

VERMONT STATE HOUSING AUTHORITY
REGULAR MEETING MINUTES
March 22, 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 11:10 a.m. and the following Commissioners were present: Chair Caprice Hover, Cory Richardson and Jo Ann Troiano. Vice Chair Mary Miller participated via teleconference. Caryn Feinberg was expected.

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; Susan Kuegel, Director of Property and Asset Management; Krister Adams, Housing Development Specialist; and Laura Macieira, Office Services Coordinator.

2. MEETING AGENDA

There was one addition to the Agenda under Development. The addition is a resolution sent earlier in the morning to all Board members. An action item is needed regarding the transfer of Hollister Hill Development Project to The Housing Foundation, Inc. (HFI).

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, January 25, 2017

Troiano moved to approve the Minutes of the Regular Meeting of January 25, 2017 and Richardson 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 - MARCH 2017

Williams began his update.

Caryn Feinberg joined the meeting at 11:13 am.

The Trump Federal Fiscal Year 2018 budget outline proposes severe cuts to the Department of Housing and Urban Development (HUD) and to the USDA/Rural Development (RD) programs. The President's "Skinny" Budget proposes \$40.7 billion funding level for HUD, 13.2% below current funding levels. The proposed budget eliminates several critical housing community development programs, (Community Development Block Grant Program and HOME), cuts Public Housing, rental assistance vouchers, cuts USDA/RD by 21% (\$4.7 billion) and eliminates duplicate housing programs administered by RD and HUD. Congress has not yet passed a 2017 budget. The government is operating under a Continuing Resolution that expires on April 28, 2017.

Hover added the importance of seeking other funding resources in the private sector. She gave an example of hospitals using their own capital to rehab old motels to provide housing for homeless people with medical needs. PHA's could provide service to these programs.

Williams reported the VT House of Representatives, Appropriations committee would release the Draft FY 2018 State of Vermont Budget on Friday, March 24, 2017. The full House will take up the budget in the next week for debate/passage and then send it on to the Senate.

Hover congratulated the accounting department for their good work. She further inquired about the Homeless preference with case management in 2016. Hover asked if we have information on how many people from that program are still housed. Berk replied her team is working on this data, since they are able to pull it from the work they have been performing in the past year.

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

6. FINANCIAL REPORT THROUGH FEBRUARY 28, 2017

Pembroke presented the Financial Report and commented it is looking very good. VSHA is currently doing better than projected.

The Benefit line item is showing a high number, as far as operating expenses since, VSHA had to make a couple of payments related to the Retirement Plan as approved by the Board at the last Board Meeting.

The Assistance Payments and the Earned Contributions lines offset each other. We are currently paying out approximately \$400,000 more than we anticipated in Contract Administration payments. This is an in/out program, which means VSHA does not pay out unless HUD sends us the money. Under the Earned Contributions line, we went from collecting 84% in administrative fees in 2016 to a current 78%, with the possibility to come down even more. The difference between these two percentages equates to approximately \$15,000 per month.

Miller inquired about the \$8,779 under the Other Income line. Pembroke mentioned this line item is where we place some accounting services we provide for another housing authority; any fraud payments we collect; Farington MHP services and inspection fees that Section 8 does for the state of Vermont.

The Balance Sheet is looking very stable.

Hover asked for a motion to approve the Financial Report. 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.

7. HOUSING PROGRAM ADMINISTRATION

Updates

Berk provided an update on the voucher utilization and distributed the most recent analysis. The waiting list for voucher issuance is closed, per approval of the Board at the last meeting with the exception of referrals to the Family Unification program. VSHA is currently issuing some vouchers at a rate of approximately 40 per month, which is what we anticipated for turnover. These vouchers will first be issued to families qualifying for the Family Unification program. The hierarchy that follows is vouchers will be issued to any preference applicants that are on our waiting list, which includes the homeless program with case management, the transitional housing preference and the Shelter plus Care Rapid Housing program. Once we get through our preference applicants, we will begin to issue vouchers to applicants who need rental assistance.

For the voucher issuance budget, VSHA estimated a budget based on information provided by HUD at a little over \$23 million. HUD is providing in the voucher program more money than is necessary to cover our monthly HAP which is based on our last year's HAP expense for the month of September. Berk mentioned this is an ongoing conversation since we do not know what our budget will be. Hopefully by the end of March, Berk will have a better idea. Williams mentioned we received a letter from HUD on March 15, 2017 with a simulation for our funding. We will probably receive funding of 94% plus an inflator factor or 97.5% based on the Senate and House bills that were passed. VSHA still awaits final notification and will be operating on a Continuing Resolution.

Performance-Based Contract Administrator (PBCA) Program – Proposed Executive Session
The following resolution was introduced:

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 State 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 11:40 am Troiano moved the above resolution to go into Executive Session, seconded by Feinberg. Hover inquired if all were in favor and upon call for a vote, all voted in favor.

At 11:41 a.m. Krister Adams, Nathan Schmechel and Laura Macieira left the meeting.

At 12:05 p.m. Troiano motioned to leave Executive Session, seconded by Feinberg. Upon call for a vote, all voted in favor. There was no action taken during Executive Session.

The Board is in Consensus with Berk continuing the conversations around the draft agreement and should a more prominent document be needed before our Board Meeting on May 24, 2017 an emergency Board Meeting would be called. Troiano moved the motion, seconded by Richardson. Hover inquired if all were in favor and upon call, all voted in favor.

8. PROPOSED ACT PERTAINING TO THE POWERS OF VSHA

Proposed Changes to 24 V.S.A. Section 4005

SECTION 1:

24 V.S.A. section 4005 (e) is amended to read as follows:

“(e) Notwithstanding any provision of law, no person, domestic or foreign, shall be authorized to administer allocations of money under 42 U.S. C.A. § 1437a or 1437f or other federal statute authorizing rental subsidies for the benefit of persons of low or moderate income, except:

“(1) a contractor with, or subcontractor of, the State Authority; or

“(2) a State public body authorized by law to administer such allocations.”

SECTION 2:

24 V.S.A. section 4005 (f) is added to read as follows:

(f) In addition to the powers granted by this chapter, the state authority shall have all of the general powers of a non-profit corporation including, but not limited to, those powers enumerated in 11B V.S.A. § 302.

Williams mentioned these changes are necessary for VSHA in the event there is the need to enter an agreement, a consortium or a Limited Liability Company (LLC) outside of the state of Vermont for the purpose of contract administration. VSHA statutes currently do not allow it. These amendments will allow VSHA to partner up as a sub-contractor to administer federal allocations for rental assistance. Williams is looking for this change to pass this year because the procurement of the project performance based contract administration will be launched mid spring and it could be a very quick turnaround.

Williams has been having conversations with legislators and is currently proposing the change in VSHA statute to the Senate Finance Committee. Williams will have a meeting tomorrow, Thursday March 23, 2017 with Senator Mullin from the Economic Development Housing and General Office Committee to discuss the bill the Governor has recommended for a \$35 million revenue bond for Vermont Housing and Conservation Board (VHCB) to promote more affordable housing for working families, homeless, single family or multi-family units. Williams believes our amendment is germane to the bill.

Troiano moved to approve the amendment to 24 V.S.A Section 4005; Feinberg seconded. Hover inquired as to further discussion. There being none, a vote was taken. All others voted in favor and the motion passed.

Miller and Schmechel left the meeting and the Board recessed for lunch at 12:15 p.m. and returned to session at 12:30 p.m. Melissa Fowler joined the meeting as public participant replacing Schmechel as the Federation Representative.

10. PROPERTY AND ASSET MANAGEMENT

Kuegel started the update with the notice that all budgets for mobile home parks are signed and approved.

Kuegel informed the Board about the regular weekly meetings she has been having with Tim Palmer, Executive Director of HFI. Per Palmer's requests, Kuegel and her team have been working on determining the age of homes in the MHPs. With these studies, Palmer was able to identify vacant lots and older home lots within a park with the thought of how to possibly reconfigure the parks because of lots that become vacant. The vacancy rate for these parks is increasing because of the market issue and because a new manufactured home is too big to fill the lots. Palmer raised the question of whether or not it is possible to maintain some of the parks that are smaller and currently are losing money. Per Palmer's request, Kuegel made an analysis of the homes sold in the last five years and the amount they were sold for. Palmer is starting to look at the right of first refusal and whether or not HFI needs to start implementing this measure in order to be able to accomplish the goals presented above.

Kuegel gave an update about Olcott Falls MHP, Wilder VT. One of the main town water wells for the community and the park is on the premises of the property. The town is looking to install solar energy which will cause a big visual and physical impact on the park.

Hover inquired if Palmer has a timeline for his decision on the direction HFI will be taking. Williams proposed to schedule this topic on the agenda for the next VSHA Board of Commissioners Meeting and have HFI do a presentation on the direction they will be taking.

Kuegel presented the Governor's Executive Order on the homeless preference and VSHA's need for a decision relative to changes to the selection policy. In the past, HFI was not able to meet the 15% units targeted within the portfolio for homeless preferences. The reason of this was because the majority of the properties are mortgaged with USDA and they did not allow preferences. However, USDA has changed their stand in the states of New Hampshire and Vermont. They have issued a memorandum allowing owners to create a preference for homeless in their properties.

In case VSHA decides to follow the executive order, it would impact Brightwood House and Hillcrest Views since VSHA is the managing general partner. When VHCB issued the documents for Hollister Hill, they included the requirement of property owners and managers to meet the 15% homeless preference excluding elderly units. Kuegel inquired with VHCB about why they included this requirement and they were not able to provide any further explanations nor clarifications on it. Kuegel asked the Board if VSHA wants to implement a preference added to USDA properties that would allow a preference for homeless.

Hover expressed her concern about VHCB adding language that was not part of the executive order and recommended the Board to not take any decision until we have more information or updates from Kuegel.

9. DEVELOPMENT

Fairgrounds Apartments in Moretown, VT: Adams mentioned major rehabilitation work will start on April 3rd, 2017.

Hollister Hill Apartments in Marshfield, VT: VSHA is acting as the development agent for HFI on redevelopment for Hollister Hill. The four buildings will be demolished and there will be two brand new buildings constructed. Adams is hopeful to break ground between April and May. HFI hired a construction manager to oversee the final design and costs aspect of the project.

Williams added this will be an expensive project because of the demolition of the old buildings, and asbestos removal. Financing is all in place, however there is a hold with VHCB funding because they have committed funds from a budget they haven't gotten yet. Peoples United Bank is buying the tax credits and doing the construction financing on this project. The redevelopment project also has community development funds from the town of Marshfield and funds from the Federal Home Bank.

Adams mentioned we will be providing a community center space since we are mandated to provide social services on that location. We are currently working with Capstone Community Action Agency to provide some programs.

The following Resolution was presented by Williams to the Board for consideration:

RESOLUTION Vermont State Housing Authority

WHEREAS, Vermont State Housing Authority ("VSHA") acquired Hollister Hill Apartments from The Housing Foundation, Inc. ("HFI") on December 30, 2016 by retiring the balance of the financing debt in the amount of \$381,396; and

WHEREAS, in addition to acquiring the housing project VSHA accepted an assignment of the Housing Assistance Contract; and

WHEREAS, as of April 1, 2017 VSHA will have held the housing project for the 90 days required by the 2003 bond financing; and

WHEREAS, HFI and/or Hollister Hill Associates, L.P. (the "Partnership") will commence rehabilitation of the housing project in April; and

WHEREAS, VSHA and HFI have determined that it would be advisable to engage in an exchange of certain parcels of land with R.L. Vallee, Inc. in order to increase the frontage the housing project land includes on Hillside Drive and to enlarge the area subject to VSHA's easement on land of R.L. Vallee, Inc.

NOW, THEREFORE, BE IT RESOLVED THAT Vermont State Housing Authority:

1. transfer the Hollister Hill Apartments project and the Housing Assistance Contract for a purchase price of \$381,396 to The Housing Foundation, Inc. or to Hollister Hill Associates, L.P.
2. in the event that the Executive Director deems it necessary, VSHA shall act as the sponsor of the \$670,000 Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) Direct Subsidy funding and loan such funds to Hollister Hill Associates, L.P.
3. convey a parcel of land to R.L. Vallee, Inc. in exchange for additional land adjacent to the housing project property and an expanded easement on terms and conditions approved by the Executive Director.

The Executive Director is authorized to execute all instruments necessary to accomplish the foregoing.

Troiano moved to approve 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.

11. HUMAN RESOURCES

Retirement Plan Updates: Shorten-Goodrich updated the Board on moving the balance of our funds in our Retirement Plan held by Billings and Company to our current vendor Mass Mutual. A black out notice for a period of 30 days was issued effective March 31st through April 28th, 2017 to folks that with funds still at Billings, including former employees. During that period, participants cannot take a loan, change investment options, and make withdrawals. One of the glitches of the demutualization process is the need for the old record keeper to re-open accounts for former employees that were participating in the plan in 2002 and will be receiving money as well. Once the blackout notice is in effect, the money could move sooner than April 28th, 2017 and this will depend on the in house processes on both sides. VSHA timed the meeting with our investment advisor's semi-annual visit to VSHA to occur after the money moves so help is provided to folks regarding the several investment options available.

Life Insurance Updates: Shorten-Goodrich informed the Board about the expiration of the Life Insurance Plan at the end of June 2017 and the need to find a new vendor since Prudential will no longer insure groups with less than 100 employees. For the next Board Meeting, Shorten-Goodrich will be looking for the approval for a new Life Insurance vendor.

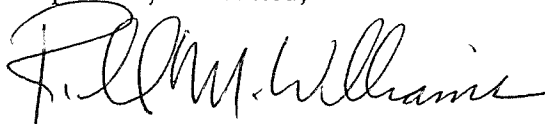
Hover inquired about the value of the demutualization and Shorten-Goodrich answered it is approximately \$2,700 split between approximately 70 people. The most money someone will receive is less than \$300 and the least is 60 cents.

12. OTHER BUSINESS

Hover inquired about the location for the next VSHA Board of Commissioners Meeting and Middlebury, VT was the place chosen among everyone.

There being no other business, Troiano made a motion at 1:05 p.m. to adjourn the meeting, seconded by Feinberg. The Chair adjourned the meeting.

Respectfully Submitted,



Richard M. Williams
Executive Director/Secretary

