

RUTLAND HOUSING AUTHORITY
Board of Commissioners
Regular Meeting
October 9, 2017

Chairman Kevin Markowski called the meeting to order at 8:09 AM on Monday, October 9, 2017 in the Board Room at Templewood Court, 5 Tremont Street, Rutland, VT.

ROLL CALL/INTRODUCTIONS:

Let the record show the following:

Board of Commissioners Present:

Chairman Kevin Markowski, Commissioner James Richards, and Commissioner Tina Johnson.

Rutland Housing Authority Staff Present:

Kevin Loso, Executive Director; Julie Sanderson, Assistant Property Manager; Staci Buysse, Finance Manager; Becky Ladabouche, Section 8 Program Manager; Carol Keefe, Resident Services Program Manager and SASH Supervisor; and Barbara Richardson, Executive Administrative Assistant.

Tenants and Members of the Public Present:

None.

TENANT CONCERNS

None

BOARD EDUCATION

None.

APPROVAL OF MINUTES (pages 1.3 through 1.9):

A motion was made by Commissioner Johnson and seconded by Commissioner Richards to approve the Minutes of the Regular Meeting and Public Hearing of September 19, 2017.

Upon a roll call, the ayes, including that of Chairman Markowski, were unanimous to accept as submitted. Said motion carried.

CONSENT AGENDA: (pages 1.10 through 1.17):

Chairman Markowski asked if there were any questions regarding the items in the consent agenda for the month of October 2017. There being none, a motion was made by Commissioner

Johnson and seconded by Commissioner Richards to approve the Consent Agenda items, including:

Manifests: Section 8 Direct Deposit #60564 through #60667 and checks #2309 through #2311

Manifests: Public Housing #14125 through #14200

Credit Card Report 08/23/17- 09/21/17

Manifests: Payroll: 09/13/2017 and 09/27/17

Upon a roll call, the ayes, including that of Chairman Markowski, were unanimous to accept as submitted. Said motion carried.

EXECUTIVE DIRECTOR'S REPORT:

- **Commissioner Recruitment** – Mr. Loso had a conversation with Father Andrew Carlson regarding service on the Board of Commissioners. Vice-Chairman Karl Anderson has spoken to two other candidates. Mr. Loso will follow up with more information.
Hickory Street Phase 3 Update – Phase 3 construction continues at a quick pace. Water and sewer are complete and the buildings will be sealed before snow falls.
- **Templewood Court Water Mains** – As discussed during the Annual and 5-Year Plan Public Hearing last month, there had been a water main break on the south side of the property over a year ago, and the site's architect recommended digging test pits to check the condition of the rest of the site's water system. Fortunately the engineer says that the rest of the system is in good shape (gravel was laid in and pipes were insulated) and he feels confident that the earlier issue is not indicative of a system failure. As a result, the line item for repair of the system has been removed from the 5-Year Capital Fund Plan and revised 2016 CFP budget.
- **Hickory Street Phase 1 Flooring** – Naylor & Breen's insurer determined that some of the Marmoleum flooring installed by a subcontractor in common areas and in some units needs to be replaced. The Marmoleum will be replaced with the same product that we used in Phase 2. This option has proven to be very effective. The finish has held up well. Repairs can now be combined with Phase 3 work which will lead to some savings for the contractor
- **Hickory Street Phase 1 HVAC** – Efficiency Vermont engineers, completed a full-scale assessment, and have determined that they see no need at this stage to replace rooftop units, and instead believe that installing diffusers will help temper and deconcentrate cold air in units and address moisture buildup in some apartments. Their full report and recommendations are expected later this month. This report and recommendations will be incorporated into a Request for Proposals and sent to local contractors.
- **Public Housing Management Certification** – It is an expectation that all office staff will attain this certification within six months of employment. Barbara Richardson is the latest employee to do so. The 32-hour class covers everything from rent calculations to property management.
- **Staffing** - Mr. Loso recognized everyone who has contributed to bridging the gap between Ms. Kenny's departure and the appointment of a new Property Manager. Ms. Sanderson, especially, has had made a Herculean effort to keep things operating

smoothly. He also noted the impact this has had on the front office area while we seek to fill Ms. Sanderson's vacated role as Receptionist/Occupancy Clerk.

- **Physical Needs Assessment** – We are preparing a Request for Proposals for this project.
- **Habitat for Humanity** – Mr. Loso made a presentation about the availability of building lots at the Hickory Street Site to the board of Rutland Habitat for Humanity. The architectural firm used on the Hickory Street project donated model drawings for single-family homes that will complement the building designs of the rest of the development.
- **Hickory Street Community Center Lease** - The Boys and Girls Club of Rutland have moved their afterschool program to the downtown site due to low enrollment, and are hoping to convert the space instead to a teen center after a successful summer pilot. There are two other groups interested in the space as well.
- **Promissory Note for 9 Tremont Street** – The Promissory Note from Housing Initiatives, Inc. (HII) for 9 Tremont Street is up for renewal in mid-December. The HII board meets later this month and will discuss extension of the note. Mr. Loso recommends a payment of \$50K on the principal balance due on the property. The garage is in poor condition and either needs to be repaired or replaced. HII generates a fair amount of revenue by leasing the parking lot and garage to RHA, some of which can be used towards this project.

REPORTS AND DISCUSSION ITEMS:

Finance/Administration Report (Pages 2.3 – 2.6)

- **Consolidated Budget Comparison and Variance Report for August 2017 Revenues and Expenses** - Ms. Buysse reviewed her report. Overall revenue was more than \$35K lower than budgeted. This is due mostly to the decrease in Operating Subsidy and Section 8 Administrative Fees, especially in August when it was down by \$30K. On the up side, rents for Forest Park in April and May had not been budgeted for and utilities came in slightly lower than expected. Also, the Hickory Street Housing 2016 Incentive Management Fees were paid to RHA in June. These were formerly paid to Housing Initiatives, Inc. (HII). Payroll was down from budget by about \$27K due to two unfilled positions. Ms. Raiche started as SASH Coordinator at the end of August. Net payroll benefits are \$3,793 higher than budget due to the accountant's revised allocation percentages. General expenses are about \$5,400 under budget. PILOT was paid in full in September. Relocation expenses for Forest Park residents were reimbursed through the phase 3 development budget (Housing Vermont) which was required for phase 3. Year to date the surplus stands at \$71K, the General Fund balance is \$966,405.20.
- **Cash Flow** This is staying consistent. Ms. Buysse noted the S8 line shows \$91K that represents RHA being reimbursed by Section 8 checking account for administrative expenses. The big drivers of outflow are payroll and payroll taxes, and there were three pay periods in August. As previously noted, August revenue was lower than budgeted.
- **Audit for FYE 03/31/2017 Auditors Report and Teleconference** – Mr. Loso introduced Howard Gordon and Mike Guyder from Guyder Hurley who prepared the RHA audit. Mr. Loso recognized their good work. The purpose

of the phone call was for Mr. Guyder to provide a brief overview of the audited financials.

Mr. Guyder reported that 2017 results were unqualified both on financial statements and on compliance. Of the major programs, the Section 8 Housing Choice Voucher program received the most attention re: compliance. Typically the auditors examine a random sample of tenant files, the admissions procedures, rent reasonableness, and other criteria. In 2017 there were no findings; same for the financial statements.

On Page 18 of the report, Mr. Guyder pointed to an operating loss 213K, but this includes depreciation expense of \$372,747 – it stands at \$160K before depreciation, showing a positive performance over the FY. Mr. Gordon highlighted significant factors in 2017 in the management discussion and analysis. This includes unfunded pension liability in supplemental information. Analysis of this is on page 36, and shows the overall funded position based on 2 years-worth of data. This schedule will accumulate 10 years of data and will show trends. RHA's share of the portion of the net asset liability is around 22%. The entire system went from 87.42% funded to 80.95% funded over this period. Payments made to retirees and investment results, payments from participants and actuarial assumptions fluctuate year to year. Factoring into the gain was the pension liability of \$100K. This is definitely something to be aware of from a management standpoint. At 80% funding, Vermont Municipal Employees Retirement System (VMERS) is in good shape compared to other state systems, but this information will be useful to plan for increases in retirement demands and their impact on cash flows. The accountants don't anticipate any big changes in the RHAs appropriation, but with so little data could not make reliable predictions.

The Management Letter covered a few matters discussed with management over the course of the audit, and shows nothing significant. Mr. Loso commented that the audit is always an enlightening process. RHA fine-tuned some policies/procedures based on what the audit revealed (e.g. updating financial controls/purchase order policy).

Chairman Markowski asked for a motion to enter Executive Session for the purpose of asking questions of the auditors. A motion was made by Commissioner Richards and seconded by Commissioner Johnson to enter Executive Session. Upon a roll call, the ayes, including that of Chairman Markowski, were unanimous to accept as submitted. Said motion carried. Executive Session commenced at 8:50 a.m. and ended at 9 a.m. on a motion made by Commissioner Johnson and seconded by Commissioner Richards.

Commissioner Richards asked what percentage employees are paying towards the pension plan, and is an increase a possibility? Mr. Loso explained that the rate is set by VMERS. Nationwide, pension plans have been underfunded. Our pension was never on the balance sheet before last year, but we are now required to show the liability. It's a big wake-up call to all participants, and the situation fluctuates with the market. With the market improvement we've seen in 2017,

VMERS should be seeing more income off the reserve. However, as Vermont's population ages and more people start drawing down, young employees are going to be subject to a ballooning deficit in Social Security and state pension systems.

Property Management (page 2.41)

- **Property Management Report** – Ms. Sanderson reviewed her report. The State imposed new regulations on heating oil tanks. Fortunately the equipment at Templewood Court complies, but because RHA wants to be proactive and make sure we will stay in compliance, we will have our fuel oil supplier give us an estimate of costs to update equipment at the site. Housing Vermont completed inspections at Hickory Street Phases 1 & 2. Maintenance Foreman Jon Jordan completed the Vermont Housing Manager's Association Maintenance Training and benefitted greatly from interaction with other affordable housing maintenance staff in attendance.
- **Criminal, Drug Treatment and Registered Sex Offender Classification Records Management Policy** (pages 2.8-2.10) – The Board recently approved a policy that RHA cannot deny applicants based on arrest records, only on convictions. We also need to come into compliance regarding retention of criminal records, which need to be destroyed immediately after the information is verified. State law also requires that we properly dispose of pre-employment checks (criminal record, credit, etc.).

Proposed Resolution 2017-25 to approve the Criminal, Drug Treatment and Registered Sex Offender Classification Records Management Policy effective October 9, 2017

Chairman Markowski asked for a motion to approve this resolution. Commissioner Richards made the motion to approve, which was seconded by Commissioner Johnson. Upon a roll call, the ayes, including that of Chairman Markowski, were unanimous to approve. Said motion carried.

- **2016 Capital Fund Program Budget Revision** (pages 2.11 – 2.14) – Since the Templewood Court water main does not require further work at this time, RHA proposes reallocating those Capital Funds elsewhere. Management proposed that the funds previously allocated for the water mains be redirected to the Templewood Court bathroom renovations.

Proposed Resolution 2017-26 to approve the 2016 Capital Fund Program Budget Revision – VT01P00350116 dated October 1, 2017

Chairman Markowski asked for a motion to approve this resolution. Commissioner Richards made the motion to approve, which was seconded by Commissioner Johnson. Upon a roll call, the ayes, including that of Chairman Markowski, were unanimous to approve. Said motion carried.

- **Forest Park Account Receivables** – Mr. Loso and staff provided an update. Several Forest Park tenants had debts when we relocated them to new housing, and we are attempting to recover the funds. Ms. Sanderson mailed letters to the three tenants who haven't yet made payments. Two of them are set to start payment plans on November 1,

2017. Another had a low balance and we have requested payment in full from them. Mr. Loso noted that with a Housing Choice Voucher, the threat of losing a voucher is a compelling reason for tenants to pay their debts, but we can't pull relocation vouchers. See the Aged Delinquency Summary Report, page 3.2, for amounts owed.

Section 8 Program

- **Program Report and Update** (page 2.15) Our HAP amounts have gone up significantly due to one Forest Park resident who ported out her relocation voucher to Virginia, where she pays \$1500/month in rent. The receiving PHA could not absorb the HAP payment in their budget so we continue to pay some of the admin fee and HAP. By the end of the year they may absorb her into their program, but they are over-leased by 100%. The subsidy is based on the local market, but for our voucher holders who port out we have to pay the fair market rent in the receiving community until they can absorb the voucher. For a Housing Choice Voucher, we can deny portage, but not on a Relocation Voucher. The Section 8 budget is always a balancing act. At this point we have 219 vouchers, but we can only lease up 212.
- **2018-Continuing Appropriations Letter-HR-601(page 2.16)** – This letter from HUD communicates the continuing resolution of proration on our Section 8 HCV program including the administrative fee. RHA receives a proration of 67.91% to run the program.
- **Housing Choice Voucher Program Cash Reconciliation (page 2.17)** – RHA shows about \$68K in the budget because we weren't able to fill the Forest Park relocation vouchers right away. The surplus in our HAP allocation is due to requirements the lag time in filling the relocation vouchers. HUD cash management requires a recapture of some of these funds. Once our expenses increase HUD will return these funds through a "front load" request.

Resident Services Report (pages 2.19 – 2.42) –

Ms. Keefe reviewed her report, and shared preliminary results of the Vermont Department of Health Questionnaire, "Qualitative Evaluation Initiative with SASH Participants", which were very positive. More data is to come. SASH overall continues to be underfunded which has impacted on salary and benefits as well as nursing coverage. The program is funded through 2021, but efforts are underway to increase the budget. Currently the grant is administered by the State, but this will change once the "All Payer" model goes into effect.

INFORMATIONAL ITEMS (Section 3)

The following informational items were sent out prior to the meeting:

- A. Aged Delinquency Reports 09/2017 - none
- B. Collections Report 9/2017
- C. Lease Violations/Evictions 9/2017
- D. Housing Occupancy Charts 9/2017

OLD BUSINESS

None.

NEW BUSINESS

None.

EXECUTIVE SESSION

On a motion by Commissioner Tina Johnson and seconded by Commissioner Richards, the Board entered Executive Session at 9:15 a.m. to discuss contractual or human resource issues the premature disclosure of which could put the RHA at a significant disadvantage.

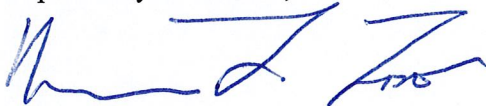
On a motion by Commissioner Richards, seconded by Commissioner Tina Johnson, the Board came out of the Executive Session at 9:30 a.m.

ADJOURNMENT OF MEETING:

There being no additional business to bring before the Board the meeting adjourned at 9:34 a.m. on a motion made by Commissioner Richards seconded by Commissioner Johnson. Upon a roll call, the ayes, including that of Chairman Markowski, were unanimous to approve, and the meeting was adjourned.

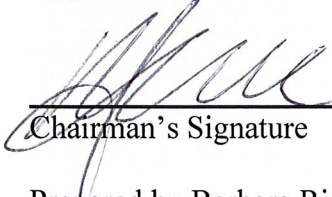
Date of next meeting and Public Hearing: Monday, November 13, 2017 @ the Sheldon Towers Community Room. 14 Sheldon Place, Rutland.

Respectfully submitted,



Kevin L. Loso
Executive Director/Secretary

Approved by the RHA Board of Commissioners


Chairman's Signature

11/13/17
Date

Prepared by Barbara Richardson, Executive Administrative Assistant