafter the “Development”) to be located on a scattered site in Providence, Rhode Island.

Resolved, That Rhode Island Housing hereby declares that this preliminary approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing and evidences Rhode Island Housing’s intention to issue tax-exempt bonds sufficient to provide \$25,245,000 of mortgage funds for construction of the Development, plus any required bond reserve funds and the related costs of issuing the bonds for the Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

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

- Approval of a waiver from HUD for the use of a balloon mortgage insured through the Risk Share Program.
- Final approval of a new 20-year HAP contract with rents sufficient to support the proposed loan.
- Approval by Rhode Island Housing of all members of the development team.
- Syndication proceeds from the sale of 4% Housing 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 surveys and Phase I environmental reports.
- Approval by Rhode Island Housing of proposed capital improvements, construction plans, specifications, and supporting construction documentation.

- Approval by Rhode Island Housing of management documents and all management related issues including marketing and lease-up plans and an acceptable relocation plan during construction.
- Final approval of the new operating budget.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the first mortgage.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

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

Approval of Transfer of Physical Assets for Oxford Gardens Apartments (Providence)

Ms. Fields introduced the agenda item by saying that Oxford Gardens has the honor of being the first development she toured twenty-five years ago and is pleased to note that the commitment to preserving affordable housing is still strong. Mr. Shorter then summarized the transfer of assets for Oxford Gardens.

This Request for Action is for approval of the sale of Oxford Gardens Apartments (the “Development”), an affordable family housing development located at 475 Prairie Avenue and 197 Gordan Avenue in Providence. The Development was originally constructed in 1989 under the Low Income Housing Tax Credit (“LIHTC”) program and utilized financing from Rhode Island Housing. The Development consists of two land parcels containing nine two-story apartment buildings. One parcel contains eight of the nine buildings with 50 apartments. The other parcel consists of one building, asphalt parking, concrete sidewalks, and landscaping.

The initial 15-year compliance period for the Development expired at the end of 2004. The current owner of the Development is PRC Associates, Limited Partnership (“Gardens Partnership”) in which Peoples Redevelopment Corporation (“PRC”) is the managing general partner, Century Pacific Partners I (“Century Pacific LP”) is a limited partner and Century Pacific Realty Corporation (“Century Pacific Supervising GP”, and together with Century Pacific LP), “Century Pacific” is a supervising general partner. With PRC’s acknowledgement and consent, Preservation of Affordable Housing, LLC (“POAH LLC”) will purchase Century Pacific’s ownership interests in the Gardens Partnership. Under Rhode Island Housing’s Regulations Governing Proposed Prepayments or Transfers (“TPA”), Rhode Island Housing must approve the purchase of partnership interest.

POAH is a not-for-profit corporation with a core mission of preserving at-risk affordable housing. Based in Boston, POAH was original formed by the National Equity Fund. POAH now owns and operates more than 9,000 affordable homes in 75 properties in 9 states and Washington DC. One of POAH’s core principles is that the real estate portfolio must be

sustainable and that the organization should be sustained primarily by the portfolio. As such, POAH has unrestricted net assets of \$25 million.

Oxford Gardens is currently encumbered with affordability use restrictions. The restrictions require (i) that for the remaining term of the original 30 year mortgage period which expires in 2024, 75% of the units must remain affordable to families with household incomes less than 60% of the area median income (“AMI”), and (ii) in perpetuity, 25% of the units must remain affordable to families with household incomes less than 50% of AMI. These restrictions run with the property and will ensure that the Development remains affordable for the long term.

One of the regulatory documents, the Affordable Housing Restriction Agreement (“AHRA”), provides PRC with a Right of First Refusal (“ROFR”) to purchase the property should Gardens Partnership receive a bona fide offer to purchase the Development. After careful review of the Development, its operating history, current physical condition and the long term restrictions that will remain after the sale of the Limited Partner interest in Oxford Gardens, with PRC’s acknowledgement and consent Century Pacific and Preservation of Affordable Housing, LLC have entered into an agreement for the purchase and sale of partnership interest, subject to Gardens Partnership’s satisfaction of our TPA Regulations.

As set forth in the P&S Agreement dated as of August 23, 2016, POAH LLC will purchase Century Pacific’s ownership interests in Oxford Gardens, for a purchase price of \$450,000. PRC will remain as the managing general partner of the Gardens Partnership, and POAH LLC will assume the roles of limited partner and supervising general partner. The transaction is strictly a transfer of ownership interest and does not include any rehabilitation work. It is important to note that this transaction is a prelude to a larger refinancing and rehabilitation transaction anticipated for later in 2016, for which an additional Rhode Island Housing consent will be required. Staff review of recent financials for POAH LLC and its subsidiaries suggest that it is financially stable and qualified to take on this investment.

When originally financed, Oxford Gardens was awarded a twenty-year State Rental Assistance Program (“RAP”) contract that provides rental assistance for all 50 apartments. Rhode Island Housing assumed financial responsibility for the RAP subsidies in year 3 of the original contract and has been paying the subsidies since 1993. The original RAP contract expired several years ago. Rhode Island Housing has been working with owners and residents to eliminate the RAP subsidies. Currently 34 of the apartments are still receiving RAP subsidy. However, as apartments turn over, apartments are being rented without RAP subsidy. A key component of the redevelopment of the site is the successful transition from RAP to non-RAP apartments in a manner that ensures a financially successful transaction for the developer, residents and Rhode Island Housing while simultaneously lifting the financial burden of the RAP subsidy from Rhode Island Housing.

Staff has reviewed the request under the Rules and Regulations Governing Proposed Prepayments or Transfers and has determined that the proposed transfer of the partnership interest complies with these requirements. The Loan Servicing and Asset Management and Development divisions have reviewed this application. The Development does have some outstanding capital improvement needs and has struggled financially. While the management

agent, First Realty has been managing the property prudently given the financial constraints and has been able to address the most significant issues, the transfer of Limited Partner interest in Oxford Gardens will provide an injection of capital for deferred repairs. It will also bring in a new management company that may be able introduce operating efficiencies at the site. PRC Limited Partnership will assume all of the obligations under the existing regulatory agreements.

The attached resolution approving the transfer of the property and subsequent prepayment of the existing mortgage(s), subject to the conditions contained therein, is recommended for approval.

Mr. Shorter introduced Jack Partridge, representing PRC, who commented that along with Barbara Krank, Director of Oxford Gardens, he has been with the Development for forty years and is grateful for the Board's vision in recognizing the value of maintaining Oxford Gardens affordable for the community.

Commissioner Orth, Chair of the Credit Committee, applauded PRC and POAH for bringing this project to a successful resolution.

Ms. Fields also expressed her appreciation to POAH's representatives and stated that she is looking forward to the ribbon cutting ceremony for Oxford Gardens.

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**

RESOLVED: That the transfer of Limited Partner interests in Oxford Gardens from Century Pacific LP to Preservation of Affordable Housing, LLC, be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by the Corporation of all application materials required in Phases 2 and 3 of the Regulations Governing Proposed Prepayments and Transfers, with the exception of such requirements as may be waived or modified by the Executive Director or Deputy Director, consistent with the nature of this transaction and the protection of the interests of the Corporation.
2. Assumption by Preservation of Affordable Housing, LLC of the Affordable Housing Restriction Agreement, the Declaration of Land Use Restrictive Covenants and surviving provisions of the Regulatory Agreement.
3. Receipt by Rhode Island Housing of the Transfer Fee as required by the TPA Regulations.

4. Satisfaction of any additional requirements that the Executive Director or Deputy Director believes to be necessary or advisable to protect the interests of the Corporation with respect to the Development.

RESOLVED: That the Executive Director, and any Deputy Director, each acting singly, be and hereby is authorized to execute and deliver on behalf of the Corporation all documents necessary or advisable to consummate such transfer and to take such further actions as he or she shall deem necessary or advisable in connection therewith.

Presentation on the Centralized HCVP Wait List Administration

Ms. Shavers, Director of Leased Housing and Rental Services, gave this presentation and update on the Statewide Centralized Wait List and the role that Rhode Island Housing plays in implementing the Wait List.

Chairman Retsinas asked Ms. Shavers to provide historical details and supply background particulars of the HCVP administration.

Ms. Shavers informed the Commissioners that Rhode Island Housing is the PHA for 15 communities but there are a total of 25 PHAs that administer HCVP. The total number of statewide vouchers is 10,661 and the number of statewide vouchers that are leased is 9,376 (88%). Providence, being the largest Housing Authority, has 2,275 vouchers and Tiverton 51 vouchers.

The benefits of the centralized list is that residents will have access to 25 PHA wait lists with one single application, they will experience reduced wait time for housing assistance for the entire statewide jurisdiction and have on-line access to check status and update applications.

Rhode Island Housing's partners will also benefit by realizing a reduction of administrative burden, the elimination of duplicative applicant records, access to performance reports and access to administrative and program expertise.

Chairman Retsinas asked what the expected timeline is for implementation of the program. Ms. Shavers responded that Phase I is the launch with Providence Housing Authority and is scheduled for mid-November. Phase II, the statewide launch, is anticipated to roll out in summer of 2017. Communications and marketing is working on publicizing the roll out.

Chairman Retsinas applauded the undertaking and said that the last time the wait list was open was in 1998. Commissioner Orth concurred and remarked that various agencies and partners can utilize this list as it provides much needed data on vouchers, landlords in the system along with statistics on the demographics of the State.

Commissioner DiBiase questioned if the software is initially a means of getting on a list but what happens if an applicant desires to be on a different list. Ms. Shavers replied that the Yardi software allows for preferences by listing choices in a numerical order while allowing housing authorities to view all applicants.

Commissioner Designee Balasco noted that as the list is accessed electronically what happens if a client does not have access to a computer. Ms. Shavers assured the Commissioners that partner facilities are available for applicants to use their equipment and staff will be on hand to assist in the application process. Phone calls will be accepted with staff inputting the information into the system for the clients. The website will also list all methods that applications can be processed.

Chairman Retsinas thanked Ms. Shavers for the update.

In closing, Ms. Fields publicly expressed her gratitude to Ms. Knight, Director of Loan Servicing and Asset Management, and her staff on successfully navigating the servicing arrangement with Maine State Housing.

Finally, Ms. Fields announced that the October 20 Board of Commissioners' meeting will be held off-site in Woonsocket and invited the Board to join her at a location yet to be announced.

There being no further business to discuss, a motion was duly made by Commissioner Designee Rogers and seconded by Commissioner McAllister to adjourn the meeting at approximately 9:19 a.m.

Respectfully submitted,

Barbara G. Fields
Secretary and Executive Director