

**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, February 17, 2005 at 9:15 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Anthony Marouchoc; Vice Chairwoman Denise Barge; A. Michael Marques, Acting 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 and Christine Curley. Jose Monteiro was not at the meeting.

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 9:15 a.m.

**Approval of Minutes of Board Meeting Held January 20, 2005**

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

VOTED:           That the Minutes of the Board Meeting held January 20, 2005 hereby are approved.

**Chairman's Report**

Chairman Marouchoc announced that Governor Carcieri had requested Tom Hogg's assistance and that commencing immediately, Mr. Hogg would be working with the Department of Administration for approximately three months.

**Committee Reports**

Chairman Marouchoc announced that the Human Resources Committee had met prior to the Board meeting and the recommendations would be part of item number 10 of the agenda. A Legal Committee Meeting is also scheduled to be held after the Board meeting at approximately 9:45 a.m.

**Executive Director's Report**

Mr. Godfrey briefly commented on matters set forth in this written report.

**Authorization to Issue Homeownership Opportunity Bonds Series 49**

Mr. Godfrey made this presentation.

The Corporation regularly monitors loan origination activity for the single-family program to determine future funding needs and the timing and structure of bond issuance. In addition, staff tracks prepayment speeds of existing mortgages, upcoming maturity dates and optional call dates of notes and bonds, and associated volume cap in order to take full advantage of our authority to issue tax-exempt mortgage revenue bonds and maximize our flexibility and minimize our cost in providing mortgages to low and moderate income borrowers. Based on this analysis, staff recommends the issuance of fixed-rate bonds and notes under HOB Series 49 in an amount not to exceed \$85 million. The components of the bond structure are outlined below.

Existing bonds will be redeemed from mortgage prepayments, excess reserves and revenues soon after the issuance of the Series 49 bonds. To the extent possible, volume cap authority associated with these redemptions will be incorporated into the new Series 49 bonds, (i.e., a replacement refunding) and will allow us to recycle this bond authority into loans for new borrowers.

This structure will provide sufficient funds to cover projected mortgage funding needs of approximately \$55 million while also preserving approximately \$30 million in volume cap authority for future use.

Upon a motion made by Commissioner Marques and seconded by Commissioner Curley the resolution was adopted in the form presented to the meeting, which Resolution is attached as part of the February 17, 2005 board package.

**Final Approval of Preservation Financing for Centredale Manor and Brook Village**

These items were withdrawn and not acted upon.

**Final Approval of Financing for Geneva Plaza**

Mr. Godfrey gave this presentation.

This Request For Action (RFA) is for Final Approval of financing for Geneva Plaza, an existing elderly development built in 1983 and originally financed by Rhode Island Housing. The owners have requested new financing through Rhode Island Housing’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 approximately \$146,800.00.

Mr. Godfrey acknowledged Bill Thornley who was present to respond to the Commissioners’ questions.

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,** 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 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 Rhode Island Housing 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 Rhode Island Housing requesting mortgage financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>First Mortgage</u>
<b>Geneva Plaza Apartments</b>	<b>Ferland Corporation</b>	<b>\$8,200,000</b>

**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 declares final approval for tax exempt mortgage financing in an amount not to exceed \$8,200,000 for rental housing known as Geneva Plaza located at 453 Lonsdale Avenue, Pawtucket, Rhode Island.

**Resolved,** That Rhode Island Housing hereby declares that the final approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to \$8,200,000 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.
- Acceptable appraisal by an independent appraiser demonstrating that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- Completion of a Capital Needs Assessment.
- Approval by Rhode Island Housing of Development Team members.
- Final approval of the new operating budget.
- Final approval of the FAF prepayment and investor note payment
- Approval by Rhode Island Housing 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 by for a minimum of 50% of the first mortgage.

- Execution of an environmental indemnification document as closing.

**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.

**Final Approval of Preservation Financing for Driftwood Apartments**

Mr. Godfrey outlined this proposal.

This Request for Action (RFA) is for firm commitment of financing for Driftwood Apartments under Rhode Island Housing’s Preservation Program.

Located on Caswell Street in Narragansett, Driftwood Apartments is an existing 32-unit development consisting of 8 efficiency units, 16 one-bedroom units, 6 two-bedroom units and 2 three-bedroom units. It was originally constructed in 1971 and was acquired by Property Advisory Group (“PAG”) in 1989. At that time, Rhode Island Housing purchased an existing Section 236 loan from the Federal National Mortgage Association (“Fannie Mae”) in the amount of \$440,002 and provided a junior loan of \$486,500 for capital upgrades to the project. Rhode Island Housing also provided Low Income Housing Tax Credits (“LIHTC”), for which the 15-year initial compliance period expired in January of 2005. The Section 236 loan continues to carry full HUD insurance. The current owners have proposed the sale of Driftwood Apartments to Preservation of Affordable Housing, Inc. (POAH), a non-profit corporation that specializes in the acquisition of “at risk” affordable housing developments.

Bart Lloyd of POAH Corporation thanked staff and the commissioners for their support.

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 (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of the Rhode Island Housing 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 Rhode Island Housing 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 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 Rhode Island Housing requesting mortgage financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Amount</u>
Driftwood Apartments	<u>POAH Driftwood Apartments, LLC</u>	\$2,500,000

**Whereas,** Rhode Island Housing staff has reviewed the submission and determined that this development may qualify for financing under the 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, the Rhode Island Housing hereby declares firm commitment approval for tax exempt mortgage financing to POAH Driftwood Apartments, LLC in an amount not to exceed \$2,500,000 for rental housing known as Driftwood Apartments located on Caswell Street in Narragansett, Rhode Island to be financed by tax-exempt bonds;

**Resolved,** That the Rhode Island Housing hereby declares that the firm commitment approval of financing for the Borrower constitutes the affirmative official act of the Rhode Island Housing of its intention to issue bonds to finance up to \$2,500,000 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.
- Acceptable appraisal by an independent appraiser that supports the acquisition price and confirms that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- Acceptable Commitment Letter from an equity provider for the transaction demonstrating equity proceeds from 4% Low Income Tax Credits in an amount sufficient to provide development feasibility.
- Approval of new Section 8 rents and a 20-year HAP contract. Rhode Island Housing reserves the right to adjust the terms and amount of the mortgage should the new HAP contract differ from this proposal.
- Approval by RIH of construction plans, specifications, and supporting construction documentation.
- Approval by bond underwriter and bond counsel that the loan will satisfy all required bond provisions for the bond issue.
- FHA Risk-Sharing approval for a minimum of 50% of the first mortgage.
- Evidence that Fannie Mae will not be purchasing the LIHTC as Fannie Mae is the key buyer of 40-year bonds and cannot participate in both sides of the transaction.
- Approval of the AHT loan.

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

**Approval of Executive Director's Compensation**

Chairman Marouchoc related the outcome of the Human Resources Committee meeting held prior to the board meeting regarding Mr. Godfrey's performance review and relayed the committee's recommendations regarding compensation.

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

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

**RESOLVED:** That the Executive Director's salary, on an annualized basis, for the period November 1, 2004 to April 30, 2005 be \$146,750, representing an increase of approximately 3.5% from the current salary.

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 Executive Director's salary for the period May 1, 2005 to April 30, 2006 be \$151,850, representing an increase of approximately 3.5% from the annualized salary immediately preceding.

Upon a motion made by Commissioner Curley and seconded by Commissioner Barge the following resolution was approved on a 5 to 1 vote with Commissioner Bennett voted in the negative:

**RESOLVED:** That, in recognition of his outstanding performance in achieving the goals of the Corporation for the period November 1, 2003 through October 31, 2004, the Executive Director be granted a performance payment of \$3,000 payable immediately.

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

Respectfully submitted,

Richard H. Godfrey, Jr.  
Secretary and Executive Director