

**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, June 23, 2005 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; A. Michael Marques, Director of Department of Business Regulation; Kerrie Bennett, designee for General Treasurer Paul J. Tavares; Michael Tondra, designee for Beverly E. Najarian, Director of Department of Administration; and Christine Curley. Commissioner Jose Monteiro was absent.

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; Carol Ventura, Director of Development; Michael V. Milito, Deputy Assistant Director of Law and Human Resources and Chris Barnett, Public Information Officer.

Susan Leach DeBlasio, 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 May 19, 2005**

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

VOTED: That the Minutes of the Board Meeting held May 19, 2005 hereby are approved.

Vice Chairwoman Barge arrived at 8:35 AM following the action approving the minutes.

**Chairman's Report**

Chairman Marouchoc announced that there will not be a Board meeting in July.

**Committee Reports**

The Human Resources Committee met on June 14, 2005 to discuss the approval of salary increases and related matters. The recommendations of the HR Committee will be presented during action item number 12 of the agenda. A copy of the minutes of the Human Resources Committee is provided in this board package.

The Budget Committee Meeting met on June 14, 2005 and a copy of the minutes is included in this report. Item number 12 of the agenda includes the recommendation of the Budget Committee.

**Executive Director’s Report**

Mr. Godfrey referred the Commissioners to the Executive Director’s Report, which had been previously distributed and briefly commented on a few of the items.

Mr. Godfrey announced that Mary Shekarchi was confirmed by the Senate as the new Chair of the State Housing Appeals Board (SHAB). Mr. Godfrey also announced that Governor Carcieri has named Noreen Shawcross Chief of Housing and therefore Director of the Housing Resources Commission.

**Approval of Preservation Financing for Riveredge Apartments**

Mr. Godfrey made this presentation.

This Request for Action (RFA) is for final approval of financing for Riveredge Village Apartments, an existing elderly development originally financed by Rhode Island Housing (RIH). The new owners have requested financing through RIH’s Preservation Program to preserve the property’s long-term affordability.

Located in Providence, Riveredge Village Apartments is an existing ninety-nine unit development consisting of eighty-nine (89) one-bedroom units and ten (10) two-bedroom units. The development was originally constructed and financed in 1980 and has utilized Section 8 rental assistance through a Housing Assistance Payment (HAP) contract. The current HAP contract expires in July of 2006, at which point the Borrower will seek a twenty-year HAP contract with annual renewals.

Upon a motion made by Commissioner Marques and seconded by Commissioner Curley the following resolution was unanimously 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 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 tax-exempt financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Financing</u>
Riveredge Village	Manton/River Associates,	\$3,557,000.00

## **Apartments**

**L.P.**

**Whereas,** Corporation staff has reviewed the submission and determined that this development may qualify for non-recourse financing under the Corporation's enabling legislation, regulations, guidelines and policies.

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

**Resolved,** That, subject to the special conditions listed below, the Corporation hereby gives final approval of tax exempt mortgage financing to Manton/River Associates, L.P. in an amount not to exceed \$3,556,910.00 for rental housing located in Providence, Rhode Island to be financed by tax-exempt bonds;

**Resolved,** That the Corporation hereby declares that the final approval of financing for the Borrower constitutes the affirmative official act of the Corporation of its intention to issue bonds to finance up to a \$3,557,000.00 first mortgage, 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 final appraisal by an independent appraiser demonstrating that the loan does not exceed 90% of the as-stabilized value of the property.
- Provision of an acceptable letter of commitment from the equity provider for the transaction demonstrating equity proceeds from 4% Low Income Housing Tax Credits in an amount sufficient for development feasibility.
- Approval by RIH of all members of the development team, including contractor and management agent.
- Approval of a new operating budget.
- Final approval of a Remedial Action Work Plan by Rhode Island Department of Environmental Management.
- Approval by RIH of construction plans and specifications, and construction documentation.
- FHA Risk-Sharing approval for up to 50% of the first mortgage.
- Approval by bond underwriter and bond counsel that the loan will satisfy all required bond provisions for the bond issue.

### **Approval of Financing for Driftwood Apartments**

Mr. Godfrey gave an overview of this request.

This Request for Action (RFA) is for a revised firm commitment of financing for Driftwood Apartments under Rhode Island Housing's Preservation Program. This project received Firm Commitment for permanent financing by The Board in February 2005. In addition to the approved \$2,500,000 first mortgage, Staff is recommending approval of an additional \$400,000 Bridge Loan during construction which will be paid off in full at construction completion.

Upon a motion made by Commissioner Barge and seconded by Commissioner Marques the following resolution was unanimously 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,** 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 Rhode Island Housing requesting mortgage financing to acquire and rehabilitate the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>1<sup>st</sup> Mortgage Amount</u>	<u>Bridge Loan</u>
Driftwood Apartments	<u>POAH Driftwood Apartments, LLC</u>	\$2,500,000	\$400,000

**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 firm commitment approval for tax exempt mortgage financing to POAH Driftwood Apartments, LLC in an amount not to exceed \$2,900,000 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 \$2,900,000 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 Rhode Island Housing 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 and Freddie Mac will not be purchasing the LIHTC as they are both key buyers of long term bonds and cannot participate in both sides of the transaction.
- Rhode Island Housing approval of the Relocation Plan.

**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 Threshold Funding**

Mr. Godfrey gave this presentation.

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 is to increase the supply of housing affordable to people with serious mental illnesses. Some of this housing is supervised, but the majority of apartments are 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 250 units and has committed over \$8.6 million in program funds.

Six (6) applications requesting over \$1.7 million were submitted to the Thresholds Advisory Committee. The Committee met on June 3, 2005 to review the applications for eligibility and feasibility.

The Board is requested to authorize the Corporation to make Thresholds awards totaling \$1,302,287.

Recipients of Threshold funds were present to answer questions and to thank staff for their assistance.

Upon a motion made by Commissioner Marques and seconded by Commissioner Barge the following resolution was unanimously 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 Freedom Housing Corporation, Amos House, Community Care Realty, and Gateway Healthcare, Inc. meet the criteria for funding from Thresholds, and

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

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That the Corporation be, and it hereby is authorized, to commit \$1,302,387 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.

**Preliminary Approval of Preservation Financing and Bridge Loan for Northern Plaza**

Mr. Godfrey outlined this proposal.

This Request for Action (RFA) is for Preliminary Approval of Permanent Loan Financing and Firm Approval of a Bridge Loan for Northern Plaza, an existing elderly development located in Pawtucket, Rhode Island which was originally financed by Rhode Island Housing.

Located in Pawtucket, Northern Plaza is an existing 100-unit development consisting of 90 one-bedroom units and 10 two-bedroom units. It was originally constructed and financed in 1985 and receives Section 8 rental assistance through a Housing Assistance Payment (HAP) contract. The current HAP contract expires in 2010. Upon the expiration of this contract, we expect that HUD will renew the assistance contract at a market rent. This contract renewal will likely be subject to annual appropriation in the Federal budget

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

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

**Whereas,** Rhode Island Housing”) 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 applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting Bridge Loan financing to secure limited partnership interests in the development and Permanent Financing to complete necessary improvements to the property as set forth below:

<b>Development</b>	<b>Applicant</b>	<b>Bridge Loan</b>	<b>First Mortgage</b>
Northern Plaza	Northern Plaza Associates	\$1,800,000	\$4,442,179

**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 grants approval for Bridge Loan financing to Northern Plaza Associates (the “Borrower”) in an amount not to exceed \$1,800,000 for Northern Plaza located at 301 Main Street, Pawtucket, Rhode Island.

**Resolved,** That, subject to the special conditions listed below, the Corporation hereby grants preliminary approval for a taxable first mortgage to the Borrower in an amount not to exceed \$4,500,000 for Northern Plaza located at 301 Main Street, Pawtucket, Rhode Island.

**Resolved,** That the foregoing resolution is subject to the following conditions:

- Acceptable guarantee of the Bridge Loan by the existing general partner.
- Execution of a 40-year preservation use restriction upon the closing of the Bridge Loan funds.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements,.
- Approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- FHA Risk-Sharing approval for a minimum of 50% of the permanent first mortgage.
- 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.
- Approval by Rhode Island Housing of all members of the development team including the contractor.

**Approval of Prepayment for Meshanticut Vista**

Mr. Godfrey outlined this proposal.

This Request for Action (RFA) is for approval of prepayment of the mortgage for Meshanticut Vista Apartments an existing elderly development originally financed by Rhode Island Housing (RIH) under the Section 8 program.

Meshanticut Vista is a 140 unit Section 8 elderly apartment located on 225 New London Avenue in Cranston. The development was constructed in 1981 and financed with a Rhode Island Housing mortgage loan to Meshanticut Vista Associates, a Rhode Island limited partnership.

The General Partner, Alfred Carpionato, submitted an application for prepayment. He intends to refinance the property through a HUD Lender and undertake some moderate rehabilitation. Mr. Carpionato has committed to a new 40 year Regulatory Agreement upon refinance.

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

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

RESOLVED: That the prepayment of the existing first mortgage for Meshanticut Vista be, and hereby is, approved, subject to the following terms and conditions:

1. Approval by Rhode Island Housing of the plans and specifications of the proposed rehabilitation.
2. Final approval of the sources and uses of the proposed transaction including a commitment letter from the Lender with terms and conditions.
3. Execution of a new 40 year Regulatory Agreement satisfactory to Rhode Island Housing for the development.
4. Receipt by Rhode Island Housing of all application materials required in Phases 2 and 3 of the Regulations Governing Proposed Prepayments and Transfers, with the exception of such requirements may be waived or modified by the Executive Director, consistent with the nature of this transaction and the protection of the interests of Rhode Island Housing.
5. Satisfaction of any additional requirements which the Executive Director believes to be necessary or advisable to protect the interests of Rhode Island Housing with respect to Meshanticut Vista.

RESOLVED: That the Executive Director, any Deputy Director, or the Director of Development, each acting singly, be and hereby is authorized to execute and deliver on behalf of Rhode Island Housing all documents necessary or advisable to consummate such prepayment and to take such further actions as he or she shall deem necessary of advisable in connection therewith.

**Authorization to Sell 70 Turner Avenue in East Providence**

Mr. Godfrey gave a review of this request.

In 1993 Rhode Island Housing awarded HOME funds to East Bay Geriatric to purchase and rehabilitate a property at 70 Tuner Avenue in East Providence to be used as assisted living and geriatric day care.

In 2001, East Bay Geriatric closed their business and transferred the property to Rhode Island Housing through a deed in lieu of foreclosure. Subsequent proposals to reuse the building for housing were denied by the zoning board of review. For the past two winters, Rhode Island Housing has made the building available for temporary use as an emergency shelter for families.

In February, 2005 Rhode Island Housing requested proposals from non-profit organizations for reuse of the building. The purchase price was set at \$500,000. Uses that are eligible under the HOME program would retain a \$150,000 HOME mortgage. Otherwise the HOME program will be reimbursed the original \$150,000 investment.

Chairman Marouchoc recused himself from voting on this action. The Urban League of Rhode Island submitted a bid for this property and Chairman Marouchoc is a member of their board.

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 Rhode Island Housing be authorized to enter into a Purchase and Sale Agreement, on or before October 1, 2005, with Bradley Hospital, or its related assignee, for the sale of the real property located at 70 Turner Avenue, East Providence, Rhode Island (the "Property") for the purchase price of \$500,000 and containing such other terms and conditions as the Executive Director determines are in the best interests of Rhode Island Housing, including without limitation a requirement that the closing must occur on or before December 1, 2005;

**Resolved,** That Rhode Island Housing reserves the right to sell the property to another interested party should the sale to Bradley Hospital not proceed in accordance with the foregoing resolution; and

**Resolved,** That the Executive Director or each Deputy Director be, and each hereby is, authorized to take any and all actions, including specifically the authority and to execute any and all agreement and to take such further actions as he or she deems necessary to carry out the above resolutions.

**Approval of Homeownership Opportunity Bonds Series 50**

Mr. Godfrey outlined this request.

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 50 in an amount not to exceed \$125 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 50 bonds. To the extent possible, volume cap authority associated with these redemptions will be incorporated into the new Series 50 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 \$85 million while also preserving approximately \$40 million in volume cap authority for future use.

Upon a motion made by Commissioner Bennett and seconded by Commissioner Curley the resolution was adopted in the form presented to the meeting, which Resolution is attached as part of the June 23, 2005 board package.

## **Approval of FY 2006 Budget**

Mr. Godfrey gave this presentation and thanked the commissioners for attending the budget and human resources committee meetings on June 14, 2005 and for their participation.

The fiscal year 2006 Budget was reviewed by the Budget Committee on June 14. Comparative analyses to prior year budget and forecasted amounts were presented to the Committee and explanations of major increases were given. Staffing levels and salary increases were also reviewed by the Human Resources Committee.

Major areas of focus were described for the Committee including the biennial strategic planning process, the corporate wide communications review and a rebuilding of the staff complement to six positions below the approved level.

Both the Human Resources Committee and the Budget Committee endorsed the budgeted levels set forth.

Upon a motion made by Commissioner Marques and seconded by Commissioner Barge the following resolution was unanimously adopted as presented to the meeting which Resolution and Attachment B containing the budget, is attached as part of the June 23, 2005 board package:

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

**Now, Therefore Be It Resolved:** That the fiscal year 2006 Budget of the Corporation as set forth in Attachment B to the June 23, 2005 board package is hereby approved.

Following the Board actions, Mr. Godfrey referred the commissioners to the reports previously distributed on the recommendations of the Communications Audit review conducted by Im-aj Communications. A brief discussion followed the presentation.

Mr. Godfrey also gave an update of the initiatives that are the outcome of the Strategic Planning session that staff participated in on Tuesday, June 21 and Wednesday, June 22, at URI's Alton Jones Campus in West Greenwich.

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 9:58 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.  
Secretary and Executive Director