

Draft

**MINUTES OF MEETING  
OF THE BOARD OF DIRECTORS OF  
RIH EQUITY CORPORATION**

A meeting of the Board of Directors of the RIH Equity Corporation was held on Thursday, September 18, 2014 at 9:00 AM at the Offices of the Corporation, 44 Washington Street, Providence, RI, 02903.

Commissioners in attendance were: Chairman Andrew L. Cortés; Paul McGreevy, Director of Department of Business Regulation; Steven Hartford, Director of Business Administration; Andrew Roos designee for General Treasurer Gina Raimondo; James DeRentis; and Stephen P. McAllister. Joe Monteiro was absent.

Also in attendance were: Richard Godfrey, Executive Director; Carol Ventura, Deputy Director; Gayle Corrigan, Deputy Director; Kara Lachapelle, Director of Finance; Leslie McKnight, Director of Servicing; Carlos Hernandez, Director of Resident Services; Peter Walsh, Director of Homeownership and Customer Service and Michael Milito, Deputy Assistant Director.

Steven Richard, 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 DeRentis called the meeting to order at approximately 9:00 a.m.

**Approval of Minutes of Meeting Held on June 21, 2012**

Upon unanimous consent by the Board, the following was approved:

VOTED: That the Minutes of the Board Meeting held on June 21, 2012 be and hereby are approved.

**Approval of Sale and Transfer of Restore Apartments**

Mr. Godfrey gave this presentation.

This Request for Action is for approval from the RIH Equity Corporation (the “Equity Corporation”), in its capacity as general partner of Rhode Island Housing Equity Pool, L.P., (the “Equity Pool”), to the sale and transfer of Restore Apartments, a 25 unit low-income housing development located on various sites in Central Falls, Rhode Island.

In the early years of the Housing Credit program, Rhode Island Housing formed an investment partnership, known as Rhode Island Housing Equity Pool L.P. with RIH Equity Corporation as its General Partner, to provide equity in affordable housing developments in Rhode Island. RIH

Equity Corporation is a subsidiary of Rhode Island Housing pursuant to R.I.G.L.42-55-5.1 with the same commissioners, officers and directors as Rhode Island Housing.

Restore Apartments (the “Development”) is a low-income housing tax credit property located in Central Falls, Rhode Island financed by Rhode Island Housing in September 1991. It has provided 25 apartments for low-income individuals and families and had fulfilled its low and moderate income compliance period.

The Development is owned by a single-purpose limited partnership, RESTORE Apartments, L.P. (the “Partnership”). The general partner of the Partnership is Neighborhood Initiatives for Good Housing, Inc., (the “General Partner”), a single-purpose affiliate of Pawtucket Citizens Development Corporation (“PCDC”), a non-profit community development corporation based in Pawtucket, by virtue of a merger with Realty Endeavors for Affordable Community Housing, Inc. (“REACH”), a non-profit community development corporation based in Central Falls. The Equity Pool is the limited partner of the Partnership and the Equity Corporation is the general partner of the Equity Pool.

Over the past several years there have been a number of physical and financial challenges at the Development. For a variety of reasons, income was insufficient to pay debt service and to effectively operate the development. As a result, the property has suffered from physical deterioration and became increasingly financially unstable. The Development has satisfied its initial 15 year compliance period.

For the past 12 months, REACH was engaged with PCDC on a potential merger of the two organizations. Board members from both organizations have been actively engaged with Rhode Island Housing and a consulting team to assess the financial condition, assets and staffing needs of the merged entity. As part of these discussions, it was determined that REACH’s assets, including its interest in the Partnership, would merge into the portfolio of PCDC. Following successful transfer of properties and assets, the REACH organization will dissolve. The merger of REACH and PCDC recently concluded.

As part of the merger discussions, REACH and PCDC, in cooperation with Rhode Island Housing, commissioned a capital needs assessment of the combined portfolio. They also engaged outside consultants to assist in determining which assets to sell to investors, which to sell to homeowners and which to retain.

As a result of that assessment, it was determined that the total debt of the Development significantly exceeds the Development’s current value and that the investment needed to rehabilitate the entire Development cannot be justified by its estimated future value.

Working through a real estate broker, the General Partner has received an offer to purchase a portion of the Development consisting of 25, 27 and 31 Moore Street, 113 Summer Street, and 34-36 Parker Street, all in Central Falls, RI for \$235,000, and which contain 16 apartments. The new owner will rehabilitate the acquired buildings and continue the affordability restrictions for at least three years after the transfer. The net sales proceeds, after commissions and expenses, of approximately \$225,000 will be applied to the current Rhode Island Housing debt on the property.

The remaining 9 apartments will continue to be owned and managed by an affiliate of PCDC which may decide to sell them to owner-occupants or continue to operate them as rental housing. The remaining debt will be secured by those units.

The General Partner has requested that the Equity Corporation approve the transfer of all or any portion of the Development. Staff recommends that the attached Resolution authorizing transfer of all or any portion of the Development be approved.

Upon a motion made by Commissioner DeRentis and seconded by Commissioner McAllister the following resolution was unanimously adopted:

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

**WHEREAS,** RESTORE Apartments, L.P. (the “Partnership”) is the owner of Restore Apartments, a low-income housing tax credit rental development located on scattered sites in Central Falls, RI (the “Development”); and

**WHEREAS,** Neighborhood Initiatives for Good Housing, Inc. (the "General Partner") is the general partner of the Partnership; and

**WHEREAS,** the Rhode Island Housing Equity Pool (the “Equity Pool”) is the limited partner of the Partnership; and

**WHEREAS,** the RIH Equity Corporation (the “Equity Corporation”) is the sole general partner of the Equity Pool; and

**WHEREAS,** the current outstanding debt on the Development significantly exceeds the estimated present or potential value of the Development; and

**WHEREAS,** the General Partner has requested that the Equity Corporation, in its capacity as general partner of the Equity Pool, the limited partner of the Partnership, consent to the transfer of all or any portion of the Development to a new owner(s); and

**WHEREAS,** the initial compliance period under the tax credit program has expired and following the transfer the Equity Pool will have no further interest or obligation to the transferred portion of the Development; and

**WHEREAS,** the Equity Corporation has determined that it is in its best interests, and the best interest of the Equity Pool and the Development, to consent to the sale and transfer of all or any portion of the Development.

**NOW, THEREFORE, BE IT:**

**RESOLVED,** that the Equity Corporation, in its capacity as sole member of the Equity Pool, hereby consents to the transfer of its interests in the Development on such terms and conditions, including without limitation the transfer of all or any portion of the Development by sale, deed in lieu of foreclosure, or other transaction, as the Executive Director of the Equity Corporation determines to be in the best interests of the Equity Corporation and Equity Pool.

**RESOLVED,** that the Equity Corporation, in its capacity as sole member of the Equity Pool, be, and hereby is, authorized, empowered and directed, to issue, execute and deliver, any agreements, documents and instruments determined to be necessary to carry out this transaction, with such additional, modified or revised terms as may be acceptable to the Executive Director of the Equity Corporation 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 the Equity Corporation.

**RESOLVED,** that the Executive Director of the Equity Corporation 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, the execution and delivery on behalf of the Equity Corporation of all such other agreements, documents and instruments, and the performance by the Equity Corporation thereunder, as the Executive Director, in his exclusive and reasonable judgment, to be necessary, appropriate or advisable.

**RESOLVED,** that all acts and deeds heretofore done by any officer of the Equity Corporation in entering into, executing, acknowledging or attesting any documents 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.

**Approval of Dissolution and Liquidation of Rhode Island Equity Pool L.P. and Rhode Island Equity Pool II, L.P.**

Mr. Godfrey presented this request.

This Request for Action is for approval from the RIH Equity Corporation (the “Equity Corporation”), in its capacity as general partner of Rhode Island Housing Equity Pool, L.P., and Rhode Island Housing Equity Pool II, L.P., to the dissolution and liquidation of the Equity Pools in accordance with the respective partnership agreements.

In the early years of the Housing Credit program, Rhode Island Housing formed two investment partnerships, known as Rhode Island Housing Equity Pool, L.P., and Rhode Island Housing Equity Pool II, L.P. (collectively, the “Equity Pools”). The purpose of the Equity Pools was to encourage and assist corporation in investing in low-income residential rental properties located in Rhode Island, and to develop and implement strategies to maintain those properties

as low-income housing subsequent to the disposition by the Equity Pools of its interests in the properties. RIH Equity Corporation was the General Partner for each of the Equity Pools. RIH Equity Corporation is a subsidiary of Rhode Island Housing pursuant to R.I.G.L.42-55-5.1 with the same commissioners, officers and directors as Rhode Island Housing. A number of local and national corporations were investors in the Equity Pools.

Each of the Equity Pools invested in a number of rental developments located in Rhode Island in the late 1980s and early 1990s that received an allocation of housing tax credits under the federal Low Income Housing Tax Credit (LIHTC) program. In return for this equity investment the Equity Pools were entitled to claim the federal housing tax credits and other tax benefits generated by the rental developments. These tax benefits were passed on to the investors in the Equity Pools on a pro-rata basis corresponding to their investments.

Under the LIHTC program, owners of low-income rental developments are entitled to receive tax credits for the first ten years of the operation of the development. In return for these credits, the owner must agree to operate the developments in compliance with LIHTC guidelines during a 15 year compliance period. If the development fails to operate in accordance with the guidelines during this compliance period the investor owner may be subject to “recapture” of certain tax benefits. After the end of the initial compliance period the properties no longer generate housing tax credits, and the investors are no longer are subject to recapture. At that point the investors have realized their expected returns from their equity investment and no longer derive any financial benefit from ownership of the developments.

Over the years, as properties in which the Equity Pools holds an interest have reached the end of the compliance period, the Equity Pools has generally permitted the transfer of its interests to permit the property to be refinanced. At present, each of the properties in which the Equity Pools currently holds an interest has reached the end of the compliance period and no longer generates housing tax credit benefits to the investors. In addition, since the compliance period has passed, there is no longer any potential recapture of housing tax credits.

In short, the Equity Pools have fulfilled their intended purposes. Staff has determined that it is consistent with the original purposes of the Equity Pools, and in the best interests of the investors in each of the Equity Pools, that the Equity Pools be dissolved and liquidated in accordance with the partnership agreements, and all assets of the Equity Pools be distributed as provided in the partnership agreements.

Staff recommends that the attached Resolution authorizing the dissolution and liquidation of the Equity Pools be approved.

Upon a motion made by Commissioner DeRentis and seconded by Commissioner McGreevy the following resolution was unanimously adopted:

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

**WHEREAS,** Rhode Island Equity Pool, L.P. and Rhode Island Equity Pool II, L.P. (collectively, the “Equity Pools”) were created by Rhode Island Housing to

encourage and assist corporation in investing in low-income residential rental properties located in Rhode Island, and to develop and implement strategies to maintain those properties as low-income housing subsequent to the disposition by the Equity Pools of its interests in the properties; and

**WHEREAS,** the RIH Equity Corporation (the “Equity Corporation”) is the sole general partner of the Equity Pools; and

**WHEREAS,** over the years the Equity Pools were the limited partner in a number of low-income housing developments in Rhode Island that generated tax credits under the federal Low Income Housing Tax Credit (“LIHTC”) program; and

**WHEREAS,** each of the low-income rental properties in which the Equity Pools currently holds an interest have passed their fifteen year compliance period and no longer generate LIHTC benefits, and are no longer subject to recapture of housing tax credits previously generated; and

**WHEREAS,** the Equity Pools have fulfilled their intended purposes; and

**WHEREAS,** Staff of the Equity Corporation has determined that it is consistent with the original purposes of the Equity Pools, and in the best interests of the investors in each of the Equity Pools, that the Equity Pools be dissolved and liquidated in accordance with the partnership agreements, and all assets of the Equity Pools be distributed as provided in the partnership agreements.

**NOW, THEREFORE, BE IT:**

**RESOLVED,** that the Equity Corporation, in its capacity as sole member of the Equity Pools, hereby authorizes the dissolution and liquidation of the Equity Pools in accordance with their respective partnership agreements, in such manner and under such terms and conditions, including without limitation the transfer of all or any part of the Equity Pools’ interests in any properties in which they hold an interest, as the Executive Director of the Equity Corporation determines to be in the best interests of the Equity Corporation, the Equity Pool and its limited partners.

**RESOLVED,** that the Equity Corporation, in its capacity as sole member of the Equity Pool, be, and hereby is, authorized, empowered and directed, to issue, execute and deliver, any agreements, documents and instruments determined to be necessary to carry out the foregoing resolution as may be acceptable to the Executive Director of the Equity Corporation 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 the Equity Corporation.

**RESOLVED,** that the Executive Director of the Equity Corporation 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, the execution and delivery on behalf of the Equity Corporation of all such other agreements, documents and instruments, and the performance by the Equity Corporation thereunder, as the Executive Director, in his exclusive and reasonable judgment, to be necessary, appropriate or advisable.

**RESOLVED,** that all acts and deeds heretofore done by any officer of the Equity Corporation in entering into, executing, acknowledging or attesting any documents 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 to discuss, a motion was duly made by Commissioner Roos and seconded by Commissioner McAllister to adjourn the open meeting at approximately at 9:11 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.  
Secretary and Executive Director