

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS**

January 22, 2021

The Regular Meeting of the Rhode Island Housing and Mortgage Finance Corporation (the “Corporation” or “RIHousing”) Board of Commissioners was held on Friday, January 22, 2021 at 9:30 a.m. The meeting was held via telephone conference call pursuant to Executive Order 20-46 (extended by Executive Order 21-01, and as may be further amended or extended).

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

Mr. Rotella stated that (i) the meeting would be recorded and available for review on the RIHousing website within 3-5 business days after the meeting and (ii) except for the Board of Commissioners and specific RIHousing staff, all callers will be muted during the meeting. Mr. Rotella announced that if during the meeting anyone had technical difficulties with audio or accessing the call, they should call (401) 457-1240.

Nicole Clement, General Counsel, provided additional information for those participating in the meeting. Ms. Clement stated that (i) pursuant to Executive Order 20-46 (as extended by Executive Order 21-01, and as may be further amended or extended) the meeting was being held via teleconference, (ii) members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and (iii) in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Ms. Clement also stated that Chairman Retsinas would preside over the meeting and requested that any Commissioner or staff to state their name prior to speaking and to mute their telephone if not speaking. She then invited Chairman Retsinas to call the meeting to order.

A quorum being present, Chairman Retsinas introduced himself and officially called the meeting to order at approximately 9:33 a.m. Chairman Retsinas then invited Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff (in attendance).

Ms. Ventura conducted a roll call vote of Commissioners and staff participating in the meeting. Commissioners participating via conference call were: Nicolas P. Retsinas; LeeAnn Byrne, Designee for General Treasurer Seth Magaziner; Elizabeth Tanner, Director of the Department of Business Regulations; Kevin Orth; Stephen P. McAllister and Maria Barry. Brett Smiley, Director of the Department of Administration was absent.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Lisa Primiano, Chief Operating Officer; Leslie McKnight, Assistant Deputy Director of Loan Servicing; Bernadette MacArthur, Director of Finance; Eric Shorter, Director of Development; Peter Pagonis, Director of

Homeownership; Nicole Clement, General Counsel; and Carl Rotella, Director of Information Technology.

Steven Richard, Counsel to the Corporation, was present on the call 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, on the Corporation's web site www.rihousing.com and at the following link: <https://www.rihousing.com/rihousing-board-meeting-january-22-2021/>.

Approval of Minutes of Board Meeting held on December 17, 2020

Chairman Retsinas asked for a motion and a second for the approval of the Board of Commissioners meeting minutes held on December 17, 2020. A motion was made by Commissioner Orth and seconded by Commissioner Barry. There being no discussion, Nicole Clement, General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Abstained
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement then stated that the following was adopted with five (5) votes in favor, one (1) abstention and zero (0) nay votes. Commissioner McAllister abstained from the vote.

VOTED: That the minutes of the Board Meeting held on December 17, 2020 hereby are approved.

Chairman's Remarks

Chairman Retsinas did not have any remarks.

Executive Director's Review of Recent Activities and Trends

Carol Ventura, Executive Director, greeted everyone and proceeded with an update on the Corporation's activities.

Ms. Ventura began by referencing the Annual Charitable Donations and Contributions summary report that was previously provided to the Commissioners. Ms. Ventura announced that in 2020, RIHousing contributed \$1,495 to partner events where staff participated in nine (9) events. For comparison purposes, in 2019 the Board of Commissioners approved contributions to eighteen (18) events for a total of \$8,000. Finally, Ms. Ventura stated that in 2018 staff attended twenty-

five (25) events totaling \$8,400.

Homeownership. Ms. Ventura mentioned that the Homeownership Division had a very productive year with first mortgage funding volume of \$394.5 million, representing an increase of 2.9% over 2019. The 2020 funding volume represents the second highest volume in the Corporation's history. Staff was not able to achieve the 1700 first mortgages closed goal projected for the year, however the volume of 1600 first mortgages closed is impressive. The 2020 results are notable, and Ms. Ventura congratulated the Homeownership Division on the accomplishment.

Loan Servicing. Ms. Ventura stated that staff continues to see an increase in delinquencies of fifty (50) basis points. This is a serious trend for the Corporation. Seriously delinquent loans continued to exceed 1200 loans. The Loan Servicing Division has received approximately 2000 requests for forbearance, which staff has been actively reviewing. As of December 31, 2020, RIHousing has 1,312 active forbearance agreements.

Ms. Ventura noted that a number of borrowers have been assisted by utilizing RIHousing's Hardest Hit Fund Program, but that funding stream is scheduled to close at the end of the month.

Continuing, Mr. Ventura said she is hopeful that the new administration will act quickly to address the situation by providing resources for homeowners facing foreclosure once the moratorium is lifted.

Development. Ms. Ventura announced that the Development Division has received eleven (11) proposals for the Low-Income Housing Tax Credits (LIHTC) Program awards, totaling \$13 million. Staff plans to bring the recommendations to the Board of Commissioners in May.

Additionally, a request for proposals (RFP) for the Workforce Housing Innovation Challenge program has been posted and responses are due the first week of March.

Leased Housing and Rental Services. Ms. Ventura stated that staff has provided statistics for the Housing Help RI (HHRI) Program, which is funded through the Coronavirus Aid, Relief, and Economic Security (CARES) Act ("CARES Act") and RIHousing administers for the State of Rhode Island. RIHousing has approved and paid \$622,971 in rental assistance to 61 affordable developments and assisted approximately 400 families. Combined with the initial HHRI program, RIHousing has paid out over \$1.1million.

Ms. Ventura then announced that on January 28, the League of Cities and Towns will hold its Annual Convention. The event will be held virtually this year due to COVID-19 restrictions. RIHousing will have a virtual booth at the convention, which draws hundreds of state and municipal partners. The booth will highlight RIHousing programs that help Rhode Islanders find, rent, buy, keep and build safe and affordable homes.

Next, Ms. Ventura was happy to share that Bryan Greene, Vice President, Policy Advocacy at the National Association of REALTORS, has accepted the Corporation's invitation to be the

guest speaker at this year's Spring homebuying event. This event typically draws over 350 lender and realtor partners from across the state.

Ms. Ventura informed the Commissioners that Amy Rainone, Director Government Relations & Policy, has supplied a comprehensive summary of President Joseph R. Biden's COVID-19 recovery package. She invited the Commissioners to review the details at their convenience.

Ms. Ventura mentioned that the President's \$1.9 trillion COVID-19 recovery package includes an additional \$25 billion in rental assistance; \$5 billion for energy and water costs; \$5 billion in homelessness assistance; and funding for legal assistance for households facing eviction or foreclosure. The plan also calls on Congress to extend the eviction and foreclosure moratoriums, as well as continue applications for forbearance on federally guaranteed mortgages through September 30, 2021. Unfortunately, the bill does not include any language for mortgage assistance for homeowners facing foreclosure. Ms. Ventura hopes this omission will gain additional attention and support on Capitol Hill and with Senator Reed in order to allocate much needed resources to homeowners.

Continuing, Ms. Ventura stated that on January 13, the Finance Department successfully executed a new bond issuance for the Multi-Family Development Bond Program. A portion of the bonds were designated as sustainable bonds and another portion was designated as social bonds. Staff saw a strong demand for the \$81 million offering with nine (9) times as many orders received as there were bonds for sale.

Following her presentation, Ms. Ventura introduced Kara Lachapelle, Chief Financial Officer, who gave an update on the status of the year to date budget.

Ms. Lachapelle referenced the chart included as part of the Executive Director's report and communicated that as of December 31, 2020, RIHousing is ahead of budget. Staff expected to finish the year with a net revenue of \$3.8 million. Instead, the Corporation ended the year at a net revenue of \$5 million. RIHousing is ahead of budget by \$1.1 million.

Ms. Lachapelle stated that several factors that contribute to that number include the decrease in interest income, which is a direct result of loans that are in forbearance. Staff is offsetting some of that decrease by the gain on the sale of loans. The Finance Department assesses those figures by faithfully reviewing all transactions to balance the bond and TBA programs for the best possible financial execution and to meet the Corporation's goals.

Continuing, Ms. Lachapelle reported that on the expense side, RIHousing is seeing savings in expenses and is under budget on expenses. The program expense is more of a timing difference as staff is rolling out those programs in this quarter. However, those expenses will catch up and will be expended out as projected for the year for programmatic expenses.

Regarding the operating expenses, Ms. Lachapelle note that staff has realized savings in operations, which some of those savings are also due to timing, but mostly from projects that have not started, consulting services that were not utilized, seminars not attended and less

maintenance of the facility. Ms. Lachapelle declared that RIHousing is in a strong, stable financial position through December 31, 2020.

Additionally, Ms. Lachapelle stated that staff has included the ratios Standard and Poor's (S&P) looks at when evaluating the Corporation. As expected there are some ratios that are worse in terms of delinquency on loans:

- nonperforming assets compared to loans are an increasing rate, however, RIHousing is still below what S&P requires or recommends.
- other ratios, such as leverage ratios (equity to assets) are decreasing slightly; RIHousing would have to end the year at a much higher net income for that number to increase, which would necessitate that the Corporation could not earmark as much capitol for programs - the Finance Department balances that ratio with bond activity that directly increases asset size, which impacts that ratio.
- the profitability ratio, (return on assets) is also decreasing as a direct result of the bottom line and staff anticipates that the number will be lower than prior years.
- the liquidity ratio (loans to assets) is a decreasing number, which is positive - the Corporation has more liquidity on the balance sheet because staff is converting loans to mortgage backed securities (MRBs), which are investments that are much more liquid if the Corporation needs to sell.

Ms. Lachapelle then asked if anyone had any questions.

Commissioner Orth thanked Ms. Lachapelle for the presentation and remarked that it was very informative. He also mentioned that it is always good to keep tabs on other HFAs. Commissioner Orth then states that it is gratifying to see the banner year that RIHousing experienced in the single-family loan production but noted that the actual balance sheet had not really moved at all. He believes that occurred because a fair number of borrowers were paying off loans and refinancing elsewhere; along with the possibility that the new loans have a smaller interest rate margin than the ones being paid off. Commissioner Orth asked Ms. Lachapelle to speak to that issue and what that means moving forward for the Corporation.

Ms. Lachapelle explained that even though RIHousing is adding new loans to the balance sheet, the refinance activity is at the highest level, historically. As borrowers are realizing equity surplus on their homes, along with the low interest rates, borrowers are refiancing elsewhere. To adjust to the trend for refianning, RIHousing is creating new programs to address the situation. For the most part, as RIHousing is losing some of those loans, it is not fully offset by the new loans being added to the balalnce sheet.

Looking forward, Ms. Lachapelle said that to increasse asset size staff needs to evaluate what is placed on the balance sheet. The Corporation is getting squeezed on the interest rates. As the interest rates are extremely low, RIHousing has done well on the bond market but in order to compete with other lenders, RIHousing must offer a competitive product to borrowers. The interest spread that may have been achieved previously has shrunken. That situation will ultimately impact the net interest income.

No further questions were presented.

Approval of Engagement of Consultant for Rhode Island Continuum of Care (CoC) Performance Monitoring

Chairman Retsinas recognized Claribel Shavers, Director of Leased Housing and Rental Services, who presented the request.

Ms. Shavers began by saying that this request is for approval to engage the Technical Assistance Collaborative, Inc. (“TAC”) to assist the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) to conduct awardee performance monitoring services related to the Continuum of Care Program (“CoC Program”).

RIHousing serves as the collaborative applicant on behalf of the Rhode Island Continuum of Care (“RICOc”) with respect to funding made available through the CoC Program, a homeless assistance initiative of the U.S. Department of Housing and Urban Development (“HUD”). In support of this role, RIHousing seeks to engage a professional consulting firm to carry out annual awardee program performance monitoring activities for the RICOc.

Performance monitoring activities will include evaluating CoC Program-funded projects for programmatic and fiscal compliance and reviewing organizational capacity. The results of the monitoring activities, along with any recommendations for correcting deficiencies, will be formally communicated to RIHousing through the RICOc Planner and the RICOc Board of Directors. If necessary, this process may be supplemented with follow-up trainings for some or all agencies participating in the CoC Program.

In September 2020, RIHousing issued a Request for Proposals (“RFP”) seeking proposals from qualified consulting services firms. One (1) proposal was received. An internal review committee reviewed the proposal in accordance with the RFP criteria, and determined that TAC was qualified to carry out the RICOc performance monitoring activities. The committee reached this conclusion in large part due to TAC’s experienced and knowledgeable staff, the RICOc’s favorable opinion of TAC’s past performance, and the depth of TAC’s previous experience providing services to RIHousing. TAC is a Boston-based nonprofit organization that serves as a primary technical assistance provider for HUD and has a long history of providing similar work in Rhode Island and across the nation.

The engagement is expected to last for four (4) to six (6) months. TAC will provide RICOc monitoring activities for a period of approximately two (2) months, with another two (2) months anticipated for follow-up and resolution. If the compliance monitoring results indicate a need for training, training services may be requested by RIHousing during a final period of approximately two (2) months.

The attached resolution approving the engagement of the Technical Assistance Collaborative, Inc. is recommended for approval by staff.

Chairman Retsinas mentioned that the Management Committee did not meet in January, therefore the Committee did not review the request.

Following the presentation, Chairman Retsinas asked for a motion and a second for the Approval of the Engagement of a Consultant for Rhode Island Continuum of Care (CoC) Performance Monitoring.

A motion was duly made by Commissioner Designee Byrne and seconded by Commissioner McAllister.

Commissioner Designee Byrne asked Ms. Shavers what the present process is for conducting the performance monitoring. Ms. Shavers confirmed that the monitoring has been and is performed and administered internally by staff. Staff felt that engaging a consultant is more effective as some of the monitoring includes federal grants the Corporation administers.

Nicole Clement, General Counsel, then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the following resolution was unanimously adopted:

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

Whereas: the enabling act of the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) provides the agency with all the powers to make and execute contracts necessary for the exercise of its functions under the Rhode Island Housing and Mortgage Finance Corporation Act, R.I. Gen. Laws §42-55-5(6); and

Whereas: RIHousing wishes to engage a professional consulting firm to assist the agency in carrying out project performance monitoring activities under the Continuum of Care Program, a federal homeless assistance program; and

Whereas: RIHousing issued a Request for Proposals (“RFP”) soliciting applications from firms qualified to provide performance monitoring services; and

Whereas: an internal review committee comprised of RIHousing staff reviewed the proposal and evaluated it in accordance with the criteria outlined in the RFP and voted to recommend the engagement of the Technical Assistance Collaborative, Inc.

NOW, THEREFORE, IT IS HEREBY:

Resolved: that RIHousing be, and hereby is authorized, to engage the Technical Assistance Collaborative, Inc., for a fee not to exceed \$100,000.00 to provide project performance monitoring services under the Continuum of Care Program; and

Resolved: that the Executive Director, the Deputy Director and the Director of Leased Housing and Rental Services, each acting singly, be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolution, including without limitation the authority to negotiate such terms of the engagement as he or she may determine are in the best interests of RIHousing, and to execute any and all agreements or documents as he or she deems necessary to carry out the foregoing.

Closed Session Pursuant to R.I.G.L. Sec. 42-46-5(a)(1) to discuss the Job Performance of the Executive Director

Following the Open Meeting, Chairman Retsinas called for a closed session pursuant to R.I.G.L. Section 42-46-5 (a)(1) to discuss the job performance of the Executive Director.

Chairman Retsinas asked for a motion to convene the closed session. A motion was duly made by Commissioner Tanner and seconded by Commissioner Orth.

Ms. Clement next conducted a roll call vote of the Commissioners, eligible to vote, in response to the call for a closed session. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement then stated the motion to convene in closed session was unanimously approved.

Nicole Clement, General Counsel, then announced that the Executive Director has been informed in writing of her right to have the discussion conducted in open session and did not specify any objection to a closed session and would not exercise her right to having the discussion occur in open session.

The Board of Commissioners entered in closed session at approximately 9:50 a.m.

The closed session ended at approximately 10:44 a.m., and Chairman Retsinas reconvened the Board of Commissioners in open session. Chairman Retsinas stated that no votes or other actions had been taken in closed session.

Chairman Retsinas then asked for a motion to seal the minutes of the closed session. A motion was duly made by Commissioner Designee Byrne and seconded by Commissioner Tanner.

Ms. Clement next conducted a roll call vote of the Commissioners, eligible to vote, in response to the motion to seal the minutes of the closed session. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Nicole Clement, General Counsel, stated that the motion to seal the minutes of the closed session was unanimously approved.

There being no further business to discuss, Chairman Retsinas asked for a motion to adjourn the Board of Commissioners meeting. A motion was made by Commissioner Tanner and seconded by Commissioner Designee Byrne to adjourn the meeting.

Ms. Clement then conducted a roll call vote of the Commissioners, eligible to vote, in response to a vote for adjournment. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the motion to adjourn was unanimously approved. The meeting was adjourned at 10:46 a.m.

Chairman Retsinas then thanked everyone for participating in the telephonic Board meeting.

Respectfully submitted,

Carol Ventura
Secretary and Executive Director