

**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, March 18, 2010 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Mark Noble; Vice Chairwoman Denise Barge; Michael Solomon, designee for General Treasurer Frank T. Caprio; Michael Marques, Director of Department of Business Regulation; Kevin Flynn, designee for Rosemary Booth Gallogly, Director of Department of Administration; Jose Monteiro and Perry Clough.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Susan Bodington, Deputy Director; Tom Hogg, Deputy Director; John Gordon, Director of Asset Management; Amy Rainone, Director of Policy; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership and Administration Leslie McKnight, Director of Servicing, and Michael V. Milito, Corporation Counsel.

Brian Gallogly, 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 first floor bulletin board in the State House.

Chairman Noble called the meeting to order at approximately 8:30 a.m.

**Approval of Minutes of Board Meeting Held on February 25, 2010**

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

VOTED: That the Minutes of the Board Meeting held on February 25, 2010 hereby are approved.

**Chairman's Report**

Chairman Noble first welcomed everyone to the board meeting. He announced that he and Rhode Island Housing's senior staff had participated in the final House Oversight Committee (formerly, the Separation of Powers committee) hearing on Wednesday, March 10, 2010 where Rhode Island Housing's external auditors provided a financial report to the committee.

**Committee Reports**

Chairman Noble noted that a Legislative sub-committee meeting was held on February 26, 2010 and a Human Resources Committee meeting was held on March 11, 2010. Copies of the

minutes of the Legislative sub-committee meeting were provided in the board package. The recommendations from the Human Resources sub-committee meeting would be considered as part of item 10 of the agenda, Approval of Executive Director's Contract and Compensation.

### **Executive Director's Report**

Mr. Godfrey referred the Commissioners to his report, which had been previously distributed and briefly commented on a few topics of interest.

Mr. Godfrey elaborated on Chairman Noble's reference to the SOP Hearing. At the hearing Rhode Island Housing's outside auditor gave a detailed review of the most recent audit and responded to questions. Mr. Godfrey believes that this will be the final hearing and we expect a report within the next few months.

Mr. Godfrey noted that Susan Bodington, Amy Rainone, and Jessica Buhler and he attended NCSHA's Annual Legislative Conference in D.C. The conference included panel discussions led by top officials of the Administration and Congressional staff and offered networking opportunities with national partners. Staff also met individually with the members and staff of Rhode Island's Congressional delegation to discuss Rhode Island Housing's federal housing priorities. The Washington focus has shifted from economic stimulus to deficit reduction. The President's budget proposes cuts to several traditional housing programs. With much of the federal budget locked into entitlement spending such as medicare, interest on the federal debt and defense spending, the discretionary, non-defense smallest portion of the budget, of which housing is one of many programs, will bear the brunt of spending reductions.

### **Convening of the Section 8 Committee**

Upon a motion made by Commissioner Flynn and seconded by Commissioner Clough, the Board unanimously adopted a motion to convene a meeting of the Section 8 Committee of the Board of Commissioners to consider approval of the Annual and five year PHA Plan. The Section 8 Committee Meeting was convened at 8:48 am.

Chairman noble introduced and welcomed Allison Nugent, a resident participant of the certificate and voucher program administered by Rhode Island Housing in its role as a Public Housing Authority as the Resident Member of the Section 8 Committee.

### **Approval of Annual and Five Year PHA Plan**

Mr. Godfrey presented this request.

Rhode Island Housing acts as a Public Housing Authority (PHA) with respect to its administration of the Section 8 tenant-based subsidy program. In accordance with section 511 of the Quality Housing and Work Responsibility Act of 1998, Rhode Island Housing must adopt an annual and five year PHA Plan for the Section 8 Tenant-based program which establishes goals and objectives to meet the jurisdiction's housing needs. The Agency Plan includes Rhode Island Housing's strategies to achieve objectives in the areas of expanding the supply of assisted housing, promoting family self-sufficiency and ensuring equal opportunity in housing.

In order to comply with the requirements for the Quality Housing and Work responsibility Act, program participants were randomly selected to review the plan, a public hearing was held and a forty-five day public comment period was scheduled. The Plan was reviewed by our policy staff to determine consistency with the consolidated plan. The Agency Plan must be approved by the Board of Commissioners, and be forwarded to the Department of Housing and Urban Development.

Staff recommends that the Board of Commissioners adopt the attached Resolution. Attachment B includes a summary of the Streamlined Annual and Five Year Plan for Fiscal Year 2010. The Plan, in its entirety, is readily available for review at Rhode Island Housing in the Asset Management Division Section 8 Department.

Upon a motion made by Commissioner Clough 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, in its capacity as a Public Housing Authority is required to adopt the PHA Annual Plan for the Section 8 Tenant-Based program to comply with section 511 of the Quality Housing and Work responsibility Act of 1998.

RESOLVED, Rhode Island Housing, in its capacity as a Public Housing Authority, be and hereby is authorized to adopt the PHA Annual and Five Year Plan for the Section 8 Tenant –Based Program, substantially in the form presented to the Commissioners, to comply with the requirements of the Quality Housing and Work Responsibility Act of 1998.

**Approval of Family Self Sufficiency (FSS) Action Plan**

Mr. Godfrey gave this presentation.

Rhode Island Housing acts as a Public Housing Authority (PHA) with respect to its administration of the Section 8 tenant-based subsidy program. In accordance with section 511 of the Quality Housing and Work Responsibility Act of 1998, Rhode Island Housing must adopt a Family Self Sufficiency (FSS) Action Plan for the Section 8 Family Self Sufficiency Program which establishes goals and objectives for the participants.

The FSS Action Plan includes Rhode Island Housing’s strategies to coordinate the use of assistance under the Housing Choice Voucher Program (HCVP) with public and private resources to enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, and make progress towards economic independence and self sufficiency.

The FSS Action Plan must be approved by the Board of Commissioners.

Staff recommends that the Board of Commissioners adopt the attached Resolution. Attachment B includes a summary of the FSS Action Plan. The Plan, in its entirety, is readily available for review at Rhode Island Housing in the Asset Management Division Section 8 Department.

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

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

WHEREAS, Rhode Island Housing, in its capacity as a Public Housing Authority is required to adopt the FSS Action Plan for the Section 8 Tenant-Based program to comply with section 511 of the Quality Housing and Work responsibility Act of 1998.

RESOLVED, Rhode Island Housing, in its capacity as a Public Housing Authority, be and hereby is authorized to adopt the FSS Action Plan for the Section 8 Tenant –Based Program, substantially in the form as presented to the Commissioners, to comply with the requirements of the Quality Housing and Work Responsibility Act of 1998.

Mr. Godfrey then extended Rhode Island Housing’s Board and staff’s profound gratitude to Allison Nugent for her participation and support to Rhode Island Housing’s Section 8 Committee. In appreciation and dedication of her years of service Mr. Godfrey presented Ms. Nugent with a plaque recognizing and commending her on her involvement with the Housing Authority.

Ms. Nugent thanked Mr. Godfrey and the Board of Commissioners and announced that she plans on continuing to participate in working with the Section 8 tenant based community in Scituate.

Upon a motion by Commissioner Marques and seconded by Commissioner Solomon, the Section 8 Committee adjourned at 8:57 a.m. and Chairman Noble reconvened the full Board in open session.

**Approval of Transfer of Physical Assets (TPA) for West End Preservation Apartments**

Mr. Godfrey presented this request.

West End Preservation Apartments (“WEPA”) is an existing family housing development containing twenty-three apartments located within nine historic buildings along Bridgham and Gilmore Streets in the city of Providence’s West End neighborhood.

Utilizing buildings originally constructed in the late 19<sup>th</sup> century, WEPA was developed in 1991 with 9% Housing Tax Credits (HTCs). The 15-year HTC compliance period for the development expired in 2006. WEPA receives Project Based Section 8 assistance for sixteen of

the twenty-three apartments which provide housing for persons under 50% of AMI. The remaining 7 units are rented to families under 60% of AMI at rents that are supported by the market in neighborhood. However, because the units are relatively small and there is competition from larger and newer units in the area, rents for the non Section 8 units have been driven lower than rents at other housing developments in the area.

The owner of the development is West End Apartments, L.P., a Rhode Island limited partnership, in which, WEA, Inc., serves as the general partner and National Equity Fund, Inc. (“NEF”) is the tax credit investor/limited partner. Women’s Opportunity Realty Corporation, a Rhode Island nonprofit corporation controlled by Women’s Development Corporation (“WDC”), is the sole shareholder of the general partner.

Rhode Island Housing has been notified by NEF of its intention to transfer for a purchase price of \$1.00 its limited partner interest in WEPA to Women’s Opportunity Realty Corporation, notwithstanding estimated exit tax liability to NEF of \$136,780 through 12/31/2009. NEF is seeking approval of its intended transfer so that it may close the tax credit fund in which this investment was originally placed now that the initial 15-year compliance period has ended.

The general partner has been working with Rhode Island Housing for the past several years in an attempt to develop a strategy to refinance this development and allow for the refurbishment of the historic structures and family housing apartments contained therein. However, due to the relatively small size of the development and the lack of tax credit investors for this type of project in the last several years, a feasible preservation strategy has not yet emerged. Most recently, WDC submitted an application for an allocation of 2010 9% HTCs to Rhode Island Housing for this development in combination with a similar property owned and operated by WDC in the same neighborhood (Historic West End II Apartments). That application, however, has not yet been approved due to the lack of any interested HTC investors. Rhode Island Housing staff will continue to work with the owner to investigate financing/funding opportunities for the long term preservation of this development. In the interim, the parties have applied to Rhode Island Housing for approval of the above-described transfer.

Staff has reviewed the request under the Rules and Regulations Governing Proposed Prepayments or Transfers and has determined that the proposed transaction complies with these requirements. Because the original loan documents and regulatory agreements will remain in place, the development will continue to be affordable to low and moderate-income persons as originally structured.

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**

RESOLVED: That the transfer of the National Equity Fund’s Limited Partner Interest in West End Apartments, L.P., to Women’s Opportunity Realty Corporation, the sole share holder of the General Partner, WEA, Inc., be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by the 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 as may be waived or modified by the Executive Director or any Deputy Director, consistent with the nature of this transaction and the protection of the interests of Rhode Island Housing.
2. Satisfaction of any additional requirements that the Executive Director or any Deputy Director believes to be necessary or advisable to protect the interests of Rhode Island Housing with respect to the West End Preservation Apartments.

RESOLVED: That the Executive Director, either Deputy Director, and 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 transfer and to take such further actions as he or she shall deem necessary or advisable in connection therewith.

#### **Approval of Transfer of Physical Assets (TPA) for West End II Apartments**

Mr. Godfrey made this presentation.

Historic West End II Apartments (“HWE-II”) is an existing family housing development containing twenty-four apartments located within nine historic buildings located on Bridgman, Arch, Constitution and Wilson Streets in the city of Providence’s West End neighborhood.

Utilizing buildings originally constructed in the late 19<sup>th</sup> century, HWE-II was developed in 1994 with 9% Housing Tax Credits (HTCs). The 15-year HTC compliance period for the development expired in 2009. HWE II receives Project Based Section 8 assistance for seven of the twenty-four apartments which provide housing for persons under 50% of AMI. The remaining 17 units are rented to families under 60% of AMI at rents that are supported by the market in neighborhood. However, because the units are relatively small and there is competition from larger and newer units in the area, rents for the non Section 8 units have been driven lower than rents at other housing developments in the area.

The owner of the development is Historic West End II, L.P., a Rhode Island limited partnership, in which, HWE, Inc., serves as the general partner and National Equity Fund, Inc. (“NEF”) is the tax credit investor/limited partner. Women’s Opportunity Realty Corporation, a Rhode Island nonprofit corporation controlled by Women’s Development Corporation (“WDC”), is the sole shareholder of the general partner.

Rhode Island Housing has been notified by NEF of its intention to transfer for a purchase price of \$1.00 its limited partner interest in HWE-II to Women’s Opportunity Realty Corporation, notwithstanding estimated exit tax liability to NEF of \$47,472 through 12/31/2009. In addition, NEF will forgive a workout loan in the amount of \$66,250 that it provided to the development in 2003. NEF is seeking approval of its intended transfer so that it may close the

tax credit fund in which this investment was originally placed now that the initial 15-year compliance period has ended.

The general partner has been working with Rhode Island Housing for the past several years in an attempt to develop a strategy to refinance this development and allow for the refurbishment of the historic structures and family housing apartments contained therein. However, due to the relatively small size of the development and the lack of tax credit investors for this type of project in the last several years, a feasible preservation strategy has not yet emerged. Most recently, WDC submitted an application for an allocation of 2010 9% HTCs to Rhode Island Housing for this development in combination with a similar property owned and operated by WDC in the same neighborhood (West End Preservation Apartments). That application, however, has not yet been approved due to the lack of any interested HTC investors. Rhode Island Housing staff will continue to work with the owner to investigate financing/funding opportunities for the long term preservation of this development. In the interim, the parties have applied to Rhode Island Housing for approval of the above-described transfer.

Staff has reviewed the request under the Rules and Regulations Governing Proposed Prepayments or Transfers and has determined that the proposed transaction complies with these requirements. Because the original loan documents and regulatory agreements will remain in place, the development will continue to be affordable to low and moderate-income persons as originally structured.

Upon a motion made by Commissioner Flynn 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**

RESOLVED: That the transfer of the National Equity Fund's Limited Partner Interest in Historic West End II, L.P., to Women's Opportunity Realty Corporation, the sole share holder of the General Partner, HWE, Inc., be, and hereby is, approved, subject to the following terms and conditions:

1. 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 as may be waived or modified by the Executive Director or any Deputy Director, consistent with the nature of this transaction and the protection of the interests of Rhode Island Housing.
2. Satisfaction of any additional requirements that the Executive Director or any Deputy Director believes to be necessary or advisable to protect the interests of Rhode Island Housing with respect to the Historic West End II Apartments.

RESOLVED: That the Executive Director, either Deputy Director, and 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 transfer and to take such further actions as he or she shall deem necessary of advisable in connection therewith.

**Approval of Transfer of Physical Assets (TPA) for Coddington Point Apartments**

Mr. Godfrey made this presentation, with additional comments provided by Ms. Ventura, Director of Development.

Coddington Point (the “Development”) is an affordable family housing development presently under construction at 231 Maple Avenue in Newport. Upon completion it will be comprised of 32 units, of which 26 will be two bedroom units with the remaining 6 being three bedroom units. All 32 units are supported by project-based Section 8 vouchers and will be affordable to households at or below 60% AMI. The Development received its firm commitment for tax-exempt financing in December 2008 and closed in September of 2009. Construction is proceeding and the units will begin coming on line in May of this year. Final completion is expected in October 2010.

The owner and borrower for the Development is EAF Newport LLC (the “Borrower”), a Rhode Island limited liability company. Dellbrook Manager Inc., a Massachusetts corporation qualified to do business in Rhode Island, is the current managing member of the Borrower.

EAF North Newport LLC, a Rhode Island limited liability company is the investor member of the Borrower, with Dellbrook Manager Inc. presently serving as its managing member. At the time of closing, Edward A. Fish was the member of EAF North Newport LLC purchasing the housing tax credits included in the approved financing plan. Mr. Fish’s commitment was made when it was very difficult to secure more traditional tax credit investors. While Mr. Fish was prepared to purchase the tax credits, if necessary, it was understood by both Mr. Fish and Rhode Island Housing staff that substitute investors for the approximately \$500,000 investment would be sought.

This request for approval of transfer involves two changes. The first is the admission of the following investors into EAF North Newport LLC, which will remain as the investor member of the Borrower, to replace Edward A. Fish:

<b>INVESTOR</b>	<b>PERCENTAGE</b>
Zohar Ben-Dov	20%
Ronald Nicholson	15%
James Nicholson	15%
Burton Kassell	14%
Lori Buchbinder	9%
Susan Buchbinder	9%
Andrew Clarke	9%
Harvey Clarke	9%

Second, James Nicholson will replace Dellbrook Manager Inc. as managing member of EAF North Newport LLC.

Rhode Island Housing will require the submission and approval by HUD of Previous Participation Certifications (HUD Form 2530) for each proposed investor as a condition to the transfer.

Staff has reviewed the request under the Rules and Regulations Governing Proposed Prepayments or Transfers and has determined that the proposed transaction complies with these requirements. Since the loan documents and regulatory agreements associated with the recent transaction will remain in place, the development will continue to be affordable to low and moderate-income persons as originally structured. Except for the below-the-line changes to the investor member, the Borrower entity will remain the same and will retain day-to-day control of the project.

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

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

RESOLVED: That the admission of new investors into EAF North Newport LLC and the replacement of Dellbrook Manager Inc. as its managing member be, and hereby is, approved, subject to the following terms and conditions:

1. 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 as may be waived or modified by the Executive Director or any Deputy Director, consistent with the nature of this transaction and the protection of the interests of Rhode Island Housing.
2. Receipt and approval by Rhode Island Housing and HUD of Previous Participation Certifications (HUD Form 2530) for each of the proposed investors.
3. Satisfaction of any additional requirements that the Executive Director or any Deputy Director believes to be necessary or advisable to protect the interests of the Rhode Island Housing with respect to the Development.
4. The Borrower agrees to reimburse Rhode Island Housing for all costs associated with the transfer.

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

### **Approval of Executive Directors' Contract and Compensation**

Chairman Noble made this presentation.

Chairman Noble related the outcome of the Human Resources Committee meeting held on March 11, 2010 regarding Mr. Godfrey's performance and review and relayed the committee's recommendations regarding compensation.

A copy of the minutes of the HR Committee had been previously provided to the Commissioners. The HR Committee recommended that Mr. Godfrey's employment agreement be renewed for a two-year term, effective May 1, 2010, and that his salary be increased by approximately 3.5% to \$175,000, effective July 1, 2010.

Chairman Noble commended Mr. Godfrey on his achievements through 2009 and applauded the outstanding work he performs as Executive Director. Commissioners Barge, Monteiro and Clough, all of who were present at the HR Committee meeting, offered their perspectives on Mr. Godfrey's performance during a difficult and challenging time both in Rhode Island and nationally.

A general discussion followed the Chairman's presentation in which Commissioners discussed the Committee's recommendations, primarily regarding the issue of future compensation. Following the discussion, the following motions were considered.

a. **Approval of Executive Director's Contract**

Upon a motion made by Commissioner Solomon and seconded by Commissioner Clough the following resolution was unanimously adopted:

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

**RESOLVED:** That Rhode Island Housing is authorized to enter into a new employment agreement with Richard Godfrey, substantially on the same general terms and conditions as the current employment agreement, with such modifications that the Chairperson of the Board of Commissioners determines to be in the best interests of Rhode Island Housing, for a term ending on April 30, 2012.

**RESOLVED:** That the Chairperson of the Board of Commissioners is hereby directed and authorized to take any and all actions as he deems necessary or desirable to carry out the foregoing resolutions.

b. Approval of Executive Director's Compensation

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Marques the following resolution was approved with 6 votes in favor, none opposed, and one abstention by Commissioner Flynn.

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

**RESOLVED:** That the Executive Director's salary for the period July 1, 2010 to June 30, 2011 be \$175,000, representing an increase of approximately 3.5% from the current salary.

There being no further business to discuss, a motion was duly made by Commissioner Monteiro and seconded by Commissioner Solomon to adjourn the open meeting at approximately at 9:30 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.  
Secretary and Executive Director