

DRAFT

**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, January 18, 2007, 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; General Treasurer Frank T. Caprio; Michael Marques, Director of Department of Business Regulation; Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration; Christine Curley and Jose Monteiro.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Thomas F. Hogg, Chief Financial Officer; John Gordon, Director of Asset Management; Amy Rainone, Director of Policy; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing; Michael V. Milito, Corporation Counsel and Phil Campbell, Director of Marketing and Information.

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 first floor bulletin board in the State House.

Chairman Marouchoc called the meeting to order at approximately 8:40 a.m.

Approval of Minutes of Board Meeting Held on December 21, 2006

Commissioner Monteiro requested that the minutes be amended to reflect that regarding the approval of prepayment for Crescent Park Apartments, page 9 of the December 21, 2006 minutes, he recused himself from any discussion and from voting on the request.

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

VOTED: That the Minutes of the Board Meeting held December 21, 2006 is hereby approved as amended with the correction that Commissioner Monteiro recused himself from the discussion and from voting on the prepayment for Crescent Park Apartments.

Chairman's Report

Chairman Marouchoc congratulated General Treasurer Frank Caprio and welcomed him to Rhode Island Housing's Board of Commissioners.

Committee Reports

There were no committee meetings held during December.

Executive Director's Report

Mr. Godfrey deferred his report until the end of the action items.

Initial allocation of 2007 Housing Credits

a. Stillwater Mill

Mr. Godfrey gave an overview of the Low Income Housing Tax Credit process and Carol Ventura, Director of Development made the presentations on Stillwater Mills and Newport Heights Phase 4.

This Request for Action is for the reservation of up to \$440,985 in 2007 9% tax credits for the Stillwater Mill development in Burrillville. This reservation supplements a partial commitment of \$103,143 of 2006 9% credits approved in July 2006 providing a total reservation of \$544,128 9% tax credits toward the development of the site.

The Sponsor, Neighborworks Blackstone River Valley (NBRV) (formerly known as Woonsocket Neighborhood Development Corp.), has proposed to renovate the historic Stillwater Mill into 47 apartments, 36 of which will be affordable. NBRV is requesting 9% Low Income Housing Tax Credits (LIHTC), first and second mortgage financing and HOME funds to undertake the proposed new construction. In addition, NBRV will use equity generated from the sale of State and federal historic tax credits, federal Brownfields funds, Neighborhood Opportunities Program (NOP) funding and other grant resources to develop the site.

A representative of Neighborworks Blackstone River Valley was present to answer questions from the Board.

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, 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 has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Rhode Island Housing staff 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 Rhode Island Housing for the reservation of tax credits from the tax credit authority available in the calendar year 2007 ("the Tax Credit") as follows:

Applicant	Development	2007 9% Tax Credits
Neighborworks Blackstone River Valley	Stillwater Mill	\$440,985

Whereas, Rhode Island Housing staff has reviewed the submission, inspected the site, and determined that this development may qualify for financing under Rhode Island Housing enabling legislation, regulations, guidelines and policies;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$440,985 of allocated 2007 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 Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of Rhode Island Housing 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, the foregoing resolutions are subject to the following conditions:

1. The award of HOME, NOP, and Neighborhood Reinvestment Corporation funds sufficient to make the project feasible, or the availability of alternative equity satisfactory to Rhode Island Housing;
2. The award of HUD Hope VI Main Street and HUD Brownfields funds sufficient to make the project feasible or the availability of alternative equity satisfactory to Rhode Island Housing;
3. The award of first mortgage and targeted loan funds from Rhode Island Housing;
4. Syndication equity from the sale of LIHTCs and federal and state historic tax credits in amounts sufficient to achieve project feasibility;
5. Final approval of plans and specifications by Rhode Island Housing and final agreement with General Contractor on construction cost;

6. Approval of a remediation plan by the Rhode Island Department of Environmental Management;
7. Acceptable final appraisal and market study by an independent appraiser demonstrating that the loans do not exceed 90% of the as-stabilized value of the property and that sufficient demand exists for the proposed units;
8. Satisfactory evidence that the Town of Burrillville has committed sufficient funds for ancillary structure state to be a community center and that the community center will be completed simultaneous to the completion of the residential housing units;
9. Approval by Rhode Island Housing of all management related issues;
10. Satisfactory and timely performance in accordance with the schedule established by the sponsor and approved by Rhode Island Housing;
11. Achievement of Master Plan approval for the subdivision located at Reservoir Road in Burrillville;
12. Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements and the requirements established for previous phases.

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 forgoing Resolutions.

b. Newport Heights Phase 4

Ms. Ventura gave an overview of this request.

This Request for Action is for a reservation of \$801,215 of 2007 Low Income Housing Tax Credits for Phase 4 of Newport Heights to be developed by Valley Affordable Housing (“Developer”).

Newport Heights Phase 4 is the final phase of the HOPE VI project undertaken by the Newport Housing Authority. The previous 3 phases are occupied and will be fully completed in the spring of 2007. Phases 1-3 were developed by Trinity Financial, Inc. After Trinity unsuccessfully submitted a LIHTC application last year to develop Phase 4, the Newport Housing Authority and Trinity Financial, amicably dissolved their Development Services Agreement. The Housing Authority conducted an RFP and selected Valley Affordable Housing as its new developer for Phase 4 in June 2006. A future Phase 5 is envisioned by the Housing Authority, however that phase will not utilize any HOPE VI dollars. Phase 4 represents a change from previous phases in that it introduces a homeownership component whereas previously, the phases were entirely rental.

Jim Reed, of Newport Housing Authority, along with Peter Bouchard of Valley Affordable Housing and Barbara Sokoloff thanked the Board and Rhode Island Housing for the continued support and invited the Commissioners to visit the site.

Upon a motion made by Commissioner Caprio 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,** 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 has been designated the Administrator of the Program in the State of Rhode Island; and
- Whereas,** Rhode Island Housing staff 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 listed below has presented an application to Rhode Island Housing requesting an allocation of tax credits to construct a residential housing development as follows:

Development	Developer	2007 Low Income Housing Tax Credits
Newport Heights Phase 4	Valley Affordable Housing	\$801,215

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$801,215 of allocated 2007 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”), and that the Executive Director, either Deputy Director and the Director of Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of Rhode Island Housing 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, the foregoing resolutions are subject to the following conditions:

1. A plan, acceptable to Rhode Island Housing, for replacement of all affordable units demolished in Phase 4 with similarly affordable units both on and off-site.
2. HUD approval of financing proposal, including demolition and construction of new Tax Credit units within the existing Tonomy Hill neighborhood.

3. Approval of other sources of funds or the availability of alternative equity satisfactory to the corporation.
4. The award of first mortgage and targeted loan funds from Rhode Island Housing.
5. Final approval of plans and specifications by Rhode Island Housing, completion of a competitive bidding process and final agreement with General Contractor on construction cost.
6. Final Approval by Rhode Island Housing of management agent, management documents and all management related issues.
7. Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements and the requirements established for previous phases.
8. Satisfactory and timely performance in accordance with the schedule established by the sponsor and approved by Rhode Island Housing.
9. Satisfactory evidence that the Developer is meeting required Section 3 goals set forth in the HOPE VI grant.

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 forgoing Resolutions.

Approval of Awards Funding for the Special Needs Rental Production Program (AIDS Care Ocean State, Inc.)

Mr. Godfrey, along with Carol Ventura, Director of Development, made this presentation.

Rhode Island Housing has established the Special Needs Rental Production Program (the "Program") to provide resources for the production of rental housing for homeless, disabled and/or very low-income individuals and families. Under the Program, Rhode Island Housing provides amortizing and deferred loans to developers for the acquisition and development of housing with supportive services for special needs populations. Budget authority of \$2 million was included in the fiscal year 2007 budget.

Applications are accepted on a rolling basis and are reviewed by a committee comprised of Development and Policy staff. To date, the Board of Commissioners approved funding totaling \$1,208,441 for projects with a combined total of 46 permanent supportive rental units for homeless, disabled and very low-income households.

One new application has been received since the December Board meeting. The application was reviewed by the committee and is now recommended for funding. The applicant, AIDS Care Ocean State, Inc., is both a social service agency and an affordable housing developer. This proposal is for six units of permanent housing for households in which a member has AIDS or is HIV positive. The project is located in the Mt. Hope section of Providence.

Paul Fitzgerald of AIDS Care Ocean State expressed his appreciation to staff and Board members.

Upon a motion made by Commissioner Flynn 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 has established the Special Needs Rental Production Program and has authorized the disbursement of up to \$2,000,000 in Fiscal Year 2007 funds to eligible entities in order to create supportive rental housing for disabled, homeless and/or very low-income individuals and households, and;

WHEREAS: The applicant listed in Attachment B has submitted an application that meets the requirements of the Special Needs Rental Production Program and;

WHEREAS: Staff of the Corporation has reviewed the eligible application and recommends that Special Needs Rental Production funds be committed to the proposal in Attachment B;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing commits \$300,000 in Fiscal Year 2007 Special Needs Rental Production funds in accordance with the program description as approved by the Board of Commissioners of Rhode Island Housing to the proposal as recommended 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.

Approval of Threshold Funding

Mr. Godfrey, along with Carol Ventura, Director of Development, outlined this proposal.

Since September 1994, Rhode Island Housing has managed the Thresholds Program under agreement with the Rhode Island Department of Mental Health, Retardation and Hospitals. The goal of the Thresholds Program is to increase the supply of housing affordable to people with serious mental illnesses. Some of this housing is supervised, but the majority of the apartments are supportive housing. In supportive housing, a mental health agency provides its clients with the services they need to live independently in integrated settings. To date, Thresholds has provided financing for 276 units and has committed over \$10.20 million in program funds.

Five (5) applications requesting \$866,800.00 were submitted to the Thresholds Advisory Committee for the 2007 fiscal year. The Committee met on January 5, 2007 to review the applications for eligibility and feasibility, and recommended funding three (3) of the

applications.

The Department of Mental Health, Retardation and Hospitals (MHRH) concurred with the recommendation of the Advisory Committee. The current Thresholds account includes \$1,100,000 for the 2006-07 allocation and a program surplus from preceding years of \$70,068. MHRH determined (1) that the recommended awards totaling \$400,070.00 would enable Thresholds to meet its goal of supplying housing linked to supportive services from a mental health center and (2) that the size of the awards were justified and sufficient.

Representatives of Newport Mental Health Association and the Kent Center were present to answer questions.

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

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

WHEREAS, the Department of Mental Health, Retardation and Hospitals (MHRH) has entered into an agreement with the Corporation pursuant to which MHRH has delegated to the Corporation the administration of Thresholds funds; and

WHEREAS, the proposals of Newport County MHC, The Kent Center, and Bank Street Apartments, Inc. & South Shore MHC meet the criteria for funding from Thresholds funds, and

WHEREAS, the Thresholds Advisory Committee and the MHRH have both reviewed the proposals and recommend approval of the allocation of Thresholds funds.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That the Corporation be, and it hereby is authorized, to commit \$400,070.00 in Thresholds funds, as set forth on Attachment A, subject to approval by MHRH.

RESOLVED: That the Executive Director and the Deputy Director for Programs, 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.

Approval of Issuance of Homeownership Bonds Series 55

Mr. Godfrey made this presentation and Tom Hogg, CFO, provided additional information regarding the details of the bond issuance.

The Corporation regularly monitors loan origination activity for the single-family program to determine future funding needs and the timing and structure of bond issuance. In addition, staff tracks prepayment speeds of existing mortgages, upcoming maturity dates and optional call dates of notes and bonds, and associated volume cap in order to take full advantage of our authority to issue tax-exempt mortgage revenue bonds and maximize our flexibility and minimize our cost in providing mortgages to low and moderate income borrowers. Based on this analysis, staff recommends the issuance of fixed-rate bonds under HOB Series 55 in an amount not to exceed \$100 million.

Issuance of new bonds to support single family mortgage loan production occurs three to four times a year. We are at one of those issuance points, as the current level of loan production suggests new bonds will be needed in February. Based on seasonal production estimates, a \$100 million issuance will cover homeownership loans for the next four to five months.

Upon a motion made by Commissioner Marques and seconded by Commissioner Caprio the resolution was unanimously adopted in the form presented to the meeting, which Resolution is attached as part of the January 18, 2007 board package.

Executive Director's Report

Mr. Godfrey referred the Commissioners to his memo highlighting Rhode Island Housing's annual goals and achievements, which had been previously distributed and briefly commented on several of the major accomplishments of the organization, including the implementation of the Rescue Loan and ECHO Loan programs and the Don't Borrow Trouble and VY9 Campaigns.

Commissioner Flynn commended staff on their diligence, dedication and willingness to assist other departments and agencies within the state of Rhode Island.

Commissioner Flynn also distributed copies of the *Land Use Plan for 2006* and thanked Rhode Island Housing for contributing to its publication.

There being no further business to discuss, a motion was duly made by Commissioner Flynn and seconded by Commissioner Curley to adjourn the open meeting at approximately at 9:32 a.m.

Richard H. Godfrey, Jr.
Secretary and Executive Director