

**RESOLUTION NO. 2014-02**

**RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A MARKET RATE GOVERNMENT INSURED MORTGAGE AND DOWNPAYMENT ASSISTANCE HOMEOWNERSHIP PROGRAM IN COOPERATION WITH FIRST SOUTHWEST COMPANY, AS PROGRAM ADMINISTRATOR, AND EXECUTION AND DELIVERY OF RELATED AGREEMENTS; AUTHORIZING THE APPOINTMENT OF A MASTER SERVICER AND CUSTODIAN OR TRUSTEE FOR THE PROGRAM AND EXECUTION AND DELIVERY OF RELATED AGREEMENTS; AND AUTHORIZING AND APPROVING RELATED MATTERS.**

**WHEREAS**, the authorized purposes of the Port of Greater Cincinnati Development Authority ("Port Authority"), pursuant to and as defined in Sections 4582.21, et seq., of the Ohio Revised Code (together with other authorities therein mentioned, "Port Act"), include activities that enhance, foster, aid, provide, or promote economic development, housing, recreation and education throughout the City of Cincinnati, Ohio ("City") and the County of Hamilton, Ohio ("County") and other activities authorized within the State of Ohio ("State") by Article VIII, Sections 13 and 16 of the Ohio Constitution; and

**WHEREAS**, pursuant to the Port Act (and Article VIII, Section 16 of the Ohio Constitution), the Port Authority is authorized, in order to enhance the availability of adequate housing in the State and to improve the economic and general well-being of the people of the State, to provide, or assist in providing, by grants, loans, purchases of loans, guarantees and other means, housing in the State for individuals and families by, among other things, the acquisition, financing, construction, leasing, rehabilitation, remodeling, improvement, or equipping of publicly or privately owned housing, including the acquisition of real property and interests therein; and

**WHEREAS**, pursuant to the Port Act (and Article VIII, Section 13 of the Ohio Constitution), the Port Authority is authorized, in order to create or preserve jobs and employment opportunities, and to improve the economic welfare of the people of the State, to acquire, construct, improve, or equip, and to sell, lease, exchange or otherwise dispose of property within the State for industry or commerce and make or guarantee loans for such purposes; and

**WHEREAS**, pursuant to the Port Act, the Port Authority is authorized to accept and hold as consideration for the conveyance of property or any interest therein such property or interests therein as this Board in its discretion may determine, notwithstanding any restrictions that apply to the investment of its funds; and

**WHEREAS**, the Port Authority, in its own right and as manager of the Hamilton County Land Reutilization Corporation ("LandBank"), pursuant to the Port Act and to promote its authorized purposes, is actively engaged in cooperative ongoing community stabilization and revitalization efforts throughout the City and County in order to return vacant, blighted and underutilized properties into vital and stable community assets through public-private partnerships and catalytic investments, including: (i) implementing the LandBank's Focus Neighborhood Strategy, (ii) acquiring, improving, renovating, rehabilitating, repositioning and otherwise investing, or financing or otherwise assisting others in investing in, existing properties

where practicable, including single-family and multi-family residential properties, commercial and industrial properties, and educational, cultural, recreational and other civic facilities, (iii) pursuing and utilizing the Moving Ohio Forward Demolition Grant Program where necessary or appropriate, (iv) providing services related to the implementation of aspects of the GO Cincinnati Plan, and (v) other related activities (collectively "Community Reinvestment and Revitalization Initiatives"), all while promoting its other policy initiatives including the Economic Inclusion Policy; and

**WHEREAS**, First Southwest Company ("FirstSouthwest") has developed a public-private partnership model in other states for, and has approached the Port Authority about serving as its public-sector partner in cooperatively establishing, together with a qualified service provider approved and appointed by the President ("Master Servicer"), a market rate government insured mortgage and downpayment assistance homeownership program ("Homeownership Program") that may be structured and marketed to support the Revitalization Initiatives and other authorized purposes of the Port Authority, while generating fees to cover costs and support other efforts; and

**WHEREAS**, the Homeownership Program will make available, through participating local and national lenders, competitively-priced government-insured mortgage loans for single-family residential properties ("Mortgage Loans"), together with downpayment assistance ("DPA") authorized hereby, consistent with Port Authority policy objectives and the following:

(i) FirstSouthwest will act as Program Administrator pursuant to an agreement with the Port Authority ("PA Agreement") and manage the mortgage loan pipeline and assume related economic risks,

(ii) the Master Servicer will be engaged pursuant to an agreement with the Port Authority ("Servicing Agreement") to provide necessary support services, including entering into related agreements with participating originating lenders, acquiring (from the originating lenders), pooling and servicing all Mortgage Loans, and periodically issuing mortgage-backed securities ("MBS") secured by pools of such Mortgage Loans, and insured by the Government National Mortgage Association ("GNMA"), for sale and delivery to FirstSouthwest,

(iii) FirstSouthwest will purchase all of the GNMA-backed MBS pursuant to a forward purchase master trade confirmation agreement with the Port Authority ("FSC Purchase Agreement"),

(iv) the Port Authority will establish a custodial or trustee relationship with a qualified corporate trustee approved and appointed by the President ("Custodian") in an agreement ("Custodial Agreement" and, together with the PA Agreement, the Servicing Agreement and the FSC Purchase Agreement, the "Program Agreements") providing for, among other things, the settlement of the transfers of the GNMA-backed MBS and the receipt, delivery, deposit, custody and investment of funds needed for the implementation of the Homeownership Program, and

(v) the Port Authority will earn a variable fee on each Mortgage Loan based on the competitive environment when Mortgage Loan commitments are made and the policy

priorities established for the Homeownership Program, which fees are expected to cover all costs of the Homeownership Program, including DPA, legal costs and repayment of any funds that may be advanced for DPA; and

**WHEREAS**, this Board has determined that establishing, sponsoring and participating in the Homeownership Program, and making the Homeownership Program and related Mortgage Loans and DPA (by grants or, if determined by the President to be in the interest of the Port Authority, loans) available, in cooperation with First Southwest and a Master Servicer in the manner hereinabove described, is consistent with Article VIII of the Ohio Constitution, is authorized under and consistent with the Port Act, is in the best interests of the Port Authority, and will support the Community Reinvestment and Revitalization Initiatives and otherwise promote authorized purposes of the Port Authority, including (i) enhancing, fostering, aiding, providing and promoting housing, economic development, recreation and education within the City, the County and the jurisdiction of the Port Authority, and (ii) promoting and furthering the public purposes established under Sections 13 and 16 of Article VIII of the Ohio Constitution;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of the Port of Greater Cincinnati Development Authority:

Section 1. This Board hereby finds and determines that establishing, sponsoring and participating in the Homeownership Program, and making the Homeownership Program and related Mortgage Loans and DPA available, in cooperation with First Southwest and a Master Servicer in the manner described in the Recitals hereto, which (including the definitions of terms therein) are incorporated herein by this reference as additional findings and determinations of this Board, will support the Community Reinvestment and Revitalization Initiatives and otherwise promote authorized purposes of the Port Authority, including (i) enhancing, fostering, aiding, providing and promoting housing, economic development, recreation and education within the City, the County and the jurisdiction of the Port Authority, and (iii) promoting and furthering the public purposes established under Sections 13 and 16 of Article VIII of the Ohio Constitution. Without limiting the generality of the foregoing, this Board hereby further determines that the Homeownership Program established pursuant to and in accordance herewith is consistent with Article VIII of the Ohio Constitution, is authorized under and consistent with the Port Act, is in the best interests of the Port Authority, and will: (i) enhance, aid and assist the Port Authority in promoting the Community Reinvestment and Revitalization Initiatives and providing and promoting related services and activities within the City, the County and the jurisdiction of the Port Authority, (ii) enhance the availability of adequate housing in the City, the County and the State and improve the economic and general well-being of the people of the City, the County and the State, and (ii) create or preserve jobs and employment opportunities and improve the economic welfare of the people of the State. This Board further finds and determines that, notwithstanding any restrictions that apply to the investment of funds by the Port Authority, in order to implement the Homeownership Program, it is necessary and proper and in the best interest of the Port Authority to, and the Port Authority shall, in consideration of the provision of the Mortgage Loans and the DPA to the homeowners utilizing the Homeownership Program, and the acquisition by, conveyance to and mortgage by those homeowners of the properties acquired, accept and hold, until transferred to FirstSouthwest pursuant to the FSC Purchase Agreement, the GNMA-backed MBS and the Mortgage Loans securing each such MBS, including the related Mortgage Loan notes and

mortgages; provided, that all such property and interests therein shall only be so held until transferred in accordance with the Program Agreements.

Section 2. In order to promote the public purposes identified in Section 1 of this resolution, this Board hereby approves and authorizes the establishment by the Port Authority of the Homeownership Program and the actions of the Port Authority necessary for the implementation of the Homeownership Program consistent with this resolution. The Homeownership Program shall be established in cooperation with FirstSouthwest and the Master Servicer appointed in accordance herewith and the Port Authority agrees to take such actions as are necessary or desirable for that purpose including, without limitation, negotiation, execution and delivery of the Program Agreements, preparation of guidelines or other necessary documentation relating to the Homeownership Program, and working cooperatively with the Program Administrator and the Master Servicer to establish approved lenders for participation in the Homeownership Program. Without limiting the generality of any of the foregoing, this Board hereby agrees that the Port Authority will sponsor the Homeownership Program, finance the Mortgage Loans through the sale of the GNMA-backed MBS, provide the DPA consistent with the requirements of the Program Agreements and all legal requirements, and take such other actions as are required of the Port Authority under the Program Agreements. This Board hereby appropriates, from the revenues derived by the Port Authority from the Homeownership Program ("Program Revenues"), such portion thereof as is necessary to pay or reimburse all costs, fees and expenses incurred by the Port Authority in connection with the Homeownership Program including, without limitation, DPA, legal or marketing costs, and reimbursement of any amounts advanced to, for or on behalf of the Port Authority to pay DPA. This Board further authorizes the President of the Port Authority to advance from the unappropriated and unencumbered funds of the Port Authority such amount, if any, as is necessary to satisfy any legal requirements with respect to the payment or reimbursement of DPA; provided that she has determined that reimbursement of any such advance can be made from anticipated Program Revenues and that any such reimbursement shall be promptly completed on receipt of the Program Revenues anticipated.

Section 3. This Board hereby appoints FirstSouthwest as the Port Authority's Program Administrator for the Homeownership Program and authorizes the President of the Port Authority to negotiate the terms of, and execute and deliver on behalf of the Port Authority, the PA Agreement and the FSC Purchase Agreement with FirstSouthwest to establish, among other things, the terms and conditions on which FirstSouthwest will act as Program Administrator and purchase the GNMA-backed MBS to be issued by the Master Servicer to provide for the financing necessary for the Homeownership Program. In consultation with FirstSouthwest, the President shall identify an acceptable financial institution that is a recognized mortgage loan seller and servicer and issuer of GNMA-collateralized mortgage-backed securities to act as Master Servicer, establish the duties thereof, and negotiate the terms of, and execute and deliver on behalf of the Port Authority, the Servicing Agreement with the Master Servicer to establish the terms and conditions on which the Master Servicer will undertake such duties, including such obligations, responsibilities and actions as are necessary or desirable and appropriate to arrange for issuance, sale and delivery of the GNMA-backed MBS, the servicing of the Mortgage Loans, and the payment of amounts due with respect to the GNMA-backed MBS. In addition, the President shall identify an acceptable financial institution that is authorized to exercise corporate trust powers in Ohio to serve as Custodian for the purposes identified above, establish the duties thereof, and negotiate the terms of, and execute

and deliver on behalf of the Port Authority, the Custodial Agreement with the Custodian to establish the terms and conditions on which the Custodian will undertake such duties. All such agreements shall be consistent with the Port Act, Article VIII of the Ohio Constitution and this resolution, and shall be determined by the President to be in the best interests of the Port Authority, which determination shall be conclusively evidenced by the execution thereof in accordance with this resolution.

Section 4. The President and other officers of the Port Authority are hereby authorized to take such other actions, consistent with this resolution as are necessary or appropriate to effect the purposes of this resolution and all such actions heretofore taken are hereby ratified, adopted and confirmed.

Section 5. This Board finds and determines that all formal actions of this Board concerning and relating to the adoption of this resolution were taken, and that all deliberations of this Board and any committees thereof that resulted in such formal action were held in meetings open to the public in compliance with the law.


Section 6. This resolution shall be in full force and effect upon its adoption.


Adopted: 3-12-14

Yeas: 9

Nays: 0

Abstention: 0

  
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Chairperson

  
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Attest: Secretary