

**VERMONT STATE HOUSING AUTHORITY**  
**REGULAR MEETING MINUTES**  
**November 15, 2017**

**1. ROLL CALL**

The Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority was called to order at 11:05 a.m. by Chair Caprice Hover. Upon roll call, the following Commissioners were present: Mary Miller, Vice Chair; Cory Richardson; Jo Ann Troiano; and Caryn Feinberg. Linda Ryan participated via phone and Robert Lees was absent.

Staff personnel present: Richard Williams, Secretary/Executive Director; Kathleen Berk, Director of Housing Program Administration; Kelly Pembroke, Director of Finance and Information Systems; Arlene Shorten-Goodrich, Director of Human Resources and Administration; Krister Adams, Housing Development Specialist; and Laura Macieira, Office Services Coordinator.

**2. MEETING AGENDA**

Williams added two items on the agenda:

- Update on the VSHA Organizational Assessment
- Management Safeguards Proposal

The information on these items was emailed to the Board members the day prior to the meeting and hard copies were available at the meeting.

**3. PUBLIC PARTICIPATION**

There was one public participant, Chair of the Vermont State Housing Authority Staff Federation of the Vermont State Employees Association, Nathan Schmechel.

**4. MINUTES - REGULAR & ANNUAL MEETING - SEPTEMBER 27, 2017**

Miller moved to approve the Minutes of the Regular and Annual Meeting of September 27, 2017 and Troiano seconded. Hover inquired as to further discussion, there being none a vote was taken. All voted in favor and the motion passed.

**5. SECRETARY'S REPORT - AUGUST / SEPTEMBER 2017**

Williams presented updates to his Secretary's Report.

The recently passed House tax reform legislation eliminates the 4% Low Income Housing Tax Credits (LIHTC) for Private Activity Bonds and lowers the corporate tax rate to 20%. As a result, private investors may be hesitant to participate in the LIHTC program. It has been projected that nationally 200,000 new units of housing may not be built as a result. The legislation is expected to raise the spending caps set by the Budget Control Act will allow higher spending levels for FY2018 but will result in a 1.5 Trillion Dollar Deficit over the next ten years.

The Senate Finance Committee, has voted out its own version of tax reform that retains the LIHTC private activity bonds and doesn't address the 20% corporate tax rate. A compromised bill will be negotiated to the House and Senate.

Anthony Linderos from New Hampshire has been appointed for the Rural Development Housing position in Vermont that was recently held by Ted Brady.

Hover asked for a motion to approve the Secretary's Report. The motion was made by Miller and seconded by Feinberg. Hover inquired as to further discussion, there being none a vote was taken. All others voted in favor and the motion passed.

## 6. FINANCIAL REPORT THROUGH SEPTEMBER 30, 2017

Pembroke presented the Financial Report. A new schedule for the Statement of Revenue and Expenses was presented as well and it does not affect the bottom line compared to the one distributed with the Board packets. The only item that changes is the overage on the benefit line, from \$131,274 to \$51,192.

The Fiscal Year books have been closed out. Audits should be received by end of the month. The auditors will be coming to the January 24, 2018 VSHA Board Meeting to present the audits.

Some highlights from the Statement of Revenue and Expenses:

- Administrative Fees is a new line item that was suggested by Richardson. For FY2017 we ended up over budget due to:
  - the McKinney Vento Program is now billing for Administration to cover new positions;
  - Additional Administrative fees from the Shelter Plus Care Program over last year;
  - compared to FY2016, the amount of port-outs were reduced;
  - the Performance-Based Contract Administrator (PBCA) Program had increases in administration fees;
  - the Sub Rehab New Construction had increases in FY2017;
  - the Voucher Program Administrative Fee decreased in FY2017 by \$261,000 over FY2016.
- Other Income came over budget with an amount of \$35,000 due to the Return to Owner and Management Incentive Fees from the surplus of the Limited Partnership. We only get this if they earn money and we can only carry it on the books for a certain amount of years. We also received \$25,000 more due to fraud recovery.
- General Expenses are under budget since we had been conservative in our spending this past year. The major categories that came under budget were:
  - Travel expenses
  - Office supplies
  - Maintenance and Contract Services
  - Benefit line item
- Equipment and Buildings line item will continue to see expenses; however, we are purposely working on saving what we can while keeping up with the necessary maintenance.

Richardson asked if there were any adjustments with the audit and Pembroke answered there were not. The only addition to the audit is a footnote that needs to be added with the details of the Hollister Hill transfer.

Hover asked for a motion to approve the Financial Report through September 30, 2017 as presented. The motion was made by Richardson and seconded by Ryan. Hover inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

Tim Palmer joined the meeting at 11:35 a.m.

## **7. THE HOUSING FOUNDATION, INC. UPDATE – TIM PALMER, HFI EXECUTIVE DIRECTOR**

Williams introduced Palmer to the Board. The HFI Board held a retreat in August 2017 in order to plan for the organization's future and in order to restructure its Board. From that retreat a few questions came up and a lot of them relates to the transfer of the mobile home parks as the Tax Exempt Promissory Notes retire in 2023. The bonds require that when the notes retire, the parks move to VSHA ownership. Further, VSHA is not permitted to make a determination prior 2023 on whether it will retain ownership or transfer the parks back to HFI. VSHA can; however, signal its intention with a non-binding resolution. The mobile home park portfolio generates income to HFI while the other properties don't.

Palmer made a presentation about the work performed as Executive Director for HFI and where the HFI Board of Directors is on its own development. Over the past two years, the Board has been very intentional in expanding its membership while maintaining the Directors that have been serving for a long time because of their institutional knowledge and connection to the organization. Palmer described the backgrounds of the members of the HFI Board and how they can contribute to the organization's restructuring. A brief outline of the several roles and directions HFI is considering in the near future was also presented.

Palmer also mentioned he has been working with the Vermont Department Of Corrections to develop a multi-year strategy for community-based housing that will provide the greatest opportunity for formerly incarcerated men and women to successfully reintegrate into rural communities. This pilot project is planned to occupy three lots on three of the mobile home parks (MHP) owned by HFI which are Birchwood Manor in Milton; Coburns MHP in Clarendon and Windemere MHP in Colchester.

Palmer added the HFI Board came to the conclusion that they can currently continue to do the work in development however they will need him to continue working on the new relationships established with the new projects. Palmer will be doing a work plan with a detailed timeline on how the organization will move through these new projects and where it needs to be at certain points. Palmer shared that the success of HFI depends closely to the relationship it has with VSHA.

Williams held a discussion on the documents shared with the Board packets regarding the communication letters on the Tax Exempt Promissory Notes with Pacifica Law Group.

At 12:20 p.m. Palmer left the meeting and the Board recessed for lunch.

At 12:30 p.m. Feinberg left the meeting and the Board returned to session.

## **8. HOUSING PROGRAM ADMINISTRATION**

- **SEMAP Certification**

The annual Section 8 Management Assessment Program (SEMAP) Certification includes fourteen indicators which measure our performance and the administration of the housing choice voucher program. Seven of the indicators are ones to which we self-certify based on audits we perform ourselves. An independent auditor then reviews the work we've done to confirm that what we've done is accurate. The Department of Housing and Urban Development (HUD) measures the other seven indicators based on information that is electronically submitted to HUD secure systems.

The resolution to accept the Section 8 Management Assessment Program (SEMAP) Annual Certification and to Authorize the Chairman of the Board to Execute the Certification on Behalf of the Vermont State Housing Authority was presented:

Whereas, HUD regulation 24 CFR sec 985.101 requires that Public Housing Agencies administering a Section 8 tenant-based assistance program submit an annual SEMAP Certification within 60 days after the end of its fiscal year; and

Whereas, the information from the PHA concerns the performance of the PHA and provides assurance that there is no evidence of seriously deficient performance; and

Whereas, HUD uses the information and other data to assess PHA management capabilities and deficiencies, and to assign an overall performance rating to the PHA; and

Whereas, the PHA has completed the annual SEMAP Certification and requires that the VSHA Board of Commissioners accept the SEMAP Certification as presented; and

Whereas, it is the desire and intent to the Board of Commissioners to comply with HUD Regulations,

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of the Vermont State Housing Authority hereby accepts the SEMAP Certification as presented and authorizes the Chairperson of the Board to execute the Certification on behalf of the Vermont State Housing Authority on this 15<sup>th</sup> day of November, 2017.

Troiano moved to approve the above Resolution as presented; Miller seconded. Hover inquired as to further discussion. There being none, a vote was taken. All others voted in favor and the motion passed.

- **Program Updates**

Berk provided an update on voucher utilization and spending that was attached with the Secretary's Report. Utilization has been consistent throughout the year, which is a hard task to accomplish. Spending is on average \$610 per month per unit and the overall voucher utilization is about 150 units more than the previous year. In addition, we have the project-based voucher solicitation that created more units available for this program. Berk anticipates an additional of 150 units will be brought online by the end of December 2017 and the majority of those will be dedicated to serving the homeless population. A list of those projects was provided on the Secretary's Report.

#### **AGENDA ITEMS ADDED**

- **Management Safeguards proposal**

Williams presented the proposal from Management Safeguards, to perform a physical security risk review of the VSHA central office and regional offices. A discussion on safety measures and policies VSHA will have to implement was held among the Board members. Williams added that the proposal identifies the issues the VSHA staff raised and will provide ongoing preparedness on how to handle a hostile person and active shooter response training. The cost of the proposal is estimated to be \$7,500.

Hover asked for a motion to approve the Management Safeguards proposal as presented and the spending of \$7,500 for the analysis of physical security risks and to conduct staff safety training in hostile person / active shooter response for VSHA central and regional offices. The motion was made by Troiano

and seconded by Miller. Hover inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

- **Update on the VSHA Organizational Assessment**

Williams mentioned we are moving ahead with the consulting services with Nan McKay (NMA) to provide an organizational assessment of the VSHA's Housing Administration department and the review will cost \$11,725. An amount of \$37,442 was authorized previously by the Board for an assessment of the entire organization.

## 9. DEVELOPMENT UPDATES

Adams provided a brief update.

### **Lauredon Apartments, Greensboro**

Since this project was originally funded by a USDA Rural Development (RD) grant, Adams is currently working with USDA RD as a funding source in order to repair the infiltration and damages in the basement of the property.

### **Colonial Manor Apartments, Morrisville**

The rehabilitation of this project achieved substantial completion in early October 2017.

### **Fairgrounds Apartments, Moretown**

Due to unforeseen site and building issues, the rehabilitation on this project is expected to take between eight to ten months.

### **Dogwood I Apartments, Northfield**

We plan to bid this project in early January and commence construction in May 2018.

### **Hollister Hill Apartments, Marshfield**

The re-construction of this project is approximately 45% complete and the full completion is planned for May 2018.

The Board returned to Agenda Item 8.

## 8. HOUSING PROGRAM ADMINISTRATION

- **Performance-Based Contract Administrator (PBCA) Program – Proposed Executive Session**

As the Board is aware, VSHA's Contract for Performance-Based Contract Administration Services expires on December 31, 2017. Last week we received a notification from HUD with their intent to extend the contract and we should be receiving an extension sometime next week. Berk mentioned HUD did not allude to the term of the extension. The procurement will be published anytime around Thanksgiving and that would be the rebid of the contract administration program. This will be published in draft form and will allow us to refine our strategy.

Williams introduced the following resolution:

VERMONT STATE HOUSING AUTHORITY  
RESOLUTION PERFORMANCE BASED CONTRACT ADMINISTRATOR  
(PBCA) PROGRAM  
PROPOSED EXECUTIVE SESSION

WHEREAS, Vermont State Housing Authority is the “state housing authority” authorized by State law to administer federal housing subsidies on a statewide basis in order to assure the provision of safe and decent housing to low income Vermonters who cannot compete in the private rental market without assistance (the “Statutory Purpose”) and

WHEREAS, for years, the Authority has entered into contracts (the “Section 8 Project Based Contracts” or “Contracts”) with the United States Department of Housing and Urban Development (HUD) in furtherance of the Statutory Purpose; and

WHEREAS, HUD has indicated that, in the course of 2017, it will initiate a new method of awarding Contracts (the “HUD Innovation”) that will compel state public bodies throughout the nation, including the Authority, to compete with private corporations and other entities organized on a regional or national basis; and

WHEREAS, the Authority and similar public bodies of states in the Northeast Region of the nation have entered a dialogue (the “Regional Dialogue”) intended to devise a multi-pronged unified strategy to compete under and/or challenge the HUD Innovation (the “Regional Plan”); and

WHEREAS, the Regional Dialogue includes potential contractual undertakings and legal strategies; and

WHEREAS, the Authority finds that:

1. the Authority’s participation in the Regional Dialogue furthers the Statutory Purpose;
2. general public knowledge of the contracts and legal strategies contemplated by the parties to the Regional Dialogue would clearly place the Authority at a substantial disadvantage;

NOW THEREFORE, pursuant to 1 V.S.A. section 313, it is hereby RESOLVED: the Authority shall meet in executive session in order to discuss contracts proposed in connection with the Regional Strategy, civil litigation to which the Authority may be a party, and confidential attorney-client communications made for the purpose of providing professional legal services to the Authority.

At 1:00 p.m. Richardson motioned the resolution to enter Executive Session. The motion was seconded by Troiano and the Board voted to enter Executive Session.

Macieira, Schmechel and Adams left the meeting.

Macieira returned to the meeting and at 1:15 p.m., Troiano motioned to leave Executive Session, seconded by Richardson and upon call for a vote, all voted in favor.

No action was taken during Executive Session.

Williams introduced the following resolution:

VERMONT STATE HOUSING AUTHORITY  
RESOLUTION PERTAINING TO PARTICIPATION IN A REGIONAL CONSORTIUM OF  
PUBLIC HOUSING AGENCIES

WHEREAS, pursuant to its RESOLUTION PERTAINING TO PARTICIPATION IN REGIONAL LIMITED LIABILITY COMPANY of May 24, 2017 (the "LLC Resolution"), the Authority authorized the Executive Director to enter into a limited liability company ("LLC") operating agreement with other members of HUD's northeast region at such time and on additional terms as he deems necessary or convenient to best position the Authority to continue to administer project-based Section 8 funds for the State and, if so required in order to participate in the LLC, to contribute funds of the Authority in consideration for its membership interest in the LLC; provided, however, that the amount of such contribution shall not exceed \$10,000.00 except upon further authorization; and,

WHEREAS, pursuant to 42 U.S.C. 1437k, Public Housing Agencies, such as the Authority, may enter into consortia, joint ventures, and other forms of collective entity in order to facilitate the administration of HUD housing funds; and,

WHEREAS, pursuant to 24 V.S.A. 4005(f), the Authority has all the powers necessary or convenient for the administration of federal Section 8 monies, including the power:

- (1) to enter into one or more agreements for the administration of federal monies;
- (2) to be a promoter, partner, member, associate, owner, or manager of any partnership, limited liability company, joint venture, association, trust, or other organization; and

WHEREAS, in light of developments subsequent to the date of the LLC Resolution, it appears that it may be in the interest of the Authority to enter into a consortium with other members of HUD's Northeast Region with respect to retaining its status as the administrator of HUD Project Based Contract Administration funds within the State of Vermont,

NOW THEREFORE, in consideration of the foregoing premises and findings, it is hereby RESOLVED:

1. In addition to the authority granted to him by the LLC Resolution, the Executive Director is authorized to enter into a consortium and/or any other form of collective entity authorized by Federal and State statute with other States in HUD's Northeast Region in lieu of or in addition to the LLC Operating Agreement at such time and on such terms as he deems necessary or convenient to best position the Authority to continue to administer project-based Section 8 funds for the State;
2. In addition to the funds authorized by the LLC Resolution, the Executive Director may contribute and/or lend funds of the Authority for the purpose of assisting in the creation and/or furthering the operations of such consortium, LLC, or other entity; provided, however, that the aggregate amount of all funds contributed and or otherwise committed hereunder and pursuant to the LLC Resolution shall not exceed \$25,000.00, except upon further authorization.

Williams added the Resolution presented authorizes the expenditure up to \$25,000 instead of the \$10,000 from the previous Resolution presented to the Board Meeting of September 30<sup>th</sup>, 2017.

Richardson motioned the resolution and Troiano seconded. Hover inquired as to further discussion. There being none, a vote was taken. All others voted in favor and the motion passed.

**9. OTHER BUSINESS**

There being no other business, Troiano made a motion at 1:20 p.m. to adjourn the meeting, seconded by Miller and all voted in favor.

Respectfully Submitted,

Richard M. Williams  
Executive Director/Secretary

DRAFT