

DRAFT

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

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, August 19, 2004 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Anthony Marouchoc; Vice Chairwoman Denise Barge; Neena Savage, designee for Marilyn McConaghy, Director of Department of Business Regulation; Kerrie Bennett, designee for General Treasurer Paul J. Tavares; Brian P. Stern, designee for Beverly E. Najarian, Director of Department of Administration; Christine Curley and Jose Monteiro.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Thomas F. Hogg, Chief Financial Officer; Susan Bodington, Deputy Director; John Gordon, Director of Asset Management; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing; Erin Reedy, Director of Development; Michael V. Milito, Deputy Assistant Director of Law and Human Resources and Chris Barnett, Public Information Officer.

Steven Richard, 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 second floor bulletin board in the State House.

Chairman Marouchoc called the meeting to order at approximately 8:30 a.m.

Approval of Minutes of Board Meeting Held June 17, 2004

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

VOTED: That the Minutes of the Board Meeting held June 17, 2004 hereby are approved.

Commissioners Curley and Monteiro were not present to motion or vote on the minutes. Commissioner Curley arrived at 8:33 a.m. and Commissioner Monteiro arrived at 8:35 a.m.

Chairman's Report

Chairman Marouchoc welcomed Jose Monteiro, RI Housing's new Commissioner along with Brian P. Stern, designee for Beverly Najarian, director of Business Administration and Neena Savage who was present in lei of Commissioner McConaghy.

Committee Reports

There were no committee meetings during the month of July.

Executive Director's Report

Mr. Godfrey announced that the board meeting scheduled for September 16, 2004 was canceled and would be rescheduled.

Mr. Godfrey welcomed Commissioners Monteiro and Stern to Rhode Island Housing's Board of Commissioners. Mr. Godfrey also extended a welcome to Neena Savage who was representing Commissioner McConaghy at the meeting.

Mr. Godfrey briefly commented on several items mentioned in the Executive Director's report that had been previously distributed to the Commissioners.

Preliminary Approval of Financing for Riverside Village

Erin Reedy, Director of Development, gave background information on this proposal.

This request for action (RFA) is for preliminary approval of financing for Riverside Housing, an existing elderly development originally financed by Rhode Island Housing (RIH). The purchasers of the property have requested new financing through RIH's Preservation Program to preserve the property's long term affordability.

As part of this transaction, Rhode Island Housing will issue new debt to fund the development and permit the use of existing project reserves. The Affordable Housing Trust (AHT) will receive a preservation fee of about \$39,316.

Jim O'Leary and Mr. Ferland were present to answer questions from the commissioners.

Upon a motion made by Commissioner Curley and seconded by Commissioner Barge the following resolution was adopted:

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

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

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

Whereas, Said bonds shall have a term not to exceed thirty (30) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas, The applicant ("Applicant") listed below has presented an application to the Corporation requesting mortgage financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Amount</u>
Riverside House	James Ferland	\$2,320,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby declares a preliminary approval to James Ferland and a To-Be Formed Limited Partnership for tax exempt mortgage financing in an amount not to exceed \$2,320,000 for rental housing known as Riverside House located at 1061 Willett Avenue in East Providence, Rhode Island to be financed by tax-exempt bonds;

Resolved, That the Corporation hereby declares that the preliminary approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue bonds to finance up to \$2,320,000 in permanent mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced develop pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

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

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- An acceptable appraisal determining the value of the property and the prospective and comparable market rents for the property.
- Approval by RIH of Development Team members.
- Final approval of the new operating budget.
- Approval by RIH of construction plans, specifications, and supporting construction documentation.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- FHA Risk-Sharing approval from HUD with a minimum of risk share level 50% of the first mortgage.

Final Approval of Financing for Merchants Village

Erin Reedy made this presentation.

This request for action (RFA) is for a firm commitment of financing for Merchants Village, an existing elderly and family development originally financed by Rhode Island Housing (RIH). The owners have requested new financing through RIH’s Preservation Program to preserve the property’s long term affordability.

Upon a motion made by Commissioner Curley and seconded by Commissioner Bennett the following resolution was adopted:

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

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the “Corporation”) is authorized to make loans to mortgagors or sponsors for such developments as in the

judgment of the Corporation have promise of supplying well-planned, well-designed apartment units which will provide housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

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

Whereas, Said bonds shall have a term not to exceed thirty (30) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

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

<u>Development</u>	<u>Applicant</u>	<u>First Mortgage</u>
Merchants Village	Robert Liguori, Esq.	\$7,625,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby declares firm commitment approval for tax exempt mortgage financing to Robert Liguori, Esq. and a to-be-formed partnership, in an amount not to exceed \$7,625,000 for rental housing known as Merchants Village at Clark Street in Westerly, Rhode Island to be financed by tax-exempt bonds;

Resolved, That the Corporation hereby declares that the firm commitment approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue bonds to finance up to \$7,625,000 in permanent mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced develop pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

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

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Approval of all construction plans and specifications
- Receipt of an updated appraisal to re-affirm the development value and determination of comparable market rates.
- Approval by RIH of Development Team members.
- Final approval of the new operating budgets.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- FHA Risk-Sharing approval for a minimum of 50% of the first mortgage.

Final Approval of the FOSH Regulations

Mr. Godfrey made this presentation.

At its May 19, 2004 meeting, the Board of Commissioners approved publication of a notice of intent to adopt rules and regulations governing the FOSH Program. The Rules and Regulations detail the operation of the program. Notification was published in the Providence Journal on May 25, 2004 and the Providence American on May 27, 2004. Copies were sent to all current FOSH developments and management companies, and all vendors who answered the most recent RFP. The comment period on the regulations closed June 25, 2004.

Several comments were received and changes have been made to the proposed regulations to reflect those comments and further staff review. The changes; 1) clarify the Corporation's right to terminate contracts with Home Care Agencies or participating developments under certain conditions; 2) clarify the responsibility of the development to pay for services provided over the amount contracted for with Rhode Island Housing; and (3) ensure that Resident Service Coordinators receive the information they need on services provided by homemakers.

The regulations proposed at the May meeting with these stated changes are being presented for formal adoption by the Board.

Upon a motion made by Commissioner Bennett and seconded by Commissioner Curley the following resolution was adopted:

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

Whereas, the Corporation on May 19, 2004 authorized the promulgation of the Rules and Regulations of the Corporation Applicable to the Foundations of Senior Health Program (the "Regulations"); and

Whereas, notice of the proposed Regulations has been given in accordance with the Administrative Procedures Act, as set forth in Chapter 42-35 of the General Laws of Rhode Island of 1956, as amended; and

Whereas, the Corporation received a few comments from interested persons regarding the proposed Regulations and has amended the proposed Regulations to address the concerns raised in the comments; and

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

Whereas, the Corporation believes that it is necessary to adopt the proposed Regulations to provide funding for the provision of homemaker and home health aid services to frail elderly, handicapped and disabled persons residing in Corporation-financed developments to enable such residents to remain in the least restrictive housing environments; and

Whereas, pursuant to the provisions of Section 42-35-3 of the General Laws of Rhode Island as amended, consideration has also been given in developing the proposed Regulations to any significant economic impact the Restatement and Amendment may have on small

business as defined in Section 42-35-1(h) of the General Laws of Rhode Island, 1956, as amended, and to any adverse economic impact on any city or town and based on the information available, no significant economic impact on small business and no adverse economic impact on any city or town was identified.

NOW, THEREFORE, IT IS HEREBY:

Resolved: That the Rules and Regulations of the Corporation Applicable to the Foundations of Senior Health Program as attached hereto are hereby adopted in their entirety.

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

Final Approval of the Fire Code Compliance Regulations

Mr. Godfrey outlined these regulations.

In 2003 the General Assembly passed the Comprehensive Fire Safety Act of 2003 and regulations have subsequently been adopted to implement the new requirements. Under the new law and regulations, residential structures with more than four dwelling units must meet higher standards. There are an estimated 20 to 30 residential structures owned by non-profit organizations that have been financed by the Corporation and that will be required to upgrade their compliance with the Fire Safety Code. Anticipated improvements include new fire alarm systems, sprinkler systems, improved means of egress. Staff estimates that these improvements will cost from \$20,000 to \$50,000 per structure. Non-profit organizations do not have the financial means to comply with the new regulations and the properties affected cannot support additional debt.

On July 12, 2004 the Rules and Regulations for the Fire Code Compliance Program were advertised in the Providence Journal for public comment. There were no public comments received during the comment period.

Upon a motion made by Commissioner Barge and seconded by Commissioner Curley the following resolution was adopted:

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

Whereas, The Corporation on June 17, 2004 authorized the promulgation of the Rules and Regulations of the Corporation Applicable to the Fire Code Compliance Program (the "Regulations"); and

Whereas, notice of the proposed Regulations has been given in accordance with the Administrative Procedures Act, as set forth in Chapter 42-35 of the General Laws of Rhode Island of 1956, as amended; and

Whereas, no comment or other response has been received by the Corporation from any person regarding the proposed Regulations; and

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

Whereas, the Corporation believes that it is necessary to adopt the proposed Regulations to provide financing for fire safety upgrades to residential structures financed by the Corporation and owned by non-profit organizations to comply with the requirements of the Comprehensive Fire Safety Act of 2003; and

Whereas, pursuant to the provisions of Section 42-35-3 of the General Laws of Rhode Island as amended, consideration has also been given in developing the proposed Regulations to any significant economic impact the proposed Regulations may have on small business as defined in Section 42-35-1 (h) of the General Laws of Rhode Island, 1956, as amended, and to any adverse economic impact on any city or town and based on the information available, no significant economic impact on small business and no adverse economic impact on any city or town was identified.

NOW, THEREFORE, IT IS HEREBY:

Resolved: That the Rules and Regulations of the Corporation Applicable to the Fire Code Compliance Program as attached hereto are hereby adopted in their entirety.

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

Chairman Marouchoc recessed the open meeting at 9:18 a.m. and convened the Affordable Housing Trust meeting.

At approximately 9:20 a.m. the Affordable Housing Trust meeting adjourned and at this time Chairman Marouchoc resumed the Rhode Island Housing regular board meeting.

Following the action items, the Directors of Staff Operations, Policy, Asset Management, Homeownership, Loan Servicing and the Development Divisions, gave a presentation and brief outline of the responsibilities of their respective departments. The directors also introduced key members of the divisions to the commissioners.

Steve Richard, Corporate Counsel, gave an overview on the legal and ethics policies of Rhode Island Housing. Mr. Richard also updated the commissioners on the State Housing Appeals Process and explained the responsibilities of board members of public bodies. This oral presentation was accompanied by written materials on the *Open Meetings Act*. Mr. Richard responded to the commissioners' questions and assured them that he is always available for questions and consultations.

Chairman Marouchoc thanked Mr. Richard and staff for their time and reminded everyone that the September 16, 2004 board meeting would be rescheduled for a later date.

There being no further business to discuss, a motion was duly made by Commissioner Curley and seconded by Commissioner Barge to adjourn the open meeting at approximately at 10:25 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director