

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Management Committee
August 5, 2024

A meeting of the Management Committee of the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Monday, August 5, 2024, at 3:00 p.m. The meeting was held at the main office of the Corporation, 44 Washington Street, Providence, RI 02903, Conference Boardroom and via telephone conference call.

Carol Ventura, Executive Director, opened the meeting and introduced Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

Mr. Rotella stated that (i) this meeting would be recorded and available for review on the RIHousing website within 3-5 business days after the meeting and (ii) except for specific RIHousing staff participating telephonically in the meeting, all callers would be muted during the meeting. Mr. Rotella also asked that to prevent any feedback or background noise, telephone participants to please mute the telephone if not speaking. Additionally, Mr. Rotella announced that if during the meeting anyone had technical difficulties with audio or accessing the call, they should call (401) 457-1240.

Next, Corinne Myers, General Counsel, provided additional guidance for the meeting. Ms. Myers stated that the meeting was being held in person with all members of the Management Committee appearing in person. Members of the public were invited to access the meeting in person or via teleconference according to their preference. Additionally, members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Ms. Myers also stated that Chairman Pryor would preside over the meeting and requested that any Commissioner or staff member state their name prior to speaking for the benefit of listeners and to mute the phone when not speaking. She then invited Chairman Pryor to call the meeting to order.

A quorum being present, Chairman Pryor introduced himself and officially called the meeting to order at approximately 3:03 p.m. Chairman Pryor then invited Ms. Ventura to proceed with the roll call of Commissioners in attendance.

Ms. Ventura conducted a roll call of Commissioners participating in the meeting. Commissioners participating were: Chairman Pryor; Jonathan Womer, Director of the Department of Administration; Robert Craven, Designee for General Treasurer James Diossa and Sara Cabral, Designee for Elizabeth Dwyer, Director of the Department of Business Regulation. Stephen P. McAllister was absent.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Michael DiChiaro, Director of Leased Housing and Rental Services; Leslie McKnight, Deputy Assistant Director of Loan Servicing; Brett Pelletier, Chief Administrative Officer; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Members of the public were present via teleconference.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Management Committee Meeting Held on June 10, 2024.

Chairman Pryor asked for a motion and a second for the approval of the minutes of the Management Committee meeting held on June 10, 2024. A motion was made by Commissioner Designee Craven and seconded by Commissioner Designee Cabral.

There being no discussion, Corinne Myers, General Counsel conducted a voice vote of the Commissioners for the approval of the minutes of the Management Committee Meeting held on June 10, 2024.

The Commissioners voted to approve the minutes with three (3) votes in favor, Commissioner Womer abstaining, and zero (0) nay votes.

Ms. Myers then officially stated for the record that the following was adopted:

VOTED: That the minutes of the Management Committee Meeting held on June 10, 2024, are hereby approved.

2. Recommendation for Approval of Modification of Black Knight Technologies, LLC Master Agreement #424-06M to Add Collections Module

Chairman Pryor introduced and invited Leslie McKnight, Assistant Deputy Director of Loan Servicing to give the presentation.

Ms. McKnight said that for the request was for approval of an agreement with Black Knight Technologies, LLC (“Black Knight”) to modify the existing Master Agreement #424-06M dated May 31, 2006 (“Master Agreement”) by adding the BKST Collections service and adding a Collections Implementation Services statement of work.

Black Knight is the current provider for loan servicing software to RIHousing. RIHousing seeks to add a collections service to its current contract with Black Knight. The service will supplement the current software system and was approved as a Sole Source Procurement pursuant to RIHousing’s purchasing policy on the basis of its compatibility. This addition will allow RIHousing to implement collection services through the Black Knight software by adding the following functionality: 1) collections view through AIP; 2) EWM implementation for management of work lists and resource assignments; 3) allowable time to call rules; 4) advanced loan search; and 5) borrower direct assistance. The implementation cost of this product is \$60,000.00. The annual cost of the service will be at minimum \$30,000 per year.

Finally, Ms. McKnight said that staff recommends authorizing RIHousing to execute the modification to the Master Agreement and corresponding statement of work as presented at the meeting.

Chairman Pryor thanked Ms. McKnight for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Approval of Modification of Black Knight Technologies, LLC Master Agreement #424-06M to Add Collections Module.

A motion was duly made by Commissioner Womer and seconded by Commissioner Designee Craven.

Chairman Pryor then asked if anyone had any questions.

A brief dialogue followed with Commissioner Designee Craven inquiring about the total annual cost of services to be provided by Black Knight and what specifics dictate the fee.

Ms. McKnight explained that it's an à la carte method that is centered on the number of loans staff is servicing. Therefore, based on the number of current active loans, staff estimates that the cost will be approximately \$30,000. As the portfolio increases that amount could increase. Should the portfolio decrease the cost remains at \$30,000.00.

Chairman Pryor asked if there was anything other than the per loan fee that drives the cost of the contract. Ms. McKnight confirmed that there is nothing else driving the cost. The implementation cost is to set up the module and to provide professional training services for staff. That fee is a one-time cost.

Commissioner Womer was curious about the actual contract. He remarked that it appears that the contract is for software as well as services associated with the product. Commissioner Womer asked Ms. McKnight to speak to the current software and costs presently utilized by the Corporation.

Ms. McKnight explained that the software in question is a hosted application, not a licensed one. It is the system that supports all of RIHousing's servicing applications. The system provides loan boarding, electronically integrating to the servicing system, provides loan payoff information, tracks fiscal and escrow balances and fully adheres to and meets all regulatory guidelines. The system also produces end of year statements, annual escrow analysis statements, mortgage counseling and multiple other reports. Additionally, the system services the Corporation's tax liens, bankruptcy, etc. There are several HFAs that utilize the software for similar purposes as well as most of the mortgage servicing industry in the United States.

Continuing, Ms. McKnight said that an added benefit of the application is that they are fully compliant with all regularly changes that are periodically implemented. Presently, RIHousing spends approximately \$1 million dollars for the service. That fee is for servicing 30,000 single and multifamily mortgages and the tax liens. On an annual basis it costs \$33 per loan, which is approximately \$2.78 per month per loan. Ms. McKnight emphasized that the cost is calculated on a per loan basis and if RIHousing did not have any loans to service, the fee would still need to be paid.

Commissioner Designee Cabral enquired about how defaults, quality control matters were addressed. Ms. McKnight said that the module has a collections and quality control function. However, this added feature will allow for more flexibility and keep everything consistent to reduce errors. Ms. McKnight explained that the cost is based on the entire portfolio.

Chairman Pryor then asked what precipitated the decision to add the proposed service. Ms. McKnight stated that the decision was driven by the numerous regulations, particularly all the new regulations that were required post-COVID. Some of those regulations included loss mitigation, additional reviews and audits by FHA and Ginnie Mae. Therefore, staff wants to ensure that risks are minimized. Ms. McKnight believed that the benefits are worth the expense.

There being no further questions, Ms. Myers then conducted a voice vote of the Commissioners for Approval of Modification of Black Knight Technologies, LLC Master Agreement #424-06M to Add Collections Module.

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of Modification of Black Knight Technologies, LLC Master Agreement #424-06M to Add Collections Module was unanimously approved.

3. Recommendation for Approval of Engagement of Low-Income Housing Tax Credit Compliance Consultant (Costello Compliance)

Chairman Pryor announced that Michael DiChiaro, Director of Leased Housing and Rental Services, would report on the Engagement of Low-Income Housing Tax Credit Compliance Consultant (Costello Compliance).

Mr. DiChiaro stated that the request was for approval to engage Costello Compliance to provide consulting services, to include updating and expanding RIHousing's compliance manual (the "Compliance Manual") to assist owners and managers of Low-Income Housing Tax Credit ("LIHTC") developments. Costello Compliance helped RIHousing develop an award-winning compliance manual in 2017 and 2018. The new iteration will update the manual to include recent changes including HOTMA and NSPIRE as well as expand the manual to include HOME, newer ancillary programs, and some Performance-Based Contract Administration (PBCA) Section 8 procedures.

RIHousing acts as the Internal Revenue Service's appointed monitoring agent for the LIHTC program and administers LIHTC in accordance with Rhode Island's Qualified Allocation Plan ("QAP"). RIHousing also serves as the state's Section 8 Performance-Based Contract Administrator on behalf of HUD. In April 2024, to ensure continued compliance with both programs, RIHousing sought proposals for a qualified firm to evaluate current compliance policies and procedures, assist staff in updating and expanding the Compliance Manual, and provide related document development and training services (the "RFP").

The Compliance Manual is used both as guidance for owners/managing agents and by RIHousing staff as a reference. The Compliance Manual is modeled to meet federal and state regulations as well as the recommendations of the National Council of State Housing Agencies (NCSHA). All materials produced by the consulting team will meet all applicable IRS and HUD regulations. The Compliance Manual incorporates all requirements, methods and procedures related to the LIHTC, HOME and ancillary programs when layered with other federal and state affordable housing programs, including, but not limited to the Housing Choice Voucher Program.

In response to the RFP, one (1) proposal was received from Costello Compliance. RIHousing staff reviewed it carefully and determined the pricing to be reasonable based on knowledge of previous similar consulting arrangements.

Accordingly, staff is recommending the engagement of Costello Compliance, at a cost of \$30,000, to update the existing Compliance Manual. This company was previously approved by the Board to create the current manual which was recognized by NCSHA with a national award. Costello Compliance and its principals bring over three decades of direct experience in affordable housing management, auditing and training. They have worked with well over half of the state tax credit allocating agencies, many HOME participating jurisdictions, HUD, and Rural Development agencies. A recognized expert in the industry, the Chief Executive Officer of Costello Compliance, Scott Michael Dunn, has been published in numerous trade periodicals and is the author of several textbooks and regulatory manuals on various affordable housing programs.

In closing, Mr. DiChiaro said that upon conclusion of the consulting firm's engagement, staff anticipates completion of a new, comprehensive Compliance Manual for the RIHousing LIHTC program including HOME, several ancillary programs, and PBCA tasks, inclusive of related forms and standard documents, and related training.

Chairman Pryor then asked if anyone had any questions.

Commissioner Womer mentioned that it appears that multiple finance agencies struggle with the same issues. He wondered if it would be beneficial to coordinate with the other agencies for a joint venture.

Mr. DiChiaro responded that for the tax credit portion, there have been initiatives on that effort. The National Council of State Housing Agencies (NCSHA) has established best practices that the industry follows. However, the respective agencies, especially RIHousing are so unique and individualized that it's helpful for a property management firm to have a manual that reflects the specific mix of programs operated locally.

Ms. Ventura concurred saying that RIHousing often has different programs among the agencies. She mentioned that not all HFAs have a PBCA element. Mr. DiChiaro also explained that the IRS provides tax credit guidelines, but each state has some flexibility on the interpretation of the regulations.

Chairman Pryor asked where staff expects the updates to be implemented. Mr. DiChiaro said that changes have been made to HOPWA regarding ways an individual qualifies and how assets are calculated. Staff also has the HOME program, the Section 8 program, tax credits and ancillary programs that RIHousing wants to add to the manual.

Following the comments, Chairman Pryor asked for a motion and a second to recommend to the Board of Commissioners Approval of Engagement of Low-Income Housing Tax Credit Compliance Consultant (Costello Compliance).

A motion was duly made by Commissioner Designee Craven and seconded by Commissioner Designee Cabral.

There being no additional questions, Ms. Myers conducted a voice vote of the Commissioners for the Approval of Engagement of Low-Income Housing Tax Credit Compliance Consultant (Costello Compliance).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for the Engagement of Low-Income Housing Tax Credit Compliance Consultant (Costello Compliance) was approved.

Adjournment

There being no further business to discuss, Chairman Pryor asked for a motion to adjourn the meeting. A motion was duly made by Commissioner Womer and seconded by Commissioner Designee Craven to adjourn the meeting.

Ms. Corinne Myers, General Counsel then conducted a voice vote of the Commissioners. The Commissioners unanimously voted to adjourn the meeting.

The meeting was adjourned at approximately 3:20 p.m.

In closing, Chairman Pryor thanked everyone for participating.

Respectfully submitted,

Carol Ventura
Secretary and Executive Director