

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS**

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, August 18, 2005 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Anthony Marouchoc; Vice Chairwoman Denise Barge; A. Michael Marques, Director of Department of Business Regulation; Kerrie Bennett, designee for General Treasurer Paul J. Tavares; Noreen Shawcross, designee for Beverly E. Najarian, Director of Department of Administration; Jose Monteiro and Christine Curley.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Thomas F. Hogg, Chief Financial Officer; Susan Bodington, Deputy Director; John Gordon, Director of Asset Management; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing; Carol Ventura, Director of Development; and Chris Barnett, Public Information Officer.

Members of the public were also present.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Board of Commissioners was posted in the Offices of the Corporation and at the second floor bulletin board in the State House.

Chairman Marouchoc called the meeting to order at approximately 8:45 a.m.

Approval of Minutes of Board Meeting Held June 23, 2005

Upon a motion made by Commissioner Marques and seconded by Commissioner Barge, the following was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held June 23, 2005 hereby are approved.

Chairman's Report

Chairman Marouchoc welcomed Noreen Shawcross to Rhode Island Housing's board meeting and congratulated her on her appointment as Chief of Housing for the State of Rhode Island.

Committee Reports

The Legal Committee met on August 11, 2005 to review the responses for engagement of general counsel. The recommendations of the Legal Committee will be presented during action item number 11 of the agenda.

Executive Director's Report

Mr. Godfrey deferred his presentation until after the matters for action had been considered.

Approval of Transfer of Physical Assets for Merchants Village Apartment

This item was tabled.

Preliminary Approval of financing for Medina Village Apartments

Carol Ventura, director of development, gave an overview of this request.

This Request for Action (RFA) is for Preliminary Approval of tax-exempt bond financing for Medina Village Apartments (Medina Village), an existing family housing development originally financed by the Department of Housing and Urban Development (HUD). SHK, LLC, a newly formed Rhode Island limited liability, will purchase the property from the existing owner, Medina Associates, a Rhode Island limited partnership. The parties have recently entered into a Purchase and Sale Agreement. The prospective owner has requested mortgage restructuring through HUD’s Mark-to-Market (M2M) Program to preserve the property’s long term affordability.

Upon a motion made by Commissioner Bennett and seconded by Commissioner Curley 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 (the “Corporation”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of the Corporation have promise in 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, The Corporation 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 fund and to provide the capitalized interest if determined to be necessary;

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

<u>Development</u>	<u>Applicant</u>	<u>Amount</u>
Medina Village Apartments	SHK, LLC	\$4,526,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby declares preliminary approval for tax exempt mortgage financing in an amount not to exceed \$4,526,000 for rental housing known as Medina Village Apartments located at:

- 53, 58, 93, 101, 135, 130, 179 Althea Street
- 527, 531, 540, 574, 576.5 Cranston Street
- 137, 225 Bellevue Avenue
- 61,114, 148, 180 Waverly Street

- 134, 138, 149 Hanover Street
- 203 Waldo Street

all in Providence, Rhode Island.

Resolved, That the Corporation hereby declares that the preliminary approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue bonds to finance up to \$4,526,000 in permanent mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced 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 the following conditions:

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Acceptable appraisal by an independent appraiser demonstrating that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- Completion of a Capital Needs Assessment.
- Approval by RIH of Development Team members and General Contractor.
- Final approval of the new operating budget.
- Approval by RIH of construction plans, specifications, and supporting construction documentation.
- 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.
- Evidence that Freddie Mac will not be purchasing the LIHTC's as Freddie Mac is the key buyer of RIH 40-year bonds and cannot participate in both sides of the transaction.
- Final approval by HUD of the restructuring/RIH financing plan.

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

Final Approval of Qualified Allocation Plan

Mr. Godfrey gave this presentation.

Pursuant to the June 22, 2005 Board authorization, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) published its intent to approve and adopt the 2006 Qualified Allocation Plan (the “Plan”). On Wednesday, May 25, 2005, and Thursday, May 26, 2005, Rhode Island Housing published notices of the public hearing and availability of the Plan in the Providence Journal and The Providence American.

The public hearing was held at the offices of Rhode Island Housing on Monday, June 27, 2005 at 11:00 a.m. to solicit comment and input from individuals, firms and corporations regarding the proposed adoption of the Plan. No comments were received.

Staff believes that the Plan reflects the needs and priorities of Rhode Island Housing and will maximize the effectiveness of the tax credit program.

The Plan will become effective only after (1) the Rhode Island Housing Board of Commissioners has voted final approval of the Plan; and (2) the Governor has signed the Plan.

Staff recommends that the Board of Commissioners approve the attached Resolution adopting the Plan and recommend the Plan for approval and endorsement by the Governor.

Upon a motion made by Commissioner Marques and seconded by Commissioner Curley the following resolution was unanimously adopted in the form presented at the meeting, including the 2006 Qualified Allocation Plan which is attached as part of the August 18, 2005 board package.

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

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) has been designated by the 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, as amended, requires tax credit allocating agencies to allocate low-income housing tax credits according to a Qualified Allocation Plan (the “Plan”);

WHEREAS, The Plan must establish priorities and criteria for allocating the tax credits that best meet the housing needs 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 State of Rhode Island Consolidated Plan covering the period from March 1, 2005 to February 28, 2010.

NOW, THEREFORE, BE IT:

RESOLVED: That Rhode Island Housing adopt the attached 2006 Qualified Allocation Plan for the State of Rhode Island, and hereby recommends the Plan be approved and endorsed by the Governor of the State of Rhode Island and Providence Plantations.

RESOLVED: That Rhode Island Housing develop and distribute a Request for Proposals (RFP) soliciting applications for 2006 tax credits pursuant to the Plan.

Approval to Borrow Money from BankNewport for Newport Heights Phase II

Mr. Godfrey outlined this proposal.

This Request for Action (RFA) is for approval to borrow funds from BankNewport in order to provide first mortgage financing for Newport Heights Phase 3.

At the May 19, 2005 Board Meeting, the Board approved a comprehensive financing package for Newport Heights Phase 3, including a first mortgage of \$1.1 million. That transaction has closed and construction is scheduled to begin this month.

Trinity Financial, Inc., the sponsor for Newport Heights, received a subsidy and grant award (the “Subsidized Advance”) from the Federal Home Loan Bank of Boston (“FHLBB”) for Phase 3A. The Subsidized Advance will pass through the BankNewport, which is a FHLBB member bank, to Rhode Island Housing, and in turn will fund our first mortgage loan to the development. This cost of the Subsidized Advance is less than Rhode Island Housing’s usual cost of capital and permits us to make the first mortgage at a reduced interest rate. The loan from BankNewport to Rhode Island Housing will be non-recourse, and will be secured by a pledge of the loan documents regarding the \$1.1 million loan from Rhode Island Housing to Trinity Newport Three Limited Partnership.

Upon a motion made by Commissioner Curley and seconded by Commissioner Bennett the following resolution was unanimously adopted:

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

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

Whereas, Rhode Island Housing has previously approved a first mortgage loan to construct a residential housing development as follows:

Development	Developer	Borrower	First Mortgage
Newport Heights Phase 3A	Trinity Financial, Inc.	Trinity Newport Phase Three Limited Partnership (“Trinity”)	\$1,100,000

Whereas, Rhode Island Housing is authorized, under its enabling legislation, to borrow funds to carry out its corporate purposes.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, in order to fund Rhode Island Housing’s loan to Trinity with respect to Phase 3A of the Newport Heights, Newport, Rhode Island revitalization project, Rhode Island Housing may enter into a \$1,100,000.00 loan arrangement (the “Loan”) with BankNewport (the “Bank”) substantially in accordance with the terms and conditions set forth in the June 3, 2005 Commitment Letter from the Bank attached to the Request for Action as Attachment B;

Resolved, That Rhode Island Housing may secure the Loan by granting to the Bank security or other interests in certain of Rhode Island Housing’s assets, including, without limitation, an assignment of Rhode Island Housing’s loan documents with Trinity;

Resolved, That the Executive Director, any Deputy Executive Director or the Director of Development (each, an “Authorized Officer”), acting singly, be and each hereby is authorized to enter into such documents with the Bank as the Bank may require to evidence the Loan, including, without limitation, a loan agreement, special obligation note, and pledge and security agreement, each containing such terms and conditions as

the Authorized Officer shall approve, each such determination to be conclusively evidenced by his/her execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by Rhode Island Housing, approved in all respects by the Commissioners of Rhode Island Housing;

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

Resolved, That any actions and deeds previously taken by any Authorized Officer for and on behalf of Rhode Island Housing with respect to the Loan, including, without limitation, the execution of the Commitment Letter attached to the Request for Action as Attachment B, are hereby ratified, approved and confirmed in all respects.

Approval of Funding for Grow Smart Rhode Island

Mr. Godfrey outlined this proposal.

Grow Smart Rhode Island (“Grow Smart”) is a non-profit organization that has been working for the past seven years to draw attention to the negative social, economic and environmental impacts of suburban sprawl and urban decay and to promote compact residential and commercial development in village, town and urban centers. Through research, policy advocacy, education and municipal capacity building, they seek to establish new tools for urban and town center revitalization and major reforms in Rhode Island’s approach to economic development, taxation and growth management.

Grow Smart’s mission aligns closely with Rhode Island Housing’s interests and several of our key future priorities as identified in the strategic planning process. Compact “smart” growth calls for greater density, more multi-family housing, mixed-use and smaller lots, all of which help to reduce costs and make it easier to build affordable housing. It also promotes mixed income neighborhoods and more transportation choices.

In translating its principles into policy research and advocacy, Grow Smart has advanced the objectives of Rhode Island Housing in several key ways. Grow Smart co-led an advocacy effort to establish the State Historic Preservation Tax Credit, which to date has stimulated more than 100 urban and town revitalization projects, including 380 units of low-moderate income housing. As members of the Governor’s Growth Planning Council, Grow Smart and RI Housing have worked together on committees that developed the growth centers concept and produced a vacant properties report. RI Housing is also an active participant on their Advisory Council, which advises Grow Smart’s Board of Directors about policies and programs.

Grow Smart's total revenue budget for 2005 is approximately \$540,000. They have been quite successful in attracting foundation and corporate support for direct programs costs and for some of the staff costs associated with their various programs and some of their policy work, but it is more difficult to raise funds for the general operating costs and administrative staff time that provide the solid foundation for their important program and policy work and to continue our housing partnership. Grow Smart has requested a three year pledge of \$25,000 annually to help them meet their most critical funding need for 2005 and the following two years.

Staff recommends that the attached resolution authorizing a commitment of \$75,000 to Grow Smart, payable in equal annual installments, subject to availability of funding.

Scott Wolf, director of Grow Smart thanked the commissioners for their consideration of this request.

Upon a motion made by Commissioner Shawcross and seconded by Commissioner Monteiro the following resolution was unanimously adopted:

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

WHEREAS, Grow Smart Rhode Island ("Grow Smart") has partnered with Rhode Island Housing to promote affordable housing; and

WHEREAS, Rhode Island Housing and Grow Smart have a mutual interest in promoting compact growth models,

WHEREAS, Rhode Island Housing desires to continue working with Grow Smart to educate communities and the public regarding housing development, and

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing hereby commits an amount not to exceed \$75,000 as a grant to Grow Smart to be disbursed over a three-year period beginning in August 2005 as follows: \$25,000 per fiscal year for a period of three years. This commitment is subject to availability of funds in each year's budget.

RESOLVED: That the Executive Director and any Deputy Director are authorized to enter into agreements or take any other action necessary to implement these resolutions on behalf of the Corporation.

Extension of Rhode Island Housing's Habitat for Humanity Loan Purchase Program

Mr. Godfrey gave a review of this request.

This Request for Action is for allocation of an additional \$1.0 million under the Rhode Island Housing Habitat for Humanity Purchase Program (the "Habitat Purchase Program").

In June 2002, the Board of Commissioners approved \$1.0 million in funding under the Habitat Purchase Program. Those funds are now committed and staff seeks approval of an additional \$1.0 million funding. Since 1999, Rhode Island Housing has purchased 51 mortgages totaling \$2.4 million under the Habitat Purchase Program.

Herman DeKoe, of Habitat for Humanity South County Chapter was present to express his appreciation to Rhode Island Housing for this program.

Upon a motion made by Commissioner Curley and seconded by Commissioner Monteiro the following resolution was unanimously adopted:

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

WHEREAS: Rhode Island Housing has created the Rhode Island Housing/Habitat for Humanity Purchase Program (the "Habitat Purchase Program") under which it purchases mortgage loans originated by Rhode Island affiliates of Habitat for Humanity International; and

WHEREAS, To date, Rhode Island Housing has purchased 51 mortgage loans totaling approximately \$2.4 million under the Habitat Purchase Program; and

WHEREAS, Rhode Island Housing desires to purchase additional loans under the Habitat Purchase Program.

NOWTHEREFORE IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and it hereby is, authorized to purchase additional mortgages under the Habitat Purchase Program, a program in a purchase amount not to exceed \$1.0 million.

RESOLVED: That the Executive Director or his designee be, and hereby is authorized, empowered and directed to take all action as may be deemed necessary or advisable, and to execute, file and deliver any contract, agreement or other instrument to carry out the foregoing Resolution.

Approval of Engagement of General Counsel

Commissioner Marques, acting as chair of the legal committee presented the recommendations of the Legal Committee that met on August 11, 2005.

Upon a motion made by Commissioner Marques and seconded by Commissioner Barge the following resolution was unanimously adopted:

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

Resolved: That the law firm of Brown Rudnick Berlack Israel be engaged as General Counsel/Issuer Counsel to Rhode Island Housing for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by the firm, and subject to such changes as the Executive Director may require with regard to the fees charged by the firm for such services.

Resolved: That the law firms of Equity Title; Madonna & Connors; Fessel, Goldman & Hirsch; Lenders Title Services; McGunagle & Reidy; Sleprow, Sleprow & Associates; Miller, Scott & Holbrook; Alberto Aponte Cardona & Associates; Law Offices of Michael

Fitzpatrick; Law Offices of Glenn J. Andreoni; Law Offices of Nancy M. Davis; Pilgrim Title; Law Offices of John J. Gentile and the Law Offices of Paul G. Bettencourt be engaged as single family loan closing counsel to Rhode Island Housing for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by such firms, and subject to such changes as the Executive Director may require with regard to the fees charged by these firms for such services.

Resolved: That the Executive Director be and hereby is authorized to take any and all actions, including specifically the authority to negotiate terms of the engagements that will standardize fees between firms for similar services and such other terms as he may determine are in the best interests of Rhode Island Housing and to execute any and all agreements and to take such further actions as he deems necessary to carry out the above resolutions.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Barge the following resolution was adopted, with Chairman Marouchoc and Commissioners Marques and Curley abstaining:

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

Resolved: That the law firms of Winograd, Shine & Zacks; Roberts, Carroll, Feldstein & Peirce; Harrison Law Associates, Nixon Peabody LLP, and Orson & Brusini be engaged as litigation counsel to Rhode Island Housing for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by such firms, and subject to such changes as the Executive Director may require with regard to the fees charged by these firms for such services.

Resolved: That the Executive Director be and hereby is authorized to take any and all actions, including specifically the authority to negotiate terms of the engagements that will standardize fees between firms for similar services and such other terms as he may determine are in the best interests of Rhode Island Housing and to execute any and all agreements and to take such further actions as he deems necessary to carry out the above resolutions.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Curley the following resolution was adopted, with Chairman Marouchoc and Commissioner Marques abstaining:

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

Resolved: That the law firms of Partridge, Snow and Hahn; Roberts, Carroll, Feldstein & Peirce; Tillinghast, Licht, Perkins, Smith & Cohen; and Sheckman Halperin & Savage be engaged as foreclosure/bankruptcy counsel to Rhode Island Housing for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by such firms, and subject to such changes as the Executive Director may require with regard to the fees charged by these firms for such services.

Resolved: That the law firms of Brown Rudnick Berlack Israel and Roberts, Carroll, Feldstein & Peirce be engaged as multi-family loan closing counsel for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by the firm, and subject to such changes as the Executive Director may require with regard to the fees charged by the firm for such services.

Resolved: That the Executive Director be and hereby is authorized to take any and all actions, including specifically the authority to negotiate terms of the engagements that will standardize fees between firms for similar services and such other terms as he may determine are in the best interests of Rhode Island Housing and to execute any and all agreements and to take such further actions as he deems necessary to carry out the above resolutions.

Executive Director's Report

Mr. Godfrey presented to the Board an updated summary of challenges and accomplishments for the calendar year 2005. He then outlined the results of the initiatives from the strategic plan and the resulting goals. A brief discussion followed the presentation with Mr. Godfrey responding to questions from the Board.

Executive Session for the Purpose of Discussing Litigation

Chairman Marouchoc called for a closed session at approximately 9:35 a.m. pursuant to R.I.G.L. Section 42-46-5 (a) (2) to discuss a potential litigation matter. A roll call vote was taken and each Commissioner voted in favor of the closed session.

The closed session ended at 10:00 a.m. No votes or other action was taken in closed session and the minutes were sealed. Chairman Marouchoc reconvened the Board in open session.

There being no further business to discuss, a motion was duly made by Commissioner Bennett and seconded by Commissioner Curley to adjourn the open meeting at approximately at 10:03 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director