

Island Housing Trust (“IHT”) Board Meeting – Regular Meeting

April 23, 2022 8:30 AM EDT (Via Zoom Videoconference)

Board members present: Doug Ruskin, Jeffrey DuBard, Pamela Craven, Bob Egerton, Victoria Haeselbarth, Delos Lander, Richard Leonard, Michelle Vivian-Jemison, Sophia Welch, Norman Werthwein, constituting a quorum

Board members absent: Peter Freeman, Trey Rasmussen, Wendy Wolf

Staff: Philippe Jordi, Executive Director; Emily Day, Controller

Guests: James Matzdorff, CohnReznick

The Board Members received a package of materials in advance of the Meeting via email dated April 19, (collectively, Board Materials).

Mr. Ruskin acted as chair of the meeting and called the meeting to order at 8:31 AM EDT. He began the meeting by welcoming Emily Day, who has served as IHT’s accountant for seven years in a contractor capacity and will join the IHT staff as its Controller.

CONSENT AGENDA

Thereafter, Mr. Ruskin turned to the Consent Agenda and indicated that items 2 (Amendment to External Communications & Social Media Policy) and 3 (Officer Position Titles) were being reserved for further discussion. There were no comments or questions regarding item 1.

Action: On motion duly made and seconded, the Board members present unanimously approved the minutes of the meeting of March 19, 2022, as presented in the Board Materials (Consent Agenda Item #1), with those Board members who were not present at such meeting abstaining.

External Communications & Social Media Policy. Ms. Craven then explained that the version of this Policy in the Board Materials had been amended by the Governance Committee to make two minor changes by referring to IHT’s existing policies on Workplace Harassment and Confidential Information such that the list in the proposed amendment would be revised as follows:

“(2) IHT’s Workplace Harassment Policy applies to your on-line conduct.

“(3) Any Confidential Information as described in IHT’s Confidentiality Policy.”

Action: On motion duly made and seconded, the Board members present unanimously approved the amendments to the External Communications & Social Media Policy as presented in the Board Materials and amended as stated above.

Officer and Executive Position Titles. Mr. Ruskin explained that the Governance Committee was in the process of developing revised position descriptions and that this entailed a proposed change in the titles for the Board President and the Executive Director. Such changes in the position descriptions would

require consideration at two Board meetings per the by-laws. Therefore, at present, the Board is being notified that the Governance Committee intends to recommend revised position descriptions and titles as described in the Board Materials and that these will be presented to the Board for action at the May meeting.

AUDIT COMMITTEE REPORT

Mr. Leonard, chair of the Audit Committee, introduced James Matzdorff, partner at CohnReznick, IHT's independent accountants. Mr. Matzdorff reminded the Board that CohnReznick has acquired KPM, which has performed IHT's audit for 2019 and 2020, that the audit and tax team remained the same and that CohnReznick is known for its specialization in affordable housing. He also commended the ongoing engagement of the Board with his firm during the course of the year.

Mr. Matzdorff then walked the Board through the presentation contained in the Board Materials, noting that IHT had received a clean, unmodified opinion. He also reviewed certain adjusting entries that signaled areas for improvement related primarily to IHT's growth. In this regard, he explained that IHT had received a management letter outlining specific steps recommended with respect to the accounting for Perlman House including the work needed in conjunction with Dukes County Regional Housing Authority (DCRHA) to create standalone books and records for certain rental properties, including Perlman House and Kuehn's Way, and IHT's work to consolidate those results. In addition, he stated that IHT will need more in the way of true development accounting to be presented to meet the expectations of regulators, for example, by insuring that certain costs are capitalized and allocated to the correct accounts.

Mr. Leonard pointed to specific recommendations made by the Audit Committee in its report included in the Board Materials. Ms. Day also stated that she will be developing a dashboard to show progress on the various remedial items and indicated that certain corrective steps had already been taken with DCRHA. The dashboard will be updated monthly with the Finance Committee (to-be-formed) and reported on quarterly to the full Board.

Mr. Matzdorff then turned to the audited financial statements and reviewed the balance sheet, income statement and statement of cash flows, key financial ratios which he compared to those of other similar organizations, certain notes to the financial statements and the table of amortizing and non-amortizing indebtedness. At the conclusion of Mr. Matzdorff's remarks, Mr. Ruskin tabled for future discussion the question of whether DCRHA has the capability to meet IHT's growing financial needs.

Action: On motion duly made and seconded, the Board unanimously approved IHT's Audited Financial Statements as presented in the Board Materials.

Mr. Matzdorff was then excused from the meeting.

FIRST QUARTER 2022 FINANCIAL REPORT

Ms. Day then presented the financial report for IHT's fiscal quarter ending March 31, 2022. She explained that, on an ongoing basis, the Board will receive a high-level quarterly report similar to that presented,

with certain additional information as outlined in her presentation. On a monthly basis, the Finance Committee (to-be-formed) will review the financial report in more detail. Ms. Day stated that the quarterly financial report included in her presentation is an example of the proposed quarterly reports to be shared with the Board. She walked through the various components of the report. Mr. Werthwein then elaborated that the report is designed to be consistent with the audited financials and to focus on key aspects of IHT's financials. The objective is to have a complete quarterly financial package for the Board by the end of the quarter ending June 30, 2022.

Action: On motion duly made and seconded, the Board unanimously accepted the financial report for the quarter ended March 31, 2022 as presented to the meeting.

GOVERNANCE COMMITTEE REPORT—FINANCE COMMITTEE

Ms. Craven stated that the Governance Committee recommended the formation of a Finance Committee which would consist of at least three members, may include volunteer members (a majority of the Committee must be Board members) and would be chaired by the Treasurer. Once the Committee is formed, it would develop its Charter for review by the Governance Committee and approval by the Board. Bob Egerton and Dee Lander have also agreed to serve on the Finance Committee and Mary Bihle has agreed to serve as a non-Board member volunteer. Ms. Craven described the scope of the Committee as outlined in the Board Materials and explained that the Governance Committee envisioned that the Finance Committee would be consultative and advisory with the expectations that it would vet budgets, forecasts, debt transactions and other financial matters prior to their submission to the full Board for action. The Board would have the opportunity to weigh in on the scope of the Finance Committee when it presents its charter to the Board for approval.

Action: On motion duly made and seconded, the Board unanimously resolved that:

The formation of a Finance Committee consisting of at least three members, a majority of whom will be members of the Board, is hereby approved;

The Treasurer shall serve as Chair of the Finance Committee; and

The Committee shall address in its Charter at minimum the areas described in the Board Materials and present the Charter to the Governance Committee for review and recommendation to the Board for approval at a subsequent meeting.

SPRING FUNDRAISING

Mr. Ruskin briefly described the upcoming Spring on-line fundraising event and indicated that there would be a tutorial about the Give-Lively tool at the May Board meeting. He encouraged all of the Board members to serve as page captains.

BOARD & STAFF RELATIONSHIP

Mr. Ruskin referred to the ongoing work with Susan Decker and the effort to develop a Community Agreement covering Board and Staff relationships. He indicated that a draft of the Community Agreement would be distributed prior to the next Board meeting and also referenced the BoardSource article that had been distributed by Mr. Jordi and asked all of the Board members to read it in preparation for the next phase of the work, which would be a workshop with Susan Decker at the May Board meeting. He asked all Board members to reserve an additional hour on their calendars.

A discussion then ensued as to whether the Board should continue to meet in the virtual fashion, resume in-person meetings or adopt a hybrid model. A number of Board members expressed a preference for the flexibility of the virtual format; Mr. Ruskin expressed his preference for an in-person meeting for the May workshop but agreed to look into hybrid options. A further discussion then ensued as to whether the Board should continue to meet on Saturday mornings or seek a week-night day and time. The consensus was to continue to meet on Saturday mornings.

Mr. Jordi and Ms. Day were then excused from the meeting.

EXECUTIVE SESSION

Mr. Ruskin reminded the Board that it had agreed to hold a regular executive session following each Board meeting. The Board then held a brief executive session; no actions were taken.

The meeting adjourned at 10:08 AM EDT.

Respectfully submitted,

Pamela F. Craven

Pamela Craven,
Assistant Clerk