

## MINUTES

### ALASKA HOUSING FINANCE CORPORATION BOARD OF DIRECTORS

#### REGULAR MEETING

June 28, 2023

10:00 a.m.

Anchorage/Juneau/Fairbanks

The Board of Directors of Alaska Housing Finance Corporation met June 28, 2023, in the AHFC Board Room, 4300 Boniface Parkway in Anchorage, Alaska, at 10:00 a.m. Board members present in the room and via teleconference were:

<b>BRENT LEVALLEY</b>	<b>Chair Member of the Board</b>
<b>JESS HALL</b>	<b>Member of the Board</b>
<b>ALLEN HIPPLER</b>	<b>Member of the Board</b>
<b>FADIL LIMANI</b>	<b>Designee for Commissioner Department of Revenue Member of the Board</b>
<b>HEIDI HEDBERG</b> via teleconference	<b>Commissioner Department of Health Member of the Board</b>

- I. **ROLL CALL.** CHAIR LEVALLEY called the meeting to order. A quorum was declared present, and the meeting was duly and properly convened for the transaction of business.
- II. **APPROVAL OF AGENDA.** CHAIR LEVALLEY asked for any additions or changes to the agenda. Seeing and hearing none, Chair LeValley asked for a motion to approve the agenda. Jess Hall moved to approve the agenda as presented. Fadil Limani seconded. Hearing no objections, the agenda was approved as presented.
- III. **MINUTES OF MAY 24, 2023.** CHAIR LEVALLEY asked if there were any revisions of the minutes. Hearing none, he asked for a motion to approve the minutes. Fadil Limani moved to approve the May 24, 2023 minutes as presented. Jess Hall seconded. Hearing no objections, the meeting minutes were approved as presented.
- IV. **PUBLIC COMMENTS:** There were no public comments.
- V. **OLD BUSINESS:** No old business to discuss with the Board.



## VI. NEW BUSINESS

- A. **Consideration of a Resolution to adopt new FY2023 Salary Schedule (23-08).** BRYAN BUTCHER introduced the item and JAMES WIEDLE presented. Mr. Wiedle explained that House Bill 39 provided us with the budget authority for FY2023 and FY2024 to fully implement a 5% cost of living increase (COLA) for staff. The increase was given to all exempt state employees last year, but AHFC employees were not included due to a technical glitch in Juneau with a fiscal note. The increase will be retroactive to October 30<sup>th</sup>, the date state employees had their COLA become effective. The staff recommends approval of this resolution. JESS HALL moved to approve Resolution 23-08. FADIL LIMANI seconded the motion. A roll call vote was taken, and the resolution was approved unanimously (5-0). **RESOLUTION NO. 23-08: RESOLUTION APPROVING THE NEW FY2023 SALARY SCHEDULES.**
- B. **Consideration of a Resolution for review and approval of the FY2024 Operating Budget for the Low-Rent Asset Management Developments (AMPs) and the Central Office Cost Center (COCC) (23-09).** BRYAN BUTCHER introduced the item and JAMES WIEDLE presented. Mr. Wiedle explained that the Legislature and the Governor have approved AHFC's operating budget for FY2024. However, the Department of Housing and Urban Development (HUD) still requires board approval of both of the AMPs and COCC budgets before the start of the fiscal year. He provided little bit of background on these budgets. AHFC operates the Low-Rent Program, which consists of 1,237 housing units that are located in 12 communities throughout Alaska. AHFC owns and operates these units. They rent the units directly to tenants, tenants pay AHFC a rent that they can afford based on their income, and in turn AHFC receives an operating subsidy from HUD. Under HUD rules we are required to operate these units as independent projects or asset management projects (AMPs). We have to maintain separate budgets for these and report them annually to HUD. HUD requires us to maintain a reserve budget, which is the net of income minus expenses. It's from this that we fund our low-rent programs. HUD requires us to have sufficient revenue in those reserves to pay for our expenses during the operating year. He directed board members to page ten of their board packets which provided a detailed budget for the AMPs, followed by page 13 which showed a breakdown of each low-rent AMP reserve budget. He shared there are sufficient revenues to fund the anticipated expenses in FY2024.

Mr. Wiedle then moved on to page 14, our Central Office Cost Center budget. Under HUD asset management rules, a housing authority can operate what's called a central office cost center (COCC). The central office cost center operates as a central entity that provides all the necessary property management and support to all of the PHA's housing programs. In exchange for these services, the PHA will receive a fee from each of the housing programs to cover the costs of the central office cost center. For FY2024 we're estimating that our COCC budget will be about \$7.2 million with 40% of that cost going to operations and 60% going to maintenance. The staff recommends approval of these

items. Mr. Hippler asked for a walk through on the reserve balance. Seeing and hearing no other questions, Chair LeValley asked for a motion to approve the resolution. ALLEN HIPPLER moved to approve Resolution 23-09. JESS HALL seconded the motion. A roll call vote was taken, and the resolution was approved unanimously (5-0). **RESOLUTION NO. 23-09: RESOLUTION APPROVING THE FY2024 OPERATING BUDGET FOR THE LOW-RENT ASSET MANAGEMENT DEVELOPMENTS (AMPs) AND THE CENTRAL OFFICE COST CENTER (COCC).**

- C. **Consideration of a Resolution approving FY2023 Vacated Tenant Accounts Receivables and Write Offs (23-10).** BRYAN BUTCHER introduced the item and MIKE SINGLETON reported each year the Public Housing Department must submit its tenant accounts receivable activities for write offs to our board. Although we remove the accounts from our active accounts receivable list, we continue to collect on these debts. Our collection efforts include garnishing Permanent Fund Dividends and using the use of a collection agency, as necessary. This year we've collected over \$117,000 through those efforts and the amount that we're requesting to inactivate this year is \$594,511.24. Of that \$376,000 or 63% of the debt is from unpaid rent. This number is slightly lower than last year, but residents have not caught up on past balances due. Thirty percent of the uncollected charges this year are for maintenance repair charges and the remainder of the charges stem from unpaid utilities, legal judgments, late fees, and other associated charges. Mr. Limani asked about the historical aspects of the balances and collection efforts once the accounts have been inactivated. Mr. Singleton explained that it fluctuates from year to year depending on the situation and that this year was not the highest year looking back historically. Mr. Butcher added that this year's numbers are skewed due to the local and national rent moratoriums during the pandemic and that we continue to collect on write offs. FADIL LIMANI moved to approve Resolution 23-10. JESS HALL seconded the motion. A roll call vote was taken, and the resolution was approved unanimously (5-0). **RESOLUTION NO. 23-10: RESOLUTION APPROVING FY2023 VACATED TENANT ACCOUNTS RECEIVABLES AND WRITE OFFS.**
- D. **Consideration of a Resolution authorizing the Final Adoption of Proposed Amendments to 15 AAC 151.640 Second Mortgage Program (23-11).** BRYAN BUTCHER introduced this item. STEPHANIE EDDY gave feedback on the public hearings that were held May 16 and 17 regarding regulation 15 AAC 151.640, which is our Second Mortgage Program. Currently, the maximum term of this program is 15 years, but the amendment will increase the term, up to 30 years. Our lending partners were excited to hear about this amendment. We had six members of the public give testimony and two written statements. One of our lenders provided a true loan scenario. They have a borrower who has been trying to use the program, but with the shorter term they were not able to qualify. Now, with the 30-year term, the borrower is able to make the renovations to their home which will improve the housing inventory for future investments. After the hearings we received comments about the limitation on the proposed amendment. If we were to

leave the limitation of not to exceed the term of the first mortgage, this amendment may not benefit as many borrowers as we had expected. The new memorandum removed that limitation, making the term of the second mortgage up to 30 years. Staff requests approval for the regulation change. Mr. LeValley commented that in an increasing interest rate scenario, it makes sense to stretch the second out a little longer term so people can retain the first mortgage and afford a second for improvements. JESS HALL moved to approve Resolution 23-11. FADIL LIMANI seconded the motion. A roll call vote was taken, and the resolution was approved unanimously (5-0). **RESOLUTION NO. 23-11: RESOLUTION AUTHORIZING THE FINAL ADOPTION OF PROPOSED AMENDMENTS TO 15 AAC 151.640 SECOND MORTGAGE PROGRAM.**

- VII. **REPORT OF THE CHAIR.** CHAIR LEVALLEY thanked KEVIN TUNE and his staff for moving forward with a difficult audit period over the last couple of years. He complimented them on getting back into full-time action, for saving the corporation money, and for automating the auditing process.
- VIII. **BOARD COMMITTEE REPORTS. AUDIT COMMITTEE.** BRYAN BUTCHER introduced the Audit Committee Report and KEVIN TUNE presented. Mr. Tune stated that the Audit Committee met and the first item on the Agenda was an overview of the external auditors' risk assessment. We then discussed the Internal Audit Reports for FY23. Five reports were presented to the Committee. Next, our Internal Audit Activity Reports were discussed. The last part of the meeting was tied to our FY24 Audit Plan, which is required by charter to be taken before the Audit Committee. Mr. Tune stated he presented the methodology for how the Audit Plan was developed with the committee members. The Plan was reviewed and approved by the Audit Committee.
- IX. **REPORT OF THE EXECUTIVE DIRECTOR.** BRYAN BUTCHER reported 1) the Governor signed the FY24 budget last week, fully funding our Operating Budget; 2) The Capital Budget has a couple of changes: The Weatherization Program was upped by \$5 million, and the Rural Health Public Safety Professionals and Teacher Program was increased to \$7.25 million; 3) the Governor's Sustainable Energy Conference as the week of May 2nd and was very well attended. We had a booth and participated in a presentation, and we spent time with Bert Hunter, the head of the Connecticut Green Bank; 4) the Governor asked us to establish an Alaska Green Bank for lending on renewable energy and other energy efficiency related projects. The required bill did not pass this legislative session, but we look forward to continuing to work on this project; 5) I participated in the Anchorage Homeless Leadership Council meeting on June 12th. We participate as an informational piece on trying to address the homelessness issue in Anchorage; 6) I met with the Commissioners of Corrections, Labor and Workforce Development, and Department of Administration two weeks ago. We are looking to work together to try to assist inmates that will be transitioning out into the community by helping them with skills and a trade; 7) we had our AHFC company-wide barbeque last Saturday at Abbott Loop Park. It was very well attended by well over 100

people; 8) we have a number of retirements: our Servicing Coordinator, Ruth Snelling, retired after 14 years of service. Her last day was June 1st; our Mortgage Assistant, Diane Buls, is retiring at the end of July after 28 years of service; Phil Adams, a Servicing Coordinator, is also retiring at the end of July after 34 years of service; Mike Phelps, Lead Mechanic for public housing in Juneau, is retiring after 24 years. His last day is also the last day of July; 9) I will be attending the Alaska Association of Housing Authorities annual meeting in Kodiak from August 1 to August 2; 10) a reminder that our next regular board meeting is scheduled for July 26th. Our annual board meeting in August will be held in Wrangell.

X. **ANY OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD.** BRYAN BUTCHER welcomed new board member Allen Hippler and announced Vivian Stiver's resignation.

1. Monthly Reports. Finance and Mortgage Departments presented reports for discussion and review.

2. Meeting Schedules.

AHFC Regular Board Meeting  
AHFC Annual Board Meeting

July 26, 2023 at 10:00 a.m.  
August 23, 2023, Wrangell, Alaska

XI. **EXECUTIVE SESSION.** No Executive Session was required today.

XII. **ADJOURNMENT.** CHAIR LEVALLEY stated that with no other matters to consider, he asked for a motion to adjourn. FADIL LIMANI moved to adjourn. JESS HALL seconded.

Chair LeValley adjourned the meeting at 10:53 a.m.

ATTESTED:

  
Brent LeValley  
Board Chair

  
Bryan Butcher  
CEO/Executive Director