

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

A working session of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Friday, December 2, 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; George Carvalho, designee for General Treasurer Paul J. Tavares and Jose Monteiro.

Not in attendance were: Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration 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; Michael V. Milito, Deputy Assistant Director of Law and Human Resources and Chris Barnett, Public Information Officer.

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.

Presentation of Communications Plan

Jamie Ouellette and Bob Oberg of Im-aj Communications gave an overview of the recommendations contained in the communications plan that was developed in follow-up to the communications audit performed earlier in 2005. Following the presentation, a brief discussion among Ms. Ouellette and Mr. Oberg, Board and staff, ensued. No formal action was taken.

Update on University Heights/Arbor Glen Transaction

Mr. Godfrey gave the Board a brief update on the status of the proposed sale of University Heights/Arbor Glen developments. The process continues to move forward and while there have been a few bumps in the road that are expected in every transaction of this type, we expect that the closing will occur in the first quarter of 2006. No formal action was taken.

Update on Crossroads RI Construction Financing

Mr. Godfrey gave the Board a brief update of the status of the construction and fundraising efforts for the 160 Broad Street headquarters of Crossroads RI.

The construction is essentially complete and the building is operational. Rhode Island Housing has a bridge loan to Crossroads that is about to come due. This loan was expected to be repaid with proceeds from fundraising efforts. While Crossroads has been somewhat successful in their fundraising, they have not yet reached the amount necessary to retire the bridge loan. Staff may request, at a future Board meeting, that the maturity date on this loan be extended to permit Crossroads additional time to reach its

goal. In addition, Crossroads has incurred higher than anticipated operating costs due to their involvement in a start-up venture with Johnson and Wales University involving a culinary training program for residents and participants in the Crossroads programs. Staff may request, at a future Board meeting, that Crossroads be provided an operating grant to assist in getting these new initiatives fully operational. No formal action was taken.

Update on Human Resource Issues

Mr. Godfrey presented an update on recent actions that have been taken regarding employee compensation and health care benefits. No formal action was taken on these matters.

Compensation

Staff has reviewed the compensation study that was conducted by Fox Lawson Associates. The general findings were not surprising. Rhode Island Housing offers salaries that are somewhat below the private sector but offers benefits that are more generous. More precisely, Rhode Island Housing, on average, pays 8 – 15% less than private employers but pays about 10% more in health benefits. In addition, the report suggests that a number of positions may be assigned to an incorrect grade.

Because our salary ranges are adjusted (generally every two years) for inflation and annual salary increases also tend to follow the inflation rate, this results in some employees getting “stuck” in their salary range. This is a particular problem when employees are promoted from within.

We will review the positions that were identified as being assigned to an incorrect grade and make corrections on a case by case basis as part of the budget process for FY 2007. In addition, we will establish as a corporate goal that salaries for satisfactorily performing employees be brought to the midpoint of their grade within 3 to 5 years of tenure in the position.

Health Insurance

In an effort to gain control of health care expenses, Rhode Island Housing directed our insurance consultant, Starkweather and Shepley to explore alternative health plan structures and models. In addition, we conducted an employee survey as to what was most important in a health benefit plan and convened a staff working group to explore alternatives to the current system.

Based on the results of these efforts, including feedback from employees and vigorous negotiations with carriers, management is proposing health plan changes that achieve significant operating savings primarily through payroll contributions by employees. Employees would pay \$20 per month for individual coverage and \$50 per month for family coverage (to be phased in over 6 months). Some additional savings are generated by shifting from 2 providers to one and increasing emergency room and urgent care co-pays. Total annual savings are projected to be \$150,000 with the important added benefit of being an employee generated solution.

There being no further business to discuss, a motion was duly made by Commissioner Carvalho and seconded by Commissioner Marques to adjourn the open meeting at approximately at 9:45 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director