

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Management Committee
June 11, 2021

The Management Committee of the Rhode Island Housing and Mortgage Finance Corporation (the “Corporation” or “RIHousing”) Board of Commissioners was held on Friday, June 11, 2021 at 1:30 p.m. The meeting was held via telephone conference call pursuant to Executive Order 20-46 (extended by Executive Order 21-59).

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 would 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.

Next, Corinne Myers, Acting General Counsel, then provided additional guidance for the meeting. Ms. Myers stated that (i) pursuant to Executive Order 20-46 (as extended by Executive Order 21-59) 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. Myers also stated that Commissioner McAllister would preside over the meeting and requested that any Commissioner or staff state their name prior to speaking and to mute the phone when not speaking. She then invited Commissioner McAllister to call the meeting to order.

A quorum being present, Commissioner McAllister introduced himself and officially called the meeting to order at approximately 1:34 p.m. Commissioner McAllister then invited Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff (in attendance).

Ms. Ventura conducted a roll call of Commissioners and staff participating in the meeting. Commissioners participating via conference call were: Chairman Nicolas P. Retsinas; Stephen McAllister; James Thorsen, Director of the Department of Administration; and LeeAnn Byrne, Designee for General Treasurer Seth Magaziner.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Lisa Primiano, Chief Operating Officer; Kara Lachapelle, Chief Financial Officer; Christine Hunsinger, Chief Strategy & Innovation Officer; Peter Pagonis, Director of Homeownership; Barbara Farrand, Director of Human Resources; Sarah Clausius-Parks, Senior Manager Programs; Deborah Mancini, Senior Manager Quality Control; Corinne Myers, Acting General Counsel; and Carl Rotella, Director of Information Technology.

Members of the public were also present.

The following matters were discussed by the Committee.

1. Approval of Minutes of the Management Committee Meeting Held on February 8, 2021

Commissioner McAllister asked for a motion and a second for the approval of the Management Committee minutes held on February 8, 2021. A motion was duly made by Commissioner Designee Byrne and seconded by Commissioner McAllister. There being no discussion, Corinne Myers, Acting General Counsel, conducted a roll call vote of the Commissioners. The Commissioners voted as follows:

Commissioner McAllister	Aye
Chairman Retsinas	Aye
Commissioner Thorsen	Abstained
Commissioner Designee Byrne	Aye

Ms. Myers then stated that the following was adopted with two (3) votes in favor, one (1) abstention and zero (0) nay votes. Commissioner Thorsen abstained from the vote.

VOTED: That the minutes of the Management Committee Meeting held on February 8, 2021 hereby are approved.

2. Recommendation for Approval of Community Development Program Funding Awards

Commissioner McAllister introduced James Comer, Deputy Executive Director, who made this presentation.

Mr. Comer stated that the request is for approval of grant funding under the Community Development Program (“CDP”). The Board of Commissioners of RIHousing previously approved up to \$500,000 in CDP funding as part of the program budget for fiscal year 2021.

The RIHousing CDP provides funding for the following priority activities:

- support the viability of housing financed by RIHousing;
- promote homeownership opportunities, especially those with outreach strategies to increase racial and ethnic diversity or those that help homebuyers become “mortgage ready”;
- promote energy efficiency and environmental sustainability;
- stabilize housing for Rhode Islanders;
- broadening inclusivity and creating opportunity within low-income and/or racially and ethnically diverse communities.

RIHousing issued a Request for Proposals (“RFP”) for an award of CDP funding in January 2021. The RFP was posted on the RIHousing website, the State of RI Division of Purchasing website, social media, and sent to approximately 800 organizations, municipalities, property managers, developers and interested parties via an email announcement. RIHousing received 18 proposals in response to the RFP from 18 applicants consisting of service and community organizations and housing developers. One application was determined to be ineligible for funding. Funding requested from the 17 eligible applications totaled \$742,594.

A committee consisting of the Executive Director, Deputy Executive Director, Chief Strategy and Innovation Officer, and staff from the Communications Division, Homeownership Division and Leased Housing and Rental Services Division conducted a review of each proposal in accordance with

the ranking criteria set forth in the RFP. The committee recommended funding be awarded to the projects and programs described in an attachment to the June 7, 2021 Management Committee package.

Following the presentation, Commissioner McAllister asked for a motion and a second to recommend to the Board of Commissioners the Recommendation for Approval of Community Development Program Funding Awards.

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

Commissioner McAllister then asked if anyone had any questions.

Chairman Retsinas praised the variety of interests and backgrounds represented in the proposed awards and asked what niche Impact RI serves. Mr. Comer responded that they are a community-based organization focusing on delivering services in a proactive, innovative format to target as many deserving individuals as possible. Mr. Comer underscored that the City of Providence strongly supports their efforts.

The Chairman also wanted to know if benchmarks are in place to monitor and track performance. Mr. Comer confirmed that there are regular reporting requirements in place.

Chairman Retsinas was curious whether applications were received from previous awardees. Mr. Comer said there is some overlap, however staff reviews the applications to determine the broadest possible reach for the funding. There are some traditional partners utilizing the funds in a different, innovative manner.

Commissioner Designee Byrne commented that she and the Treasurer's office highly support making resources available to address financial literacy for underserved populations. She applauded this initiative.

There being no further comments, Corinne Myers, Acting General Counsel, next conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner McAllister	Aye
Chairman Retsinas	Aye
Commissioner Thorsen	Aye
Commissioner Designee Byrne	Aye

Ms. Myers then stated that the recommendation for Approval of Community Development Program Funding Awards was unanimously approved.

3. Recommendation for Approval of Engagement of Post-Closing Quality Control Vendor

Commissioner McAllister invited Deborah Mancini, Senior Manager Quality Control, to present this request.

Ms. Mancini stated that staff was seeking authorization for RIHousing to enter into a multi-year contract with TENA Companies, Inc. (“TENA”) to provide post-closing quality control audits for the single-family loan portfolio.

To comply with investor and insurer requirements, RIHousing engages a quality control vendor to perform audits on a sample of loans originated by both RIHousing and its correspondent lenders. These services are currently performed by a third-party quality control vendor.

In February 2021, RIHousing issued an RFP seeking responses from qualified vendors to provide the aforementioned services. The RFP was posted on RIHousing’s website and the website maintained by the State of Rhode Island Department of Administration, Division of Purchases. Four (4) vendors submitted proposals in response to the RFP.

A selection committee comprised of RIHousing staff reviewed and evaluated the written proposals in accordance with the criteria set forth in the RFP and employed a weighted average scoring model to compare them. The committee assigned TENA’s proposal a weighted average score of 9 out of 10.

TENA’s test scripts meet the requirements of Federal Housing Administration, Veterans Administration, United States Department of Agriculture-Rural Development, Federal National Mortgage Association, Freddie Mac, and state and federal requirements. TENA also maintains an in-house legal department and a dedicated Rules and Compliance team to ensure that its content reflects current investor, insurer, and regulatory requirements. For these reasons, staff sought approval to engage TENA as its quality control vendor for a term of three (3) years, with an option to renew the contract for an additional two (2) years.

Following the presentation Commissioner asked for a motion and a second to recommend to the Board of Commissioners the Approval of Engagement of Post-closing Quality Control Vendor.

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

Commissioner Designee Byrne asked Ms. Mancini who currently provides the quality control services for RIHousing. Ms. Mancini responded that Adfitech is the current vendor. Their contract is expiring at which time staff felt that it would be advantageous to procure software for servicing and quality control that allows for some consolidation of functions. The ability of having servicing and quality control data in one location would be in the best interest of the Corporation.

Chairman Retsinas inquired whether staff routinely takes into consideration utilizing MBE vendors for services and if extra points are granted for minority firms. Commissioner McAllister acknowledged that the recommendation presented does specify that an additional 5% is awarded for MBE applicants.

There being no further questions, Corinne Myers, Acting General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner McAllister	Aye
Chairman Retsinas	Aye
Commissioner Thorsen	Aye
Commissioner Designee Byrne	Aye

Ms. Myers announced that the recommendation for Approval of Engagement of a Post-Closing Quality Control Vendor was unanimously approved.

4. Recommendation for Approval of Engagement of Compensation Consulting Firm

Commissioner McAllister acknowledged Barbara Farrand, Director of Human Resources, who presented this recommendation.

Ms. Farrand began by stating that the request was for approval to engage a consulting firm qualified to provide services related to the study of RIHousing's comprehensive classification and compensation plan. Specifically, she requested approval to engage the firm of MGT of America Consulting, LLC ("MGT") to assist with RIHousing's goal of offering market-competitive compensation to our employees.

To attract and retain a high performing workforce, RIHousing offers its employees a market competitive job classification and compensation program. To keep pace with the changing employment market, RIHousing retains consultant services to provide a comparative study of its positions and classifications. A compensation study was last completed in 2016. RIHousing generally looks to finance industry companies, government agencies and other state housing finance agencies for a relevant market for comparison.

The consultant services will include the following deliverables:

- Review and analysis of RIHousing's current compensation structure; recommendation for compensation method with rationale; and determination of equitable and appropriate levels of pay.
- Performance of a market salary survey of local, statewide, and national companies and agencies with comparable positions to determine reasonably competitive salary levels for all positions.
- Review of RIHousing's job descriptions for opportunities to combine similar positions into the same classification.
- Recommendations for incorporating required soft skills into job descriptions.
- Ongoing meetings and final presentation to Senior Management team, Directors, Human Resources, and other stakeholders to review the study, process, and outcomes.
- Recommendation of changes to the compensation plan, including pay grades, pay levels, placement scales, pay bands/ranges, appropriate titles, and career ladders.

In March 2021, RIHousing issued an RFP from qualified firms to provide the comprehensive classification and compensation study services described above. Notice of the RFP was posted on RIHousing's website and the website maintained by the State of Rhode Island Department of Administration's Division of Purchases. Additionally, the Human Resources Department reached out to several firms with expertise in providing these services.

Three firms submitted proposals in response to the RFP. An internal selection committee reviewed the submissions and evaluated them in accordance with criteria outlined in the RFP. The selection committee scored the responses based upon the firm's professional capacity, fee structure, experience, continuity and expertise of account team, experience with firms of similar size with similar benefits and goals, recommendations by references, capacity to offer services directly rather than through subcontractors, firm minority status and affirmative action program or activities.

Based upon the selection committee’s evaluation of all proposals, MGT was determined to be best qualified to provide comprehensive compensation study consulting services to RIHousing with a score of 93.5 out of a possible 100.

MGT was established in 1974 as a full-service management consulting firm, providing high quality management consulting services to public sector clients nationwide. MGT staff includes nearly 220 professionals and administrative staff to support their clients’ success. Their corporate office is in Tampa, FL with additional offices around the country. The MGT Human Capital team has an impressive track record of providing customized solutions, objective research, creative recommendations, and quality products that respond to each client’s unique needs and time requirements. In addition to the requested services, MGT will provide RIHousing with on-going training and advisory services for one year following the completion of the engagement.

After the presentation, Commissioner McAllister asked for a motion and a second to recommend to the Board of Commissioners the Engagement of a Compensation Consulting Firm.

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

Commissioner McAllister asked for clarification on when a compensation study was last performed. Ms. Farrand replied that the last compensation study was commissioned in 2016.

Commissioner Designee Byrne asked Ms. Farrand to reiterate what the cost of the services is. Ms. Farrand replied that the cost is \$32,000.

There being no further questions, Corinne Myers, Acting General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner McAllister	Aye
Chairman Retsinas	Aye
Commissioner Thorsen	Aye
Commissioner Designee Byrne	Aye

Ms. Myers announced that the recommendation for the Approval of Engagement of Compensation Consulting Firm was unanimously approved.

Commissioner Thorsen left at this point of the meeting at approximately 1:58 p.m.

5. Recommendation for Approval of Engagement of Software Vendor for the Homeowner Assistance Fund Program

Commissioner McAllister introduced Sarah Clausius-Parks, Senior Manager Programs who presented this request.

Ms. Clausius-Parks said that this request was seeking authorization to engage HOTB Software Solutions, LLC (“HOTB”) to provide software in support of the Homeowner Assistance Fund Program (the “Program”), a foreclosure prevention program funded by the U.S. Department of the Treasury (“Treasury”).

To operate the Program efficiently and in compliance with Treasury's requirements, RIHousing requires a comprehensive software solution that contains a customer-facing portal through which homeowners may submit Program applications as well as a management component that will allow RIHousing to administer the Program internally.

RIHousing issued an RFP in May 2021. The RFP was posted on RIHousing's website and the website maintained by the Rhode Island Department of Administration's Division of Purchases. Six (6) firms submitted proposals in response to the RFP. A selection committee composed of staff from the Homeownership and Loan Servicing Divisions, the Information Technology Department, and the Hardest Hit Fund Rhode Island program ("HHFRI") reviewed the proposals and evaluated them in accordance with the criteria set forth in the RFP. Evaluation scores ranged from 34.6 to 56.4 (out of a possible 68) with HOTTB registering the highest point total. A summary evaluation of the proposals was included as an attachment to the Management Committee package.

HOTTB provides software solutions to the non-profit sector with a focus on housing, development, and grant management. A number of state housing finance agencies currently utilize HOTTB's software in the administration of their Hardest Hit Fund programs. Since 2016, HHFRI staff have used HOTTB's "Counselor Direct" program and have been impressed by both the program and the quality of the customer service that they received from HOTTB.

For this engagement, HOTTB has proposed one-time implementation fee of \$40,000 (which includes fees related to project management, system configurations, and training) and a \$50,000 license fee (which includes up to 5,000 transactions) for the first year of the contract. Thereafter, starting in month 13 of the contract, HOTTB has proposed a fixed monthly cost of \$3,000 (which includes 20 transactions per month) and an additional fee of \$10 per transaction if production exceeds 20 transactions per month). The final cost of the engagement will be determined based on the number of transactions processed; however, we presently estimate a five-year cost of \$423,000 based on an estimated 2,125 transactions over the five (5) year period. The pricing set forth in the other proposals varied greatly, including estimated costs of \$604,000, \$1 million, and \$1.15 million over the same period.

Following the presentation, Commissioner McAllister asked for a motion and a second to recommend to the Board of Commissioners the Approval of Engagement of a Software Vendor for the Homeowner Assistance Fund Program.

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

Commissioner McAllister then asked if anyone had any questions. Commissioner Designee Byrne inquired if RIHousing utilizes this firm for other homeownership services. She noted that Yardi also applied and that Yardi is the vendor supplying the platform for the new RentReliefRI Program and performs other services for Leased Housing.

Ms. Clausius-Parks explained that Yardi scored third on the list and was much more expensive than HOTTB. HOTTB has been the vendor of choice for the HHFRI program, and is familiar with RIHousing's needs. Staff is comfortable with the product. Additionally, HOTTB has experience with the reporting requirements that Treasury stipulates.

Chairman Retsinas acknowledged that the HHFRI was a successful program, but that years ago there were a few findings. The Chairman wanted to know if any findings were attributed to this particular vendor. Ms. Clausius-Parks affirmed that there were no findings related to HOTB.

Following the discussion, Ms. Myers, Acting General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner McAllister	Aye
Chairman Retsinas	Aye
Commissioner Designee Byrne	Aye

Ms. Myers then announced that the recommendation for Approval of Engagement of Software Vendor for the Homeowner Assistance Fund Program was unanimously approved.

6. Recommendation for Approval of Fiscal Year (FY) 2022 Operating Budget

Commissioner McAllister acknowledged Ms. Ventura and Kara Lachapelle, Chief Financial Officer, who presented this recommendation.

Ms. Ventura began by thanking Ms. Lachapelle, Nancy Bacon, Director of Accounting, Lisa Primiano, Chief Operating Officer, and the Finance Department for their efforts in preparing the budget and congratulated the team on proactively assembling the FY 22 budget three (3) months earlier than prior years.

Ms. Ventura then stated that she and Ms. Lachapelle would walk through the budget highlights for the Committee. Ms. Ventura referred the Committee to the budget package that included a summary memo, programmatic and operating budget forecasts, and various charts.

Ms. Ventura noted that the FY 22 budget anticipates a large number of staff to be working remotely. Human Resources has produced and distributed a telework policy that allows up to three (3) days per week working remotely.

Continuing, Ms. Ventura said that the highlights in this year's budget include an increase in multi-family taxable preservation transactions due to continued low interest rates, an increase in Homeownership loan production based on current year results and the administration of new federal programs resulting in increases in operating expenses and staffing. Additionally, the Corporation continues to invest in technology as that function is critical for staff working remotely. The budget also includes a merit increase for staff and an increase in health care expenses.

On page five (5) of the Revenue and Expenses, Ms. Ventura emphasized that the estimate is conservative. The proposed budget for FY 22 projects bottom line net revenue of \$8.0 million. This is an increase over the prior year net revenue budget of \$7.7 million. The increase is a result of the administration of the new federal programs along with increases in operating expenses and staffing.

Ms. Ventura acknowledged that a large focus of the upcoming year will be the administration of new federal grant programs for emergency rental assistance and homeowner mortgage assistance. The budget reflects increased staffing and operating expenses to manage these programs. The

Corporation's traditional operating expenses reflect a slight increase as RIHousing opens back up to the public and resume full activities and full capacity within the buildings.

Ms. Ventura then referred the Committee to page three (3) of the budget package and briefly touched on the program budget noting the various programs RIHousing administers and funds. Ms. Ventura said that RIHousing continues to fund critical housing programs that include increasing digital equity/broadband service for low income Rhode Islanders, expanding the downpayment assistance program to more borrowers, and creating a reserve for first-time homeowners to assist with unexpected emergencies. Ms. Ventura was also happy to report that the Corporation will continue to fund LISC NDF programs. LISC has expanded their reach and opened opportunities for housing authorities and Ms. Ventura was pleased with the direction of LISC's focus. Additionally, RIHousing plans to continue its investment in green energy by partnering with National Grid and the Office of Energy for the ZEOS program.

Ms. Ventura then welcomed questions on the presentation. No questions were presented.

Following Ms. Ventura's portion of the presentation, Commissioner McAllister asked for a motion and a second to recommend to the Board of Commissioners the Recommendation for Approval of Fiscal Year (FY) 2022 Operating Budget.

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

Kara Lachapelle, Chief Financial Officer, next summarized the operating budget.

Ms. Lachapelle mentioned that Ms. Ventura had done an excellent job of presenting the highlights of the budget. Ms. Lachapelle then discussed the proposed budget estimates for net revenue including net interest income (the spread between mortgage rates and borrowing rates) which is the largest component of revenues and reflects a decrease from prior year budget. This is due to loans still in forbearance and the anticipated timeframe to reinstate mortgage payments.

Ms. Lachapelle then stated that the FY 22 budget reflects an increase in loan loss reserves. Staff currently reserves \$47 million for loan losses but believes it to be prudent to provide an additional \$3 million for losses. Ms. Lachapelle explained that the majority of RIHousing's portfolio is stocked with FHA insured loans, which mitigates potential losses. However, staff also reviewed the provision for loan loss reserves with the auditors and determined that \$3 million is an adequate amount for that line item.

Continuing, the CFO said that fee income reflects a \$9.1 million increase relating to administration of new federal programs for rental and mortgage assistance. These fees are reimbursement for the increase in operating expenses of staffing and administration for these programs.

Ms. Lachapelle then briefly provided an overview of the operating expenses and said that the FY 22 total of expenses increased by 5.6%. The budget displays an increase in operating expenses which is projected due to the heightened technology needs for remote work and new programs, along with an increase in the costs of health benefits.

Next, Ms. Lachapelle referred the Committee to her report and mentioned that the graph on page 6 depicts revenue and expenses broken down by division. Ms. Lachapelle also noted that after

discussions during the Credit Committee, an additional graph was produced to depict net revenue by division.

Page 7 and 8 of the report provide a five (5) year historical outline of budgeted revenue and expense and shows the comparison for prior years.

Finally, Ms. Lachapelle stated that pages 9 and 10 contain a breakdown of actual expenses with RIHousing ending the year under budget.

Committee Chairman McAllister thanked Ms. Ventura and Ms. Lachapelle for a great presentation and commended staff on the overall budget. He applauded staff's investment in technology and establishing a remote work policy. Commissioner McAllister remarked that RIHousing is heading in the right direction.

Chairman Retsinas reiterated Commissioner McAllister's sentiments and said that staff has done a fine job of establishing a solid base for moving forward.

Commissioner Designee Byrne commented that she observed a significant increase in travel and expenses for FY 22 compared to FY 21 and wanted to confirm that that was due to pandemic-related travel restrictions and event cancellations. Ms. Lachapelle confirmed that fact, stating that in 2021 there was virtually no travel activity for the entire Corporation, causing the percentage increase for FY22 to appear extremely high.

Commissioner Designee Byrne thanked Ms. Lachapelle for the information and said she appreciated the clarification.

There being no further questions, Corinne Myers, Acting General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner McAllister	Aye
Chairman Retsinas	Aye
Commissioner Designee Byrne	Aye

Ms. Myers then announced that the recommendation for Approval of Fiscal Year (FY) 2022 Operating Budget was unanimously approved.

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

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

Chairman Retsinas	Aye
Commissioner McAllister	Aye
Commissioner Designee Byrne	Aye

Ms. Myers announced that the motion to adjourn was unanimously approved. The meeting was adjourned at 2:23 p.m.

Commissioner McAllister expressed his appreciation and thanked the Commissioners and staff for their time and flexibility in rescheduling this meeting. He then wished everyone a good day.

Respectfully submitted,

Carol Ventura, Secretary and Executive Director