

**PROFESSIONAL SERVICE CONTRACT
FOR
FINANCIAL ADVISORY SERVICES
BETWEEN THE
DELAWARE STATE HOUSING AUTHORITY
AND
CAINE MITTER & ASSOCIATES INCORPORATED**

THIS AGREEMENT is entered into as of the 2nd day of November, 2015, by and between the DELAWARE STATE HOUSING AUTHORITY (*hereinafter called "DSHA"*), and CAINE MITTER & ASSOCIATES INCORPORATED (*hereinafter called "CAINE MITTER"* or the "Financial Advisor"),

WITNESSETH THAT:

WHEREAS, DSHA desires to engage CAINE MITTER as its Financial Advisor to render certain consulting services to DSHA.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Employment of the Financial Advisor

DSHA agrees to engage CAINE MITTER and CAINE MITTER agrees to perform services as set forth in this contract (the "Contract"). These services shall be referred to as the "engagement."

The Financial Advisor is independent and its representatives or employees shall not be deemed employees of DSHA.

2. Compensation

DSHA agrees to pay CAINE MITTER based on the rates set forth in Appendix 1.

3. Scope of Services

CAINE MITTER will serve as primary financial advisor for DSHA and shall perform the services outlined in Appendix 2.

This Contract between DSHA and CAINE MITTER, the request for proposal ("RFP") issued by DSHA on or about August 27, 2015, and the Financial Advisor's proposal dated as of September 17, 2015 (the "Proposal"), shall, collectively, constitute the entire agreement (the "Agreement") between DSHA and CAINE MITTER. No other documents shall be considered to be a part of the Agreement. In the event there is a discrepancy or conflict between the provisions

of the Contract and any of the other documents constituting the Agreement, the Contract will prevail. In the event there is a discrepancy between RFP and the Proposal, DSHA and CAINE MITTER will negotiate a resolution to such discrepancies in good faith. These documents shall contain the entire agreement between DSHA and CAINE MITTER.

Should conditions not now anticipated preclude the Financial Advisor from providing services in accordance with deadlines as contemplated, the Financial Advisor will advise DSHA promptly and take such further action as deemed appropriate by mutual consent.

4. Personnel

All of the services required under this Contract shall be performed by CAINE MITTER or under its supervision and all personnel engaged in the work shall be fully qualified and shall be authorized under any applicable federal, state or local law to perform such services. All personnel assigned to work shall have been specified in the Financial Advisor's proposal and shall not be changed without the prior written consent of DSHA.

No work or services shall be subcontracted, except as approved in writing by DSHA.

The Financial Advisor represents that it has, or will secure at its own expense, all personnel required in performing the services under this Contract.

The Financial Advisor represents that it an equal opportunity employer. No person or group shall be excluded from participation, denied any benefits, or subjected to discrimination on the basis of race, color, national origin, age, religion, sex, sexual orientation, gender identity, disability status, military history, or other protected classes that may be included in federal or state laws.

5. Notices and Inquiries

CAINE MITTER shall direct all written correspondence including invoices to the attention of Matthew Heckles, Director of Housing Finance, DSHA, Carvel State Office Building, 820 N. French Street, 10th Floor, Wilmington, DE 19801 Telephone: (302) 577-5001, Fax: (302) 577-5021, or e-mail at Matthew@DeStateHousing.com. Where appropriate, CAINE MITTER is requested to provide payment information so that any remittance may be delivered via automated clearing house ("ACH") transactions.

6. Assurances

The Financial Advisor hereby assures and certifies that it will comply with the pertinent laws, regulations, policies, guidelines, and requirements of the jurisdiction in which the Contract is performed. Also, the Financial Advisor assures and certify with respect to the Contract that:

- a. The Financial Advisor is legally authorized to enter into this Contract.

b. The Financial Advisor shall establish safeguards to prohibit employees from using their positions for a purpose that is, or gives the appearance of being, motivated by a desire for unlawful gain for themselves or others, particularly those with whom they have family, business, or other ties.

c. The Financial Advisor presently holds any occupational or other licenses required to perform services under the Contract, and shall hold such licenses for the duration of this Contract

d. The Financial Advisor certifies that it maintains professional liability insurance in the amount of at least \$1 million, and shall maintain such insurance for the duration of this Contract. The Financial Advisor agrees to provide evidence of such insurance at the request of DSHA.

7. Time of Performance

The services of CAINE MITTER are to commence at the signing of the Contract and continue until December 1, 2018. DSHA and CAINE MITTER have the option to renew the contract for two (2) additional one (1)-year extensions based on the mutual written agreement of both parties.

8. Termination

DSHA may terminate this Contract with CAINE MITTER, without cause, at any time by giving written notice to CAINE MITTER of such termination. The notice shall state the effective date. Upon such termination, the Financial Advisor will be paid for the hours of work actually completed.

The Financial Advisor shall not be relieved of any liability to DSHA for damages suffered by it by virtue of any breach of the Contract by the Financial Advisor. DSHA may withhold any payments to the Financial Advisor for the purpose of set off for such damages.

9. Changes

DSHA may request a change in the scope of services to be performed by the Financial Advisor under this Contract. Such changes, including an increase or decrease in the amount of the Financial Advisor's compensation, which shall be mutually agreed upon by and between DSHA and the Financial Advisor, shall be incorporated in written amendments to the Contract as permitted by law.

10. Assignability

CAINE MITTER shall not assign or otherwise transfer any interest in this contract without the prior written consent of DSHA. CAINE MITTER understands and acknowledges

that DSHA may perform the work covered by this Contract itself and/ or through other financial advisory firms as it deems appropriate.

11. Interest of the Financial Advisor

The Financial Advisor covenants that CAINE MITTER presently has no interest and shall not acquire any interest, directly or indirectly, which would create a conflict of interest that would materially impact the Financial Advisor's ability to perform the services required to be performed under this Contract. The Financial Advisor further covenants that in the performance of its duties under the Contract, no person having any such interest shall be assigned to this engagement. The Financial Advisor is independent and is not deemed to be an employee or official of the State of Delaware, DSHA, or any of their respective departments, agencies, or similar entities, and, in the performance of its obligations under this Contract, is not acting as a business broker, realty broker, lawyer, or accountant, but only as an agent of and the Financial Advisor to DSHA. The Financial Advisor agrees that it will not participate as an underwriter in the underwriting of any new issues of bonds of DSHA as issuer as long as this Contract remains in effect.

12. Indemnification

The Financial Advisor will defend, indemnify, and hold harmless, DSHA, its officers, employees, agents, successors, or assigns from and against any and all third party costs, claims, judgments, settlements, or liabilities, including legal fees, of any form whatsoever, in law and equity, to the extent such claims are caused by the Financial Advisor's negligence or intentional misconduct. Such indemnity shall not apply to any claims to the extent that they are caused by the negligence of any of the indemnified parties or of any third party or by the breach by DSHA of any of its duties or obligations under this Contract.

13. Governing Law

The Laws of Delaware shall govern this contract. The Financial Advisor agrees that any litigation relating to this Contract shall be filed and litigated in a court in the State of Delaware.

14. Severability

If any portion of this Contract is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this Contract shall remain in effect.

Remainder of page intentionally left blank

IN WITNESS WHEREOF the parties hereto, intending to be legally bound, have executed this Agreement as of the date first above written.

**CAINE MITTER & ASSOCIATES
INCORPORATED**

Original on File

By: _____
Ansel Caine
Vice President

**DELAWARE STATE HOUSING
AUTHORITY**

Original on File

By: _____
Anas Ben Addi
Housing Director

Appendix 1 - Fees for Services CAINE MITTER & ASSOCIATES INCORPORATED

The Financial Advisor will be compensated as follows:

1. Bond Sale Advisory Services (Transactional)

Negotiated long-term bond issues: For such transactions, and for private placements in which an underwriter assumes acts as financial advisor, under the following fee schedule CAINE MITTER's minimum fee would be \$5,000 and maximum fee would be \$50,000:

| Issue Size | Basis for Fee | Minimum Fee | Maximum Fee |
|------------------|---------------------|-------------|-------------|
| All Transactions | \$0.50 per thousand | \$5,000 | \$50,000 |

An additional \$12,500 would be added to the fee described above if the bond issue includes a variable component.

2. TBA Program Pipeline Management Services (Transactional and Ongoing)

An all-inclusive fee based on the amount of MBSs delivered equal to 0.15% of the MBS face value.

CAINE MITTER is willing to consider alternate fee structures for serving as Pipeline Manager, including reduced fees based on anticipated volume and the ability to develop a streamlined approach to providing services. An alternate fee structure would be mutually agreed upon in writing by DSHA and CAINE MITTER prior to becoming effective.

3. Swap Advisory Services (Transactional)

Services, if any, to be provided at the request of DSHA according to the following fee schedule:

| Transaction Type | New Swaps | Amendments |
|--------------------------|-----------|------------|
| With Related Transaction | \$12,500 | \$7,500 |
| SWAP Advisor Only* | \$12,500 | \$50,000 |

* Fee would be equal to 1 basis point with the minimum and maximums noted within the chart.

Non-transaction swap advisory services would be provided at the hourly rates described in Section 6 below.

4. Cash Flows and Other Quantitative Analysis (Transactional)

From time to time, DSHA may request that the Financial Advisor prepare cash flow projections or other quantitative services relating to the issuance of bonds. Such services may include (but would not be limited to) rating agency cash flow stress runs and IRS Code yield spread limitations, including supplemental, post-closing analyses, if any, for extensions of origination periods, replacement of acquisition fund GICs, and changes in mortgage interest rates. Fees for such services would be mutually agreed upon by DSHA and CAINE MITTER prior to any work being initiated based on the specific services and the complexity of the bond issue, but would generally be based on the following fee schedule:

| Type of Transaction | Basis for Fee | Minimum Fee | Maximum Fee |
|---------------------|---------------------|-------------|-------------|
| Single Family | \$0.50 per thousand | \$5,000 | \$50,000 |
| Multi- Family | \$0.85 per thousand | \$6,500 | \$25,000 |

If the bond issue includes an economic refunding, then an additional flat fee of \$12,500 would apply.

5. Cash Flows and Other Quantitative Analysis (Ongoing)

Annual Consolidated Cash Flow Analysis: If requested by DSHA, a full standard set of rating agency cash flows would be provided at a fee of \$10,000 per indenture in addition to the non-transactional hourly fees described in section 6 below. If data is available for input from existing DBC files or if the scope of services to be provided by Financial Advisor is limited, fees will be negotiated.

Yield recalculation analysis. Caine Mitter proposes a fee of \$1,250 per calculation, per tax plan for bond and mortgage yield recalculations.

Bond redemption analysis. Caine Mitter proposes the following fees for bond redemption analysis, including providing selection of bonds to be redeemed, maintenance of the 10- and 32-year genealogy and generation of reports to be submitted to the trustee:

Semiannual or quarterly bond redemptions: \$2,500 per bond redemption, per indenture

Additional bond redemptions: \$1,500 per bond redemption, per indenture

6. Special Projects and General Financial Advisory Services (Ongoing)

These services are those which are not related to a specific bond transaction, as may be requested. Hourly rates for these services are listed below.

| <u>Staff Category</u> | <u>Hourly Rate</u> |
|-----------------------|--------------------|
| President | \$295 |
| Executive Director | \$275 |
| Director | \$250 |
| Associate Director | \$225 |
| Associate | \$200 |
| Analyst | \$150 |

The hourly rates will be adjusted by the most recent published national Consumer Price Index on the anniversary of the date when this schedule takes effect.

The Financial Advisor will not bill for travel time (but may be reimbursed for reasonable out of pocket expense for authorized travel); nor for time involved in responding to routine inquiries or otherwise maintaining an effective working relationship with DSHA.

For a major non-transaction task, such as the preparation of a risk-based capital study, the Financial Advisor will prepare a work program with time estimates by staff category for each step to complete the task. The work program will provide the basis for an “expected” and “not-to-exceed” fee for that task. Special projects and budgets will be approved by DSHA staff in advance.

7. Bidding Agent for Guaranteed Investment Contract and Other Bond Related Investments

If CAINE MITTER acts as bidding agent or offering agent for DSHA investments or GICs the fee would be as follows: If the yield on the investment, net of any fee on the investment, is equal to or greater than the yield on the related bonds, then the fee would be in accordance with Treasury Regulation 1.148-5(e)(2)(iii)(B)(1). If the yield on the investment, net of any fee on the investment, is less than the yield on the related bonds, then the fee would be the lesser of \$2,500, or the maximum permitted under Treasury Regulation 1.148-5(e)(2)(iii)(B)(1).

Appendix 2 -Scope of Services CAINE MITTER & ASSOCIATES INCORPORATED

I. General Advisory Service

Proposer shall provide the following general, non-transaction related financial advisory services ("General Advisory Services") as may be requested by DSHA from time to time:

1. Assist in the development of long-term strategic plans including strategies to effectively utilize, leverage, and enhance DSHA operating reserves, State appropriations, federal funds, and other resources available to DSHA.
2. Apprise DSHA of new and creative financing techniques or concepts and advise DSHA generally on strategy options and alternatives relating to the development of proposed programs, project finance activities, and other affordable housing initiatives.
3. Conduct independent and objective reviews and evaluations of economic feasibility and cost-effectiveness of programs, project finance transactions, or other initiatives proposed to DSHA by third parties, including governmental entities, non-profit sponsors, for-profit developers, investment banking firms, and others.
4. Assist in preparing for and making presentations (relating to DSHA in general, rather than to a particular transaction) to bond rating agencies that issue or maintain ratings on DSHA securities.
5. Assist DSHA in making submissions and presentations relating to DSHA's past, current, and proposed financing activities to governmental entities, including the State Legislature, as well as to private entities, such as financial institutions and foundations.
6. Evaluate and formulate recommendations regarding financial management, practices of DSHA, including matters relating to investment policies and strategies.
7. Evaluate the financial integrity of existing DSHA programs or projects and advise DSHA regarding strategies to preserve or enhance the credit ratings of bonds relating to such programs or projects.
8. Be available for consultation with any person or group interested in assisting DSHA in the development of low- or moderate-income housing.
9. Attend meetings of DSHA relating to financing activities or other activities.
10. Such other reasonably related services as may be requested by DSHA.

II. Transaction Advisory Services

Proposer shall provide the following financial advisory services relating to new issues, MBS Sales, TBA Financing, Multi Family transactions, Tax Credit issuance remarketing, restructuring or refunding's of tax-exempt or taxable note or bond transactions ("Transactions Advisory Services") as may be requested by DSHA from time to time.

1. Generally advise and consult with DSHA in structuring their transactions under the single-family programs or multi-family program.
2. Assist DSHA by analyzing the merits of negotiated sales vs. competitive sales vs. private placements of authority notes or bonds and offer recommendations on same.
3. Coordinate the activities of DSHA's financing team in effecting the issuance of notes or bonds by DSHA.
4. Advise and assist DSHA in preparing Requests for Proposals from and in selecting services providers (underwriters, bond counsels, tax counsel, financial printers, cash flow verifiers, etc.) required to assist in effecting the financing structure.
5. With respect to proposed single-family mortgage lending programs, advise and assist in establishing appropriate program parameters and requirements including mortgage loan rates/terms, servicing arrangements, insurance coverages, participation by lenders/builders/realtors, loan origination periods, etc. and advise DSHA generally as to the financial integrity of the proposed programs.
6. Assist in the preparation of, and/or review and comment on (i) authorizing Resolutions, bond trust indentures, notices of sale and disclosure documents of DSHA relating to the financing structure, (ii) loan origination and servicing agreements relating to Home Ownership loan programs, and (iii) loan agreements and regulatory agreements relating to multi-family project finance transactions.
7. Review the maturities, redemption provisions, call premiums, interest rates, reserve requirements, system of funds and accounts, flow of funds and other structural characteristics or securities features of proposed note or bond issues and advise DSHA as to the financial integrity of such issues.
8. Review cash flow analyses or other financial projections prepared by parties other than source, budgeted expenditures, debt services requirements, application of bond proceeds, investment of

funds and other program parameters to assess the reasonableness of the cash flow projections based on such assumptions.

9. DSHA relies on the Senior Underwriter to run cash flows for Single Family bond transactions. CAINE MITTER may be requested to provide such services, upon special request. CAINE MITTER will be expected to provide cash flow analysis for multi-family projects, such projections and analyses to be accompanied by a listing of all significant underlying assumptions. (for reliance upon rating agencies, bond trustee, bond counsel, bondholders, underwriters, municipal analysts or other third parties)

10. Assist DSHA in making information available to bidding syndicates, individual securities dealers, municipal analysts, institutional investors, credit enhancers.

11. Advise DSHA and perform calculations necessary to demonstrate compliance with certain provisions of the federal tax law.

12. Prepare special financial analyses to comply with asset release tests and/or cash flow certificate requirements as may be established by DSHA bond trust indentures.

13. Advise and represent DSHA in negotiating bond interest rates, transactions fees, expenses, and other provisions of bond purchase agreements or remarketing agreements governing the negotiated sale of notes or bonds to underwriters or the private placement of notes or bonds to institutional investors.

14. Advise and assist DSHA on matters relating to reinvestment of bond proceeds, including services as investment agreement broker to prepare and distribute bid specifications/documents, and to conduct required competitive bidding among prospective investment agreement providers

15. Assist DSHA in establishing operating systems and procedures to comply with applicable State and federal laws or regulations or with the requirements of DSHA's bond indentures or program agreements and assist in the training of DSHA staff in the implementation of such systems and procedures.

16. Upon request of DSHA, perform periodic arbitrage rebate analyses as may be required by the IRS Code and trust indentures relating to DSHA bond transactions.

17. Such other reasonably related services as may be required by DSHA.

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**CAINE MITTER & ASSOCIATES
INCORPORATED**

**DELAWARE STATE HOUSING
AUTHORITY**

Original on File

By: _____
Ansel Caine
Vice President

By: _____
Anas Ben Addi
Housing Director

Appendix 1 - Fees for Services CAINE MITTER & ASSOCIATES INCORPORATED

The Financial Advisor will be compensated as follows:

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Appendix 2 -Scope of Services CAINE MITTER & ASSOCIATES INCORPORATED

I. General Advisory Service

Proposer shall provide the following general, non-transaction related financial advisory services (“General Advisory Services”) as may be requested by DSHA from time to time:

1. Assist in the development of long-term strategic plans including strategies to effectively utilize, leverage, and enhance DSHA operating reserves, State appropriations, federal funds, and other resources available to DSHA.
2. Apprise DSHA of new and creative financing techniques or concepts and advise DSHA generally on strategy options and alternatives relating to the development of proposed programs, project finance activities, and other affordable housing initiatives.
3. Conduct independent and objective reviews and evaluations of economic feasibility and cost-effectiveness of programs, project finance transactions, or other initiatives proposed to DSHA by third parties, including governmental entities, non-profit sponsors, for-profit developers, investment banking firms, and others.
4. Assist in preparing for and making presentations (relating to DSHA in general, rather than to a particular transaction) to bond rating agencies that issue or maintain ratings on DSHA securities.
5. Assist DSHA in making submissions and presentations relating to DSHA’s past, current, and proposed financing activities to governmental entities, including the State Legislature, as well as to private entities, such as financial institutions and foundations.
6. Evaluate and formulate recommendations regarding financial management, practices of DSHA, including matters relating to investment policies and strategies.
7. Evaluate the financial integrity of existing DSHA programs or projects and advise DSHA regarding strategies to preserve or enhance the credit ratings of bonds relating to such programs or projects.
8. Be available for consultation with any person or group interested in assisting DSHA in the development of low- or moderate-income housing.
9. Attend meetings of DSHA relating to financing activities or other activities.
10. Such other reasonably related services as may be requested by DSHA.

II. Transaction Advisory Services

Proposer shall provide the following financial advisory services relating to new issues, MBS Sales, TBA Financing, Multi Family transactions, Tax Credit issuance remarketing, restructuring or refunding's of tax-exempt or taxable note or bond transactions ("Transactions Advisory Services") as may be requested by DSHA from time to time.

1. Generally advise and consult with DSHA in structuring their transactions under the single-family programs or multi-family program.
2. Assist DSHA by analyzing the merits of negotiated sales vs. competitive sales vs. private placements of authority notes or bonds and offer recommendations on same.
3. Coordinate the activities of DSHA's financing team in effecting the issuance of notes or bonds by DSHA.
4. Advise and assist DSHA in preparing Requests for Proposals from and in selecting services providers (underwriters, bond counsels, tax counsel, financial printers, cash flow verifiers, etc.) required to assist in effecting the financing structure.
5. With respect to proposed single-family mortgage lending programs, advise and assist in establishing appropriate program parameters and requirements including mortgage loan rates/terms, servicing arrangements, insurance coverages, participation by lenders/builders/realtors, loan origination periods, etc. and advise DSHA generally as to the financial integrity of the proposed programs.
6. Assist in the preparation of, and/or review and comment on (i) authorizing Resolutions, bond trust indentures, notices of sale and disclosure documents of DSHA relating to the financing structure, (ii) loan origination and servicing agreements relating to Home Ownership loan programs, and (iii) loan agreements and regulatory agreements relating to multi-family project finance transactions.
7. Review the maturities, redemption provisions, call premiums, interest rates, reserve requirements, system of funds and accounts, flow of funds and other structural characteristics or securities features of proposed note or bond issues and advise DSHA as to the financial integrity of such issues.
8. Review cash flow analyses or other financial projections prepared by parties other than source, budgeted expenditures, debt services requirements, application of bond proceeds, investment of

funds and other program parameters to assess the reasonableness of the cash flow projections based on such assumptions.

9. DSHA relies on the Senior Underwriter to run cash flows for Single Family bond transactions. CAINE MITTER may be requested to provide such services, upon special request. CAINE MITTER will be expected to provide cash flow analysis for multi-family projects, such projections and analyses to be accompanied by a listing of all significant underlying assumptions. (for reliance upon rating agencies, bond trustee, bond counsel, bondholders, underwriters, municipal analysts or other third parties)

10. Assist DSHA in making information available to bidding syndicates, individual securities dealers, municipal analysts, institutional investors, credit enhancers.

11. Advise DSHA and perform calculations necessary to demonstrate compliance with certain provisions of the federal tax law.

12. Prepare special financial analyses to comply with asset release tests and/or cash flow certificate requirements as may be established by DSHA bond trust indentures.

13. Advise and represent DSHA in negotiating bond interest rates, transactions fees, expenses, and other provisions of bond purchase agreements or remarketing agreements governing the negotiated sale of notes or bonds to underwriters or the private placement of notes or bonds to institutional investors.

14. Advise and assist DSHA on matters relating to reinvestment of bond proceeds, including services as investment agreement broker to prepare and distribute bid specifications/documents, and to conduct required competitive bidding among prospective investment agreement providers

15. Assist DSHA in establishing operating systems and procedures to comply with applicable State and federal laws or regulations or with the requirements of DSHA's bond indentures or program agreements and assist in the training of DSHA staff in the implementation of such systems and procedures.

16. Upon request of DSHA, perform periodic arbitrage rebate analyses as may be required by the IRS Code and trust indentures relating to DSHA bond transactions.

17. Such other reasonably related services as may be required by DSHA.