

THE HOUSING FOUNDATION, INC.
REGULAR MEETING MINUTES
March 27, 2024

1. CALL TO ORDER & ESTABLISH QUORUM

The Regular meeting of the Board of Directors of The Housing Foundation, Inc. was held remotely via Zoom. The meeting was called to order at 8:59 am by President Alex Farrell; and upon roll call, the following Directors answered present: Allison Bell, Vice-President; Kathleen Berk, Secretary; Mary Houghton; Jo Ann Trojano, and David Muzzy. Absent: Cory Richardson.

VSHA Executive Staff Present: Susan Kuegel, Managing Director of Property and Asset Management; Ellen Danahy Liptak, Director of Human Resources and Administration; Kelly Pembroke, Chief Financial Officer; and Chris Trombley, Managing Director of Community Development.

Others Present: Robert Abbott, Office Services Coordinator.

Members of the Public Present: None.

A quorum was established with at least four members of the Board of Directors present at any time.

2. AGENDA REVIEW

Berk explained that the 2024 proposed budgets for Abenaki Acres and Riverbend had not yet been received. As a result, Item 6e would not be an actionable item on the agenda.

3. APPROVAL OF MINUTES

Houghton asked for clarification about the minutes of the 24 Jan 2024 Regular Board Meeting. Berk answered those questions surrounding sequestration and an error in wording related to the VHC B grant applications for two mobile home parks for the INFILL program.

- Houghton motioned to approve the minutes once the statement surrounding the VHC B grants was clarified to state the grants will be used to purchase homes to install in existing mobile home parks. The motion was seconded by Trojano, and with a unanimous vote, the motion was approved.

4. SECRETARY'S REPORT

Berk did not elaborate on the report but gave the board members the opportunity to ask questions.

- Houghton moved, seconded by Berk, to accept the Secretary's Report. With no discussion, the board unanimously approved the Secretary's report.

5. FINANCE

Pembroke reviewed the financial statements. HFI properties and parks are listed as January financials, however, some partnerships are currently going through end their year-end audit and have balances as of 12/31/23 year end. She indicated that the mobile home parks remain in great shape and with no debt. The unrestricted apartments budget is off by approximately \$50,000, with two tenants at Welden Villa that owe approximately \$12,000 for the year between damages and legal fees. For the restricted apartments, there are substantial tenant charges which are primarily from Hilltop and Colonial Manor.

Pembroke explained that due to shortages in the maintenance department, Property Superintendents were spread thin, and the savings in the budget were likely due to properties that did not receive some services during that period. Houghton asked if that also affected the mobile home parks. Pembroke answered that MHPs do not receive direct maintenance except for the Infill homes. The maintenance provided to MHPs falls under the expense line item in the financial reports.

Snow removal had been an unpredictable expense this year. It has either been significantly under budget this year at some parks, while at other parks it has been over budget.

The partnership properties' budget is on track for this time of year.

- Troiano motioned to accept the financials. The motion was seconded by Muzzy. The Board voted to unanimously approve the financials.

The partnership audits were completed by either the KBS or Otis Atwell firms. Pembroke has chosen to include this information so the board will receive more information about these partnerships. The Operations Subcommittee is working on which details to present to the full board, and which items can remain in the committee. Any deficiencies with those properties will be noted in the audit.

Swanton Housing Partnership, which includes Abenaki Acres, is managed by Alliance Property Management. The Partner letter made note of potential issues at this property

and a recommendation that the partners and management evaluate the property and work together to assess their needs. Berk explained that the Operations Subcommittee created a “watchlist” for properties that are not performing as they should, and Abenaki Acres is on that list. Hollow Drive and Valley View were both found to have a clean opinion. Pembroke stated the Board should be expecting 11 more partnership letters that she will pass on to the Board when the annual audits are completed.

6. COMMUNITY DEVELOPMENT

Trombly reported that the Operations Subcommittee was stood up in February, with the original plan to meet quarterly. There may be a need to meet more often. A discussion followed regarding Alliance Property Management, Abenaki Acres, and Morse Block.

Internal staff applied for Healthy Homes grants and received a number of awards that cover both technical assistance and construction costs. Under consideration is Shady Pines. The immediate need is that the water must be mediated by the state no later than September. This property is eligible for construction funds. The original estimate was approximately \$761,000. The award from Healthy Homes will help subsidize this cost, and HFI is also eligible to apply for the Drinking Water Revolving Fund to receive favorable loan terms and a subsidy. Trombly presented the board with a resolution which is required to move forward with the loan application.

Christopher Trombly, Managing Director of Community Development, Vermont State Housing Authority, recommends borrowing \$761,031.00. Farrell read the following resolution and asked for a motion:

WHEREAS, the Corporation will borrow up to a sum of Seven hundred sixty-one thousand, thirty-one dollars (\$761,031) from the Vermont Economic Development Authority – Drinking Water State Revolving Loan Fund (“DWSRF”) upon such terms as offered by DWSRF; and

WHEREAS, the Corporation shall secure the financing with such assets as required by DWSRF;

WHEREAS, after discussion, and upon motion duly made, seconded and carried, the following Resolutions were adopted:

RESOLVED, that the Corporation will borrow up to a sum of Seven hundred sixty-one thousand, thirty-one dollars (\$761,031) from the Vermont Economic Development Authority – Drinking Water State Revolving Loan Fund (“DWSRF”) upon such terms as offered by DWSRF; and

RESOLVED, the Corporation shall secure the financing with such assets as required by DWSRF;

FURTHER RESOLVED, that Kathleen Berk is authorized to execute all instruments necessary to accomplish the foregoing.

- Houghton motioned to adopt the resolution. Bell seconded and the Board voted unanimously to adopt the resolution.

Trombly discussed the challenges with Morse Block transition from Alliance to VSHA for property management. Pembroke elaborated on the timeline. On January 1, 2024, the partnership with Alliance ended for this property, and five days later there was a destructive fire. The last of the bills from that fire have been received, and work is being done to pay those off and reimburse staff time spent on this project. VSHA has not been taking a management fee for the time that they are the property managers. It was found that Alliance had not made a reserve payment in FY24. This was also noted in their FY23 audit where they had only made five payments. Pembroke is working to bring those payments current. It is her hope to have the property fully funded for the year when Downstreet takes over property management. The insurance bill for Morse Block had not been paid off for 2023. Pembroke stated that all the requested funds should be secured by a Note Payable between HFI and Morse Block. Berk joined in to state the total requested amount be up to \$82,092.50. Further discussion continued surrounding Morse Block and Downstreet.

- Houghton motioned approve up to \$82,092.50 to be secured with a Note Payable from the property. Muzzy seconded the motion. The Board voted to unanimously approve the loan amount and conditions.

Trombly then briefed the Board on the Alliance budget. He explained why there was not a FY24 budget to present to the Board, and noted some challenges they are currently experiencing with Alliance Property Management upon exiting the relationship with Morse Block while continuing the relationship with Abenaki and River Bend properties. Trombly suggested the need for more oversight on these properties but has not developed an action plan at this time. Berk stated that there is not currently a signed contract with Alliance for these two properties. Alliance had originally sent a 2-year contract, which was countered with a 1-year offer, which has yet to be returned. Farrell stated that without a contract in place, we could not hold Alliance accountable for duties not performed during this period. Berk followed by saying that she has postponed submitting the tax credit certification forms for these two properties until there is an opportunity to review the audits and budgets. She is asking the Board for guidance on what steps to take, which could include beginning to look for a new

property management agency. Berk also shared that after speaking with other affordable housing partners, that they view Alliance in high standings regarding assets that Alliance manages for them. Trombly will continue to reach out to Alliance.

7. PROPERTY & ASSET MANAGEMENT

Kuegel provided the Board with recommended 2024 MMHP lot rent increases. The recommendations were based on developing a draft FY25 budget that included assumptions for increases in operating expenses, the need to continue to have enough cash gain to support future debt, and moving HFI closer to covering the true expenses of what it costs for VSHA to perform the duties it does for the MHP portfolio. The final FY25 MHP budget will not be complete until the summer and brought back to the Board for approval. The recommended increases range from \$5.00 to \$25.00 per lot. Berk added that there has been internal debate over how to proceed with the rent increases, with consideration to needs of the portfolio versus housing costs in each geographic region. She reminded the board that they are not being asked to approve the budget but approve the rent increases so that notices can go out to tenants on time. Another option would be to hold off on rent increases until the Operations Subcommittee can review how the rent increases should be spread throughout the portfolio. There is also an issue with excess cash in the operating budget.

- Houghton moved to approve the proposed rent increases as presented and research options for the portfolio's capital needs assessments and budgets in the upcoming months. This motion was seconded by Bell. The Board voted to approve the rent increases unanimously.

Kuegel asked the Board to authorize either Berk or Farrell to sign off on a loan deferment for the Colodny Building that extends the loan with VHCBC out to July 2030 at a 0% interest rate.

- Houghton motioned to authorize Farrell or Berk to have signing authorization. Muzzy seconded. The vote was approved unanimously.

Kuegel informed the Board of the receipt of a VOSHA notice with associated fines related to Dogwood Glen in Northfield. VOSHA received a complaint from a former employee who was concerned about unsafe working conditions, specifically asbestos. During his employment he was provided with the report VSHA had regarding where asbestos existed at the property but remained concerned regarding exposure. VOSHA conducted a property inspection and did not find any concerns related to asbestos. They also tested for lead while at the property and conducted a full review of the maintenance shop area. No lead was found but they did cite HFI for several violations totaling \$9,752.00. HFI has until April 7 to appeal these penalties. Kuegel believes it is possible to decrease some of the penalties and is working on a response. In addition, through this process we learned about a free VOSHA program that performs courtesy

inspections to identify any violations and give the company the chance to get them up to standard. Kuegel advises that HFI will be taking advantage of this program.

8. OTHER BUSINESS

Trombly provided information on Phase 2 of the INFILL program. In reference to the Secretary's Report, VHCB is underwriting the amended proposal. He reiterated that no action is required at this time, but when the new terms come back, that those would be presented to the Board for approval.

9. EXECUTIVE SESSION

The Board did not enter Executive Session.

10. ADJOURN

- Berk motioned to adjourn. Houghton seconded this motion, and the Board voted to adjourn at 10:37am.

Respectfully submitted,



Kathleen Berk
Secretary

/RTA

THE HOUSING FOUNDATION, INC.
MINUTES OF MEETING

The Board of Directors of the Housing Foundation, Inc., (the "Corporation") met on March 27, 2024, pursuant to call and notice. A quorum of the Directors were present.

Christopher Trombly, Managing Director of Community Development, Vermont State Housing Authority, recommends that

WHEREAS, the Corporation will borrow up to a sum of Seven hundred sixty-one thousand, thirty-one dollars (\$761,031) from the Vermont Economic Development Authority – Drinking Water State Revolving Loan Fund ("DWSRF") upon such terms as offered by DWSRF; and

WHEREAS, the Corporation shall secure the financing with such assets as required by DWSRF;

WHEREAS, after discussion, and upon motion duly made, seconded and carried, the following Resolutions were adopted:

RESOLVED, that the Corporation will borrow up to a sum of Seven hundred sixty-one thousand, thirty-one dollars (\$761,031) from the Vermont Economic Development Authority – Drinking Water State Revolving Loan Fund ("DWSRF") upon such terms as offered by DWSRF; and

RESOLVED, the Corporation shall secure the financing with such assets as required by DWSRF;

FURTHER RESOLVED, that Kathleen Berk is authorized to execute all instruments necessary to accomplish the foregoing.

Dated on March 27, 2024.

By: Kathleen L. Berk
Secretary

**SECOND NOTE MODIFICATION AGREEMENT
(VHCB Loan)**

THIS SECOND NOTE MODIFICATION AGREEMENT is effective as of the 14th day of December, 2023, by and between the **Vermont Housing and Conservation Board**, a public instrumentality of the State of Vermont with an address of 58 East State Street, Montpelier, Vermont 05602 (the "Lender"), and **The Housing Foundation, Inc.**, a Vermont nonprofit corporation with an address of P.O. Box 157, Montpelier, Vermont 05602 (the "Borrower").

WHEREAS, pursuant to the VHCB Grant Agreement #1991-034 between Lender and the Borrower, Lender made a loan in the original principal amount of \$85,000 (the "VHCB Loan") for acquisition and rehabilitation of certain property located at 92 South Main Street in the Town of Hartford, County of Windsor and State of Vermont (the "Property").

WHEREAS, in connection with the VHCB Loan, Borrower executed and delivered to Lender a Promissory Note dated November 20, 1991 (the "Note"), which was modified by a First Note Modification Agreement dated to be effective May 9, 2011 (the "First Note Modification"). The Note and the First Note Modification are secured by a Mortgage Deed dated November 20, 1991 and recorded in Book 178 at Page 182 in the Town of Hartford Land Records (the "Mortgage").

WHEREAS, Lender and Borrower have agreed to modify in its entirety Paragraph 4 of the Note and Paragraph 5 of the First Note Modification.

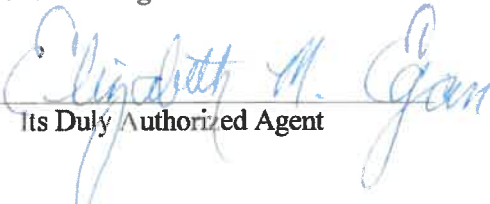
NOW, THEREFORE, for and in consideration of the sum of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Lender and Borrower agree as follows that **effective December 14, 2023**:

1. Paragraph 4 of the Note and Paragraph 5 of the First Note Modification are amended to read, in their entirety: "All amounts due hereunder shall be payable in lawful money of the United States of America to Lender at its address set forth above, or at such other place as Lender may designate in writing. Payments of principal shall be deferred until **EARLIER** of: (i) the Maturity Date of July 1, 2030 OR (ii) the date that the property is refinanced, at which time a balloon payment of all unpaid principal and any other amounts due hereunder, shall be due and payable in full.

2. This Second Note Modification Agreement is a modification only and not a novation of the Note or the First Note Modification. Except as expressly set forth above, all and singular terms and conditions of the Note and the First Note Modification shall continue in full force and effect, and the Note, the First Note Modification and this Second Note Modification shall continue to be secured by the Mortgage.

The parties have caused this instrument to be executed by their duly authorized agents.

Vermont Housing and Conservation Board

By: 
Its Duly Authorized Agent

The Housing Foundation, Inc.

By: 
Its Duly Authorized Agent



March 12, 2024

The Housing Foundation, Inc.
P.O. Box 157
Montpelier, Vermont 05601-0157
Attention: Susan Kuegel, Managing Director, Property and Asset Management

Re: Modification of VHCB Loan
The Housing Foundation, Inc. ("HFI")
Colodny Building, Town of Hartford
VHCB #1991-034

Dear Ms. Kuegel:

With regards to the above-referenced matter and pursuant to Board action taken at the December 14th VHCB Board Meeting, enclosed herein please find the Second Note Modification Agreement which modifies the existing VHCB Loan. Please have a duly authorized agent for HFI execute the enclosed Note Modification Agreement and return the original executed Second Note Modification Agreement to my attention.

Thank you for your time and attention to this matter. If you have any questions, please do not hesitate to contact me.

Yours truly,

A handwritten signature in blue ink that reads "Elizabeth M. Egan".

Elizabeth M. Egan
VHCB General Counsel

Enclosure



58 East State Street, Montpelier, Vermont 05602 TEL: 802-828-3250 WEB: www.vhcb.org

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