

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, October 16, 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 8:34 AM); General Treasurer Frank T. Caprio; Steven Cayouette, designee for Michael Marques, Director of Department of Business Regulation; Kevin Flynn, designee for Jerome Williams, 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 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 September 18, 2008

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

VOTED: That the Minutes of the Board Meeting held on September 18, 2008 hereby are approved.

Chairman's Report

Chairman Marouchoc did not make a report.

Committee Reports

There were no committee meetings held in October.

Vice Chairwoman Barge arrived at this point; at approximately 8:34 AM.

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 the State is asking for more cash. Because of the state's cash flow issues, they have asked if Rhode Island Housing could send cash in advance of the June 30, 2009 deadline. Rhode Island Housing is currently reviewing our financial condition in light of ongoing cash flows and liquidity needs over the next few months. We will transfer some funds to the state if prudently possible.

Mr. Godfrey noted that although the Agency is still on a pace ahead of 2005, the past two months have seen loan applications decrease by about 20% from the first seven. Delinquencies are moving up and collections are getting more difficult. Loans delinquent for more than 60 days have crept up to 1.99% compared to 1.64 in September 2007. The collection department faces greater resistance from borrowers

Mr. Godfrey explained that some of the other HFAs are struggling. With access to the bond markets restricted, several HFAs have curtailed lending operations. 10 – 15 HFAs also have significant exposure to variable rate debt costs. In some cases they are paying much higher rates on their debt than they are receiving on their mortgages. NCSHA is working on a variety of fronts to address this part of the financial crisis.

Foreclosure activity shows that the number of legally noticed foreclosures advertised in the *Providence Journal* through September was 428. This is the highest monthly total in two years of tracking and a 15% increase over last month's total. The year-to-date state total of 3,298 is a 148% increase over 2007's January-September total of 1,329. For the past year, staff has been primarily utilizing Warren Group data to track foreclosure initiations. Although the only independent data available, it contains only the foreclosure initiations advertised in the *Providence Journal* and is missing a significant number of initiations in communities with local papers.

Mr. Godfrey shared with the Board that Rhode Island is to receive \$19.6 million for foreclosure recovery. Rhode Island Housing is providing technical support to the Department of Administration on developing a utilization plan for submission to HUD by December 1, 2008. Our goals include targeting neighborhoods most impacted by foreclosure, showing maximum positive impact and generating immediate economic activity. There may be additional foreclosure response funds available to supplement these funds which must be spent within 18 months.

Preliminary Approval of Preservation Financing for Marvin Gardens I

Mr. Godfrey made this presentation.

This Request for Action ("RFA") is for preliminary approval of financing for Marvin Gardens I, an existing Section 8 development in Providence. The prospective new owner, Omni Development Corporation ("Omni"), has signed a purchase and sales agreement to purchase the

property and has requested financing through Rhode Island’s Preservation Program to preserve the property’s long-term affordability.

Mr. Godfrey recognized Joseph Caffey, of Omni Development Corporation who was present and available to respond to questions from the Commissioners.

Chairman Marouchoc and Commissioner Barge announced that they would not participate in the discussion, consideration or vote on this matter due to their relationship with Omni Development Corporation.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Cayouette the following resolution was unanimously adopted by the voting members. Chairman Marouchoc and Commissioner Barge recused from the vote and did not participate in the discussion or consideration of this item.

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

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

Whereas, Rhode Island Housing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

Whereas, said bonds shall have a term not to exceed forty (40) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas, the applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting tax-exempt financing to acquire and rehabilitate the building as set forth below;

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Financing</u>
Marvin Gardens I	Omni Development Corp.	\$5,720,000

Whereas, Rhode Island Housing staff has determined that current and future low -and moderate-income residents of the Development will be best served by the transfer of the development to a non-profit owner committed to the long-term preservation of the Development as affordable housing and with a reputation for

sound asset management that will invest substantial funds to complete needed capital improvements under the supervision of Rhode Island Housing.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby declares preliminary approval for tax exempt mortgage financing in an amount not to exceed \$5,720,000 for rental housing known as Marvin Gardens I located in Providence, Rhode Island.

Resolved, That Rhode Island Housing hereby declares that the preliminary approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to \$5,720,000 in permanent mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

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

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Approval of a loan from the Affordable Housing Trust.
- Syndication equity from the sale of HTCs in an amount sufficient to achieve project feasibility.
- Acceptable appraisal by an independent appraiser demonstrating that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- Approval by Rhode Island Housing of development team members.
- Final approval of the new operating budget.
- Final approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue as well as assurance that the HTC investor will not also be involved in the transaction as purchaser of the Rhode Island Housing bonds used to fund the loan.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the first mortgage.

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

Firm Approval of Financing for Stillwater Apartments

Mr. Godfrey gave a brief overview of the project

Subsequent to completion of the Request for Action for firm approval of tax credits and financing for Stillwater Mill (the “Development”), NeighborWorks Blackstone River Valley (“the Developer”) was notified that their State Historic Tax Credit Investor (the “State Investor”) has reduced its equity pricing resulting in a significant financing gap. Rhode Island Housing is proposing to fill this gap with an increase in low income housing tax credits (“LIHTC”) from the proposed \$769,246 to \$815,362.

The State Investor originally proposed purchasing the state credits for \$.78. Because of the turmoil in the credit market, the State Investor has reduced its pricing to \$.65, creating a financing gap of \$495,610. In addition, the Low Income Housing Tax Credit Investor (the “HTC Investor”) has dropped their pricing from \$.90 to \$.89 resulting in an additional small gap. The Developer had not previously utilized their entire LIHTC basis. Therefore, in order to fill the gap, staff is proposing to increase the reservation of LIHTC up to \$815,362, the maximum for which the development qualifies, to ensure a balanced sources and uses. Staff will work with the investors and the Developer to refine the numbers in an effort to reduce the final tax credit allocation prior to closing. There is no change to the request for first mortgage or targeted loan funds previously provided to the Board.

Joe Garlick, director of Neighborworks Blackstone River Valley, was introduced and thanked the board and staff for their consideration of this funding.

Commissioner Monteiro announced that he would not participate in the discussion, consideration or vote on this matter due to fact that he is an associate of Bank of America, who will be providing a construction loan funding for the project.

Upon a motion made by Commissioner Flynn and seconded by Commissioner Clough the following resolution was unanimously adopted by the voting members. Commissioner Monteiro recused from the vote and did not participate in the discussion or consideration of this item.

**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 acquire and rehabilitate 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, 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 calendar years 2007 and 2008 ("the Tax Credits") as follows:

Applicant	Development	First Mortgage	Targeted Loan	9% LIHTC
NeighborWorks Blackstone River Valley	Stillwater Mill	\$175,000	\$653,600	\$815,362

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 up to \$815,362 of allocated 2007 and 2008 low income housing 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 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 approves financing for a taxable first mortgage loan to Neighborworks Blackstone River Valley, or an affiliated partnership (the "Borrower") in an amount not to exceed \$175,000 (the "Loan") for family housing located in Burrillville, Rhode Island.

Resolved: That Rhode Island Housing hereby reserves up to \$653,600 of Targeted Loan Funds for the Borrower.

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

- Evidence of Building Homes Rhode Island funding, HUD Hope VI funds, HUD Brownfields grant, NeighborWorks America funding, and Bank of America AHP grant financing in an amount sufficient to achieve project

feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;

- Syndication equity from the sale of low income housing tax credits and, federal and state historic tax credit equity in an amount sufficient to achieve project feasibility;
- Approval of construction loan terms and conditions;
- Final approval of plans, specifications and construction documentation;
- Approval by Rhode Island Housing of all management related issues;
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation

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

Firm Approval of Financing for Sweetbriar Apartments

Richard Godfrey made this presentation

This Request for Action (RFA) is for firm commitment of up to \$884,000 in 9% Housing Tax Credits, a First Mortgage, Targeted Loan and construction financing for the Sweetbriar development (the "Development") in Barrington. The sponsor/developer is East Bay Community Development Corporation ("East Bay CDC").

Sweetbriar received preliminary approval at the February 2008 Board meeting. The Development will provide Barrington with 47 new affordable rental units in 23 buildings on the site of the former West Barrington Elementary School. When complete, there will be one (1) one-bedroom unit, 17 two-bedroom units, and 29 three-bedroom units. Ten units will have rents affordable to families at or below 50% of Area Median Income ("AMI"), and 37 units will have rents affordable to families at or below the 60% tax credit rent. The development will also install a new roadway and utility infrastructure to create a neighborhood built around a central green. Towards the rear of the site, East Bay CDC will build three homeownership units to be financed separately from the rental units. These units will be the first tax credit family units in Barrington.

Representatives of the sponsor, East Bay CDC, were present to respond to questions from the Commissioners.

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

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

Whereas, The 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>	<u>Construction Loan</u>	<u>9% Tax Credits</u>	<u>Taxable Mortgage</u>	<u>Targeted Loan</u>
Sweetbriar	East Bay CDC	\$5,000,000	\$884,000	\$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 Housing Tax Credits under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$884,000 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 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 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 approves financing for a short-term revolving construction loan to East Bay Community Development Corporation or an affiliated partnership (the “Borrower”) in an amount not to exceed \$5,000,000 (the “Bridge Loan”) for family housing located in Barrington, Rhode Island.

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby 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, in order to fund Rhode Island Housing’s loan to Sweetbriar with, Rhode Island Housing may borrow up to \$1,060,000.00 (the “Loan”) from Citizens Bank (the “Bank”) under the Federal Home Loan Bank of Boston’s Affordable Housing Program;

Resolved, That Rhode Island Housing may secure the Loan by granting to the Bank security or other interests in certain of Rhode Island Housing’s assets, including, without limitation, an assignment of Rhode Island Housing’s loan documents with Sweetbriar;

Resolved, That the Executive Director, any Deputy Executive Director or the Director of Development (each, an “Authorized Officer”), acting singly, be and each hereby is authorized to enter into such documents with the Bank as the Bank may require to evidence the Loan, including, without limitation, a loan agreement, note, and pledge and security agreement, each containing such terms and conditions as the Authorized Officer shall approve, each such determination to be conclusively evidenced by his/her execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by Rhode Island Housing, approved in all respects by the Commissioners of Rhode Island Housing.

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

- Syndication equity from the sale of low income housing tax credits in an amount sufficient to achieve project feasibility;
- The award of HOME, CDBG and Building Homes RI funds, or alternative equity, in amounts sufficient to achieve project feasibility;
- Approval of Loan Agreement and related documents between Citizens Bank and Rhode Island Housing regarding the terms and servicing of the first mortgage.
- Approval of construction loan terms and conditions;
- Final approval of plans, specifications and construction documentation;
- 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.

Approval of Transfer of Physical Assets for Indian Village

Mr. Godfrey presented this request.

Indian Village Housing Development (“Indian Village”) is an existing family housing development containing 36 units and located within a Providence city block bounded by Pine Street, Somerset Street, Friendship Street and Myrtle Street.

Indian Village was developed in 1989 with 9% Low Income Housing Tax Credits (LIHTCs). The 15-year LIHTC compliance period for the development has expired and the owners received Firm Approval for preservation financing utilizing a tax exempt first mortgage and 4% LIHTCs in April 2008. Indian Village currently receives a State Rental Assistance Payment (RAP) subsidy pursuant to which rental assistance is provided for 24 of the 36 units. Under the approved preservation financing package, rents for all units would be set at the 45% tax credit rents upon closing. The development currently serves tenants with incomes primarily below 50% of area median income. Under the preservation financing, as units turn over, they would be rented to tax credit eligible tenants who have the ability to pay the tax credit rents without the benefit of the RAP subsidy. The preservation financing transaction contemplated approximately \$1.1 million in rehabilitation (\$30,000 per unit).

The owner of the development is Inter-Tribal Indian Village Housing Development Associates, L.P., a Rhode Island limited partnership, in which, The Indian Village Housing Development (“TIVHD”) serves as the general partner and Related Capital is the tax credit investor/limited partner. TIVHD is a joint venture of Women’s Opportunity Realty Corporation, a Rhode Island nonprofit corporation controlled by Women’s Development Corporation and Rhode Island Indian Housing Development Corporation, a Rhode Island nonprofit corporation controlled by the Rhode Island Indian Council.

Subsequent to receiving Firm Approval for tax exempt preservation financing, the joint venture partners entered into discussions regarding the termination of their joint venture arrangement. Consequently, notwithstanding the identification of a new tax credit investor, the proposed financing transaction was unable to move forward to closing in a timely manner. Pursuant to a Joint Venture Interest Purchase Agreement entered into by the parties, Women’s Opportunity Realty Corporation now seeks to sell its interest in the joint venture to its joint venture partner, Rhode Island Indian Housing Development Corporation, in exchange for payment by the buyer of certain expenses incurred by the seller on behalf of the ownership entity. It is the intention of Rhode Island Indian Housing Development Corporation to partner with Omni Development Corporation, an experienced Providence-based affordable housing developer, and to move forward with the preservation project upon identification of a tax credit/limited partner for the approved financing transaction. In the interim, the parties have applied to Rhode Island Housing for approval of the transfer.

Chairman Marouchoc and Commissioner Barge announced that they would not participate in the discussion, consideration or vote on this matter due to their relationship with Omni Development Corporation.

Upon a motion made by Commissioner Clough and seconded by Commissioner Monteiro the following resolution was unanimously adopted by the voting members. Chairman Marouchoc and Commissioner Barge recused from the vote and did not participate in the discussion or consideration of this item.

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

RESOLVED: That Women's Opportunity Realty Corporation's Joint Venture Interest in The Indian Village Housing Development which serves as the general partner of Inter-Tribal Indian Village Housing Development Associates, L.P., to Rhode Island Indian Housing Development Corporation be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by the Rhode Island Housing of all application materials required in Phases 2 and 3 of the Regulations Governing Proposed Prepayments and Transfers, with the exception of such requirements as may be waived or modified by the Executive Director, consistent with the nature of this transaction and the protection of the interests of Rhode Island Housing.
2. Written verification from Rhode Island Indian Housing Development Corporation that they have reviewed the asset management conditions over the past three years of the development.
3. Prior to closing of the financing transaction, identification by Rhode Island Indian Housing Development Corporation of partner/joint venturer acceptable to Rhode Island Housing.
4. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of Rhode Island Housing with respect to the Indian Village Housing Development.

RESOLVED: That the Executive Director, either Deputy Director, and the Director of Development, each acting singly, be and hereby is authorized to execute and deliver on behalf of the Corporation all documents necessary or advisable to consummate such transfer and to take such further actions as he or she shall deem necessary or advisable in connection therewith.

Firm Approval of Preservation Financing for Colonial Village

Mr. Godfrey outlined this proposal.

This Request For Action (RFA) is for Firm Approval of financing for Colonial Village Apartments (Colonial Village), an existing elderly housing development originally financed by the United States Department of Agriculture (USDA) under its Section 515 Rural Development production program. The prospective owners have requested new financing under Rhode Island Housing’s Preservation Program.

Colonial Village is an existing 75-unit elderly development located in North Smithfield, RI. The development was constructed in two phases. Phase I consisted of 50 units and was completed in 1980. Phase II consisted of 25 units and was completed in 1984. The two phases are connected by common area space consisting of the management office, a community room with a kitchen, public rest rooms, laundry room and tenant storage. The two story building is constructed of a steel frame with brick veneer over a concrete slab foundation. All of the units are one-bedroom. Five units are handicapped accessible. As part of the contemplated rehabilitation, four units, or 5% of the total development, will be made fully compliant with all ADA requirements.

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

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

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing have promise 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 thirty (30) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas, The applicant (“Applicant”) listed below has presented an application to 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>
Colonial Village Apartments	Cathedral Development Group, Inc.	\$3,455,000.00

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby declares Firm Approval for tax exempt mortgage financing in an amount not to exceed \$3,455,000 for rental housing known as Colonial Village Apartments located at 60 School Street, North Smithfield, Rhode Island.

Resolved, That Rhode Island Housing hereby declares that the Firm Approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to \$3,455,000 in permanent mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced develop pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

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

- Completion of all items required for closing in accordance with normal underwriting and processing requirements.
- Final approval of the new operating budget.
- Final approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation.
- Approval by Rhode Island Housing of the sizing of the rent subsidy reserve to be used for the non USDA subsidized units.
- Approval by bond underwriter and bond counsel that the tax exempt loan will satisfy all required bond provisions for the bond issue as well as assurance that the HTC investors will not also be involved in the transaction as purchasers of the Rhode Island Housing bonds used to fund the loan.
- Approval by the USDA of proposed rents at the market levels provided by an independent appraiser, the requested interest credit subsidy and the loan guarantee under USDA's 538 Program.

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.

Final Approval of First Amendment to RoadHome Regulations

Mr. Godfrey made this presentation and Ms. Rainone, Director of Policy, explained the amendments to the regulations.

At its August 21, 2008 meeting, the Board of Commissioners approved publication of a Notice of Intent to adopt changes to the regulations governing RoadHome, consolidating the Emergency Housing Assistance Program within RoadHome and making several modifications to the program. Notification of the intent to adopt the regulations was published in the Providence Journal on August 26, 2008 and in Providence en Espanol on August 22, 2008. Copies of the draft amendments were distributed to all Community Action Agencies and agencies currently providing RoadHome cash assistance. Staff also held a workshop with the Community Action Agencies on September 10, 2008 and with RoadHome Agencies distributing cash assistance on September 15, 2008 to discuss the proposed changes.

The comment period closed on September 26, 2008. No written comments were received on the proposed changes. However, at the workshops and through e-mail correspondence additional comments were made requesting clarification regarding how the proposed regulatory changes would be implemented and what standards to use to determine eligibility to participate in the program. While these comments did not request or require changes to the proposed regulations, staff will develop and distribute a program bulletin to provide clarification in response to the questions that were raised.

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 on August 21, 2008 authorized the promulgation of the Rules and Regulations applicable to the RoadHome (the "Regulations"); and

WHEREAS, Notice of intent to adopt the proposed Regulations has been given in accordance with the Administrative Procedures Act, Chapter 35 of Title 42 of the General Laws of Rhode Island; and

WHEREAS, Rhode Island Housing has determined that there is no alternative approach among the alternatives considered during the rulemaking proceeding which would be as effective and less burdensome to affected private persons; as another regulation, and that the proposed Regulations do not overlap or duplicate any other state regulation; and

WHEREAS, Rhode Island Housing believes that it is necessary to adopt the proposed Regulations to provide for the provision of rental assistance and services to homeless persons and families, and cash assistance to households in a temporary emergency crisis; and

WHEREAS, Pursuant to the provisions of Section 42-35-3 of the General Laws of Rhode Island as amended, consideration has also been given in developing the proposed Regulations to any significant economic impact the Restatement and Amendment may have on small business as defined in Section 42-35-1(h)

of the General Laws of Rhode Island, 1956, as amended, and to any adverse economic impact on any city or town and based on the information available, no significant economic impact on small business and no adverse economic impact on any city or town was identified.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That the First Amendment to the Rules and Regulations of Rhode Island Housing Applicable to RoadHome, substantially as set forth in Attachment B and presented to the Board of Commissioners, are hereby adopted in their entirety.

RESOLVED: That the Executive Director or his designee be, and hereby is, authorized, empowered and directed to file or cause to be filed the revised Regulations in duplicate with the Secretary of the State of Rhode Island (the "Secretary"), to execute or cause to be executed any and all certificates, instruments, letters of instruction and documents as shall be required to cause the filing of the revised Regulations with the Secretary, and to take such further action as he, in his sole discretion, shall deem necessary or desirable to effectuate the revised Regulations.

Approval of Issuance of General Obligation Bond

Mr. Godfrey made this presentation, with additional information provided by Mr. Hogg.

In December of 1997 Rhode Island Housing issued unsecured General Obligation Bonds in the amount of \$5,000,000 for the purpose of financing the acquisition and renovation of its Slade Garr office building. These bonds were remarketed the following year for a ten year term at a rate of 4.375%. The Bonds now face a mandatory tender date of November 1, 2008 and must be paid off or refunded.

Given the overall tight liquidity conditions existing in the global marketplace, our preference is to keep these bonds outstanding as a general source of funding for our capital assets. Although the current bond markets are extremely turbulent, our bond underwriters believe there is a market for short and intermediate term debt within ten years at reasonable interest rates.

Staff recommends that the attached Resolution authorizing the issuance of Series 2008 General Obligation Bonds in the amount of \$5.0 million to refund the currently outstanding 1997 General Obligation Bonds be approved.

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

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

WHEREAS, the Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) has been established as a public corporation and instrumentality and agency under the laws of the State of Rhode Island and Providence Plantations (the “State”), and in particular under the provisions of 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”);

WHEREAS, Rhode Island Housing has been empowered under the Act to acquire real or personal property, or any interest therein;

WHEREAS, Rhode Island Housing acquired two buildings located at 44 Washington Street and caused such buildings to be renovated for use as the headquarters of Rhode Island Housing (such acquisition and renovation project being hereinafter referred to as the “Project”);

WHEREAS, Rhode Island Housing reimbursed itself for the Project with the issuance of its General Obligation Bonds, Series 1997 (the “Prior Bonds”) pursuant a Trust Indenture dated as of December 22, 1997, as amended and supplemented (the “Prior Indenture”);

WHEREAS, the Prior Bonds are subject to mandatory tender on November 1, 2008;

WHEREAS, Rhode Island Housing intends to issue its General Obligation Bonds, Series 2008 (the “Bonds”) and apply the proceeds thereof to pay the mandatory purchase price of the Prior Bonds;

WHEREAS, Rhode Island Housing intends to secure the Bonds pursuant to a trust indenture (the “Indenture”);

WHEREAS, the Bonds will be issued as fixed rate bonds, bearing interest at such rates as may be determined by an Authorized Officer (hereinafter defined) of Rhode Island Housing; and

WHEREAS, the Bonds will be general obligations of Rhode Island Housing;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION AS FOLLOWS:

Section 1. Rhode Island Housing hereby determines that the Prior Bonds may be refunded on a current basis by the issuance of the Bonds under this resolution, the Indenture and the Act.

Section 2. The offering, issuance, sale and delivery of the Bonds upon the terms and conditions and for the purposes described in this resolution and the Indenture are hereby authorized. The Bonds shall be issued in one series in an aggregate principal amount not to exceed \$5,000,000, shall bear interest at rates determined by the Chairman, Executive

Director, the Deputy Director - Finance, or Treasurer of Rhode Island Housing (each hereinafter referred to as an “Authorized Officer”). The Bonds shall bear an interest rate not to exceed ten percent (10%) per annum. The Bonds shall mature not later than twenty-five (25) years after their original issue date. The Bonds shall be dated, have a final maturity, have the designation or designations, be subject to redemption, be payable as to principal, and have such other provisions all as shall be set forth in the Indenture. The form of Bonds and all other provisions with respect thereto shall be as set forth in the Indenture or determined in the manner set forth therein.

Section 3. The Authorized Officers of Rhode Island Housing are each hereby authorized to execute, acknowledge, and deliver the Indenture, which shall be substantially similar to the Prior Indenture with such amendments, supplements, changes, insertions, and omissions to or from the Prior Indenture as necessary and appropriate and as may be approved by such Authorized Officers. The execution of the Indenture by an Authorized Officer shall be conclusive evidence of any approval required by this Section. The Secretary and Deputy Director - Finance of Rhode Island Housing are hereby authorized to affix the seal of Rhode Island Housing on the Indenture and attest the same.

Section 4. Subject to the limitations set forth in Section 2 hereof, the Authorized Officers are each hereby authorized to determine on behalf of Rhode Island Housing with respect to the Bonds: the aggregate principal amount, the interest rate or rates the Bonds shall bear, and the particular redemption and purchase provisions of the Bonds. Any such determination with respect to the Bonds shall be conclusively evidenced by the execution and delivery by an Authorized Officer of the Indenture and Bonds.

Section 5. The Authorized Officers of Rhode Island Housing are each hereby authorized to determine the purchase price of the Bonds and are further authorized to execute, acknowledge, and deliver a Bond Purchase Agreement between Rhode Island Housing and Bank of America Securities LLC (the “Underwriter”) relating to the Bonds substantially in the form of that certain Bond Purchase Agreement entered into by Rhode Island Housing in connection with the Prior Bonds, with such amendments, supplements, changes and insertions thereto as may be approved by any Authorized Officer consistent with the provisions of this resolution. The execution of a Bond Purchase Agreement by any Authorized Officer shall be conclusive evidence of any determination or approval required or authorized by this Section. The sale price of the Bonds shall not be less than 95% of the principal amount thereof.

Section 6. The Bonds shall be executed in the manner and upon the terms and conditions provided in the Indenture and the Authorized Officers are each hereby authorized to designate a trustee for the Bonds, which shall initially be The Bank of New York Trust Company, N.A.

Section 7. Rhode Island Housing hereby authorizes the distribution and the use in accordance with applicable legal requirements of a preliminary official statement and an official statement in connection with the offering of the Bonds in such form as may be approved by an Authorized Officer. Any Authorized Officer of Rhode Island Housing is hereby authorized and directed to execute a final official statement relating to the Bonds to be delivered to the Underwriter in the name and on behalf of Rhode Island Housing. Any such approval shall be conclusively evidenced by such Authorized Officer’s execution and delivery

thereof. The foregoing approval of the execution of a final official statement shall not be deemed to constitute an acknowledgement by Rhode Island Housing of any responsibility for information which has been furnished by any other party contained therein.

Section 8. The Bonds shall be executed in the manner provided in this resolution and delivered to the Trustee for proper authentication and deliver to the Underwriter, upon instruction to that effect. The use of a book-entry system for all or a portion of the Bonds is hereby authorized.

Section 9. The Authorized Officers of Rhode Island Housing are each hereby authorized to execute and deliver a Continuing Disclosure Agreement relating to the Bonds, (the “Continuing Disclosure Agreement”) between Rhode Island Housing and The Bank of New York Trust Company, N.A., as trustee for the Bonds substantially in the form of that certain Continuing Disclosure Agreement entered into by Rhode Island Housing in connection with the Prior Bonds, with such amendments, supplements, changes and insertions thereto as may be approved by any Authorized Officer consistent with the provisions of this resolution and in accordance with applicable legal requirements.

Section 10. The Authorized Officers are hereby authorized to qualify the Bonds, or such portion thereof as the Underwriter may request, for offering and sale under the securities or Blue Sky Laws of any jurisdiction, provided that Rhode Island Housing shall not be required to consent to local service of process in any jurisdiction. The Authorized Officers are each hereby authorized to perform on behalf of Rhode Island Housing in cooperation with the Underwriter any and all such acts as they may determine to be necessary or desirable in order to comply with the applicable laws of any states and in connection therewith to execute and file all appropriate papers and documents, including, but not limited to, applications and reports, the execution by an Authorized Officer of any such paper or document or the doing by such Authorized Officer of any such act to establish conclusively such Authorized Officer’s authority therefor.

Section 11. The Bonds shall be general obligations of Rhode Island Housing, and shall be further secured by the revenues and assets of Rhode Island Housing pledged therefor under the Indenture for the payment thereof. The State and any political subdivision thereof shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds. Neither the full faith and credit nor taxing power of the State or of any political subdivision thereof shall be pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

Section 12. The Authorized Officers are each hereby authorized to pay the costs of issuance of the Bonds.

Section 13. No covenant, stipulation, obligation or agreement contained in this resolution, the Contract of Purchase, the Continuing Disclosure Agreement or any preliminary official statement or final official statement shall be deemed to be a covenant, stipulation, obligation or agreement of any Commissioner, officer, agent or employee of Rhode Island Housing or of the State in his or her individual capacity, and neither the Commissioners of Rhode Island Housing nor any officer executing the Bonds shall be liable personally on the Bonds, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 14. In the event that the Authorized Officers determine that market conditions make it not in the best interest of Rhode Island Housing to issue the Bonds on November 1, 2008 to refund the Prior Bonds, the Authorized Officers are hereby authorized to draw on the line of credit that Rhode Island Housing has with Bank of America to pay the mandatory purchase price of the Prior Bonds. Thereafter, the Bonds described herein may be issued by Rhode Island Housing on any date prior to November 1, 2010 to refund the draw on the line of credit, provided that the Authorized Officers determine that it is in the best interest of Rhode Island Housing to do so, without seeking additional approval by the Commissioners.

Section 15. The Authorized Officers are each hereby authorized and directed to execute and deliver any such other documents (including, but not limited to, any documents necessary or desirable to evidence or establish compliance with applicable provisions of the Internal Revenue Code of 1986, as amended), to do and cause to be done any such other acts and things and to make such other changes, omissions, insertions, revisions, or amendments to the documents referred to in Sections 2 through 14 of this resolution as they may determine to be necessary or proper in connection with the issuance of the Bonds or for carrying out, giving effect to and consummating the transactions contemplated by this resolution, or the Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement or final official statement delivered pursuant hereto.

Section 16. This resolution shall take effect immediately.

There being no further business to discuss, a motion was duly made by Commissioner Cayouette and seconded by Commissioner Clough to adjourn the open meeting at approximately at 9:10 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director