

**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, May 17, 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 (arrived at 8:39 am); General Treasurer Frank T. Caprio; Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration; Jose Monteiro and Perry Clough. Michael Marques, Director of Department of Business Regulation 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; 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 Jo-Ann Ryan, Director of Marketing and Information.

Brian P. Gallogly, 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 8:30 a.m.

Approval of Minutes of Board Meeting Held on April 26, 2007

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

VOTED: That the Minutes of the Board Meeting held April 26, 2007 hereby are approved.

Chairman's Report

Chairman Marouchoc welcomed Perry R. Clough to the Rhode Island Housing Board of Commissioners.

Committee Reports

There were no committee meetings held during April.

Executive Director's Report

Mr. Godfrey referred the Commissioners to his memo, which had been previously distributed and briefly commented on several topics of interest.

U.S. Senator Jack Reed held a press conference on Monday, May 14, 2007 to unveil legislation to expand access to foreclosure prevention services to homeowners who are experiencing financial hardship. The \$615-million initiative was created to reauthorize, enhance and improve the Department of Housing and Urban Development's housing counseling programs

Members of our strategic work group have been meeting to develop solid working relationships with cities, towns and developers so that Rhode Island Housing is viewed as an important partner and resource in all development proposals throughout the state. The goal is to facilitate the development of affordable housing on every site identified by Rhode Island cities and towns in their housing plans.

Paula Coleman, Assistant Division Director in Development, was recognized for her work at the Housing Network's Annual Meeting on Tuesday, May 15, 2007. Paula was presented with the "Ted Seymour-Cutting Red Tape" award in recognition of her ability to assist Housing Network members in their efforts to produce affordable housing.

Vice Chairwoman Barge arrived at this point; at approximately 8:39 a.m.

Firm Commitment of Targeted Loan for Westfield Lofts

Mr. Godfrey gave this presentation. Mr. Godfrey recognized and thanked Carol Ventura, director of development and her staff for their work on this project.

Commissioner Monteiro recused from the discussion, consideration and vote on this matter since his employer, Bank of America, is involved in the financing of this development.

This Request for Action is for Firm Commitment of Targeted Loan funding for Westfield Lofts. Formerly known as the Rau Fastener Mill Complex, Westfield Lofts is a 69 unit mixed-income development in Providence developed by West Elmwood Housing Development Corporation (WEHDC), a community based, non-profit dedicated to neighborhood revitalization in the west end of Providence. The financing under consideration is part of a multi-party effort to stabilize the development for long-term use as an affordable housing resource. All members of the development and financing team have contributed to the effort.

Upon a motion made by Commissioner Flynn and seconded by Commissioner Barge the above resolution was unanimously adopted by the voting members, with Commissioner Monteiro not participating in the vote.

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

Whereas, Rhode Island Housing is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing 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, Rhode Island Housing 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 (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 taxable financing to acquire and rehabilitate the building as set forth below:

Development	Applicant	Targeted Loan
Westfield Lofts	West Elmwood Housing Development Corporation	\$215,750

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby approves Targeted Loan financing to West Elmwood Housing Development Corporation and Westfield Development Associates, L.P. in an amount not to exceed \$215,750 for rental housing located in Providence, Rhode Island;

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

- Bank of America reducing the interest rate of the first mortgage to 6.82% or lower and maintaining the current term of 30 years.
- Bank of America providing additional state historic tax credit equity of at least \$245,000.
- Sovereign Bank providing additional LIHTC equity of at least \$245,000.
- Subordination of Rhode Island Economic Development Corporation’s loan to Rhode Island Housing’s Targeted Loan so that Rhode Island Housing’s

loan will be in second position behind only Bank of America in priority of repayment.

- Firm commitment for all other sources of financing.
- Final approval by Rhode Island Housing of operating budget and management plan.

Firm Commitment of Preservation Financing for Fieldstone Apartments

Mr. Godfrey presented this request.

This Request for Action (RFA) is for firm approval of financing for Fieldstone Apartments, 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.

Representatives from POAH were present and available to respond to questions from the Commissioners.

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, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing 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, Rhode Island Housing 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 Rhode Island Housing 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>
Fieldstone Apartments	POAH, Inc.	\$4,400,000*

*\$4,400,000 construction financing, \$2,150,000 will convert to permanent financing with the balance repaid from equity

Whereas, Rhode Island Housing 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, Rhode Island Housing hereby approves tax exempt mortgage financing to POAH, Inc. and its to be formed limited partnership in an amount not to exceed \$4,400,000 for rental housing located in Narragansett, Rhode Island to be financed by tax-exempt bonds;

Resolved, That Rhode Island Housing hereby declares that the firm approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to a \$4,400,000 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.
- HUD approval of a new Mark up to Market contract.
- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-stabilized value of the property.
- Syndicator must agree not to sell the tax credits to Fannie Mae or Freddie Mac.
- Final approval of a new operating budget.
- Final approval by Rhode Island Housing of construction plans, 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.

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 Approval of Financing for Medina Village Apartments

Mr. Godfrey and Ms. Ventura, Director of Development, made this presentation.

This Request For Action (RFA) is for Firm Approval of tax-exempt bond financing for Medina Village Apartments (Medina Village), an existing family housing development originally financed by the Department of Housing and Urban Development (HUD).

Residents and potential homeowners were present to express their gratitude for the opportunity to live in the community they work in. The opportunity for home ownership that the affordable housing has provided them has bolstered their confidence and sense of belonging.

Upon a motion made by Commissioner Caprio 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 (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing have promise in 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, Rhode Island Housing 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 Rhode Island Housing requesting mortgage financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax-Exempt Loan</u>
Medina Village Apartments	SHK, LLC/ Westerly Associates	\$6,200,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax exempt mortgage financing in an amount not to

exceed \$6,200,000 for rental housing known as Medina Village Apartments located in Providence, Rhode Island.

Resolved, That Rhode Island Housing 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 \$6,200,000 in permanent mortgage funds, plus the required bond reserve 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:

- Final approval by OHAP/HUD of the restructuring and Rhode Island Housing financing plan and the Exception rents.
- Completion of all items required for closing in accordance with normal underwriting and processing requirements.
- Acceptable appraisal by an independent appraiser demonstrating that the combined amount of the first and second mortgages does not exceed 90% of the as-stabilized value of the property.
- A letter of intent from the proposed syndicator.
- Final approval by Rhode Island Housing of development team members.
- Final approval by Rhode Island Housing of the general contractor.
- 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 that Freddie Mac will not be purchasing the LIHTCs as Freddie Mac is the key buyer of Rhode Island Housing 40-year bonds and cannot participate in both sides of the transaction.
- Final approval by HUD of the restructuring/Rhode Island Housing financing plan.

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.

Preliminary Commitment of Preservation Financing for Anthony House

Mr. Godfrey presented this proposal.

This Request For Action is for Preliminary Approval of new financing for Anthony House, an existing elderly housing development originally financed by Rhode Island Housing. In 1993, the

development was acquired and refinanced by its current owner Church Community Housing Corporation (“CCHC”), an active non-profit developer in the Newport/Aquidneck Island area. The property is now in need of substantial rehabilitation and CCHC will serve as the sole shareholder of the General Partner of a new borrower limited partnership which will acquire and rehabilitate the development.

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, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing 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, Rhode Island Housing 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 Rhode Island Housing requesting mortgage financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Financing</u>
Anthony House	Church Community Housing Corporation	\$6,225,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby declares preliminary approval for tax exempt mortgage financing in an amount not to exceed \$6,225,000 for rental housing known as Anthony House located at 51 Middle Road, Portsmouth, Rhode Island.

Resolved, That Rhode Island Housing hereby declares that the preliminary approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to \$ 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.
- 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.
- Completion of a Phase I environmental assessment and any such other environmental studies deemed necessary by Rhode Island Housing.
- 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 that neither Fannie Mae nor Freddie Mac will not be purchasing the LIHTC's as Fannie Mae and Freddie Mac may be 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 Tax Exempt Construction Loan for Laura Betton Court Borges House

Mr. Godfrey made this presentation.

This Request for Action ("RFA") is for Preliminary Approval of up to \$4,031,000 in Tax Exempt Bridge Loan financing for the Laura Betton Court Borges House, a proposed HUD 202 residential development for the elderly in Little Compton. Church Community Housing Corporation ("CCHC"), a Rhode Island non-profit housing developer, has submitted an application to Rhode Island Housing to fund the construction of 28 affordable apartments.

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, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing have promise of supplying well-planned, well-designed apartment units which will provide housing for low and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, The applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting a reservation of Bond Financing to acquire and build an elderly residential housing development as set forth below:

Development	Applicant	Tax Exempt Financing
Laura Betton Court Borges House	Church Community Housing Corporation	\$4,031,000

NOW, THEREFORE, IT IS HEREBY:

Resolved: That, subject to the special conditions listed below, Rhode Island Housing hereby declares preliminary approval for a construction loan to Church Community Housing Corporation and its to be formed limited partnership in an amount not to exceed \$4,031,000 for rental housing known as the Laura Betton Court Borges House located in Little Compton, Rhode Island to be financed by tax-exempt bonds;

Resolved: That Rhode Island Housing hereby declares that the preliminary approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to \$4,031,000 in construction funds and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption

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

- Syndication equity from the sale of tax credits in an amount sufficient to achieve project feasibility.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- Final approval by Rhode Island Housing of construction plans and specifications, and construction documentation.

- Completion of HUD 202 closing requirements.
- Final approval of all development team members.
- Final commitment of all secondary sources of financing.

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 Construction Financing for The Meadows

Mr. Godfrey outlined this proposal.

This Request for Action (RFA) is for Firm Commitment of bridge financing for The Meadows (“the Development”), a residential development for the elderly in North Smithfield. Neighborworks of the Blackstone River Valley (“NBRV”), a Rhode Island non-profit housing developer, has submitted an application to Rhode Island Housing to fund the construction of 80 affordable apartments, a community room, health center, and offices.

A brief discussion followed the presentation with Mr. Godfrey, and Joe Garlick of Neighborworks of Blackstone River responding to questions from the Board.

Upon a motion made by Commissioner Monteiro 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, Rhode Island Housing and Mortgage Finance Corporation (the “Corporation”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of the Corporation have promise of supplying well-planned, well-designed apartment units which will provide housing for low and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, The applicant (“Applicant”) listed below has presented an application to the Corporation requesting a taxable financing to acquire and build an elderly residential housing development as set forth below:

Development	Applicant	Tax Exempt Financing
The Meadows	Neighborworks of the Blackstone River Valley	\$2,900,000

NOW, THEREFORE, IT IS HEREBY:

Resolved: That, subject to the special conditions listed below, the Corporation hereby declares firm commitment approval for a construction loan to Neighborworks of the Blackstone River Valley and its to be formed limited partnership in an amount not to exceed \$2,900,000 for rental housing known as The Meadows located in North Smithfield, Rhode Island;

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

- Paydown of existing Neighborworks Capital Corporation Mortgage to ensure Rhode Island Housing is in first lien position.
- Commitment Letter of syndication equity from the proposed sale of tax credits in an amount sufficient to achieve project feasibility.

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.

Amendment to the Predevelopment Loan Regulations

Mr. Godfrey made this presentation.

This Request for Action is for approval of amendments to the Rules and Regulations of the Predevelopment Loan Program (the "Program").

Currently the maximum allowable loan under the Program is \$100,000. The proposed amendment is to increase the maximum allowable loan to \$250,000 with interest terms to be set by Program Bulletin. These changes will provide developers with adequate resources with which to proceed to construction of units and will enable staff to adjust the terms of the Program during periods of interest rate fluctuations.

Upon approval by the Board of Commissioners, notice of the Corporation's intent to adopt the Amended Predevelopment Loan Program Regulations will be published for comment pursuant to the Administrative Procedures Act.

Upon a motion made by Commissioner Monteiro 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 ca the proposed Amended Rules and Regulations of the Corporation applicable to the Predevelopment Loan Program to be published accordance with the applicable provisions of the Administration Procedures Act, (the "Act") contained in Chapter 35 of Title 42 of General Laws of Rhode Island 1956, as amended, and that the Executive Director, the Deputy Director for Programs, and the Director Development or his/her designee be, and hereby is, authorized to take any and all

action as may be necessary or desirable to comply with applicable provisions of the Act.

Distribution and Overview of the Fiscal Year 2008 Budget

Mr. Godfrey provided the Commissioners with a draft of the proposed 2008 budget and Mr. Hogg briefly highlighted some of the proposed budgets items. A Budget Committee is scheduled to review and discuss the budget for approval at the June 21, 2007 board meeting.

There being no further business to discuss, a motion was duly made by Commissioner Caprio and seconded by Commissioner Barge to adjourn the open meeting at approximately at 9:50 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director