

**DRAFT**

**MINUTES OF MEETING  
OF THE BOARD OF DIRECTORS OF  
RHODE ISLAND HOUSING DEVELOPMENT CORPORATION**

A meeting of the Board of Directors of the Rhode Island Housing Development Corporation was held on Thursday, August 10, 2006 at 9:00 AM at the Offices of the Corporation, 44 Washington Street, Providence, RI, 02903.

Commissioners in attendance were: Chairman Anthony Marouchoc; A. Michael Marques, Director of Department of Business Regulation; Kevin Flynn, designee for Beverly E. Najarian, Director of Department of Administration; Christine Curley. Vice Chairwoman Denise Barge, Jose Monteiro and George Carvalho, designee for General Treasurer Paul J Tavares were absent.

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; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing; Michael V. Milito, Corporation Counsel and Chris Barnett.

Jayne M. Donegan, 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 Marouchoc called the meeting to order at approximately 9:02 a.m.

**Approval of Minutes of the Board Meeting Held February 23, 2006**

Upon a motion made by Commissioner Curley and seconded by Commissioner Flynn, the following was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held February 23, 2006 be, and hereby are, approved.

**Executive Session for the Purpose of Discussing Litigation Issues and Transfer of Property Pursuant to Sections 42-46-5 (a) (2) and 5 of the Rhode Island General Laws**

The Executive Session was not convened. The Commissioners and staff discussed the litigation regarding *Jensen et al, vs. Rhode Island Housing et al* and the proposed transfer of Erik Estates and Ashely Estates issues in open session.

Commissioner Curley recused from the discussion, consideration and vote on these matters since she has represented Mr. Jensen in the past.

Michael Milito, Deputy Assistant Director of Law and Human Resources presented the issues involved in these matters..

### **Erik Estates**

Erik Estates Limited Partnership (“EELP”) is the owner of the housing development located in Woonsocket and known as Erik Estates Apartments (“Erik Estates” or the “Development”).

Erik Estates was developed in 1989 using federal low income housing tax credits. The Development was sponsored by Robert Jensen (“Jensen”) and the original general partner of EALP was Erik Realty Associates, Inc., (“Erik Realty”) a corporation formed and controlled by Jensen. Rhode Island Housing Equity Pool, LP (the “Equity Pool”) was the original limited partner in EALP. Rhode Island Housing is the holder of a first and second mortgage loans on Erik Estates having a principal balance of approximately \$450,700.

In 1997, due to EELP’s default under the financing documents and the partnership agreement, the Equity Pool exercised its right to remove Erik Realty as general partner and designated the Rhode Island Housing Development Corporation (the “Development Corp.”) to act as general partner. The Development Corp. continues to serve in that capacity and EALP continues to be in financial default under the loan documents.

In 2003 Jensen, Erik Realty and a development and property management corporation controlled by Jensen (collectively, the “Jensen Parties”) filed suit against Rhode Island Housing, the Equity Pool and EELP (collectively, the “Rhode Island Housing Parties”) alleging wrongdoing on the part of the Rhode Island Housing Parties regarding Erik Estates. The Jensen Parties sought damages and other relief. The Rhode Island Housing Parties believe that no sums are due to the Jensen Parties.

In 2005, the Jensen Parties and the Rhode Island Housing Parties entered into settlement discussions and were successful in reaching a mutually acceptable resolution. Under the agreement, the Rhode Island Housing Parties will agree to sell Erik Estates to Jensen for an amount equal to the outstanding loan balance plus approximately 50% of the accrued interest due to EALP’s financial default. Jensen intends to refinance the Development with a third-party lender and intends to undertake capital improvements.

In order to facilitate the settlement and the transfer of the Development to Jensen, staff proposes that EELP enter into a Deed in Lieu of Foreclosure Agreement with Rhode Island Housing, which will then transfer the Development to Jensen. As part of that transaction, Jensen will execute a new affordability agreement at closing to ensure that the Development will continue as affordable through June 2021, either as rental housing or as homeownership.

This Request for Action is for authority to enter into a Deed in Lieu of Foreclosure Agreement with Rhode Island Housing and transfer the Development pursuant to the Agreement.

Upon a motion made by Commissioner Marques and seconded by Commissioner Flynn the following resolution was unanimously adopted by the Commissioners voting. Commissioner Currely did not participate in the discussion or vote:

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

**WHEREAS**, Rhode Island Housing Development Corporation is the sole general partner of Erik Estates Limited Partnership (the "Partnership"); and

**WHEREAS**, Rhode Island Housing and Mortgage Finance Corporation, a corporation, instrumentality and agency of the State of Rhode Island (the "Lender"), made certain loans to Partnership in an aggregate principal amount equal to [amount], which loans were secured by mortgage and security interests in the Partnerships real and personal property located at [address], Woonsocket, Rhode Island ("Erik Estates") and which loans are currently in material default; and

**WHEREAS**, in lieu of foreclosure of its mortgage and security interests, Lender is willing to accept title to Erik Estates and certain related personal property upon the terms and conditions proposed in a certain Agreement for Deed In Lieu of Foreclosure (the "Deed in Lieu of Foreclosure Agreement"); and

**WHEREAS**, the sole general partner of the Partnership has determined that the transactions contemplated by the Agreement of Sale and the Deed in Lieu of Foreclosure Agreement are in the best interests of Partnership;

**NOW, THEREFORE, BE IT:**

**RESOLVED**, that the general partner of Partnership be, and hereby is, authorized, empowered and directed, to issue, execute and deliver, on behalf of Partnership, the following agreements, documents and instruments, with such additional, modified or revised terms as may be acceptable to the officer of the general partner executing the same, each such determination to be conclusively evidenced by his execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by Partnership, approved in all respects by the members of Partnership:

- (a) the Deed in Lieu of Foreclosure Agreement with Lender;

- (b) the Quitclaim Deed to Lender;
- (c) the Bill of Sale to Lender;
- (d) the other transfer documents to Lender as required by the Deed in Lieu Agreement; and

(the documents referred to in clauses (a) through (d) above are referred to herein collectively as the "Principal Documents" and individually as a "Principal Document"); and it is further

**RESOLVED**, that the general partner of Partnership be, and hereby is, authorized, empowered and directed to execute and deliver, on behalf of Partnership, all other documents, agreements and instruments (collectively, the "Other Documents") contemplated by any Principal Document (the Principal Documents and the Other Documents (with such additional, modified or revised terms as may be acceptable to the officer of the general partner executing the same, each such determination to be conclusively evidenced by his/her execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by the Partnership, approved in all respects by the general and limited partners of the Partnership) are hereinafter sometimes referred to collectively as the "Transaction Documents" and individually as a "Transaction Document"); and it is further

**RESOLVED**, that the general partner of the Partnership be, and hereby is, authorized, empowered and directed, for and on behalf of the Partnership, to consummate the transactions contemplated by each Transaction Document, and to perform, and cause to be performed by Partnership, as required thereunder; and it is further

**RESOLVED**, that the general partner of the Partnership be, and hereby is, authorized, empowered and directed to take any and all action necessary to effectuate the purpose and intent of the foregoing resolutions, including, without limitation, (i) the execution and delivery on behalf of Partnership of all such other agreements, documents and instruments, and the performance by Partnership thereunder, as the general partner shall determine, in its exclusive and reasonable judgment, to be necessary, appropriate or advisable, and (ii) the consummation of the transactions contemplated hereby and the performance by the Partnership as required hereunder, as the general partner shall determine, in its exclusive and reasonable judgment, to be necessary, appropriate or advisable, each such determination pursuant to the immediately preceding clauses (i) and (ii) to be conclusively evidenced by the taking of any such action by any officer of the general partner of the Partnership and each such determination is hereby fully and completely approved and adopted as the valid action of

and by Partnership, approved in all respects by the general partner; and it is further

**RESOLVED**, that all acts and deeds heretofore done by the general partner of the Partnership for and on behalf of Partnership in entering into, executing, acknowledging or attesting any of the Transaction Documents to which Partnership is a party or performing any of the transactions contemplated thereby or in carrying out the terms and intentions of these resolutions, are hereby ratified, approved and confirmed in all respects.

### **Ashely Estates**

Ashley Estates Limited Partnership (“AELP”) is the owner of the housing development located in Woonsocket and known as Ashley Estates Apartments (“Ashley Estates” or the “Development”).

Ashley Estates was developed in 1989 using federal low income housing tax credits. The Development was sponsored by Robert Jensen (“Jensen”) and the original general partner of EALP was Ashley Realty Associates, Inc., (“Ashley Realty”) a corporation formed and controlled by Jensen. Rhode Island Housing Equity Pool, LP (the “Equity Pool”) was the original limited partner in EALP. Rhode Island Housing is the holder of a three mortgage loans on Ashley Estates having a combined principal balance of approximately \$1,114,000.

In 1997, due to EALP’s default under the financing documents and the partnership agreement, the Equity Pool exercised its right to remove Ashley Realty as general partner and designated the Rhode Island Housing Development Corporation (the “Development Corp.”) to act as general partner. The Development Corp. continues to serve in that capacity and EALP continues to be in financial default under the loan documents.

In 2003 Jensen, Ashley Realty and a development and property management corporation controlled by Jensen (collectively, the “Jensen Parties”) filed suit against Rhode Island Housing, the Equity Pool and EALP (collectively, the “Rhode Island Housing Parties”) alleging wrongdoing on the part of the Rhode Island Housing Parties regarding Ashley Estates. The Jensen Parties sought damages and other relief. The Rhode Island Housing Parties believe that no sums are due to the Jensen Parties.

In 2005, the Jensen Parties and the Rhode Island Housing Parties entered into settlement discussions and were successful in reaching a mutually acceptable resolution. Under the agreement, the Rhode Island Housing Parties will agree to sell Ashley Estates to Jensen for an amount equal to the outstanding loan balance plus approximately 50% of the accrued interest due to EALP’s financial default. Jensen intends to refinance the Development with a third-party lender and intends to undertake capital improvements.

In order to facilitate the settlement and the transfer of the Development to Jensen, staff proposes that EALP enter into a Deed in Lieu of Foreclosure Agreement with Rhode Island Housing, which will then transfer the Development to Jensen. As part of that transaction,

Jensen will execute a new affordability agreement at closing to ensure that the Development will continue as affordable through June 2021, either as rental housing or as homeownership.

This Request for Action is for authority to enter into a Deed in Lieu of Foreclosure Agreement with Rhode Island Housing and transfer the Development pursuant to the Agreement.

Upon a motion made by Commissioner Marques and seconded by Commissioner Flynn the following resolution was unanimously adopted by the Commissioners voting. Commissioner Curely did not participate in the discussion or vote:

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

**WHEREAS**, Rhode Island Housing Development Corporation is the sole general partner of Ashley Estates Limited Partnership (the "Partnership"); and

**WHEREAS**, Rhode Island Housing and Mortgage Finance Corporation, a corporation, instrumentality and agency of the State of Rhode Island (the "Lender"), made certain loans to Partnership in an aggregate principal amount equal to [amount], which loans were secured by mortgage and security interests in the Partnerships real and personal property located at [address], Woonsocket, Rhode Island ("Ashley Estates") and which loans are currently in material default; and

**WHEREAS**, in lieu of foreclosure of its mortgage and security interests, Lender is willing to accept title to Erik Estates and certain related personal property upon the terms and conditions proposed in a certain Agreement for Deed In Lieu of Foreclosure (the "Deed in Lieu of Foreclosure Agreement"); and

**WHEREAS**, the sole general partner of the Partnership has determined that the transactions contemplated by the Agreement of Sale and the Deed in Lieu of Foreclosure Agreement are in the best interests of Partnership;

**NOW, THEREFORE, BE IT:**

**RESOLVED**, that the general partner of Partnership be, and hereby is, authorized, empowered and directed, to issue, execute and deliver, on behalf of Partnership, the following agreements, documents and instruments, with such additional, modified or revised terms as may be acceptable to the officer of the general partner executing the same, each such determination to be conclusively evidenced by his execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by Partnership, approved in all respects by the members of Partnership:

- (a) the Deed in Lieu of Foreclosure Agreement with Lender;
- (b) the Quitclaim Deed to Lender;
- (c) the Bill of Sale to Lender;
- (d) the other transfer documents to Lender as required by the Deed in Lieu Agreement; and

(the documents referred to in clauses (a) through (d) above are referred to herein collectively as the "Principal Documents" and individually as a "Principal Document"); and it is further

**RESOLVED**, that the general partner of Partnership be, and hereby is, authorized, empowered and directed to execute and deliver, on behalf of Partnership, all other documents, agreements and instruments (collectively, the "Other Documents") contemplated by any Principal Document (the Principal Documents and the Other Documents (with such additional, modified or revised terms as may be acceptable to the officer of the general partner executing the same, each such determination to be conclusively evidenced by his/her execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by the Partnership, approved in all respects by the general and limited partners of the Partnership) are hereinafter sometimes referred to collectively as the "Transaction Documents" and individually as a "Transaction Document"); and it is further

**RESOLVED**, that the general partner of the Partnership be, and hereby is, authorized, empowered and directed, for and on behalf of the Partnership, to consummate the transactions contemplated by each Transaction Document, and to perform, and cause to be performed by Partnership, as required thereunder; and it is further

**RESOLVED**, that the general partner of the Partnership be, and hereby is, authorized, empowered and directed to take any and all action necessary to effectuate the purpose and intent of the foregoing resolutions, including, without limitation, (i) the execution and delivery on behalf of Partnership of all such other agreements, documents and instruments, and the performance by Partnership thereunder, as the general partner shall determine, in its exclusive and reasonable judgment, to be necessary, appropriate or advisable, and (ii) the consummation of the transactions contemplated hereby and the performance by the Partnership as required hereunder, as the general partner shall determine, in its exclusive and reasonable judgment, to be necessary, appropriate or advisable, each such determination pursuant to the immediately preceding clauses (i) and (ii) to be conclusively evidenced by the taking of any such action by any officer

of the general partner of the Partnership and each such determination is hereby fully and completely approved and adopted as the valid action of and by Partnership, approved in all respects by the general partner; and it is further

**RESOLVED**, that all acts and deeds heretofore done by the general partner of the Partnership for and on behalf of Partnership in entering into, executing, acknowledging or attesting any of the Transaction Documents to which Partnership is a party or performing any of the transactions contemplated thereby or in carrying out the terms and intentions of these resolutions, are hereby ratified, approved and confirmed in all respects.

There being no further business, a motion to adjourn the meeting at 9:36 a.m. was made by Commissioner Marques and seconded by Commissioner Flynn.

Respectfully submitted,

Richard H. Godfrey, Jr.  
Secretary and Executive Director