

VERMONT STATE HOUSING AUTHORITY
REGULAR MEETING MINUTES
MARCH 24, 2021

1. Roll Call

The Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority, held via ZOOM, was called to order at 11:00 a.m. by Chair Caprice Hover; and upon roll call, the following Commissioners answered present: Mary Miller, Vice Chair; Caryn Feinberg, Alex Farrell, Jo Ann Troiano and Cory Richardson.

Staff personnel present: Richard Williams, Executive Director/Secretary; Kathleen Berk, Director of Housing Program Administration; Kelly Pembroke, Director of Finance and Information Systems; Arlene Shorten-Goodrich, Director of Human Resources and Administration; and Susan Kuegel, Director of Property and Asset Management.

Nathan Schmechel, Chair, Vermont State Housing Authority Staff Federation and Diane May, who will be the new VSHA HR Director, were also in attendance.

2. Meeting Agenda

Williams mentioned he changed the agenda from having Diane May introduce herself after the Secretary's Report to doing it now to give the Board of Commissioner's the opportunity to hear some background of May.

May introduced herself and provided a little bit of background on herself.

Williams invited May to stay for the rest of the meeting and May accepted.

3. Public Participation

There was no public participation.

4. Minutes - Regular Meeting – January 27, 2021 and Special Meeting – March 12, 2021

Miller moved to approve the Minutes of the Regular Meeting of January 27, 2021. Troiano seconded. All voted in favor and the motion passed.

Troiano moved to approve the Minutes of the Special Meeting of March 12, 2021. Feinberg seconded. All voted in favor and the motion passed.

5. Secretary's Report - March 2021

Williams presented updates to his Secretary's Report.

There is an unbelievable amount of money coming into the state of Vermont. There is a lot less flexibility with the new Emergency Rental Assistance Program. It includes rental assistance, utility assistance, and also covers some supportive housing for renters. Williams added that this is for renters under 80% of medium income. Under the previous program – Rental Housing Stabilization Program, VSHA received additional money and payments were released for the December applications. That was an additional \$2.8 Million. Williams hopes that with the new vendor that has been chosen to manage the new program, VSHA will be able to start accepting applications again in early April.

Williams continued with saying that Berk is now focused on administrative policies for the program. New staff is being recruited to assist with this new program. VSHA is also working with the Department of Public Service - they have the utility side of the assistance that came through the Emergency Rental Assistance Program. They have around \$12.7 Million. Williams hopes to amend the contract to include the Department of Public Services monies as well. Those final details are being worked out.

The Biden Administration just released a \$1.9 trillion proposal, which Congress has now approved. \$152 Million will be coming into the State of Vermont within a few weeks. A portion of that money will be set aside for rental assistance. Williams adds that they are supposed to spend 65% of this money by September 30, 2021.

Troiano moved to approve the Secretary's Report. Richardson seconded. All voted in favor. There being no further discussion the motion passed.

6. Financial Report - VSHA - February 28, 2021

Pembroke provided updates on the financials through February 28, 2021.

The administrative fees are showing over budget at \$319,000. Pembroke adds that this is a good position to be in. That includes \$635,000 for the Rental Housing Stabilization Program that was earned and transferred in Fiscal Year 2021. HUD just released that they have reconciled Fiscal Year 2020 information. It is usually six or seven months into the year before HUD goes back and pays what VSHA should have been paid all along. That money should be flowing in soon which would offset the negative financial position. The HUD proration for this year is 83.832%, which is the largest Pembroke has seen in the almost 28 years she has worked at VSHA. In the other income part of the budget, VSHA has not collected as much as they typically would during this time of the year. This is directly related to fraud collection and tax set off. Pembroke believes that this has to do with the fact that not many people have submitted their tax refunds yet. For right now, it is showing around \$22,000 under in Fraud Collection where they usually are in March.

The salaries budget is over, directly related to the Rental Housing Stabilization Program. Pembroke does not expect that to come back in line for the rest of the year if she does not do an amended budget, especially moving forward with the new program. The administrative budget is under, directly due to nobody traveling. Benefits are still over budget, as previously discussed, there was a large increase with Blue Cross Blue Shield in January. There has not been much spent in the building and equipment budget. However, Pembroke adds that they are under contract right now for engineering plans for an air quality control and boiler design for the office building. This is a very large ticket item which will most likely put them over budget in the building's category. It was projected to be at a \$205,000 gain at this point but is actually a \$468,000 gain. This is ahead of where they were last year at this time.

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

7. Financial Report – North Avenue Cooperative – December 2020

Pembroke briefly went over the budget and balance sheets for the North Avenue Cooperative. With the size of this park and the amount of work that has been done on the place, it appears that it is being run well. This mobile home park has \$189,000 in cash.

No motion needed.

8. Tax Exempt Financing – Request by Cooperative Development Institute (CDI)

Williams mentioned that in 2015 VSHA did a tax-exempt bond for Cooperative Development Institute for the acquisition and purchase of the Farrington Mobile Home Park on North Avenue in Burlington. The bond was about \$3.8 Million and done through the Northfield Savings Bank. Several financial institutions were consulted with and the Cooperative Development Institute chose the Northfield Savings Bank. This new bond would be very similar to the 2015 bond that Williams just summarized. This appears to be around \$11 Million. This will be providing finance for the acquisitions for two mobile home parks located in Colchester, currently owned by a private sector called Breault's. Breault's is also a mobile home dealer in Vermont. They are looking to sell two mobile home parks.

Williams asked Richardson to weigh in his thoughts about this possible transaction. Richardson reiterated what Williams had mentioned, that the Northfield Savings Bank was involved with buying the bond on the first transaction with the Farrington Mobile Home Park. The bank has been pleased with the performance of the park itself and of Cooperative Development Institute. Richardson states that what that entity lacks is the financial backing, and with being a new Coop, they do not have the cash and equity to take on ownership without an arrangement like with the Farrington Park and VSHA. Richardson adds, most importantly, from the bank's perspective, there would be no ability to step in and manage the property without hiring someone if there ever was an issue. Having someone with a financial interest that can manage the property and has the depths of experience that VSHA has is what would make this deal work. It would give that property a financing interest rate that is affordable and can bring down the cost of the financing to keep the rents in line. Without VSHA they might be able to get financing somewhere else, but Richardson comments that they probably would not be interested in that transaction at Northfield Savings Bank. Williams adds that the residents are full engaged and aware of what the lot rents will be if the acquisition goes through. There are currently 25 vacant lots.

The following resolution was presented to the Board for consideration.

Acquisition of Real Estate in Colchester, Vermont –
Breezy Acres and Hillcrest Park manufactured housing communities

WHEREAS, improved real estate known as the Breezy Acres and Hillcrest manufactured housing communities, located on Roosevelt Avenue in Colchester, Vermont (together, the "Property"), has come on the market for sale for a requested purchase price of approximately \$15 million; and

WHEREAS, the Property is currently in use as a mobile home park by persons of low income as defined in Section 4002(11) of Title 24, Vermont Statutes Annotated; and

WHEREAS, the Vermont State Housing Authority ("VSHA") and other public agencies have found and determined that preserving and continuing the Property in its current use will constitute a public benefit; and

WHEREAS, acquisition of the Property by VSHA for preserving its current use is within the stated powers of VSHA enumerated in Section 4008 of Title 24, Vermont Statutes Annotated;

WHEREAS, acquisition of the Property is hereby found to be an eligible "housing project", as that term is defined in Section 4002(10) of Title 24, Vermont Statutes Annotated.

NOW, THEREFORE, BE IT RESOLVED THAT:

(1) VSHA proceed to finalize such agreements, consents, and approvals necessary or convenient to effect the acquisition of the Property directly or through a joint venture with a qualified entity recognized as an exempt organization under Section 501 (c)(3) of the Internal Revenue Code of 1986.

(2) VSHA proceed to acquire or finance acquisition of the Property in a manner which complies with Section 145 of the Internal Revenue Code of 1986.

(3) Acquisition of the Property either directly by VSHA or by a qualified entity, and subsequent possession, management, and operation of the same, be undertaken in a

manner which preserves the tax-exempt character of VSHA's Property acquisition obligations.

(4) VSHA proceed to secure permanent financing of the Property acquisition through the issuance and sale of its obligations to one or more commercial banks.

(5) VSHA take such actions, and refrain from taking such actions, which will render interest paid on its debt obligations exempt from taxation under current federal and state law.

(6) This Resolution is adopted pursuant to Treasury Regulation 1.150-2 as a declaration of official intent of VSHA to expend proceeds from its own accounts in furtherance of the Property acquisition and to reimburse itself for previously made costs and advances in connection with the acquisition and financing of the Property as outlined herein.

With no further discussion, Hover called for a motion. Farrell moved the resolution. Troiano seconded. Upon call for a vote, Miller, Farrell, Troiano and Feinberg voted in favor and Richardson abstained. The motion carries.

9. Vermont Affordable Housing Coalition – Request for Financial Support for Next Two Years

The Vermont Affordable Housing Coalition's Coordinator and Legislative Liaison, Erhard Mahnke, has left the agency and is now working for Senator Bernie Sanders. Brian Pine from Burlington, VT has now been hired to at the very least, be the Legislative Advocate. They have also hired a lobbying group to get through this session. They approached the Vermont Housing Finance Agency, Vermont Housing and Conservation and Vermont State Housing Authority to help them through a two-year period of assistance. They have asked each agency to provide between \$15,000 and \$20,000 per year for the next two years. Williams felt that this was a decision to be made by the Board. The Vermont Affordable Housing Coalition has been a point organization to provide testimonial recommendations, advocacy for affordable housing and have provided affordable housing programs for people who are either low income or at poverty level, for many years.

Hover addressed her mixed feelings about this request. Hover suggested a one-time donation. She does not agree with the dollar amount that was requested. Miller agreed with Hover in that she believes there should only be a one-time donation. Williams commented that even with the fundraising that Vermont Affordable Housing Coalition plans to do, they are coming up with a budget short fall of about \$60,000 a year. Hover and Farrell both agreed that this should be a one-time donation of \$5,000. Williams suggested that he would run this by Vermont State Housing Authority's Attorney to make sure there would be no conflict with anything.

Hover asked for a motion to do a one-time donation to the Vermont Affordable Housing Coalition in the amount of \$5,000. Farrell moved the motion for a one-time donation in the amount of \$5,000 to the Vermont Affordable Housing Coalition. Troiano seconded. All voted in favor. The motion passes.

10. Section 8 Administrative Plan Preference Policy

In July 2020, the Vermont State Housing Authority's Board of Commissioners amended the Authority's Administration Plan to provide a preference for homeless families impacted by COVID-19. Berk stated that with the Section 8 waiting list being closed to new applications, the Vermont State Housing Authority has not operationalized this preference. With the amount of money coming into the state for rental assistance through the CARES Act, Emergency Rental Assistance, and HUD Appropriations, there will be a lot of targeted rental assistance to homeless individuals and families. This preference would be unreasonable, in that targeted subsidy works as a preference. Berk is recommending to the Board that they eliminate that preference.

Hover asked for a motion. Richardson made the motion to eliminate the preference in question. Miller seconded. All voted in favor. The motion carries.

11. Other Business

There was no other business.

12. Executive Session – Receive information and deliberate regarding the candidate for the position of Executive Director.

At 12:01 p.m. Miller made a motion to move into Executive Session to receive information and deliberate regarding the candidate for the position of the Executive Director under the provisions of Title 1, Section 313(a)(3) of the Vermont Statutes. Farrell seconded. Upon call for a vote, all voted in favor.

At 12:30 p.m. A motion was made by Miller to come out of Executive Session. Troiano seconded. All voted in favor and the Board left Executive Session. No action was taken in Executive Session.

The VSHA Board of Commissioner's has considered Kathleen Berk's application for the position of the Executive Director/Secretary. The Board feels that Ms. Berk is qualified for the position and as a tenured employee since 1988, is most knowledgeable on the workings of the Agency and is well respected in the housing community. Miller moved that the Board hire Kathleen Berk and that the Chair is authorized to negotiate a salary and an employment contract. Troiano seconded. With no further discussion, the Chair call for a vote on the motion and all voted in favor.

Troiano motioned to adjourn the meeting seconded by Miller. All voted in favor. The Chair adjourned the meeting at 12:40 p.m.

Respectfully Submitted,

Richard M. Williams
Executive Director/Secretary