

**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, September 15, 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; Kevin Flynn, 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; Michael V. Milito, Deputy Assistant Director of Law and Human Resources and Chris Barnett, Public Information Officer.

Jayne M. Donegan, 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 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 8:30 a.m.

Approval of Minutes of Board Meeting Held August 18, 2005

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

VOTED: That the Minutes of the Board Meeting held August 18, 2005 hereby are approved.

Chairman's Report

Chairman Marouchoc welcomed Kevin Flynn to Rhode Island Housing's board meeting and congratulated him on his appointment as Associate Director of Housing for the State of Rhode Island.

Chairman Marouchoc also welcomed Jayne M. Donegan, Esq. of Brown Rudnick on Rhode Island Housing's selection of her firm for outside counsel.

Committee Reports

No committee meetings were held in August.

Executive Director's Report

Mr. Godfrey referred the Commissioners to the Executive Director's Report, which had been previously distributed and briefly commented on a few of the items.

Mr. Godfrey invited the Commissioners to participate in the upcoming NCSHA Annual meeting that is scheduled for September 24-27, 2005 in Boston, MA.

Approval of Increase in Targeted Loan for Lonsdale Village Revitalization

Mr. Godfrey made this presentation.

This Request for Action (“RFA”) is for the Board’s approval of an increase in the amount of Targeted Loan funds for Lonsdale Village Revitalization Limited Partnership from \$440,411 to an amount not to exceed \$600,000.

Upon a motion made by Commissioner Curley and seconded by Commissioner Barge 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 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, The Board of Commissioners has designated the following resources to Lonsdale Village Revitalization, a development comprised of seven residential structures to be rehabilitated and to contain twenty-seven affordable rental apartments in the Town of Lincoln;

First Mortgage	Targeted Loan	Tax Credit Amount
\$303,775	\$600,000	\$252,646

Whereas, Staff recommends this increase in funds previously allocated to this project for the revitalization of Lincoln Village;

NOW, THEREFORE IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves an increase in Targeted Loan funds allocated to Lonsdale Village Revitalization in a total loan amount not to exceed \$600,000;

Resolved, That the foregoing resolution is subject to the following conditions:

- Final approval of work scope and financing by RI Housing staff.

Authorization to Publish Amendment to the Predevelopment Loan Program for Public Comment

Mr. Godfrey outlined this proposal and Carol Ventura, director of development, gave an overview of the requested changes.

The Predevelopment Loan Program (the Program) was created in 1996 to address the difficulties encountered by non-profit Housing Sponsors in raising capital necessary to obtain site control and determine the feasibility of prospective housing developments. Since its inception the Predevelopment Loan Program has provided over \$1 million in loans.

The proposed changes streamline the Program, eliminating the need for the Housing Sponsor to apply separately for a site control loan and for a technical assistance loan. Additionally, the maximum allowable loan is increased to \$100,000; interest of prime plus 50 basis points will be determined at closing and charged upon disbursement of funds.

Upon approval by the Board of Commissioners, notice of the Corporation's intent to adopt the Amended Predevelopment Loan Program Regulations will be published for comment pursuant to the Administrative Procedures Act. The regulations will be presented for formal adoption at the October 2005 Board meeting

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

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

Resolved: That the Corporation be and hereby is authorized and empowered to cause the proposed Amended Rules and Regulations of the Corporation applicable to the Predevelopment Loan Program to be published in accordance with the applicable provisions of the Administrative Procedures Act, (the "Act") contained in Chapter 35 of Title 42 of the General Laws of Rhode Island 1956, as amended, and that the Executive Director, the Deputy Director for Programs, the Director of Development or their designee(s) be, and hereby is, authorized to take any and all action as may be necessary or desirable to comply with applicable provisions of the Act.

Authorization to Publish EHAP Regulations for Public Comment

Mr. Godfrey, with assistance from Susan Bodington, made this presentation.

The Emergency Housing Assistance Program (EHAP) is an initiative of Rhode Island Housing designed to provide financial assistance to eligible residents of the State of Rhode Island who are experiencing a temporary emergency housing crisis. Rhode Island Housing provides all EHAP program funds to the Rhode Island Department of Human Services which, in turn, passes those funds on to eight (8) Community Action Program Agencies that serve eligible households within Rhode Island's thirty-nine (39) cities and towns.

The current EHAP program Rules and Regulations were last amended on October 21, 1987. Rhode Island Housing and DHS conducted a meeting with representatives from all eight participating CAP agencies, to address program concerns and issues and discuss ways to improve the effectiveness of the current program. The following principal findings came out of the meeting: 1) a large percentage of the funds were going to the special exception cases; 2) the standards regarding temporary housing emergency were unclear and inconsistently applied; 3) better documentation was needed for the different housing crises; 4) reporting requirements needed to be better defined; 5) greater flexibility was needed regarding maximum assistance in each case; and 6) updates of all outdated information such as household income guidelines should be provided regularly. Rhode Island Housing and DHS, in conjunction with the CAP agencies,

have worked on the attached proposed amended Rules and Regulations and have addressed all program issues to improve the effectiveness of the program.

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**

Resolved: That the Corporation be and hereby is authorized and empowered to cause a Notice of Intent to adopt the proposed Rules and Regulations of the Corporation Governing the Emergency Housing Assistance Program (EHAP) to be published in the form substantially as presented, in accordance with the applicable provisions of the Administrative Procedures Act, (the "Act") contained in Chapter 35 of Title 42 of the General Laws of Rhode Island 1956, as amended, and that the Executive Director or his designee be, and hereby is, authorized to take any and all action as may be necessary or desirable to comply with applicable provisions of the Act.

Bond Financing Approval for University Heights and Arbor Glen

Mr. Godfrey outlined this proposal.

As part of the process of financing and rehabilitation of University Heights and Arbor Glen, staff is requesting the Board of Commissioners to approve the issuance by the Corporation of \$40,000,000 in tax-exempt bonds. Each development will be separately underwritten and mortgaged. University Heights will continue to be 50% affordable and 50% market. The mix of units will allow the issuance of tax-exempt bonds for the entire project. Arbor Glen will be 100% affordable.

The developer, Fairfield Residential LLC, will be loaned approximately \$34,000,000, and up to an additional \$6,000,000 may be needed for debt service and other escrows. The developer will form a limited partnership or limited liability company, which will be the owner of the project and the recipient of the loan. The loan is being underwritten and guaranteed during the construction phase by a Letter of Credit (LOC) from US Bank and guaranteed by Freddie Mac during the permanent phase.

The role of Rhode Island Housing in this transaction will be to issue floating rate tax-exempt bonds on a conduit basis. The credit risk will be borne by US Bank and Freddie Mac, and Rhode Island Housing will receive an upfront fee of 1.00% and a servicing fee of .75 % per annum. The bonds are expected to receive a rating of AAA.

Fairfield Residential will pay all costs associated with issuance and administration of the bonds.

The staff of the Corporation recommends approval of the attached resolutions authorizing the issuance of a new bond resolution and tax-exempt bonds up to an amount of \$40 million to finance the acquisition and rehabilitation of University Heights and Arbor Glen.

Approval of Bond Financing for University Heights

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Barge the resolution for approval of Bond Financing for University Heights was unanimously adopted in the form presented at the meeting, which is attached as part of the September 15, 2005 board package.

Approval of Bond Financing for Arbor Glen

Upon a motion made by Commissioner Curley and seconded by Commissioner Barge the resolution for approval of Bond Financing for Arbor Glen was unanimously adopted in the form presented at the meeting, which is attached as part of the September 15, 2005 board package.

Discussion of 10 Year Financial Forecast

Mr. Godfrey and Mr. Hogg presented Rhode Island Housing's 10 year financial forecast.

Mr. Godfrey presented to the Board an updated summary of Rhode Island Housing's projected 10 Year Financial Forecast. He then outlined the results of the plan along with the initiatives and strategic goals for achieving a positive cash balance. A brief discussion followed the presentation with Mr. Godfrey and Mr. Hogg responding to questions from the Board.

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 10:51 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director