

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Management Committee
September 6, 2022

A meeting of the Management Committee of the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Tuesday, September 6, 2022 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 and specific RIHousing staff participating via teleconference. 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 Committee Chairman Thorsen 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 Committee Chairman Thorsen to call the meeting to order.

A quorum being present, Committee Chairman Thorsen introduced himself and officially called the meeting to order at approximately 3:06 p.m. Committee Chairman Thorsen 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: Committee Chairman Thorsen and LeeAnn Byrne, Designee for General Treasurer Seth Magaziner. Stephen P. McAllister was absent.

Josh Saal, Secretary of Housing, and Sara Cabral, Designee for Elizabeth Dwyer, Interim Director of the Department of Business Regulation were also present.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Lisa Primiano, Chief Operating Officer; Kara Lachapelle, Chief Financial Officer; Anne Berman, Director of Real Estate Development; Leslie McKnight, Deputy Assistant Director of Loan Servicing; Bernadette MacArthur, Director of Finance; Peter Pagonis, Director of Homeownership; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Members of the public were also present via teleconference.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Management Committee Meeting Held on June 6, 2022

Committee Chairman Thorsen asked for a motion and a second for the approval of the minutes of the Management Committee meeting held on June 6, 2022. A motion was made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

There being no discussion, Vice Chairman Thorsen conducted a voice vote of the Commissioners for the approval of the minutes of the Management Committee Meeting held on June 6, 2022. The Commissioners unanimously voted to approve the minutes.

The following was unanimously adopted:

VOTED: That the minutes of the Management Committee Meeting held on June 6, 2022, are hereby approved.

2. Recommendation for Approval of External Charitable Donations and Contributions

Committee Chairman Thorsen introduced James Comer, Deputy Executive Director, who gave the presentation.

Mr. Comer said that this request was for approval and ratification of external Charitable Donations and Contributions of RIHousing pursuant to the Quasi-Public Corporations Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws (the "Act").

RIHousing is a public corporation of the State of Rhode Island. In carrying out its statutorily-defined public purposes, RIHousing collaborates with a number of organizations that share and advance its mission. In some instances, RIHousing is asked to financially support programs and activities of organizations engaged in activities that are consistent with and further its public purposes. RIHousing is often invited by its community partners to attend or gain recognition at community events, such as annual meetings or fundraisers, where our organizational presence is necessary or desirable.

At its meeting of December 11, 2014, the Board of Commissioners adopted the Handbook of Policies and Procedures to Ensure Accountability (the "Handbook") pursuant to the Act. Section C of the Handbook sets forth RIHousing's policy on charitable and civic donation. This Section provides that, consistent with the Act, all Charitable Donations and Contributions must be approved or ratified by the full Board of Commissioners at an open meeting.

An attachment setting forth events for which RIHousing has or will make a Charitable Donation or Contribution was included as part of the September 6, 2022 Management Committee package. The attachment identified the recipient of the expenditure, the amount of the expenditure, the nature of the event, the reason for supporting the event or recipient, each Commissioner or employee who will receive any benefit from the expenditure, and the general ledger account number where the

expenditure will be recorded in RIHousing's accounting system. None of these expenditures require any disclosure under the Rhode Island Code of Ethics.

RIHousing's support of the work of the organization(s) listed furthers the corporate purposes of encouraging and stimulating the development of housing to alleviate the shortage of safe and sanitary residential housing for low- and moderate-income persons as set forth in R.I.G.L. §42-55-2(a). For example, The Providence Journal Readers' Choice program polls the local community to select the best businesses and organizations in the area through nominations and voting in more than 150 categories. This year, RIHousing was nominated as one of the top three for the Mortgage Lender category. The winner will be announced at this event. Attendance at these events provides recognition, exposure, and networking opportunities, all of which furthers and supports the mission of RIHousing.

In closing, Mr. Comer congratulated Mr. Pagonis and the Homeownership Division on the nomination for mortgage lender of the year. He noted that it's a wonderful accomplishment for the organization and staff.

Following the presentation, Committee Chairman Thorsen asked for a motion and a second to recommend to the Board of Commissioners Approval of External Charitable Donations and Contributions.

A motion was duly made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

Commissioner Designee Byrne congratulated Mr. Pagonis and staff on the recognition and the great job they perform.

There being no other comments, Committee Chairman Thorsen conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

The recommendation for the Approval of External Charitable Donations and Contributions was unanimously approved.

3. Recommendation for Approval of Pre-Qualification of Residential Real Estate Appraisal Firms

Committee Chairman Thorsen invited Peter Pagonis, Director of Homeownership to give the presentation.

Mr. Pagonis stated that the request seeks approval to establish a roster of residential real estate appraisal firms to support its single-family loan origination and servicing operations.

To comply with the requirements of mortgage loan investors/insurers and applicable loan origination and servicing laws and regulations, RIHousing must engage qualified residential real estate appraisal firms who can produce industry-standard short form and full appraisals. Appraisals must be performed in connection with each mortgage loan that the Homeownership Division underwrites, and the Loan Servicing Division engages appraisers to evaluate distressed properties in its servicing portfolio. Approximately two hundred and twenty (220) appraisals were transacted through the

Homeownership Division in 2021, while the Loan Servicing Division expects to order approximately seventy (70) appraisals in connection with servicing activities performed this year.

In May 2022, RIHousing issued a Request for Proposals (“RFP”) seeking proposals from qualified, licensed residential real estate appraisal firms to provide appraisal services for the benefit of these business areas. The RFP was posted on RIHousing’s website and the website maintained by the State of Rhode Island Department of Administration, Division of Purchases. In response to the RFP, RIHousing received proposals from the following ten (10) firms:

- AMC Appraisal Co., Inc.
- Appraisal Resource
- Appraisal Solutions LLC
- Appraise RI, Ltd.
- Eastern Appraisal Services, Inc.
- Nicholas Sammartino d/b/a NAS Appraisal Service
- Garry Reilly d/b/a Reilly Appraisal Co.
- Daniel M. Couture d/b/a Stone Bridge Appraisal Services
- United Appraisal Group, Inc.
- White Appraisal Co., Inc.

A selection committee comprised of RIHousing staff reviewed the proposals and rated them based on the criteria as set forth in an attachment that was provided to the September 6, 2022 Management Committee meeting. Staff determined that all respondent firms are qualified and able to support RIHousing’s single-family loan origination and servicing activities in Rhode Island.

The selected firms will appear on RIHousing’s roster of pre-qualified residential real estate appraisers for a period of two (2) years, with an option to renew each engagement for an additional one (1) year period. The firms will be engaged on an as-needed basis and will be compensated based on a uniform schedule at rates ranging from approximately \$175-\$675, depending on the nature of the appraisal order. There is no guarantee of any level of spending activity to any firm appointed to this roster.

Committee Chairman Thorsen thanked Mr. Pagonis for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Approval of Pre-Qualification of Residential Real Estate Appraisal Firms.

A motion was duly made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

Following the motion, Committee Chairman Thorsen asked if anyone had questions.

Commissioner Designee Byrne wanted to know if the appraisal fees are paid by the borrower or RIHousing. Mr. Pagonis confirmed that the borrower is responsible for the appraisal costs. Regarding appraisals generated for distressed properties, Leslie McKnight, Assistant Deputy Director of Loan Servicing explained that if the property is reinstated, then the fees are paid by the Corporation.

Mr. Pagonis further explained that appraisal costs will differ depending on the type of mortgage, such as FHA or a 203k mortgage, and the necessary level of review, whether full, drive-by, or other.

Following the comments, Vice Chairman Thorsen conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

The recommendation for Approval of Pre-Qualification of Residential Real Estate Appraisal Firms was unanimously approved.

4. Recommendation for Approval of Pre-Qualification of Commercial Real Estate Appraisal and Market Study Firms

Committee Chairman Thorsen asked Anne Berman, Director of Real Estate Development to give the presentation.

Ms. Berman explained that RIHousing seeks authorization to establish a roster of commercial real estate appraisal and market study analysis firms to provide industry-standard appraisals and market studies for RIHousing's multifamily real estate lending programs.

To conduct its multifamily lending programs, RIHousing engages commercial real estate appraisal firms to provide industry-standard appraisals consistent with the requirements of Uniform Standards of Professional Appraisal Practice (USPAP) and market studies consistent with the requirements of the National Council of Housing Market Analysts (NCHMA) Model Content Standards for Market Studies for Rental Housing. The Development Division maintains a roster from which appraisers and/or market study analysts are selected through a Request for Quotation for each development project.

In April, RIHousing issued a Request for Proposals ("RFP") seeking proposals from qualified firms to engage state-licensed certified general real estate appraisal firms to produce full narrative appraisals and/or market study reports on an as-needed basis for the Real Estate Development Division. The RFP was posted on RIHousing's website, and the website maintained by the State of Rhode Island Department of Administration, Division of Purchases. In addition, an email notification was sent to the appraisers on the current RIHousing, State, and MassHousing appraiser lists. In response to the RFP, RIHousing received proposals from nine firms, three of which are new to RIHousing. A selection committee comprised of RIHousing staff reviewed the proposals and ranked them based on the criteria as set forth in an attachment that was included as part of the September 6, 2022 Management Committee package. RIHousing seeks approval to engage all of the firms that submitted proposals in response to the RFP, as set forth below:

- Bonz and Company, Inc.
- Foster Appraisal & Consulting Co., Inc.
- Gill Group
- JLL Valuation & Advisory Services, LLC
- Keystone Consulting Group, Inc.
- Kirk & Company, Inc.
- LDS Consulting Group, LLC (Market Study only)
- Novogradac and Company, LLC
- VSI Appraisal Group

Finally, Ms. Berman said that each of the above-listed commercial real estate appraisal firms are qualified and able to support RIHousing's multifamily lending programs.

Following the presentation, Committee Chairman Thorsen asked for a motion and a second to recommend to the Board of Commissioners Approval of Pre-Qualification of Commercial Real Estate Appraisal and Market Study Firms.

A motion was duly made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

Committee Chairman Thorsen asked how many firms RIHousing presently utilizes and how many are new entities. Ms. Berman responded that RIHousing engages with six (6) of the firms listed and three (3) are new applicants. The bulk of the work has been concentrated to three (3) firms consistently engaged in RI who have performed reliably and effectively for the Corporation.

Committee Chairman Thorsen referenced the ranking for the firms and asked how minority status was determined. Ms. Berman stated that the minority status language is standard for RIHousing's RFPs, but some of the firms employ so few staff that the criteria are hard to apply. However, RIHousing endeavors to contract with MBE firms as often as possible and applies preference for firms that exhibit minority status.

Commissioner Designee Byrne asked Ms. Berman how many individuals participated on the review committee. Ms. Berman said that six (6) staff members comprised the selection committee.

Commissioner Saal asked if minority status meant Rhode Island certified MBEs or from other states. Ms. Berman did not have that information readily available but would review the matter. She acknowledged that the majority of the recommended firms are based out of state and some are part of the State's master list.

Commissioner Saal applauded the inclusion of MBE status in the RFP and stated that it's important that minority status is taken into consideration when engaging service providers. That way more firms can participate and the pool of candidates can increase.

Commissioner Designee Byrne inquired what the specified term of the engagement is for the firms, asking if it was for two (2) years. Ms. Berman replied that the last RFP was for four (4) to five (5) year terms, but staff has not yet determined the term for this engagement.

Following the discussion, Vice Chairman Thorsen conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

The recommendation for Approval of Pre-Qualification of Commercial Real Estate Appraisal and Market Study Firms was unanimously approved.

5. Recommendation for Approval of Reauthorization of Engagement of Morris, Manning & Martin, LLP

Committee Chairman Thorsen invited Corinne Myers, General Counsel, to present the request.

Ms. Myers stated the request seeks reauthorization for RIHousing to engage the law firm of Morris, Manning & Martin, LLP ("MMM") to provide legal services and representation to RIHousing in

connection with efforts by the U.S. Housing and Urban Development (“HUD”) to solicit Performance-Based Contract Administration (“PBCA”) services or the equivalent.

For more than twenty years, RIHousing has served as the Performance-Based Contract Administrator in the State of Rhode Island, administering Section 8 rental subsidies and performing a variety of administrative, accounting, and project monitoring activities on behalf of HUD. In the past decade, HUD has attempted on several occasions to rebid these services, but those attempts have been challenged and/or abandoned. HUD is once again taking steps to issue a solicitation to re-procure these services and has indicated in a draft solicitation that it may require or prefer these services to be performed on a regional (as opposed to a state-by- state) basis. In anticipation of this possibility, RIHousing staff are again (i) considering the impact the solicitation would have on the corporation’s PBCA program, (ii) exploring with other housing agencies in New England the feasibility of a regional collaboration, which may result in the establishment of a joint venture and the decision to file a joint application in response to the final solicitation, and (iii) evaluating legal aspects of the solicitation, including corporate formation for the joint venture and possible bid protest mechanisms.

Due to the importance of these efforts, and the anticipated need to seek legal counsel quickly, RIHousing believes that reauthorizing the engagement of the law firm of Morris, Manning & Martin, LLP (“MMM”) will position the corporation to effectively understand the solicitation and, to the extent prudent, challenge any improprieties with the solicitation, and navigate specialty administrative proceedings or the federal court system.

In November 2017, the Board of Commissioners authorized RIHousing to engage attorney Andrew Mohr when he was with a previous firm, Cohen Mohr LLP. In 2018, the Board voted to continue Mr. Mohr’s engagement when he transferred to a new firm, Morris, Manning & Martin, LLP.

Morris, Manning & Martin, LLP has an extensive background working within federal and state procurements and navigating relationships with government agencies. In addition to contract formation matters, their lawyers specialize in administrative and contract law spanning the full range of federal, state, and local government contract formation and administration. They also have extensive knowledge in federal procurement that allows them to engage quickly and provide the advice, counsel and representation contractors need. Their considerable expertise in bid protests allows them to apply past experience to protest matters, whether in the Government Accountability Office or the Court of Federal Claims.

Following the presentation, Committee Chairman Thorsen asked for a motion and a second to recommend to the Board of Commissioners Approval of Reauthorization of Engagement of Morris, Manning & Martin, LLP.

A motion was duly made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

Committee Chairman Thorsen asked if the legal firm will be on a retainer or have a specified per hour fee for services. Ms. Myers clarified that the HFAs have negotiated a discounted fee that will be split among the participating New England housing agencies.

There being no additional questions, Vice Chairman Thorsen conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

The recommendation for Approval of Reauthorization of Engagement of Morris, Manning & Martin, LLP was unanimously approved.

6. Recommendation for Approval of Engagement of Real Estate Tax Service Vendor

Committee Chairman Thorsen introduced Leslie McKnight, Assistant Deputy Director of Loan Servicing, who made the presentation.

Ms. McKnight noted that the request was for the approval of the engagement of a real estate tax service vendor, namely LERETA, LLC.

The oversight and management of real estate tax reporting and payment processing is a complex and challenging process for mortgage loan servicers, as payment schedules vary widely amongst numerous taxing authorities and require ongoing monitoring. To streamline and automate these functions, RIHousing's Loan Servicing Division utilizes the services of a real estate tax vendor.

On July 1, 2022 RIHousing issued a Request for Proposals ("RFP") through which it sought proposals from qualified firms to provide real estate tax support for the agency's mortgage loan servicing and subservicing portfolios. The RFP was posted on RIHousing's website and the website for the State of Rhode Island's Division of Purchases. It was also distributed to RIHousing's RFP email distribution list and sent directly to vendors who perform this work. Two national vendors submitted responses to the RFP. The responses were reviewed and scored by a committee of staff members based on the criteria set forth in an attachment provided to the September 6, 2022 Management Committee package, with LERETA, LLC ("LERETA") receiving the highest score.

LERETA is RIHousing's current real estate tax vendor. Staff find their customer applications to be user-friendly and have been satisfied with their performance of the services. Although the base pricing proposed by CoreLogic Tax Solutions, Inc. ("CoreLogic") (approximately \$70 per mortgage loan, plus additional fees depending upon the amount of the mortgage loan) is lower than the fee proposed by LERETA (ranging from \$98 to \$110 per mortgage loan), CoreLogic has also proposed a conversion fee for each loan (ranging from \$5 to \$15 per mortgage loan converted). The reengagement of LERETA would avoid this conversion and the incurrence of additional fees.

Following the presentation, Committee Chairman Thorsen asked for a motion and a second to recommend to the Board of Commissioners Approval of Engagement of Real Estate Tax Service Vendor.

A motion was duly made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

Committee Chairman Thorsen asked for clarification that staff has determined that LERETA, LLC is the best economic overall value for the Corporation. Ms. McKnight confirmed that fact.

Committee Chairman Thorsen then conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

The recommendation for Approval of Engagement of Real Estate Tax Service Vendor was unanimously approved.

7. Recommendation for Approval of Appointment of MERS Corporate Signing Officers

Peter Pagonis, Director of Homeownership, provided information on the Approval of Appointment of MERS Corporate Signing Officers.

Mr. Pagonis stated the recommendation was for approval of the appointment of signing officers for the purpose of RIHousing membership in the Mortgage Electronic Registration Systems, Inc. (“MERS”) System.

MERS owns and operates an electronic registry, known as the “MERS System.” Throughout the MERS System, MERS tracks the servicing rights and ownership of mortgages located throughout the country. To perform this tracking, MERS assigns a Mortgage Identification Number to each mortgage loan that is registered on the MERS System and requires MERS members to name MERS as the mortgagee on each mortgage loan that it originates.

RIHousing became a MERS member in 2016. As part of its membership, each year RIHousing obtains a corporate resolution from MERS through which certain RIHousing employees are designated as MERS Signing Officers and, as part of that designation, are granted limited authority to perform certain actions, such as executing mortgage discharges, on behalf of MERS. The MERS System Rules of Membership specify that MERS Signing Officers must be officers and/or employees of the MERS member.

Following the presentation, Committee Chairman Thorsen entertained a motion and a second to recommend to the Board of Commissioners Approval of Appointment of MERS Corporate Signing Officers.

A motion was duly made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

There being no questions, Vice Chairman Thorsen conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

The recommendation for Approval of Appointment of MERS Corporate Signing Officers was unanimously approved.

8. Recommendation for Approval of Delegation of Corporate Authority

Ms. Myers made the presentation for the approval of delegation of Corporate Authority.

Ms. Myers stated the request seeks authorization of designated officers and/or employees to act on behalf of RIHousing and to execute and deliver any contracts, documents or instruments, which may be entered into by RIHousing pursuant to the Rhode Island Housing and Mortgage Finance Corporation Act, Chapter 55 of Title 42 of the General Laws of Rhode Island (the “Act”).

The Board of Commissioners last updated RIHousing’s corporate signatory authority on September 23, 2021. Staff believes it is prudent and in the best interest of RIHousing to periodically update its corporate signatory authority to allow for any changes in staffing and reorganization of functions.

In closing, Ms. Myers stated that the proposed designation of officers and/or employees authorized to act on behalf of RIHousing shall supersede any previous designation.

Following the presentation, Committee Chairman Thorsen asked for a motion and a second to recommend to the Board of Commissioners Approval of Delegation of Corporate Authority.

A motion was duly made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

There being no questions or comments, Committee Chairman Thorsen, conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

The recommendation for Approval of Delegation of Corporate Authority was unanimously approved.

9. Recommendation for Authority to Issue Homeownership Opportunity Bonds - \$250,000,000

Committee Chairman Thorsen introduced Bernadette MacArthur, Director of Finance, who made the presentation.

Ms. MacArthur commenced by saying that the request is a routine matter that is presented to the Board on approximately an annual basis.

Ms. MacArthur then said that staff continuously monitors single-family loan origination activity; prepayment speeds of existing mortgages; refunding, recycling and optional redemption opportunities for existing bond offerings; bond market tone; short and long interest rates and available tax-exempt volume cap. All of these activities have the objective of maximizing our lending flexibility and minimizing our net interest costs in order to provide mortgages to low- and moderate-income homebuyers.

The single-family bonding program provides funding for first time homebuyers and is a sustainable source for funding borrower assistance loans, which are used for down payment and closing costs, a key feature for RIHousing borrowers. At the same time, the program strengthens the future financial sustainability of the corporation by increasing the balance sheet and creating a reliable future annuity stream.

RIHousing's last single-family bond issue was executed in April 2022 with proceeds expected to be utilized by the end of September 2022. Based on the current pipeline of registrations and production estimates, staff anticipates issuing approximately \$250 million of single-family bonds to fund new first-time homebuyer mortgages and/or refund existing bonds to lower interest costs over the next 12-18 months.

Resolutions authorizing the issuance of up to \$250 million of bonds under various series and tax plan components depending on market conditions and fund delivery requirements were included as part of the September 6, 2022 Management Committee meeting.

Finally, Ms. MacArthur said that the authority expires December 31, 2023.

Following the presentation, Committee Chairman Thorsen asked for a motion and a second to recommend to the Board of Commissioners Authority to Issue Homeownership Opportunity Bonds - \$250,000,000.

A motion was duly made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

Commissioner Designee Byrne asked if the bond issuance is expected to last for the same period of time as the previous issuance. Ms. MacArthur responded that for the previous issuance, staff had some funds remaining, therefore it was truncated. The expectation is that the \$250 million will last approximately 12 to 18 months. Ms. MacArthur estimated 12 months; however, staff does allow for some flexibility, that is why the 18 months is noted. That flexibility is taking into consideration market challenges and interest rate hikes.

Commissioner Designee Byrne remarked that home prices are high and housing stock low if that factors into the amount of funds requested. Ms. MacArthur explained that at the moment, RIHousing is in an interesting place where it can offer rates that are advantageous for the Corporation. Staff expects a slight decline but has not experienced a runoff of the pipeline. RIHousing actively monitors the market and trends to adjust its strategy for every situation.

Ms. Lachapelle, Chief Financial Officer, mentioned that based on where the bond and secondary market conditions are today, it's advantageous to bond the loans. That situation may change which will determine how quickly staff expends the funds. However, Ms. Lachapelle felt that RIHousing would expend the funds quicker this time than the previous issuance.

Commissioner Designee Byrne acknowledged the costs associated with each bond issuance and wondered if requesting a larger amount made financial sense.

Ms. Lachapelle explained that the recommendation is for authority to borrow up to \$250 million, not the actual issuance. Typically, RIHousing issues the bonds in portions of \$125 million based on the activity in the pipeline. An additional bond issuance of \$125 million will be processed in approximately four (4) months and that amount is based on the pipeline. Economically, it's wise to keep the issuances in small amounts. Staff could request a higher amount, but this method keeps the Board informed on how the pipeline is progressing.

Committee Chairman Thorsen asked how much of the bond issuance is utilized and what is remaining. Ms. MacArthur replied that RIHousing consumes the entire amount, with approximately \$34 million remaining that staff fully expects to expend. Staff constantly evaluates the pipeline and bond market to adjust the issuances accordingly.

Committee Chairman Thorsen also wanted to know how staff evaluates the size of the bond required versus interest rates.

Ms. Lachapelle responded that staff pays very close attention to the pipeline, evaluating what is forthcoming within the next few months. RIHousing projects out the pipeline including an inflation factor to determine the optimum amount needed. Additionally, staff can change the amount right up to the actual sell date. That gives the Corporation maximum flexibility for its financing needs.

Ms. Ventura remarked that RIHousing retains expert consultants who advise staff on the economic climate, inflation and any projected market changes. The advisors, J. P. Morgan, Morgan Stanley, and RBC are experienced and extremely knowledgeable. Furthermore, RIHousing engages a quantitative consultant to advise on the details regarding the issuance.

Commissioner Saal discussed the volume cap and wondered if RIHousing is using it on the single and/or multi-family financing. He wanted to ensure that RIHousing is not leveraging 4% tax credits on the single family portfolio and that staff takes that into consideration in order to maximize all resources available. The Commissioner wanted to ensure that none of the credits are left on the table.

Committee Chairman Thorsen responded that there is another State board that is responsible for the allocation of volume cap. That board evaluates all volume cap for diverse distribution including to RIHousing and private allocations. Any volume cap revenue not utilized reverts to RIHousing. That Board reviews the distribution on an annual basis.

Ms. Lachapelle verified that staff carefully examines the pipeline, the single family and multi-family rates for the best possible way to utilize the volume cap. She did confirm that in the history of the Corporation staff has never denied a multifamily 4% deal.

Vice Chairman Thorsen remarked that he appreciated the discerning questions and thanked the Commissioners for their input.

There being no further questions, Vice Chairman Thorsen conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

The recommendation for Authority to Issue Homeownership Opportunity Bonds - \$250,000,000 was unanimously approved.

10. Recommendation for Approval of Fiscal Year (FY) 2023 Operating Budget and Staffing Changes

Committee Chairman Thorsen acknowledged Carol Ventura, Executive Director, who presented the recommendation for the FY 2023 budget.

Ms. Ventura began by saying that she was pleased to present the approval of the Fiscal Year (FY) 2023 operating budget for RIHousing and the addition of four (4) new positions.

The Executive Director said that she would walk through the highpoints of the budget for the Committee. Ms. Ventura then referred the Committee to the budget package that included a summary memorandum, the programmatic and operating budget forecasts, and various charts and graphs.

Ms. Ventura was gratified to announce that the budget shows the Corporation's continued financial strength and stability. Ms. Ventura acknowledged that the FY 2023 budget displays higher operating administrative and IT expenses. Those expenses impact the budget with a decrease from prior year's budget.

Ms. Ventura noted that operating expenses reflect increases relating to administration of the new federal grant programs, which is offset by fees for reimbursement of those costs. The budget also displays various capital expenses including server replacements for information technology. Additionally, personnel expenses include merit increases for staff along with the addition of four (4) new positions: two (2) of the positions are for the Information Technology division, an Accounting and Compliance Manager for federal programs for Finance, and a Director of Strategic Initiatives and Partnerships for the Executive division.

Ms. Ventura remarked that RIHousing also expects a decrease in homeownership programs based on the high interest rate environment, high real estate prices and low inventory throughout the state. Ms. Ventura approximated the decrease to be 17%.

Continuing, Ms. Ventura remarked that staff will continue to create programs to counteract those factors, including down payment assistance, expanded education and outreach to homebuyers. The Governor's budget also allocates \$30 million for down payment assistance which will benefit RIHousing's typical borrowers with an additional \$17,500 to purchase a home.

For multi-family rental development, Ms. Ventura anticipates an increase in the number of new units produced. The increase is primarily due to new housing development programs created by the State from the American Rescue Plan Act (ARPA) and increased funding for existing federal programs.

The proposed budget for FY23 projects bottom line Net Revenue of \$5.3 million. This is a decrease over the prior year Net Revenue budget of \$8.3 million.

Ms. Ventura informed the Committee that Net Interest Income is the largest component of revenues and indicates a small decrease from prior year budget. This is due to bond issuance costs. Single family production is estimated at \$420 million with 80% funded through tax-exempt bond financing and 20% through the TBA market. This results in lower current year earnings that are reflected in the Gain on Sale of Loans.

Furthermore, fee income reflects adjustments relating to administration of new Federal programs. Staff anticipates the close out of the Rental Assistance program and implementation of new housing production programs for rental development.

Ms. Ventura also noted that the budget displays a reduction for loan losses reserve of \$1 million. That is a decrease from prior years as the Corporation has adequate reserves to cover first mortgages but anticipates some ancillary losses in second mortgage products.

Ms. Ventura then referred the Committee to pages four (4) and five (5) of the budget package and briefly touched on the \$2.7 million program budget; outlining the diverse programs RIHousing administers and funds. Ms. Ventura said that RIHousing continues to prioritize and fund community development housing and down payment assistance programs among other critical programs.

Ms. Ventura also informed the Committee that the graph on page six (6) depicts RIHousing's budgeted revenue where fee income is the largest component of the budget with Development contributing 36% to the budget.

Page seven (7) outlined budget expenses for the organization, with administrative operating expenses such as personnel expenses being the largest factor of the budget.

Finally, Ms. Ventura said that page eight (8) depicted a pie chart of revenue by division. The chart displayed the breakdown of total revenue and total expenses by division. Ms. Ventura acknowledged that staff budgeted a 3.5% merit increase and increases in health and dental benefits. Furthermore, the need for temporary staff for the administration of the federal programs remains high.

Ms. Ventura then asked if Ms. Lachapelle, Chief Financial Officer or Ms. Primiano, Chief Operating Officer, had any additional comments. Ms. Lachapelle and Ms. Primiano said that they had no additional comments to Ms. Ventura's presentation.

Ms. Ventura then welcomed questions from the Committee.

Following the presentation, Committee Chairman Thorsen asked for a motion and a second to recommend to the Board of Commissioners Approval of Fiscal Year (FY) 2023 Operating Budget and Staffing Changes.

A motion was duly made by Commissioner Designee Byrne and seconded by Committee Chairman Thorsen.

A discussion followed with Vice Chairman Thorsen inquiring if the large portion of the decrease in expenditures reflected in the budget is directly tied to the closure of the Federal programs, specifically the RentReliefRI program. The Executive Director confirmed that the decrease for the need for advertising and outside services providers is primarily due to the close out of some federal programs.

The Committee Chairman wanted to know if there are other items in the budget the Board should be paying attention to.

Ms. Ventura mentioned that a major area of expense was for a software platform for the Development and Asset Management Divisions. The new platform (ProLink) will allow staff to collate and report all pertinent data on all developments effectively and efficiently. Ms. Berman expounded by saying that the new software is a management tool that captures all work done on a development throughout the entire life cycle. Staff is excited for the software because it will be a seamless reporting mechanism that captures financial, maintenance, HAP and document retention information and other pertinent details in one location that is easily accessible.

Ms. Ventura stated that RIHousing also has to decide how to handle the RentReliefRI data to retain access to that information. Whether RIHousing maintains the data or transfers the files to the State will determine how those costs are managed.

Commissioner Saal remarked that the data is very important when reviewing information for new resources, especially when making decisions on allocating HFA and other state funds. The Commissioner felt that having that information and the sharing of the data was essential.

Committee Chairman Thorsen noted the FY23 budget forecasts a \$7 million decrease in administrative costs but a \$2.8 million increase for personnel, services and software expenses. The increase in administration cost is attributed to salaries and the new positions. He wanted to know how the new positions enhance and complement the overall organizational structure. The Committee Chairman wanted to address a concern the Secretary of Housing voiced regarding how the positions integrate and coordinate with the State on housing objectives outlined by the Legislature.

Ms. Ventura stated that the new IT positions are to support staff with technology, customer service and technical issues for RIHousing and federal programs. The Finance position is to ensure continuity of operations, especially for the compliance of the federal programs. The new strategic position's primary focus is to look for opportunities to connect the most vulnerable population with appropriate services and shelter. The top priority of the position is to collaborate closely with partners and agencies

to locate gaps and address those needs. Additionally, the individual will provide research and data to inform those activities, not just for RIHousing but for the State.

The Committee then engaged in a conversation regarding the proposed new positions and whether the Director of Strategic Initiatives and Partnership position was a duplicate and/or warranted.

Commissioner Saal mentioned that the Director of Strategic Initiatives and Partnership sounds very similar to the Chief Strategy and Innovation Officer position. The Commissioner wanted to know how the positions differed. As the Legislature charged the Secretary of Housing to review and assess all functions of the quasi-public agencies and to coordinate housing efforts, along with making recommendations on the structure of the departments, he wanted to know what role the Office of Housing plays in that position. The Commissioner felt that given the amount of state funding allocated to housing he believed that the position might be duplicating functions of his office. He suggested tabling the position.

Ms. Ventura clarified that the position is part of the Executive team whose function will be to dedicate the time and effort required to explore opportunities for collaboration across agencies, partners and in the community. That individual would have the time to donate to exploring as many avenues as possible to coordinate efforts and resources available on a broad spectrum. The Executive team is extremely busy and does not have the time necessary to devote to that initiative. Ms. Ventura also mentioned that the position could only complement any position the Office of Housing and the Legislature create.

Commissioner Designee Byrne remarked that the Corporation is laser focused on compliance matters and though that is a laudable endeavor, she felt that the Director of Strategic Initiatives would be an essential addition to staff. As the pandemic highlighted, there is a great need for staff to investigate ways and means to be responsive to the needs of the community. Commissioner Designee Byrne stated that it's imperative to be prepared for any new situations that arise. The proposed position would add value in forming partnerships, researching and addressing gaps in the systems to capitalize and leverage resources. She believes that there is an urgent need for the position. It's not only warranted but should not be deferred for consideration at a later date.

Commissioner Saal speculated that it's possible that he does not fully understand the scope of the position. He felt that the position was similar to an existing position.

Ms. Ventura explained that it is a new position reporting directly to the Chief Strategy and Information Officer.

Commissioner Saal also felt that it was a substantial position which he was not sure should be housed at a State level or the HFA level. Additionally, he believes that the position would impact the agency's credit ratings. The Commissioner wanted to ensure that RIHousing was coordinating efforts with the Office of Housing and not just creating a position to add staff.

Committee Chairman Thorsen announced he deemed that the discussion should be addressed at the September Board meeting with the full Board. He recommended moving forward with the motion for approval.

There being no additional questions or comments, Vice Chairman Thorsen, conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

The recommendation for Approval of Fiscal Year (FY) 2023 Operating Budget and Staffing Changes was unanimously approved.

Adjournment

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

Vice Chairman Thorsen then conducted a voice vote of the Commissioners. The Commissioners unanimously voted to adjourn the meeting.

The meeting was adjourned at approximately 3:59 p.m.

In closing, Committee Chairman Thorsen thanked everyone for participating.

Respectfully submitted

Carol Ventura
Secretary and Executive Director