

VERMONT STATE HOUSING AUTHORITY
REGULAR MEETING MINUTES
January 22, 2020

1. ROLL CALL

The Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority was called to order at 10:10 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 and Alex Farrell.

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 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 - REGULAR MEETING - NOVEMBER 20, 2019

Troiano moved to approve the Minutes of the Regular Meeting of November 20, 2019 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 2019 / JANUARY 2020

Williams presented updates to his Secretary's Report.

Yesterday, the governor presented his annual budget; and Williams does not know yet about its details. The Governor is proposing to expand the downtown tax credits; and has included one million dollars in his budget for a rental rehabilitation program.

As mentioned in the previous Board meeting, Senator Michael Sirotkin of Chittenden County was working on an omnibus housing bill to stimulate economy, provide affordable housing, etc. However, State Treasurer Beth Pearce slowed down this idea of creating a \$50 million bond. Tom Stevens, House Committee on General, Housing and Military Affairs has always been a proponent for fully funding the Vermont Housing and Conservation Board (VHCB), which the Treasurer favors, instead of creating a one lump incentive. VHCB is still paying the debt from the \$37 million bond that was created in the past, which is about one million and a half dollars per year that comes off the top of their appropriations. Williams mentioned that he looked at the VHCB budget for this coming year and mentioned that there are no new funds and it is level funded from last year.

This week, there are a lot of testimonies going on at the Vermont Legislature; and tomorrow, Williams will be testifying for Senator Sirotkin's committee about supportive service and the issue about the special vouchers report. Williams, Berk and Blankenship participated in the Specialized Housing Working Group this past summer that the Legislature required the Agency of Human Services Secretary to convene a working group to develop a strategy to fully utilize available federal rental assistance funds for vulnerable population.

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.

Troiano inquired about the reason why the Bridge and Main property is listed under capital improvement projects since this is a new building; Adams answered that a capital needs assessment was needed for the funders of the project, even for a brand-new project.

6. FINANCIAL REPORT THROUGH DECEMBER 31, 2019

Pembroke presented the updates.

During the month of January, the accounting department is working on all the forms that need to be sent out prior to the end of the month. The mobile homes property tax statements were sent out to the tenants and the landlord certificates will have to be out by next week. The 1099's that are filed electronically have already gone, the partnerships information has been sent to Otis Atwell for their December 31st audits; and KBS will be here to do the remaining audit on February 6th, 2020.

For the December 31st financials, VSHA is not in debt, which means, income is over expenses; and the highlights are:

- The PBCA program is running a few months behind in the administrative fees and we just received Novembers' fees from HUD this morning.
- For the salaries line, we are over budget due to overtime hours worked between October and December; the majority of that was due to our Section 8 software conversion and due to some temporary help at the front desk.
- The general expenses line is over because we paid our insurance in full; and this will gradually even out as the year progresses.
- For the assistance payments, out of \$14 million, we are \$26,000 over, which is a good thing.

Farrell asked about the building variance between what it was budgeted and what it was spent; Pembroke answered that a couple of years ago, we started putting funds specifically for the main office building since it needs work that will have significant costs.

Richardson moved to approve the Financial Report 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.

7. HOUSING PROGRAM ADMINISTRATION

- **New Position Request – Intake Client Service Specialist**

Williams introduced this item by suggesting the Board to increase VSHA's spending budget with the hiring of an Intake Client Service Specialist position. Based on the increase of programming (ACC voucher units), Client Service staff is currently at capacity.

Troiano moved to approve the hiring of another Intake/Client Services Specialist position; Miller seconded. Hover inquired as to further discussion; there being none a vote was taken. All voted in favor and the motion passed.

- **Authorization to Post RFP for Project-Based Voucher Units**

Williams started the conversation by mentioning that in order to truly make affordable housing in Vermont, subsidies need to exist. For-profit and non-profit developers are looking for project-based vouchers (PBV's) and we've been receiving a lot of requests for those. Williams has been having conversations with the Vermont Housing Finance Agency (VHFA) about the existing 4% tax exempt bond credits, which is an untapped resource that could be used with PBV's. The Memorandum that was distributed to the Board is a framework of what VSHA is trying to target.

Berk added that the deciding factors will be what our budgeting ability is to project-based subsidies since we have yet to receive our allocation for 2020 from HUD. VSHA is currently allowed to project-based 20% of its housing choice vouchers. In addition, we have an added 10% authority for vouchers that are targeted to specific populations, like families that are homeless, housing designated for veterans, permanent supportive housing initiatives, etc. When the RFP is crafted, Berk's recommendation is to allocate PBV in each one of those categories.

Farrell moved to approve the authorization to post RFP for PBV units; Feinberg seconded. Hover inquired as to further discussion; there being none a vote was taken. All voted in favor and the motion passed.

8. APPROVAL OF THE FY 2019 AUDIT, PRESENTED BY GREG SARGENT, KITTELL BRANAGAN AND SARGENT (KBS)

At 10:40 a.m. Gregg Sargent of Kittell Branagan & Sargent (KBS) joined the meeting to present the FY 2019 audit and provide information on the auditing process KBS undertakes at VSHA.

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.

The major highlights are:

- The housing voucher cluster programs were the target for this year's audit.
- The increase on the net assets was about \$1.3 billion this year versus \$950,000 last year, a lot of that had to do with the administrative fees and the increases VSHA received in HAP payments.
- The management fees remained consistent, \$1.1 million this year versus \$1.1 million the year before.

Richardson mentioned that earlier in the day he emailed Pembroke about the restricted and unrestricted net assets, and where the HAP equity and the administrative equity were located. Pembroke added that in the past, both HAP and administrative equity were under restricted net assets. Since HUD only requires keeping HAP equity under restricted, we broke those out and moved administrative equity into unrestricted, which matches the REAC reports. The dollars amounts didn't change, just whether they are listed under restricted or unrestricted.

Based on the conversation that was held about this topic, the Board authorized Pembroke to change the REAC reports, if there was a need.

Troiano moved to approve the FY 2019 audit as presented; Richardson seconded. Hover inquired as to further discussion; there being none a vote was taken. All voted in favor and the motion passed.

9. EXECUTIVE SESSION – VSHA’S FIDUCIARY RESPONSIBILITY WITH HFI, INC.

At 10:55 a.m. Troiano motioned to enter executive session to discuss VSHA’s fiduciary responsibility with HFI, Inc. Farrell seconded, and all voted in favor.

Berk, Shorten-Goodrich, Adams, Macieira and Schmechel left the meeting

At 11:55 a.m. Troiano motioned to leave executive session and Richardson seconded. All voted in favor.

No action was taken during executive session.

Gregg Sargent left the meeting at 12:00 p.m. and the Board broke for lunch.

10. EXECUTIVE SESSION – EMPLOYMENT ISSUE

At 12:10 p.m. Troiano motioned to enter executive session to discuss an employment issue. Miller seconded, and all voted in favor.

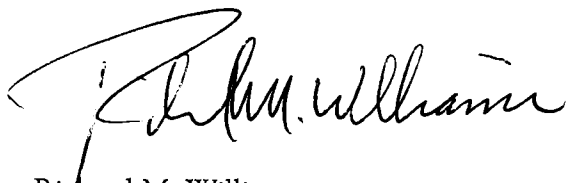
At 12:30 p.m. Troiano motioned to leave executive session and Farrell seconded. All voted in favor.

No action was taken during executive session.

11. OTHER BUSINESS

At 12:35 p.m. Troiano motioned to adjourn, and Miller seconded. All voted in favor and the Chair adjourned the meeting.

Respectfully Submitted,



Richard M. Williams
Executive Director/Secretary

