

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

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, December 16, 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; 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 October 21, 2004

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

VOTED: That the Minutes of the Board Meeting held October 21, 2004 hereby are approved.

Approval of Minutes of Board Meeting Held November 18, 2004

Upon a motion made by Commissioner McConaghy and seconded by Commissioner Curley, the following was adopted:

VOTED: That the Minutes of the Board Meeting held November 18, 2004 hereby are approved.

Commissioner Monteiro was not present to motion or vote on the minutes. Commissioner Monteiro arrived at approximately 8:35 a.m.

Committee Reports

Mr. Godfrey announced that the Audit Committee Meeting that had been scheduled for December 16, 2004 would be rescheduled January. There were not other committee reports.

Executive Director’s Report

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

Final Approval for Riverside House

Mr. Godfrey made this presentation.

This Request for Action (RFA) is for firm commitment of financing for Riverside House, 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.

Mr. Godfrey recognized Jim Ferland, representing the sponsor, who was present to answer questions from the Commissioners.

Upon a motion made by Commissioner Monteiro 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	\$2,495,000

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 firm commitment approval to James Ferland and a To-Be Formed Limited Partnership for tax exempt mortgage financing in an amount not to exceed \$2,495,000 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 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 \$2,495,000 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 by RIH of Development Team members.
- Final approval of a 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 for a minimum of 50% of the first mortgage

Final Approval for Lonsdale Senior Housing

Mr. Godfrey presented this request.

This Request for Action (RFA) is for Final Approval of financing for Lonsdale Senior Housing, an existing elderly development built in 1978 and originally financed by Rhode Island Housing (RIH). The owners have requested new financing through the Preservation Program to preserve the property's long term affordability

Upon a motion made by Commissioner Stern and seconded by Commissioner McConaghy 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>
Lonsdale Senior Housing	Ferland Corporation and Cathedral Development Group, Inc.	\$5,790,000

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 final approval for tax exempt mortgage financing in an amount not to exceed \$5,790,000 for rental housing known as Lonsdale Senior Housing located at 453 Lonsdale Avenue, Pawtucket, Rhode Island.

Resolved, That the Corporation hereby declares that the approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue bonds to finance up to \$5,790,000 in permanent mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

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

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Acceptable appraisal by an independent appraiser demonstrating that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- 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 for a minimum of 50% of the first mortgage.
- Evidence that Fannie Mae will not be purchasing the LIHTC’s as Fannie Mae is the key buyer of RIH bonds and cannot participate in both sides of the transaction.

Resolved, That the Executive Director and any Deputy Director, each acting singly, shall take any and all actions they deem necessary to carry out the foregoing Resolutions.

Approval of Business Development Consultant for Lead Program Contractors

Mr. Godfrey made this presentation.

Rhode Island Housing seeks to engage a training provider to develop the business capacity of small minority contracting firms participating in the Lead Hazard Reduction Program. Although many of these firms have construction expertise and strong desire to succeed, they lack the business management skills and support necessary to be competitive and successful.

In November, the Corporation solicited proposals from qualified training providers. Two firms, Progresso Latino and Urban Ventures, responded to the Request for Proposals. Staff has reviewed both proposals and recommends that the contract for these services be awarded to Progresso Latino.

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: Rhode Island Housing and Mortgage Finance Corporation (the “Corporation”) intends to provide business development and training services to construction firms participating in the Lead Hazard Reduction Program; and

WHEREAS: the Corporation has solicited proposals from training providers to develop the business capacity of construction firms; and

WHEREAS: Staff recommends awarding the contract to Progresso Latino for \$15,722.00;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That the Corporation be, and it hereby is authorized, to award a training provider contract to Progresso Latino for development and training of contractors business skills.

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 Hiring of Compensation Consultant

Mr. Godfrey outlined this proposal.

Rhode Island Housing adopted its current job classification structure and salary ranges in 1997. At that time, a comprehensive analysis of each job description was conducted and each position was assigned a job classification grade. At the same time, a review of market data from appropriate public and private sector companies was undertaken to establish a competitive salary range for each grade.

Since then, Rhode Island Housing has adjusted salary ranges based on an in-house review of salary data from comparable local and regional employers, and has reclassified specific jobs on a case-by-case basis as new positions are created or responsibilities of existing positions are changed.

In light of the time since our last comprehensive review, the significant changes that have occurred internally and the new external economic dynamic in the region, staff determined that a comprehensive review of Rhode Island Housing’s job classification structures and salary ranges is needed. to ensure that our positions are competitive in the market place and that there is internal compensation equity.

Rhode Island Housing issued a Request for Proposals (RFP) for consultant services to assist in this comprehensive review in late September. Three firms submitted proposals, which were reviewed by the Human Resources Department and the Executive Director. Based upon this review, staff recommends that the firm of Fox, Lawson & Associates be engaged to provide comprehensive compensation and salary consultant services to Rhode Island Housing.

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**

Resolved: That the Corporation be and hereby is authorized to engage the firm of Fox, Lawson & Associates to provide comprehensive compensation and salary consultant services and such 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 engagement 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 resolution.

Approval of Engagement of Consultant for Fire Code Fund

Mr. Godfrey presented this request.

In June of 2004 Rhode Island Housing's Board of Commissioners approved the creation of the Fire Code Compliance Program (the "Program") to provide funding to Rhode Island Housing-financed developments needing property upgrades to insure compliance with the new RI State Fire Codes. The Board reserved \$1 million in fiscal year 2005 to fund these improvements, including up to \$25,000 for related consulting services.

A Request for Proposals (RFP) was issued for professional engineering services to assist the staff of Rhode Island Housing in evaluating applications under the Program. One firm responded to the RFP, Hughes Associates Inc. Staff has reviewed the proposal and feels that the firm meets the criteria and is qualified. The firm has excellent references from the Fire Marshall's office and local officials. The firm would work on a "per project basis" with set fees based on the extent of services required for each facility.

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**

RESOLVED: That the Corporation be, and it hereby is authorized, to engage Hughes Associates, Inc. to provide engineering consulting services to the Corporation in its administration of the Fire Code Compliance Program, in an amount not to exceed \$25,000.

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 Regulations Regarding Eligibility Letters Under Low and Moderate Income Housing Act

Mr. Godfrey presented this proposal.

On June 24, 2004, the Rhode Island General Assembly passed S3148A, an Act that made sweeping changes to Rhode Island's affordable housing laws. Among other things, this law placed new responsibilities on Rhode Island Housing, particularly regarding determining the eligibility of proposed housing developments for federal, state or local housing programs, and approving monitoring agents to ensure the long-term affordability of subsidized units.

These proposed regulations lay out a process for meeting Rhode Island Housing's responsibilities under the new law for;

- 1) The issuance of Letters of Eligibility and accompanying reporting requirements, and
- 2) The establishment of Approved Monitoring Agents.

The regulations also clarify the process used by Rhode Island Housing to calculate Low and Moderate Income Housing units for each community.

Upon approval by the Board of Commissioners, notice of the Corporation's intent to adopt the regulations would be published for comment pursuant to the Administrative Procedures Act. The final regulations would likely be presented for formal adoption at the January Board meeting.

Upon a motion made by Commissioner McConaghy 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 and empowered to cause the proposed Rules and Regulations of the Corporation regarding Chapter 53 of Title 45 and Chapter 55 of Title 42 of the Rhode Island General Laws as amended by the Housing Act of 2004, to be published in accordance with the applicable provisions of the Administrative Procedures Act, (the "Act") contained in Chapter 35 of Title 42 of the General Laws of Rhode Island 1956, as amended, and that the Executive Director or his designee be, and hereby is, authorized to take any and all action as may be necessary or desirable to comply with applicable provisions of the Act.

Executive Session for the Purpose of Discussing Sale of Real Estate

Chairman Marouchoc called for a closed session at 9:01 a.m. pursuant to R.I.G.L. Section 42-46-5 (a) (5) to discuss the proposed sale of the real estate developments known as Arbor Glen and University Heights.

Upon a roll call vote the commissioners unanimously voted in favor of the closed session.

The closed session ended at 10:26 a.m. and Chairman Marouchoc reconvened the Board in open session. No votes were taken in closed session and the minutes were sealed.

Chairman Marouchoc announced that the Board would resume the open session for the presentation of the Consolidated Plan and then reconvene in Executive Session.

Presentation on Consolidated Plan

Following the Executive Session, Susan Bodington, director of Policy, gave a PowerPoint presentation on the Corporation's 2005-2010 Consolidated Plan. The presentation was accompanied by written and graphical materials.

A brief discussion followed the presentation and Chairman Marouchoc thanked Ms. Bodington and her staff.

Executive Session for the Purpose of Discussing Sale of Real Estate

Chairman Marouchoc called for a second closed session at approximately 10:45 a.m. pursuant to R.I.G.L. Section 42-46-5 (a) (5) to discuss the proposed sale of the real estate developments known as Arbor Glen and University Heights.

Upon a roll call vote the commissioners unanimously voted for the closed session.

The closed session ended at 11:01 a.m. and Chairman Marouchoc reconvened the Board in open session. A unanimous vote was taken to seal the minutes, with Commissioners Monteiro recusing due to the possibility that his employer has a business relationship with the prospective purchasers of the properties.

Approval of Sale of University Heights and Arbor Glen

Chairman Marouchoc invited Rhode Island Housing's Corporate Counsel Michael Milito, and General Counsel, Steve Richard to draft a new resolution outlining terms for the sale of both University Heights and Arbor Glen.

After a brief discussion from representatives of Carpionato Properties, Fairfield Residential and other interested parties, Chairman Marouchoc asked attorney Steve Richard to read the new drafted Request for Proposal that would be generated for another round of proposals.

Commissioner Monteiro recused due to the possibility that his employer has a business relationship with the prospective purchasers of the properties.

Upon a motion made by Commissioner McConaghy 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, The Rhode Island Housing Board of Commissioners has carefully and fully considered the proposals and supplemental information regarding the proposed sale of University Heights and Arbor Glen; and

WHEREAS, The Board of Commissioners has determined that neither of the final bids of Fairfield Properties and Carpionato Properties fully and adequately addresses the important and material policy and mission considerations relevant to the Corporation's final disposition of both properties; and

WHEREAS, As a result of the process, the Corporation has determined that there are material factors, including factors that were raised by the Board of Commissioners and staff during the bidding process, that require development and additional consideration that can only be properly addressed through a process of rebidding the proposed disposition of the properties; and

WHEREAS, The Board of Commissioners has determined that, as part of the rebidding process, the Rhode Island staff shall devise a supplemental list of relevant factors, including but not limited to the proposed purchaser's intentions regarding long-term ownership of the properties, the requirement that the proposed purchase of both properties be linked with one purchaser, and a requirement that all or a portion of the proposed financing must be provided by the Corporation

NOW, THEREFORE, IT IS HEREBY:

RESOLVED, That the Board of Commissioners hereby directs the Corporation's staff to draft promptly a revised request for proposals (RFP) regarding the proposed sale of University Heights and Arbor Glen, including those material issues raised by the Board of Commissioners and staff during the bidding process.

RESOLVED, That Rhode Island Housing staff shall present the revised RFP to the Board of Commissioners for review and comment prior to its issuance, with the goal of issuing the revised RFP within 45 days.

RESOLVED, That Board of Commissioners mandates that the revised RFP shall be open to all interested parties.

There being no further business to discuss, a motion was duly made by Commissioner Bennett and seconded by Commissioner Curley to adjourn the open meeting at approximately at 11:10 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director