

VERMONT STATE HOUSING AUTHORITY  
REGULAR MEETING MINUTES  
January 25, 2017

BOARD MEETING

1. ROLL CALL

The Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority was called to order at 11:02 a.m. and the following Commissioners were present: Chair Caprice Hover, Vice Chair Mary Miller; Jo Ann Troiano; Cory Richardson; Caryn Feinberg and Robert Lees. Linda Ryan participated via teleconference.

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

There was one addition to the Agenda. The addition is related to Employee Benefits - Health Flexible Reimbursement Account and Flexible Reimbursement Account. This addition was emailed to Linda Ryan.

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 MEETING – NOVEMBER 16, 2016

Troiano moved to approve the Minutes of the Regular Meeting of November 16, 2016 and Miller 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 –DECEMBER 2016 / JANUARY 2017

Williams began his update.

Dr. Ben Carson has been appointed to be the new HUD Secretary. He was approved by the Senate Banking Committee. Carson does not have a lot of experience in public housing but he does relate to his childhood, growing up with a single mother and two brothers in a poor part of the city of Chicago. He was a very successful renowned neuro-surgeon and believes in housing and health. He talked specifically about the Family Self-Sufficiency program, the HUD VA/VASH Program and lead paint which gives Williams hope for the future of housing programs. When asked, Carson mentioned he does not believe in pulling something out from under someone unless there is something better to replace it with.

There are regulatory freezes that will affect HUD. This is something we have seen happening and it allows the President's appointees or designees an opportunity to renew all pending regulations, with the exception for emergency situations related to health, safety, financial and national security matters. Anything that has been published in the Federal Register in the last 60 days before January 20, 2017 that have not taken effect, have been postponed for 60 days. Williams is not aware of how this will affect housing regulations. Until April 28, 2017 the Vermont State Housing Authority is running under a continuing resolution (CR) and at this time it is difficult to make any future projections. Williams is

not aware if by the end of April we will have a budget or if we will run under a CR until the end of the fiscal year, which is September 2017.

In Vermont, Governor Phil Scott presented on January 26, 2017 his proposed budget and initiatives to the full Legislature. In his campaign, economic development and initiatives have been proposed through a 35 million dollar bond in partnership with the Vermont Housing Conservation Board to expand all kinds of housing opportunities. For example for homeless populations and homeownership for middle income families. Williams is hopeful this is good news for the budget and get good support from the Legislature. The Vermont Housing Conservation Board receives a percentage of Property Transfer Taxes and this could be a good opportunity for private and public housing entities to receive funds.

Williams mentioned proposed legislation that would assess a two dollar occupancy fee charged to hotels to support programs for homeless, development opportunities and funds for project based rental assistance. The rental assistance would go to the Agency of Human Services which would be contracted back with VSHA for administration.

The motion to approve the Secretary's Report 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.

The Board moved to Agenda item 6.

#### 6) FINANCIAL REPORT THROUGH DECEMBER 31, 2016

Pembroke presented the Financial Report and how we ended the year for 2016. The financial documents given along with the agenda are as of December 31, 2016. Currently budgeted the year for a gain of \$85,452 and have a gain of \$116,245. We are operating really well at this point in time. VSHA purchased Hollister Hill Apartments as of December 30<sup>th</sup>, 2016 so the cash balance variant reflects the purchase. VSHA will hold the property for 90 days and sell it to a Limited Partnership, which will include The Housing Foundation, Inc. as general partner.

Pembroke brought up the Continuing Resolution (CR) issue, since the proration factor that implies fluctuates. The administrative fee proration for CY 2016 was at 83.941%. Starting January 2017 we are projected at 80%. This difference calculates to a reduction of \$12,000 per month. In addition we get paid our administrative fee based on leased up units. As the CR affects the number of vouchers we can lease up, it will affect the amount of administrative fees we will be receiving.

In summer of 2016, HUD had proposed to change Administrative fees as of January 1<sup>st</sup>, 2017 and we planned this change in our budget for 2017. Pembroke suggested we keep status quo on our spending due to the uncertainty we are facing.

Richardson moved to approve the Financial Report as presented; Lees seconded. Hover inquired as to further discussion. There being none, a vote was taken. All voted in favor and the motion passed.

Williams recognized Pembroke's work on the Financials since this was her first full year as Director of Finance.

#### 7) APPROVAL OF THE FY 2016 AUDIT, PRESENTED BY GREG SARGENT, KITTEL, BRANAGAN AND SARGENT (KBS)

Gregg Sargent of Kittell Branagan & Sargent (KBS) joined the meeting at 11:25 am and presented the FY 2016 audit and the information on the auditing process KBS undertakes at VSHA.

The draft audit has to be submitted to HUD to be finalized. Pembroke has confirmed that the submission should have final HUD review by February 3<sup>rd</sup>.

The opinion that KBS gave from this year's audit is a clean, unqualified opinion. There were no audit adjustments. This is a credit to the diligence and hard work of Pembroke and her Accounting staff.

Sargent described various components of the audit, including internal controls. He mentioned there are no findings in terms of how the controls relate to compliance. The controls that are in place are evaluated very often by Pembroke and her team and during the audit process are reviewed in more detail.

Pembroke prepared the Analysis of Financial Position of the Management Discussion and Analysis. This is a good description of VSHA's condition.

Richardson suggested we expand our description of the Farrington MHP Bond footnote. Pembroke will adjust the change prior to finalizing the audit and this will not affect the numbers for the Financials, only the readability.

Hover asked for a motion on the approval for the 2016 audit; Richardson moved the audit as presented with the change discussed; Troiano seconded. Hover inquired as to further discussion; there being none a vote was taken. All voted in favor and the motion passed.

Greg Sargent left the meeting at 11:43am.

The Board moved to the added Agenda item – Employee Benefits.

#### **EMPLOYEE BENEFITS – HEALTH REIMBURSEMENT ACCOUNT AND FLEXIBLE REIMBURSEMENT ACCOUNT (CAFETERIA PLAN).**

Shorten-Goodrich described this additional agenda item as a resolution needed for the Health Reimbursement Account and Flexible Benefit Account plan documents. The formal documents were received recently and require a resolution for their adoption. The following resolution was presented to the Board.

#### **RESOLUTION Vermont State Housing Authority**

The undersigned authorized representative of the Vermont State Housing Authority (the Employer) hereby certifies that the following resolutions were duly adopted by the Board of Commissioners on January 25, 2017, and that such resolutions have not been modified or rescinded as of the date hereof:

RESOLVED, that the form of Welfare Benefit Plans (Vermont State Housing Authority HRA Plan and Vermont State Housing Authority Cafeteria Plan), effective January 1, 2017, presented to this meeting (and a copy of which is attached hereto) is hereby approved and adopted, and that the proper agents of the Employer are hereby authorized and directed to execute and deliver to the Administrator of said Plans one or more counterparts of the Plans.

RESOLVED, that the Administrator shall be instructed to take such actions that the Administrator deems necessary and proper in order to implement the Plans, and to set up adequate accounting and administrative procedures for the provision of benefits under the Plans.

RESOLVED, that the proper agents of the Employer shall act as soon as possible to notify the employees of the Employer of the adoption of the Plans and to deliver to each employee a copy of the Summary Plan Description of the Plans, which Summary Plan Description is attached hereto and is hereby approved.

The undersigned further certifies that attached hereto as Exhibits, are true copies of Vermont State Housing Authority's Benefit Plans Document and Summary Plan Description approved and adopted at this meeting.

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

The Board recessed for lunch at 11:50 a.m. and returned to session at 12:10 p.m.

During lunch Zach Karas, Retirement Plan Advisors and Daniel Blankenship joined the meeting.

## 9) ROADMAP FOR ENDING HOMELESSNESS – DANIEL BLANKENSHIP

The following is a print of Blankenship notes for presentation.

1. Continuing Resolution & CoC Program: Current FY2015 CoC funds go through spring/summer/fall 2017, depending upon grant term. Late December, HUD announced FY2016 CoC awards (which will take us through summer/fall 2018). The Continuing Resolution of FY2017 federal funds does not directly impact recently awarded funds. All projects were funded, included increased amount for the CoC Planning grant thru July 2018. A bonus project was not funded for Pathways PSH-CH Washington/Windham, with reports that HUD did not fund many bonus projects this year.
2. Planning Grant/CoC Support Specialist: The Planning grant supports a position newly created by VSHA, and approved by the Board, to support activities of the VT Coalition to End Homelessness (VCEH). Interviews will commence soon which will include members from the VCEH. The Planning grant provides funding for this position through July 2018.
3. VSHA CoC-Rapid Rehousing (RRH): Trainings have been provided to many local CoC communities and new CoC RRH providers, with a few remaining. The VSHA RRH Program includes 28 subsidies from existing grants (RRH1 and 2) + 50 new subsidies (RRH3 & RRH4 grants) + 8 subsidies in Addison County (new RRH5 grant starting October 2017). Eligible households must come from the street or an emergency shelter program (including short-term institutional stay) only, NOT currently housed or Transitional Housing. The recent VSHA HCV freeze will have a minimal, if any, impact on a few current CoC RRH households as we recently received HUD approval to over rent subsidies for up to 24 months, instead of prior 18 months maximum. VSHA has always encouraged households to also apply for HCV with other PHAs and other housing resources. HUD also approved grant amendments to expand the populations served to include Individuals & Youth, in addition to serving families.
4. VSHA Shelter+Care Subsidies: The waitlist is closed after we received many applications, almost all have long histories of homelessness (chronic) + other need factors. Approximately 214 HH identified (leased/pending/application process), may be able to serve new HH (5+!) after budget reassessment in February.
5. CoC Transitional Housing (TH): After several months of waiting, we received word from HUD that our amendment requests to various TH grants were all approved (although there is a new electronic federal amendment process to complete):
  - VSHA Bennington Coalition for the Homeless (Bennington): will now be dedicated to serving literally homeless households with at least one member with a ***substance use disorder*** + transfer of some service funds to operations to strengthen the buildings finances \* grant targeted for a strategically CoC-planned reallocation/termination with an end date of 2/2018.
  - VSHA Twin Pines Housing Trust (White River Junction): CoC units reduced to 3 from 7 (to strengthen buildings finances), dedicated to serving ***persons fleeing/experiencing Domestic Violence***, VSHA is assisting TPHT to address remaining 4 units (Shelter+Care, etc.)  
\* CoC grant will expire summer 2017.
  - VSHA NEKCA Youth (Newport): transfer of some service funds to leasing that will allow NEKCA to ***serve additional homeless youth***.
  - CSAC-HOPE Hill Housing (Middlebury): This non-VSHA TH CoC grant expires 2/1/2017; VSHA is assisting CSAC with Shelter+Care subsidies for four eligible households (out of seven); this project/CoC grant is ending after a CoC-planned strategic reallocation into the newly awarded RRH5 grant to serve 8 households in Addison County through the John Graham Housing & Services.

This Roadmap project was initiated by the Legislature with \$40,000 and additional support from VHCB. The primary lead for the project was the Vermont Agency of Human Services. Blankenship advocated to include information on Federal Funding for Section 8 because of the importance of this

program for homelessness. Between 70-80% coming through Vermont Rental Subsidy have a preference for Section 8.

Part of the process were survey intakes from multiple stakeholders, including homeless people, statewide and non-statewide providers. A feature of the project was also to promote the success of programs that reduce veteran and chronic homelessness.

The data available for the Report that tracks the movement of homelessness people showed that 90% remain, or exit to, permanent housing, which shows us good indications for the functionality of the programs.

Berk questioned how was this project received by the Legislature. Williams confirmed this was presented to the House General and Hover will follow-up on the feedback from the presentation.

VSHA is one of the agencies that will have access to webinars so training for addiction prevention and permanent support housing and best practices. Old motels are being converted in Housing Opportunities across the State of Vermont and this model is one of the best practices mentioned in this project.

#### 8) VSHA RETIREMENT PLAN, PRESENTED BY ZACH KARAS, RETIREMENT PLAN ADVISORS – UPDATE AND ACTION

Williams introduced Zach Karas, Retirement Plan Advisors, with whom VSHA has been working with on our pension plan.

Karas presented a brief description of the bankruptcy situation regarding the previous administrators of the pension plan – Life Associates and how the courts came up with the final resolution. The courts determined there was a shortfall between what the administrators had reported and what was actually being held by the investment entity – Principal Financial. To reconcile the difference, each participant remaining in the plan had an adjustment to their account and each employer is required to make a payment. The VSHA employer cost to the 457(b) is \$1309.21 and for the 401(a) \$10,285.11 for a total of \$11,594.32. We considered leaving funds in this plan; however, participants would still see the adjustment and eventually VSHA would have to make the employer payment if leaving the plan.

Karas also described the benefits of moving all funds to our new investment vendor Mass Mutual. Consolidating all the funds would get us a further price reduction and get us out from under working with two vendors.

The plan also needs to be amended to comply with the IRS's regulatory definition of normal retirement age. VSHA's plan currently states 55 which does not meet the IRS's safe harbor definition. Changing the age for all new hires (after January 1, 2017) will hold current employees harmless and comply with IRS.

Goodrich and Karas asked the Board Members for the approval of the following:

- Change the Normal Retirement Age (NRA) for employees hired after January 1<sup>st</sup>, 2017 from 55 to age 65. The NRA meets the safe harbor rules and will impact only new hires, no existing employees will be harmed.
- For VSHA to pay the payment for the 457(b) and 401(a) plans for a total of \$11,594.32.
- Consolidation of all funds under our current Mass Mutual Program.

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

Zach Karas left the meeting at 12:57 p.m.

## 10) HOUSING PROGRAM ADMINISTRATION

Berk began the Housing Program Administration update.

### **Action: Section 8 Voucher Funding**

The Continuing Resolution (CR) that was passed and is in effect till the end of April 2017 has an impact on our administrative fees and is resulting in a reduction of fees earned because the proration has been lowered and also because we are having to take units off line and shelf vouchers. The budget currently for our voucher program is based on 2016 spending levels. We were purposely deficit spending throughout the calendar year in an effort to build our base so our budget for 2017 was the best that possibly could be. This was accomplished and in January we spent what we had remaining in reserves to support our haps for January 2017.

The CR that funds the budget is based on 2016 levels. We don't have the cash to support our haps and we have been working with the local HUD office to request front loading of our budget. This is a normal process for housing authorities to request money from their budget earlier in the year. We will receive front loading for January and for February 2017. Berk and Pembroke will have to keep working closely with the HUD financial analyst. It is expected we will receive front loading through the CR period that will either be extended or we will have a budget when we reach that point. If we reach a point through our calendar year that we exhaust our budget and we don't have the cash, we can go through a process to request special funds from HUD.

Currently we are not issuing any new vouchers over the last month to six weeks. Folks on the waiting list were getting prepared for voucher issuance but this process was stopped before the voucher was issued. The people remain on the waiting list staying in the position they were in. At the point of re-issuing vouchers, we will have to redetermine their eligibility for the voucher. Our projection anticipates a shortfall of 1.2 million dollars and this is the amount of money we are planning to request. Once we receive a budget based on the funding formula, we should be well positioned. We would have to shelf 300 vouchers which means, we would not reissue the voucher once it has been turned in so we can fall within our 2016 budget allocation.

Ryan left the meeting at 1:08 p.m.

Richardson inquired about what the normal procedure would be for the situation we find ourselves in. Berk mentioned we did not anticipate to be in this holding pattern; we were hopeful we would have a budget by January 2017. Troiano added the reason of why we are spending down our reserves is to get a higher least up rate. The following year's budget is based on the current year spending volumes. We are also allowed to keep the reserves amount at a certain level before asking for help.

Berk requested board action to completely close the waiting list for the voucher programs we offer in order to avoid giving false hope to families; and to reduce the administrative costs. This will include closing the list to all preferences and those applying for the Family Unification Program. This will have to be posted in a Public Notice. Berk recommended closing the waiting list March 1<sup>st</sup>.

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

### **Other Business - update**

Berk participated two weeks ago in the Annual Performance Contract Administration meeting in Washington D.C. There is an upcoming procurement for the Contract Administration work that we do for HUD that might bring changes to the way VSHA operates. HUD may be looking to establish contractors regionally or nationally to perform this work. In order to not lose this work to a private entity, because of our inability to compete at a regional or national level, VSHA can either:

- File an objection with the GAO and wait for a HUD decision, which is the least costly but the results of this action are unknown.

- File an injunction the day the RFP is issued that would prevent HUD from being able to continue with the RFP process. The issue is related to the 1937 Housing Act and statewide PHA's and HFA's were created to do this work. If a procurement comes out and states outside entities can do the work, VSHA and our HFA's partners will present this action as illegal and request the court for a decision on this matter. Berk mentioned VSHA would file a law suit collectively with the other Housing Authorities in order to share legal fees and to come forth as a united entity. However, added Williams, VSHA will be responsible for costs of the local counsel. The costs at a National level will be divided with the other entities.

Williams added we will request our legislation be amended to compete regionally and expand our capacities, in order to be able to work as a regional entity.

#### Consultant – Review of the Section 8 Housing Program Delivery Model

Berk suggests the hiring of a consultant sometime during this year in order to look at the programs we offer and how we perform them. About 60% of the staff that is working in the field will be eligible to retire in the next five years. Since the organization will go through staffing changes, it would be beneficial to make an analysis on how we do business. This will give VSHA an opportunity to deliver the product differently and make the transition along with the personnel changes.

Miller moved to authorize an RFP to review the Section 8 Housing Program Delivery Model; Feinberg seconded. Hover inquired as to further discussion. There being none, a vote was taken. All others voted in favor and the motion passed.

#### 11) OTHER BUSINESS

Hover suggested the Board schedule a site visit for May 2017 meeting.

The Board discussed Jo Ann Troiano's term, which expires in February 2017. Troiano plans to ask for reappointment. At 1:30 p.m., there being no other business, Miller motioned to adjourn, seconded by Lees and all voted in favor.

Respectfully Submitted,



Richard M. Williams  
Executive Director/Secretary

