



FINAL - Draft Initially Posted June 3, 2020

VHFA Audit Risk Committee Meeting

VHFA
164 St. Paul Street
Burlington
June 2, 2020 – 9:00 a.m.

VHFA Committee Members Present:

Tom Leavitt (Chair), Michael Clasen (designee for Beth Pearce), and Fred Baser (all attended by electronic means)

Staff Present:

Maura Collins, Seth Leonard, Chris Flannery, George Demas, Steve Gronlund, Brittany Thurlo, Jacklyn Santerre, Lisa Clark, Josh Slade, Kim Roy, Tom Kimball, Michelle Baird (all attended by electronic means except that Mr. Demas was present at the meeting location)

COMMITTEE MEETING

Mr. Leavitt, Chair, called the Audit Risk Committee Meeting to order at 9:02 a.m.

Staff confirmed that a Notice of this meeting was provided to the requesting parties and was posted on the Agency website and with State Department of Libraries, and that the Agenda for this meeting was provided to the requesting parties and posted on the Agency website, all within the statutory time requirements.

Staff confirmed that Minutes of prior meetings had been posted on the Agency website not less than 5 days after the meeting as required.

Mr. Leavitt confirmed that the Commissioners attending by electronic means could hear the conduct of the meeting and be heard throughout the meeting by the other attendees. Mr. Leavitt noted that Commissioners would have to vote by roll-call since there were Commissioners participating by electronic means.

Mr. Leavitt asked if anyone had any changes to the Agenda and there were none.

AUDIT RISK MINUTES

Mr. Clasen moved that the Audit Risk Committee approve the September 26, 2019 Minutes. This was approved unanimously by roll call vote except that Mr. Leavitt abstained.

Consent Agenda

Upon motion by Mr. Clasen, seconded by Mr. Baser, the Committee accepted Staff's report regarding the Agency's Whistleblower Policy and recommendation that no changes be made to the Policy by unanimous roll call vote.

Fiscal Year 2021 Budget Presentation

Mr. Flannery reviewed the Fiscal Year 2021 budget memorandum, noting that the structure and amounts are similar to the Fiscal Year 2020 budget without major program changes. Mr. Flannery also noted that while the actual Fiscal Year 2020 results have been better than budgeted so far, but year-end results will be affected by costs and revenue interruptions due to the COVID-19 crisis.

Ms. Collins, Mr. Flannery and the Commissioners engaged in a general discussion regarding attempting to create a new full year budget in the midst of a crisis atmosphere. Ms. Collins noted that in the event actual results deviate too significantly from the budget, Staff will circle back with the Commissioners to discuss any necessary adjustments.

Mr. Clasen inquired about IT costs. Mr. Flannery and Ms. Collins noted the Agency incurred additional IT expenses during the COVID-19 crisis in order to allow for the entire staff to work remotely, however the total cost has not been significant and the budget provides room for any needed additional costs.

After further general discussion, Mr. Clasen moved to recommend general fund and capital budgets to the Board as presented. Mr. Baser seconded the motion, which was approved unanimously by roll call vote.

Underwriting Standards for 80/20 Loans

Mr. Slade and Mr. Leonard reviewed their memorandum regarding loan underwriting for projects with 80% of units being "market rate". General discussion consisted of issues related to portfolio risks related to entering into large individual transactions and overlays to VHFA's general underwriting guidelines.

COVID-19 Risk Management Review

Mr. Flannery reviewed the COVID-19 memorandum on how the crisis has affected and will affect the Agency's finances and operations. General discussion includes the effects of forbearance on the single-family whole loan portfolios. Mr. Leonard and Ms. Roy reviewed the Multi-Family Housing portfolio issues, noting while most projects are acceptably weathering the crisis so far, this could change as the crisis continues. Ms. Santerre noted that single-family loan production has begun to improve in the last weeks, the hope being that the market will continue to improve, and bond funds can be placed without excess delay.

ADJOURNMENT

Mr. Leavitt confirmed with Staff that Minutes of the meeting had been kept and would be posted to the Agency's website within five days.

Upon motion by Mr. Baser, seconded by Mr. Clasen and unanimously approved by roll call vote, the meeting was adjourned at 11:12 a.m.