

**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 17, 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; Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration; Jose Monteiro and Christine Curley.

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.

Edward Pare 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 18, 2005

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

VOTED: That the Minutes of the Board Meeting held October 18, 2005 hereby are approved.

Chairman's Report

Chairman Marouchoc welcomed Edward Pare to Rhode Island Housing's board meeting on behalf of Brown Rudnick, General Counsel to the Corporation.

Chairman Marouchoc congratulated Jim Vincent on being named Citizen of the Year. The chairman also announced that Mr. Vincent chaired the MED Week event that distributed Affirmative Action Awards to SWAP and Smith Hill CDC along with a special acknowledgement to Stand Corporation for their dedication in encouraging affirmative action and minority employment.

Committee Reports

No committee meetings were held in October.

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 invited the Commissioners to participate in the HousingWorks Press conference being held at 10:30 that morning to launch the release of the 2005 Fact Book.

Commissioner Curley arrived at this point of the meeting; at approximately 8:40 a.m.

Final Approval of the Emergency Housing Assistance Program (EHAP) Regulations

Mr. Godfrey, with assistance from Susan Bodington, director of policy, made this presentation.

The Emergency Housing Assistance Program (EHAP) is an initiative of Rhode Island Housing which is designed to provide financial assistance to eligible residents of the State of Rhode Island who are experiencing a temporary emergency housing crisis. Rhode Island Housing provides all EHAP program funds to the Rhode Island Department of Human Services which, in turn, passes those funds on to eight (8) Community Action Program Agencies that serve eligible households within Rhode Island's thirty-nine (39) cities and towns.

Families and individuals must be experiencing a temporary emergency housing crisis in order to be eligible for EHAP assistance. A temporary emergency housing crisis is defined as a threatened or actual loss of housing because of: 1. sickness or disability 2. loss of employment 3. damage or destruction to a household dwelling because of fire or the elements 4. such other events or circumstances deemed by a CAP agency and approved by the Department of Human Services, on a case by case basis, as creating a temporary emergency housing crisis.

The current EHAP program Rules and Regulations were last amended on October 21, 1987. Rhode Island Housing and the Department of Human Services conducted a meeting with representatives from all eight (8) participating CAP agencies, to address program concerns and issues. In this meeting we discussed ways to improve the effectiveness of the current program by updating the current program Rules and Regulations. During this meeting our findings were as follows: 1. a large percentage of the funds were going to the special exception cases, 2. it was unclear as to what constitutes a temporary emergency, 3. better documentation was needed for the different housing crises, 4. need to define the reporting requirements, 5. need to provide more flexibility in the maximum amount of assistance that can be provided, and 6. updates of all outdated information such as household income guidelines should be provided regularly.

At its September 7th meeting, the Board of Commissioners approved the publication of revised EHAP regulations which address these issues and improve the effectiveness of the program. The EHAP regulations were published for comment for 30 days in conformance with the Administrative Procedures Act.

One letter of comment was received on the proposed regulations. The comments recommended:

1. Including a process for appealing denial of eligibility for EHAP assistance;
2. Including information on the office of the Department of Human Services administering the EHAP program;
3. Defining the process and requirements for handling exceptions and for determining the ability of a household to maintain their housing;

4. Defining in the regulations the specific information collected and reported from the CAP agencies to DHS;
5. Allowing consideration of the loss of job and/or income that occurs more than 6 months prior to the application for assistance;
6. Allowing clients to access EHAP assistance before eviction and/or foreclosure is imminent and expanding accepted documentation of threatened or actual loss of housing;
7. Increasing amount of assistance provided;
8. Providing clients with information about EHAP eligibility requirements and appeals process as well as a listing of other appropriate agencies and services.

Recommendations 1-4 have been incorporated into the final rule. The remaining comments were not incorporated for the following reasons;

Comment #5: Staff, DHS and the CAP agencies felt that the 6 month period was an adequate amount of time given that EHAP is intended for emergency situations.

Comment #6: As with comment #5, this recommendation would expand EHAP beyond the intended target of families in emergency housing situations.

Comment #7: Due to funding constraints, we are unable to increase the amount of assistance provided to clients at this time.

Comment #8: This recommendation is outside the scope of the program regulations. However, we will work with DHS to ensure that appropriate information is made available to EHAP clients.

The attached resolution adopting the rules and regulations of the corporation governing the Emergency Housing Assistance Program is recommended for approval.

Upon a motion made by Commissioner Flynn 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 Corporation on September 7, 2005 authorized the promulgation of the Rules and Regulations of the Corporation Applicable to the Emergency Housing Assistance 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 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, 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 Emergency Housing Assistance 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.

Revised Firm Commitment for Williams Woods

Mr. Godfrey gave an update on this proposal.

At the May, 2005 Board Meeting, the Board of Commissioners gave firm approval for tax credits, first mortgage and targeted loan financing for the Williams-Woods Place development in Providence. This Request for Action ("RFA") is for approval of an additional \$200,000 of first mortgage financing.

Chris Star a representative for Williams Wood was present to answer questions from the commissioners.

Upon a motion made by Commissioner Monteiro 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, 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 applicant ("Applicant") listed below has presented an application to the Corporation requesting mortgage financing for family housing as set forth below:

Applicant	Development	Original First Mortgage Amount	Additional First Mortgage Amount	Total
Winn Development/ Providence Housing Authority	<u>Williams-Woods Place</u>	\$2,538,000	\$200,000	\$2,738,000

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;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby approves additional taxable first mortgage financing of \$200,000 for a total taxable first mortgage loan to Winn Development, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$2,738,000 (the “Loan”) for family housing located in Providence, Rhode Island.

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.

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

- Completion of all items required for closing.

Preliminary Approval of Permanent Financing and Firm Approval of Bridge Financing for Crescent Park

Mr. Godfrey made this presentation.

This Request for Action is for approval of bridge and permanent financing under Rhode Island Housing’s (“RIH”) Preservation Program for Crescent Park Manor.

Crescent Park Manor is a 250 unit elderly development in Riverside/East Providence. The development was constructed and financed by RIH in the early 1980’s. A Housing Assistance Payment (HAP) contract has provided Section 8 assistance. The HAP contract expires in 2008. Upon the expiration of this contract, we expect that HUD will renew the assistance contract at a market rent. This contract renewal will be subject to annual appropriation.

Representatives from Picerne Properties expressed their gratitude to staff and the board of commissoenrs.

Upon a motion made by Commissioner Marques and seconded by Commissioner Flynn 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 applicant (“Applicant”) listed below has presented an application to the Corporation requesting a first mortgage and bridge financing to refinance and rehabilitate the building as set forth below:

Development	Applicant	First Mortgage	Bridge Loan
Crescent Park	Picerne Development	\$12,500,000	\$9,000,000

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 grants preliminary commitment for a taxable first mortgage loan to Picerne Development, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$12,500,000 for rental housing located at 243 Crescent View Avenue in Riverside/East Providence, Rhode Island.

Resolved, That the Corporation hereby provides a commitment of short term bridge financing up to \$9,000,000.

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

- Acceptable final appraisal by an independent appraiser demonstrating that the first mortgage loan does not exceed 90% of the as-stabilized value of the property.
- Approval by RIH of all members of the development team
- Approval of operating budget and vacancy rate.
- Receipt of a satisfactory Capital Needs Assessment by a firm acceptable to RIH.
- Approval by RIH of construction plans and specifications, and construction documentation.
- FHA Risk-Sharing approval for the first mortgage.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- An acceptable guarantee from the General Partner in regards to repayment of the Bridge Loan.

Approval of Regulations for the Predevelopment Loan Program

Mr. Godfrey outlined this request.

The Predevelopment Loan Program (the Program) was created in 1996 to address the difficulties encountered by non-profit Housing Sponsors in raising capital necessary to obtain site control and determine the feasibility of prospective housing developments. Since its inception the Predevelopment Loan Program has provided over \$1 million in loans.

The proposed changes streamline the Program, eliminating the need for the Housing Sponsor to apply separately for a site control loan and for a technical assistance loan. Additionally, the maximum allowable loan is increased to \$100,000; interest of prime plus 50 basis points will be determined at closing and charged upon disbursement of funds.

The Board of Commissioners approved the proposed changes at the September 2005 Board meeting. On September 20, 2005, the legal notice announcing the 30-day comment period was published in the Providence Journal. No requests for copies of the Amended Rules and Regulations were received. One developer submitted comments. The comments were, in fact, based upon a misreading of the Amended Rules and Regulations. Therefore, no changes have been made to the draft approved in September.

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**

WHEREAS, Notice of the proposed First Amendment to and Restatement of Rhode Island Housing and Mortgage Finance Corporation Rules and Regulations Applicable to the Predevelopment Loan Program (the “Amended Rules and 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 no changes have been effected by the Corporation; 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 Amended Rules and Regulations to any significant economic impact the Rules 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.

Approval of an Additional \$1,000,000 for the Fire Code Program

Mr. Godfrey made this presentation.

This request for action is for commitment of \$1.0 million for the Fire Code Compliance Program (the “Program”).

In 2003, the general Assembly passed the Comprehensive Fire Safety Act of 2003 (the “Act”). In response, Rhode Island Housing created the Fire Code Compliance Program (the “Program”) under which we provide financial assistance to owners of Rhode Island Housing developed properties to meet the new code requirements. In June of 2004, the Board of Commissioners budgeted \$1.0 million for the Program. Since then, Rhode Island Housing has received 46 applications for funding requesting a total of

\$1,800,000. Nineteen applications covering more than 1,000 units have been approved to date, using the entire funding authority.

An additional 12 applications are under review and staff anticipates that additional non-profit organizations will be required to upgrade their properties to comply with the Act. Cost for the funded improvements have averaged \$54,000 per structure or \$3,000 per unit. Non-profit organizations do not have the financial means to comply with the Act and the properties affected cannot support additional debt.

In order to meet this continuing need, Staff recommends that Rhode Island Housing allocate an additional \$1.0 million to finance needed work. Financing will be in the form of grants or deferred loans payable upon transfer of the property. Funds are available for this program within its program reserve.

Staff further recommends that the Corporation continue to engage a consultant with expertise in fire code compliance to advise the Corporation on improvements necessary for compliance and to assist non-profit owners in establishing specifications for the improvements.

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

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

WHEREAS: The State of Rhode Island has enacted a new fire safety code (the “Code”); and

WHEREAS: The Corporation created the Fire Code Compliance Program (the “Program”) to assist non-profit owners of Corporation funded properties in meeting the new Code requirements; and

WHEREAS: The Corporation previously budgeted \$1.0 million to the Program; and

WHEREAS: There is a need for further funding of the Program to complete improvements to Corporation-funded properties owned by non-profit sponsors required by the Code.

NOW THEREFORE, IT IS HEREBY:

RESOLVED: That the Corporation be, and is hereby authorize, to commit an additional \$1.0 million to the Program for allocation in accordance with the Program regulations.

RESOLVED: That of the \$1.0 million, \$35,000 is allocated to continue to engage a consultant with expertise in Fire Code compliance to advise the Corporation and non-profits with regard to required information.

RESOLVED: That the Executive Director, any Deputy Director, and the Director of Development, each singly be, and hereby is, authorized and empowered to take any and all actions necessary to carry out the foregoing resolutions.

Authorization to Issue Notes for the Neighborhood Opportunities Program

Mr. Godfrey presented this request.

This request for action is for authority to act as an intermediary in a \$7.5 million financing transaction between a consortium of banks headed by Bank of America N.A., (“B of A”) and the State of Rhode Island. The proceeds of this financing will in turn be made available to the Housing Resources Commission (“HRC”) to provide funding for FY 2006 for the Neighborhood Opportunities Program (“NOP”) which is administered by the HRC.

The FY 2006 State budget includes a provision for \$7.5 million in funding to the HRC for the NOP. These funds are intended to be leveraged with other assistance, tax credits and loans in order to rehabilitate and build-out approximately 250 units of affordable housing. These funds also would provide rental subsidy for very low-income individuals and families.

The budget further provided that these funds would be generated under a mechanism by which Rhode Island Housing would enter into a financing agreement with a local financial institution to borrow funds to be used for the NOP, with repayment financed by the Department of Administration from future general revenues of the State. Rhode Island Housing will act only as the intermediary in this transaction and is not obligated to make any payments unless funds are received from the State. The obligations are scheduled to be repaid over approximately five and one-half years from annual budget appropriations. A Schedule of Loan payments is attached as Attachment A.

The General Assembly approved this financing mechanism within the FY 2006 budget. The Budget Article setting forth this financing mechanism is attached as Attachment B.

Bank of America has agreed to serve as the lead lender for this financing mechanism, and expects to enter into a participation agreement with other Rhode Island financial institutions.

Commissioner Monteiro as a loan officer for Bank of America recused himself from voting on this proposal.

Upon a motion made by Commissioner Flynn and seconded by Commissioner Bennett the resolution was adopted in the form presented at the meeting, which is attached as part of the November 17, 2005 board package.

Authorization of Executive Director to Initiate Debarment and Suspension Procedures

Mr. Godfrey gave this presentation.

This Request for Action is for designation of persons to initiate proceedings and conduct hearings under the Rules and Regulations of the Corporation Applicable to Debarment and Suspension from Participation in Programs and Transactions (the “Debarment Regulations”).

At its meeting of November 20, 2003, the Board of Commissioners gave final approval of Debarment Regulations. Section 5.1 of the Debarment Regulations provides that: “Debarment procedures shall be initiated by an authorized officer or employee of the Corporation, as designated by the Board of Commissioners.” This authorized person is responsible for initiating the proceedings, identifying the challenged actions and provisions of law justifying debarment and notifying the affected party of the nature of the proceedings and their right to challenge the proposed action.

Similarly, Section 5.5 of the Debarment Regulations provides that: “The Corporation’s Board of Directors shall designate authorized officials to serve as hearing officers to effectuate the provisions of these Rules

and Regulations.” This authorized person is responsible for conducting a hearing in the debarment proceeding, if the affected party requests one, and issuing a proposed order and recommendation for review and consideration by the Board of Commissioners.

The Board of Commissioners has not yet designated employees or officers of Rhode Island Housing to serve in these positions. In order to fully implement the Debarment Regulations, the Board of Commissioners should designate appropriate person to serve in these capacities. Staff recommends that the Executive Director be designated to initiate debarment proceedings under Section 5.1 of the Debarment Regulations and that the Deputy Director for Policy and the Deputy Director for Operations be designated to conduct hearings under Section 5.5 of the Debarment Regulations.

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

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

Resolved: That the Executive Director of Rhode Island Housing is designated pursuant to Section 5.1 of the Rules And Regulations Of The Corporation Applicable To Debarment And Suspension From Participation In Corporation Programs And Transactions (the “Debarment Regulations”) to initiate debarment or suspension proceedings and take such further actions as may be required in connection therewith pursuant to the Debarment Regulations.

Resolved: The Deputy Director for Policy and the Deputy Director for Operations, each acting singly, be and hereby is designated pursuant to Section 5.5 of the Debarment Regulations to serve as a hearing officer under the Debarment Regulations and take such further actions as may be required in connection therewith pursuant to the Debarment Regulations.

There being no further business to discuss, a motion was duly made by Commissioner Bennett and seconded by Commissioner Flynn to adjourn the open meeting at approximately at 9:10 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director