

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, August 9, 2007, at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Anthony Marouchoc; Xay Khamsyoravong, designee for General Treasurer Frank T. Caprio; Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration; Michael Marques, Director of Department of Business Regulation; Jose Monteiro (arrived at 8:36 am) and Perry Clough. Vice Chairwoman Denise Barge 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; and Jo-Ann Ryan, Director of Marketing and Information.

Brian 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 June 21, 2007

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

VOTED: That the Minutes of the Board Meeting held June 21, 2007 hereby are approved.

Chairman's Report

Chairman Marouchoc welcomed Xay Khamsyoravong, designee for General Treasurer Frank Caprio, to Rhode Island Housing's board meeting.

Chairman Marouchoc distributed to the Commissioners an updated listing of Committee assignments and respective members and entertained questions and or changes to the assigned committees. No changes were requested.

Chairman Marouchoc congratulated John Gordon, director of Asset Management on the celebration of his 30 year anniversary at Rhode Island Housing. Mr. Godfrey informed the Commissioners that Rhode Island Housing and staff is planning on acknowledging Mr. Gordon's achievement later in the day at a special event.

Committee Reports

There were no committee meetings held in August.

Executive Director's Report

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

Approval of Awards Funding for the Special Needs Rental Production Program for Broad Street Revitalization and Amos House

Carol Ventura, director of development, gave 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, and reauthorized in the FY 2008 budget.

Ms. Ventura recognized Eileen Hayes, Executive Director of Amos House and a representative from Broad Street Revitalization.

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

WHEREAS: Rhode Island Housing has established the Special Needs Rental Production Program to create supportive rental housing for disabled, homeless and/or very low-income individuals and households, and;

WHEREAS: The applicants listed in Attachment A have submitted applications that meet the requirements of the Special Needs Rental Production Program and;

WHEREAS: Rhode Island Housing staff has reviewed the eligible applications and recommend that Special Needs Rental Production funds be committed to the proposals in Attachment A;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing commits \$950,000 in Special Needs Rental Production funds in accordance with the program description as approved by the Board of Commissioners of Rhode Island Housing to the applicants set forth in Attachment A.

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.

Firm Approval of Preservation Financing for Stillwater Apartments

Mr. Godfrey along with Carol Ventura presented this request.

This Request for Action (RFA) is for firm approval of financing for Stillwater Apartments, an existing elderly development originally financed by Rhode Island Housing. The purchasers of the property have requested new financing through Rhode Island Housing's Preservation Program to preserve the property's long term affordability.

Tony Giarusso, a representative of the developer, was present and available to respond to questions from the Commissioners.

Upon a motion made by Commissioner Flynn and seconded by Commissioner Marques 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 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>Amount</u>
Stillwater Apartments	Flagship Management Services, Inc.	\$390,000

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 to Flagship Management Services, Inc., for taxable mortgage financing in an amount not to exceed \$390,000 for rental housing known as Stillwater Apartments located at 155-161 and 179-181 Harrisville Main Street, Burrillville, Rhode Island.

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

- Completion of all items required for closing in accordance with normal underwriting and processing requirements.
- Approval by Rhode Island Housing of Development Team members.
- Evidence satisfactory to Rhode Island Housing that the development is eligible for the proposed HAP/Section 8 rents.
- Final approval of the new operating budget.
- HUD approval of the assignment of the current HAP Contract.
- Approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation.

Resolved, That the Executive Director, either Deputy Director, and the Director of Development, each acting singly, is authorized to take any and all actions they deem necessary to carry out the foregoing Resolutions.

Approval of Issuance of Homeownership Bonds Series 57

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

Rhode Island Housing staff 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 57 in an amount not to exceed \$100 million.

An additional comment regarding volume cap is relevant. Historically, staff has been able to balance annual utilization of volume cap (which is the mechanism that rations the issuance of tax exempt housing bonds) with annual awards of new volume cap. In fact, over past years, staff has adopted various methodologies to preserve and build up a carry-forward balance of volume cap. More recently, this balance has been significantly tilted towards utilization because of the very high level of loan origination activity in the single family portfolio. At present production levels, we must begin to blend taxable bonds into each bond series in order to stretch volume cap and still offer affordable rates on our residential mortgages. Almost every housing finance agency is currently experiencing this same situation and uses this blending approach as a standard way to deal with it.

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 September. Based on seasonal production estimates, a \$100 million issuance will cover homeownership loans for the next three to four months.

Upon a motion made by Commissioner Marques and seconded by Commissioner Flynn the resolution was unanimously adopted in the form presented to the meeting, which Resolution is attached as part of the August 9, 2007 board package.

Approval to Act as Conduit for Neighborhood Opportunities Program Borrowing

Mr. Godfrey presented this proposal.

This Request for Action is for authority to act as intermediary in a \$7.5 million financing transaction between a consortium of banks headed by Bank of America N.A., (“B of A”) and the State of Rhode Island. The proceeds of this financing will in turn be made available to the Housing Resource Commission (“HRC”) to provide funding for the FY 2007 Neighborhood Opportunities Program (“NOP”), which is administered by the HRC.

The FY 2007 State budget includes a provision for \$7.5 million in funding to the HRC for the NOP. These funds are intended to be leveraged with other assistance, tax credits and loans in order to rehabilitate and build-out over 200 units of affordable housing. These funds also would provide operating subsidy for very low-income individuals and families.

The budget further provided that these funds would be generated under a mechanism by which Rhode Island Housing would enter into a financing agreement with a local financial institution to borrow funds to be used for the NOP, with repayment financed by the Department of Administration from future general revenues of the State. Rhode Island Housing will act only as the intermediary in this transaction and is not obligated to make any payments unless funds are received from the State. The obligations are scheduled to be repaid over approximately five years from annual budget appropriations. A Schedule of Loan payments is attached as Attachment A.

The General Assembly approved this financing mechanism within the FY 2007 budget. The Budget Article setting forth this financing mechanism is attached as Attachment B.

B of A has agreed to serve as the lead lender for this financing mechanism, and expects to enter into a participation agreement with other Rhode Island financial institutions.

Upon a motion made by Commissioner Clough and seconded by Commissioner Marques 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 and empowered under the laws of the State of Rhode Island (the “**State**”), including (a) the Rhode Island Housing and Mortgage Finance Corporation Act, Title 42, Chapter 55 of the General Laws of Rhode Island (the “**Act**”), (b) Resolution 132 of the Acts and Resolves of 2002 entitled “An Act Approving the Financing of Housing Programs” (the “**2002 Housing Act**”), (c) Article 43, Chapter 595 of the Rhode Island Public Laws of 2004 (the “**2004 Housing Act**”), (d) Article 6, Chapter 117 of the Rhode Island Public Laws of 2005 (the “**2005 Housing Act**”) and (e) Article 7, Chapter 246 of the Rhode Island Public Laws of 2006 (the “**2006 Housing Act**”) to issue bonds/notes and other evidences of indebtedness and to enter into loan agreements, contracts and other instruments and documents necessary or convenient to obtain loans for the purpose of facilitating the financing of certain projects as described in the Act (the “**Programs**”); and

WHEREAS, In furtherance of the purposes of the Act and the 2002 Housing Act, Rhode Island Housing financed a portion of the Programs pursuant to a certain Loan Agreement dated April 30, 2002, by and between Fleet National Bank (“**Fleet**”) and Rhode Island Housing (the “**First Loan Agreement**”) by obtaining loans from Fleet; and

WHEREAS, In furtherance of the purposes of the Act, the 2002 Housing Act and the 2004 Housing Act, Rhode Island Housing financed a portion of the Programs pursuant to a certain Loan Agreement dated August 11, 2004, by and between Fleet and Rhode Island Housing (the “**Second Loan Agreement**”) by obtaining loans from Fleet; and

WHEREAS, In furtherance of the purposes of the Act, the 2002 Housing Act, the 2004 Housing Act and the 2005 Housing Act, Rhode Island Housing financed a portion of the Programs pursuant to a certain Loan Agreement dated December 1, 2005, by and between Bank of America, NA (“**Lender**”), the successor to Fleet, and Rhode Island Housing (the “**Third Loan Agreement**”) by obtaining loans from Lender; and

WHEREAS, In furtherance of the purposes of the Act, the 2002 Housing Act, the 2004 Housing Act, the 2005 Housing Act and the 2006 Housing Act, Rhode Island Housing has applied to Lender for financing in addition to the financing made

available pursuant to the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement; and

WHEREAS, Lender proposes to make such additional financing available to Rhode Island Housing, and Rhode Island Housing proposes to borrow the proceeds of the loans to be made by Lender to Rhode Island Housing, upon the terms and conditions set forth herein to finance the Programs; and

WHEREAS, The payment of principal and interest on such Obligations relating to the Program shall be paid solely from revenues received from the State of Rhode Island through annual appropriations therefore pursuant to a financing agreement with the State of Rhode Island (the “**State Agreement**”); and

WHEREAS, The Obligations will be privately placed with a consortium of banks pursuant to a Participation Agreement or other similar agreement; and

NOW THEREFORE, BE IT RESOLVED as follow:

1. The Chairman, Executive Director and Deputy Director – Finance (each an “**Authorized Officer**”) of Rhode Island Housing are each hereby authorized and directed to complete and modify the provisions of the Obligation Documents (which shall include, but not be limited to, any financing agreement, loan agreement, note and escrow agreement) by determining (a) the principal amount of the Obligations, provided that the aggregate principal amount of the Obligations shall not exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000); (b) the dated date or dates of the Obligations; (c) the interest rate or rates (or the method for determining same from time to time) with respect to the Obligations, provided that such interest rate or rates shall not exceed fifteen percent (15%) per annum; (d) the maturity and prepayment date or dates, if any, for the Obligations; (e) the debt service and prepayment provisions and schedules for the Obligations and the amount of any reserves therefore; (f) the interest payment dates for the Obligations; and (g) the respective forms of the Obligations. Each Authorized Officer is hereby further authorized to determine any other provisions of the Obligation Documents and to execute and deliver the Obligation Documents contemplated hereby necessary to give effect to the findings and determinations made by the Commissioners of Rhode Island Housing at this meeting, and to make such other changes, omissions, insertions and revisions to the Obligation Documents necessary or proper for carrying out, giving effect to and consummating the financing and transactions contemplated by this resolution, the Obligation Documents, and the documents and instruments authorized hereby, and which do not materially alter the terms of the Obligation Documents.
2. Each Authorized Officer of Rhode Island Housing is hereby authorized to negotiate, execute and deliver, in the name and on behalf of Rhode Island Housing, the State Agreement, with such provisions as such Authorized Officer shall deem advisable and not contrary to the terms of the Resolution. Execution

and delivery of said documents shall constitute conclusive evidence of Rhode Island Housing's due authorization and approval of said documents.

3. Each Authorized Officer of Rhode Island Housing is hereby authorized to execute and deliver, in the name and on behalf of Rhode Island Housing, all other documents required to be executed and delivered in connection with the issuance of the Obligations (including, but not limited to, any investment agreements) with such provisions as such Authorized Officer shall deem advisable and not contrary to the terms of the Obligation Documents. Execution and delivery of said documents shall constitute conclusive evidence of Rhode Island Housing's due authorization and approval of said documents.
4. Each Authorized Officer of Rhode Island Housing is hereby authorized, at any time after the receipt of all necessary consents, proceedings and approvals, to have the Obligations prepared and to execute and authorize the delivery of the Obligations to the Lender or its representatives and to do and perform all acts and things and execute and deliver any and all documents in the name of Rhode Island Housing necessary, useful or convenient to the issuance and sale of the Obligations by Rhode Island Housing to the Lender. Execution and delivery of said documents shall constitute conclusive evidence of Rhode Island Housing's due authorization and approval of said documents.
5. This resolution shall take effect immediately.

Approval of Delegation of Corporate Signatory Authority

Mr. Godfrey made this presentation.

This Request for Action (RFA) is for authorization of designated officers and employees to execute and deliver on behalf of Rhode Island Housing any contracts or instruments which may be entered into by Rhode Island Housing pursuant to the Rhode Island Housing and Mortgage Finance Corporation Act, Chapter 55 of Title 42 of the General Laws of Rhode Island.

The Board of Commissioners last updated corporate signatory authority in 1992. Since then, Rhode Island Housing has undergone significant changes in its corporate organization and in the number and types of housing programs and initiatives that are offered to provide affordable housing for Rhode Island residents. Many of these programs require ongoing actions by Rhode Island Housing, such as execution of instruments and agreements involving HUD programs (e.g., grant applications and agreements, agreements with housing sponsors), instruments regarding loan programs (e.g., granting and discharging of loans, execution of use and regulatory agreements), and the like.

In light of the increasing number of such actions and changes in corporate structure since that time, staff recommends that corporate signatory authority be updated to reflect the current situation.

The attached resolution authorizing designated officers and employees to exercise corporate signatory authority is recommended for approval.

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**

WHEREAS, Article VII, Section 1 of the by-laws of Rhode Island Housing provide that the Board of Commissioners may authorize any officer or officers or employee or employees of Rhode Island Housing to enter into any contract or to execute and deliver any instrument in the name of and on behalf of Rhode Island Housing that it may enter into under Rhode Island law;

NOW, THEREOF, IT IS HEREBY:

RESOLVED, That the Chairman, the Executive Director (or his or her designee) and any Deputy Director, each acting singly, be and hereby is authorized, empowered and directed to execute and deliver any and all agreements, contracts, certificates, loan commitments, discharges, amendments, or other instruments of any type in the name of and on behalf of Rhode Island Housing, in furtherance of any actions by Rhode Island Housing authorized from time to time by the Board of Commissioners, including, without limitation, (i) the issuance, remarketing, refunding or redemption of any bonds of Rhode Island Housing, (ii) the granting, amending or discharging of any loan or mortgage securing the same of Rhode Island Housing, and (iii) any agreements, documents, certificates or other instruments regarding the United States Department of Housing and Urban Development;

RESOLVED, That the Chairman, the Executive Director (or his or her designee) and any Deputy Director, each acting singly, be and hereby is authorized, empowered and directed to take any and all such further actions as each may deem necessary, convenient or advisable, in such officer's sole discretions, to carry out the foregoing Resolution;

RESOLVED, That the Resolution of the Board of Commissioners dated June 25, 1992 granting establishing corporate signatory authority for certain employees and officers is revoked and is no longer of any force and effect.

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.

Mr. Godfrey announced that NCSHA's 37th Annual Conference and Tradeshow is being held in New Orleans from September 15 through September 18, 2007. Staff will be attending round-table discussions and seminars on Homeownership, Rental, Special Needs, Finance, Communications, IT and Management Innovation. While in New Orleans, many HFA staff and board members will be participating in a one-day Habitat "build" on Saturday, September 15th, allowing us to give back to the community and the Katrina devastation.

In order to better understand the scope and nature of foreclosure activity in the state, Rhode Island Housing's staff has begun to analyze various sources of available information. Mr. Godfrey distributed data that shows that Rhode Island's foreclosure rate (.65%) is currently the highest in New England and exceeds the national average. Rhode Island Housing has initiated a conversation with the city to share our findings and discuss strategies on dealing with this challenging situation.

Mr. Godfrey announced that Rhode Island Housing will be holding a **KeepSpace Communities** technical RFP workshop for prospective applicants on September 24th. The RFP Applications are due on November 16, 2007.

There being no further business to discuss, a motion was duly made by Commissioner Marques and seconded by Commissioner Flynn to adjourn the open meeting at approximately at 9:30 a.m.

Respectfully submitted,

Richard Godfrey
Secretary and Executive Director