

VERMONT STATE HOUSING AUTHORITY
REGULAR MEETING MINUTES
November 28, 2018

1. ROLL CALL

The Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority was called to order at 11:00 a.m. by Chair Caprice Hover. Upon roll call, the following Commissioners were present: Mary Miller, Vice Chair; Cory Richardson; Jo Ann Troiano. Caryn Feinberg, Linda Ryan and Robert Lees were 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; Susan Kuegel, Director of Property and Asset Management; Krister Adams, Housing Development Specialist; and Laura Macieira, Office Services Coordinator.

2. MEETING AGENDA

There were no changes to the meeting agenda.

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 - ANNUAL & REGULAR MEETING - SEPTEMBER 26, 2018

Troiano moved to approve the Minutes of the Annual and Regular Meeting of September 26, 2018 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 - OCTOBER 2018 / NOVEMBER 2018

Williams presented updates to his Secretary's Report.

The lawmakers return to Washington this week, the House has 12 days and the Senate has 15 working days left. Finalizing the Fiscal Year (FY) 2019 budget will be a big priority in the coming days. There is the possibility that the Government might shutdown and meanwhile, we are running on a Continuum Resolution (CR). The Section 8 Program is funded on a calendar year basis and Williams knows that our funding is secure. Because there was more money on the appropriations budget last year, VSHA is a little ahead of the game.

HUD requires that the point-in-time count be done during the last ten days of January, and Williams received an update on the dates that it will happen; which will be either on January 23rd or January 30th. The two Continuum of Cares of Vermont are still negotiating the dates.

Williams mentioned that he hasn't had the opportunity to check the budgets for the Mobile Home Park (MHP) Cooperative in Burlington because they were received just a few minutes prior to this meeting. Williams noted that they will be presented to the Board at the next Meeting, in January.

Troiano asked about the cause of the 62% rent delinquencies at Dogwood Glenn II and Kuegel mentioned that we are not leasing at Dogwood Glen I nor II so we can relocate the tenants during the rehabilitation. Kuegel added that because we are collecting less rent, the fewer people that don't pay will cause a higher percentage of delinquencies of what has been happening previously.

Williams updated the Commissioner's appointments with the Governor's office and also submitted a few names for Robert Lees' replacement. He is still waiting to hear back about new appointments for the VSHA Board of Commissioners.

Jonathan Bond is the new HFI Executive Director; he ran the mobile home park program at the Champlain Valley Office of Economic Opportunity (CVOEO). His first official day is tomorrow, the 29th and Tim Palmer will stay on board for the transition period. Troiano asked where they are physically located and Williams answered that they have a home-office. Williams added that HFI will be seeking funding from VHCBC for organizational funding to support administrative costs that the organization has. VSHA is HFI's property and asset manager and always performed administrative work for HFI, however, as their needs expand and grow, VSHA can no longer provide administrative support besides property and asset management services.

Hover asked for a motion to approve the Secretary's Report. 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.

6. FINANCIAL REPORT THROUGH SEPTEMBER 30TH, 2018

Pembroke presented the Financial Report and noted that VSHA had another year of operating within budget.

The field audits for VSHA and HFI were completed the week of November 5th by Kittell Branagan & Sargent (KBS). The accounting team did a fabulous job with another year of no findings on the audit for either VSHA or HFI.

The draft audit for HFI has been received and was approved yesterday. Pembroke expects the draft audit for VSHA this week so the financials presented in the Board packets are basically the draft. All information was submitted to the Real Estate Assessment Center for the Housing and Urban Development (REAC-HUD) on November 20th. Pembroke is waiting to hear the approval from HUD so the audit can be issued and re-loaded to REAC.

Greg Sargent from KBS will be at the January Board Meeting to review the draft with the Board.

Pembroke, Williams and KBS will also be meeting in the next month to discuss the Limited Partnerships budgets. There is an issue about whether the Limited Partnership information needs to be included with the HFI financials. The information regarding the percentages and partnerships VSHA is invested in, is already disclosed in our notes, and Pembroke will need to clarify some of the questions she has at the meeting with KBS, since VSHA is the limited partner and is the majority owner. The Board held a

discussion on the history of the creation of the Limited Partnerships and on how changing its constitution will affect the funding they receive and how it will affect VSHA's budgets.

Pembroke also mentioned that the 14 partnerships will be coming up with year-end audits in January.

Some of the highlights of the financials presented are:

- VSHA is currently receiving 80.05 % for Administrative Fees, which is four percent less than what we had then, but six percent higher than what we have planned on.
- The voucher leasing increased in FY2018 over the previous year, which equates to more administrative fees.
- We were waiting for the incentive fees for the Performance-Based Contract Administrator (PBCA) program and those funds were received in November.
- The Expenses line, in the overall, are under budget, with the exception of the General Expense line, which relates to the Consulting line item and to things we did not plan, with building security consulting, the Nan McKay department assessments and the work we did in anticipation of the PBCA bidding process.
- The Housing Assistance Programs (HAPs) increased half a million dollars in FY2018 and that increase was covered by the funds we hold in our restricted net position account.

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

7. HOUSING PROGRAM ADMINISTRATION

- **Resolution on Section 8 Management Assessment Program (SEMAP)**

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 28^h day of November, 2018.

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.

Berk presented other updates that were not mentioned in the Secretary's report. VSHA was awarded new 59 HUD Family Unification Program vouchers; the application was done in partnership with the Agency of Human Services. Over the summer time, VSHA applied for vouchers that are targeted to non-elderly disabled households and received an award; which were the first vouchers we received since 1999, other than VASH vouchers subsidy.

VSHA received a six month extension through the end of June 2019 for our PBCA contracts with HUD. There is a congressional mandate to HUD for that the extension, which will allow HUD enough time to review all the comments received from the last solicitation. Williams added that Congress is concerned about efficiencies and operational costs of the program. The Board held a discussion about the implications of the changes that the Government and HUD want to make on the PBCA contracts at national and regional levels.

Berk added that for the next Board Meeting in January, she will ask the Board to review and talk about the policy for allocation of project-based vouchers (PBV). Historically, VSHA allocated PBV either through requests for proposals or, there is a provision in our administrative plan that allows owners to come directly to us and make a request, outside of a request for proposal (RFP). Berk is concerned that the same developers, that are aware of that provision, come to VSHA regularly and request PBV, which she believes is not a fair process for that reason and needs to be reviewed. The Vermont Housing Finance Agency (VHFA) and The Vermont Housing Conservation Board (VHCB) had also asked Berk and Williams to meet and talk about VSHA's policy of allocating PBV. VHFA and VHCB would like to see PBV allocated in projects that they fund through the home program or housing trust fund program.

Williams added that PBV's need to be allocated in areas where the need is bigger and not because of financial gain for the organizations involved in the process. For example, the Northeast Kingdom's housing quality is very poor and the area would benefit with a new housing project that offers PBV's.

Troiano and Hover asked if it was possible to locate in a map where the housing portfolio is located and Berk offered to bring this material on the next Board Meeting.

Hover explained to the Board the current issue about the possible shutdown of the Vermont Coalition of Runaway & Homeless Youth Programs on December 31st because of budget cuts in the Agency of Human Services. The Poise I program offered by the Rutland County Parent-Child Center is also going to shut down because of lack of funds and this will affect the Rutland community.

9. PROPERTY AND ASSET MANAGEMENT UPDATES

Kuegel gave a brief update.

The January 1st budgets were submitted and they are still pending because Rural Development (RD) and VHFA haven't approved them.

Regarding the creation of partnerships with homeless coalitions around the state, a memorandum of understanding (MOU) in Washington County has been signed; and the partnership with Franklin and Windsor Counties are close to being signed. Susan Batchelder is moving forward in creating the partnerships, which has been a great help.

We recently had a contractor come to all the properties and work on some evaluation and transition plans. The reports are starting to be issued and we are in the process of reviewing them and making the necessary adjustments in the capital plans of the budgets.

8. DEVELOPMENT

Adams gave an introduction of Brightwood House Apartments in South Royalton that VSHA owns and operates. A capital needs assessment was done for this property and as a result, Adams is proposing a rehabilitation project for this property and the addition of an elevator, which will help the elderly tenants of this apartment that live on the second floor.

Adams presented the following resolution:

WHEREAS, The Vermont State Housing Authority (VSHA) owns and manages the Brightwood House Apartments ("BRIH"), a 15 unit elderly property located on .62+/- acres at 145 South Windsor St., South Royalton, Vermont. BRIH has been an important source of affordable housing in the region for over 30 years. All units receive Rental Assistance through the USDA Rural Development Rental Assistance Program. This rental assistance allows the units to be affordable to households below 30% of median income; and,

WHEREAS, VSHA has determined that BRIH must be rehabilitated in order to maintain this source of affordable housing into the future. The project includes site improvement such as paving, installation of new kitchen cabinets, a new boiler, lighting improvements, handicap accessibility modifications, unit modernization and more; and,

WHEREAS, VSHA seeks to apply for Multifamily Preservation & Revitalization (MPR) funding through the USDA Rural Development. This will fund approximately 80% of this project; other funding sources include 3E Thermal, Efficiency Vermont and the Center for Independent Living.

WHEREAS, planning and construction activities will be managed by VSHA. A project Sources and Uses has been developed demonstrating project feasibility and an Operating Proforma will be prepared by VSHA that shows when rehabilitated, the property can be operated and maintained after reserve contributions as quality, affordable housing that will be preserved.

NOW THEREFORE, be it resolved that the VSHA Board of Directors hereby authorizes:

1. An MPR application not to exceed \$1,000,000;
2. An owner contribution of \$25,000 (required);
3. An advance of up to \$250,000 to cover expenses incurred during the aforementioned construction activities at BRIH, subject to reimbursement from the funding sources; and,

FURTHER, be it resolved that the VSHA Board of Directors hereby authorizes the Executive Director to take any and all actions necessary to complete the rehabilitation of

BRIH; and he may encumber the property with grant agreements, promissory notes, mortgage deeds, loan and security agreements, consultant and construction documents, and other encumbrances or security agreements as may be necessary and conventional.

Miller moved to approve the above Resolution 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.

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

During lunch, Hover, representing the VSHA Board of Commissioners, presented a United States of America flag that was flown over the State Capital in Washington D.C., to congratulate Macieira for going through the naturalization process. Senator Patrick Leahy was the sponsor of the flag and Miller helped with the process. Macieira gave an historical background of how she ended up in Vermont.

Miller left the meeting at 12:30 p.m.

Adams gave more updates on the development division.

Lauredon Apartments, Greensboro: The USDA Rural Development, Multifamily Preservation & Revitalization Demonstration Program (RD MPR) approved the application we submitted for a loan request for the rehabilitation of this property. We also have commitments from other funders like 3E Thermal and Efficiency Vermont for energy efficiency improvements and from the Vermont Center for Independent Living for accessibility improvements. The timing of full funding will tell whether this project starts in 2019 or 2020.

Hollister Hill Apartments, Marshfield: The redevelopment of this 7 acre property is complete and performing well. The pellet system is in full operation and the solar panels on the roof are also working great.

Dogwood Apartments, Northfield: The rehabilitation project is underway and is going well.

Adams, Kuegel and her team have been working on a number of capital improvement projects throughout HFI's portfolio and these have been accomplished in a timely manner. A water line replacement is being planned in Shady Pines MHP in Westminster and a 6,000 water pressure tank replacement is also being planned at Mobile Acres MHP in Braintree. The beginning of these two projects will occur in spring of 2019.

Birchwood Manor MHP, Milton: We are still working in water rates with the Town of Milton.

Hollow Drive Housing, Wilder: One of the last two of vacated lots of this property is under contract, and we are hoping to do the closing around January 1st. Williams added that a VerMod home will be brought to the lot.

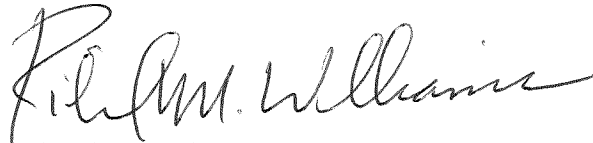
10. OTHER BUSINESS

Shorten-Goodrich gave an update on the security updates of the VSHA main and regional offices. The first floor windows of the main office will be filmed, as discussed in the previous Board meeting, and this will happen on the second week of January. At the same time, the regional offices will also have their windows filmed. Adams is currently working on transaction windows for the regional offices and we are still studying how to make the reception window of the main office more secure. All the glass at

the front entrance, including the reception area, will be filmed too. We will also be installing panic buttons at the front desk that will allow an automatic lock down of the office front doors. We've also made the decision of shutting down our bathrooms to the public as a safety measure for the office. Other measures are being evaluated.

There being no other business, Troiano made a motion at 12:45 p.m. to adjourn the meeting, seconded by Richardson and all voted in favor.

Respectfully Submitted,



Richard M. Williams
Executive Director/Secretary

