Draft

MINUTES OF MEETING
OF THE BOARD OF DIRECTORS OF
RHODE ISLAND HOUSING DEVELOPMENT CORPORATION

A meeting of the Board of Directors of the Rhode Island Housing Development Corporation was held on Wednesday, January 21, 2009 at 8:45 AM at the Offices of the Corporation, 44 Washington Street, Providence, RI, 02903.

Commissioners in attendance were: Chairman Anthony Marouchoc; 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. Vice Chairwoman Denise Barge was absent.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Thomas F. Hogg, Deputy Director and 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; Leslie McKnight, Director of Servicing Michael V. Milito, Corporation Counsel and Jo-Ann Ryan Communications Director.

Brian Gallogly, Counsel to the Corporation was also present, as were members of the public.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Board of Commissioners was posted in the Offices of the Corporation and at the first floor bulletin board in the State House.

Chairman Marouchoc called the meeting to order at approximately 9:09 a.m.

Approval of Minutes of the Board Meeting Held August 10, 2006

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

> VOTED: That the Minutes of the Board Meeting held August 10, 2006 be, and hereby are, approved.

Authorization to Accept General Partner Interests in: Linwood Court, Advent House and Advent Apartments

Mr. Godfrey presented the issues involved in these matters.

This Request for Action seeks approval for the Rhode Island Housing Development Corporation (the "Development Corporation") to accept the assignment of general partner

interests in three developments in Providence which provide housing to homeless families and individuals.

Linwood Court, Advent House II and Advent Apartments (collectively, the "Developments") are low-income housing tax credit properties located in Providence, Rhode Island financed by Rhode Island Housing in the 1990s. Linwood Court is a forty-four mixed unit development financed in December 1992; Advent II is a thirty four unit single-room occupancy development financed in June 1994; and Advent Apartments is a fifty-seven (57) unit efficiency development financed in August 1997. Each of the Developments provides critical housing to homeless individuals and families.

Advent House, Inc. ("Advent, Inc."), a Rhode Island non-profit corporation, was the developer/sponsor of the Developments. Each of the Developments is owned by a single-purpose limited partnership created by Advent, Inc.: Linwood Court LP, Linwood Court II, LP and Mohican LP, respectively (collectively, the "LPs"). The general partner of each of the LPs is a single-purpose affiliate of Advent, Inc. Enterprise Social Investment Corporation ("ESIC") is the limited partner for Linwood Court and Advent Apartments; the Rhode Island Housing Equity Pool II is the limited partner for Advent House II. Advent, Inc. provided property management services for the Developments.

Over the past several years there have been a number of physical and financial challenges at the Developments. Over the years, for a variety of reasons, income was insufficient to pay debt service and to effectively operate the developments. As a result, the properties have suffered from physical deterioration and became increasingly financially unstable, prompting Rhode Island Housing to engage the Advent, Inc. board of directors and representatives of the limited partners to address the ongoing operational problems.

Since October 2007, Rhode Island Housing assumed an increasingly active advisory and support role in the operation of the Developments and refrained from exercising its rights under the various loan documents in the face of ongoing defaults in the hope that operations of the Developments would stabilize.

Despite these efforts, success has been elusive, and the various interested parties have reached consensus that significant changes need to be implemented at the Developments. To facilitate the stabilization of the Developments and protect its financial investment, Rhode Island Housing has negotiated a transfer of the general partner interest in each of the LPs from the Advent, Inc. affiliates to Rhode Island Housing, or its designee. All of the affected parties have agreed in principle to this transfer.

Rhode Island Housing staff recommends that the Rhode Island Housing Development Corporation (the "Development Corporation") serve as the general partner for each of the Development. The Development Corporation has undertaken this responsibility in the past in similar situations.

In anticipation of the assignment of these interests, staff recommends that the Development Corporation engage a property manager and social service provider who can assist in the

stabilization of the Developments. Staff, in conjunction with Advent, Inc., evaluated various potential management and service providers through a lengthy review process and intends to engage Crossroads Rhode Island to provide these services. Crossroads Rhode Island is one of the leading providers of housing and services to homeless Rhode Islanders and currently provides the same property management and social support services needed at the Developments at a nearby facility in Providence.

In addition, staff has reached agreement in principle with ESIC to provide significant additional equity funding for capital needs at Advent Apartments. Rhode Island Housing intends to contribute toward projected operating deficits at each of the Developments for a period of 24 months through the recently established Help for the Homeless Fund.

During this 24 month period, the short-term goal is to stabilize operations at the Developments while developing a long-term strategy for the refinance and recapitalization of the Developments under Rhode Island Housing's preservation program.

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

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

WHEREAS, Linwood Court Limited Partnership, Linwood Court II, Limited Partnership and Mohican Limited Partnership (collectively, the "Partnerships") are, respectively, the owners of the properties located in Providence, Rhode Island known as Linwood Court, Advent House II and Advent Apartments (collectively, the "Developments"); and

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation, a corporation, instrumentality and agency of the State of Rhode Island ("Rhode Island Housing"), made certain loans to each of the Partnerships, (the "Loans") which Loans were secured by mortgage and security interests in the Partnerships' real and personal property for the associated Development; and

WHEREAS, after various attempts to stabilize the Developments, each continues to operate with operating deficits and are unable to address major and compelling needs for the Developments and have been unable to make payments to Rhode Island Housing despite various forbearance offered by Rhode Island Housing; and

WHEREAS, The current general partner of each of the Partnerships wishes to withdraw as the general partner and has requested that Rhode Island Housing or its designee become the general partner of each of the Partnerships; and

WHEREAS, Rhode Island Housing has designated the Rhode Island Housing Development Corporation (the "Development Corporation") to become such general partner of each of the Partnerships; and

WHEREAS, each of the limited partners of the Partnerships have agreed to the substitution of the Development Corporation as the general partner.

NOW, THEREFORE, BE IT:

RESOLVED, that the Development Corporation be, and hereby is, authorized to be substituted as general partner of each of the Partnerships under such terms and conditions as the Executive Director, in his sole judgment and discretion, deems to be in the best interests of the Development Corporation, and it is further

RESOLVED, that the Development Corporation be, and hereby is, authorized, in conjunction with the current general partner of the Developments, to engage Crossroads Rhode Island as property manager and social service provider for the Developments, under such terms and conditions as the Executive Director determines to be in the best interest of the Development Corporation, and it is further

RESOLVED, that the Development Corporation, in its capacity as general partner of each of the Developments be, and 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 such Partnership of all such other agreements, documents and instruments, and the performance by Partnership thereunder, as the general partner shall determine, in its exclusive and reasonable judgment, to be necessary, appropriate or advisable, and (ii) the consummation of the transactions contemplated hereby and the performance by the Partnership as required hereunder, as the general partner shall determine, in its 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 officer of the general partner of such Partnership and each such determination is hereby fully and completely approved and adopted as the valid action of and by such Partnership, approved in all respects by the general partner; and it is further

RESOLVED, that the Executive Director or any Deputy Director, each acting singly, are hereby authorized, empowered and directed to take such actions as he or she deems necessary, in his or her sole judgment, to carry out the foregoing resolutions.

Authorization to Establish the Neighborhood Stabilization Land Bank

Mr. Godfrey made this presentation.

This Request for Action is to authorize the Rhode Island Housing Development Corporation (the "Development Corporation") to carry out the authorized implementation of the Neighborhood Stabilization Program including the acquisition of foreclosed properties, the maintenance of these properties in the Neighborhood Stabilization Land Bank, and the improvement of foreclosed properties solely or in partnership with applicants to the Neighborhood Stabilization Program.

The US Department of Housing and Urban Development ("HUD") has allocated $19.6 million to the State of Rhode Island under the Neighborhood Stabilization Program.
The purpose of the Neighborhood Stabilization Program ("NSP") is to assist in the revitalization of neighborhoods through the acquisition and redevelopment of foreclosed properties that might otherwise become abandoned and/or are a source of blight within their communities. The NSP funding will be used to leverage other available funding sources to protect neighborhoods, stimulate the Rhode Island economy and provide safe, sustainable, affordable homes.

The Neighborhood Stabilization Program is a federally funded program that must meet all applicable federal regulations. Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") will administer the Neighborhood Stabilization Program in cooperation with the Rhode Island Office of Housing and Community Development. NSP funds may be used to acquire, rehabilitate, or demolish foreclosed property as well as to provide purchase assistance to buyers seeking to purchase and occupy foreclosed homes.

Rhode Island Housing will administer three NSP funds: Rhode Island Neighborhood Stabilization Land Bank, NSP Housing Development Assistance, and NSP Homebuyer Assistance. Attachment A is a draft Program Bulletin regarding the Rhode Island Neighborhood Stabilization Land Bank and the NSP Housing Development Assistance funds.

Rhode Island Housing proposes that the Development Corporation administer a separate land bank specifically for NSP eligible property to acquire and hold abandoned and foreclosed properties located in targeted areas (the "NSP Land Bank"). Establishment of the NSP Land Bank will segregate properties assisted under the NSP program in a stand-alone entity, providing for administrative efficiencies in the tracking of funds under the HUD grant.

Applications for acquisition of eligible properties may be submitted to the NSP Land Bank by any eligible entity. Properties will be temporarily held in the NSP Land Bank until the eligible entity is prepared to acquire and rehabilitate/redevelop the property, as appropriate. The NSP Land Bank reserves the right to rehabilitate and sell the property if it is not acquired by the eligible entity within the agreed upon time frame. The number of foreclosed properties acquired by the NSP Land Bank for any one developer may also be limited to ensure the timely redevelopment of properties.

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

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

WHEREAS, The United States Department of Housing and Urban Development ("HUD") has allocated $19.6 million to the State of Rhode Island under the Neighborhood Stabilization Program ("NSP"); and

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation, ("Rhode Island Housing"), in cooperation with the Rhode Island Office of Housing and Community Development, will administer the NSP; and

WHEREAS, the purpose of the NSP is to assist in the revitalization of neighborhoods through the acquisition and redevelopment of foreclosed properties that might otherwise become abandoned and/or are a source of blight within their communities; and

WHEREAS, NSP funding will be used to leverage other available funding sources to protect neighborhoods, stimulate the Rhode Island economy and provide safe, sustainable, affordable homes; and

WHEREAS, Rhode Island Housing has requested that the Rhode Island Housing Development Corporation (the "Development Corporation") participate in the delivery of NSP assistance by establishing an NSP Land Bank and providing assistance under the NSP Development Assistance program; and

WHEREAS, the Development Corporation has determined that the requested activities are consistent with its corporate purposes.

NOW, THEREFORE, BE IT:

RESOLVED, that the Development Corporation be, and hereby is, authorized to establish an NSP Land Bank program and provide assistance under the NSP Development Assistance program, substantially in accordance with the terms and conditions set forth in the Program Bulleting provided at Attachment A to the Request for Action presented to the Board, as the same my be amended from time to time, and it is further

RESOLVED, that the Development Corporation be, and hereby is, authorized, to expend such funds as the Executive Director, or his designee, deems necessary to maintain and repair any property held by the Development Corporation under the NSP Land Bank program ("Land Bank Property"), provided that such funds are a permissible and reimbursable expense under the HUD NSP program, and it is further

RESOLVED, that the Development Corporation be, and hereby is, authorized to undertake the development, redevelopment or sale of any Land Bank Property in the event that the eligible entity for which the Land Bank Property was acquired fails to meet the approved development plan for such Land Bank Property; and further that the Development Corporation is authorized to obtain such financing, including without limitation, grants or loans, that the Executive Director or his designee deems necessary to undertake and complete the development or redevelopment of any Land Bank Property, and it is further

RESOLVED, that the Executive Director or any Deputy Director, each acting singly, is hereby authorized, empowered and directed to take such actions as he or she deems necessary, in his or her sole judgment, to carry out the foregoing resolutions.

There being no further business, a motion to adjourn the meeting at 9:16 a.m. was made by Commissioner Flynn and seconded by Commissioner Monteiro.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director