

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Management Committee
September 12, 2016

The Management Committee of the Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) convened at the offices of the Corporation, 44 Washington Street, Providence, RI at 3:00 pm on September 12, 2016.

Committee members present were Chairwoman Ellen Balasco, designee for Macky McCleary, Director of the Department of Business Regulations; Chairman Retsinas and Kelly Rogers, designee for General Treasurer, Seth Magaziner. Commissioner McAllister was absent.

The following Rhode Island Housing staff was also present: Barbara Fields, Executive Director; Carol Ventura, Deputy Director; Kara Lachapelle, Chief Financial Officer; Claribel Shavers, Director of Leased Housing and Rental Services; Charles Francis, Assistant Director of Leased Housing and Rental Services; Nicole Clement, General Counsel; and Fred Franklin, Risk and Compliance Manager.

A quorum being present, Committee Chairwoman Balasco called the meeting to order at 3:06 pm.

The Committee considered the following matters:

1. Recommendation for Approval of Engagement of Software Provider for the Housing Choice Voucher Program

Ms. Shavers, Director of Leased Housing and Rental Services, made the presentation.

This request is for approval to engage Yardi Systems, Inc. as the software provider for management of Rhode Island Housing’s Housing Choice Voucher Program, including Rhode Island Housing’s eventual role as Housing Choice Voucher program Centralized Wait List administrator on behalf of the Public Housing Association of Rhode Island (PHARI).

In Rhode Island Housing’s role as a public housing authority, the agency administers 1,835 federal Section 8 Housing Choice Vouchers. To operate effectively and in compliance with HUD requirements, Rhode Island Housing requires a comprehensive software package to facilitate all aspects of program administration, including maintenance of waiting lists, acceptance of electronic applications, tenant eligibility verification and rent calculation, management of unit inspections, facilitation of electronic payments to landlords, and reporting to HUD. Since 2003, our software provider has been Happy Systems, Inc.

The Public Housing Association of Rhode Island (PHARI), of which Rhode Island Housing is a member, has expressed a desire for several years to implement a centralized wait list for all Housing Choice Voucher applicants in the state in order to more efficiently serve low-income households and reduce agency administrative costs. PHARI approached Rhode Island Housing in February 2016 and encouraged the agency to respond to a request for proposals for a

centralized wait list administrator. Rhode Island Housing was selected as the successful bidder in June 2016.

To ensure that its software provider had the capability to support this expanded role, Rhode Island Housing concurrently issued an RFP for Housing Choice Voucher software providers in June 2016. This RFP originally included the HUD Section 811 program, but Leased Housing and Rental Services Division staff ultimately decided to procure software to manage this program separately.

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.

Four 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. Factors taken into consideration included: firm's capacity, strength of work plans, work experience, security, woman-/minority-owned business status and affirmative action policies, fee structure, and other pertinent information submitted. The maximum allowable score under the employed model was 500 points. Attachment B sets forth an evaluation summary of the proposals.

Following review of the bid documents and pricing proposals, Yardi Systems, Inc. was the unanimous choice of the committee with a score of 470. Overall, scores ranged from 275 to 470.

Yardi Systems, Inc. is the largest provider of property and financial management software in North America, with more than 15,000 client organizations of all sizes, including hundreds of public housing authorities. The selection committee believes that the firm has the experience and expertise to undertake this assignment and their fee proposal was reasonable. The proposed initial cost of their engagement is \$120,020. This total includes \$72,020 in annual software license fees as well as \$48,000 in one-time setup and support costs. The Rhode Island Office of Housing and Community Development has agreed to fund the cost of the license fees and set-up and support costs. The pricing from the other proposals ranged from \$81,575 to \$244,000.

Rhode Island Housing's existing contract with Happy expires April 1, 2017, and has been pre-paid. Upon approval by the Board of Commissioners to enter into this contract, staff expects to provide notice of its intent not to renew the contract with Happy.

Chairman Retsinas asked Ms. Shavers if this affected the timing of the opening of the wait list. Ms. Shavers responded that the anticipated date for the combined opening with Providence Housing is tentatively scheduled for November.

Upon a motion made by Commissioner Designee Rogers and seconded by Commissioner Designee Balasco, the Committee unanimously voted to recommend for approval the engagement of a Software Provider for the Housing Choice Voucher Program to the Board of Commissioners.

2. Approval of Amendments to the “Handbook of Policies and Procedures to Ensure Accountability” and the Rhode Island Housing Employee Handbook

Ms. Clement, General Counsel, presented this request.

On July 8, 2014 Governor Chafee signed into law the Quasi-Public Corporations Accountability and Transparency Act (the “Accountability Act”) codified at Chapter 155 of Title 42, of the Rhode Island General Laws. The Accountability Act enables, creates and encourages high standards of transparent, effective and ethical operations by the boards that serve critical oversight of government resources of the more than twenty (20) enumerated quasi-public corporations found at 42-155-3(a). Rhode Island Housing is subject to the Accountability Act which became effective on January 1, 2015.

As a result, several existing governance documents were created and others updated to conform to the Accountability Act. The Board approved these new and updated governance documents on December 11, 2014. This Request for Action seeks Board approval of minor modifications to two of those documents.

The Accountability Act required Rhode Island Housing to adopt policies and procedures addressing among other topics the use of agency credit cards. The Board on December 11, 2014 approved the Handbook of Policies and Procedures to Ensure Accountability (the “Accountability Handbook”) which specifically set forth a policy for credit cards. On November 19, 2015, the Board approved an amendment to the Accountability Handbook relating to Part D, the Credit Card Policy (the “First Amendment”). The First Amendment allowed a limited number of specified employees of Rhode Island Housing to make purchases on behalf of the organization, such as instances where payment cannot be made by check request, or where the purchase would require the employee to advance significant personal funds in advance of reimbursement, such as airfare or hotel accommodations for business purposes. The Credit Card Policy requires detailed receipts for all permitted transactions.

Staff is now recommending changing the Credit Card Policy to require detailed receipts only for those purchases over thirty dollars (\$30.00). The Policy on Credit Card Use with the recommended changes redlined is attached hereto as Attachment A as provided to the Committee.

The Accountability Act also required the Board to adopt written policies regarding reimbursement for business expenses, including items classified as gifts or entertainment. Rhode Island Housing’s Employee Handbook contains provisions regarding these topics. The Board on December 11, 2014 approved changes to the Employee Handbook for reimbursement of business expenses and expenses classified as gifts or entertainment in compliance with the Accountability Act.

Staff recommends changing Section 607 of the Business Expense Policy to require detailed receipts only for those purchases over thirty dollars (\$30.00).

Staff recommends that authorizing minor changes to the Credit Card Policy and Business Expense Policy be recommended for approval to the Board of Commissioners.

Commissioner Designee Rogers queried why the policy change for submitting receipts is set at thirty (\$30) dollars and not a higher amount or establishing a per diem as is the case with the office of the General Treasurer. Ms. Clement responded that Rhode Island Housing follows the State's policy on reimbursement of travel expenses and that policy maintains that any expense over thirty (\$30) dollars requires a detailed receipt.

Upon a motion made by Chairman Retsinas and seconded by Commissioner Designee Balasco, the Committee voted to recommend for approval the revisions to the "Handbook of Policies and Procedures to Ensure Accountability" and the Rhode Island Housing Employee Handbook to the Board of Commissioners.

3. Recommendation for Approval of External Charitable Donations and Contributions

Ms. Clement made this presentation stating that this is a standing agenda item for review by the Committee. Ms. Clement then referred the Committee to the summary of charitable donations and contributions identified for the upcoming months.

This request is for approval and ratification of Charitable Donations and Contributions of Rhode Island Housing pursuant to the Quasi-Public Corporations Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws (the "Act").

Rhode Island Housing is a public corporation of the State of Rhode Island. In carrying out its statutorily-defined public purposes, Rhode Island Housing collaborates with a number of organizations that share and advance its mission.

In some instances, Rhode Island Housing is asked to financially support programs and activities of organizations engaged in activities that are consistent with and further our public purposes. We are often invited by our 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 adopted the Handbook of Policies and Procedures to Ensure Accountability (the "Handbook") pursuant to the Act. Section C of the Handbook sets forth Rhode Island Housing'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 at an open meeting.

Attachment A sets forth events for which Rhode Island Housing has or will make a Charitable Donation or Contribution. This Attachment identifies the recipient of the expenditure, the amount of the expenditure, the nature of the event, the reason for supporting the event or recipient, each Board member or employee who will receive any benefit from the expenditure, and the general ledger account number where the expenditure will be recorded in Rhode Island

Housing's accounting system. None of these expenditures require any disclosure under the Rhode Island Code of Ethics.

Rhode Island Housing's support of the work of the organization(s) listed on Attachment A furthers our 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). Progreso Latino, Inc. ("Progreso Latino") is a multi-service, non-profit, community based organization whose mission is to empower Rhode Island's Latino and immigrant communities to achieve greater self-sufficiency and socio-economic progress by providing transformational programs that support personal growth and social change. Progreso Latino provides services in many of the communities in which Rhode Island Housing-financed developments are located. HousingWorks RI at Roger Williams University ("HousingWorks") is an authoritative source of information about housing in Rhode Island, conducting research and analyzing data to inform public policy. The 2016 Housing Fact Book Luncheon will highlight the housing cost burdens that contribute to housing instability in the State of Rhode Island. HousingWorks will partner with Rhode Island Housing and Roger Williams University's Office of the President to host Matthew Desmond, Associate Professor of the Social Sciences at Harvard University, and author of *Evicted: Poverty and Profit in America*. Amos House is a nonprofit social services agency that provides hospitality and direct services to the homeless and poor in the State of Rhode Island. Amos House continues to partner with Rhode Island Housing to address issues of hunger, homelessness, and poverty, including the Continuum of Care Program. Citizens Housing and Planning Association ("CHAPA") is a non-profit umbrella organization for affordable housing and community development organizations. While CHAPA is primarily active in Massachusetts, it also provides support and leadership to similar organization in New England, such as the Rhode Island Housing Network, on matters involving federal housing policy and best practices for community development corporations. The work of these organizations furthers and supports the mission of Rhode Island Housing.

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

Chairman Retsinas asked that a report of the yearly contributions be prepared to distribute to the Board at the end of the year. Ms. Clement assured Chairman Retsinas that a report will be presented no later than the December Board meeting.

Upon a motion made by Commissioner Designee Rogers and seconded by Chairman Retsinas the Committee voted to recommend approval of the proposed donations and contributions to the Board of Commissioners.

Discussion Items:

A. Update of the CoC Program

Ms. Ventura, Deputy Director, provided an update on the CoC Program. As this report is a regular discussion item, Ms. Ventura briefly commented on the major changes addressed for the month.

Ms. Ventura announced that Rhode Island was awarded \$5.2 million under the 1407 competitive round. There are 34 sub-recipient 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. All sub-recipients have submitted a fully executed agreement and grant project profile. Staff has received 446 invoices and has processed 398 invoices totaling \$2,864,572.

Ms. Ventura also mentioned that Operation Stand Down (“OSD”) has requested to contract directly with HUD. The CoC Board of Directors and the Housing Resources Commission has approved the request. Documentation of the approvals has been provided to HUD and OSD will contract with HUD for the 1506 program year.

Ms. Ventura acknowledged that the goal for Rhode Island Housing is for the agency to relinquish its role as grantee for all new projects along with any 2017 renewals. Chairman Retsinas expressed a concern regarding the feasibility of stepping away from the program. Ms. Ventura reassured the Committee that Rhode Island Housing will still play an active role in overseeing the Program; however, it would not have the financial responsibility as in the past.

Chairman Retsinas asked who is responsible to sign off on the plan and if staff anticipates that the congressional delegation will have concerns. Ms. Ventura assured the Committee that staff has informed the delegation and the Governor’s office of the Rhode Island Housing’s plans.

Additionally, Ms. Ventura revealed that 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 was conducted on June 29th.

HUD and DEC staff provided a brief overview of the results of the review. It’s expected that staff will receive one finding related to a lack of sub-recipient monitoring. Staff corrected the sub-recipient monitoring finding while the team was on-site and also provided the team its monitoring schedule and tools.

Finally, Ms. Ventura stated that an exit conference call is scheduled for Tuesday, September 13 with various HUD staff including Cleonie Manville and Robert Shumeyko of the Boston office.

There were no votes taken regarding this item.

B. Discussion and Update of the HOME Program

Ms. Ventura reported that on June 28th, HUD issued a monitoring report of Rhode Island Housing’s HOME Investment Partnership Program. The monitoring report contains a series of findings and one concern. The monitoring sample includes 14 projects, 5 projects were previously reviewed by the OIG. The amount subject to recapture in the monitoring report is \$747,319.81 but further review of documentation by HUD may result in a change in the amount of liability.

On August 12th, staff submitted its response to the monitoring report. Periodic calls with HUD staff on the status of their review of the response have been initiated. HUD has advised staff that that a response will be released shortly.

Chairman Retsinas asked what the plan of action will be if HUD's response is less than satisfactory to Rhode Island Housing, will staff request a mediation plan or will senior management engage outside counsel for guidance.

Committee Chairwoman Balasco also wondered if an appeal process was in place at HUD. Ms. Ventura responded that HUD does not have an appeal process; staff can only ask for another review. Committee Chairwoman Balasco advised that under the circumstances where an appellate process is not an option, she recommends engaging counsel to deal with the issue.

Chairman Retsinas agreed and also mentioned that engaging a special counsel in DC might be the best strategy moving forward.

Commissioner Designee Rogers then asked for a timeline on engaging counsel if the situation warranted that action. Ms. Ventura said that it's necessary that Rhode Island Housing receive the final response before moving forward. If a report is not generated within a reasonable period, then staff will consider engaging outside counsel.

There were no votes taken regarding this item.

There being no further business, upon a motion made by Commissioner Designee Balasco and seconded by Commissioner Designee Rogers, the meeting was adjourned at 2:48 pm.

Respectfully submitted,

Barbara G. Fields, Secretary