



HOUSING CONNECT

MINUTES OF THE DECEMBER 2021 ELECTRONIC MEETING OF THE BOARD OF COMMISSIONERS

December 15, 2021

PRESENT (virtual):

Spencer Moffat – Chair (audio)
Phil Bernal – Vice Chair
Mark Johnston – Commissioner
Wendy Leonelli – Commissioner (audio)
Erin Litvack – Commissioner
Christine Nguyen – Commissioner
Gwen White – Commissioner

STAFF PRESENT:

Janice Kimball – Chief Executive Officer
Andre Bartlome – Chief Financial Officer
Kirk Moorhead – Real Estate Development Director
Mike Kienast – Chief Operating Officer
Marni Timmerman – Moving To Work (MTW) Director
Ilez Brady – Section 8 Housing Choice Voucher Director
Dan Pincock – Executive Administrator

EXCUSED:**GUESTS:**

Brent Stratton – B2A CPA's

COMMENCE

Housing Connect Chief Executive Officer Janice Kimball reminded the Board that this meeting was Commissioner Johnston's last Board meeting. Chair Moffat thanked Commissioner Johnston for all of his contributions to the Board, and the other Board members wished him well in his future plans. Chair Moffat reminded and encouraged the Board members to consider donating to the Housing Connect Fund (HCF). The meeting started at 11:42 a.m.

1. GUESTS/PUBLIC COMMENT

There were no members of the general public participating. Brent Stratton (B2A CPA's accounting firm) attended the meeting.

2. ACTION ITEMS

The Board considered the following items for action:

- The November 2021 Board meeting minutes: There were no comments or questions regarding the minutes from the November 2021 Board Meeting. Commissioner Nguyen motioned to accept the minutes, and Commissioner Litvack seconded the motion with all commissioners present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnston, Leonelli, Litvack, Nguyen, and White) voting affirmatively. The motion passed, and the minutes were approved.

- Resolution #1049 – Moving To Work (MTW) Annual Contributions Contract (ACC) amendment: Housing Connect CEO Janice Kimball gave a brief background on MTW Director Marni Timmerman's background and qualifications and on the MTW ACC. She added that the MTW designation gives Housing Connect the regulatory funding flexibility for the next 20 years and the ability to preserve public housing units to serve extremely low-income families. The effective date of the contract amendment is the first day of the month after HUD signs the contract. Commissioner Litvack motioned to accept the MTW ACC amendment, and Commissioner Johnston seconded the motion. All commissioners present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnston, Leonelli, Litvack, Nguyen, and White) voted in favor of the motion, which passed, and Resolution #1049 was approved.

- The draft Housing Connect audit report: Brent Stratton (B2A CPA's) gave a brief presentation on the draft audit report and highlighted issues from the following slides:

"Housing Connect 6/30/2021 Financial Statements" – He noted that the financial statements are as of June 30, 2021.

"Communications to those charged with Governance" – There were no disagreements with management. There were some challenges with completing the audit in terms of a lot happening with fixed assets, including increasing component units 2 to 7 entities, RAD conversions, a lot of movement of property being sold, and employee turnover in accounting. No fraud or abuse came to their attention. Adjustments identified by the auditors were made by management. There was one finding in internal control in the Housing Choice Voucher program which the auditors were required to report.

"Independent Auditors' Report" – He reminded the Board that management's responsibility is to prepare the financial statements and to follow the accounting standards and that the auditors' responsibility is to review the statements and to give an opinion based on their review.

"Changes and New Items to Note" – Housing Connect has gone from 2 component units (HOI and AHA) to 7 (HOI, AHA, Choice Property Solutions, Housing Connect Fund, and three tax credit properties). This was a new area of focus that auditors are required to focus on.

"Blended Component Units Summary Financial Information" – This was a high-level summary of the component unit entities.

"Statements of Net Position" – Unrestricted assets continue to increase, most of which is selling off properties through RAD conversion (resulting in significant cash on-hand). He showed a 3-year comparison.

"Statements of Revenue and Expenses" – The majority of the sale of properties occurred in 2020, so there was a decrease in Other Revenues from 2020 to 2021. Administrative expenses were about the same in 2021 as 2020. Housing Assistance Payments (HAP) is the largest agency expense. This has increased \$6.5 million over the last 3 years.

"Independent auditors' report on compliance for each major program and on internal control over compliance required by the uniform guidance" - There was one finding involving the accuracy of the files in the Housing Choice Voucher program. Housing Connect was not required to report the SEMAP (Section 8 Management Assessment Program) during the first two years of covid. This and employee turnover in the Housing Choice Voucher program lead to less scrutiny of the program participants' files and rent calculations. Janice Kimball remarked that the internal audits of the Housing Choice Voucher files have fully resumed and should be to full satisfaction of the auditors and HUD in future audits. She also noted that the Housing Choice Voucher Director Ilez Brady is looking at the SEMAP scores, and some audit positions have been added (both on the Public Housing and the Housing Choice Voucher sides. Director Brady indicated that she did not have concerns with any issues going forward.

Housing Connect CFO Andre Bartlome pointed out that the audit report which the Board received via e-mail message is a draft and suggested waiting to approve the report next month when the audit has been finalized. The Board agreed to put the audit report on next month's agenda and to vote on approval at that time.

3. EXECUTIVE SESSION

At 12:10 p.m., Housing Connect Board Commissioner Johnston motioned for the Board to enter Executive Session to discuss a real estate matter, and Commissioner White seconded the motion. All commissioners present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnston, Litvack, Nguyen, and White) voted in favor of the motion, and the Board entered Executive Session.

At 12:29 p.m., Housing Connect Board Commissioner Litvack motioned for the Board to leave Executive Session and re-enter open (regular) session, and Commissioner Nguyen seconded the motion. All commissioners present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnston, Litvack, Nguyen, and White) voted affirmatively, and the Board returned to regular session.

4. OTHER

- The next Board meeting is scheduled for Wednesday, January 19, 2022.

ADJOURN

With no other items on the agenda, Commissioner Johnston motioned to adjourn the meeting, and Commissioner Nguyen seconded the motion, which passed with all Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnston, Litvack, Nguyen, and White) voting affirmatively. The motion passed, and the meeting was adjourned at 12:31 p.m.

Respectfully submitted,

Dan Pincock
Executive Administrator