

**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, February 23, 2006 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; George Carvalho, designee for General Treasurer Paul J. Tavares; Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration; and Christine Curley. Jose Monteiro was absent.

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; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing; 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 8:32 a.m.

**Approval of Minutes of Board Meeting Held January 19, 2006, and Working Sessions held on January 17, 2006 and February 3, 2006**

Commissioner Carvalho did not attend the Working Session held on February 3, 2006 and requested that the minutes of February 3, 2006 be amended to reflect his absence.

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 January 19, 2006 and the Working Sessions held on January 17, 2006 and February 3, 2006 hereby are approved as amended to reflect that Commissioner Carvalho was not present at the February 3, 2006 Working Session.

**Chairman's Report**

Chairman Marouchoc did not have anything to report.

**Committee Reports**

There were no committee meetings held during January.

**Executive Director's Report**

Mr. Godfrey distributed the Executive Director’s Report and briefly commented on a few of the items.

Along with his report, Mr. Godfrey distributed an article from the New York Times which illustrates the sharp rise in foreclosures for minorities. RI Housing continues to explore avenues to help alleviate the crisis for Rhode Islanders.

Mr. Godfrey referred the Commissioners to a copy of a letter that he forwarded to Mark Johnson, Deputy Assistant Secretary of HUD, in reference to the Continuum of Care application. Due to the scoring system, RI Housing missed receiving full funding by ½ point. Mr. Godfrey’s letter requests a review of the scoring and restoration of the pro-rata share of funding.

**Final Approval of Preservation Financing for Mt Vernon/Temple North**

Mr. Godfrey made this presentation.

Cathedral Development Group, a for-profit housing real estate developer in Providence, proposes the acquisition and rehabilitation of Temple North Apartments and Mt. Vernon Apartments, two elderly developments in Woonsocket, Rhode Island. This financing will preserve 123 units of affordable housing while greatly improving the quality of life, safety and security of the residents.

Upon a motion made by Commissioner Carvalho and seconded by Commissioner Flynn 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 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 thirty-five (35) years and shall be in the approximate amount sufficient to finance the mortgage, to pay the costs of issuance, to fund a Capital Reserve Fund, and to provide the capitalized interest if determined to be necessary;

**Whereas,** the Applicant listed below has presented an application to the Corporation requesting mortgage(s) consisting of tax-exempt financing to acquire and rehabilitate a residential housing development as follows:

<b>Development</b>	<b>Applicant</b>	<b>Tax-exempt Mortgage</b>
Mt. Vernon/ Temple North	Cathedral Development Group, Inc.	\$4,100,000

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

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved,** That, subject to the special conditions listed below, the Corporation hereby approves a first mortgage loan to be financed by tax-exempt bonds, to Cathedral Development Group, Inc., or an affiliated partnership (the “Borrower”) in an amount not to exceed \$4,100,000 for rental housing to be located on Bernon Street and Rivulet Street in Woonsocket, Rhode Island.

**Resolved,** The Corporation hereby declares that the approval of financing for the Borrower constitutes the affirmative official act of the Corporation towards the issuance of bonds to finance up to a \$4,100,000 mortgage, the required reserve funds, the related costs of issuance for the Bond issue for the above- named 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,** The Corporation hereby approves the re-subordination of principal and accrued interest for existing Targeted Loans on each property

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

- HUD approval of prepayment of the Section 236 mortgages
- HUD approval of rent increase and accompanying additional subsidy in an amount sufficient to support the new mortgage
- Acceptable final appraisal by independent appraiser that supports the purchase price and demonstrates that the loans do not exceed 90% of the as-stabilized value of the property.
- Provision of acceptable letter of commitment from an equity provider for the transaction demonstrating syndication proceeds from 4% Low Income Housing Tax Credits in amounts sufficient to assure development feasibility.
- Final approval by Rhode Island Housing of construction plans and specifications, and 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 for a minimum of 50% of the first mortgage.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

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

**Approval of Preservation Financing for Wickford Village**

Mr. Godfrey gave this presentation.

This Request for Action (RFA) is for firm approval of financing for Wickford Village Apartments, an existing family development originally financed by HUD. The owners have requested new financing through RIH's Preservation Program to preserve the property's long-term affordability.

Frank Spinella and Jacquelyn McDonald were present to answer questions from the Board. Jacquelyn McDonald, general partner of Wickford Village, expressed her appreciation to the Board, Carol Ventura, Alexandra Nickol and Tony A'Vant for their dedication and support.

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 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 tax-exempt financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Financing</u>
<b>Wickford Village Apartments</b>	<b>Wickford Village Apartments, L.P.</b>	<b>Up to \$8,300,000</b>

**Whereas,** Corporation staff has reviewed the submission and determined that this development may qualify for non-recourse financing under the Corporation's enabling legislation, regulations, guidelines and policies.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved,** That, subject to the special conditions listed below, the Corporation hereby declares firm commitment approval for a first tax mortgage loan to Wickford Village Apartments, L.P. in an amount not to exceed \$8,300,000 for rental housing located North Kingstown, Rhode Island to be financed by tax-exempt bonds;

**Resolved,** That the Corporation hereby declares that the firm approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue bonds to finance up to a \$8,300,000 first mortgage, plus the required bond reserve funds, and the

related costs of issuance for the bond issue for the above-referenced develop 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:

- DEM approval of the new septic system
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation.
- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-stabilized value of the property.
- Provision of an acceptable letter of commitment from the equity provider for the transaction demonstrating equity proceeds from 4% Low Income Housing Tax Credits in an amount sufficient to provide development feasibility.
- Written confirmation from the LIHTC syndicator that Freddie Mac or Fannie Mae will not be the purchaser of the Tax Credits.
- Final approval of a new operating budget.
- Final approval by RIH of construction plans and specifications, and construction documentation.
- FHA Risk-Sharing approval for 50% of the first mortgage.
- Approval by bond underwriter and bond counsel that the loan will satisfy all required bond provisions for the bond issue.
- Evidence satisfactory to Rhode Island Housing that development is eligible for proposed HAP/Section 8 rents.

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

### **Preliminary Approval of Financing for Maple Gardens II**

Mr. Godfrey made this presentation.

This Request For Action (RFA) is for Preliminary Approval of financing for Maple Gardens II, an existing elderly housing development originally financed by Rhode Island Housing. The owners have requested new financing through the Preservation Program to preserve the property's long term affordability.

Upon a motion made by Commissioner Marques 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 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 taxable 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>
Maple Gardens II	Ferland Corporation and SHP Acquisitions	\$4,050,000

**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 taxable mortgage financing in an amount not to exceed \$4,050,000 for rental housing known as Maple Gardens II located at 25 McGuire Road, North Providence, Rhode Island.

**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 and approval by Rhode Island Housing of the scope of the rehabilitation work.
- Approval by Rhode Island Housing of Development Team members.
- Final approval of the new operating budget.
- Approval by Rhode Island Housing 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 satisfactory to Rhode Island Housing that the development is eligible for the proposed HAP/Section 8 rents.

**Resolved,** That the Executive Director, either 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.

**Preliminary Approval of Financing for Riverside Village Apartments (Cumberland)**

Mr. Godfrey made this presentation.

This Request for Action (RFA) is for preliminary approval of financing for Riverside Village, an existing elderly and handicapped development originally financed as a HUD 221 (d)(3) FHA insured property. The new owner has requested financing through Rhode Island’s Preservation Program to preserve the property’s long-term affordability.

Upon a motion made by Commissioner Carvalho 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 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 tax-exempt financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Financing</u>
<b>Riverside Village</b>	<b>Valley Affordable Housing Corporation</b>	<b>\$4,600,000</b>

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

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved,** That, subject to the special conditions listed below, the Corporation hereby preliminarily approves first mortgage financing to Valley Affordable Housing Corporation and its to be formed limited partnership in an amount not to exceed \$4,600,000 for rental housing located in Cumberland, 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 a \$4,600,000 first mortgage, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced develop 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 with mutually acceptable documentation.
- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-stabilized value of the property.
- An acceptable commitment letter from the equity provider for the transaction demonstrating syndication proceeds from 4% Low Income Housing Tax Credits in an amount sufficient to assure development feasibility. Syndicator must agree not to sell the tax credits to Fannie Mae or Freddie Mac.
- Approval by Rhode Island Housing of all members of the development team, including contractor, architect and management agent.
- Approval of a new operating budget.
- Approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- FHA Risk-Sharing approval for up to 50% of the first mortgage.
- Approval by bond underwriter and bond counsel that the loan will satisfy all required bond provisions for the bond issue.

### **Approval of Bond Financing for the Groves at Johnston**

Mr. Godfrey outlined this request.

As part of the process of financing the acquisition and construction of The Groves at Johnston, staff is requesting the Board of Commissioners to approve the issuance by the Corporation of \$35,000,000 in tax-exempt bonds. The Groves at Johnston will provide 300 units of housing of which 60 or 20%, will be affordable to households whose incomes are at or below 50% of median. The mix of units will allow the issuance of tax-exempt bonds for the entire project.

The developer, The Dolben Company, Inc. (“Dolben”), will be loaned approximately \$35,000,000. The developer will form a limited liability company, which will be the owner of the project and the recipient of the loan. The loan will either be (i) underwritten and guaranteed during the construction phase by a Letter of Credit (LOC) and guaranteed by Freddie Mac during the permanent phase or (ii) issued to one investor who qualifies as a private purchaser under SEC definitions of a Sophisticated Investor. In either case, the loans will be non-recourse to Rhode Island Housing.

The role of Rhode Island Housing in this transaction will be to issue floating rate tax-exempt bonds on a conduit basis. Rhode Island Housing will receive an upfront fee of .50% and a servicing fee of .25 % per annum.

The Dolben Company will pay all costs associated with issuance and administration of the

bonds.

Upon a motion made by Commissioner Curley and seconded by Commissioner Barge the resolution was adopted in the form presented to the meeting, which Resolution is attached as part of the February 23, 2006 Board package.

**Final Approval of Sale of University Heights and Arbor Glen**

Mr. Godfrey made both the University Heights and Arbor Glen presentations.

At the March 2005 Board Meeting, the Board of Commissioners authorized Rhode Island Housing to enter into a Purchase and Sale contract with Fairfield Residential, LLC (“Fairfield”) for the sale of University Heights Apartments in Providence. At the September 2005 Board Meeting, Commissioners approved the issuance of tax-exempt bond financing. This RFA is for approval to provide a soft second mortgage for University Heights.

Upon a motion made by Commissioner Curley and seconded by Commissioner Barge the following resolution for Approval of Sale for University Heights was 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 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 thirty (30) years and shall be in the approximate amount sufficient to finance the mortgage, to pay the costs of issuance, to fund a Capital Reserve Fund, and to provide capitalized interest if determined to be necessary and have been previously approved by the Board;

Whereas, the applicant (the "Applicant") listed below has presented an application to the Corporation requesting additional financing to fund a second mortgage to acquire and rehabilitate University Heights Apartments, as set forth below:

<b>Development</b>	<b>Applicant</b>	<b>Second Mortgage</b>
University Heights	Fairfield Residential, LLC	\$1,700,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves financing for a second mortgage to Fairfield Residential, LLC, or an affiliated partnership (the "Borrower") in an amount not to exceed \$1,700,000 for family housing located in Providence, Rhode Island.

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

1. Receipt of acceptable documentation for the financing guarantees being provided by Freddie Mac, a LOC Provider with a AA rating and Fairfield Residential, LLC.
2. Final approval of all financing terms and tenant protection by RIH staff.

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

**Final Approval of Sale of Arbor Glen**

At the March 2005 Board Meeting, the Board of Commissioners authorized Rhode Island Housing to enter into a Purchase and Sale contract with Fairfield Residential, LLC ("Fairfield") for the sale of Arbor Glen Apartments in Providence. At the September 2005 Board Meeting, Commissioners approved the issuance of tax-exempt bond financing. This RFA is for approval to provide two soft mortgages and a rent subsidy for Arbor Glen.

Upon a motion made by Commissioner Curley and seconded by Commissioner Barge the following resolution was 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 Corporation previously authorized up to \$7 million in tax-exempt bonds for a term not to exceed thirty (30) to fund the acquisition and rehabilitation of Arbor Glen Apartments;

Whereas, the applicant (the "Applicant") listed below has presented an application to the Corporation requesting additional financing to fund a second and third mortgage to acquire and rehabilitate Arbor Glen Apartments, as set forth below:

<b>Development</b>	<b>Applicant</b>	<b>Second &amp; Third Mortgages</b>
Arbor Glen	Fairfield Residential, LLC	\$1,700,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves financing for a second and third mortgage to Fairfield Residential, LLC, or an affiliated partnership (the “Borrower”) in a total amount not to exceed \$1,700,000 for family housing located in Providence, Rhode Island;

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves the provision of rental assistance payments to tenants in sixty (60) units in the approximate amount of \$2,200,000 over 15 years for family housing located in Providence, Rhode Island;

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

3. Receipt of acceptable documentation for the financing guarantees being provided by Freddie Mac, a LOC Provider with a AA rating and Fairfield Residential, LLC.
4. Final approval of all financing terms and tenant protection by RIH staff.

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

### **Convening of the Rhode Island Housing Development Corporation**

Chairman Marouchoc recessed the open meeting at 9:00 a.m. and turned to item 11 of the agenda.

At 9:02 a.m. Chairman Marouchoc convened the Rhode Island Housing Development Corporation meeting.

At approximately 9:06 a.m. the Rhode Island Housing Development Corporation adjourned and at this time Chairman Marouchoc resumed the Rhode Island Housing regular Board meeting.

### **Approval of Line of Credit Facility from Citizens Bank**

Mr. Godfrey along with Tom Hogg gave background information on this request.

Citizens Bank has created a pool of funds for community development activities through a lending program targeted to non-profit developers. Citizens and the Corporation have been working for several months to find a method to help place these funds through the Corporation’s already existing development programs. A line of credit arrangement has been developed, which assists Citizens in the effective placement of these funds, and helps the Corporation by providing a funding source with a lower cost than is available otherwise.

To further its community reinvestment activity (“CRA”) program, Citizens Bank has developed a mortgage vehicle that offers an interest rate of 3% during construction phase. The purpose of the program is to encourage CRA efforts where below market loan rates allow better financing for restricted income transactions with limited debt repayment capability. These CRA transactions are very similar to the Corporation’s typical projects. In fact, in one such financing, Citizens made the first mortgage while the Corporation provided secondary funding. A natural extension of these independent activities and overlapping objectives is a more formal joint effort between Citizens and the Corporation.

A funding partnership will also help the Corporation from an economic perspective. The Corporation presently funds all of its balance sheet activities with either its own operating funds or proceeds from periodic bond issues. Many of its lending activities carry interest rates well below market. Funding from either of these current sources creates a negative interest rate margin equal to the difference between the below market rate loan and either the Corporation's alternative investment rate on its operating funds or the cost of its bonds. Obtaining a below market rate funding source as a match would reduce this negative margin. As an additional benefit, by using the line as a conduit for the 3% funds, the Corporation will hold all loans extended to the non-profit borrower. As a result, a more concerted and coordinated financing structure can be obtained.

Staff recommends that the Corporation enter into a line of credit arrangement with Citizens Bank for up to \$25 million. This arrangement will employ funds from Citizens' special CRA pool of funds in conjunction with the Corporation's traditional lending, site control and land bank activities.

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

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

It Is Hereby:

Resolved: That the Corporation is authorized to enter into a line of credit arrangement with Citizens Bank in an amount of \$25 million under terms and conditions which allow the Corporation to use the line in furtherance of its program and lending activities, and further,

Resolved: That the Executive Director and / or the Deputy Director – Finance shall be and hereby are authorized to execute documents and negotiate specific terms of the line agreement as they deem appropriate.

**Engagement of External Audit/Accounting Firm for Fiscal Years 2006 and 2007**

Mr. Godfrey made this presentation

The Corporation uses a biennial request for proposal ("RFP") process to select its external accounting and audit contractor. The RFP was announced in classified advertisements in three newspapers and posted on the State purchasing website. Three firms requested the audit specifications and proposal material. Out of this process, the Corporation received proposals from one firm – Lefkowitz, Garfinkel, Champi & DeRienzo ("LGCD") – our current external auditor. The recommendation in this memo is to select LGCD based on their proposal and the Corporation's experience with that firm during the years of their engagement here.

The Corporation's outside accounting work centers on three components: the annual audit, three quarterly reviews and an audit of programs and program controls required by Federal regulations. The scope of this audit work has not changed since the last RFP.

LGCD has been our outside auditor for the past four years and is therefore familiar with our audit, as well as our systems, controls and ledgers. This engagement has allowed us to assess the professionalism of the

firm, and RI Housing staff has been very satisfied with their professionalism and the quality of their work product.

The cost of the proposal reflects approximately a 3 % increase in year one and 4% in year two. This is about the same as cost increases seen in prior years for this work. The Auditor General must also approve the selection of our external accounting vendor, and we do not anticipate that he will express any concerns with LGCD.

Because of its first hand experience, the Corporation is familiar with the quality of LGCD's accounting and audit work and the thoroughness of their annual review. Consequently, staff recommends the engagement of LGCD for a two-year term pursuant to the specifications described in the RFP.

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

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

It is Hereby Resolved:

That the Accounting firm of Lefkowitz, Garfinkel, Champi & DeRienzo PC be retained as the Corporation's external accounting/audit firm for fiscal years 2006 and 2007 to perform services described in the Request for Proposals for such accounting and audit activities.

**Approval of Engagement of Residential Appraisers**

Mr. Godfrey presented this request.

This Request for Action seeks approval to contract with Residential Real Estate Appraisal Firms to perform comprehensive one to four family real estate appraisals and inspections for the Corporation. These appraisals and inspections are required primarily for use by the Homeownership Division in conjunction with our FIRST HOMES and Community Lending Programs. Other Divisions requiring third party valuations are Servicing and Development.

In December, the Corporation issued a Request for Proposals (RFP) seeking bids from qualified appraisal firms. Twenty Seven firms responded to the RFP, including most of the firms on our current approved list. The RFP Review Committee, comprised of Rhode Island Housing staff, reviewed the proposals and the anticipated level of appraisal services of the Homeownership, Servicing and Development Divisions. Based on this projected volume, the Committee recommends that the firms identified in Attachment B be engaged to provide appraisal services to Rhode Island Housing.

There will be no increase in appraisal costs from our current fees with the exception of the FHA Multi-Family appraisal report. New HUD guidelines required an increase for 2-4 unit property appraisals.

Upon a motion made by Commissioner Carvalho and seconded by Commissioner Curley the following resolution was 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”) requires that various Divisions procure third-party, independent real estate evaluations for lending, foreclosure, purchase and disposition decisions and;

WHEREAS: The Corporation has solicited proposals from residential real estate appraisal firms and is authorized to enter into contractual agreements for appraisal and inspection services and;

WHEREAS: Staff of the Corporation have reviewed each of the submitted services proposals and recommend awarding the contract to sixteen (16) firms listed in Attachment B which Attachment B is attached as part of the February 23, 2006 Board package;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That the Corporation is authorized to engage the residential real estate appraisal firms listed in Attachment B.

RESOLVED: That the Executive Director, the Director of Administration and Homeownership and the Director of Development, each acting singly 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 or she 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 or she deems necessary to carry out the above resolutions.

### **Approval of Engagement of REO Real Estate Brokers**

Mr. Godfrey outlined this proposal.

Rhode Island Housing seeks to contract with residential Real Estate Brokerage Firms to provide property management services as well as assist in the disposition of corporate owned, one to four family, REO and various Landbank properties. These brokerage firms will provide services primarily to the Homeownership, Servicing and Development Divisions.

In December, the Corporation issued a Request for Proposals (RFP) seeking bids from qualified brokerage firms. Seven firms responded to the RFP. The RFP Review Committee, comprised of Rhode Island Housing staff, has reviewed the proposals in light of the anticipated volume of the Homeownership, Servicing and Development Divisions. Based on this projected volume, the Committee recommends that all seven firms be engaged.

Upon a motion made by Commissioner Curley and seconded by Commissioner Flynn the following resolution was 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”) requires that various Divisions procure the services of real estate agents for property management and assistance in the disposition of corporate owned property and;

WHEREAS: The Corporation has solicited proposals from residential real estate brokerage firms and is authorized to enter into contractual agreements for brokerage services and;

WHEREAS: Staff of the Corporation have reviewed each of the submitted services proposals and recommend awarding the contract to seven (7) firms listed in Attachment B which Attachment B is attached as part of the February 23, 2006 Board package;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That the Corporation is authorized to engage the residential real estate brokerage firms listed in Attachment B.

RESOLVED: That the Executive Director, the Director of Administration and Homeownership and the Director of Development, each acting singly 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 or she 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 or she deems necessary to carry out the above resolutions.

#### **Approval of Communications Consultant Contract (im-aj)**

Mr. Godfrey gave an update this request.

Rhode Island Housing seeks to extend the engagement of im-aj communication & design, inc, (im-aj) to continue implementation of the Communications Plan beyond the branding phase. At the October, 2005 Board meeting, the Board approved im-aj to begin the new branding strategy outlined in the Communications Plan for an amount not to exceed \$100,000.

Since October, im-aj has proposed a new primary logo and tag-line, defined the audiences for the sub-brands with tag-lines, rewritten the mission and met with the strategic planning workgroups to incorporate their work into the communications plan.

In response to the Board's request in October, 2005, im-aj has created a timeline/workflow for the communications plan detailing tasks from the recommendations of the communications plan and responsible parties. The need for the implementations communications strategy remains, as detailed in the October 18, 2005 Board Action.

*Rhode Island has one of the fastest growing home prices, lowest housing production rate and lowest homeownership rates of any state in the country. The fierce competition in mortgage lending has spawned products, some of which are predatory, that target sub-prime borrowers, often providing credit in situations which cannot be sustained. Homeless providers and low-income advocates fear a lack of response to their constituents as workforce housing becomes a statewide crisis.*

At the October 28, 2005 Board Meeting, authorization was given for im-aj to be engaged for initial branding tasks, not to exceed \$100,000. The Board also requested that, before any further action be taken in implementation, they be invited to a presentation which more fully described the implementation timeline, scope of work and budget. At the December 2 working session of the Rhode Island Housing

Board of Commissioners, this presentation was given. Commissioner Curley was not able to attend, but met with the Executive Director to review the plan.

The attached budget, indicates that going forward, the majority of the monies will go towards production of advertisements and purchase of space and time within various media outlets including radio, TV, newspapers, and billboards. Im-aj will control the design and messages.

We envision that the communications plan will be fully implemented over a 3-year period with amounts in subsequent years being about one half of the first year costs. In years 2 and 3, most of the funds will go toward production and purchasing of advertising, as most of the groundwork will be established in year 1. We anticipate that im-aj's contract will be extended for years 2 and 3 in accordance with budgets established for those years. Results will be tracked throughout the implementation period, but in the third year, the overall effectiveness of the campaign will be assessed.

Staff recommends that the Board approve the attached resolution for the continued 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 \$900,000.

Bob Oberg, of im-aj communications was in attendance at the meeting.

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

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

WHEREAS: Rhode Island Housing has satisfactorily engaged im-aj communications & design to design a new logo, tagline, mission statement, sub-brand strategies and company stationery; and

WHEREAS: The Board of Rhode Island Housing has participated in a more detailed presentation of the communications plan;

WHEREAS: Staff recommends authorizing Rhode Island Housing to engage im-aj to continue to implement the Communications Plan for an amount not to exceed \$900,000.

NOW, THEREFORE IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and it hereby is authorized, to award a contract for the continued implementation of the Communications Plan to im-aj communications & design, inc.

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.

**Approval of Sponsorship for Congress for The New Urbanism: CNU XVI**

Mr. Godfrey described CNU and RI Housing's prospective role as a sponsor of the conference.

New Urbanist developments aim to recapture the character of traditional neighborhoods by creating walkable communities, providing a range of housing options, encouraging a rich mix of uses, and

providing welcoming public spaces. This year the 14<sup>th</sup> Congress for New Urbanism (CNU XIV) is being held in Providence and will shift its focus from those who plan and design to those who implement. The sessions and councils will assess the role of the developer and the development process from a community-building and place-making perspective. The objective will be to enrich the thinking, practice, process and values of developers and all involved with the development process to build vital and sustainable cities and towns.

Through its strategic initiatives, the staff of RI Housing is proactively addressing development patterns (and the local ordinances which encourage and support them), which create barriers to the numbers of units necessary to address Rhode Island's current housing crisis. It has become apparent that there is a need for continued education for planners, developers and municipal officials to understand the positive impact a well-designed, compact/dense development can have on the housing choices for residents, on the natural environment of the State, and on the infrastructure of the town. The tenets of New Urbanism translate easily and positively to the creation of new villages and small in-fill projects around the State.

CNU XIV offers unique opportunities for Rhode Island Housing to encourage the development of better designed, denser housing. They are:

1. 1500 persons visiting the State, many leaders in urban planning and architecture, who are passionate about good design, smart growth and development of housing. They will be sharing their ideas and concepts to those developing housing in the State and to the media.
2. 40 educational opportunities for local developers, designers, planners and municipal officials to collaborate and share best practices around actual production in sustainable communities
3. Many examples of good compact development visually available for the media, municipal officials and developers.
4. A catalyst to provide additional educational forums addressing the unique issues of Rhode Island, before, during and after the conference.
5. Demonstrate the viability of incorporating a full range of housing options (from 'affordable' to workforce to high end) within sustainable communities.
6. Opportunity for RIH staff to attend the conference.

Since summer of 2005, Rhode Island Housing staff has been instrumental in developing the programs for the CNU XIV, ensuring that the challenges facing Rhode Island developers are being addressed. A committee of various partners (Grow Smart, Providence Preservation Society, the Housing Network, City/State, CNU XIV and New Commons) are meeting with RIH to coordinate forums relating to density and new development and to integrate the lessons of CNU XIV into the Rhode Island development community, before and after the Congress.

The State's Five-Year Strategic Housing Plan lists the need to increase density, mixed use development and production to provide sufficient housing for the residents of the State.

This conference will significantly advance and promote these concepts and designs in Rhode Island.

CNU XIV has asked Rhode Island Housing for \$25,000 to be a major sponsor of the Congress for New Urbanism to be held in Providence, June 1-4, 2006.

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

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

WHEREAS, The Congress of New Urbanism (CNU XIV) will provide a unique opportunity for RIH to advance the concepts of good design, compact development and smart growth; and

WHEREAS, Rhode Island Housing has partnered with other agencies throughout the state to continue this education; and

WHEREAS, Rhode Island Housing desires to promote these ideas through its communications agenda;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing hereby commits an amount not to exceed \$25,000 as a sponsorship of CNU XIV; and

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.

There being no further business to discuss, a motion was duly made by Commissioner Curley and seconded by Commissioner Carvalho to adjourn the open meeting at approximately at 9:25 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.  
Secretary and Executive Director