

**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 Tuesday, October 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. Richard Berstein, designee for 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; 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 8:45 a.m.

Approval of Minutes of Board Meeting Held September 15, 2005

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

VOTED: That the Minutes of the Board Meeting held September 15, 2005 hereby are approved.

Chairman's Report

Chairman Marouchoc welcomed Richard Berstein to Rhode Island Housing's board meeting as designee for Michael Marques, Director of the Department of Business Regulations.

Committee Reports

No committee meetings were held in September. Chairman Marouchoc notified the Commissioners that meetings of the Audit Committee and Human Resources Committee will be scheduled before the end of the year.

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 Smith Hill Ribbon cutting on October 28, 2005.

Commissioner Bennett arrived at this point of the meeting; at approximately 8:48 a.m.

Approval of HOME Program Awards

Mr. Godfrey, with assistance from Carol Ventura, director of development, made this presentation.

Rhode Island Housing has administered the HOME Investment Partnerships Program since 1992. This year, the Corporation executed a grant agreement with the United States Department of Housing and Urban Development (HUD) to disburse \$5,350,039 in FY 2005 HOME Program funds. In March 2005 the Board of Commissioners approved the funding of 13 projects totaling \$2,546,413.

Twenty applications requesting more than \$6.5 million from the HOME Program were submitted to the Corporation. All applications were reviewed for eligibility, additional information was requested where necessary, and staff conducted site visits of selected proposals.

Representatives from each of the proposed recipients were present and available to respond to questions from the Commissioners.

Upon a motion made by Commissioner Monteiro 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") entered into an agreement with the U.S. Department of Housing and Urban Development to administer the HOME Program and;

WHEREAS: The Corporation is authorized to disburse \$5,350,039 in Federal Fiscal Year 2005 HOME funds to eligible entities in order to create affordable housing opportunities, and;

WHEREAS: The applicants listed in Attachment B have submitted applications which meet the requirements of the HOME Program and;

WHEREAS: Staff of the Corporation and the HOME Program Advisory Committee have reviewed each of the eligible applications submitted and the Advisory Committee has recommended that HOME funds be committed to the proposals in Attachment B;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That the Corporation is authorized to commit \$2,778,605 in Fiscal Year 2005 HOME funds and program income, in accordance with the program description as approved by the United States Department of Housing and Urban Development, to the proposals as recommended by the HOME Program Advisory Committee in Attachment B.

RESOLVED: That the Executive Director, the Deputy Director for Programs and the Director of Development, each acting singly be, and hereby is, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolution.

Preliminary Approval of Financing for The Meadows

Mr. Godfrey made this presentation.

This Request for Action is for Preliminary Approval of an allocation of up to \$10,300,000 in tax exempt bridge loan financing for The Meadows, a residential development for the elderly in North Smithfield. Woonsocket Neighborhood Development Corporation (“WNDC”), a Rhode Island non-profit housing developer, has submitted an application to Rhode Island Housing to fund the construction of 80 affordable apartments, along with a community room, health center, and offices.

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 applicant (“Applicant”) listed below has presented an application to the Corporation requesting a reservation of Bond Financing to acquire and build an elderly residential housing development as set forth below:

Development	Applicant	Tax Exempt Financing
The Meadows	Woonsocket Neighborhood Development Corporation	\$10,300,000

NOW, THEREFORE, IT IS HEREBY:

Resolved: That, subject to the special conditions listed below, the Corporation hereby declares preliminary approval for a construction loan to Woonsocket Neighborhood Development Corporation and its to be formed limited partnership in an amount not to exceed \$10,300,000 for rental housing known as The Meadows located in North Smithfield, Rhode Island to be financed by tax-exempt bonds;

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 \$10,300,000 in construction 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:

- Syndication equity from the sale of tax credits in an amount sufficient to achieve project feasibility.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- Final approval by RIH of construction plans and specifications, and construction documentation.
- Completion of HUD 202 and mixed finance closing requirements.
- Final approval of all development team members.
- Final commitment of all secondary sources of financing.

Final Approval of Financing for St. Ann’s

Mr. Godfrey made this presentation.

This Request for Action is for the reservation of up to \$385,553 in 9% Low Income Housing Tax Credits (LIHTC), first mortgage permanent financing up to \$600,000, and a construction bridge loan up to \$2,500,000 for St. Ann’s Apartments in Woonsocket.

The Sponsor, Arch Street Development LLC, has proposed a 25-unit development involving the redevelopment of the rectory, convent and school buildings of the former St. Ann’s Parish, located in the Social District neighborhood of Woonsocket.

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, The Low Income Housing Tax Credit Program (the “Program”) was created as part of the Tax Reform Act of 1986 (the “Act”); and

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the “Corporation”) has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Staff for the Corporation has determined that the Applicant (“Applicant”) listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to the Corporation for the reservation of tax credits from the tax credit authority available in the calendar year 2005 (“the Tax Credit”) as follows:

Applicant	Development	First Mortgage	9% LIHTC	Bridge Loan
Arch Street Development LLC	St. Ann’s Apartments	\$600,000	\$385,553	\$2,500,000

Whereas, Corporation staff has reviewed the submission, inspected the site, and determined that this development may qualify for an allocation of LIHTC under the Corporation's enabling legislation, regulations, guidelines and policies;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$357,553 of allocated 2005 tax credits and \$28,000 of 2006 tax credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of the Corporation applicable to the Allocation of Low-Income Housing Tax Credits (the "Rules and Regulations of the Corporation"), and that either Deputy Director and the Director of Housing Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of the Corporation to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That subject to the special conditions listed below, the Corporation hereby approves financing for a taxable first mortgage loan to Arch Street Development, LLC or an affiliated partnership ("the Borrower") in an amount not to exceed \$600,000 for family housing located in Woonsocket, RI.

Resolved, That subject to the special conditions listed below, the Corporation hereby approves financing for a short-term construction bridge loan to the Borrower in an amount not to exceed \$2,500,000 for family housing located in Woonsocket, RI.

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

1. The award of Rhode Island Housing and City of Woonsocket Lead Program funds in an amount totaling \$375,000 or the availability of alternative equity satisfactory to the corporation;
2. Syndication equity from the sale of LIHTC in amounts sufficient to achieve project feasibility;
3. Syndication equity from the sale of State Historic Tax Credits in amounts sufficient to achieve project feasibility;
4. Syndication equity from the sale of Federal Historic Tax Credits in amounts sufficient to achieve project feasibility;
5. The Award of Rhode Island Housing Resource Commission Neighborhood Opportunity Program and Building Better Communities funds in amounts sufficient to achieve project feasibility;
6. Final approval of plans and specifications.
7. Completion of all items required for closing.

Approval of Transfer of Physical Assets for Merchants village

Mr. Godfrey, along with Mr. Milito, outlined this request.

This Request for Action (RFA) is for approval of prepayment of the mortgage for Merchants Village Apartments an existing elderly and family development originally financed by Rhode Island Housing (RIH) under the Section 8 program.

Merchants Village Apartments is a 116 unit Section 8 elderly and family apartment complex located at 25 Clark Street in Westerly. The development was constructed in 1981 and financed with a Rhode Island Housing mortgage loan to Merchants Village I Associates, a Rhode Island limited partnership.

Chairman Marouchoc thanked the owner of Merchants Village for his patience with the board.

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**

RESOLVED: That the prepayment of the existing first mortgage for Merchants Village I Associates be, and hereby is, approved, subject to the following terms and conditions:

1. Approval by Rhode Island Housing of the plans and specifications of the proposed rehabilitation.
2. Final approval of the sources and uses of the proposed transaction including a commitment letter from the Lender with terms and conditions.
3. Execution of a new forty (40) year Regulatory Agreement satisfactory to Rhode Island Housing for the development.
4. Receipt by Rhode Island Housing of all application materials required in Phases 2 and 3 of the Regulations Governing Proposed Prepayments and Transfers, with the exception of such requirements that may be waived or modified by the Executive Director, consistent with the nature of this transaction and the protection of the interests of Rhode Island Housing.
5. Satisfaction of any additional requirements which the Executive Director believes to be necessary or advisable to protect the interests of Rhode Island Housing with respect to Merchants Village Apartments.

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

Approval of Engagement of Communications Consultant and Budget

Mr. Godfrey made this presentation.

Rhode Island Housing seeks to engage im-aj communication & design, inc, (im-aj) to implement the Communications Audit and Plan commissioned in January, 2005.

Because the environment in which it operates has changed dramatically, Rhode Island Housing issued a Request for Proposals (RFP) for an extensive communications audit, plan and subsequent implementation. After receiving proposals from 5 firms and interviewing three, staff recommended and

the Board approved im-aj to be the agency to provide services relating to the communications needs of Rhode Island Housing.

On May 20, 2005 the communications audit was presented, providing an analysis of contextual factors relevant to the agency's communications needs. With the communications needs understood, im-aj proceeded with the development of a Communications Plan. On September 29, 2005 the Plan was presented to Rhode Island Housing. Staff has reviewed the Plan and is satisfied with its scope and structure.

The original RFP gave flexibility to Rhode Island Housing to continue with the audit and planning agency for implementation or to go to another firm. The January 2005 board action authorized the audit and plan. im-aj has now submitted a budget for the implementation of the plan. Based upon the performance of im-aj in the first two phases of the project, the comprehensive nature of its proposal and im-aj's now extensive familiarity with the issues and strategic options confronting Rhode Island Housing, it is in the best interest of Rhode Island Housing, programmatically and financially, to award the implementation phase of the project to im-aj.

Staff recommends that the Board approve the attached resolution for the engagement of im-aj to implement and manage the communications plan, including the provision of direct and purchased services, at a total cost not to exceed \$1,000,000.

Mr. Godfrey introduced Bob Oberg and Chris Allard from im-aj communications and a brief discussion followed the presentation. Commissioner Curley expressed her desire to review a more detailed synopsis of the scope of work, budget and time frame for the implementation of the plan, and also expressed a desire to participate in the committee meetings for the communications group.

Commissioner Berstein also requested that a comprehensive presentation be given prior to the January board meeting. The Commissioners agreed that they would like to see more details on the communications plan.

Upon a motion made by Commissioner Curley and seconded by Commissioner Barge the following resolution was amended to reflect approval of \$100,000 to begin implementation of the plan pending further review of the entire program.

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

WHEREAS: Rhode Island Housing has received and accepted a Communications Audit and plan from im-aj communications & design, inc. (im-aj); and

WHEREAS: Rhode Island Housing intends to implement the Communications Plan in general accordance with the recommendations of im-aj; and

WHEREAS: Staff recommends authorizing Rhode Island Housing to engage im-aj to begin implementation of the Communications Plan, with expenditures not to exceed \$100,000 pending further action of the Board of Commissioners; and

WHEREAS: Staff shall make a presentation to the Board of Commissioners at a future meeting on progress on implementation of the Communications Plan before seeking authority to extend this engagement to provide for the complete implementation of the Communications Plan over the next 12 months.

NOW, THEREFORE IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and it hereby is authorized, to award a contract for the implementation of the Communications Plan to im-aj communications & design, inc. provided that expenditures on the implementation not exceed \$100,000 pending further action by the Board of Commissioners.

RESOLVED: That the Executive Director and the Deputy Director of Finance, each acting singly be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolution.

There being no further business to discuss, a motion was duly made by Commissioner Barge and seconded by Commissioner Bennett to adjourn the open meeting at approximately at 9:35 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director