

**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, June 22, 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; Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration; Jose Monteiro and Christine Curley. George Carvalho, designee for General Treasurer Paul J Tavares 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 Michael V. Milito, Corporation Counsel.

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 June 1, 2006

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 June 1, 2006 hereby are approved.

Chairman's Report

Chairman Marouchoc was saddened to report that Monique Kesselica, wife of Michael Kesselica (former Chairman of the Board) passed away on Saturday, June 3, 2006.

Chairman Marouchoc announced that SWAP celebrated its 30th anniversary on June 21st and congratulated Carla DeStefano, executive director of SWAP on the event.

Committee Reports

The Human Resources Committee and Budget Committee met on June 1, 2006 to discuss the approval of salary increases and related matters. The recommendations of the HR and Budget Committees will be presented during action item number 12 of the agenda. A copy of the minutes of the Human Resources and Budget Committees was provided in the board package.

Executive Director's Report

Mr. Godfrey announced that there will not be a July board meeting and that the August board meeting has been rescheduled to August 10, 2006.

Mr. Godfrey briefly updated the Board on the Tax Lien Bill that Rhode Island Housing is handling for the State. Mr. Godfrey also announced that the Governor's Bond Issue passed with a \$50 million allocation for housing which 80% is designated for rental housing and 20% to homeownership. Another 7.5 million has been allocated to the Neighborhood Opportunity Program for rental housing products.

Mr. Godfrey notified the Commissioners that Rhode Island Housing has been asked to determine whether it could provide assistance to various homeowners in the state whose homes are potentially located on environmentally contaminated soils. Because of this potential contamination, these homeowners can not gain access to financing from traditional sources and on reasonable terms.

Rhode Island Housing would assist the homeowners in Tiverton, and in other environmentally impacted areas, gain access to home repair, home equity and other loan sources. While Rhode Island Housing has not analyzed the Tiverton situation in depth, Rhode Island Housing specializes in helping homeowners with safe and affordable loan programs in a variety of unique circumstances. We understand that because of environmental clouds on the Tiverton and similar properties, traditional lending opportunities are restricted.

If the General Assembly adopts authorizing legislation, Mr. Godfrey would request that the Board of Commissioners approve the creation a pilot loan program in an initial amount of not less than \$500,000. Rhode Island Housing expects that these loans would be made with nominal fees and at interest rates that will reflect our cost of funds, processing and servicing.

Firm Commitment of Preservation Financing for Hillside Apartments

Mr. Godfrey gave this presentation.

This Request for Action (RFA) is for firm approval of financing for Hillside Village, an existing family development originally financed by Rhode Island Housing. The new owner has requested financing through Rhode Island's Preservation Program to preserve the property's long-term affordability.

Representative of POAH were present to answer questions form the board.

Upon a motion made by Commissioner Monteiro 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 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>
Hillside Village	POAH, Inc.	\$3,500,000

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 declares firm commitment for tax exempt first mortgage financing to POAH and its to be formed limited partnership in an amount not to exceed \$3,500,000 for rental housing located in Providence, Rhode Island to be financed by tax-exempt bonds;

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.

- 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.
- Final HUD approval of the proposed rents.
- Approval by Rhode Island Housing of buyer's proposed operating budget and reserve escrows.
- Approval by Rhode Island Housing 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.
- Approval of transaction by the RI Equity Pool I.
- Resolution of resident concerns about the condition of the property and security.

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.

Firm Commitment of Preservation Financing for Pocasset Manor

Mr. Godfrey and Carol Ventura explained this request..

This Request for Action (RFA) is for firm approval of financing for Pocasset Manor, an existing elderly development originally financed by Rhode Island Housing. 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 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 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>
Pocasset Manor	POAH	\$7,800,000*

*\$7,800,000 construction financing, \$5,089,475 will convert to permanent financing with the balance repaid from equity.

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 for tax exempt financing to POAH and its to be formed limited partnership in an amount not to exceed \$7,800,000 for rental housing located in Providence, Rhode Island to be financed by tax-exempt bonds;

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.
- Final HUD approval of the proposed rents.
- 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 of a new operating budget.
- Approval by Rhode Island Housing 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.
- HUD approval that Residual Receipts may be used for rehabilitation of the property.

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.

Firm Commitment of Preservation Financing for Fox Point Manor

Mr. Godfrey made this presentation.

This Request for Action (RFA) is for Firm Approval of financing for Fox Point Manor, an existing elderly housing development originally financed by Rhode Island Housing. The owners have requested new financing through the Preservation Program.

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 thirty-five (35) 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>Total First and Second Mortgage Amount</u>
Fox Point Manor	Fox Point Investment Company, LLC	\$5,023,000

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 firm approval for taxable mortgage financing in an amount not to exceed \$5,023,000 for rental housing known as Fox Point Manor located at Wickenden and Ives Streets in 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.
- Completion of the Capital Needs Assessment.
- Approval by Rhode Island Housing of the general contractor.
- Final approval of the new operating budget.
- Final approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation and scope of work.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the first mortgage.
- Evidence satisfactory to Rhode Island Housing that the projected income from roof rental charges relating to a cell tower on the building will be sustainable.
- Evidence satisfactory to Rhode Island Housing regarding the scope of any required life safety system upgrades.
- Receipt of an acceptable Phase I environmental report and any other environmental assessments deemed necessary by Rhode Island Housing.

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.

Firm Commitment of Preservation Financing for Harris House

Mr. Godfrey gave this presentation.

This Request for Action (RFA) is for Firm Approval of financing for Harris House, an existing elderly housing development originally financed by Rhode Island Housing. The owners have

requested new financing through the Preservation Program. Rhode Island Housing will issue new debt to fund acquisition and rehabilitation work and permit the use of existing project reserves.

Upon a motion made by Commissioner Flynn 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 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, 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>
Harris House	Cathedral Development Group, Inc.	\$7,003,440

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 firm approval for tax exempt mortgage financing in an amount not to exceed \$7,003,440 for rental housing known as Harris House located at 28 Harris Avenue, Cranston, Rhode Island.

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 \$7,003,440 in permanent mortgage funds, 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.
- Completion of the Capital Needs Assessment.
- Final approval of the new operating budget, including the new tax assessment.
- Receipt of an acceptable Phase I environmental report and any other environmental studies deemed necessary the Rhode Island Housing.
- Final approval by Rhode Island Housing of construction plans, specifications, supporting construction documentation and scope of work.
- 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 Fannie Mae and Freddie Mac will not be purchasing the LIHTCs as both entities are key buyers of Rhode Island Housing bonds and cannot participate in both sides of the transaction.

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 Preservation Financing and Approval of TPA for Bridgham Manor

Mr. Godfrey along with Carol Venture, director of development, outlined this proposal.

This Request for Action (RFA) is for Preliminary Approval of financing for Bridgham Manor, an existing elderly housing development originally financed by Rhode Island Housing. The owners have requested new financing through the Preservation 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 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 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>
Bridgham Manor	Bridgham Manor Company, LLC	\$4,029,000

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, the Corporation hereby declares approval of the transfer of the General Partner Partnership interest in Bridgham Manor, a Rhode Island limited partnership, from the sole general partner, Orlando A. Andreoni, to Bridgham Manor Company, LLC or its assigns subject to the execution of an amendment to the existing Regulatory Agreement extending the affordability restrictions for 40 years from the date of closing for the acquisition of the General Partnership interest.

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 \$4,029,000 for rental housing known as Bridgham Manor located at 359 Carpenter Street in Providence, Rhode Island.

Resolved: That the Corporation hereby declares that the preliminary commitment approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue bonds to finance up to \$4,029,000 in permanent mortgage 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 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 regarding the scope of any required life safety system upgrades.
- Receipt of an acceptable Phase I environmental report and any other environmental studies deemed necessary the Rhode Island Housing.
- Evidence that Fannie Mae and Freddie Mac will not be purchasing the LIHTC's as both entities are key buyers of Rhode Island Housing bonds and cannot participate in both sides of the transaction.

Resolved, That the transfer of the general partner interests of Orlando Andreoni in Bridgham Manor Associates to Bridgham Manor Company, LLC or its related entity, be, and hereby is, preliminarily approved, subject to the following conditions:

1. Execution Bridgham Manor Associates of an agreement, in form and substance satisfactory to Rhode Island Housing, to extend the affordability of each development.
2. Receipt by the Corporation of all application materials required in Phases 2 and 3 of the Regulations Governing Proposed Prepayments and Transfers,

with the exception of such requirements may be waived or modified by the Executive Director, consistent with the nature of this transaction and the protection of the interests of the Corporation.

3. Satisfaction of any additional requirements which the Executive Director believes to be necessary or advisable to protect the interests of the Corporation with respect to the Housing Development.

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.

Approval of Additional Low Income Housing Tax Credits for Lincoln Village LP

Mr. Godfrey presented this request.

This Request for Action (“RFA”) is for approval of an increase in the allocation of Low Income Housing Tax Credits (LIHTC) for Lonsdale Village Revitalization Limited Partnership from \$252,646 to \$281,052. This increased allocation will generate equity sufficient to cover additional construction costs and allow the project to be completed.

Peter Bouchard of Valley Affordable Housing thanked the board for their generosity.

Upon a motion made by Commissioner Curley 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 Board of Commissioners has previously 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;

Development	Developer	Additional Tax Credits
Lonsdale Village	Valley Affordable Housing	\$28,406

Whereas, Staff recommends that the allocation of Low Income Housing Tax Credits previously approved be increased in order to provide short-term financing for the completion of construction work at Lonsdale Village.

NOW, THEREFORE IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves an additional allocation of \$28,406 in 2006 Low Income Housing Tax Credits for a total project allocation of \$281,052;

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

- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and the sponsor.

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 forgoing Resolutions

Final Approval of the 2007 Qualified Allocation Plan

Mr. Godfrey made this presentation.

Pursuant to the April 21, 2006 Board authorization, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) published its intent to approve and adopt the 2007 Qualified Allocation Plan (the “Plan”). Rhode Island Housing published notices of the public hearing and availability of the Plan on Thursday, May 18, 2006 in the Providence Journal and the Providence American; and on Friday, May 19, 2006 in the Providence En Espanol.

The public hearing was held at the offices of Rhode Island Housing on Thursday, June 8, 2006 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.

Upon a motion made by Commissioner Curley and seconded by Commissioner Barge the following resolution was adopted along with the 2007 Qualified Allocation Plan which is attached as part of the June 22, 2006 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 Rhode Island Five Year Strategic Housing Plan: 2006 - 2010.

NOW, THEREFORE, BE IT:

RESOLVED: That Rhode Island Housing adopt the attached 2007 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 2007 tax credits pursuant to the Plan.

Approval of Fiscal Year 2007 Budget

Mr. Godfrey made this presentation and Tom Hogg, CFO, explained some of the pertinent details of the budget.

The fiscal year 2007 Budget was reviewed by the Budget Committee of the Board on June 1. Comparative analyses to prior year budget and forecasted amounts were presented to the Committee and explanations of major increases were given.

Additional commentary on the budget is included in the Budget Committee minutes, but of particular note is the long-awaited effect of interest rate increases over the last two years. This has led to higher returns on the Corporation’s short term investments and a more meaningful rate differential on its First Homes mortgage product. These items, combined with continued preservation financing activity in the multifamily portfolio, have led to a leveling and slight increase in the trend line for Corporation net revenues.

Also of note within the Budget are the following efforts: (1) continued work on all six of the strategic initiatives, (2) new funding for the Ending Homelessness initiative, (3) new program funding for the development of special needs housing, (4) funding for a corporate communications and marketing effort, and (5) a substantial increase in our customer service and business-to-business capabilities through information technology initiatives in the mortgage origination and servicing systems.

Upon a motion made by Commissioner Marques and seconded by Commissioner Curley the resolution was adopted in the form presented to the meeting, including the 2007 Fiscal Year Budget which is attached as part of the June 22, 2006 board package.

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

Resolved: That the fiscal year 2007 Budget of the Corporation as set forth in Attachment B hereto is hereby approved.

Approval to Publish Amended LIHTC Regulations

Mr. Godfrey outlined these regulations.

Rhode Island Housing is the allocator of Low Income Housing Tax Credits (LIHTC) for the State of Rhode Island. The program is administered according to the Rules and Regulations of the Corporation Applicable to the Allocation of Low Income Housing Tax Credits.

Periodically, these regulations are amended to reflect clarifications and/or changes in the program. Generally, the proposed changes update the regulations to reflect current practice and insert information regarding Rhode Island Housing's new Qualified Contract policy. The proposed changes have already been shared with The Housing Network of Rhode Island who had no comments.

Upon approval by the Board of Commissioners, notice of the Corporation's intent to adopt the proposed amendments would be published for comment pursuant to the Administrative Procedures Act. The amended regulations will likely be presented for formal adoption at the August, 2006 Board meeting.

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 and Mortgage Finance Corporation**

Resolved: That the Corporation be and hereby is authorized and empowered to cause the Second Amendment to and the Restatement of the Rules and Regulations

Applicable to the Allocation of Low Income Housing Tax credits 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 or his designee be, and hereby is, authorized to take any and all action as may be necessary or desirable to carry out this Resolution and comply with applicable provisions of the Act.

Approval of a Transition/Reserve Fund for University Heights to be Held by Rhode Island Housing

Mr. Godfrey explained this transaction.

In some financing transactions, Rhode Island Housing requires the establishment of a reserve fund to assist residents in the event that there is a change in the rent subsidy structure at the development. For example, if there is a possibility that a direct form of tenant assistance, such as a Section 8 subsidy, might be replaced by a program that provides for rent restrictions but no direct subsidy, such as low income tax credits, then a reserve may be appropriate. Such a shift might adversely affect tenants' ability to meet higher rents without a period of transition. The reserve is intended to provide a declining adjustment to rental payments for tenants residing in the development at the point of conversion, until natural turnover and family income levels adjust to the different form and level of rent subsidy. These reserves generally have a life of three to five years.

Rhode Island Housing has anticipated that such a reserve would be established for University Heights following its sale to Fairfield. University Heights has Section 8 supported units as well as State rental subsidy units, which are similar to the Section 8 units. The underwriting of the financing involved in the sale transaction anticipated that some percentage of these rent subsidized units will convert to a tax credit structure in the future. To help in-place tenants transition to the new structure over time, and to provide support for general tenant advocacy, a reserve in the amount of \$1.0 million should be established as part of the overall accounting for the transaction.

Staff recommends that a \$1.0 designated reserve be established to fund the transition and advocacy expenses. Over the next six months staff will develop and present for Board approval a detailed outline of the subsidy transition and advocacy fund.

Upon a motion made by Commissioner Marques 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**

Resolved: That \$1.0 million of proceeds from the sale of University Heights be set aside and maintained in a designated reserve account to fund a subsidy transition and advocacy fund at University Heights.

There being no further business to discuss, a motion was duly made by Commissioner Curley and seconded by Commissioner Barge to adjourn the open meeting at approximately at 9:40 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director