

YAMPA VALLEY HOUSING AUTHORITY BOARD MEETING
March 8, 2018

Roger Ashton, Yampa Valley Housing Authority Board President, called the meeting of the Yampa Valley Housing Authority to order at 12:00 p.m.

Board members present included: Catherine Carson, Roger Ashton, Cole Hewitt, Sheila Henderson, Kathi Meyer, Doug Monger, John St. Pierre, Mike Beyer and Luke Carrier. Trish Sullivan, John Spezia, Dillon Fulcher and Craig Malchow were absent.

Others present included: Jason Peasley, Yampa Valley Housing Authority Executive Director; Alyssa Cartmill, YVHA Executive Assistant; and Chris Catterson. Sarah Katherman recorded the meeting and prepared the minutes.

EN RE: PUBLIC COMMENT

There was no public comment.

EN RE: BOARD MEMBER COMMENT

There were no board member comments

EN RE: CONSENT AGENDA

The following items were presented on the consent agenda:

- a. Review and approval of the February 8, 2018 minutes
- b. Review and approval of balance write-offs for January 2018
- c. Review and approval of the check register for January 2018
- d. Review and approval of the leave report for January 2018
- e. Review and approval of financial statements for January 2018

MOTION

Cole moved to approve the consent agenda, as presented. Kathi seconded. **The motion carried unanimously.**

EN RE: STAFF REPORTS

Jason reported that he had attended a conference in Hilton Head, SC at which he had given a presentation on workforce housing. He discussed the highlights of the conference and described how community land trusts are being used in some communities to facilitate the creation of affordable housing. In response to a question from Roger about insights from the conference, Jason said that he had been advised that the organization should pick something specific and be good at it rather than try to be everything to everyone.

Catherine asked if letters had been sent to the tenants at Fish Creek Mobile Home Park asking them to confirm that the units are owner-occupied. Jason said that the occupancy inquiries would be sent with the upcoming newsletter. Catherine asked Jason to include an announcement of United Way's Imagination Library in the newsletter as well.

John St. Pierre asked about Lots 45 and 44 at Fish Creek. Jason said that staff is in the process of verifying the ownership of the unit on Lot 45, and ensuring that the occupant is the owner. There are no legal issues.

There was a discussion of upcoming vacancies on the YVHA Board. Jason reviewed the process through which board members are chosen, noting that this will be the first time that there has been a choice of applicants to fill the vacant positions. Doug noted that non-board members are welcome to participate in the organization and sit on sub-committees.

EN RE: RESOLUTION 2018-003: THIRD SUPPLEMENTAL BUDGET AMENDMENT

Jason stated that during the audit process it was revealed that YVHA had exceeded its budgeted expenditures in the Fish Creek fund by \$9,944 and in the General Fund by \$6,109. The Fish Creek overage was a result of removing a trailer. The overage in the General Fund was the result of the election cost share.

MOTION

Cole moved to approve Resolution 2018-003 as presented. Doug seconded. **The motion carried unanimously.**

EN RE: REVIEW AND APPROVAL OF THE 2017 AUDIT

Chris Catterson of Catterson and Company, P.C. reviewed the purpose and process of the annual audit. He reviewed the difference between misstatements due to errors and fraud. He stated that there was no evidence of fraud in the YVHA financial statements. He noted that YVHA is at very low risk of fraud due to the internal controls that are in place and the predictability of revenues. Chris stated that there were a few misstatements that required adjustments, including a miscalculation of the amount accrued on the note from the Reserves project, capital assets for which the depreciation needed to be recorded, the developer fee from the Reserves project, and the write-off of a DPA loan that was determined to be uncollectible. In response to a question from John, Jason said he would have to do some research to find out the circumstances of the foreclosure. Cole said that Funding Partners are following up on the case.

Chris stated that YVHA's asset:liability ratio was improving, and is now 5.4. The debt:equity ratio had improved from 2 to just under 1, and the cash reserve of approximately two years of expenditures provides an adequate cushion.

Chris reviewed the lender requirements, which are all being met. He noted that the USDA loan requires that a tenant compliance check be conducted as part of the single audit. This check resulted in no findings, which allows YVHA to be considered a low-risk auditee. Chris stated he had not categorized the use of reserves to pay for the roof replacement at Hillside as a finding based on the reasonable use of the reserves for this project, the documentation of correspondence with the USDA showing that they failed to respond, and the approval of the 2018 budget that included the project.

Catherine noted that the Colorado Water Resources and Power Development Authority loan requires YVHA to set rents at Fish Creek to ensure compliance with the ratios. Jason said that the pro forma for the project included 1% annual increases in rents and that while YVHA could implement larger increases, it cannot fall below a 1% increase per year, on average.

Chris stated that the Management Discussion and Analysis Letter remains to be done. He added that an adjustment will be made in accord with the previously approved supplemental budget resolution. He said that the .013% interest in the Reserves project will need to be recorded on the balance sheet when the information comes in from OPG and Ross Management, but that the investment is too small to be material at this time. If the amount of that ownership interest is not determined before the audit deadline, the position can be listed as of a prior date. Chris stated that when complete, the audit will be submitted to the USDA, DOLA, YVHA's lenders, the State Auditors, etc. and will be posted on the website.

There was a discussion of whether or not it was appropriate to approve and accept the audit without the Management Report and the final adjustments. Cole noted that the audit must be submitted to the USDA by the end of March.

MOTION

Catherine moved to approve the audit as presented with the Reserves investment reported one year in arrears, and with the adjustment approved in Resolution 2018-003, upon the condition that the Management Report will be sent to the Finance Committee for review and final approval. Kathi seconded the motion. **The motion carried unanimously.**

Mike asked about sharing the audit with the community. Kathi stated that the audit would be provided to the City and County, and Catherine stated that the audit would be posted on the webpage. Cole noted that in addition to Management Discussion and Analysis letter, the summary provided by Chris on page 33 of the audit provides a good one-page summary in for those unaccustomed to reading financial statements.

Chris reviewed the requirement that all single audits be audited through a peer review process every three years. The peer review process is very expensive. Chris stated that the federal government is increasing the oversight on single audits and that through his continuing education he has learned that anyone not doing 10 or more single audits annually probably should not be doing them at all. He said that although there has never been a finding regarding his audits through the peer review process, he had decided to discontinue doing single audits. Roger said that Chris would work with YVHA staff to put together an RFP for a new auditor. Chris noted that with no local companies and fewer small auditors doing single audits, the cost would be higher.

EN RE: 2018 STRATEGIC PLAN UPDATE

Jason stated that the Strategic Plan was created from the work done during the Board retreat in January. He said that it had also been reviewed and refined by the Executive Committee. He noted that the Plan is very different from previous YVHA plans because YVHA now knows what it is going to do. The Plan provides an outline for executing the development plan. It includes assignments and deadlines. He noted that as the development plan moves forward, there will be increased management responsibilities. Jason added that YVHA must also continue to pay proper attention to the existing assets and organizational finances, as well as to the internal policies and those of the City and County that will best promote the mission. Jason said that these changes will require a change in the way the YVHA works. It will need to function more like a business, with a more directed, linear process focused on achieving its defined objectives and goals.

Roger stated that the Board must trust the committees and staff to do their assigned work. He stated that not all Board members need to attend all meetings. Doug stated that good minutes and communication from the committees will be important. He noted the need for transparency and stated that Board members must be able to provide an account to anyone who asks of what the organization as a whole is going.

Mike stated that in addition to buy-in on the plan, the deliverables of each committee must be identified. Sheila suggested that the document provides an outline for the structure, but each group would need to adapt, as needed. Jason compared the process to that of the community housing Steering Committee, adding that each committee could define its own objectives and measures of success.

Cole asked about the timeline and how the committees would be populated, given that 7 of the 13 positions on the YVHA Board are up for renewal this month. Jason said that the committee rosters will be decided in April. Jason offered that in the interim the leads of the groups could meet to identify the vision, goals and measures of success for the groups. Cole added that the skill sets needed for each team could also be identified.

Doug asked if the sub-committee minutes would be archived and available to all. It was decided that the Board minutes would be posted on the website, but that Roger and Alyssa will work on the best delivery system for all the information that comes out of the committees. Staff will take minutes at all committee meetings.

Jason reviewed the training that the Development Committee had done with Willa Williford, an industry consultant. He said that the presentation focused on the details of LIHTC deals, and on the Reserves in particular. Later this month Willa will conduct another training with the Development Committee at which the two proposals currently being considered will be analyzed in depth. A somewhat higher level training will be done with the entire Board in May. There was a discussion of the value of these trainings.

John St.Pierre asked why YVHA would not contract out a management company as future projects come on line. Jason offered that YVHA can do a better job of customer service and local accountability. Doug added that the revenue from management could also help the organization become self-sustaining and support future projects. Luke offered to assist with the qualification of tenants on future projects or with the training of staff to do so. Jason stated that this would be very helpful during the lease-up stage. He added that in this and other ways YVHA would be working on capacity building within the organization to work efficiently and effectively.

EN RE: ADJOURNMENT

MOTION

Cole moved to adjourn the regular meeting of the Housing Authority at 1:50 p.m. Sheila seconded; the motion carried unanimously.

No further business coming before the Board, same adjourned sine die.

Sarah Katherman, Minute Taker



Roger Ashton, President