

**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, August 19, 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; and 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; Tom Hogg, Deputy Director; Carol Ventura, Director of Development; and Leslie McKnight, Director of Servicing.

Michael Davis, 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 8:36 a.m.

**Approval of Minutes of Board Meeting Held on June 17, 2010**

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

VOTED: That the Minutes of the Board Meeting held on June 17, 2010 are hereby approved.

**Chairman's Report**

Chairman Noble announced that on August 16<sup>th</sup>, Crossroads Rhode Island and Rhode Island Housing, along with Senator Reed, Representative Langevin and their community partners, celebrated the start of the construction of the redevelopment of a former Navy housing complex in North Kingstown. Chairman Noble congratulated Rhode Island Housing staff and Crossroads RI on this milestone.

Chairman Noble also encouraged everyone to spend a few moments after the meeting to view the YouthRap display in the hallway. Participants of Rhode Island Housing's YouthRap residents' program created the collages to showcase their experiences and activities that they engaged in during the sessions.

## **Committee Reports**

There were no committee meetings held during July.

## **Executive Director's Report**

Mr. Godfrey deferred his report until after the action items.

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

Upon a motion made by Commissioner Marques and seconded by Commissioner Solomon, 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 Amendment to the PHA Plan. The Section 8 Committee Meeting was convened at 8:38 am.

Chairman Noble introduced and welcomed Sister Helen Provost, 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 Amendment to PHA Plan**

Mr. Godfrey made 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. The Corporation administers the Section 8 tenant-based subsidy program in accordance with its Administrative Plan. The Administrative Plan must be amended from time to time to incorporate statutory and regulatory changes to the Program.

HUD recently issued a Notice of Funding Availability ("NOFA") for an award of additional vouchers for non-elderly disabled families. As provided in the NOFA, in order for the PHA to be eligible for additional vouchers it must develop and include a written code of conduct in its Administrative Plan. In addition, the NOFA requires that the PHA outline reasonable steps it will take to affirmatively further fair housing in regard to the vouchers awarded, including establishing a preference for non-elderly disabled families.

In response to the NOFA, Rhode Island Housing drafted proposed amendments to its Administrative Plan to include a written code of conduct and outline an affirmative marketing process regarding issuance of the vouchers that may be awarded. Attachment B sets forth a summary of these proposed amendments. The Administrative Plan, in its entirety, is available for review at Rhode Island Housing in the Asset Management Division Section 8 Department.

A public hearing was held on June 14, 2010 to review the proposed amendments. One person attended the meeting and had no comments on the proposed amendments to the Administrative Plan.

Staff recommends that the attached Resolution authorizing the adoption of Proposed Amendments to the Section 8 Administrative Plan be approved.

Upon a motion made by Commissioner Solomon and seconded by Commissioner Monteiro 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 (“PHA”) is required to amend its must be amended from time to time to incorporate statutory and regulatory changes to the Program adopt the Amendment to the PHA Administrative Plan for the Section 8 Tenant-Based Program (the “Program”) from time to time to incorporate statutory and regulatory changes to the Program; and

**WHEREAS:** HUD recently issued a Notice of Funding Availability (“NOFA”) for the award of additional vouchers for non-elderly disabled families under the Program; and

**WHEREAS:** in order to be eligible for an award of additional vouchers, Rhode Island Housing must amend its Administrative Plan to include a written code of conduct and outline an affirmative marketing process regarding issuance of the vouchers that may be awarded.

**NOW THEREFORE, BE IT**

**RESOLVED:** that Rhode Island Housing, in its capacity as a PHA, be and hereby is authorized to adopt the Amendment to the PHA Administrative Plan for the Section 8 Tenant –Based Program, substantially in the form presented to the Commissioners at this meeting.

**RESOLVED:** that the Executive Director, and Deputy Director, and the Director of Asset Management, each acting singly, be and hereby is authorized to take any actions deemed necessary to carry out the foregoing resolution.

Upon a motion by Commissioner Solomon and seconded by Commissioner Flynn, the Section 8 Committee adjourned at 8:46 a.m. and Chairman Noble reconvened the full Board in open session.

**Approval to Enter into a letter of Credit Agreement with FHLB Boston re: Smith Building**

Richard Godfrey presented this request. Mr. Hogg, CFO, provided additional comments.

In its May 2010 meeting, the Board of Commissioners approved the creation of a letter of credit to provide liquidity and debt service support for \$2.1 million of Rhode Island Housing notes.

These notes were originally issued in 1998 with their proceeds used to finance the acquisition and refurbishment of the Smith Building. The Smith Building is a 36 unit apartment complex on Eddy Street contiguous to our Garr Building property. A portion of the units are restricted to affordable rents and the notes qualified for tax exemption. The loan on the building is the collateral for the letter of credit which in turn supports the notes.

In the course of preparing to transition the support of the notes from the current letter of credit provider to us, the remarketing agent (the investment banking firm which manages the regular repricing and placement of the notes) suggested that the notes would find a broader investor base if they were additionally supported by a nationally recognized letter of credit issuer.

As a member of the Federal Home Loan Bank of Boston (the "FHLBB"), Rhode Island Housing is able to access the FHLBB's credit programs which include a confirming letter of credit issued expressly to support credit extensions by their members. A confirming letter of credit from the FHLBB would provide two benefits: it would extend the highest credit rating (triple A) to the notes, thereby lowering their cost, and allow the remarketing agent to access a broader national pool of investors at each repricing.

A brief discussion followed the presentation. Commissioner Clough inquired if Board approval was required in legal form or if it was a technicality. Mr. Hogg responded that the Federal Home Loan Bank of Boston required the Board's confirmation before approving the Line of Credit.

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**

**WHEREAS:** the Board of Commissioners ("Board") of Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") has determined that it is in the interest of Rhode Island Housing to be able to obtain, from time to time, the issuance by the Federal Home Loan Bank of Boston ("FHLB") of letters of credit ("Letters of Credit") for the account of Rhode Island Housing and for the benefit of third parties in order to facilitate transactions between Rhode Island Housing and third parties; and

**WHEREAS:** the Board has reviewed and approved a form of Irrevocable Letter of Credit Reimbursement Agreement ("Reimbursement Agreement"), dated or to be dated as of August 30, 2010, between Rhode Island Housing and the FHLB, pursuant to which, among other things, Rhode Island Housing could from time to time request that the FHLB issue Letters of Credit, Rhode Island Housing would agree to reimburse the FHLB for any payments made by the FHLB in connection with any such letters of Credit, and Rhode Island Housing would provide collateral to secure its obligations under the Reimbursement Agreement.

**NOW THEREFORE, BE IT RESOLVED that:**

**RESOLVED:** The execution and delivery of the Reimbursement Agreement by and on behalf of Rhode Island Housing is hereby authorized, ratified and approved.

**RESOLVED:** Rhode Island Housing, acting through its duly designated officers or employees, may, from time to time and in the ordinary course of its business, request the issuance of Letters of Credit by the FHLB pursuant to the Reimbursement Agreement.

**RESOLVED:** Rhode Island Housing shall at all times hereafter maintain in its official records originals or true copies of (a) this Resolution, (b) the Reimbursement Agreement, (c) any and all applications made by Rhode Island Housing to the FHLB for the issuance of one or more Letters of Credit, and (d) any and all collateral pledge or other documentation relating to the Reimbursement Agreement or the Letters of Credit.

**RESOLVED:** That the Executive Director or any Deputy Director, each acting singly, is hereby directed and authorized to take any actions they deem necessary or desirable to carry out the foregoing Resolutions.

**Approval to Amend Bond Documents for the Smith Building**

Mr. Godfrey presented this request.

At its April 2010 meeting, the Board of Commissioners approved the issuance of a letter of credit to provide liquidity and debt service support for \$2.1 million of Rhode Island Housing bonds which were originally issued in 1998 and used to finance the acquisition and refurbishment of the Smith Building. The Smith Building is a 36 unit apartment complex on Eddy Street contiguous to our Garr Building property. A portion of the units are restricted to affordable rents and the interest on the bonds is exempt from federal income tax. The loan on the building is the collateral for the letter of credit which in turn supports the bonds.

In the course of preparing to transition the support of the bonds from the current letter of credit provider to Rhode Island Housing, the remarketing agent (the investment banking firm which manages the regular repricing and placement of the bonds) suggested that the bonds would find a broader investor base if they were additionally supported by a nationally recognized letter of credit issuer.

In order to be able to request a confirming letter of credit from the FHLBB the underlying bond documents associated with the financing of the Smith Building, Series 1998A must be amended to conform to FHLBB requirements regarding, among other matters, events of default, notice rights under the bond documents, mandatory tender and timing of drawdowns.

Upon a motion made by Commissioner Marques and seconded by Commissioner Clough, the resolution was unanimously adopted in the form presented to the meeting, which Resolution is attached as part of the August 19, 2010 board package.

## **Approval of Transfer of Physical Assets (TPA) for Bowling Lane**

Mr. Godfrey presented this request.

Bowling Lane (the “Development”) is a 36 apartment family development located in Westerly originally developed in 1996. Citizens Bank provided the first mortgage, part of an overall financial package which included housing tax credits, a Rhode Island Housing targeted loan (now known as a Deferred Payment Loan) and other federal housing funds.

This Request for Action seeks Transfer of Physical Asset (“TPA”) approval for the following: (1) the current withdrawal of the original General Partner; and (2) previous transfers of partnership interests made in 2004 and 2009.

The owner of the Development is Bowling Lane Development Limited Partnership (the “Partnership”). At the closing in 1996, the Partnership consisted of First Partners Corporate Limited Partners (“FPCLP”), the Limited Partner with a 99% ownership interest, Bowling Lane Development Corp. (“BLDC”) the General Partner with a 1% interest and FPLP, Inc. a Special Limited Partner with a 0% ownership interest. BLDC was the Managing General Partner and the owner of BLDC was Community Housing Corporation for Washington County (“CHCWC”), the non-profit sponsor of the Development.

In 2004, due to various operating and financial deficiencies at the Property that BLDC was unable to correct to the satisfaction of FPCLP, the ownership was amended to insert FPLP II, Inc. (“FPLP”), an affiliate of the original limited partner, as the Managing General Partner. BLDC remained in the Partnership with a 1% interest. This amendment was recorded with the State of Rhode Island and with the knowledge of both Rhode Island Housing and Citizens.

In October 2009, Wentwood Capital Advisors (“WCA”) acquired ownership of FPLP through a stock transfer. This was an “upper tier” transfer of ownership interests that did not result in an amendment to the Partnership Agreement and Rhode Island Housing was unaware of the change.

In December 2009, CHCWC made the decision to cease operations. CHCWC’s interest in the Partnership, through its ownership of BLDC, was their only remaining asset. CHCWC contacted WCA to notify them of their pending dissolution and their desire to transfer BLDC’s 1% ownership interest in the Partnership to an entity affiliated with WCA.

This TPA seeks approval of the transfer of BLDC’s 1% ownership in the Partnership to a WCA affiliate, FPCF Bowling Lane GP, Inc. which will become the Managing General Partner of the Partnership.

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. WCA has been more engaged than FPLP as the General Partner since their admittance into the Partnership. As mentioned, the Development has struggled financially and physically almost since its inception and currently the operating reserves and replacement

reserves are below their required levels. Over the past decade, both Rhode Island Housing and Citizens have worked together to address these deficiencies. The Development suffered further damage during the flooding in March of this year. A representative from WCA has been to the site since the floods and has worked with Dimeo Management, the property manager, to address the required repairs as well as some of the operating deficits. Despite that the initial compliance period expires in 2010, WCA has submitted a five year plan to address capital needs for the development which suggests their willingness to ensure the viability of the Development after the initial 15 years.

The loan documents and regulatory agreements associated with the initial 1996 closing will remain in place and the development will continue to be affordable to low and moderate-income persons as originally structured.

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 the requested transfer of the general partner interest in Bowling Lane Development Limited Partnership (the “Partnership”) by Bowling Lane Development Corp to FPCF Bowling Lane GP, Inc. be, and hereby is, approved; and

RESOLVED: That the 2004 substitution of FPLP II, Inc. (“FPLP”) as the Managing General Partner of the Partnership be, and hereby is ratified and approved; and

RESOLVED: That the 2009 stock transfer of FPLP to an affiliate of Wentwood Capital Advisors (“WCA”) be, and hereby is, ratified and approved; and

RESOLVED: That each of the foregoing Resolutions is 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, consistent with the nature of this transaction and the protection of the interests of the Corporation.
2. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of Rhode Island Housing with respect to the Housing Development.
3. Approval of the requested transfer of the general partner interest in Bowling Lane Development Limited Partnership by Bowling Lane Development Corp to FPCF Bowling Lane GP, Inc. by Citizens Bank.

RESOLVED: That the Executive Director, and any Deputy Director, 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 40-42 Park Street Housing Associates, Limited Partnership**

Mr. Godfrey made this presentation.

40-42 Park Street (the “Development”) is an affordable family housing development located on Park Street in Pawtucket. The Development was originally constructed in 1993 under the low income housing tax credit program and utilized financing from Rhode Island Housing. The Development contains 28 apartments in two adjacent brick buildings that were previously a convent and catholic school Twenty-two of the apartments are affordable under the tax credit program. The other 6 are market rate with rents just above the 60% tax credit rents.

The initial compliance period for the Development expired at the end of 2009. Accordingly, the financial benefits of the tax credits and depreciation losses have been substantially realized by the original tax credit investor. The general partner of the development is an affiliate of Picerne Development (“Picerne”). Picerne has requested Rhode Island Housing’s approval of the transfer of the limited partner interest to a to-be-formed Picerne affiliate entity.

The owner of the Development is 40-42 Park Street Housing Associates, L.P. The current co-general partner is J&R Properties, Inc., a Rhode Island Corporation that holds a 1% interest in the partnership. The current investor limited partner in the Development is Midland Corporate Tax Credit (c/o MMA Financial), which holds a 99% limited partner interest.

This request for approval of transfer involves the withdrawal of the original investor limited partner and transfer of both the LP and GP interest to a new entity that is wholly owned by an affiliate of Picerne.

Picerne and staff from Rhode Island Housing’s Development Division began meeting in 2008 to discuss potential post year 15 operations for the Development. The Development has been affected by the slow economy. Operating expenses have outpaced growth and the physical condition of the development is beginning to deteriorate. The original plan was to re-syndicate the development using tax exempt bonds and 4% housing tax credits. However, the economic downturn rendered that option infeasible, at least in the near term. Picerne’s goal of the TPA is to obtain control of the property and subsequently refinance and/or rehabilitate the Development in order to stabilize operations, address current capital needs and ensure that they are able to continue to provide safe, decent affordable housing.

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. The Loan Servicing and Development divisions have jointly reviewed this

application. The Development does have some outstanding capital improvement needs and as mentioned is struggling financially. However, Picerne has been managing the property prudently given the constraints and has been able to address the most significant issues. It is in the best interest of the Development for Picerne to own 100% as it determines how best to refinance and rehabilitate the property for the long term. The management team for the property will remain unchanged.

Upon a motion made by Commissioner Monteiro 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 transfer of the limited partner interest in 40-42 Park Street Housing Associates, L.P. by Midland Corporate Tax Credit (c/o MMA Financial), and the general partner interest of J&R Properties, Inc to a to-be formed affiliate of Picerne Development, be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by the Corporation 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, consistent with the nature of this transaction and the protection of the interests of the Corporation.
2. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of the Corporation with respect to the Housing Development.

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 Corporation 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 72 Gough Avenue Housing Associates Limited Partnership (Parkview Terrace)**

Mr. Godfrey outlined this request.

Parkview Terrace (the “Development”) is an affordable family housing development located on Gough Avenue in West Warwick. The Development was originally constructed in 1993 under the low income housing tax credit program and utilized financing from Rhode Island Housing. The Development contains 83 apartments in three buildings. The largest building contains 75 apartments; the other two contain 3 and 5 apartments respectively. Sixty-two of the apartments

are affordable under the tax credit program. The other twenty-one are market rate with rents just above the 60% tax credit rents.

The initial compliance period for the Development expired at the end of 2009. Accordingly, the financial benefits of the tax credits and depreciation losses have been substantially realized by the original tax credit investor. The general partner of the development is an affiliate of Picerne Development ("Picerne"). Picerne has requested Rhode Island Housing's approval of the transfer of the limited partner interest to a to-be-formed Picerne affiliate entity.

The owner of the Development is 72 Gough Avenue Housing Associates, L.P. The current co-general partner is J&R Properties, Inc., a Rhode Island Corporation that holds a 1% interest in the partnership. The current investor limited partner in the Development is Midland Corporate Tax Credit (c/o MMA Financial), which holds a 99% limited partner interest.

This request for approval of transfer involves the withdrawal of the original investor limited partner and transfer of both the LP and GP interest to a new entity that is wholly owned by an affiliate of Picerne.

Picerne and staff from Rhode Island Housing's Development Division began meeting in 2008 to discuss potential post year 15 operations for the Development. The Development has been affected by the slow economy. This property has been cited several times by the town of West Warwick for housing violations, all of which have been addressed by Picerne. The most notable was a requirement to upgrade the fire alarm systems which is currently underway. Operating expenses have outpaced growth and the physical condition of the development is beginning to deteriorate. The original plan was to re-syndicate the development using tax exempt bonds and 4% housing tax credits. However, the economic downturn rendered that option infeasible, at least in the near term. Picerne's goal of the TPA is to obtain control of the property and subsequently refinance and/or rehabilitate the Development in order to stabilize operations, address current capital needs and ensure that they are able to continue to provide safe, decent affordable housing.

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. The Loan Servicing and Development divisions have jointly reviewed this application. The Development does have some outstanding capital improvement needs and as mentioned is struggling financially. However, Picerne has been managing the property prudently given the constraints and has been able to address the most significant issues. It is in the best interest of the Development for Picerne to own 100% as it determines how best to refinance and rehabilitate the property for the long term. The management team for the property will remain unchanged.

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 transfer of the limited partner interest in 72 Gough Avenue Housing Associates, L.P. by Midland Corporate Tax Credit (c/o MMA Financial), and the general partner interest of J&R Properties, Inc to a to-be formed affiliate of Picerne Development, be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by the Corporation 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, consistent with the nature of this transaction and the protection of the interests of the Corporation.
2. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of the Corporation with respect to the Housing Development.

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 Corporation 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 950 Main Street Housing Associates Limited Partnership**

Mr. Godfrey made this presentation.

950 Main Street (the “Development”) is an affordable family housing development located on Main Street in Pawtucket. The Development was originally constructed in 1993 under the low income housing tax credit program and utilized financing from Rhode Island Housing. The Development contains 24 apartments in one building initially built in 1975. Seventeen of the apartments are affordable under the tax credit program. The other 7 are market rate with rents just above the 60% tax credit rents.

The initial compliance period for the Development expired at the end of 2009. Accordingly, the financial benefits of the tax credits and depreciation losses have been substantially realized by the original tax credit investor. The general partner of the development is an affiliate of Picerne Development (“Picerne”). Picerne has requested Rhode Island Housing’s approval of the transfer of the limited partner interest to a to-be-formed Picerne affiliate entity.

The owner of the Development is 950 Main Street Housing Associates, L.P. The current co-general partner is J&R Properties, Inc., a Rhode Island Corporation that holds a 1% interest in

the partnership. The current investor limited partner in the Development is Midland Corporate Tax Credit (c/o MMA Financial), which holds a 99% limited partner interest.

This request for approval of transfer involves the withdrawal of the original investor limited partner and transfer of both the LP and GP interest to a new entity that is wholly owned by an affiliate of Picerne.

Picerne and staff from Rhode Island Housing's Development Division began meeting in 2008 to discuss potential post year 15 operations for the Development. The Development has been affected by the slow economy. Operating expenses have outpaced growth and the physical condition of the development is beginning to deteriorate. The original plan was to re-syndicate the development using tax exempt bonds and 4% housing tax credits. However, the economic downturn rendered that option infeasible, at least in the near term. Picerne's goal of the TPA is to obtain control of the property and subsequently refinance and/or rehabilitate the Development in order to stabilize operations, address current capital needs and ensure that they are able to continue to provide safe, decent affordable housing.

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. The Loan Servicing and Development divisions have jointly reviewed this application. The Development does have some outstanding capital improvement needs and as mentioned is struggling financially. However, Picerne has been managing the property prudently given the constraints and has been able to address the most significant issues. It is in the best interest of the Development for Picerne to own 100% as it determines how best to refinance and rehabilitate the property for the long term. The management team for the property will remain unchanged.

Upon a motion made by Commissioner Solomon 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 limited partner interest in 950 Main Street Housing Associates, L.P by Midland Corporate Tax Credit (c/o MMA Financial), and the general partner interest of J&R Properties, Inc to a to-be formed affiliate of Picerne Development, be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by the Corporation 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, consistent with the nature of this transaction and the protection of the interests of the Corporation.

2. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of the Corporation with respect to the Housing Development.

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 Corporation 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 Multi-Family Weatherization Funding**

Mr. Godfrey presented this request.

Rhode Island Housing is administering \$6 million in American Recovery and Reinvestment Act (ARRA) stimulus funds, in partnership with the Rhode Island Office of Energy Resources, to provide weatherization assistance to owners of existing affordable multi-family developments occupied by low-income residents. Project funds are available for weatherization and energy efficiency improvements of dwelling units in existing affordable multi-family housing developments that have 5 or more apartments and long-term use restrictions. Weatherization of 836 dwelling units must be completed by March 31, 2012.

Rhode Island Housing and the Office of Energy Resources issued a Request for Proposals (RFP) inviting owners of eligible multi-family developments to apply for Multi-Family Weatherization Assistance Program (Weatherization Program) funding. Applications for fifty-seven (57) projects requesting more than \$25 million for 4,127 dwelling units were reviewed by staff. Applications were reviewed for compliance with eligibility and ARRA requirements set forth in the RFP and scored.

Following staff review, all eligible applications were submitted to the Technical Review Committee (TRC) to rank the proposals in accordance with the priorities of the Program. The Technical Review Committee convened on July 19, 2010 and recommended forty-one (41) proposals for weatherization funding. Funding is available for the twenty-three (23) highest scoring proposals totaling 2,089 dwelling units (Attachment A.) The remaining eighteen (18) proposals (Attachment B) will be funded in ranked order with any balance of funds not utilized by any of the initial twenty-three (23) projects. Five (5) proposals have been ranked as Low [something missing here?].

Each approved application will be funded in an amount not to exceed \$6,500 per unit, with a total award per proposal of \$500,000 to allow greater distribution of funds.

The Technical Review Committee recommended to the State's Division of Purchases that proposals be funded according to the provisions of the Weatherization Program rules and regulations in ranked order. The Division of Purchases has approved the Technical Review Committee's recommendation.

The attached resolution authorizing the allocation of \$5,695,199 in Weatherization Program funding is recommended for approval.

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**

**WHEREAS:** Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) has entered into an agreement with the Rhode Island Office of Energy Resources to administer the ARRA Multi-Family Housing Weatherization Assistance Program (the “Weatherization Program”) funds; and

**WHEREAS:** The Weatherization Program is funded pursuant to the American Recovery and Reinvestment Act of 2009, Pub. L. No. 11-5, 123 Stat. (“ARRA”); and

**WHEREAS:** The Weatherization Program is designed to assist low income residents bearing high energy costs and to reduce energy consumption in high energy use properties, and;

**WHEREAS:** The applicants listed in Attachments A and B have submitted applications which meet the requirements of the U. S. Department of Energy, Rhode Island Office of Energy Resources and Rhode Island Housing, and;

**WHEREAS:** Staff of Rhode Island Housing, the Technical Review Committee and the Rhode Island Division of Purchases have reviewed each of the eligible proposals and recommends that Weatherization Program funds be committed to the proposals in Attachments A and B as set forth below.

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

**RESOLVED:** That Rhode Island Housing is authorized to provide Weatherization Program funding to the developments identified in Attachment A, in an amount not to exceed the amount specified therein, and subject to the conditions set forth below.

**RESOLVED:** That to the extent Weatherization Program funding is available after the developments identified in Attachment B are funded, Rhode Island Housing provide Weatherization Program funding to the developments identified in Attachment B, in the order in which they were ranked, and in an amount not exceed the amount specified therein and subject to the conditions set forth below.

**RESOLVED:** That any award of Weatherization Program funding hereunder is conditioned on Rhode Island Housing’s right to adjust the amount of such award (i) based on the results of an energy audit commissioned by Rhode Island Housing, or

(ii) as necessary, in Rhode Island Housing's sole discretion, in order to comply with ARRA and/or the Weatherization Program guidelines.

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

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

Mr. Godfrey referred the Commissioners to his written report which included numerous attachments and briefly commented on several topics of interest.

Mr. Godfrey announced that June 30 marked the end of a very challenging year. Rhode Island Housing's bottom line earnings were very close to projection and the two major mission related production programs (new homes financed and new home loans made) were close to the 2009 levels. These are about 30% less than average levels over the earlier years of the decade. Unfortunately, both sets of numbers make up increasing percentages of overall Rhode Island numbers. The new home loan market share continues to grow and construction financing may now account for more than 50% of new homes built in the state. Tracking of rental subsidy activity remains relatively constant. Staff worked very hard to keep net interest earnings up even though investment rates are extremely low and kept operating expenses essentially flat at 2009 levels.

Mr. Godfrey also noted that the primary rating agencies, Moody's and S & P, continue to closely monitor Rhode Island Housing's delinquencies and mitigation measures, including our mortgage insurance providers. At this point, Rhode Island Housing has been able to maintain its ratings.

In the spring and summer of 2010, the U.S. Treasury announced that Rhode Island will receive nearly \$57 million in federal funding to help Rhode Islanders who are at risk of losing their homes. Initially, Treasury approved \$43 million through Hardest-Hit Funding, which was followed by an additional \$13.57 million to help unemployed Rhode Islanders pay their mortgage while they seek work. U.S. Senators Jack Reed and Sheldon Whitehouse, along with U.S. Congressmen Patrick Kennedy and Jim Langevin, played a pivotal role in advocating for the state's overwhelming needs.

Through HHFRI, the \$43 million in Hardest-Hit Funding will be rolled out in stages to concentrate on the most heavily impacted communities in Rhode Island, starting with Providence, which statistically has been hardest hit by the foreclosure and unemployment crises. More than 24 percent of all foreclosures in Rhode Island in 2009 were in Providence, as well as 24 percent of unemployment claims. The program will then open up to 11 additional municipalities with the next highest foreclosure percentages and roll-out statewide within two months of the launch of HHFRI.

Mr. Godfrey notified the Board that Rhode Island Housing recently received a debriefing from HUD on the 2009 Continuum of Care grant that showed the highest scoring received in several years. The high scores allowed Rhode Island Housing to receive funding for two new projects

in the most recent application process. The score was 6.25 points above the median and only 7.25 off of the high score.

Mr. Godfrey announced that statewide foreclosure initiations in May declined dramatically in comparison to previous month's numbers, likely attributed to the 90-day HUD foreclosure moratorium issued in April for FHA insured properties in Rhode Island counties affected by the flood. Though June saw a higher number of initiations than May, it remained more consistent with the overall pattern of decline seen in previous months. May's total of 228 initiations showed a 65.0% decrease from April and 74.4% decrease compared to May of 2009.

Mr. Godfrey highlighted several groundbreaking ceremonies that Rhode Island Housing hosted throughout the past several months. Those ceremonies included:

OpenDoors which is located at 485 Plainfield Street in Providence, is a first-of-its-kind development in Rhode Island that broke ground on June 28<sup>th</sup>. This development will be home to 19 formerly incarcerated individuals and provide them access to counseling and job training, all the while beautifying and restoring the old Sealtest factory and preserving green space. Rhode Island Housing was joined by Providence Mayor Cicilline and a representative from the U.S. Treasury, as well as many other community partners and organizations.

Operation Stand Down located at 22 Milton Street in Johnston, a development of service-enriched apartments, was dedicated on July 19<sup>th</sup> in memory of Lance Corporal Holly Charrette, the first female Marine from Rhode Island killed in Iraq. In attendance were Senator Whitehouse, Mayor Polisen, and representatives from various community partners and organizations.

There being no further business to discuss, a motion was duly made by Commissioner Flynn and seconded by Commissioner Solomon to adjourn the open meeting at approximately 10:00 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.  
Secretary and Executive Director