

Rhode Island Housing and Mortgage Finance Corporation

Minutes of the Meeting of the Management Committee

June 6, 2016

The Management Committee of the Rhode Island Housing and Mortgage Finance Corporation convened at the offices of the Corporation at 1:30 pm on June 6, 2016.

Committee members present were Committee Chairman Macky McCleary, Commissioner Steven McAllister and Kelly Rogers, designee for General Treasurer Magaziner. Chairman Retsinas was absent.

The following Rhode Island Housing staff was also present: Barbara Fields, Executive Director, Carol Ventura, Deputy Director, Peter Walsh, Deputy Director; Kara Lachapelle, Chief Financial Officer; Leslie McKnight, Director of Loan Servicing and Asset Management; Claribel Shavers, Director of Leased Housing & Rental Services; Peter Pagonis, Director of Homeownership; Tony A'Vant, Assistant Director, Design & Construction; Nicole Clement, General Counsel; Cristen Raucci, Assistant Counsel; Dora Garcia, Controller and Pam Petrangelo, IT Project Manager.

A quorum being present, Committee Chairman McCleary called the meeting to order at 1:38 pm.

The Committee considered the following matters:

1. Approval of Recommendation for Engagement of Document Imaging Services Vendors

Leslie McKnight, Director of Loan Servicing and Asset Management gave this presentation. Ms. McKnight stated that the request is divided into Projects A and B, and that Project B would be presented by Tony A'Vant, Assistant Director of Design and Construction who would outline the vendor's capabilities in processing outsized construction drawings.

In mid-2015, Rhode Island Housing engaged a consultant to evaluate Rhode Island Housing's IT infrastructure and business applications, and to identify opportunities to expand functionality, streamline integration between business systems, ensure IT system reliability and business continuity, and promote data security.

The results of this comprehensive assessment were presented to the Board of Commissioners at its November, 2015 meeting. The final report presented a roadmap for future IT actions and set forth recommendations to achieve the desired results.

Staff's recommendation is to further implement and leverage DocuShare, Rhode Island Housing's content management system, to digitize paper assets and automate approval processes. Currently, Rhode Island Housing stores approximately 3.8 million pages of active mortgage loan documents on the 6th floor and the Development Division stores approximately 20,000 pages of architectural drawings in their business area.

In early April 2016, Rhode Island Housing decided to implement the recommendation to start digitizing the active mortgage loan documents, known as Project A, and project plan and architectural drawings, known as Project B, and posted a Request for Proposals ("RFP") from qualified firms to provide document imaging services. Firms had the option of submitting a proposal for either or both projects. These services are intended to assist Rhode Island Housing in accomplishing the goals set forth in the comprehensive roadmap for 2016 – 2018.

Notice of the RFP was posted on Rhode Island Housing's website and the website maintained by the Rhode Island Department of Administration's Division of Purchases.

Sixteen firms submitted proposals in response to the RFP. A selection committee composed of senior staff and representatives from various business lines reviewed the proposals and evaluated them in accordance with the RFP criteria. The selection committee applied a weighted average scoring model for evaluating and comparing the responses for both Projects A and B. Factors taken into consideration included: firm's capacity, work plan, work experience, security, quality control, and fee structure. The maximum allowable score under the employed model was 500 pts.

Project A

Following review of the bid documents and pricing proposal, MetaSource, LLC was the unanimous choice of the selection committee for engagement to provide loan document imaging services. MetaSource, LLC scored 490, scores ranged from 180 to 490. References provided by MetaSource, LLC were contacted and information received was found to be satisfactory.

MetaSource, LLC has been part of the document management and outsourcing industry for more than 30 years and supports more than 4,800 clients, and over 400 business process outsourcing engagements today for three of the top five mortgage servicers.

MetaSource, LLC has the experience and expertise to undertake the assignment and their fee proposal is reasonable. The proposed cost of their engagement is based upon total number of pages scanned which is estimated to be approximately 3,900,000 pages at a cost of \$172,900. Range of pricing from other Project A proposals ranged from \$123,304 to \$518,200.

Project B

Following review of the bid documents and pricing proposal, ARC Document Solutions was the unanimous choice of the selection committee for engagement to provide project plan and specification document imaging services. ARC Document Solutions scored 435, scores ranged from 160 to 435. References provided by ARC Document Solutions were contacted and information received was found to be satisfactory.

ARC Document Solutions is the largest document management services company in the world. ARC Document Solutions' clients include some of the world's largest architectural, engineering and construction companies.

ARC Document Solutions has the experience and expertise to undertake the assignment and their fee proposal is reasonable. The proposed cost of their engagement is based upon drawing size and number of drawing, which is estimated to be approximately 20,000 drawings, at a cost of \$29,400 and \$20,940 for a 5 year license (PlanWell Cloud based document management solution license); total engagement - \$50,340. Range of pricing from other Project B proposals ranged from \$13,800 to \$71,400.

A brief discussion followed. Committee Chairman McCleary suggested that in the future when staff is drafting the comparison matrix that it includes a column with the company's location. Committee Chairman McCleary also asked if Rhode Island Housing has a general policy on engaging local vendors. Ms. Fields confirmed that Rhode Island Housing follows the State's guidelines regarding these matters. She also commended staff for their expedience in moving this RFP process forward.

Commissioner Designee Rogers asked if any of the applicants were equipped to provide both services. Mr. A'Vant stated that ARC Document Solutions was the only firm with the expertise to handle large drawings.

Upon a motion made by Commissioner Designee Rogers and seconded by Committee Chairman McCleary, the Committee unanimously voted to recommend to the Board the engagement of the document imaging services vendors MetaSource, LLC and ARC Document Solutions.

2. Recommendation of Approval of External Charitable Donations and Contributions

Ms. Clement made this presentation and referred the Committee to the summary of charitable donations and contributions provided for June.

Rhode Island Housing's support of the work of the organizations is to further the corporate purposes by encouraging and stimulating 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). The Greater Providence Chamber of Commerce ("GPCC") is a business advocacy organization formed to ensure that businesses in the greater Providence area continue to expand and thrive. GPCC's 2016 Economic Outlook Luncheon presents an opportunity to discuss Rhode Island, business, the economy and innovation with state and business leaders. FirstWorks is a non-profit organization that provides world-class performing arts programs that build the cultural, educational and economic vitality of the Rhode Island community. PVDfest 2016 is a four (4) day, outdoor, multi-arts festival held in the heart of Providence. In addition to supporting the PVDfest opening night activities, Rhode Island Housing will assemble a team of volunteers for this vibrant and multicultural arts festival. Providence Business News ("PBN") is a weekly business newspaper focusing on the economy in Rhode Island and Bristol County, Massachusetts. PBN recently announced the awardees of its 2016 edition of the Best Places To Work competition. Rhode Island Housing was named among the best places to work in the large employer category (150-499 employees). Sixty companies were judged based on confidential surveys of employees and management reports compiled by Best Companies Group. PBN stated that the management practices in place at Rhode Island Housing made for a productive and enjoyable workplace. The work of these organizations furthers and supports the mission of Rhode Island Housing.

The Committee reviewed the request and determined that the proposals were consistent with Rhode Island Housing's mission and interests.

Upon a motion made by Commissioner McAllister and seconded by Commissioner Designee Rogers, the Committee voted to recommend approval of the proposed charitable donations and contributions to the Board.

3. Recommendation for Approval of Professional Consultants to Develop Grant and Funding Applications

Ms. Fields introduced this item and Ms. Ventura made this presentation.

Rhode Island Housing periodically has opportunities to prepare and file grant and funding applications with federal and institutional agencies. In order to respond to these funding

opportunities in a timely manner, staff has recommended the development of a professional consultant list to be used when funding opportunities arise.

In April, staff issued a Request for Proposals (“RFP”) for consulting services to develop federal and institutional grant and funding applications. Four (4) firms responded to the RFP. All firms have experience in preparing and filing applications for federal and institutional funding. Two (2) firms have previously provided consulting services for Rhode Island Housing. Given the broad range of expertise associated with each firm, staff recommends adding all agencies to a professional consultant list that can be used as funding opportunities arise.

Staff recommends approval to establish a professional consultant list, and that Barbara Sokoloff Associates, Inc., Housing Innovations, TAG Associates, Inc. and Farnum Associates be added to the professional consultant list.

Upon a motion made by Commissioner McAlister and seconded by Commissioner Designee Rogers, the Committee unanimously voted to recommend to the Board the creation of a professional consultant list and the inclusion of the above-referenced firms to the consultant list.

4. Recommendation for Approval of Engagement of a Real Estate Tax Service Vendor

Ms. McKnight made this presentation and reviewed the criteria used to score the proposals including pricing, flexibility, security and accuracy.

Rhode Island Housing maintains a loan portfolio of approximately ten thousand (10,000) properties located throughout the state of Rhode Island. Currently, real estate tax data is manually boarded with Rhode Island Housing’s loan servicing platform, real estate tax information is obtained by contacting the municipality directly for each property, and real estate tax payments are generated and issued manually. Because this system is redundant and lacks automation, in March, 2016 Rhode Island Housing issued a Request for Proposals (“RFP”) through which it sought proposals from qualified firms to assist it with streamlining its real estate tax functions.

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 the matrix provided to the committee. LERETA, LLC (“LERETA”) received the highest score. In its RFP response, LERETA indicated that it currently has three Housing Finance Agency clients, all of which utilize the same loan servicing platform as Rhode Island Housing. Additionally, LERETA proposed converting Rhode Island Housing’s existing portfolio into its system at no cost to Rhode Island Housing.

The engagement of LERETA will allow Rhode Island Housing to streamline the real estate tax functions of its existing and future loan portfolio. Accordingly, the committee recommends that the contract for real estate tax services be awarded to LERETA.

Committee Chairman McCleary expressed concern regarding the level of accuracy and capacity of the vendor. Ms. McKnight spoke to the high standards of the firm, their flexibility and proven customer service along with alleviating the burden to Rhode Island Housing.

Commissioner Designee Rogers noted that Mr. Shorter has been involved with the Treasurer's discussions around services provided by PACE and the Infrastructure Bank, and would communicate with him regarding a proposed RFP.

Upon a motion made by Commissioner McAllister and seconded by Commissioner Designee Rogers, the Committee unanimously voted to recommend the engagement of LERETA, LLC to the Board.

5. Recommendation for Approval of Amendments to the Administrative Plan for the Section 8 Housing Choice Voucher Program

Ms. Fields introduced the topic and Claribel Shavers, Director of Leased Housing and Rental Services made the presentation.

Rhode Island Housing operates several federal housing programs, one of which is the Section 8 Housing Choice Voucher Program (the "HCV Program" or "Program"). The HCV Program offers rental subsidies to help income-qualifying families, senior citizens and disabled individuals afford safe, healthy homes of their choosing. Rhode Island Housing serves as a Public Housing Authority ("PHA") in a number of Rhode Island communities. In this capacity, Rhode Island Housing makes subsidy payments directly to landlords on behalf of participating families, and the families pay the difference between the rent charged by their landlords and the amounts subsidized by the Program. Rhode Island Housing's operation of the HCV Program is governed by an internal Administrative Plan (the "Plan"), developed as required by federal regulation.

In connection with Rhode Island Housing's ongoing efforts to reduce administrative burdens on Program participants and adopt best practices in the administration of the Program, staff recently undertook a review of the Plan. As a result of this review, staff identified several areas in which the Plan should be updated to reflect statutory or regulatory changes, new guidance from HUD, or evolving industry practice.

Staff has proposed a series of amendments, summarized below, to the Administrative Plan to ensure that the Administrative Plan reflects current practice and complies with applicable HUD requirements. The provisions of the Administrative Plan that are proposed to be updated are set forth below:

- Chapters 1, 5, 10, 16 and the Glossary have been revised to reflect HUD's Final Rule entitled Housing Choice Voucher Program: Streamlining the Portability Process, 80 Fed. Reg. 50564 (Aug. 20, 2015).
- Chapter 3 has been revised to reflect new guidance from HUD with respect to the use of criminal records in rendering housing decisions. These changes are intended to bring the Plan into alignment with HUD Notice PIH 2015-19 entitled Guidance for Public Housing Agencies (PHAs) and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions (issued November 2, 2015).
- Chapter 3, 4, 6, 7, 8, 11 and 16 have been revised to clarify and streamline administrative procedures in accordance with HUD Notice PIH 2016-05 entitled Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies (issued April 7, 2015).

- Chapter 4 has been revised in accordance with staff recommendations to (i) improve administrative processes, (ii) more accurately state agency priorities with respect to serving the homeless and persons exiting institutional settings, and (iii) reflect the anticipated opening of the Housing Choice Voucher Program waitlist.
- Chapter 6 and Exhibit 6 have been amended to reflect updated HUD guidance with respect to the treatment of certain student assistance, as set forth in (i) HUD Notice PIH 2015-21 entitled Amendment to the Definition of Tuition (issued December 10, 2015) and (ii) Federally Mandated Exclusions from Income: Republication of Corrected Listing, 77 Fed. Reg. 74495 (December 14, 2012).
- Chapters 3, 10, 12, 13 and 16 have been revised to reflect the Violence Against Women Reauthorization Act of 2013.
- Chapters 1, 3, 5, 12, 16 have been updated to reflect best practices, as identified by staff and recommended by Rhode Island Housing's vendor, Nan McKay. Affected policies relate to changes in family composition, family briefing procedures, and repayments agreements, among others.
- Chapter 17 has been revised to reflect policies set forth in HUD Notice PIH 2015-05 entitled Project-Based Voucher Guidance (issued April 1, 2015) with respect to owner selection procedures for PHA-owned units.

The proposed amendments to the Administrative Plan are consistent with Rhode Island Housing's Annual Plan, which was approved by the Board of Commissioners at the April, 2016 meeting and submitted to HUD. These amendments to the Administrative Plan will become effective upon approval and adoption by the Board of Commissioners.

Ms. Ventura commended and stated that the HVCP staff has done a great job on the project. Committee Chairman McCleary also commented that the chart provided was extremely helpful and appreciated.

Upon a motion made by Commissioner McAllister and seconded by Commissioner Designee Rogers, the Committee unanimously voted to recommend the proposed amendments to the Administrative Plan as stated above to the Board.

6. Recommendation for Approval of the FY 2017 Operating Budget

Ms. Fields made the presentation. Ms. Fields distributed a budget packet to the Committee and proceeded to summarize the recommendations staff had prepared for FY 2017.

Ms. Fields explained that the Finance Department staff worked with each Division and Department Director to compile revenue and expense estimates for the Fiscal Year 2017 budget. Management reviewed and discussed all estimates with both the Finance staff and individual Directors.

The proposed operating budget reflects increased loan volume for both Single Family Homeownership and Multifamily Development, and a decrease in program expenses due to a reduction in overhead and technical support. The proposed operating budget also includes recommendations for improved technology solutions, additional staffing for production and compliance, and salary survey adjustments.

Staff and the Committee engaged in discussions regarding the recommendations and expectations of the proposed operating budget. Ms. Fields stressed that the recommendation of additional staff is to take advantage of opportunities in the market. She also indicated that the Grad Grant Program is a huge success and anticipates increased volume for FY2017.

Ms. Fields also provided a brief overview of the programmatic budget and said that those expenses have decreased. The decrease is due to (i) no overhead expense for the Preventing Homeless Program, (ii) reduction in the State RAP program and (iii) a decline in the need for technical support for the CoC program.

Ms. Fields stated that the Community Development support in the proposed budget for HousingWorks, LISC and RICH would be front loaded for funding for FY 2016 (June 30).

Committee Chairman McCleary praised the housing study done by Rhode Island Housing in partnership with HousingWorks and asked that a similar study be performed every three years. Ms. Fields stated she will have Ms. Rainone set up a tickler system for the future study.

As part of the budget presentation, Ms. Fields identified the number of Federal funds and programs that either pass through, or are administered by Rhode Island Housing. She estimated that approximately 2 million is dispersed by Rhode Island Housing through the Section 8, HOME, HOPWA, Lead and HHF programs. She also announced that Governor Raimondo has appointed Rhode Island Housing to administer 3 million of the National Housing Trust Funds.

Ms. Fields then asked the Committee if they wanted a line by line report of the proposed operating budget or if the presentation was sufficient. Committee Chairman McCleary responded that the presentation was sufficient; however, he suggested that staff provide a strategic organizational plan and list of priorities for Rhode Island Housing. Ms. Fields agreed and indicated that prior to developing such a plan Rhode Island Housing would need to determine the impact of potential business opportunities on the organizational structure of Rhode Island Housing.

One such business opportunity would be to service loans for the Maine State Housing Authority ("Maine Housing"). Ms. Fields anticipates Rhode Island Housing could service 1 billion in loans for Maine Housing, and that it is important to be prepared for the staffing demands associated with such work. The HR Survey also has a potential impact on developing a strategic organizational plan, and given that it would be a massive undertaking, it was queried whether such undertaking would require a RFP. Committee Chairman McCleary felt that generating this type of document internally would not be viable or practical and recommended issuing a RFP. Additionally, he thought that the plan should incorporate best practices, goals, values and objectives.

Ms. Clement added that she is working with Fred Franklin, Risk and Compliance Manager on compliance matters, which could affect long term staffing needs, and has explored the viability of servicing loans for Maine Housing. Ms. Lachapelle stated that if Rhode Island Housing is awarded a loan servicing contract with Maine Housing, additional staff is needed, which would require Board approval.

Commissioner Designee Rogers asked Ms. Fields what she envisioned as a timeline for this new business activity and an appropriate sequence for that structure. Ms. Fields stated that staff would

analyze the scope of work, the level of expertise needed, look at projections for the year, then sit down with senior staff to draft questions and solutions to bring to the Board for discussion.

Committee Chairman McCleary similarly requested a plan showcasing where Rhode Island Housing is going and where it has been. Ms. Fields said that she is working on that report, especially since staff is focusing on where housing should be positioned within the Governor's strategic plan for the State. Ms. Fields has also scheduled a meeting with Karen Santilli, Director of Crossroads RI and Mr. McConnell to discuss these issues.

Committee Chairman McCleary inquired about salary increases for staff. Ms. Lachapelle responded that consistent with prior years and in line with the State, the increase in the budget is 3%.

Committee Chairman McCleary speculated if the increase in staff has restored Rhode Island Housing to the level it maintained before the downturn in the economy. Ms. Fields confirmed that this increase puts the organization close to that level with just 10-12 positions short.

Ms. Lachapelle then asked the Committee if they wanted additional information included in the budget presentation for the Board meeting on June 17. Committee Chairman McCleary suggested a one page narrative was appropriate along with the budget statement.

Upon a motion made by Commissioner Designee Rogers and seconded by Commissioner McAllister, the Committee unanimously voted to recommend the proposed FY2017 operating budget.

7. A. Discussion and Update of HOME Program.

Ms. Fields provided this update.

On April 27th, staff received a final determination from the HUD Field Office that Rhode Island Housing would be required to repay \$1,262,323.61 in non-federal funds to resolve the OIG audit. On May 16th, Rhode Island Housing submitted a request to HUD requesting approval to repay through a Voluntary Grant Reduction ("VGR") over a two year period. The request is pending with HUD. Ms. Fields also noted that the audit found no indications of fraud or abuse by Rhode Island Housing.

There were no votes taken regarding this item.

B. Discussion and Update of CoC Program

Ms. Fields remarked that presently there are 35 grants funded under the 1407 program year. In order to requisition funds under the 1407 program year, each sub-recipient is required to submit a fully executed agreement and grant project profile. Sub-recipients are currently eligible to draw on 32 grants. Staff has received 314 invoices and has processed 226 invoices totaling \$2 million.

HUD and DEC staff conducted a monitoring of the CoC in May. The two week monitoring involved review of fiscal year 2012 participant files and fiscal years 13-14 financial records. An on-site review of the CoC HMIS system will be conducted later this month. A formal exit conference will be scheduled in July.

HUD and DEC staff provided a brief overview of the results of the review. Ms. Fields expects that she will receive two findings related to HMIS data management and subrecipient monitoring. Staff corrected the subrecipient monitoring finding while the team was on-site and provided our monitoring schedule and tools. Ms. Ventura commented that she anticipates the HMIS monitoring finding will involve more work around data cleanup. Staff will work with the HMIS lead agency to correct deficiencies once the Agency receives the results of the on-site reviews.

Operation Stand Down has requested to contract directly with HUD. The CoC Board of Directors approved the request. Upon approval by the HRC, Rhode Island Housing will submit the necessary documentation to HUD for transfer of the agency's two grants.

Staff will begin subrecipient monitoring in July. All subrecipients must be reviewed by year end.

Ms. Fields expressed her appreciation to Carol Ventura and Claribel Shavers on the audit report. There were no votes taken regarding this item.

There being no further business, the meeting was adjourned at 2:48 pm.

Respectfully submitted,

Barbara Fields, Secretary