

**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, December 4, 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; Xay Khamsyvoravong, designee for General Treasurer Frank T. Caprio; 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; 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 October 16, 2008

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

VOTED: That the Minutes of the Board Meeting held on October 16, 2008 hereby are approved.

Chairman's Report

Chairman Marouchoc announced that Mr. Godfrey was celebrating his 15th year anniversary as Executive Director of Rhode Island Housing and on behalf of the Board of Commissioners he congratulated Mr. Godfrey on his anniversary.

In appreciation and dedication of his years of service to the people of Rhode Island, Chairman Marouchoc presented Mr. Godfrey with a plaque commending him as a community leader, builder and a public servant and honoring him for his tireless service helping to bring Rhode Islanders home.

Mr. Godfrey thanked Chairman Marouchoc and the Board for their support and generosity.

Committee Reports

There were no committee meetings held in November.

Executive Director's Report

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

Approval of Additional Housing Tax Credits for Trinity Place

Vice Chairwoman Barge made this presentation as both Mr. Godfrey and Chairman Marouchoc recused from consideration of this request due to their professional and personal associations with the developer.

This Request for Action (RFA) is for the reservation of up to \$220,645 in additional 9% Low Income Housing Tax Credits (HTC) for the Trinity Place development in Providence.

The developer, SWAP, received a reservation of \$402,395 of 2008 9% HTC, taxable first mortgage financing, and Targeted Loan financing to develop 22 new units at the site of the former Trinity Auto and to preserve 13 units at Princeton Place. The tax credit reservation was only for the new units. Princeton Place was not included in basis when determining the tax credits. SWAP is now requesting \$220,645 in additional credits for (i) the addition of 6 new units, a community room and 3,000 square feet of commercial space at 1040 Broad Street; and (ii) the reduction in syndication pricing from \$.90 to \$.77.

The addition of 1040 Broad Street will revitalize a 17,000 square foot vacant lot that is currently owned by the Providence Redevelopment Authority (PRA). Dash Development was designated the developer by the PRA in 2005 and was awarded HOME Funds from both Rhode Island Housing and Providence, and BBC funds from the HRC in 2005/06. However, the project has been unable to move to closing.

SWAP and Dash Development have proposed that the 1040 Broad Street proposal be included in the Trinity Princeton development. SWAP determined that based on current economic conditions, the building footprint should be reconfigured to 6 two-bedroom rental units, 3,000 square feet of commercial space and 1,900 square feet of community space. SWAP and Dash Development have executed a Memorandum of Understanding outlining the revised scope of the project and the respective roles of each party. The allocation of the additional tax credits will make it feasible for the development of 1040 Broad, a key site along the Broad Street corridor.

Ms. Barge recognized Carla DeStefano, executive director of SWAP who was present and available to respond to questions from the Commissioners.

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

**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 previously received from the Corporation a reservation of 2008 Housing Tax Credits for the Development in the amount of \$402,395; and

Whereas, Due to the addition of 1040 Broad Street and a reduction in the pricing of tax credits the Applicant appears to be eligible for a reservation of additional 9% Housing Tax Credits for the development in the amount of \$220,645 for the residential housing development; 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 or 2009 (“the Tax Credit”) as follows:

Applicant	Development	9%Tax Credits
SWAP, Inc.	Trinity Place	\$623,040

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 \$623,040 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 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, the foregoing resolutions are subject to the following conditions:

1. 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;
2. 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;
3. The award of NOP funds in an amount sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;
4. The award of first mortgage and targeted loan funds from Rhode Island Housing;
5. The award of Affordable Housing Trust funds in an amount sufficient to achieve project feasibility
6. Syndication equity from the sale of HTC in an amount sufficient to achieve project feasibility;
7. Approval of Providence Economic Development Program (PEDP) funds for the development of the commercial units or the availability of alternative equity satisfactory to Rhode Island Housing
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 the proposed Management Company.
11. Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and the 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 foregoing Resolutions.

Preliminary Approval of Preservation Financing for Cathedral Square II

Mr. Godfrey made this presentation

This Request for Action (RFA) is for Preliminary Approval of financing for Cathedral Square Apartments II (CSA II), an existing elderly housing development originally financed by Rhode Island Housing.

CSA II, developed in the late 1970's by Gilbane & Company, is an existing 93-unit elderly development located at 4 Cathedral Square in Providence, RI. The development, composed of a single masonry building and associated parking, contains 82 one-bedroom units and 11 two-bedroom units. Section 8 rental assistance has been provided through a Housing Assistance Payment (HAP) contract. The existing HAP contract for this site runs through December of 2008. The current owners are seeking a HAP contract renewal prior to refinancing.

In 2004 Property Advisory Exchange Associates, LP and Gaudreau Exchange Associates, LP reduced the interest rate by paying off the bonds issued by the Providence Housing Authority in 1992 and refinanced the project with new conventional financing through Capstone Realty Advisors (A-7) which insured the current mortgage with FHA insurance. All reserves are currently held by Capstone Realty Advisors.

The current owners of CSA II are requesting preservation financing from Rhode Island Housing. A new limited partnership entity will be formed to acquire and renovate CSA II. The general partner of the new ownership entity will be a newly formed limited liability corporation with Cathedral Development Group, Inc., as the sole managing member.

As part of this transaction, Rhode Island Housing will issue new debt to fund the acquisition and rehabilitation of the development and the affordability period of the development will be extended.

Rob Gaudreau, representing Property Advisory Group and Gaudreau Exchange Group, was introduced and thanked the board and staff for their consideration of this funding.

Upon a motion made by Commissioner Flynn 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 supplying well-planned, well-designed apartment units which will provide housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

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

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

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

<u>Development</u>	<u>Applicant</u>	<u>Amount</u>
Cathedral Square Apartments II	Cathedral Development Group, Inc.	\$7,125,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby declares preliminary approval for tax exempt mortgage financing in an amount not to exceed \$7,125,000 for rental housing known as Cathedral Square Apartments II located at 4 Cathedral Square 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 \$7,125,000 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 firm commitment and closing in accordance with normal underwriting and processing requirements.
- Acceptable appraisal by an independent appraiser demonstrating that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- Completion of a Capital Needs Assessment.
- Completion of a Phase I environmental assessment and any such other environmental studies deemed necessary by Rhode Island Housing.
- Approval by Rhode Island Housing of Development Team members.
- Final approval of the new operating budget.
- Approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation.
- Approval by bond underwriter and bond counsel that the loan 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 permanent loan.

- Approval by HUD of the proposed HAP contract rents pursuant to the pending renewal application.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the first mortgage.

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.

Firm Approval of Financing for Coddington Point Apartments

Mr. Godfrey made this presentation.

This Request for Action (“RFA”) is for firm approval of an acquisition bridge loan, tax exempt construction and permanent financing and a Targeted Loan for Coddington Point (“the Development”), a thirty-two unit new construction family rental development in Newport, RI. The developer is the EA Fish Companies (“EA Fish”).

The Development is located at 231 Maple Avenue in Newport, directly across the street from Newport Heights and adjacent to the recently built CCRI campus. It was originally fully permitted as forty-one condominium units by the current owner. To date, nine units have been built and only seven have sold. Due to a lack of financing coupled with the downturn in the condominium market, the current owner has agreed to sell the Development to EA Fish or its designee. EA Fish has executed a Purchase & Sales Agreement, providing it with the rights to construct the remaining thirty-two units and build out the site as affordable rental housing rather than condominiums. The acquisition includes two existing unsold units which EA Fish will sell as condominium units, using the proceeds to help fund the new rental construction.

The Board gave its preliminary approval to Coddington Point in August 2008.

Representatives of the developer, FISH, were present to respond to questions from the Commissioners.

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

Whereas, 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”) has presented an application to Rhode Island Housing requesting Low Income Housing Tax Credits (“Tax Credits”) that meets the requirements of the Qualified Allocation Plan and Tax Credit rules;

Whereas, The applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting a first and second mortgage, construction bridge loan and targeted loan to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Mortgage</u>	<u>Targeted Loan</u>	<u>Bridge Loan</u>
Coddington Point	EA Fish	\$5,000,000	\$705,600	\$1,320,000

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

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 to EA Fish Development or an affiliated partnership (the “Borrower”) in an amount not to exceed \$5,000,000 for family rental housing located at 231 Maple Avenue in Newport, Rhode Island.

Resolved, Rhode Island Housing hereby declares that the firm commitment of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing towards the issuance of bonds to finance up to a \$5,000,000 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, subject to the special conditions listed below, Rhode Island Housing hereby reserves up to \$705,600 of Targeted Loan funds for the Borrower for family rental housing located at 231 Maple Avenue in Newport, Rhode Island.

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves financing for a short-term bridge loan to EA Fish, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$1,320,000 (the “Bridge Loan”) for family housing located at 231 Maple Avenue in Newport, Rhode Island

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

- Acceptable final appraisal by an independent appraiser demonstrating that the combined first and second mortgages do not exceed 90% of the as-stabilized value of the property.
- Syndication equity from the sale of low income housing tax credits in an amount sufficient to insure the development’s feasibility.
- Final approval by Rhode Island Housing of construction plans, specifications and construction documentation.
- Final approval of the operating budget and management plan for the development.
- FHA Risk-Sharing approval for 50% of the First Mortgage and a credit guarantee acceptable to Rhode Island Housing in its sole discretion for the second mortgage.
- Approval by bond underwriter and bond counsel that the loans for each development 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.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Acceptable Guaranty of the Bridge Loan.

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 Letter of Credit for Sweetbriar Apartments

Mr. Godfrey made this presentation.

At the October 16, 2008 Board of Commissioners meeting, the Board gave firm approval for financing and tax credits to Sweetbriar Apartments (the “Development”) located in Barrington. The sponsor/developer is East Bay Community Development Corporation (“East Bay CDC”). Sweetbriar, LP is the borrower (the “Borrower”).

As part of the development of the site, the Borrower will be installing public improvements in the form of roads, drainage, utilities, and finish landscaping (the “Site Improvements”). Typically, municipalities require that the developer provide a payment and performance bond to ensure that the Site Improvements are completed; however, the Town of Barrington Planning

Board, which granted subdivision approval for the development of the entire site, requires improvement guarantees (the “Guarantees”) from the Borrower for the Site Improvements. The Guarantees can be provided in the form of a certified check or an irrevocable letter of credit and are held by the Town until released by the Planning Board when the improvements are completed. The town does not accept a Payment and Performance Bond as the guaranty. The cost of the Site Improvements is \$987,000.

Neither East Bay CDC nor the Borrower has the financial capacity to provide a Letter of credit from a conventional financial institution. Rhode Island Housing proposes to provide an Irrevocable Performance Letter of Credit (“LOC”) to the town on behalf of the Borrower.

Rhode Island Housing staff believes that the provision of the LOC is appropriate and prudent for several reasons. First, Rhode Island Housing is the construction lender. Our design and construction staff has reviewed all of the plans and specifications, will attend weekly construction meetings and will approve each monthly requisition as work progresses. This close and direct oversight will allow staff to monitor the work in conjunction with the Town to ensure the work is being done to the Town’s requirements. Second, the general contractor will provide a Payment and Performance Bond to Rhode Island Housing for all of the construction including the Site Improvements; thus, in the event the work is not completed and the Town draws on the LOC, Rhode Island Housing will be able to collect on the bond. The town will release the LOC in stages as work is approved.

This Request for Action is for approval for the issuance of an Irrevocable Performance Letter of Credit in the amount of \$987,000 to the Town of Barrington on behalf of Sweetbriar, LP.

Chairman Marouchoc and Mr. Godfrey congratulated Kathy Bazinet, Executive Director of East Bay CDC and her staff, on bringing this project to fruition.

Upon a motion made by Commissioner Flynn and seconded by Commissioner Monteiro 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 provide financing on behalf of 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 requested that Rhode Island Housing issue an irrevocable letter of credit (LOC) on its behalf in favor of the Town of Barrington to guarantee certain public improvements associated with the development listed below:

<u>Development</u>	<u>Applicant</u>	<u>LOC</u>
Sweetbriar	East Bay CDC	\$1,000,000

Whereas, Rhode Island Housing staff has reviewed the submission, inspected the site, and determined that this development may qualify for financing and 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 the issuance of an irrevocable Letter of Credit in an amount not to exceed One Million Dollars (\$1,000,000) in favor of the Town of Barrington to guarantee completion of certain public improvements associated with the above development, 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 carry out this resolution.

Resolved, That the foregoing resolution is subject to the following conditions:

- Approval by Rhode Island Housing of all construction related documentation and the closing of all permanent and construction financing.

Revised Firm Approval of Financing for Broad Street Revitalization

Mr. Godfrey along with Ms. Ventura outlined this proposal.

This Request for Action (RFA) is for the reservation of up to \$64,019 in additional 9% Low Income Housing Tax Credits (HTC) for the Broad Street Revitalization (BSR) development in South Providence.

In June 2008 the developer, Greater Elmwood Neighborhood Housing Services (GENS), now Community Works Rhode Island (CWRI), received a reservation of \$792,790 in 2008 9% HTC, a 24-month bridge loan, taxable First Mortgage and Targeted Loan financing to develop 47 units of affordable rental units at or below 50% area median income (AMI) and 4,100 square feet of commercial space at 7 scattered sites located on Broad Street and Parkis Avenue.

The allocation of additional credits is necessary to fill a financing gap caused by a reduction in tax credit pricing from \$.872 to \$.82, plus additional financing costs associated with a later distribution of tax credit equity. This price drop is caused by the difficulty tax credit syndicators face in attracting interested investors due to the ongoing disruption in world-wide capital markets. The development has sufficient basis to justify the additional housing credits. National Equity Fund (NEF) has provided a commitment letter to fund based on the additional credits, with an expected closing in January, 2009.

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

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

Whereas, 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 low income housing tax credit program (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 2007 and 2008 ("the Tax Credit") as follows:

Applicant	Development	Original Reservation	Additional Reservation	Total 9 % Reservation
Community Works RI	Broad Street Revitalization	\$792,790	\$64,019	\$856,779

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 \$856,779 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 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, the foregoing resolutions are subject to the following conditions:

- Evidence of HOME, NOP, SNRP, BHRI, City of Providence, and Home Depot financing in an amount sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;
- The award of Lead funds 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 Housing Tax Credits, solar tax credits and, federal and state historic tax credits in an amount sufficient to achieve project feasibility;
- Approval of construction loan terms and conditions;
- Final approval of plans, specifications and construction documentation;
- Acceptable final appraisal by independent appraiser demonstrating that the loans do not exceed 90% of the as-stabilized value of the property;
- Final approval of the transfer acquisition of Parkis Avenue sites by GENS to the project; and
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation

Resolved, That 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.

Final Approval of the Revised 2009 Qualified Allocation Plan

Mr. Godfrey made this presentation.

At the September 18, 2008 meeting, the Rhode Island Housing Board of Commissioners preliminarily approved and authorized publication of Rhode Island Housing's intent to adopt the Revised 2009 Qualified Allocation Plan (the "Plan") governing the allocation of housing tax credits. The Plan incorporates changes required by the federal Housing and Economic Recovery Act of 2008 (the "Act"). The Request for Action seeks final approval of the Plan which incorporates changes recommended in response to the Act.

Rhode Island Housing published notices of the public hearing and availability of the Plan on Monday, September 29, 2008 in the Providence Journal and Thursday, October 16, 2008 in the Providence American; and on Friday, September 26, 2008 in the Providence En Espanol.

The public hearing was held at the offices of Rhode Island Housing on Thursday, October 30, 2008. No interested parties attended the hearing and no comments were received at that time. Comments were received from HUD regarding market study standards at a meeting on November 13, 2008. Based on these comments staff has proposed to revise the Plan to allow for modification of the NCAHMA market study standards to reflect actual data available to Rhode Island Housing based on the knowledge of the project and the market area.

The Plan will become effective upon ratification by the Board of Commissioners and approval by the Governor.

Upon a motion made by Commissioner Clough and seconded by Commissioner Khamsyvoravong 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, as amended, requires tax credit allocating agencies to allocate 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 adopt the attached Revised 2009 Qualified Allocation Plan for the State of Rhode Island, and hereby recommends the Plan be approved and endorsed by the Governor of the State of Rhode Island and Providence Plantations.

RESOLVED: That Rhode Island Housing develop and distribute a Request for Proposals (“RFP”) soliciting applications for 2009 tax credits pursuant to the Plan.

Approval of RoadHome Emergency Housing Assistance Program Sponsors

Mr. Godfrey made this presentation. Ms. Rainone, Director of Policy, provided additional details.

Since 1986, Rhode Island Housing has provided funds for emergency housing assistance through the Emergency Housing Assistance Program (EHAP) which has been administered by the Department of Human Services and distributed through the state’s Community Action (CAP) agencies. In 2007 Rhode Island Housing launched its new RoadHome program which included a cash assistance component through which certified intake agencies provided limited cash assistance to allow homeless Rhode Islanders to access permanent housing.

On October 16, 2008, the Board gave final approval to an amendment of RoadHome regulations which consolidated EHAP within RoadHome under a new name, RoadHome Emergency Housing Assistance (RHEHA). This merger combined EHAP with RoadHome Cash Assistance, consolidated program administration within Rhode Island Housing, provided more flexibility in certifying agencies to disburse the funds, and expanded the program to provide better access to funds for homeless populations and those affected by foreclosure. RHEHA is designed to provide temporary financial assistance to eligible residents of the State of Rhode Island for short-term emergency housing needs. Recipients are provided with a maximum of \$1,200 for up to two months of rent or mortgage payment.

Following the Board meeting, Rhode Island Housing issued a Request for Proposals for agencies to be certified to receive and distribute funds under RHEHA. The RFP was distributed to the eight community action program (CAP) agencies, RoadHome certified intake agencies, and those agencies which disburse United Way Safety Net funds. Rhode Island Housing received ten responses, one from each of the CAP agencies, the Community Mediation Center of Rhode Island and Amos House. The CAP agencies generally proposed to continue or expand their current services under RHEHA. The Community Mediation Center is a current recipient of RoadHome Cash Assistance providing short-term rental assistance as part of a mediated settlement between landlords and tenants to prevent homelessness, a role which they also sought to continue. Amos House is a Providence based social service agency which has administered a cash assistance program for the homeless for over fifteen years. Amos House proposed to expand that program through RHEHA in collaboration with other emergency shelter providers.

A committee of Rhode Island Housing and United Way staff met to review the proposals. Proposals were evaluated on the basis of the applicant's capacity to administer the funds and their effectiveness in administering similar programs in the past. The Committee also considered the ability of the applicants to provide reasonable access to assistance to persons who are homeless or at risk of homelessness in every area of the state.

All ten of the applicants are being recommended for funding, most at or slightly above the level of funding they received during the first half of the fiscal year through EHAP and/or RoadHome Cash Assistance. The significant exceptions are Amos House, which is a new program and the only one dedicated to serving the homeless, and Providence Community Action (ProCAP). The combined funding through the two agencies will represent a significant increase in resources available to assist clients in the Providence metro area and will be divided evenly between the two agencies based on Amos House's experience with the homeless population and Pro-Cap's history with those at-risk of homelessness in Providence. The Committee believes that the recommended distribution of funds will provide continuity for current EHAP clients and reasonable access to the program for all eligible Rhode Islanders.

In accordance with the revised RoadHome regulations, agencies will be certified to distribute RHEHA funds for two years. However, since funding through the first half of the fiscal year was distributed through the EHAP and RoadHome Cash Assistance programs, the initial certification under RHEHA will be for 18 months, running from January 1, 2009 through June 30, 2010.

The FY 2009 budget includes \$700,000 in program funds plus a 10% administration fee for distribution through RHEHA certified agencies for the last six months of the fiscal year. Allocations to these agencies in FY2010 will be contingent on funding availability.

Staff recommends that the attached Resolution, certifying agencies under RHEHA and allocating Fiscal Year 2009 funding to those agencies be approved.

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

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

WHEREAS, Rhode Island Housing has provided funds for individuals and families at risk of homelessness through the Emergency Housing Assistance Program administered by the Department of Human Services and distributed through the Rhode Island Community Action Agencies; and

WHEREAS, Rhode Island Housing has also provided cash assistance under its RoadHome Program through certified intake agencies to help homeless Rhode Islanders access affordable, permanent housing; and

WHEREAS, The Board has adopted regulations that consolidate these two programs into Rhode Home Emergency Housing Assistance (RHEHA); and

WHEREAS, Organizations who distribute cash assistance to persons and families at risk of homelessness have provided their qualifications and capacity to effectively utilize these funds according to these regulations;

NOW THEREFORE IT IS HEREBY:

RESOLVED, That Rhode Island Housing is authorized to certify the agencies identified in Attachment A to distribute RHEHA funds for up to eighteen months.

RESOLVED, That up to \$700,000 in RHEHA funds and \$70,000 in administrative funding be allocated to those certified agencies as set forth in Attachment A to be utilized in accordance with program regulations.

RESOLVED, That the Executive Director and/or Deputy 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 Homeownership Opportunity Bonds Series 61

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

Rhode Island Housing staff regularly monitors loan origination activity for the single-family program to determine future funding needs and the timing and structure of bond issuance. In addition, staff tracks prepayment speeds of existing mortgages, upcoming maturity dates and optional call dates of notes and bonds, and associated volume cap in order to take full advantage of our authority to issue tax-exempt mortgage revenue bonds and maximize our flexibility and minimize our cost in providing mortgages to low and moderate income borrowers. Based on this analysis, staff recommends the issuance of fixed-rate bonds under Homeownership Opportunity Bonds, Series 61 in an amount not to exceed \$70 million.

In normal markets, bond issuance activities are predicated on the expectation that supply and demand are in reasonable equilibrium and that price levels are somewhat predictable. Historically, the depth of market liquidity, the balance of buy and sell orders and the capacity of sales desks at the major investment banking firms to sell bonds are all more than adequate. However, none of those market characteristics prevail today.

Currently, bonds sales are metered into the markets in extremely limited amounts. Pricing on any bond, no matter its rating, is disconnected from baseline Treasury rates. Sales commissions are higher, institutional sales in larger amounts are almost non-existent and retail capacity, though higher than in past markets, is very expensive. Long term bonds are very difficult to sell and usually in smaller amounts than requested. The overhang on the bond market from secondary sales from mutual funds needing liquidity will hold yields above historical levels for some time to come. Institutional holders, with large credit loss deductions sheltering future income, no longer need tax exempt bond income. Governmental buyers like Fannie Mae, Freddie Mac and Federal Home Loan Banks either can not, or choose not, to participate in these markets.

Consequently, Series 61 bonds will be issued over the next several months as market windows open for all or a portion of the authorized amount.

Upon a motion made by Commissioner Marques and seconded by Commissioner Barge, the resolution was unanimously adopted in the form presented to the meeting, which Resolution is attached as part of the December 4, 2008 board package.

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.

Rhode Island Housing was notified of a grant award of approximately \$870,000 from NeighborWorks to provide housing counseling in Rhode Island. This amount is about triple the grant received last year and is a testament to both the good work of the Help Center and the continuing foreclosure problem in the state.

Municipal bond markets are not yet functioning freely. Bonds and notes are commanding high interest rates as the supply of bond issues is far larger than investor demand. With rampant fear in the investor community, interest rates on Treasury and federal agency securities are at record lows. Housing bonds, even at tax exempt rates, carry rates well in excess of government-backed

securities. The result is that Rhode Island Housing's traditional model of funding mortgages yields interest rates above the conventional market. Staff is working on several fronts to lower its costs of funding mortgages to match conventional rates. However, even at slightly higher rates, people still seek our loans because of our favorable underwriting terms and extra assistance.

Rhode Island Housing is operating below budget operationally and programmatically, and expects to maintain that level. On the income side Rhode Island Housing is approximately on budget, although interest income on investments is down because of heavy weighting toward low risk investments. With the downward pressure on the rates we can charge, we are also beginning to realize less income on new loans. On the expense side we are operating under budget. Overall, Rhode Island Housing expects to meet our budget targets for the year.

At the state level, major deficits are projected for the fiscal year ending June 30, 2009 and beyond. Staff has been in frequent contact with the Department of Administration but has little information on ways that Rhode Island Housing may be asked to help. Any relief from the \$12 million that we must convey by fiscal year end has become unlikely. Rhode Island Housing is discussing ways in which we could help close the state gap without providing additional cash, such as through acquisition and development of various state owned properties.

Mr. Godfrey announced that Rhode Island Housing's December 18, 2008 board Meeting has been canceled and the next Board meeting is scheduled for January 15, 2009.

Chairman Marouchoc extended best wishes to the board and staff for a joyous and healthy holiday season.

There being no further business to discuss, a motion was duly made by Commissioner Flynn and seconded by Commissioner Marques to adjourn the open meeting at approximately at 9:45 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director