

VERMONT STATE HOUSING AUTHORITY
ANNUAL and REGULAR MEETING MINUTES
September 24, 2014

1. ROLL CALL

The Annual and Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority was called to order at 11:10 a.m. by Chair Caprice Hover. Upon roll call, the following Commissioners were present: Mary Miller, Vice Chair; Cory Richardson; and Caryn Feinberg. Jo Ann Troiano and Linda Ryan were absent.

Staff personnel present: Richard Williams, Secretary/Executive Director; Kathleen Berk, Director of Housing Program Administration; Thomas Peterson, Director of Finance and Information Systems; Arlene Shorten-Goodrich, Director of Human Resources and Administration; Susan Kuegel, Director of Property and Asset Management; Krister Adams, Housing Development Specialist; and Jim Gallagher, Office Services Coordinator.

2. PUBLIC PARTICIPATION

There was no public participation.

3. ELECTION OF OFFICERS

Hover relinquished the Chair to Williams to conduct nominations for the annual election of officers.

Williams opened up the meeting to nominations.

Richardson nominated the current slate of officers: Caprice Hover as Board Chair, Mary Miller as Vice Chair, and Richard Williams as Secretary; Feinberg seconded the motion. Williams inquired if there were further nominations to the positions and there being none, nominations were closed. Williams cast one vote. All voted in favor and the motion passed.

Williams returned the Chair to Hover.

4. MINUTES - REGULAR MEETING AND PUBLIC HEARING, JULY 9, 2014

Hover inquired as to discussion, corrections, or omissions. Miller moved to approve the Minutes of the Regular Meeting and Public Hearing of July 9, 2014 and Feinberg seconded. Hover inquired as to further discussion, there being none a vote was taken. All others voted in favor and the motion passed.

5. SECRETARY'S REPORT - AUGUST / SEPTEMBER 2014

Williams began the Secretary's Report.

A continuing resolution is in place to keep federal programs funded for the first ten weeks of Fiscal Year 2015 at a little less than Fiscal Year 2014 levels. That was passed on the 17th and 18th of September.

Congressional members have left Washington, D.C., though legislation is still being introduced. Prior to leaving, they were unable to enact any of the twelve appropriation bills which are required for running the federal government. They will return to session after the November elections.

The Vermont Poverty Council has been active with the recent issues surrounding the Vermont Department for Children and Families (DCF). DCF is undergoing personnel changes at the leadership level and has been scrutinized recently because of recent events relating to the welfare of children involved with their programs.

The Vermont Poverty Council recently sponsored discussions through interactive television regarding initiatives to reduce poverty in Vermont. Hover gave some thoughts on how she feels some of these conversations have gone. She believes there's an inconsistency throughout the state on the rules regarding children welfare, and there's a lack of communication between various state groups who deal with these issues. Direct service workers need to be in the conversation about the issues facing children.

Hover asked for a motion to approve the Secretary's Report. The motion was made by Richardson 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.

6. FINANCIAL REPORT THROUGH AUGUST 31, 2014

Peterson presented the Financial Report through August 31, 2014.

We are eleven months into the fiscal year. The Accounting staff is in the process of pulling everything together for year-end.

We are currently looking at a gain of \$276,000. However, there are three payrolls in September, so that will bring that gain down considerably. We should then end the year right around where we budgeted.

Hover asked for a motion to approve the Financial 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.

7. FISCAL YEAR 2015 BUDGET

Peterson presented the Fiscal Year 2015 Budget.

The budget reflects the wage increase negotiated between the VSHA and the Staff Federation and that the same overall wage increase is being provided to non-bargaining unit employees.

The biggest costs in the budget are staff salaries and fringe benefits. Since FY 2014 has 27 payrolls and 2015 will have only 26, this makes it look like there is no increase in salaries for the coming year, despite the negotiated increase.

There is an overall increase in the salary line item of 3.7%. This represents two numbers: a 2% wage increase for all staff members, and, for existing employees, a 1.7% increase in wages which comes from a 1.7% reduction in the agency contributions to the employee pension plan.

The Legal line item has a \$5,000 decrease from last year's figure since we won't need to negotiate a collective bargaining agreement again.

The Audit, Travel, and Insurance line items are up slightly over 2014. Telephone costs will decrease by \$6,000 since Peterson negotiated with our internet provider to provide more speed at a lower cost.

Consulting costs will be going up since we will be using Universal Micro for Information Technology issues on a more regular basis.

Hover asked for a motion to approve the FY 2015 Budget. The motion was made by Miller and seconded by Richardson. Hover inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

8. FISCAL YEAR 2015 - BRIGHTWOOD HOUSE BUDGET

Brightwood House in South Royalton is the only property that VSHA still owns. It is a Section 515 USDA Rural Development property.

The Brightwood House budget has been approved by USDA Rural Development (USDA RD) and is set to take effect on October 1st.

Snow removal costs are going down due to a change in contractor.

Our water/sewer costs are going up at this property. We have not yet identified the reason, but we will continue to investigate to see if we can find a leak or some other cause. Since the increase has occurred at both buildings at the property, we don't think it is a tenant usage issue.

We asked for a rent increase in this budget, which was granted by USDA RD. That rent increase does not impact any residents at the property because they are all paying less than contract/basic rent on an USDA RD property; USDA RD will make up the difference.

The Brightwood House budget does not show an increase in management fees. And although USDA RD recently announced that they are going to allow a management fee increase, it is not worth the effort of making the change and going through the budget resubmission and approval process since it would only amount to an increase of \$360 for the year. However, we are putting that management fee increase into the limited partnership budgets which are currently being created.

Hover asked for a motion to approve the FY 2015 Brightwood House Budget. The motion was made by Richardson 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.

9. TRANSFER / SUBSTITUTION OF LIMITED PARTNER, HILLCREST VIEWS LIMITED PARTNERSHIP

Merchants Bank has been a limited partner in Hillcrest Views Limited Partnership for twenty-five years. They would now like to exit that partnership. VSHA is the general partner in this limited partnership.

A transfer/substitution of limited partner is being proposed, in which Merchants Bank leaves the partnership and The Housing Foundation, Inc. (HFI) comes in as a limited partner. HFI agreed to this proposal at their August Board of Directors meeting.

Merchants Bank would like to make this change retroactive back to January 1, 2014.

Richardson moved to approve the transfer/substitution of Merchants Bank as limited partner in the Hillcrest Views Limited Partnership with The Housing Foundation, Inc.; Miller seconded. Hover inquired as to further discussion, there being none a vote was taken. All others voted in favor and the motion passed.

10. VSHA TAX EXEMPT PROMISSORY NOTES RESOLUTION NO. 2014

In 1998, The Housing Foundation, Inc. (HFI) did its first tax-exempt financing under Revenue Ruling 63-20. At the time, HFI requested that VSHA allow HFI to use its governmental tax-exempt financing powers to issue a tax-exempt bond. In return for that, all of the real property that was financed with that bond reverts to VSHA free and clear of any encumbrances at the final payment of that bond. All of the tenant leases were considered an encumbrance on the property.

A provision was put in the mobile home park leases years ago that upon the park's transfer, the leases would be terminated. However, state law now makes those leases perpetual; this creates a conflict.

We recently got in touch with the attorneys who originally handled this tax-exempt financing. They are now working at Pacifica Law Group in Seattle, Washington.

Prior to receiving the unencumbered properties at the end of the financing, VSHA cannot make any firm commitments to HFI as to what VSHA plans to do with the properties. VSHA can, however, make a commitment of intent that upon transfer of the properties, VSHA will reinstate those leases.

The first bond comes due December 31, 2022. The second bond comes due December 15, 2030. The third bond comes due 2033.

The following Resolution was presented to the Board for consideration:

VERMONT STATE HOUSING AUTHORITY

RESOLUTION NO. 2014

A RESOLUTION of the Board of Commissioners of the Vermont State Housing Authority evidencing its nonbinding intent, upon accepting title to certain properties from The Housing Foundation, to enter into new leases with tenants whose leases have been cancelled.

WHEREAS, the Vermont State Housing Authority (the "Authority") is a body corporate and politic of the State of Vermont, established pursuant to Chapter 113, Vermont Statutes Annotated; and

WHEREAS, the Authority has passed resolutions on January 14, 1998, August 29, 2000 and March 26, 2003, approving the issuance of three notes (the "Notes") by The Housing Foundation, Inc. (HFI) to finance the acquisition of real property and consenting to the transfer of the financed property to the Authority when the Notes are redeemed; and

WHEREAS, HFI intends to redeem the Notes from time to time and upon such redemptions transfer unencumbered title to the financed property to the Authority in accordance with U.S. Department of Treasury Revenue Ruling 63-20 and Revenue Procedure 82-62; and

WHEREAS, upon such redemption of the Notes, the respective leases of the real property to residents of manufactured homes located on the financed property and the respective leases of residential units in multifamily rental property financed by the Notes will terminate; and

WHEREAS, immediately upon transfer of title to the property and termination of such leases, the Authority intends to enter into new leases with the tenants whose leases terminate upon terms comparable to those in the cancelled leases, except as changes may be required by law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Vermont State Housing Authority as follows:

The Board of Commissioners hereby states its intent, upon transfer of property to the Authority by HFI and cancellation of then existing leases on such property, to enter into new leases with such tenants upon comparable terms to the previous leases between such tenants and HFI. This expression of intent is not a binding or enforceable obligation of the Authority, and the terms and conditions of the new leases will be in the discretion of the Authority.

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

A discussion followed on Hollister Hill Apartments and the financing issues surrounding the need to make physical improvements to that property.

The Board recessed for lunch at 12:15 p.m. and returned to session at 12:35 p.m.

11. COLLECTIVE BARGAINING CONTRACT RATIFICATION

Shorten-Goodrich began a discussion on the ratification of the Collective Bargaining Contract.

Negotiations on the new contract began in mid-July and ended around September 12th. The union is sending their ballots out and expect to have them back by September 30th, so we will know at that time whether the union has ratified the negotiated contract.

The following Resolution was presented to the Board for consideration:

VERMONT STATE HOUSING AUTHORITY

RESOLUTION

WHEREAS, the Collective Bargaining Agreement (Agreement) between the Vermont State Housing Authority (VSHA) and the Vermont State Housing Authority Staff Federation of the Vermont State Employees Association (Federation) terminates on September 30, 2014, and

WHEREAS, on May 28, 2014 the Board of Commissioners (Board) authorized the Executive Director or his designee(s) to bargain on behalf of the Board with the Federation, to reach tentative agreement on the terms and conditions for an agreement between the parties, and to submit the same to the Board for final acceptance and approval, and

WHEREAS, the VSHA Management Bargaining Team and the Federation Bargaining Team have successfully negotiated and reached tentative agreement on a new two-year Agreement, and

WHEREAS, the Federation Bargaining Team intends to submit the tentative agreement for a new Agreement, as negotiated, to their membership for ratification.

NOW THEREFORE, BE IT RESOLVED BY THE VSHA Board of Commissioners that such Agreement, subject to ratification by the Federation, is hereby ratified and authorized by the Board of Commissioners; and further that the Chair or the Executive Director is hereby authorized to execute the Agreement on behalf of the Board of Commissioners.

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

Pension Reduction

Richardson moved, pending ratification of the Collective Bargaining Agreement by the Vermont State Housing Authority Staff Federation of the Vermont State Employees Association, to authorize the contribution rate to the Vermont State Housing Authority Profit Sharing Plan be decreased to 12% for all bargaining and non-bargaining employees effective November 1, 2014 or as soon as such amendment has been modified by MassMutual; Feinberg seconded. Hover inquired as to further discussion, there being none a vote was taken. All others voted in favor and the motion passed.

The Board skipped to agenda item #14.

14. UPDATE - DEVELOPMENT

Windemere Mobile Home Park, Colchester: The work on the water/sewer upgrades at this 83-lot park is more than half-way done and is going well.

Valley View II Apartments, Vergennes: The rehabilitation work at this 12-unit property is around 75% complete and is going very well.

On October 30th, the weatherization staff members from the Champlain Valley Office of Economic Opportunity will be showcasing the energy efficiency work that has been completed at this property as part of the rehabilitation work. Legislators will be among those invited to tour the property.

Adams left the meeting at 12:45 p.m.

The Board returned to agenda item #12.

12. UPDATE - HOUSING PROGRAM ADMINISTRATION

Fair Market Rent Survey

Berk began a discussion on the Fair Market Rent Survey which ICF International conducted on VSHA's behalf.

Included in the Board Packets was a summary of the results of the Fair Market Rent Survey which was commissioned back in May. We surveyed two regions of the state: Windsor County and Bennington/Windham Counties.

The survey demonstrated that the 40th percentile rent is significantly higher than what had been published. The results of the survey have been provided to HUD economists, who were working with us throughout the entire survey process. We expect that there will be revisions to the fair market rent published to the Federal Register by mid-October with an October 1st effective date. We are very pleased with the results of the rent survey.

HUD's Approval of VSHA's Five-Year / Annual Plan

The Board Packet included a copy of a letter from HUD which approves VSHA's Five-Year / Annual Plan.

Section 8 Voucher Program - Spending and Utilization

In January of this year we had 3,074 vouchers under contract. We had hoped to bring a total of 3,300 vouchers under contract by the end of the calendar year. While we are aggressively issuing vouchers, for a variety of reasons we did not achieve our utilization goals. We anticipate that by the end of December we will have 3,200 vouchers under contract.

We are unsure as to what our funding will be next year for the voucher program. In addition, Fair Market Rents next year are going up an average of 8% across the state, in addition to the increases that we have influenced through our own rent survey. The average Housing Assistance Payment (HAP) will increase as well. As a result of all of these factors, we anticipate an additional \$371,000 at the end of the calendar year that we had projected and planned for when we met with the Board in early May.

Our Section 8 waiting list has been closed since 2010. We currently only have around 470 people on the waiting list. We will need to open our Section 8 waiting list sometime in the fall of 2014.

Executive Session

At 1:00 p.m. Miller moved to find that premature general public knowledge of the VSHA's pending or possible civil litigations (1) against a developer who has been held in violation of the health code; (2) discussion of options of responding to a breach of contract by a developer; and (3) discussion of civil actions against VSHA employees and possibly the agency; would clearly place this agency or a person involved at a substantial disadvantage, because the public disclosure of the board's deliberations is premature and prejudicial pending a final judgment and that the Board enter executive session for these discussions; under the provisions of Title 1, Section 313(a)(1)(E) of the Vermont Statutes; Richardson seconded. Upon call for a vote all voted in favor.

At 1:20 p.m. Miller motioned to leave Executive Session, seconded by Richardson, and upon call for a vote, all voted in favor.

There was no action during Executive Session.

13. UPDATE - PROPERTY AND ASSET MANAGEMENT

Kuegel began the Property and Asset Management update.

Since the Board last met, the Property and Asset Management (P&AM) staff has been working on Capital Planning and Limited Partnership budgets.

HFI approved the capital plan for the mobile home parks at their June meeting.

This month the P&AM staff has been working on Limited Partnership budgets. USDA Rural Development (USDA RD) properties with Limited Partnerships need to have their budgets submitted by October 1st.

We are also working on the HFI properties that are not Limited Partnerships that have October 1st deadlines. Those are then sent to Peterson so he can pull together VSHA's budget.

A new Site Specialist, Kristyn Nagy, has been hired and will start on September 25th.

Kuegel and her staff have been working hard on the relocation efforts during the rehabilitation at Valley View Apartments in Vergennes. That has been going well.

Our Support and Services at Home (SASH) program is also going well and is continuing to expand.

Assault on VSHA Employee

Tom Young, VSHA Mobile Home Park Manager and Resident Manager for Mobile Acres Mobile Home Park in Braintree, was assaulted at his home by Shane Bushway on September 17th. Mr. Bushway was upset because he was in court that week with several of his neighbors present and prepared to testify against him for his ongoing behavioral issues. Instead of listening to the testimony against him, Mr. Bushway agreed to move out of the park by October 31st.

Mr. Bushway then showed up at Young's home and assaulted him, causing some injuries. The police were called and they issued a no trespass order against Bushway. According to our legal counsel, Mr. Bushway will still be in the park until his October 31st move out date.

USDA Rural Development Multi-Family Housing Preservation and Revitalization (MPR)

The funds that largely enabled the rehabilitation work at Hilltop Townhouses in Berlin came through USDA Rural Development's Multi-Family Housing Preservation and Revitalization (MPR) program. The goal of the MPR program is to take well managed properties currently under the Section 515 program that are older and need some work and provide financial tools and resources to help rehabilitate them.

The Housing Foundation, Inc. (HFI) has a number of properties that could benefit from the MPR program. A Notice of Funding Availability came out from USDA RD on September 23rd, so we will be working on submitting MPR applications for properties in Northfield and Morrisville before the November deadline.

15. OTHER BUSINESS

Meeting Schedule: Approval of meeting changes for July and November, 2015

The Board reviewed and approved the 2015 VSHA Board of Commissioners meeting schedule.

There being no other business, Miller made a motion at 1:30 p.m. to adjourn the meeting; Richardson seconded, and all voted in favor.

Respectfully Submitted,



Richard M. Williams
Executive Director/Secretary

