



HOUSING CONNECT

MINUTES OF THE AUGUST 2022 OF THE BOARD OF COMMISSIONERS MEETING

August 17, 2022

PRESENT:

Spencer Moffat – Chair
Phil Bernal – Vice Chair (virtual)
Kat Johnson – Commissioner
Wendy Leonelli – Commissioner (virtual)
Erin Litvack – Commissioner
Christine Nguyen – Commissioner
Gwen White – Commissioner (virtual)

STAFF PRESENT

Janice Kimball – Chief Executive Officer
Andre Bartlome – Chief Financial Officer
Zach Bale – Chief Programs Officer
Mike Kienast – Chief Operating Officer
Kirk Moorhead – Real Estate Development Director
Ilez Brady – Housing Choice Voucher Section 8 Director
Jarin Blackham – Information Technology Director
Dan Pincock – Executive Administrator

GUESTS/PUBLIC:

Kristi Kearl (HOI Board Trustee)

COMMENCE

The Housing Connect August 2022 Board of Commissioners Meeting was held on Wednesday, August 17, 2022, at the Housing Connect main office Board Room and commenced at 11:48 a.m. Chair Spencer Moffat facilitated the meeting.

1. GUESTS/PUBLIC COMMENT

Housing Opportunities, Inc. (HOI) Board Trustee Kristi Kearl attended the meeting.

2. NEW CITY PLAZA PROJECT UPDATE

Real Estate Development Director Kirk Moorhead reported the New City Plaza (NCP) activities to the Board since the last Board meeting. The activities included the purchase of the City housing authority's portion of the property, entering into the construction contract; entering into the amended and re-stated Operating Agreement (with Enterprise – the equity investor), the closing of the financing (LIHTC funding, equity and FHA-insured HUD loans, Olene Walker Housing Loan money), the commencement of the construction, the second construction draw (in process), ongoing owner, architect, and contractor meetings, the groundbreaking celebration, and various inspections. He briefly reviewed the draw-up schedule (7.14% complete). Chief Operating Officer Mike Kienast said that the agency has not heard any complaints from the residents and praised the entire team (as did CEO Janice Kimball) and added that there are plans to hold events involving the residents (such as a barbeque). Commissioner Litvack said that the Adult and Aging Services appreciated receiving information in advance of the construction and other activities.

3. SUNSET GARDENS

Chief Executive Officer (CEO) Janice Kimball reported that the agency is very close to holding the finance closing for Sunset Gardens and that other related actions would be taken in the Action Items section of the meeting.

4. CONSENT AGENDA

The Consent Agenda consisted of the procurement results of the new auditor Request for Proposals (RFP); the agency's \$2.5 million line of credit (through Wells Fargo); the staff training report from January 2022 through June 2022; the Family Self-Sufficiency (FSS) changes

to its Annual Plan (as required by HUD); and the staff update (new hires, changes, and vacancies).

For the line of credit, Vice Chair Bernal asked about receiving a quarterly or semi-annual update, and CEO Janice Kimball remarked that this information can be included in the monthly financial report.

Commissioner Johnson inquired as to what things stood out for the firm selected as the new auditors, Commissioner Nguyen said she was impressed with the auditors' preparation and experience, and CFO Andre Bartlome said that the selected auditors needed to know how to audit housing authorities as well as needing to know about the Housing Choice Voucher program, the Continuum of Care (CoC) program, the Public Housing Capital Fund, and Low Income Housing Tax Credits and HUD properties (such as 202 properties).

Commissioner Litvack motioned to approve the Consent Agenda, and Commissioner Johnson seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted in favor, and the Consent Agenda was approved.

5. EXECUTIVE SESSION

The Board determined that there were no items for executive session, and the meeting continued with the next agenda item.

5. ACTION ITEMS

The following items were presented to the Board for consideration and voting:

- June 2022 Housing Connect Board Meeting minutes: There were no comments or questions regarding the minutes, and Commissioner Nguyen motioned to approve them. Commissioner Litvack then seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted to support the motion, and the June 2022 Housing Connect Board Meeting minutes were approved.

- Resolution #1064 – Public Housing and Housing Choice Voucher write-offs for January 1, 2022 through June 30, 2022: It was pointed out that the write-offs are in line with recent trends. There were less write-offs for Public Housing, and as Housing Connect continues to transition out of Public Housing, those number should continue to decrease. Commissioner Johnson motioned to approve the resolution, and Commissioner Nguyen seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted affirmatively, and Resolution #1064 (Public Housing and Housing Choice Voucher write-offs for January 1, 2022 through June 30, 2022) was approved.

- Resolution #1065 – Sunset Gardens closing authorization: Housing Connect Real Estate Director Kirk Moorhead informed the Board that the agency is hoping to close on the financing for Sunset Gardens by the middle of September. He said that the buildings are vacant and ready to be demolished and that the utilities are being disconnected this week. He explained that the resolution authorizes the borrowing of money (securing the financing), including amending and re-stating the operating agreement with the equity investor. He added that Housing Connect, as a public housing agency, continues to own the land and will enter into a long-term, 99-year lease with the ownership entity. The resolution ratifies the action already taken by Housing Opportunities, Inc. (HOI), and states that Housing Connects will take on other "boiler plate" guarantees which both the lender and the equity investor require Housing Connect to take on. He noted that the purchase option and the right of first refusal is for the equity investor in order to assure that there is a responsible entity willing to take over the property when the relationship is over (approximately 15-17 years). He said that the loan would increase from \$3.0 million to \$3.6 million. Director Moorhead also emphasized the urgency and importance of completing the units before the end of 2023.

Commissioner Litvack motioned to approve the resolution, and Commissioner Johnson seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted in favor, and Resolution #1065 (Sunset Gardens closing authorization) was approved.

- Resolution #1066 – Pre-purchase of supplies for Sunset Gardens with Kier Construction: Director Moorhead explained that this resolution is similar to the one which the Board approved in April for New City Plaza and authorizes the construction contractor (Kier Construction) to go ahead and pre-purchase supplies and construction materials. He pointed out that if the project gets cancelled Housing Connect would bear the responsibility for the cost of the supplies and construction materials (approximately \$787,000).

Commissioner Nguyen motioned to approve the resolution. Commissioner White then seconded the motion, and all Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted affirmatively, and Resolution #1066 (Pre-purchase of supplies with Kier Construction) was approved.

- Resolution #1067 – Deposits for New City Plaza: Director Moorhead informed the Board that the New City Plaza project HUD loan is an

FHA-insured loan, which does not allow the payment of deposits to contractors, and, as a result, Housing Connect is seeking the Board's authority to lend the contractor (Kier Construction) money to pay the sub-contractor deposits. As the material is delivered to the site or as the work is completed based on progress, money will be paid back to Housing Connect before the supplier or contractor will be paid any additional money. He added that it is anticipated that approximately \$578,000 in deposits is to be paid (near-term) and approximately \$71,000 will be paid next year (although there will never be that much amount of money out at one time, as it will be coming back to Housing Connect). The agency is planning to propose, in exchange for a check, that the contractor sign a note that upon demand the contractor must pay back the money to ensure repayment. The funds will come from Housing Connect's unrestricted reserve account.

The Board felt that management should inquire with the contractor regarding covering interest costs if Housing Connect is using its line of credit to provide the loans. Commissioner Johnson then motioned to approve the resolution with the amendment that Housing Connect should negotiate the interest rate with Kier Construction. Commissioner Litvack seconded the motion with all Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voting in support of the motion. Resolution #1067 (Deposits for New City Plaza) was approved.

6. MONTHLY FINANCIALS

Chief Financial Officer (CFO) Andre Bartlome provided the monthly financial report to the Board. The information he discussed was through the end of June 2022. He informed the Board that overall Housing Connect showed a \$404,000 increase in revenue. Since the agency was budgeted to have a deficit of \$620,000, this is a \$1 million difference. Among the highlights, Housing Choice Voucher (HCV) had a \$869,000 net cash gain (when it was budgeted to break even), and Mainstream and Emergency Housing Vouchers (EHV) received a lot more than anticipated.

Central Office/Maintenance experienced a \$272,000 budgeted loss (mostly due to less staff). Fee-for-service has decreased by design. The Paycheck Protection Program (PPP) loan of \$1.5 million was paid back, and the pension liability requirement (in case the pension fund becomes insolvent) was \$900,000. The agency received \$357,000 in developers fees. Although Bodhi had a negative cash flow, most of the tax credit properties are doing well. There was a short discussion on the challenges at Bodhi.

7. QUARTERLY REPORTS

Chief Operating Officer (COO) Mike Kienast provided additional information about the Operations Department and provided occupancy data to the Board. For the quarter, the portfolio averaged 95% physical occupancy, with Public Housing at 96%. He summarized the quarter by saying that a lot of activities revolved around the New City Plaza closing and the run-up to that, thanking Jeanette Hernandez and Lori Pacheco for leading their teams. He also noted that financially, the department is seeing revenues increase. HCV is leased at 94%.

Chief Programs Officer (CPO) Zach Bale reviewed the quarterly Supportive Housing and Services information for the Board. He talked about the rental assistance programs, focusing on the Homeless Assistance Rental Program (HARP) and the Refugee Employment Supportive Housing (RESH) programs. The numbers for HARP were a little low (the main struggle is high housing costs and difficulty finding units). For RESH, the agency is seeing referrals pick up, although the agency still faces several TANF (Temporary Assistance for Needy Families) restrictions.

On the services side, utilization is strong. The SAIL (Supportive Housing Approaches That Impacts Lives) team case management was sub-awarded. Housing Connect sub-contracted 10 additional case management positions with partners (Volunteers of America, First Step House, and The Road Home).

Commissioner Nguyen volunteered to find out what resettlement agencies know regarding upcoming numbers of refugees. CPO Bale said he would report back on whether the agency has maxed out referrals with partners.

8. COMMISSIONERS' INPUT

Commissioner White reported to the Board that the Resident Advisory Board will meet the following day (Thursday, August 18) to tour the agency's properties. She praised Natalie Bushman and Nina Torres for the great job they did at Kelly Benson and said she was proud of the people who work there. She said that Natalie informed the tenants that they were short-staffed but would respond to any issues or problems. Two new Resident Services staff were hired to help Natalie.

Vice Chair Bernal talked briefly about the September NAHRO national conference, which will be the first in-person NAHRO conference in over two years. He said the various national committees are planning to have something at the conference. There was a brief discussion and Executive Administrator Dan Pincock was tasked with sending out to the Board a list of upcoming conferences with commissioner

training sessions.

Commissioner Leonelli mentioned that she would be attending the upcoming Idaho Housing and Finance Association (IHFA), as well as the Utah Housing Matters conferences.

Commissioner Nguyen announced that the Utah Department of Health Section 1115 waiver is scheduled to begin on September 1. She said that she will have a new team member to work with who will assist with partners' questions and concerns.

Commissioner Litvack informed the Board that the vast majority of Housing Trust Fund board appointments took place at the County Council meeting held the day prior. She also added that during the recent budget process the funding which matched the state funds to eliminate the debt of the building of the 3 homeless centers was allocated.

Commissioner Johnson was pleased to acknowledge how much is going on and mentioned the work which Real Estate Development Director Moorhead had been involved with (the NCP groundbreaking, Sunset Gardens finance closing, etc.). She also updated the Board by informing them that she had recently started a new job at the United Way.

ADJOURN

At 1:19 p.m., Commissioner Litvack motioned to adjourn the meeting, and Commissioner Nguyen seconded the motion. All Board members present (Chair Moffat, Vice Chair Bernal, and Commissioners Johnson, Leonelli, Litvack, Nguyen, and White) voted in favor, and the meeting was adjourned.

Respectfully submitted,

Dan Pincock
Executive Administrator