

**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, April 10, 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.); Xay Khamsyvovong, designee for 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; Jose Monteiro and Perry Clough.

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 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 February 28, 2008

Upon a motion made by Commissioner Marques and seconded by Commissioner Barge, the following was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held on February 28, 2008 hereby are approved.

Chairman's Report

Chairman Marouchoc did not have anything to report.

Committee Reports

Chairman Marouchoc noted that the Human Resources Committee met on April 4, 2008 and that the recommendations from the meeting would be considered as part of item 10 of the agenda, Approval of Executive Director's Contract and Compensation.

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.

Mr. Godfrey announced that foreclosure activity in Rhode Island for February and March 2008, showed that statewide the number of legally noticed foreclosures increased again in both months. This is the fifth consecutive month of record foreclosures. Of the properties noticed for foreclosure, over 50% of these were located in Providence.

The state budget situation continues to deteriorate. Revenues are expected to continue their decline until the economy starts to rebound. Moreover, budget cuts are taking longer than anticipated to have an effect. Absent a large tax increase, the state's budget issues are likely to deteriorate. While there was some hope that the General Assembly was going to develop less painful alternatives to the Governor's proposed Supplemental Budget and 09 Budget, this now appears less likely. Therefore, Rhode Island Housing will likely be directed to contribute \$26 million towards general revenues prior to June 30, 2008. We continue to explore state assets that could be purchased to offset the \$26 million transfer.

On the national scene, Congress and the Administration have put forth proposals to address the housing market collapse and the credit crisis. HFAs figure prominently in several of the proposals. Working through our national organization, we continuously monitor and comment on the ideas. Of course, many of the pending bills lack critical administrative details, so it is extremely difficult to evaluate their impact on the country and especially on Rhode Island.

Approval of HOME Funds

Susan Bodington, Deputy Director, and Carol Ventura, Director of Development, made this presentation. In accordance with an Advisory Opinion from the Ethics Commission, Mr. Godfrey did not participate in the review and recommendation of the HOME proposals since SWAP's Executive Director is Mr. Godfrey's wife. Commissioner Barge represented the board during the review of the proposals.

Chairman Marouchoc noted that House of Hope, of which he is a board member, was a prospective recipient of HOME funds and recused from consideration and the vote.

All applications were evaluated based upon the HOME scoring matrix. All eligible proposals were submitted to the HOME Program Advisory Committee for consideration. The Committee convened on March 25, 2008 and recommends fourteen (14) proposals for HOME funding. These recommendations will commit all anticipated 2008 HOME Program funds.

Ms. Ventura gave a brief overview of each proposed project. Representatives from each of the proposed recipients were present and available to respond to questions from the Commissioners.

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

**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”) anticipates entering into an agreement with the U.S. Department of Housing and Urban Development to administer the HOME Program and;

WHEREAS: Rhode Island Housing expects to be authorized to disburse \$4,920,821 in Federal Fiscal Year 2008 HOME funds to eligible entities in order to create affordable housing opportunities, and;

WHEREAS: The applicants listed in Attachment B have submitted applications which meet the requirements of the HOME Program and;

WHEREAS: Staff of Rhode Island Housing and the HOME Program Advisory Committee have reviewed each of the eligible applications submitted and the Advisory Committee has recommended that HOME funds be committed to the proposals in Attachment B;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing commits \$4,340,645 in Fiscal Year 2008 HOME funds and program income, subject to the receipt of funds, in accordance with the program description as approved by the United States Department of Housing and Urban Development, to the proposals as recommended by the HOME Program Advisory Committee in Attachment B.

RESOLVED: That the Executive Director, the Deputy Director for Programs and the Director of Development, each acting singly be, and hereby is, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolution.

Approval of Refinancing of Indian Village Housing Development

Mr. Godfrey presented this proposal.

This Request for Action is for Firm Approval of Preservation Financing for Indian Village Housing Development (“Indian Village”), an existing family housing development located within a Providence city block bounded by Pine Street, Somerset Street, Friendship Street and Myrtle Street and currently owned by Inter-Tribal Indian Village Housing Development Corporation.

Susan Aitcheson, representing the sponsor, was introduced and thanked the board and staff for their consideration and noted that the relationship has existed since 1989 and continues to hold strong and steady.

Upon a motion made by Commissioner Monteiro 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 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, to pay the costs of issuance, to fund a Capital Reserve Fund, and to provide the capitalized interest if determined to be necessary;

Whereas, the Applicant listed below has presented an application to Rhode Island Housing requesting mortgage(s) consisting of tax-exempt financing to acquire and rehabilitate a residential housing development as follows:

Development	Applicant	Tax-exempt Mortgage
Indian Village	Women’s Development Corporation	\$1,875,000

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 special conditions listed below, Rhode Island Housing hereby approves a first mortgage loan to be financed by tax-exempt bonds, to Women’s Development Corporation, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$1,875,000 for rental housing located at in Providence, Rhode Island.

Resolved, Rhode Island Housing hereby declares that the Firm Approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing towards the issuance of bonds to finance up to a \$1,875,000.00 mortgage, the required reserve funds, the related costs of issuance for the Bond issue for the above- named 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:

- Acceptable final appraisal by an independent appraiser that demonstrates that the permanent loan does not exceed 90% of the as-stabilized value of the property.
- Approval by Rhode Island Housing of all members of the development team.
- Final approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- Approval by bond underwriter and bond counsel that the loan(s) will satisfy all required bond provisions for the bond issue as well as assurance that the LIHTC investors will not also be involved in the transaction as purchasers of the Rhode Island Housing bonds used to fund the loan(s).
- Completion of all items required for closing in accordance with normal underwriting and processing requirements.
- Approval from the City of Providence to defer existing interest payments on the two outstanding HODAG loans.
- Approval from the Affordable Housing Trust.

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

Approval of YouthRap Funding

Susan Bodington, deputy director, and Amy Rainone, director of policy, presented these awards.

Mr. Godfrey was not involved in the consideration or recommendation regarding this matter since his wife is the Executive Director of SWAP, one of the applicants for funding under the program.

Chairman Marouchoc noted that he serves on the Board of Directors of the Urban League of Rhode Island, one of the potential recipients of funding under this action, and therefore he would recuse from the discussion, consideration or vote on this matter.

In 1990, Rhode Island Housing initiated Y-RAP to provide funds for youth activities at its family apartments. General revenues of the Agency are budgeted for the program. All family developments that have been financed through Rhode Island Housing are eligible to participate. Youth RAP programs provide activities which meet these goals: 1) to provide youth with job

readiness skills and/or employment opportunities, 2) to provide youth leadership development, self-esteem awareness programs, and academic achievement, 3) to establish working partnerships and collaboratives with community agencies, 4) to strengthen relationships between development youth and the community, 5) to improve the quality of community life within the housing development, and 6) to improve relationships between residents and management. Developments are requested to provide a 25% cash match which may be waived if adequate funds are not available.

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

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

WHEREAS, Rhode Island Housing has financed the development and operation of apartments for families throughout Rhode Island; and

WHEREAS, Employment, education and enrichment activities for young people living in those apartments contribute to the quality of life of all apartment residents; and

WHEREAS, Owners of Rhode Island Housing financed apartments have submitted plans to provide such activities and, where possible, will provide funds towards such activities.

NOW THEREFORE IT IS HEREBY:

RESOLVED, The Corporation is authorized to spend up to \$549,466.50 for 2009-2010 Youth RAP activities including up to \$539,466.50 for 32 programs as shown in Attachment A, with the exception of funding to the House of Hope, and up to \$10,000 to provide program wide activities including the talent show for youth in participating developments.

RESOLVED, That the Executive Director and any Deputy Director or Director, each acting singly, be and hereby is authorized and directed to undertake any and all actions reasonably necessary to carry out the foregoing resolutions.

Approval of Draft 2008 Tax Credit Qualified Allocation Plan (QAP)

Mr. Godfrey gave this presentation.

Pursuant to the Revenue Reconciliation Act of 1989, each tax credit allocating agency must adopt a Qualified Allocation Plan (the "Plan") that establishes the priorities and criteria for both allocating and monitoring low-income housing tax credits. The Plan must receive a Public hearing and a subsequent public comment period prior to being finalized and presented to the Governor for approval.

In accordance with these requirements, Rhode Island Housing has administered its tax credit program under a Plan that was first adopted in January, 1990. The Plan was last amended in June 2007.

Staff has proposed a number of minor substantive changes to the Plan, primarily involving Rhode Island Housing's KeepSpace initiative, and a few technical amendments to the Plan. A black-lined and clean version of the Plan had previously been provided to the Commissioners.

The Plan will become effective after (i) the expiration of the public comment period; (ii) final approval by the Board of Commissioners of the Plan (including any changes, pursuant to public comments); and (iii) approval by the Governor.

Upon a motion made by Commissioner Clough 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") has been designated by the Governor as the Principal Housing Agency and Tax Credit Allocation Agency for the State of Rhode Island (the "State");

WHEREAS, The Revenue Reconciliation Act of 1989 requires tax credit allocating agencies to allocate low-income housing tax credits according to a Qualified Allocation Plan (the "Plan");

WHEREAS, The Plan must establish priorities and criteria for allocating the tax credits that best meet the housing needs and must be adopted pursuant to a public hearing and comment period; and

WHEREAS, Housing needs for the State of Rhode Island have been established pursuant to the Rhode Island Five Year Strategic Housing Plan: 2006 – 2010.

NOW, THEREFORE, BE IT:

RESOLVED: That Rhode Island Housing be, and hereby is, authorized to publish notice of its intent to approve and adopt the proposed Qualified Allocation Plan, substantially in the form attached hereto as Attachment B.

Presentation of KeepSpace Proposals

Mr. Godfrey gave an overview of the KeepSpace proposal and review process.

One year ago, the Board approved the KeepSpace Communities initiative, under which Rhode Island Housing would continue its mission of increasing the supply and affordability of homes in Rhode Island but work collaboratively with other agencies who are also charged with building a healthier future for the state. Instead of working in parallel with agencies like DOT, DEM and EDC, we would seek to better achieve our missions through cooperative efforts. Since August, the KeepSpace Advisory Committee has pursued two paths of progress. The first is information and policy sharing so that we all have a better understanding of the goals and challenges of each agency. The second task has been to solicit real development proposals from developers and municipalities who are also working together to achieve the KeepSpace Goals

KeepSpace received 16 applications for projects located in 10 Rhode Island communities. These applications included urban, transit oriented, suburban/ village center and rural proposals. Rhode Island Housing staff reviewed the proposals and provided project overviews to the Advisory Committee. In addition, each applicant presented its proposal to Rhode Island Housing staff and members of the Advisory Committee. The Advisory Committee met three times in January and February to review the applications and arrive at their recommendations.

The KeepSpace Advisory Committee recommends four projects for designation as KeepSpace Communities. These projects include suburban/village center, urban, and transit oriented development models. The proposed projects are:

- **Cranston Print Works:** Development of 223 residential units, continued use of approximately 110,000 square feet of manufacturing space and renovation/construction of an additional 90,000 square feet of commercial space in the historic Cranston Print Works mill in the Knightsville section of Cranston. The proposal seeks to exploit its central location and scenic beauty along the Pocasset River and Print Works Pond
- **Olneyville Housing Corporation:** Development of 106 new housing units and preservation of an additional 125 units of existing affordable rental units while acquiring and rehabilitating several key commercial and mill sites in order to retain existing jobs, commerce and services for neighborhood residents. It will build and advance on 15 years of ongoing work with Rhode Island Housing and other partners. It will also revitalize the connection of Olneyville to downtown Providence and build on the Woonasquatucket Greenway.
- **Pawtucket/Central Fall Train Station:** Development of 151 housing units and over 20,500 square feet of commercial space in and around the proposed commuter train station site, including restoration of the existing Depot building for commercial or community use. Linking the communities of Central Falls, Pawtucket and Cumberland, as well as public and private revitalization in the Broad and Barton Street area, this proposal is more than simply a commuter rail vision. It also involves links to the Blackstone River, the related historic corridor and new bike paths.
- **Westerly Landing and Westerly Depot:** Development of approximately 200 residential units and 10,000 to 12,500 square feet of commercial and/or retail space at two sites that bracket downtown Westerly - Westerly Landing and Westerly Depot. Revitalizing the downtown of Westerly, connecting its

neighborhoods and the community to the Pawcatuck River are key elements of this plan.

Representatives of each of the recommended projects made a brief presentation to the Board outlining their proposal. A brief discussion followed the presentations with Mr. Godfrey and Ms. Rainone responding to questions from the Board.

Staff expects to present these projects for approval at the May Board of Commissioners Meeting.

The KeepSpace Committee also recommends that funding be provided to two additional projects (Woonsocket Main Street and the Trinity Gateway Alliance) to assist them in strengthening the KeepSpace elements of their proposals. It is the intent of the Committee to revisit these projects in the future to determine if a KeepSpace designation is appropriate. Staff will work with Woonsocket and the Trinity Gateway Alliance to identify the funding needed to refine their proposals and match it to existing programs such as Targeted Assistance Grants.

Approval of Executive Director's Contract and Compensation

Chairman Marouchoc related the outcome of the Human Resources Committee meeting held on April 4, 2008 regarding Mr. Godfrey's performance review and presented the Committee's recommendations regarding the Executive Director's contract and compensation.

The Executive Director's current contract ends on April 30, 2008. The Committee and those present engaged in a discussion regarding renewal of the Executive Director's employment contract. The Committee considered the Executive Director's job performance, measured against goals of Rhode Island Housing during calendar year 2007. Following this discussion, the Committee voted to recommend the contract be renewed for two years, ending April 30, 2010, on the same general terms and conditions of the current employment contract. The Committee further recommended that consideration of a salary increase and other compensation for the Executive Director be deferred until the impact of the State's budget shortfall on Rhode Island Housing is resolved and following adoption of Rhode Island Housing's FY 2009 budget.

Chairman Marouchoc commended Mr. Godfrey on his achievements and applauded the outstanding work he performs as Executive Director especially during this challenging economic period for Rhode Island.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Barge the following resolution was unanimously approved:

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

RESOLVED: That Rhode Island Housing is authorized to enter into a new employment agreement with Richard Godfrey, on the same general terms and conditions as the current employment agreement, with such modifications that the Chairperson of the Board of Commissioners

determines to be in the best interests of the Corporation, for a term beginning on May 1, 2008 and ending on April 30, 2010.

RESOLVED: The Chairperson of the Board of Commissioners is hereby directed and authorized to take any and all actions as he deems necessary or desirable to carry out the foregoing resolutions.

There being no further business to discuss, a motion was duly made by Commissioner Marques and seconded by Commissioner Barge to adjourn the open meeting at approximately at 10:15 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director