

**MINUTES OF THE MEETING OF THE
BOARD OF COMMISSIONERS OF THE
KING COUNTY HOUSING AUTHORITY**

April 13, 2011

I. CALL TO ORDER

The meeting of the Board of Commissioners of the King County Housing Authority was called to order at 8:30 am on Wednesday, April 13, 2011 at the King County Housing Authority's Administrative Offices, 600 Andover Park West, Tukwila, Washington.

Chair Holland-Young noted that a revised meeting agenda had been distributed and asked the Board to take note.

II. ROLL CALL

Present: Commissioner Nancy Holland-Young, Chair; Commissioner Michael Brown, Commissioner Terry McLlarky, Commissioner Doug Barnes and Commissioner Richard Mitchell

Staff: Stephen Norman, Dan Watson, Connie Davis, Mike Reilly, Megan Hyla, Claude DaCorsi, Linda Weedman, Rhonda Rosenberg, Kristin Winkel, Bill Cook, John Eliason, Gary Leaf, Tim Walter, Donna Kimbrough, Tessa Martin, Graeme Atkey and Craig Violante

Guest: Lillie Clinton
Alex Zimmerman

III. PUBLIC COMMENT

Chair Holland-Young announced that members of the public in attendance at the meeting would have five minutes to speak before the Board.

Alex Zimmerman spoke before the Board regarding his opinions of the Housing Authority's operations, staff and Commissioners.

IV. APPROVAL OF MINUTES

Minutes from the March 9, 2011 Board of Commissioners' meeting were presented for approval. Commissioner Brown moved for approval of the minutes. Commissioner Mitchell seconded the motion.

V. CONSENT AGENDA

There being no requests for removal of items from the Consent Agenda, Commissioner McLlarky moved for approval of the following consent agenda items:

February 2011 Voucher Reports

General Properties: Bank Wires/ACH Withdrawals for \$4,806,852.32; Accounts payable vouchers #215037 - 215603 for \$5,278,363.24; Payroll vouchers, computer checks numbered #081521-081553 for \$36,106.10; Payroll computer direct deposit #109389-110022 for \$1,056,120.89; Section 8 Program vouchers, ACH withdrawals #151490-155204 for \$7,661,570.55, computer run checks #572598 - 573932 for \$731,768.46; purchase card/ACH withdrawal \$174,072.07. Total for February 2011 for the General Properties was \$19,744,853.63.

Bond Properties: Total for February 2011 was \$1,362,105.28 related to 19 different properties.

Resolution No. 5324: Amendments to the Section 8 Administrative Plan

Commissioner Barnes seconded the motion to approve the Consent Agenda and the Consent Agenda was unanimously approved.

VI. RESOLUTIONS FOR DISCUSSION

Resolution No. 5320: Approval of a Loan Loss Sharing Agreement with Impact Capital for a Loan to the Manufactured Housing Community Preservationists for the Refinance of the Bonel Manor Mobile Home Park
Presented by: Tim Walter

Commissioner Brown noted that he would need to recuse himself from discussions and voting on this Resolution due to his Board membership with Impact Capital.

Tim Walter reported that Resolution No. 5320 authorizes the Executive Director to enter into a Loan Loss Sharing Agreement with Impact Capital for a loan to Manufactured Housing Community Preservationists ("MHCP") for the Bonel Mobile Manor mobile home park located in Kent. The loan proceeds will be used to pay off an underlying mortgage note with the original seller. The new loan is for \$3.875 million and matures on April 15th, 2013 with a possible one year extension to April 15th, 2014.

Mr. Walter briefed the Board on the Bonel Mobile Manor Park and the background leading to consideration of Resolution No. 5320 as outlined in his memo contained in the Board meeting packets.

Mr. Walter concluded his presentation by stating that by entering into the Loss Sharing Agreement and inducing Impact Capital to make a bridge loan to MHCP, KCHA greatly reduces its risk of having to come out of pocket to support the Bonel project even though this risk will not be entirely eliminated until King County fully funds the project and permanent financing has been secured. KCHA staff recommended Board authorization to enter into the Loss Sharing Agreement with Impact Capital for its loan to MHCP.

Following answers to clarifying questions from the Commissioners, motion was made to approve Resolution No 5320.

MOTION: Moved that Resolution No. 5320: Approval of a Loan Loss Sharing Agreement with Impact Capital for a Loan to the Manufactured Housing Community Preservationists for the Refinance of the Bonel Manor Mobile Home Park, be approved.

MOVED BY: Commissioner Mitchell; seconded by Commissioner McLlarky. Motion unanimously passed.

Resolution No. 5321: Approval of a Memorandum of Agreement between KCHA and A Regional Coalition for Housing Regarding the Award of Project-Based Vouchers
Presented by: Kristin Winkel

Kristin Winkel reported that KCHA is proposing the use of 80 Project-Based Section 8 vouchers in partnership with A Regional Coalition for Housing (ARCH). ARCH is a partnership of East King County cities who have joined together to assist with preserving and increasing the supply of housing for low- and moderate-income households in the region.

Ms. Winkel noted that KCHA proposes making these vouchers available through ARCH's competitive process in lieu of a separate competitive process administered by the Housing Authority. This allocation represents a second round of Project-Based vouchers that KCHA has made available through ARCH to increase the supply of affordable housing in north and east King County. KCHA successfully partnered with ARCH to award 120 project-based vouchers as part of the replacement housing effort for the Greenbridge HOPE VI project.

Resolution No. 5321 authorizes the Housing Authority to enter into a Memorandum of Agreement with ARCH for the second allocation of 80 project-based vouchers over the next two years. A copy of the Memorandum of Agreement outlines the project goals and roles and responsibilities for both parties; and a copy was attached to the Resolution for Board consideration.

Following clarifications for Ms. Winkel, a motion was made to approve Resolution No. 5321.

MOTION: Moved that Resolution No. 5321: Approval of a Memorandum of Agreement between KCHA and A Regional Coalition for Housing Regarding the Award of Project-Based Vouchers, be approved.

MOVED BY: Commissioner Barnes; seconded by Commissioner Brown. Motion unanimously passed.

Executive Session

A motion was made by Commissioner Mitchell to adjourn to Executive Session at 9:05 am for approximately 15 minutes to discuss the performance of a public employee as authorized by RCW 42.30.110(1)(g). Commissioner McLlarky seconded the motion and the motion unanimously passed.

A motion was made by Commissioner McLlarky to return to the regular Board of Commissioners' meeting, motion was seconded by Commissioner Mitchell and the motion unanimously passed. The regular meeting was reconvened at 9:25 am.

Resolution No. 5323: Authorizing Payment of a Performance Bonus for the Executive Director for Calendar Year 2010 and Setting Performance Goals for 2011

Commissioner Holland-Young reported that the Board of Commissioners have reviewed the performance of the Executive Director and reached consensus in Executive Session to award a performance bonus for 2010 to the Executive Director in the amount of \$15,000. The award was based on the Executive Director's achievement of 2010 goals as set forth in the Performance Bonus Policy previously approved by Board in 2005. Resolution No. 5323 would also approve 2011 Performance Goals that were attached to the Resolution. At the end of calendar year 2011, the Board of Commissioners will consider the Executive's performance and possible performance pay in an amount up to \$15,000 at its discretion based upon overall performance and, specifically, accomplishment of the Performance Goals for 2011.

The Board of Commissioners voiced their expectations on the 2011 Performance Goals for the Executive Director.

MOTION: Moved that Resolution No. 5323: Authorizing Payment of a Performance Bonus for the Executive Director for Calendar Year 2010 and Setting Performance Goals for 2011, be approved.

MOVED BY: Commissioner Mitchell; seconded by Commissioner McLlarky. Motion unanimously passed.

VII. REPORTS

NAHRO Legislative Conference - Washington DC

Chair Holland-Young, Commissioner Barnes and Commissioner Mitchell briefed their fellow Commissioners on the recent NAHRO Legislative Conference held in Washington DC and their meetings with respective Washington State Senators and Representatives. Chair Holland-Young thanked Megan Hyla for organizing the visit to DC and the meetings.

Update on Kirkland Place Apartments Acquisition

Tim Walter reported that KCHA has entered into a purchase agreement to acquire the Kirkland Place Apartments. The two story complex is comprised of one building with 9 two-bedroom/one-bath (850 square foot) units. Mr. Walter noted that the asking price for the property is \$1,285,000 and on March 18th, KCHA made a full price offer which has been accepted by the seller. KCHA is in the process of having the property appraised and the appraisal is expected to be received by April 21st. The purchase of the property is contingent upon KCHA's approval of the title conditions, acceptance of the physical condition of the property and authorization of the purchase by KCHA's Board of Commissioners.

Mr. Walter noted that the cost of acquiring Kirkland Place Apartments is more on a per unit basis than any of KCHA's other acquisitions to date. Depending on the amount of renovation work the Housing Authority undertakes, the all-in cost for acquiring the property could be in the \$175,000 - \$185,000 per unit range. While this is more than the Housing Authority would typically spend for the acquisition and rehab of an existing building without some sort of capital subsidy to help underwrite the cost, the property is in an excellent location and will provide children access to the highly regarded Lake Washington School District. This amount is also significantly less than what it would cost KCHA to acquire land and construct new units in the same area.

Mr. Walter thoroughly briefed the Board on the specifics of the property as outlined in his memorandum contained in the Board meeting packets and noted that staff will present a full Project Profile and Resolution at the May Board of Commissioners meeting once the due diligence review has been completed.

Chair Holland-Young asked that the meeting records reflect that guest, Alex Zimmerman, interrupted the proceedings of the meeting and that he was asked to refrain from further interruptions.

Commissioner Barnes asked for the due diligence deadline. Mr. Walter replied that it is April 21, but staff are asking the seller for additional time in order to finish the property assessment.

Procurement Report – First Quarter

Chair Holland-Young referred Board members to the first quarter Procurement Report contained in the meeting packets.

Commissioner Mitchell raised concerns about the format of the report in particular on multi-year contracts. The way the Report information is formatted, it appears to reflect that many contracts have gone far beyond the original contract amount. As an example, Commissioner Mitchell cited one contract on the Report with an original amount of \$150,000 and a total contract value to date of \$740,000, a 393% increase which appears to be exorbitant. Dan Watson noted that some contracts, such as the one noted by Commissioner Mitchell, represent contract time extensions for additional work on a project as it proceeds in increments over a series of years, with the incremental increases oftentimes appearing as cost overruns. In most cases these are not cost overruns because the cumulative cost was actually anticipated in the overall project budget. A better way to more clearly present this in the quarter procurement report is needed. Stephen Norman noted that staff will re-work the Report to make it more understandable for Commissioners.

New Bank Accounts

There were no questions from the Commissioners on the New Bank Accounts memo contained in the meeting packet.

VII. EXECUTIVE DIRECTOR'S REPORT

Chair Holland-Young noted that Commissioners had previously received the Executive Director's Report via e-mail. There were clarifying questions on the Report that were satisfactorily answered by the Executive Director.

Stephen Norman reported that the Bellevue Boys and Girls Club will be honoring the Housing Authority at its annual event on Saturday, May 14. On May 12, the Southwest Boys and Girls Club will also have their annual breakfast event and program. Commissioners were invited to attend both events.

IX. COMMISSIONER COMMENTS

Commissioner McLarky asked for an update on the 509 disposition application. Connie Davis replied that the application is still being reviewed by HUD. Commissioner McLarky also asked about progress on the new annex building next to the Administrative Offices. Ms. Davis replied that the initial meeting has been held with the architect, Rice Fergus Miller, for renovation of the site and a series of meetings will be held with staff on usage of the building.

X. ADJOURNMENT

There being no further business the meeting was officially adjourned at 10:00 am.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**



NANCY HOLLAND-YOUNG, Chair
Board of Commissioners



STEPHEN J. NORMAN
Executive Director