

THE MINUTES OF THE REGULAR MONTHLY MEETING  
OF THE COMMISSIONERS OF THE HOUSING AUTHORITY  
OF THE CITY OF NEWPORT, RHODE ISLAND  
HELD ON THE SIXTEENTH DAY OF JULY 2013

The Commissioners of the Housing Authority of the City of Newport, Rhode Island met in regular session in the Newport Housing Authority Administration Office, Newport, Rhode Island at 5:00 p.m. on July 16, 2013.

Roll call followed the Pledge of Allegiance and Silent Prayer:

PRESENT:

Chair	Frank Landry
Vice Chair	Frank Coleman
“	Frank McCauley
“	Cheryl Abney
“	Nikki Vazquez

ABSENT: “ Charles Laranjo

ALSO PRESENT: Attorney Joseph J. Nicholson, Jr.

Upon a motion by Commissioner Coleman, seconded by Commissioner Abney, and unanimously carried, the minutes of the regular monthly meeting held on June 11, 2013 were approved.

Under communication to this month’s Board meeting, the Secretary presented the HUD-REAC Inspections scores for all the properties.

Upon a motion by Commissioner Abney, seconded by Commissioner McCauley, and unanimously carried, communications were received as presented.

The second items presented by the Secretary under communication to this month’s Board meeting, was the request for \$5,000 from the Newport Art Museum for the Centennial Mural Project.

Upon a motion by Commissioner Coleman, seconded by Commissioner Abney, and unanimously carried, communications were received as presented and forwarded to administration.

The Secretary requested authorization and approval of the monthly bills.

Upon a motion by Commissioner Coleman, seconded by Commissioner Abney, and unanimously carried, payment of the bills was approved.

The Secretary requested authorization and approval of the following payment (s):

a). Authorization and approval for requisition for payment #2 to Stand Corporation for the Hillside Homes Project in the amount of \$32,976.00.

Upon a motion by Commissioner Abney, seconded by Commissioner McCauley, and unanimously carried, authorization to pay requisition #2 to Stand Corporation in the amount of \$32,976.00.

The Secretary presented for approval a request for “Step Ya Game Up” Fall Basketball Camp in the amount of \$3,300 using unrestricted central office funds.

Upon a motion by Commissioner Abney, seconded by Commissioner McCauley, and unanimously carried, authorization to pay for the “Step Ya Game Up” for the Fall Basketball Camp in the amount not to exceed \$3,300 was approved.

The Secretary presented the FY 14 Newport Resident Council Budget requesting approval for the amount of \$14,225.

Upon a motion by Commissioner McCauley, seconded by Commissioner Abney, and unanimously carried, approving the FY 14 Newport Resident Council Budget in the amount of \$14,225 as presented. The vote was unanimous 5-0.

The Secretary requested authorization and approval of the release of funds for payment #4 to Honeywell for the water conservation, electrical retrofit and mechanical upgrades in the amount of \$391,592.70.

Upon a motion by Commissioner Coleman, and seconded by Commissioner Abney, and unanimously carried, release of funds was approved in the amount of \$391,592.70.

The Secretary requested authorization and approval to execute change order #1 to Honeywell for the EPC to add/delete items in the original contract. The contract amount remains the same.

Upon a motion by Commissioner Coleman, and seconded by Commissioner McCauley, and unanimously carried, change order #1 was approved.

The Secretary presented to the Commissioners the collection loss report requesting a write off in the amount of \$1,275.90 as uncollectible and classified as bad debt.

Upon a motion by Commissioner Coleman, and seconded by Commissioner Abney, and unanimously carried, the write off in the amount of \$1,275.90 was approved.

The Secretary requested authorization and approval of the following payment (s) for the Park Holm Re-Development:

- a). Authorization and approval for requisition for payment #11b to TAG Associates, Inc. for the Park Holm Re-Development in the amount of \$17,940.00.
- b). Authorization and approval for requisition for payment #11 to TAG Associates, Inc. for the Park Holm Re-Development in the amount of \$30,791.00..

Upon a motion by Commissioner Abney, seconded by Commissioner McCauley, and unanimously carried, authorization to pay requisition #11b in the amount of \$17,940.00 and #11 in the amount of \$30,791.00 to TAG Associates.

The following Resolution was introduced by Commissioner Abney, it being Resolution No. 1076. Same was read aloud and in full by Commissioner McCauley, and considered by the Commissioners pledging funds for the Park Holm Re-Development Project.

Resolution No. 1076

WHEREAS, in connection with the 2009 Park Holm Master Plan, the Housing Authority of the City of Newport (“HACN”) supports and endorses the proposal to redevelop the 262 unit Park Holm public housing development in a multi-phase/multi-year redevelopment effort; and

WHEREAS, HACN has already completed the renovation of 51 apartments in Park Holm and seeks to redevelop the remaining 211 apartments; and

WHEREAS, the next phase of the redevelopment effort consists of the demolition of 47 apartments in Park Holm and the new construction of 60 apartments in its place, including 30 low-income housing tax credit rental units; project based voucher units; and Public Housing ACC units; as well as upgrades to the 51 renovated apartments; and

WHEREAS, the Board of Commissioners authorizes the Executive Director or Board Chair to submit a Demolition and Disposition application to HUD for this re-development effort; and

WHEREAS, the Board of Commissioners authorizes the Executive Director or Board Chair to prepare plans, documents and proposals for Rhode Island Housing, the Federal Home Loan Bank, the state Housing Resources Commission, the City of Newport, and other funding entities for the purpose of this redevelopment effort.

WHEREAS, the Board of Commissioners has endorsed the proposal to redevelop the 262 unit Park Holm public housing development. The Board further endorsed the next phase of the

redevelopment effort which consists of the demolition of 48 existing public housing units to be replaced with the construction of 60 new affordable housing units, including low-income housing tax credit rental units, project-based voucher assisted units, and public housing acc units as well as upgrades to the renovated units.

WHEREAS, The Authority pledges a commitment of Capital Funds in the amount of \$2,100,000 and replacement Housing Factor Funds in the amount of \$152,121.

WHEREAS, The Authority has received a preliminary commitment from Rhode Island Housing dated July 8, 2013 for the tax-exempt loan and the permanent mortgage based in part on the Authority's financial capital and replacement Housing factor funds commitment.

AND BE IT FURTHER RESOLVED that the Executive Director of HACN, acting singly, or the Board Chair of HACN, also acting singly, is each hereby authorized, empowered, and instructed to enter into, acknowledge, amend and/or deliver on behalf of HACN any and all instruments and documents, and to take any other action, as may be necessary or appropriate, in either of their sole and continuing discretion, in order to effect the consummation of the transactions described above.

AYES	NAYS
Chair Landry	None.
Vice Chair Coleman	
Commissioner Abney	
“                  McCauley	
“                  Vazquez	
“                  Laranjo	Absent

The Chairman thereupon declared said motion carried and said Resolution adopted with attached documents.

The following Resolution was introduced by Commissioner Abney, it being Resolution No. 1077. Same was read aloud and in full by Commissioner McCauley, and considered by the Commissioners.

Resolution No. 1077

WHEREAS, the Housing Authority of the City of Newport (“HACN”) intends to submit a proposal to the U.S. Department of Housing and Urban Development (“HUD”) providing for the redevelopment of a portion of its property known as Park Holm (the land on which such redevelopment Development is to be developed being referred to below as the “Site”), to consist of the demolition of certain building containing in the aggregate 41 units of housing (subject to approval by HUD pursuant to the demolition/disposition application previously submitted), the construction of 60 new rental housing units, and the further rehabilitation of fifty-one (51) rental housing units, all of which shall be subject to restrictions under the Low Income Housing Tax Credit program, approximately 66 shall be public housing units, and approximately 27 shall receive rental assistance under the Development-based voucher program (collectively, the “Development”); and

WHEREAS, HACN intends to carry out the Development through a limited partnership (the “Partnership”) having as its general partner a business corporation (the “General Partner”) in which HACN holds a controlling interest, having HACN as its initial limited partner, and ultimately having as its limited partner an equity investor (the “investor”) that will make capital investments in the Partnership; and

WHEREAS, HACN intends to submit to HUD the Evidentiary Materials for the Development and, upon HUD approval of such Evidentiary Materials to then close the financial transactions attendant to such development of housing units;

NOW, THEREFORE, BE IT RESOLVED, by the Housing Authority of the City of Newport, that the persons hereinafter named be authorized and instructed to take all steps necessary and appropriate to achieve the following:

- (i) form a subsidiary corporation, in which HACN holds at least seventy-nine percent (79%) of the capital stock, to serve as the General Partner of the Partnership;

- (ii) form the Partnership as the entity that will hold a leasehold interest in the Site and will own, redevelop and manage the buildings and improvements on the Site;
- (iii) enter into an Option Agreement with the Partnership in the form attached as Exhibit A, pursuant to which the Partnership shall have the right to lease the Site under a ninety-nine (99) year ground lease and purchase the buildings and improvements on the Site (the "Improvements");
- (iv) enter into a Development Agreement with the Partnership in the form attached as Exhibit B, pursuant to which the Partnership shall have the right and obligation to carry out the Development;
- (v) execute a Commitment Letter in favor of the Partnership in the form attached as Exhibit C, pursuant to which HACN shall commit to make loans to the Partnership from its capital and replacement housing factor funds in an aggregate amount not to exceed \$3,000,000 and to provide seller financing for the Partnership's acquisition of the improvements in an amount not to exceed \$5,000,000;
- (vi) submit to HUD such Evidentiary Materials as may be approved by James Reed, Executive Director (as the same may be modified, supplemented or amended from time to time thereafter) and obtain final HUD approval for the Development, including approval of the Evidentiary Materials.
- (vii) upon receipt of all required HUD approvals, consummate the financial closing with the Partnership and selected equity providers and debt providers in order to make available to the Partnership the required funds to carry out the Development;
- (viii) upon receipt of all required HUD approvals, enter into a long-term Ground Lease pursuant to which HACN shall lease to the Partnership the ground upon which the Development shall be built;
- (ix) upon receipt of all required HUD approvals, convey the Improvements to the Partnership for consideration of \$4,525,000, all or a portion of which shall be funded through a seller loan from HACN;
- (x) amend the Annual Contribution Contract of HACN to provide operating subsidy to the Partnership for the operation of all public housing units included within the Development, pursuant to the term and conditions of a Regulatory and Operating Agreement;
- (xi) enter into a Cooperation Agreement with the City of Newport with respect to the Development;
- (xii) enter into loan arrangements with the Partnership for loans in approximately the following amounts with respect to the Development;

up to \$5,000,000 from a combination of HACN Capital Funds and Replacement Housing Factor Funds as a construction and permanent loan to the Project;

Up to \$4,525,000 as a seller loan for the Partnership to finance the Partnership's acquisition of the Improvements; and

a deferred developer fee loan in an amount to be mutually determined between HACN and the Partnership, but in any event no less than the amount of developer fee payable to HACN with respect to the Project;

- (xiii) provide such guarantees and indemnities as may be required by the Investor or any party providing debt financing for the project, including without limitation a construction completion guarantee, operating deficit guarantee, and tax credit guarantee, subject to all applicable HUD restrictions on guaranties and indemnities by public housing authorities; and
- (xiv) enter into a Regulator and Operating Agreement, a Declaration of Restrictive Covenants, a Mixed-Finance ACC Amendment with respect to the Development; and
- (xv) provide for, execute and deliver such other documents, contracts, certifications or other instruments which may be necessary or appropriate in order to facilitate the closing;

provided that all such documents shall have been reviewed and approved by Klein Hornig LLP, as counsel to HACN, and Joseph Nicholson Jr. as local counsel, and provided further that final changes to any and all documents be approved by the Executive Director and Board Chair, and provided further that all required HUD approvals have been received.

AND BE IT FURTHER RESOLVED that James J. Reed, in his capacity as the Executive Director of HACN, acting singly, or Frank D. Landry, in his capacity as Board Chair of HACN, also acting singly, is each hereby authorized empowered, and instructed to enter into, acknowledge, amend and/or deliver on behalf of HACN any and all instruments and documents, and to take any other action, as may be necessary or appropriate, in either of their sole and continuing discretion, in order to effect the consummation of the transactions described above, and to achieve any and all financial closings which may be necessary with Partnership, its equity providers and debt providers in order to finance the Development.

AND BE IT FURTHER RESOLVED that James J. Reed, in his capacity as the Executive Director of HACN, acting singly, is hereby authorized, empowered, and instructed to approve and cause to be funded requisitions properly submitted in accordance with the HACN loan documents, provided that (i) HACN shall have received the recommendations of Rhode Island Housing and Mortgage Finance Corporation and/or any other lenders providing construction financing for the Development, to fund the requisition, and (ii) HACN shall have requested and received funds from HUD in the amount required to fund the requisition.

AYES	NAYS
Chair Landry	None
Vice Chair Coleman	
Commissioner Abney	
“ McCauley	
“ Vazquez	
“ Laranjo	Absent

The Secretary submitted to the Board three (3) communications from Klein Hornig, LLP for adoption. The communications are 1) Development Agreement 2) Option Agreement 3) Commitment Letter.

Upon a motion by Commissioner Abney, seconded by Commissioner McCauley, and unanimously carried, the above communications were received as presented.

The Secretary submitted for approval a requisition for payment in the amount of \$7,681.80 to DeVellis Zrein, Inc. for the Park Holm Redevelopment Civil Engineering.

Upon a motion by Commissioner Coleman, seconded by Commissioner Abney, and unanimously carried, payment of the requisition in the amount of \$7,681.80 was approved.

The Secretary submitted to the Board the Consent Calendar items which included the C.O.P. Report, Occupancy, Applications, & Section 8 Report, Resident Services Report, Actual YTD Expenses and Operating Reserve Analysis.

Upon a motion by Commissioner Coleman, seconded by Commissioner Abney, and unanimously carried, the above Consent Calendar items were received as presented.

The Secretary presented to the Board an updated Capital/ARRA Projects report regarding the Hillside Homes, Energy Performance Contract, Winter Storm “Nemo”, Met School Construction, Park Holm, Central Office, and Donovan Manor.

Upon a motion by Commissioner Abney, seconded by Commissioner McCauley, and unanimously carried, the report regarding the Capital/ARRA Project (s) updates were received as presented.

The Secretary presented to the Board the Newport Resident Council monthly report to be received.

Upon a motion by Commissioner Abney, seconded by Commissioner Coleman, and unanimously carried, that the monthly report regarding the Newport Resident Council was received as read.

Upon a motion by Commissioner Abney, seconded by Commissioner Coleman, and unanimously carried, the meeting adjourned at 6:05 p.m.