

**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, November 18, 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; 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; 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.

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.

**Committee Reports**

A Legal Committee Meeting was held on November 15, 2004. Chairman Marouchoc announced that those recommendations would be discussed with item number 7 of the agenda.

**Executive Director's Report**

In order to expedite the meeting, Mr. Godfrey requested that the director's report be waived.

**Approval of Financing for Charlesgate East**

Mr. Godfrey made this presentation.

This Request For Action (RFA) is for firm commitment of financing for Charlesgate East an existing elderly development originally financed by Rhode Island Housing (RIH). Charlesgate East Affordable Housing Partners, L.P. ("the Owner") having previously preserved this development in 1995, would like to maintain its existing ownership and refinance the property to obtain new debt.

Robert Goldcamp was present to answer questions from the commissioners for both Charlesgate East and Charlesgate South.

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 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 taxable bonds for the purpose of financing qualified housing developments throughout the state;

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

**Whereas,** The applicant (“Applicant”) listed below has presented an application to the Corporation requesting a first mortgage to refinance the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Taxable Mortgages</u>
Charlesgate East	Charlesgate East Affordable Housing Partners, L.P.	\$2,650,000

**Whereas,** Corporation staff has reviewed the submission and determined that this development qualifies 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 taxable mortgage financing to Charlesgate East Affordable Housing Partners, L.P. in an amount not to exceed \$2,650,000 for rental housing located at 50 Randall Street in Providence, Rhode Island to be financed by taxable bonds;

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

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-stabilized value of the property.
- Approval of a new operating budget.
- FHA Risk-Sharing approval for a minimum of 50% of the first mortgage.

**Approval of Financing for Charlesgate South**

Mr. Godfrey made this presentation.

This Request For Action (RFA) is for firm commitment of financing for Charlesgate South an existing elderly development originally financed by Rhode Island Housing (RIH). Charlesgate South Affordable

Housing Partners, L.P. (“the Owner”) having previously preserved this development in 1995, would like to maintain its existing ownership and refinance the property to obtain new debt.

Upon a motion made by Commissioner Bennett and seconded by Commissioner Stern 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 taxable bonds for the purpose of financing qualified housing developments throughout the state;

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

**Whereas,** The applicant (“Applicant”) listed below has presented an application to the Corporation requesting a first mortgage to refinance the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Taxable Mortgages</u>
Charlesgate South	Charlesgate South Affordable Housing Partners, L.P.	\$4,600,000

**Whereas,** Corporation staff has reviewed the submission and determined that this development qualifies 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 taxable mortgage financing to Charlesgate South Affordable Housing Partners, L.P. in an amount not to exceed \$4,600,000 for rental housing located at 20 Randall Street in Providence, Rhode Island to be financed by taxable bonds;

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

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Acceptable final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-stabilized value of the property.
- Approval of a new operating budget.
- FHA Risk-Sharing approval for a minimum of 50% of the first mortgage.

## **Approval of Bond Counsel Engagement**

Commissioner Stern, as Chair of the Legal Subcommittee of the Board of Commissioners presented the recommendations adopted by the subcommittee on November 15, 2004.

Rhode Island Housing's current engagement with its bond counsel matures at the end of 2004. In accordance with established practice of the Board of Commissioners, RI Housing issued a Request for Proposals (RFP) in October. The RFP notice was published in *The Bond Buyer* and was listed on the web site maintained by the RI Division of Purchasing. In addition, the full RFP was sent to all fifteen firms and organizations that had asked to be included on our solicitation list.

Rhode Island Housing received proposals from seven law firms. A Selection Committee composed of staff and the Legal Subcommittee reviewed the proposals and met to evaluate the proposals and make recommendations to the Board regarding engagement of bond counsel for 2005 and 2006.

Based upon consideration of the written proposals and discussions within the Selection Committee, the Legal Subcommittee recommends that the law firm of Kutak Rock be engaged as primary bond counsel for single family issues and the law firm of Hawkins, Delafield and Wood be engaged as primary bond counsel for multi-family issues, each for a one year term, renewable for a second year. The selection committee further recommends that the Executive Director be authorized to engage the law firm of Ballard Spahr Andrews & Ingersoll and the joint venture of Partridge Snow & Hahn/Miller, Canfield, Paddock and Stone to provide supplemental legal services for bond transactions, if he deems such engagement to be in the best interests of RI Housing.

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**

Resolved: That the Corporation be and hereby is authorized to engage the law firm of Kutak Rock as primary bond counsel for single family financings and such other related matters as the Executive Director deems advisable or necessary.

Resolved: That the Corporation be and hereby is authorized to engage the law firm of Hawkins Delafield & Wood as primary bond counsel for multi-family financings and such other related matters as the Executive Director deems advisable or necessary.

Resolved: That the Corporation be and hereby is authorized to engage the law firm of Ballard Spahr Andrews & Ingersoll to provide such additional or alternative legal services for bond transactions and other related matters as the Executive Director deems advisable or necessary.

Resolved: That the Corporation be and hereby is authorized to engage the joint venture consisting of the law firms of Partridge Snow & Hahn and Miller, Canfield, Paddock and Stone to provide such additional or alternative legal services for bond transactions and other related matters as the Executive Director deems advisable or necessary .

Resolved: That the Executive Director be and hereby is authorized to take any and all actions, including specifically the authority to negotiate terms and fees of the engagements as he may determine are in the best interests of the Corporation, and to execute any and all agreements and to take such further actions as he deems necessary to carry out the above resolutions.

**Demonstration Construction Loan Program for Meadowbrook Three**

Mr. Godfrey outlined this proposal.

Rhode Island Housing’s Development and Homeownership Divisions have combined resources to create a Demonstration Construction Loan Program (the “Program”) to finance the construction and permanent financing of homes that will be developed using the State of Rhode Island’s Low and Moderate Income Housing Law. In order to qualify the affordable units under the Act, at least 20% of the units must be affordable and remain restricted to families earning less than 80% of median income. The Construction Loan Program (the “Program”) will provide the required subsidy by providing below market construction financing through a partnership between RIH and local banks. This Request for Action is to describe the Program as proposed and approve a pilot loan to Meadowbrook Three under the program. Staff plans to present proposed rules for the establishment of a permanent construction loan program to the Board in the next few months.

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 sponsors for such developments as in the judgment of the Corporation have promise of supplying well planned, well designed single family and two family homes which will provide housing for low and moderate income persons or families or others in locations where there is a need for such housing;
- Whereas,** The Corporation is authorized to provide permanent financing with assistance, as applicable, to homebuyers;
- Whereas,** Meadowbrook Commons Associates, LLC has presented an application to the Corporation requesting a revolving line of credit to construct residential housing as set forth in this Request for Action; and
- Whereas,** Corporation staff has reviewed the submission, inspected the site and determined that this development may qualify for financing under the Corporation’s enabling legislation, regulations, guidelines and policies.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved,** That the Corporation be and hereby is authorized to make a loan up to \$4,000,000 to Meadowbrook Commons Associates, LLC for the development of sixty (60) condominium units located off of Kingstown Road in South Kingstown, Rhode Island. The Loan will be structured generally in accordance with the description contained herein, with such changes as the either Executive Director, either Deputy Director or the

Director of Development may, in their sole discretion determine to be necessary or advisable.

**Resolved,** That the Executive Director, any Deputy Director or the Directors of Development and Homeownership, each acting singly, be and hereby is authorized, empowered and directed to take any and all action to execute, file and deliver any contract, agreement or other instrument as each in his/her sole discretion shall deem necessary or advisable in connection with this loan.

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

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Acceptable appraisal by an independent appraiser demonstrating that the first mortgage does not exceed 80% of the as-stabilized value of the property.
- Evidence of the availability, satisfactory to Rhode Island Housing, of a Letter of Credit from Washington Trust Bank in the minimum amount of \$4.0 Million.
- Preliminary approval by Fannie Mae of the condominium development.
- Loan agreements and documentation satisfactory to Rhode Island Housing.

### **Approval of Threshold Loan**

Mr. Godfrey presented this request.

Since September 1994, Rhode Island Housing has managed the Thresholds Program under agreement with the Rhode Island Department of Mental Health, Retardation and Hospitals. The goal of the Thresholds Program has been to increase the supply of housing affordable to people with serious mental illnesses. Some of this housing has been supervised, but the majority of apartments have been supportive housing. In supportive housing, a mental health agency provides its clients with the services they need to live independently in integrated settings. To date, Thresholds has provided financing for 248 units and has committed over \$8 million in program finds.

The Thresholds Advisory Committee met on November 1, 2004 and recommended funding for two (2) applications. The Committee determined (1) that the recommended awards would enable Thresholds to meet its goal of supplying housing linked to supportive services from a mental health center and (2) that the size of the awards were justified and sufficient.

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, the Department of Mental Health, Retardation and Hospitals (MHRH) has entered into an agreement with the Corporation pursuant to which MHRH has delegated to the Corporation the administration of Thresholds funds; and

WHEREAS, the proposals of South Shore Mental Health Center, Inc. and the House of Hope meet the criteria for funding from Thresholds, and

WHEREAS, the Thresholds Advisory Committee and the MHRH have both reviewed the proposal and recommend approval of the allocation of Thresholds funds.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That the Corporation be, and it hereby is authorized, to commit \$518,645 in Thresholds funds, as set forth on Attachment A, subject to approval by MHRH.

RESOLVED: That the Executive Director and the Deputy Director for Programs, 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 Sale of University Heights and Arbor Glen**

Mr. Godfrey gave background information on the process of the RFP for this sale.

Chairman Maoruchoc invited interested parties to comment on the proposal.

After a brief discussion from representatives of Carpionato Properties, Fairfield Residential and Project Basic, Chairman Marouchoc tabled this item.

There being no further business to discuss, a motion was duly made by Commissioner McConaghy 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