

**MINUTES OF MEETING  
OF THE  
BOARD OF COMMISSIONERS**

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, February 28, 2008, 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 8:40 a.m.); General Treasurer Frank T. Caprio; Michael Marques, Director of Department of Business Regulation; Noreen Shawcross designee for Beverly E. Najarian, Director of Department of Administration; and Perry Clough. Jose Monteiro was absent

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Thomas F. Hogg, Chief Financial Officer; Susan Bodington, Deputy Director; John Gordon, Director of Asset Management; Amy Rainone, Director of Policy; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership and Administration; Michael V. Milito, Corporation Counsel and Jo-Ann Ryan Communications Director.

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 January 17, 2008**

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

VOTED: That the Minutes of the Board Meeting held on January 17, 2008 hereby are approved.

**Chairman's Report**

Chairman Marouchoc did not have anything to report.

**Committee Reports**

An Audit committee meeting was held on February 21, 2008. Tom Hogg, Deputy Director and Chief Financial Officer distributed the minutes of the meeting and presented the committee's recommendations to the Board regarding the Request for Action at Item 11 of the agenda, Approval of Policy Regarding Interest Rate Related Derivatives. The Chairman moved consideration of Item 11 at this time.

## **Approval of Policy Regarding Interest Rate Related Derivatives**

Rhode Island Housing's investment policy does not currently address the use of derivative securities. In today's bond and securities markets, the use of certain kinds of derivatives has become extremely useful. More particularly, the use of interest rate related derivatives, especially interest rate exchange agreements, has become a relatively standard technique of matching interest rates on sources of funds (bond and note liabilities) and their corresponding uses (loan and security assets), thereby reducing interest rate risk and seeking to lower the cost of borrowing. This Request for Action is for approval of a Derivates Policy to govern Rhode Island Housing's use of these financing techniques.

Historically housing finance agencies have matched yields on assets and liabilities by issuing fixed rate bonds for the same term as their loans and securities. Other financial intermediaries like commercial and community banks have not had access to long term fixed rate bonds and so have developed alternative asset/liability management strategies that involve the use of derivative securities. Specifically, banks have used interest rate exchange agreements since the early 1980's.

Over the last five years, housing finance agencies have found their traditional bond markets less liquid and characterized by extremely small differentials between tax-exempt and taxable bonds. To offset these market difficulties, housing finance agencies have adopted similar derivative utilization strategies that banks have employed for over twenty years. Today more than half of all housing finance agencies use exchange agreements, and best practices have been developed within a liquid and established market for them.

A typical derivative use for a housing finance agency is to agree to pay a fixed rate of interest in exchange for receipt of a floating rate, in order to convert a floating rate liability it has issued into a fixed rate obligation. Conversely, the agency might elect to pay the floating rate and receive the fixed rate in order to better match a long term, fixed rate bond to a floating rate construction loan or to an escrow fund that has been invested in a floating rate money fund account.

There are risks associated with derivative securities that should be considered in their use which are described in the attached policy statement. More specifically, the selection of the specific type of derivative instrument, the selection of a counterparty to the contract and the overall portfolio of derivatives versus the overall portfolio of loans, securities, notes, bonds and capital in which the derivatives are being applied must be assessed before a derivative contract is entered into.

Vice Chairwoman Barge arrived at this point 8:40 a.m.

Upon a motion made by Commissioner Clough 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 is authorized to make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under the Rhode Island Housing and Mortgage Finance Corporation Act, constituting Chapter 55 of Title 42 of the General Laws of Rhode Island, 1956 (2006 Reenactment), as amended and supplemented (the “Act”) to accomplish the purposes of the Act; and

**Whereas,** the bond markets in which housing finance agencies operate have generally become less liquid and the differentials between tax exempt and taxable instruments very compressed; and

**Whereas,** Rhode Island Housing wishes to improve its ability to manage its funds in the current economic environment through the use of financial instruments available in the marketplace; and

**Whereas,** interest rate management strategies employed by housing finance agencies have evolved to incorporate the use of various derivative instruments, including interest rate swaps and other forms of hedging instruments, which are designed to better match interest rate correlations between assets and liabilities, to reduce interest rate risk or to lower the anticipated cost of borrowing; and

**Whereas,** more than half of all housing finance agencies utilize interest rate related derivative securities, including other “top tier “ agencies like Rhode Island Housing; and

**Whereas,** staff has advised that there are risks inherent in the use of derivative instruments which can be offset with prudent strategies to limit the implications of those risks; and

**Whereas,** the benefits of derivatives outweigh their inherent risks and represent a useful, appropriate and desirable component of a well managed portfolio of loans, securities, bonds and notes.

**Now therefore, it is hereby**

**Resolved:** That Rhode Island Housing hereby determines that by engaging in interest rate related derivative transactions from time to time, it may be able to hedge a portion of its debt or investments or, in effect, convert interest on any portion of its debt from a fixed rate to a floating rate, from a floating rate to a fixed rate, or from one floating rate to another floating rate, and thereby better match interest rate correlations between assets and liabilities, reduce interest rate risk or lower the anticipated cost of borrowing on its outstanding debt by managing the relevant amounts of fixed and floating rate obligations or the risk of variations in its debt service costs, and increase the predictability of cash flow from earnings of

invested funds, and thereby improve its ability to manage its funds and revenues during the period of the proposed transaction, and

**Resolved:** That Rhode Island Housing hereby further determines that, in light of such considerations, contracts and instruments entered into as part of such interest rate swap and other similar arrangements are a necessary and convenient method of accomplishing Rhode Island Housing's powers and purposes under the Act; and

**Resolved:** That the Policy for Interest Rate Related-Derivatives (the "Derivatives Policy") attached hereto as Attachment B is hereby adopted. Unless otherwise approved by the Board of Commissioners of Rhode Island Housing, the implementation of hedging strategies of Rhode Island Housing shall be in accordance with the provisions of such Derivatives Policy; and

**Resolved:** That the execution of agreements from time to time consisting of interest rate swaps and similar transactions as described in the Policy, with banks, broker-dealers and other counterparties as described in the Policy is hereby authorized. Such agreements shall be in the form of the International Swaps and Derivatives Association, Inc. Master Agreement including all Schedules and Annexes attached thereto (each, an "ISDA Agreement"), with such changes, not inconsistent with the intent of this Resolution, as the officer(s) executing the same shall deem necessary or desirable; and

**Resolved:** That the agreements may include any instrument that is intended to better match interest rates on assets and liabilities, reduce interest rate risk or lower the anticipated cost of borrowing and will include, without exclusion of other similar instruments, interest rate exchange agreements, interest rate floors and caps and options on interest rate exchange agreements.

### **Executive Director's Report**

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

### **Approval of Annual PHA Plan**

Upon a motion made by Commissioner Caprio and seconded by Commissioner Clough, the Board unanimously adopted a motion to convene a meeting of the Section 8 Committee of the Board of Commissioners to consider approval of the Housing Choice Voucher Section 8 Administrative Plan. The Section 8 Committee Meeting was convened at 8:36 am.

Chairman Marouchoc introduced and welcomed Allison Nugent, a resident participant of the certificate and voucher program administered by Rhode Island Housing in its role as a Public Housing Authority as the Resident Member of the Section 8 Committee.

Mr. Godfrey and Mr. Gordon, director of Asset Management, outlined this request.

Rhode Island Housing acts as a Public Housing Authority (PHA) with respect to its administration of the Section 8 tenant-based subsidy program. In accordance with section 511 of the Quality Housing and Work Responsibility Act of 1998, Rhode Island Housing must adopt an annual PHA Plan for the Section 8 Tenant-based program which establishes goals and objectives to meet the jurisdiction's housing needs. The Agency Plan includes Rhode Island Housing's strategies to achieve objectives in the areas of expanding the supply of assisted housing, promoting family self-sufficiency and ensuring equal opportunity in housing.

In order to comply with the requirements for the Quality Housing and Work responsibility Act, program participants were randomly selected to review the plan, a public hearing was held and a forty-five day public comment period was scheduled. A review was done by our policy staff in compliance with the comprehensive plan. The Agency Plan must receive the approval of the Board of Commissioners, and be forwarded to the Department of Housing and Urban Development. Mr. Gordon noted that two public hearings were advertised and held for comments; no comments were received.

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**

WHEREAS, Rhode Island Housing, in its capacity as a Public Housing Authority is required to adopt the PHA Annual Plan for the Section 8 Tenant-Based program to comply with section 511 of the Quality Housing and Work responsibility Act of 1998.

RESOLVED, Rhode Island Housing, in its capacity as a Public Housing Authority, be and hereby is authorized to adopt the PHA Annual Plan for the Section 8 Tenant-Based Program to comply with the requirements of the Quality Housing and Work Responsibility Act of 1998.

Upon a motion by Commissioner Marques and seconded by Commissioner Caprio, the Section 8 Committee adjourned at 8:41 a.m. and Chairman Marouchoc reconvened the Board in open session of the Rhode Island Housing regular board meeting.

**Approval of Threshold Program Awards**

Mr. Godfrey, along with Amy Rainone, Director of Policy, presented 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 ("MHRH"). 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 321 units and has committed over \$11.5 million in program funds.

Six applications requesting \$916,180 were submitted to the Thresholds Advisory Committee for the 2008 fiscal year. The Advisory Committee met on February 15, 2008 to review the applications for eligibility and feasibility, and recommended funding four applications.

MHRH concurred with the recommendation of the Advisory Committee. The current Thresholds account balance available for allocation is \$706,492. MHRH determined (i) that the Recommended awards totaling \$706,492 would enable Thresholds to meet its goal of supplying housing linked to supportive services from a mental health center and (ii) that the size of the awards were justified and sufficient.

Representatives from each of the proposed recipients were present and available to respond to questions from the Commissioners. Nancy Whit, Executive Director of PCDC, Jean of House of Hope and Al Signorelli of Operation Stand Down addressed the Board of Commissioners to express their gratitude to the Board and commended staff for their dedication and assistance in bringing their project to fruition.

Chairman Marouchoc noted that House of Hope, of which he is a board member, was a prospective recipient of Threshold funds. Therefore, he recused himself from the consideration and vote on this matter.

Upon a motion made by Commissioner Marques and seconded by Commissioner Shawcross the following resolution was unanimously adopted by the voting members. Chairman Marouchoc did not participate in the discussion, consideration and vote on this resolution:

**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 Operation Stand Down RI, The House of Hope, Pawtucket CDC and Spurwink/RI meet the criteria for Thresholds funding, and

WHEREAS, the Thresholds Advisory Committee and 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 \$706,492 in Thresholds funds, as set forth in 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.

**Reservation of 2008 LIHTC and Preliminary Approval of First Mortgage and Targeted Loans Under the Rental Housing Production Program**

Susan Bodington, deputy director, and Carol Ventura, director of development, presented all three of the LIHTC requests. Ms. Bodington noted that, in accordance with an Advisory Opinion from the Ethics Commission, Mr. Godfrey did not participate in the review and recommendation of proposals since SWAP's Executive Director is Mr. Godfrey's wife. Commissioner Barge represented the board during the review of the proposals.

Representatives from each of the developments including, Kathy Bazinet, Carla DeStefano, and Steve Ostiguy, presented a photographic and/or PowerPoint presentation of their projects.

**Sweetbriar**

This Request for Action (RFA) is for the reservation of up to \$802,344 in 9% Low Income Housing Tax Credits (LIHTC), preliminary commitment of \$1,060,000 of taxable first mortgage financing, and \$860,000 of Targeted Loan financing for the Sweetbriar development in Barrington.

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**

**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 and Mortgage Finance Corporation ("Rhode Island Housing") has been designated the Administrator of the Program in the State of Rhode Island; and

**Whereas,** Staff for Rhode Island Housing 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,** 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; 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 2008 (“the Tax Credit”) and for taxable financing as follows:

<u>Development</u>	<u>Applicant</u>	<b>9% Tax Credits</b>	<b>Taxable Mortgage</b>	<b>Targeted Loan</b>
Sweetbriar	East Bay Community Development Corporation	\$802,344	\$1,060,000	\$860,000

**Whereas,** Rhode Island Housing staff has reviewed the submission, inspected the site, and determined that this development may qualify for financing and an allocation of Low Income Housing Tax Credits under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies.

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

**Resolved,** That \$802,344 of allocated 2008 or 2009 tax credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of Rhode Island Housing applicable to the Allocation of Low-Income Housing Tax Credits (the “Rules and Regulations of the Corporation”), 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, subject to the special conditions listed below, Rhode Island Housing hereby preliminarily approves a taxable first mortgage loan to East Bay Community Development Corporation, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$1,060,000 for rental housing to be located in Barrington, Rhode Island and to be known as Sweetbriar.

**Resolved,** That, subject to the special conditions listed below, Rhode Island Housing hereby preliminarily approves a Targeted Loan to East Bay Community Development Corporation, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$860,000 for rental housing to be located in Barrington, Rhode Island, and to be known as Sweetbriar.

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

- Syndication equity from the sale of LIHTC in an amount sufficient to achieve project feasibility;

- The award of NOP and Building Homes RI funds, or alternative equity, in amounts sufficient to achieve project feasibility;
- The award of HOME funds in the amount of \$500,000 or the availability of alternative equity satisfactory to Rhode Island Housing;
- Approval of a satisfactory arrangement with the Federal Home Loan Bank participating lender regarding the terms and servicing of the first mortgage.
- Development of plans and specifications that meet Rhode Island Housing design criteria;
- Acceptable final appraisal and market study by 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;
- Approval by Rhode Island Housing of all management-related issues;
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and sponsor.
- A competitive pricing process for the construction and/or site work if the overall construction cost exceeds the amounts supported by the budget upon full plan development.

**Trinity Place**

This Request for Action is for the reservation of up to \$402,395 in 9% tax credits and preliminary approval of a \$140,000 first mortgage and a \$670,202 Targeted Loan for the Trinity Place development in Providence.

Upon a motion made by Commissioner Marques 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 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 and Mortgage Finance Corporation (“Rhode Island Housing”) has been designated the Administrator of the Program in the State of Rhode Island; and

**Whereas,** Staff for Rhode Island Housing 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 2008 ("the Tax Credit") and permanent mortgage financing as follows:

Applicant	Development	9% Tax	1 <sup>st</sup> Mortgage	Targeted
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		Credits		Loan
SWAP, Inc.	Trinity Place	\$402,395	\$140,000	\$670,202

**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 \$402,395 of allocated 2008 or 2009 tax credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of Rhode Island Housing 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 Housing 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, subject to the special conditions listed below, the Rhode Island Housing hereby preliminarily approves financing for a taxable first mortgage loan to SWAP, Inc, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$140,000 (the “Loan”) for family housing located in Providence, Rhode Island.

**Resolved:** That the Rhode Island Housing hereby preliminarily approves up to \$670,202 of Targeted Loan Funds for the Borrower.

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

1. Approval of Comprehensive Permit by May 1, 2008;
2. The award of HOME Program funds in an amount sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;
3. The award of Building Homes Rhode Island funds in an amount sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;
4. The award of NOP funds in an amount sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;
5. The award of first mortgage and targeted loan funds from Rhode Island Housing;
6. The award of Affordable Housing Trust funds in an amount sufficient to achieve project feasibility

7. Syndication equity from the sale of LIHTC in an amount sufficient to achieve project feasibility;
8. Development of plans and specifications that meet Rhode Island Housing design criteria.
9. Acceptable final appraisal and market study by 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 residential and commercial units;
10. Approval by Rhode Island Housing of all management related issues.
11. Satisfactory and timely performance in accordance with the schedule established by corporation staff and sponsor.

**Resolved:** That either 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.

**Sandywoods Farm**

This Request for Action is for a reservation of up to \$785,265.00 in 9% Low Income Housing Tax Credits (LIHTC) and Preliminary Commitment of \$2,250,000 of first mortgage financing and \$843,200 of Targeted Loan for the Sandywoods Farm development in Tiverton.

Upon a motion made by Commissioner Marques and seconded by Commissioner Shawcross 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 and Mortgage Finance Corporation ("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 2008 ("the Tax Credit") and for mortgage financing as follows:

<b>Applicant</b>	<b>Development</b>	<b>9% Tax Credits</b>	<b>1<sup>st</sup> Mortgage</b>	<b>Targeted Loan</b>
Church Community Housing Corp.	Sandywoods Farm	\$785,265	\$2,250,000	\$843,200

**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 \$785,265 of allocated 2008 or 2009 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 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, subject to the special conditions listed below, the Corporation hereby preliminarily approves financing for a taxable first mortgage loan to Church Community Housing Corporation, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$2,250,000 (the “Loan”) for family housing located in Tiverton, Rhode Island.

**Resolved:** That the Corporation hereby preliminarily approves \$843,200 of Targeted Loan Funds for the Borrower.

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

- The award of HOME Program funds in the amount of \$500,000 or the availability of alternative equity satisfactory to Rhode Island Housing;
- The award of Building Homes Rhode Island funds in the amount of \$1,900,000 or the availability of alternative equity satisfactory to Rhode Island Housing;
- The award of first mortgage and Targeted loan funds from Rhode Island Housing;
- The award of CDBG funds and grant funds in amount sufficient to achieve project feasibility;
- The award of grant funding from the Rhode Island Office of Energy Resources, Citizens Bank and the Rhode Island Foundation in the combined

amount of \$250,000 or the availability of alternative equity satisfactory to Rhode Island Housing;

- The award of AHP/Federal Home Loan Bank grant and interest subsidy funding in an amount to achieve project feasibility or the availability of alternative debt or equity satisfactory to Rhode Island Housing;
- Syndication equity from the sale of LIHTCs in amounts sufficient to achieve project feasibility;
- Development of plans and specifications that meet Rhode Island Housing design criteria;
- A competitive pricing process for the construction and/or site work if the overall construction cost exceeds the amounts supported by the budget upon full plan development;
- Acceptable final appraisal and market study by 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;
- Approval by Rhode Island Housing of all management related issues including the Marketing Plan for the rental units;
- Approval of twenty-five (25) project –based Section 8 certificates for this development;
- An adjustment to the proposed rents for the units serving families up to 80% of AMI to be more consistent with the 80% AMI household income levels.
- Approval of a satisfactory arrangement with the Federal Home Loan Bank participating lender regarding the terms and servicing of the first mortgage.
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and sponsor.

**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 Additional Tax credits for Newport Heights Phase IV**

Mr. Godfrey gave this presentation.

This Request for Action is for reservation of an additional \$15,000 in 2008 Low Income Housing Tax Credits (LIHTC) for Valley Affordable Housing (“VAH”).

VAH received a reservation of \$801,215 of 2007 LIHTCs and a Firm Commitment first mortgage financing, bridge loan financing and a Targeted Loan for Phase 4 of Newport Heights at the October 18, 2007 Board Meeting. Since approval of firm commitment, VAH has been completing the necessary due diligence to close. Closing is scheduled for early March.

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 listed below has presented an application to Rhode Island Housing requesting an allocation of tax credits to construct a residential housing development as follows:

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

**Whereas,** staff for Rhode Island Housing 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 previously received from the Corporation a reservation of 2007 Low Income Housing Tax Credits for the Development in the amount of \$802,215;

**Whereas,** Due to the reduction in pricing of previously committed syndication equity and increased project costs the Applicant appears to be eligible for an allocation of additional 9% Low Income Housing Tax Credits for the development in the amount of \$15,000 for the residential housing development as follows:

<b>Applicant</b>	<b>Development</b>	<b>Original 9% Reservation</b>	<b>Additional 9% Reservation</b>	<b>Total Reservation</b>
<b>Valley Affordable Housing</b>	<b>Newport Heights 4</b>	<b>\$801,215</b>	<b>\$15,000</b>	<b>\$816,215</b>

**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 subject to the rules and regulations of the Corporation applicable to the Low Income Housing Tax Credit Program (the “Rules and Regulations of the Corporation”), and subject to the special conditions listed below, and in addition

to the \$801,215 in tax credits previously reserved, a tax credit reservation of \$15,000 in 2008 tax credits, for a total of \$816,215 in tax credits be and hereby is 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 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 the Corporation 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. Continued adherence to the Rhode Island Housing approved one-for-one replacement plan.
2. HUD approval of the 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. Final approval of plans, specifications and construction documentation
5. Final Approval by Rhode Island Housing of the management agent, management documents and all management related issues.
6. 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.
7. 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.

### **Preliminary Approval to Purchase and Develop Land behind Garrahy Courthouse**

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

A specific element of the State budget for fiscal year 2008 is the sale of a parcel of land adjacent to the Garrahy Judicial Center to Rhode Island Housing. The parcel presently is configured as a surface parking lot with a sequestered area for prisoner transfer. There is an acute need for additional parking capacity generally in Downtown Providence and the projected sale envisioned the development of a large structured parking facility. Development of this parcel into a mixed use parking facility is consistent with our enabling statute in that it would directly assist in the development of infrastructure to support downtown residential needs.

Rhode Island Housing has been asked to assist the State with the development of the land parcel bounded by Clifford, Richmond and Friendship Streets contiguous to the Garrahy Judicial Center. The State presently owns a surface parking lot that holds approximately 150 spaces. Another 30 spaces are reserved for judges and a third portion serves as a secure sally port for prisoner transfer.

The State desires to build a mixed use parking facility to increase the available spaces to at least 500 slots. State employees would be assigned parking for a large portion of the garage and a lease payment arrangement would be negotiated as part of the feasibility of the garage design. Budget article 5, section 4 specifically provides for this component.

Downtown business interests would be greatly served by a garage situated here, and the Providence Foundation and the City of Providence Planning Department are strong supporters of the project.

As proposed, Rhode Island Housing would purchase the land for its appraised value before June 30. Purchase of commercially zoned land and development of a mixed-use garage is unusual for us, but this project undertaking is consistent with the intent of our enabling statute in that it would directly support the downtown residential sector which is in great need of an additional supply of convenient parking. Financing of a governmentally sponsored parking facility can be done with tax exempt bonding pursuant to public use parameters within the tax code.

Preparatory to purchasing the Garrahy parking lot parcel, staff seeks preliminary approval from the Board to proceed with this project and to undertake various preliminary actions leading to a definitive purchase before the end of this fiscal year. More specifically, preliminary actions would include: (1) initiating planning meetings, both internally and externally, to refine the general project parameters; (2) engaging legal, civil engineering, survey and appraisal services, consistent with our purchasing regulations, all of which will assist in the preparation of a formal purchase proposal; and (3) soliciting input from all interested parties and engaging in discussions with staff from the State, Judiciary, and City planning departments as well as the business and educational community to advance the form and design of the development of an integrated, mixed use parking facility for this area of downtown Providence.

Purchase of the land parcel will be subject to determination of requirements and conditions consequent to these preliminary discussions and activities. Final approval would be requested from the Board after these planning related activities are completed and in a separate and subsequent Request for Action.

Upon a motion made by Commissioner Caprio and seconded by Commissioner Marques the following resolution was approved on a 5 to 1 vote with Commissioner Clough voting in the negative:

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

- Whereas,** the State budget for fiscal year 2008 includes a provision which addresses the sale of the parcel of land contiguous to the Garrahy Judicial Center with the intention of building a structured parking facility thereon; and
- Whereas,** there is significant need for additional parking capacity in Downtown Providence, such need being documented in studies conducted by the Providence Foundation; and
- Whereas,** additional parking capacity in Downtown Providence would provide an important component of infrastructure synergistic to the residential sector of Downtown Providence; and
- Whereas,** Rhode Island Housing has the capacity to purchase and develop real estate generally; and
- Whereas,** activities preliminary to the actual purchase and development of the land, including discussions with other interested parties, are necessary to determine and define terms, conditions and requirements to be included in the ultimate purchase agreement for the land parcel; and
- Whereas,** these activities will in some instances require external assistance in the form of legal, appraisal and other professional services

**Now therefore, it is hereby**

- Resolved:** that members of staff of Rhode Island Housing are authorized to engage in various planning related meetings with external parties, to contract for professional services that will assist in these activities, and to conduct discussions and negotiations with other interested parties within the State, City of Providence, Judicial branch and the business and educational communities of Providence prior to and preparatory for a subsequent recommendation to purchase this land parcel if feasible.

**Executive Director's Report**

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

The Governor's 2008 supplemental budget included \$26 million from Rhode Island Housing's operating fund. House Finance held a hearing on the proposed budget on February 5. Since then, several meetings among key players have occurred and numerous questions have been answered. Rhode Island Housing has about \$10 million of uncommitted funds in its operating fund. The uncommitted funds primarily represent the liquidity needed in a large financial

institution. Committed funds primarily consist of escrows held on behalf of borrowers and allocated but undisbursed state and federal funds.

The most discussed alternative to a direct appropriation from Rhode Island Housing is our purchase and development of some state lands. One parcel could be the Garrahy Courthouse land, but that has insufficient value to make up the \$16 million gap.

The supplemental budget amendment also proposes elimination of funding for the Neighborhood Opportunities Program (NOP) for 2008. Based on the HRC allocation of NOP funds, Rhode Island Housing has already advanced money to several developments. It appears that the General Assembly would like to restore these funds and parties are exploring various options. Until then, all commitments have been put on hold.

Mr. Godfrey reported a decline in the number of home sales and issuance of building permits, as well as a drop in prices. Compared to other states, Rhode Island as a whole is doing relatively well; however, certain neighborhoods, especially those hit by numerous foreclosures, are seeing significant price reductions.

For the first seven weeks of 2008, loan originations are down significantly from last year but remain ahead of 2005 and 2006. We attribute this drop to the slowness in home sales and pervasive buyer nervousness

Mr. Godfrey distributed a report on foreclosure activity in Rhode Island for January 2008. Statewide, the number of legally noticed foreclosures increased in January by 5% to 323. In total, 2,458 properties were noticed for foreclosure in the one-year period from February 2007 – January 2008. Of the 323 properties noticed for foreclosure, 214 were located in Providence.

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