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

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, April 19, 2012 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman James DeRentis; Vice Chairwoman Denise Barge; Paul McGreevy, Director of Department of Business Regulation; Steven Costantino, designee for Richard Licht, Director of Administration; Joshua H. Brumberger, designee for General Treasurer Gina Raimondo; and Paul Dimeo. Jose Monteiro was absent.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Susan Bodington, Deputy Director; Kara Lachapelle, Director of Finance and Technology; Amy Rainone, Director of Intergovernmental Relations; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing, Carlos Hernandez, Director of Resident Services, and Michael V. Milito, Corporation Counsel.

Edward Pare, 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 DeRentis called the meeting to order at approximately 8:30 a.m.

Approval of Minutes of Board Meeting Held on March 15, 2012

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

VOTED: That the Minutes of the Board Meeting held on March 15, 2012 hereby are approved.

Chairman's Report

Chairman DeRentis greeted and welcomed everyone to the meeting.

Committee Reports

Chairman DeRentis noted that meetings of the Human Resources committee were held on April 5, 2012 and April 16, 2012 both at 8:30 a.m. and stated that the recommendations from the

meetings would be considered as part of item 14 of the agenda, Approval of Executive Director's Contract and Compensation.

Chairman DeRentis also announced that the Legal subcommittee met on March 29, 2012 to review the proposals for various legal services and conduct interviews of the top four candidates. The recommendations of the Legal subcommittee will be discussed as part of item 11 of the agenda, Approval of Engagement of Legal Counsel.

Finally, Chairman DeRentis announced that the Intergovernmental Relations committee met on April 13, 2012 to review proposed legislation. Commissioner Barge, Chair of the committee, provided a brief overview of the meeting and highlighted a few of the bills that were of interest to Rhode Island Housing. A detailed report was provided to the Commissioners for review.

Commissioner Costantino stepped out at this point of the meeting at approximately 8:35 a.m.

Executive Director's Report

Mr. Godfrey referred the Commissioners to his written report which included several attachments and briefly commented on a few general topics of interest.

Mr. Godfrey announced that at two recent meetings, the first with 145 real estate professionals and the second with 88 of our lender partners, Rhode Island Housing unveiled a new mortgage option and a mobile app for the iPhone called HomeCompare. Both were well received with much excitement and anticipation. The new loan option, which was rolled out on April 16, is the result of efforts between Fannie Mae and housing finance agencies around the country to develop an HFA-only loan program that will be a lower cost and less bureaucratic alternative to the FHA-insured loans that have dominated our market in the past couple of years. Although the interest rate will be slightly higher than an FHA loan, the monthly payment to the borrower will be significantly less since mortgage insurance is not required. We estimate that the borrower taking a 30-year, \$200,000 mortgage will save about \$166 per month or close to \$2,000 per year. In addition to offering a LTV of 100% to those who are purchasing a home for the first time, we will offer LTV of 97% to move-up buyers and qualified refinancing to customers.

The HomeCompare mobile app for iPhone is in the queue at the Apple app store and should be online shortly. The app was also received with great enthusiasm. HomeCompare is designed to help homebuyers streamline the process of searching for a home and determine which homes are a smart buy that meets their household budget.

Mr. Godfrey invited the Commissioners to join Governor Chafee and Chairman DeRentis to attend the Partners in Housing Awards ceremony at the State House on Thursday, May 10, at 3 p.m. The awards were created to honor members of the housing community who demonstrate outstanding commitment and achievement in ensuring affordable and healthy homes for all Rhode Islanders. The winners will be chosen next week.

On March 26, the HHFRI Working Group met to review the latest changes to the program and to make it easier for Rhode Islanders struggling to make mortgages to receive HHFRI assistance. Mr. Godfrey noted that one of the more exciting changes includes “cash-flow analysis” as a test for affordability in an effort to assist homeowners with 31 percent or lower housing debt to income ratios. At the request of Treasury and to achieve a national standard, staff capped short sale assistance at \$8,500 (under MFA) while still preserving \$2,000 for relocation expenses.

Commissioner Costantino returned at this point of the meeting at approximately 8:40 a.m.

Approval of HOME Awards Funding

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

Commissioner Brumberger noted that Crossroads Rhode Island, of which the General Treasurer, Gina Raimondo is a board member, was a prospective recipient of HOME funds and recused from consideration and the vote.

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

Rhode Island Housing has administered the HOME Investment Partnerships Program since 1992. Rhode Island Housing expects to execute a grant agreement with the United States Department of Housing and Urban Development (HUD) FY 2012 HOME Program funds. Assuming a thirty-eight percent (38%) cut of FY 2012 funding, Rhode Island Housing anticipates an award of approximately \$3,000,000.

In anticipation of an award of HOME funds for FY 2012, Rhode Island Housing issued a Request for Proposal in November, 2011. Rhode Island Housing received 31 proposals requesting \$8 million in HOME funds in response to the RFP. All applications were reviewed by staff. Additional information was requested where necessary, and staff conducted site visits of selected proposals. In accordance with procedures adopted by the Board of Commissioners, the Executive Director did not participate in the review or consideration of any of the applications since his spouse is the Executive Director of one of the applicants for funding.

Following this review, all applications were rated based upon the scoring system in the Second Amendment of the Rules and Regulations of the HOME Program as adopted by the Board on May 19, 2005. All eligible applications were submitted to the HOME Program Advisory Committee for review. The Committee convened on March 30, 2012, and recommends eleven (11) proposals for HOME funding. These recommendations will commit \$3,081,062 of FY 2012 HOME Program funds and Program Income.

Ten of the recommended applications were submitted by nonprofit organizations. Five of the nonprofit organizations are designated as Community Housing Development Organizations (CHDOs). The proposed project sites are located in the following communities: Central Falls, Jamestown, North Kingstown, Pawtucket, Providence, Westerly and Woonsocket. HOME regulations require that all of the funded units be occupied by families and individuals with incomes not exceeding 80% of the area median and that 90% of the rental units be occupied by tenants with incomes not exceeding 60% of the area median. In this round, 104 HOME-assisted units will serve families and individuals with incomes not exceeding 50% of area median income.

A total of \$3,081,062 is recommended to be committed at this time. This amount, the total available for project awards, will directly fund 111 rental units. The recommended developments will produce an additional 98 affordable units that are not HOME-assisted.

With the approval of these proposals, 100% of FY 2012 HOME project funds will be committed. These recommendations increase the commitment of HOME Program funds since 1992 to \$84,129,106 to produce 4,232 affordable housing units in 566 developments.

Upon a motion made by Commissioner McGreevy and seconded by Commissioner Dimeo the following resolution was approved with 5 votes in favor, none opposed; and one recusal from Commissioner Brumberger. Commissioner Brumberger did not participate in the discussion, consideration or vote on this resolution.

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

WHEREAS: Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) expects to enter into an agreement with the U.S. Department of Housing and Urban Development to administer the HOME Program and;

WHEREAS: Rhode Island Housing anticipates authorization to disburse approximately \$3,000,000 in Federal Fiscal Year 2012 HOME funds to eligible entities in order to create affordable housing opportunities, and;

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

WHEREAS: Staff of Rhode Island Housing and the HOME Program Advisory Committee have reviewed each of the eligible applications submitted and the Advisory Committee has recommended that HOME funds be committed to the proposals listed in Attachment B as presented at this meeting.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing commit \$3,081,062 in Fiscal Year 2012 HOME program funds and program income, in accordance with the program description as approved by the United States Department of Housing and Urban Development, to the proposals as recommended by the HOME Program Advisory Committee in Attachment B.

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

Approval of NOP Award Recommendations

Susan Bodington, deputy director, and Carol Ventura, director of development, presented these awards. Ms. Bodington noted that the Advisory committee met on April 4, 2012 to review the applications and extended her gratitude to Jeanne Cola and the Housing Resources Commission Advisory Committee for participating in the committee meetings.

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

Commissioner Brumberger noted that the General Treasurer, Gina Raimondo, serves on the Board of Directors of the Crossroads Rhode Island, one of the potential recipients of funding under this action, and therefore he recused from the discussion, consideration or vote on this matter.

The Neighborhood Opportunities Program (NOP) was, from its inception in 2001 until FY 2011, a state-funded program of the Housing Resources Commission. NOP has provided the gap funding necessary for the development and operation of housing for very low-income families and for homeless and disabled individuals and households requiring supportive services. The FY 2012 state budget requires Rhode Island Housing to provide a minimum of \$1.5 million in support of the Neighborhood Opportunities Program.

In response to a Request for Proposals that was issued in November, 2011, Rhode Island Housing received 11 proposals requesting \$1,049,331 in capital funds and \$1,228,590 in operating subsidy. All applications were reviewed by staff. Additional information was requested where necessary.

Rhode Island Housing requested that the NOP subcommittee of the Housing Resources Commission serve as a community advisory committee in the review of applications. The committee convened on April 4, 2012, and recommends five proposals for capital funding, and/or operating subsidies. A total of \$1,500,000 is recommended to be committed at this time. This amount, the total available for project awards, will directly fund 27 affordable homes for very low income families and individuals. The recommended developments will produce an additional 33 affordable apartments that are not NOP-assisted.

The proposed project sites are located in the following communities: Jamestown, Providence, Warwick, West Warwick and Woonsocket. In this round, 27 NOP-assisted apartments will serve families and individuals with incomes not exceeding 40% of State median income, including 18 homeless and disabled adults and 9 homeless families.

With the approval of these proposals, 100% of FY 2012 NOP project funds will be committed. These recommendations increase the commitment of NOP Program funds since 2001 to \$47,012,500 to produce 1,238 NOP-assisted affordable apartments in 183 developments.

Upon a motion made by Commissioner Barge and seconded by Commissioner Dimeo, the following resolution was approved with 5 votes in favor, none opposed, and one recusal by Commissioner Brumberger. Commissioner Brumberger did not participate in the discussion, consideration or vote on this resolution.

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

WHEREAS: Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) has agreed to fund and administer the Neighborhood Opportunities Program for FY2012 and;

WHEREAS: Rhode Island Housing has provided \$1,500,000 in Fiscal Year 2012 agency funds to award to eligible entities in order to create affordable housing opportunities, and;

WHEREAS: The applicants listed in Attachment B as presented at this meeting have submitted applications which meet the requirements of the Neighborhood Opportunities Program and;

WHEREAS: Staff of Rhode Island Housing and the Housing Resources Commission NOP Subcommittee have reviewed each of the eligible applications submitted and have recommended that NOP funds be committed to the proposals listed in Attachment B as presented at this meeting.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing commit \$1,500,000 in Fiscal Year 2012 agency funds, in accordance with the program description as approved by the State of Rhode Island, to the proposals as recommended in Attachment B.

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

Firm Approval of Financing for Brook Village

Mr. Godfrey presented this request.

This Request for Action (RFA) is for firm commitment of a taxable First Mortgage of \$6,850,000 for Brook Village Apartments (the "Development"), an existing 101 unit elderly development originally financed by Rhode Island Housing and located in North Providence. The purchaser is California Commercial Investment Group ("CCIG").

Brook Village received preliminary approval of financing at the March 2012 Board meeting. The property is comprised of one eleven story residential building and was originally developed in 1977. The current owner, Winn Development (the "Seller") has entered into a Purchase and Sales ("P&S") agreement for an arms-length transaction with CCIG, who will create a single asset entity to own and operate the property.

In 2007, the Seller undertook approximately \$1,500,000 in capital improvements which were completed in 2009. The work encompassed re-decking of the units, common area improvements, building envelope upgrades and new windows, mechanical system upgrades including an upgrade of the life safety systems, and site improvements. The recently completed rehabilitation was based on a Capital Needs Assessment and extended the useful life of the major systems for the long term. Based on current inspection and REAC reports, no additional rehabilitation is anticipated.

Brook Village is situated on the United States Environmental Protection Agency's (the "EPA") Centredale Manor Restoration Superfund Site, which has previously been the subject of an interim cleanup plan. In October of 2011 the EPA issued a Proposed Plan for the long-term cleanup of the site. The public comment period on the proposed cleanup plan closed on January 12, 2012 and the EPA is working on final plans for the long-term cleanup. Neither the Seller nor CCIG will be responsible for any costs associated with the cleanup as a result of an earlier settlement with the EPA releasing the current ownership as a Potentially Responsible Party for environmental hazards identified at the site. That settlement (the Consent Decree"), finalized and entered into on April 27, 2007 was agreed upon by counsel for all concerned parties, and represents the collaborative efforts of Brook Village and Centerdale Manor (the adjacent development), Rhode Island Housing, EPA, the United States Department of Justice, the Governor and Attorney General of Rhode Island and the Rhode Island Congressional Delegation. The Consent Decree also requires Rhode Island Housing's approval to transfer the development as well as notice of a sale to the EPA and the Department of Justice along with a copy of the P&S. The new owner will be bound by the Consent Decree.

California Commercial Investment Group is a national property development and management firm based in Westlake Village, California. CCIG owns over 4,100 units in 42 properties across the nation. Their east coast holdings are presently located in Pennsylvania and New York, and the acquisition of Brook Village represents their entry into the Rhode Island market. Under the terms of the P&S, Brook Village will continue to receive Section 8 rental assistance through the existing Housing Assistance Payment ("HAP") contract, subject to HUD's approval of the transfer of the HAP to the new owner and subject to annual appropriation in the federal budget.

CCIG will also serve as manager of the property. The transaction will extend the Development's affordability restrictions for an additional 40 years.

In addition to the revenue from the rental apartments, Brook Village also receives revenue from cell antenna leases associated with the building. The antenna has been on the building since 1993. In 2007, a new 20 year Antenna Site Lease Agreement (the Antenna Lease") was executed and it contains two additional 5 year extensions. The Antenna Lease compensates the owner of Brook Village at a rate which is 65% of the total revenue collected by the owner of the antenna. Currently there are seven active leases which results in net income to the property of approximately \$134,000 per year. While the Antenna Lease extends as far out as 2037, Rhode Island Housing will require that CCIG guarantee the income from the Antenna Lease used to support the mortgage as additional insurance against changes in the leases.

The primary sources of financing for the transaction will be a 35-year taxable mortgage from Rhode Island Housing supported by the lower of HAP or market rents along with the cell tower income, equity from the purchaser and existing project reserves. The Request for Action is for firm commitment of a taxable First Mortgage up to \$6,850,000.

Ms. Ventura introduced Gary Collett, principal of California Commercial Investment Group, who personally attended the meeting to respectfully thank staff and the Commissioners for providing the opportunity of funding this development.

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

**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 ("Applicant") listed below has presented an application to Rhode Island Housing requesting a First Mortgage to finance the acquisition of buildings as set forth below:

Development	Applicant	Taxable Financing
Brook Village	California Commercial Investment Group	\$6,850,000

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 grants firm commitment for taxable mortgage loans to California Commercial Investment Group or an affiliated entity (the “Borrower”) in an amount not to exceed \$6,850,000 for rental housing located at Brook Village, 2072 Smith Street in North Providence, Rhode Island.

Resolved, That Rhode Island Housing hereby approves of the transfer of Brook Village as required by the Consent Decree.

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.
- Written verification of EPA’s and DOJ’s notice of sale as required by the April 2007 Consent Decree.
- CCIG’s commitment to abide by all of the requirements of the Consent Decree.
- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-is value of the property.
- Approval by Rhode Island Housing of all members of the development team.
- Evidence from the Town of North Providence of continued eligibility of the property under the new ownership for real estate tax liability at 8% of gross scheduled rental income under RIGL Chapter 44-5-13.11 under the new ownership entity
- Evidence of flood insurance on the property at a level acceptable to Rhode Island Housing.
- Approval of a new operating budget.
- FHA Risk-Sharing approval for a minimum of 50% of the first mortgage.
- Provision of guarantees from the principals of California Commercial Investment Group (“CCIG”) in form and substance acceptable to Rhode Island Housing on income derived from cell antennae leases

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

Firm Approval of Financing and Housing Tax Credits for North Cove Apartments

Mr. Godfrey gave this presentation.

This Request for Action (“RFA”) is for firm commitment of \$1,011,296 of 2012 and/or 2013 Housing Tax Credits (HTCs), a First Mortgage of \$216,000, a Deferred Payment Loan of \$60,000, and a Construction Loan of \$8,500,000 for North Cove Landing (“the Development”), a thirty-eight unit new construction family rental development in North Kingstown, RI. The developer is North Dartmouth Properties, Inc. (the “Developer”).

North Cove Landing received preliminary approval for a 2012 and/or 2013 HTC reservation and associated financing at the December 2011 Board meeting. The project is located on a vacant parcel of land at the end of Intrepid Road, close to the Wickford Village section of town. The project was initially submitted to Rhode Island Housing as a part of the 2008 Tax Credit application round, but did not receive funding at that time. The Developer used the following year to redesign the site plan following Rhode Island Housing’s recommendations, resulting in a more compact, traditional design, with clustering of units, an increase in the unit count and project density, and a reduction in impermeable surface area. The Development subsequently received a reservation of Housing Tax Credits in the 2009 round, but due to delays in securing approvals from the Rhode Island Department of Environmental Management (“RIDEM”) and the Coastal Resources Management Commission (“CRMC”), the award was rescinded. The project has now received both preliminary and final master plan approval under the Comprehensive Permit process, along with approval from RIDEM and the necessary assent from CRMC.

North Cove Landing contains many of the elements inherent in a KeepSpace community. It has access to walking trails, a boat launch, a bike path, and is within walking distance of Wilson Park, Narragansett Bay, and the town center. Quonset Point Commercial Complex, Wickford Village town center and the Post Road Commercial corridor of North Kingstown provide a good mix of potential job opportunities. All three are located within close proximity of the site which makes it an ideal location for a family housing development. There is also public transportation within walking distance and RIPTA currently services the adjacent Wickford Village site.

The North Cove site was subdivided from the Wickford Village Apartments property in the spring of 2009. Rhode Island Housing provided a bridge loan for the acquisition. The site is a very attractive parcel bordered by Wilson Park and Narragansett Bay; however, the property is impacted by a number of site constraints. There is a flood plain on the easterly portion of the site, which the engineer has worked to address through grading, passive drainage and rain gardens. While all units will be above the base flood elevation, Rhode Island Housing will require flood insurance on the property.

In addition the site does not have sewer service. The developer has received RIDEM approval for a community septic system to service the proposed development. All other utilities will be provided by connection to existing service via the adjacent Wickford Village Apartments, a 129 unit Section 8 elderly and family rental housing development that was recently refinanced by Rhode Island Housing and that has undergone significant renovations.

Rhode Island Housing has the authority to designate projects as difficult to develop in order to increase a project's eligible basis by up to 30%. Rhode Island Housing has designated the buildings in the Development as requiring the increase in basis described in Section 42(d)(5)(B) of the Internal Revenue Code of 1986, as amended (the "Code") in order to be financially feasible as part of a qualified low-income housing project, and, as such, the buildings in the Development will be treated as located in a difficult development area designated pursuant to Section 42(d)(5) of the Code.

The Developer and its consultant sought proposals from several potential syndicators and investors to ensure the highest market value for the credits. Red Stone Equity Partners was selected as the syndicator, with final pricing of \$0.925 per credit.

The primary sources of financing for the transaction will be (i) a taxable mortgage from Rhode Island Housing, (ii) a Deferred Payment Loan from Rhode Island Housing, (iii) Rhode Island Housing HOME funds, (iii) equity from the sale of 9% tax credits, (iv) Community Development Block Grant (CDBG) funds from the Town of North Kingstown, and (v) a revolving construction loan from Rhode Island Housing..

The Request for Action is for a firm commitment of \$1,011,296 of 2012 and/or 2013 Housing Tax Credits, a First Mortgage in the amount of \$216,000, a Deferred Payment Loan of \$60,000, and a Construction Loan in the amount of \$8,500,000.

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

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

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; and

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

Whereas, Staff for Rhode Island Housing has determined that the Applicant ("Applicant") listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of tax credits from the tax credit authority available in the calendar years 2012 and/or 2013 ("the Tax Credit") and for permanent financing as follows:

Applicant	Dev't	First Mortgage	Deferred Payment Loan	9% HTC	Construction Loan
North Dartmouth Properties	North Cove Landing	\$216,000	\$60,000	\$1,011,296	\$8,500,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$1,011,296 of allocated 2012 and/or 2013 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 the Executive Director, either Deputy Director and the Director of Housing Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves financing for a taxable First Mortgage loan to North Cove Landing LLC, or an affiliated partnership (the "Borrower") in an amount not to exceed \$216,000 (the "Loan") for family housing located in North Kingstown, Rhode Island.

Resolved, That the Rhode Island Housing hereby approves up to \$60,000 of Deferred Payment Loan funds for the Borrower.

Resolved, That the Rhode Island Housing hereby approves up to \$8,500,000 of Construction Loan funds for the Borrower.

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

- Approval by Rhode Island Housing of all members of the development team.

- Syndication equity from the sale of Housing Tax Credits in amounts sufficient to achieve project feasibility.
- Availability of HOME funds and Community Development Block Grant funds in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing.
- Acceptable final appraisal by an independent appraiser demonstrating that the North Cove first mortgage does not exceed 90% of the as-stabilized value of the property.
- Approval by Rhode Island Housing of all management related issues.
- Approval of the proposed operating budget for the development.
- Approval from the Town of North Kingstown verifying real estate tax assessment at no more than 8% of Gross Potential Income.
- Final approval by Rhode Island Housing of construction plans and specifications and construction documentation.
- Approval by the U.S Department of Housing and Urban Development under the 8-Step Floodplain Review process.
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and sponsor

Firm Approval of Financing and Housing Tax Credits for Kingstown Crossings II

Mr. Godfrey presented this request.

Commissioner Brumberger, designee for Commissioner Raimondo, recused due to the Treasurer's position as a member of the board of Crossroads, which is a participant in the Kingstown Crossings development.

This Request for Action ("RFA") is for a reservation of up to \$1,038,547 in 2012 and/or 2013 9% Housing Tax Credits ("HTC") and firm commitment of up to \$600,000 in first mortgage financing, up to \$368,250 of Deferred Payment Loan and a construction loan of \$7,000,000 for Kingstown Crossings II (the "Development") located in North Kingstown. The sponsor is Crossroads Rhode Island ("Crossroads").

Kingstown Crossings Project II is the second phase of the Kingstown Crossings Master Plan by Crossroads, which involves the redevelopment of the existing Navy Drive development in North Kingstown. The former Navy Drive development consisted of 58 units of obsolete military housing retrofitted for civilian use. The Navy Drive development has been operated by Crossroads since the 1980s. This master planned project is replacing these buildings with a more vibrant village neighborhood environment.

Crossroads took control of the entire Navy Drive parcel from the United States Air Force in 2010 and has completed the Master Plan Comprehensive Permit process for its proposed three phase development which will also include a future new daycare facility and community room (Project III). Crossroads has finalized the plans and is compiling all financial sources for this

third component. Project I, which was completed in January of this year, replaced the original 58 obsolete rental units on the site. All of the apartments in Project I are assisted under the Section 8 program.

Project II proposes the new construction of 46 additional apartments in 7 buildings, consisting of 12 one-bedroom units, 22 two-bedroom units, 10 three-bedroom units and 2 four-bedroom units. All of the units will serve households earning up to 60% of AMI. However, 8 units will be reserved for households up to 40% of AMI and rents for the balance of the units are currently scheduled between 50-60% of AMI. Thirty-seven of the units will be set aside for homeless families or households at risk of homelessness. A new management office will also be included in this phase. Finally, eleven original buildings that are now vacant as a result of the relocation of residents into the recently completed Project I units will be demolished.

With Kingstown Crossings II, Crossroads will move closer to completing its vision for a comprehensive redesign and redevelopment of the former Navy Drive housing site. The Kingstown Crossings site is well located for family housing. Residents have access to schools, parks, public transportation, shopping facilities and other services within a 5 mile radius. Within walking distance are three churches, public library, schools, and public transportation connections to Wakefield, Narragansett, Newport and points north. Also nearby is Quonset Business Park, a major industrial center affording employment opportunities to residents.

The seven new buildings are designed as 3-story gabled forms with simple residential detailing similar to triple-deckers. The buildings will be slab-on-grade construction, with wood frame, pre-fabricated truss roofs and exterior balconies. The buildings will be fully sprinkled. Durable and low maintenance materials will be used to ensure long life including fiber-cement siding and engineered fiber trim. The project architects have indicated that all buildings will be constructed utilizing the latest, energy saving technology and will be eligible for Energy Star credits. Environmentally-friendly materials will be incorporated into the buildings whenever possible. With the construction of Project I, Crossroads earned “gold” LEED certification, a noteworthy achievement.

Equal attention was given to the design of the open space as to the buildings. The most distinctive feature is a pedestrian/bike path weaving between buildings and replacing the former paved Navy Drive. This helps create a village feel with walkways linking all the buildings and courtyards with each other. While the site is designed for convenient car use with 69 parking spaces it will not be auto centric since parking clusters will be located between buildings rather than between the buildings and road.

The development meets many of the KeepSpace elements including providing safe healthy homes in an area with the potential for economic growth and existing infrastructure. On-site daycare is expected to be upgraded as part of a future development phase. The existing day care that is located in one of the older structures scheduled for demolition will be relocated to an off-site location. Kingstown Crossings has good access to public transportation with community amenities within walking distance.

Rhode Island Housing has the authority to designate projects as difficult to develop in order to increase a project's eligible basis by up to 30%. Rhode Island Housing has designated the buildings in the Development as requiring the increase in basis described in Section 42(d)(5)(B) of the Internal Revenue Code of 1986, as amended (the "Code") in order to be financially feasible as part of a qualified low-income housing project. As such, the buildings in the Development will be treated as located in a difficult development area designated pursuant to said Section 42(d)(5) of the Code.

Total construction costs are approximately \$7.8 million or \$251,600 per unit which is reasonable given the infrastructure requirements. The project will follow an aggressive schedule to complete work within 13 months from closing. Initial lease up is planned for August 2013 and is scheduled to be fully occupied by the end of 2013.

Since the preliminary board approval in December 2011, Crossroads solicited proposals from five syndicators in an effort to increase the amount of equity for the Development. Stratford Capital, the Project I syndicator was designated as the syndicator for this phase. While the market-rate rental market is very strong and the market study reveals a strong need for affordable homes in North Kingstown, the set aside for homelessness reduced the equity pricing. Therefore, the Developer is asking for an additional \$45,000 in housing tax credits. Stratford is paying \$.88 per credit. Although this pricing is slightly lower than the other syndicator bids, it resulted in the least amount of additional credits because of earlier pay-in of equity installments to reduce carrying costs through lease-up and breakeven benchmarks. In addition, it assures that Stratford is the investor in both phases of the development which will simplify management issues in the future.

In conjunction with Bank RI, Crossroads received a subsidy and grant award (the "Subsidized Advance") from the Federal Home Loan Bank of Boston ("FHLBB"). The Subsidized Advance allows BankRI to lower the rate and maximize the size of the first mortgage. Because of the HTCs and public subsidy dollars invested in the Development, Rhode Island Housing prefers to be in the Senior Loan position in order to ensure compliance with the various program requirements. As was done in Project I, the Subsidized Advance will pass through BankRI, which is a FHLBB member bank, to Rhode Island Housing, which will in turn fund the first mortgage loan to the development. The cost of the Subsidized Advance is less than Rhode Island Housing's usual cost of capital and allows for a mortgage at a reduced interest rate. The loan from BankRI to Rhode Island Housing will be non-recourse, and will be secured by a pledge of the loan documents from Rhode Island Housing to the new Limited Partnership.

The total development cost for this project is approximately \$11,600,000. Sources of funding include: (i) a Rhode Island Housing first mortgage; (ii) a Rhode Island Housing Deferred Payment Loan and deferral of an existing Rhode Island Housing Deferred Payment Loan which was made in 1996; (iii) Rhode Island Housing HOME funds; (iv) equity from the sale of Housing Tax Credits; (v) an award of Affordable Housing Program grant funds from the Federal Home Loan Bank (sponsored by BankRI); (vi) Community Development Block Grant funds from the Town of North Kingstown (vii) National Grid energy efficiency rebates and (viii) insurance funds received after a fire damaged some of the now vacant units.

This Request for Action is for a reservation of 2012 and/or 2013 9% Housing Tax Credits in the amount of \$1,038,547 as well as firm commitment of first mortgage financing of \$600,000, a Deferred Payment Loan of \$368,250 and a construction loan of up to \$7,000,000.

Michelle Wilcox of Crossroads thanked the Board, Rhode Island Housing and staff for their consideration of this request.

Upon a motion made by Commissioner Dimeo and seconded by Commissioner McGreevy the following resolution was approved with 5 votes in favor, none opposed; and one recusal from Commissioner Brumberger. Commissioner Brumberger did not participate in the discussion, consideration or vote on this resolution:

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

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) 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 the calendar years 2012 and/or 2013 ("the Tax Credit") and for mortgage financing as follows:

Development	Applicant	Construction Loan	9%Tax Credits	First Mortgage	Deferred Payment Loan
Kingstown Crossing II	Crossroads Rhode Island	\$7,000,000	\$1,038,547	\$600,000	\$368,250

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 enabling legislation, regulations, guidelines and policies;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$1,038,547 of allocated 2012 and/or 2013 housing tax credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of the Corporation applicable to the Allocation of Low-Income Housing Tax Credits (the “Rules and Regulations of the Corporation”), and that the Executive Director, either Deputy Director, or the Director of Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That, subject to the special conditions listed below, the Rhode Island Housing hereby gives firm approval of financing for a taxable first mortgage loan to Crossroads Rhode Island or an affiliated partnership (the “Borrower”) in an amount not to exceed \$600,000 (the “Loan”) for family housing located in North Kingstown, Rhode Island.

Resolved, That, in order to fund Rhode Island Housing’s loan to Kingstown Crossing II, Rhode Island Housing may enter into a \$600,000 loan arrangement (the “Loan”) with Bank of Rhode Island substantially in accordance with the terms outlined in this Board Action; and

Resolved, That Rhode Island Housing may secure the Loan by granting to Bank RI 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 Kingstown Crossing II.; and

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 BankRI as Bank RI may require to evidence the Loan, including, without limitation, a loan agreement, special obligation 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 Authorized Officers be, and each of them hereby is, authorized, empowered and directed to take any and all action necessary to effectuate the

purpose and intent of the foregoing resolutions, including, without limitation, (i) the execution and delivery on behalf of Rhode Island Housing of all such other agreements, documents and instruments and the performance by Rhode Island Housing thereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate or advisable, and (ii) the consummation of the transactions contemplated hereby and the performance by Rhode Island Housing as required hereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate or advisable, each such determination pursuant to the immediately preceding clauses (i) and (ii) to be conclusively evidenced by the taking of any such action by any Authorized Officer 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 Board of Commissioners; and

Resolved, That Rhode Island Housing hereby approves up to \$368,250 of Deferred Payment Loan Funds for the Borrower; and

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby approves financing for a construction loan for the Borrower in an amount not to exceed \$7,000,000 (the "Construction Loan").

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

- The award of Rhode Island Housing HOME funds sufficient to make the project feasible, or the availability of alternative equity satisfactory to Rhode Island Housing;
- Syndication equity from the sale of HTCs in amounts sufficient to achieve project feasibility;
- Rhode Island Housing approval of the plans and specifications, construction budget, scope of work, and construction documentation;
- Acceptable final appraisal and market study by an independent appraiser demonstrating that the first mortgage loan does not exceed 90% of the as-stabilized value of the property and that sufficient demand exists for the proposed units;
- Approval by Rhode Island Housing of all management related issues including the Marketing and Tenant Selection Plans;
- Agreement between BankRI, Crossroads and Rhode Island Housing as to a mortgage pass-thru structure that will allow Rhode Island Housing to be the first mortgage lender of record;
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and sponsor including a schedule that will assure all units are placed in service by December 30, 2013.

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

Firm Approval of Financing and Housing Tax Credits for Maplewoods in the City

Susan Bodington, Deputy Director, made this presentation. Carol Ventura, Director of Development provided additional information on the funding.

Mr. Godfrey did not participate in the review and recommendation of the proposal since SWAP's Executive Director is Mr. Godfrey's wife and SWAP is the sponsor of this development.

This Request for Action ("RFA") is for firm commitment of \$931,771 of 2012 and/or 2013 Housing Tax Credits (HTCs), a First Mortgage of \$100,000, a Deferred Payment loan of \$305,000 and a \$7.5 Million Construction Loan for Maplewoods in the City ("the Development"), a forty unit new construction family rental development in Providence, RI. The developer is SWAP, Inc. (the "Developer").

Maplewoods in the City received preliminary approval for a reservation of 2012 and/or 2013 Housing Tax Credits and associated financing at the December 2011 Board meeting. The project is located on a vacant parcel of land located at 66 Huber Avenue in the north end of Providence. The parcel is located in the Fruit Hill neighborhood, abutting both North Providence and Johnston. It is less than one mile from the Rhode Island College campus. It exhibits many of the features of a KeepSpace neighborhood, being situated in a primarily residential area comprised of single-and multi-family homes, and being a short walk to public transportation, a shopping center with grocery store and bank, other neighborhood services and retail.

SWAP's original intent was to complete the development as affordable condominiums, but the economic recession and increased foreclosure activity, which particularly impacted condominiums, rendered those plans infeasible. SWAP subsequently submitted a proposal to Rhode Island Housing as a part of the 2010 Tax Credit application round to re-use the foundation already put in place by the previous owner to construct a multi-unit rental building with structured parking below. The project did not receive funding at that time.

The Developer used the intervening time to redesign the site plan resulting in a compact but more open design, with efficient unit layouts and simplified surface parking. While a new foundation will need to be built, the existing storm water management system constructed using previously awarded Building Homes Rhode Island ("BHRI") funds will be used in the new plan.

The current design proposal includes a mix of two- and three-bedroom townhouses and flats contained in six buildings. All of the units have individual entrances, and the buildings are joined by covered walkways, creating a courtyard between. Features and amenities in the Development are to include a community room, a small on-site management office, a laundry room, and tenant storage as well as outside play areas for children. While the original

submission was intended to be built using modular units, the current design will be built on-site, creating local jobs.

The Providence Department of Public Works has approved and signed off on the existing storm water management system. The previous property owner received Zoning Board of Review approval for variances on the site, and SWAP has obtained confirmation from the City of Providence that those variances remain valid and in effect for the proposed development. In addition, the City Councilman for the area has expressed his support for the Development.

The Developer and its consultant sought proposals from several potential syndicators and investors to ensure the highest market value for the credits. Further discussions after proposals were received resulted in the selection of the National Equity Fund as syndicator, with final pricing of \$0.929 per credit. The increase in HTC pricing since the preliminary commitment, along with the commitment of additional non-Rhode Island Housing soft sources and reduced interest expense has enabled the Developer to decrease the amount of Deferred Payment Loan Funds requested.

Rhode Island Housing has the authority to designate projects as difficult to develop in order to increase a project's eligible basis by up to 30%. Rhode Island Housing has designated the buildings in the Development as requiring the increase in basis described in Section 42(d)(5)(B) of the Internal Revenue Code of 1986, as amended (the "Code") in order to be financially feasible as part of a qualified low-income housing project, and, as such, the buildings in the Development will be treated as located in a difficult development area designated pursuant to Section 42(d)(5) of the Code.

The primary sources of financing for the transaction will be (i) equity from the sale of 9% tax credits, (ii) a taxable mortgage, (iii) a Deferred Payment Loan from Rhode Island Housing, (iv) Rhode Island Housing HOME funds, (v) City of Providence HOME funds, (vi) Neighborhood Opportunities Program ("NOP") Capital funds, (vii) BHRI funds, and (viii) a construction loan from Rhode Island Housing. It should be noted that SWAP has received all necessary approvals from the Housing Resources Commission ("HRC") to change the development to rental from its earlier iteration as a homeownership project.

The Request for Action is for a firm commitment of \$931,771 of 2012 and/or 2013 Housing Tax Credits, a first mortgage in the amount of \$100,000, a Deferred Payment Loan of \$305,000 and a \$7,500,000 Construction Loan.

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

**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; and

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

Whereas, Staff for Rhode Island Housing has determined that the Applicant ("Applicant") listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of tax credits from the tax credit authority available in the calendar years 2012 and 2013 ("the Tax Credit") and for permanent financing as follows:

Applicant	Dev't	First Mortgage	Deferred Payment Loan	9% HTC	Construction Loan
SWAP, Inc	Maplewoods in the City	\$100,000	\$305,000	\$931,771	\$7,500,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$931,771 of allocated 2012 and/or 2013 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 the Deputy Director and the Director of Housing Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves financing for a taxable First Mortgage loan to SWAP, Inc., or an

affiliated partnership (the “Borrower”) in an amount not to exceed \$100,000 (the “Loan”) for family housing located in Providence, Rhode Island.

Resolved, That Rhode Island Housing hereby approves up to \$305,000 of Deferred Payment Loan funds for the Borrower.

Resolved, That Rhode Island Housing hereby approves up to \$7,500,000 of Construction Loan Funds for the Borrower

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

- Approval by Rhode Island Housing of all members of the development team.
- Acceptable final appraisal by an independent appraiser commissioned by Rhode Island Housing demonstrating that the Maplewoods in the City first mortgage does not exceed 90% of the as-stabilized value of the property.
- Syndication equity from the sale of Housing Tax Credits in amounts sufficient to achieve project feasibility.
- Approval by Rhode Island Housing of the final Limited Partnership Agreement.
- Approval by Rhode Island Housing of all management related issues.
- Approval by Rhode Island Housing of construction plans and specifications and construction documentation.
- Approval of the proposed operating budget for the development.
- Approval from the City of Providence verifying real estate tax assessment at no more than 8% of Gross Potential Income.
- Approval of Rhode Island Housing HOME funds, City of Providence HOME funds, and Neighborhood Opportunities Program Capital funds in an amount sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing.
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and sponsor including a schedule that will assure all units are placed in service by December 30, 2013.
- 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 Deputy Director or the Director of Development each acting singly, shall take any and all actions they deem necessary to carry out the forgoing Resolutions.

Approval of Engagement of Legal Counsel

Mr. Godfrey presented this request.

Commissioner Costantino noted that the Office and Human Services has professional relationships with a number of the law firms in the state and he therefore recused from the discussion, consideration and the vote of this request. Commissioner Costantino left the room during the presentation.

In December 2011, Rhode Island Housing issued a Request for Proposals from law firms interested in providing some or all of the following legal services to Rhode Island Housing for 2012 and 2013:

- General Counsel/Issuer's Counsel
- Litigation Counsel
- Multi-Family Loan Closing Counsel
- Single Family Loan Closing Counsel
- Foreclosure and Bankruptcy Counsel
- State Housing Appeals Board Counsel
- NSP/Land Bank Counsel

Notice of the RFP was posted on the web site maintained by the Division of Purchasing of the Department of Administration and was published in the Providence Journal. In addition, notice of the RFP was provided to approximately 150 attorneys and law firms that had previously expressed an interest in providing legal services to Rhode Island Housing. 56 firms submitted proposals in response to the RFP, several of which offered to provide services for more than one of the above substantive areas.

The legal subcommittee met on March 29, 2012 to review staff comments and interview certain candidates for general counsel/issuer's counsel. Attachment A sets forth the selection process adopted by the legal subcommittee and contains the recommendations of the subcommittee regarding engagement of outside counsel.

The legal subcommittee authorized staff to negotiate with each of these firms around the fees to be charged and the services to be provided in order to best serve the interests of Rhode Island Housing. The subcommittee further recommended that these engagements be for a one-year period, renewable for a second year.

Upon a motion made by Commissioner Barge and seconded by Commissioner McGreevy the following resolution was approved with 5 votes in favor, none opposed; and one recusal from Commissioner Costantino. Commissioner Costantino did not participate in the discussion, consideration or vote on this resolution:

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

Whereas: Rhode Island Housing has a need for the services of attorneys to provide the following services:

- General Counsel/Issuer’s Counsel
- Litigation Counsel
- Multi Family Loan Closing Counsel
- Foreclosure and Bankruptcy Counsel
- Single Family Loan Closing Counsel
- State Housing Appeals Board (SHAB) Counsel
- NSP/Land Bank Counsel; and

Whereas: No legal personnel employed by the state on a full-time basis is available to provide such services; and

Whereas: Rhode Island Housing has budgeted sufficient funding in its annual budget for these services; and

Whereas: The attorneys proposed to be engaged to provide these services have the appropriate professional licenses, competence, as evidenced by their formal training, education and experience, and ability, as evidenced by the availability of adequate personnel, equipment and facilities, to perform the services competently and expeditiously.

Now, therefore, it is hereby

Resolved: That the law firm of Nixon Peabody be engaged as General Counsel/Issuer’s Counsel to Rhode Island Housing for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by the firm, and subject to such changes as the Executive Director may require with regard to the fees charged by the firm for such services.

Resolved: That the law firms of Accardo Law Offices; Brien & Brien, LLP; George Landes; Glenn J. Andreoni; Laplante Sowa Goldman; McGunagle, Reidy and Hentz; Michael Fitzpatrick; Miller, Scott & Holbrook; Robert A. Ragosta, Ltd.; Nancy M. Davis; Pilgrim Title Insurance Company; Ronald Markoff; Sleprow, Sleprow & Associates; Stephen Miller & Associates; Thomas W. Madonna; Equity National Title; and Law Office John Gentile, Jr., be engaged as single family loan closing counsel to Rhode Island Housing for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by such firms, and subject to such changes as the Executive Director may require with regard to the fees charged by these firms for such services.

Resolved: That the law of firms of James J. Caruolo and Harrington & Rhodes be engaged as single family loan closing counsel if, in the determination of the Executive Director, increased loan production warrants the engagement of additional attorneys to provide single family loan closing

services, for a period of time as determined to be in the best interests of Rhode Island Housing and pursuant to the terms of the proposal as submitted by such firms, and subject to such changes as the Executive Director may require with regard to the fees charged by these firms for such services.

Resolved: That the law firms of Winograd, Shine, Land & Finkle; Oliverio & Marcoccio; Orson & Brusini and Partridge Snow & Hahn be engaged as litigation counsel to Rhode Island Housing for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by such firms, and subject to such changes as the Executive Director may require with regard to the fees charged by these firms for such services.

Resolved: That the law firms of Roberts, Carroll, Feldstein & Peirce; Kiernan, Plunkett & Redihan; Shectman Halperin & Savage; Marinosci Law Group PC; and Calenda & Iacoi be engaged as foreclosure/bankruptcy counsel to Rhode Island Housing for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by such firms, and subject to such changes as the Executive Director may require with regard to the fees charged by these firms for such services.

Resolved: That the law firm of Brown Rudnick be engaged as multi-family loan closing counsel for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by the firm, and subject to such changes as the Executive Director may require with regard to the fees charged by the firm for such services.

Resolved: That the law firm of Nixon Peabody be engaged as State Housing Appeals Board counsel for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by the firm, and subject to such changes as the Executive Director may require with regard to the fees charged by the firm for such services.

Resolved: That the law firms of McGunagle, Reidy and Hentz; and Roberts, Carroll, Feldstein & Peirce be engaged as NSP/Land Bank counsel for a term of one year, renewable for a second year, pursuant to the terms of the proposal as submitted by the firm, and subject to such changes as the Executive Director may require with regard to the fees charged by the firm for such services.

Resolved: That the Executive Director, or his designee, be and hereby is authorized to take any and all actions, including specifically the authority to engage any of these firms for such other legal assignments as may be in the best interests of Rhode Island Housing and to negotiate terms of the engagements that will standardize fees between firms for similar services

and such other terms as he may determine are in the best interests of Rhode Island Housing, and to execute any and all agreements and to take such further actions as he deems necessary to carry out the above resolutions.

Following the vote, Mr. Godfrey extended his appreciation and best wishes to Ed Pare, for his dedication, advice and hard work during his years as Rhode Island Housing's Corporate Counsel. Mr. Pare thanked Mr. Godfrey and expressed his hope that Brown Rudnick would be of service in the future.

Commissioner Costantino returned to the meeting.

Approval of Engagement of Underwriters

Mr. Godfrey provided an overview of this request

Rhode Island Housing uses a group of investment bankers to assist it in structuring its bond offerings and leading the sales effort to place its bonds with retail and institutional buyers. Rhode Island Housing selects its bond underwriters biennially and issued a Request for Proposals ("RFP") for such services in early 2011. In order to solicit interest from a broad group of investment banks, Rhode Island Housing advertised its RFP in the national daily trade publication for the governmental bond industry.

Rhode Island Housing received proposals from seventeen firms to serve as senior underwriter. Proposals were reviewed and evaluated by staff and four firms were selected as finalists. They were J.P. Morgan, Bank of America Merrill Lynch, Morgan Stanley and RBC Capital Markets. Due to a delay in the selection process we requested that the four finalists submit an update to their original proposals including any material changes or relevant information. All four finalists responded. The updates were reviewed by staff.

Based on their reviews of the proposals, staff recommends that J.P. Morgan, Bank of America Merrill Lynch and Morgan Stanley be selected as co-senior managers. They would serve on a rotating basis beginning with Morgan Stanley and Bank of America Merrill Lynch as the lead managers for the refunding bond issues currently in process.

Staff is also recommending a co-manager pool of nine firms. Co-managers assist the senior underwriters in the sales effort, but play a minor supporting role in the structuring and placement of the offering. Recommendation for composition of the co-manager pool includes First Southwest, George K. Baum, Janney Capital Markets, M.R. Beal, Oppenheimer, Ramirez & Co., Raymond James/Morgan Keegan, RBC Capital Markets, and Roosevelt & Cross.

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

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

- Resolved:** That J.P. Morgan, Bank America Merrill Lynch and Morgan Stanley be appointed Co-Senior Managing Underwriters for Rhode Island Housing for a two year period.
- Resolved:** That First Southwest, George K. Baum, Janney Capital Markets, M.R. Beal, Oppenheimer, Ramirez & Co., Raymond James/Morgan Keegan, RBC Capital Markets and Roosevelt & Cross serve as Co-Managing Underwriters for Rhode Island Housing for the same two year period as the Co-Senior Managing Underwriters.
- Resolved:** That the Executive Director or the Director of Finance & Technology, each acting singly, be authorized (i) to determine the composition of the underwriting team from the selected Co-Senior and Co-Managing Underwriting Groups for future financings, and (ii) to add or remove entities as Co-Managing Underwriters if they deem such action to be in the best interests of Rhode Island Housing.
- Resolved:** That the Executive Director be authorized, upon consultation with the Chairman, to replace a Co-Senior Managing Underwriter with one of the approved Co-Managing Underwriters if he deems such replacement to be in the best interest of Rhode Island Housing.

Approval of Homeownership Opportunity Bonds Series 61

Mr. Godfrey gave this presentation.

Staff continuously monitors single family loan origination activity; prepayment speeds of existing mortgages; refunding, recycling and optional redemption opportunities related to bonds; seasonality; bond market tone; short term investment yields applicable to escrowed bond proceeds; and volume cap available to issue tax exempt mortgage revenue bonds. All of these activities have the objective of maximizing our lending flexibility and minimizing our interest costs in order to provide mortgages to low and moderate income borrowers in connection with the purchase of their first home.

Due to the current low interest rate environment, Rhode Island Housing has the opportunity to refund up to \$175 million of previously issued bonds at lower rates. Refunding these bonds will generate interest savings, which can be used to offset foreclosure losses in the indenture and provide relief to troubled borrowers through temporary loan modifications.

In addition, Rhode Island Housing currently has \$25 million of variable rate demand bonds within HOB Series 59-C that is supported by a Bank of America liquidity facility. This liquidity facility expires on November 1st and will need to be renewed if these bonds remain in variable rate mode. Bank of America is currently being evaluated by Moody's. If a downgrade occurs, the bonds will no longer qualify as a Tier 1 investment and could result in significantly higher

interest rate levels. Staff will monitor this situation to determine whether these variable rate bonds should be refunded with fixed rate debt that would not require a liquidity instrument.

Finally, based on new loan origination activity, staff recommends issuance of \$25 million of bonds for future loan production.

While the total amount of bonds authorized is \$225 million, the resolution provides flexibility to break the issuance into smaller tax plan components to better time the bond sale to accommodate market conditions and fund delivery requirements.

Staff recommends the issuance of up to \$225 million of bonds within the Homeownership Opportunity Bond program.

Upon a motion made by Commissioner Dimeo 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 April 19, 2012 board package.

Approval of Renewal of Executive Director's Contract and Compensation

Chairman DeRentis related the outcome of the Human Resources Committee meetings held on April 5, 2012 and April 16, 2012 regarding Mr. Godfrey's performance review and presented the Committee's recommendations regarding the Executive Director's contract and compensation.

The Executive Director's current agreement expires on April 30, 2012. In accordance with standard practice, the Human Resources (HR) Committee of the Board of Commissioners met on April 5, 2012 and April 16, 2012 to consider whether the employment agreement should be renewed, and if so, the compensation to be offered. Commissioners present included Chairman DeRentis and Commissioner Monteiro.

On April 5, 2012, the HR Committee reviewed the accomplishments of Rhode Island Housing for 2011, met with the Executive Director to discuss those accomplishments and established a formal performance evaluation review process to be completed by the HR Committee members and certain direct reports of the Executive Director.

The HR Committee met again on April 16, 2012 to complete the performance evaluation process and to consider the renewal of the Executive Director's contract, and compensation. Following a period of discussion, the HR Committee voted that the Executive Director's contract be renewed for a two year term expiring on April 30, 2014, and that his compensation be increased by approximately 3.0%.

The HR Committee recommends that the attached resolutions authorizing the renewal of the Executive Directors contract for a two year period, and establishing the compensation of the Executive Director be approved.

Chairman DeRentis commended Mr. Godfrey on his achievements and applauded the outstanding work he performs as Executive Director especially during this challenging economic

period for Rhode Island. Commissioners Barge and Dimeo also voiced appreciation for Mr. Godfrey's astute leadership and drive.

A discussion regarding the recommendations then ensued. After the discussion, the consensus of the Board was that the resolution regarding renewal of the Executive Director's contract be considered at this time, but that the resolution for compensation be deferred until additional information is provided to the Board. Chairman DeRentis then called for a motion and vote on the renewal of the Executive Director's contract.

Upon a motion made by Commissioner Costantino and seconded by Commissioner Brumberger the following resolution was unanimously approved:

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

RESOLVED: That Rhode Island Housing is authorized to enter into a new employment agreement with Richard Godfrey, substantially on the same general terms and conditions as the current employment agreement, with such modifications that the Chairperson of the Board of Commissioners determines to be in the best interests of Rhode Island Housing, for a term ending on April 30, 2014.

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

Chairman DeRentis then called for a motion to table the Compensation portion of the Executive Director's contract renewal.

Upon a motion made by Commissioner McGreevy and seconded by Commissioner Costantino it was unanimously approved to table the resolution to adopt the HR Committee's recommendation regarding compensation of the Executive Director.

There being no further business to discuss, a motion was duly made by Commissioner McGreevy and seconded by Commissioner Dimeo to adjourn the open meeting at approximately at 9:40 a.m.

Respectfully submitted,

Richard Godfrey
Secretary and Executive Director