

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

**May 11, 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, May 11, 2011 at the King County Housing Authority's Administrative Offices, 600 Andover Park West, Tukwila, Washington.

**II. ROLL CALL**

**Present:** Commissioner Nancy Holland-Young, Chair; Commissioner Terry McLarky, Commissioner Doug Barnes and Commissioner Richard Mitchell

**Excused:** Commissioner Michael Brown

**Staff:** Stephen Norman, Connie Davis, Mike Reilly, Claude DaCorsi, Linda Weedman, Rhonda Rosenberg, Kristin Winkel, Bill Cook, John Eliason, Gary Leaf, Tim Walter, Donna Kimbrough, Tessa Martin, Craig Violante, Deborah Gooden and Ruth Bayang-Stoffel

**Guests:** Lillie Clinton  
Bill Goodwin  
Alex Zimerman

**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.

Lillie Clinton distributed emergency preparedness materials to the Commissioners and Executive Director, as well as presenting a letter to the Board of Commissioners which was read out loud by Chair Holland-Young. A copy of the letter is attached to the meeting records.

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

During Mr. Zimerman's comment period, Commissioner Mitchell and Chair Holland-Young asked that the record reflect that Mr. Zimerman used explicit profanity during his presentation that was deemed offensive to the Board of Commissioners and others present at the meeting.

#### IV. APPROVAL OF MINUTES

Minutes from the April 13, 2011 Board of Commissioners' meeting were presented for approval. Commissioner Barnes moved for approval of the minutes. Commissioner McLlarky 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 item:

##### **March 2011 Voucher Reports**

General Properties: Bank Wires/ACH Withdrawals for \$4,829,069.44; Accounts payable vouchers #215604 - 216242 for \$5,050,042.23; Payroll vouchers, computer checks numbered #081554-81587 for \$33,676.85; Payroll computer direct deposit for \$1,063,462.71; Section 8 Program vouchers, ACH withdrawals #155205-158305 for \$7,658,848.75, computer run checks #573933-575176 for \$714,954.01; purchase card/ACH withdrawal \$157,341.01. Total for March 2011 for the General Properties was \$19,507,395.00.

Bond Properties: Total for March 2011 was \$1,476,162.43 related to 19 different properties.

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

#### VI. RESOLUTIONS FOR DISCUSSION

**Resolution No. 5325:** Authorizing the Purchase by Negotiation or Condemnation in lieu of Purchase by Negotiation of the Kirkland Place Apartments  
Presented by: Tim Walter

Tim Walter reported that Resolution No. 5325 authorizes the Executive Director to proceed with the acquisition of the Kirkland Place Apartments, a 9 unit apartment complex located in Kirkland. KCHA intends to activate unused public housing subsidies for these units, making them affordable to extremely low income households. The property will be managed by KCHA's Northeast Public Housing Area Office utilizing KCHA's public housing policies. No existing tenants will be displaced and subsidies will be activated when eligible tenants occupy the units.

Mr. Walter noted that acquisition of the Kirkland Place Apartments will assist KCHA in expanding its inventory of housing for low-income households in the northeast part of the County where residents will have access to excellent schools and proximity to local employment opportunities. The price is slightly less than \$140,000 per unit and KCHA anticipates it will need to invest between \$500,000 - \$600,000 in repairs and upgrades over the next 5 years. The total cost to the Authority of approximately \$1,800,000 is well below what it would cost KCHA to purchase vacant land and con-

struct the same number of units in this location. Acquisition and rehabilitation costs will be covered through use of KCHA's Moving to Work funds.

As part of the presentation, Mr. Walter referred Commissioners to the detailed project profile contained in the meeting packets that provided additional information regarding the history of the site, operating projections, strategic rationale for acquiring the property and primary risks associated with the acquisition of the site.

Commissioner Mitchell asked how extensive asbestos is in the building. Mr. Walter replied that asbestos has been detected in the interior of the units in the popcorn ceilings, joint compound in the walls and mastic under the kitchen and bathroom vinyl flooring which is typical in housing of this vintage.

Commissioner McLlarky asked if the existing income generated from the building will cover the mortgage payments. Mr. Walter replied that KCHA would acquire Kirkland Place with proceeds from one of KCHA's general development lines of credit. After completion of a HUD required environmental review, the Housing Authority anticipates paying off the interim financing with MTW reserves and there would be no debt on the building. KCHA would utilize public housing operating subsidies or project based vouchers to maintain rents at levels affordable to very low income households.

Mr. Walter noted that in purchasing the property, KCHA is inheriting the lease agreements with tenants that may or may not be eligible to meet certain demographic criteria such as income limit restrictions that would permit KCHA to utilize the envisioned long-term financing structure without having to wait for move-in of income qualified residents. However, KCHA has obtained existing tenant application information and it appears that a few of the residents could qualify as eligible residents under public housing admission criteria. KCHA will income qualify residents after it has taken possession of the building

Commissioner Mitchell asked for an explanation of how the Housing Authority uses its condemnation powers if it is unsuccessful in acquiring the property on satisfactory terms through negotiation and purchase.

Stephen Norman noted that KCHA has used condemnation authority only under very limited circumstances, principally in connection with several commercial properties around the Greenbridge site, and to acquire Lora Lake Apartments from the Port of Seattle.

Bill Goodwin, legal counsel for the Housing Authority, also noted there are two potential benefits for a seller when properties are acquired through condemnation or purchased under threat of condemnation. Under these circumstances the seller is excused from paying the real estate excise tax of 1.78% of the purchase price. The second benefit is that the seller may be able to reinvest the proceeds of the sale during a three calendar year period in another like asset without recognizing any capital gain on the initial investment. As a result, the Housing Authority becomes a more attractive buyer when there is the threat of condemnation.

Commissioner Holland-Young asked that the meeting record reflect that guest Mr. Alex Zimmerman has verbally interrupted the meeting proceedings twice.

There being no further questions, a motion was made for Resolution No. 5325.

**MOTION:** Moved that Resolution No. 5325: Authorizing the Purchase by Negotiation or Condemnation in lieu of Purchase by Negotiation of the Kirkland Place Apartments, be approved.

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

**Resolution No. 5327:** Authorizing the Renewal of a Letter of Credit for the Landmark Apartments

Presented by: Tim Walter

Tim Walter stated that Resolution No. 5327 authorizes the Executive Director to enter into a renewed letter of credit for the Landmark Apartments with Bank of America. The property is currently financed with variable rate bonds which require a third party direct pay letter of credit to make the monthly debt service payments.

Mr. Walter noted that KCHA's original letter of credit expired in 2009 and was renewed for an additional 2 year term. KCHA must now provide either an extension of the current liquidity facility or a substitute letter of credit from another financial instrument in order to keep the current bond financing in place. The Housing Authority has received a proposal from Bank of America to extend the existing letter of credit for an additional 2 years. The annual fee is 115 basis points which is equal to the current letter of credit pricing. This authorization would allow KCHA to keep the existing bond financing in place through at least July 2013.

Bank of America has informed KCHA they may not be willing to renew or enter into another letter of credit at the end of this proposed renewal term. As a result, KCHA is continuing to explore other financing vehicles to both take advantage of the low interest rate environment and limit KCHA's exposure to changes in the credit markets that affect the Housing Authority's costs and ability to obtain credit facilities.

Commissioner Barnes asked for the remarketing fee and Mr. Walter replied it is 5 basis points.

**MOTION:** Moved that Resolution No. 5327: Authorizing the Renewal of a Letter of Credit for the Landmark Apartments, be approved.

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

**Resolution No. 5328:** Amendment of KCHA Bylaws  
Presented by: Stephen Norman

Bill Goodwin, legal counsel for the Housing Authority, reported that the Housing Authority Bylaws were in need of revision. The language in the Bylaws needed to be re-worked when referring to the Housing Authority or the Commissioners and the interchangeability of those designations. Mr. Goodwin reviewed other proposed changes to the Bylaws' wording with respect to public meetings and whether the Executive Director is considered an officer of the Board or an employee. Mr. Goodwin noted that Stephen Norman is an employee of the Authority under contract with the Board, although historically the Executive Director has always been the Secretary of the Board serving as such in the traditional sense of maintaining records of the meetings, etc.

Mr. Goodwin reviewed previously distributed proposed changes to the Bylaws. The conclusion by counsel was that although the Board of Commissioners does not have to appoint a Secretary for the Housing Authority, it is nearly indispensable that a Secretary be designated whose responsibility it is to keep track of everything on behalf of the Board. That being so, the housing authority law states that if the Board selects a Secretary, the Secretary shall be the Executive Director. In the proposed version of KCHA's Bylaws, the incumbent duties of Secretary, as a record keeper, have been separated from the duties of the Executive Director.

Mr. Goodwin noted that another change proposed under Resolution No. 5328 was that the former designation of the Executive Director as Secretary and Treasurer be modified only to refer to the Executive Director as Secretary. The Board of Commissioners could constitute a Treasurer, should they choose to do so, as the statute would authorize that but not require it. Mr. Goodwin advised that since the Housing Authority has grown to the size where it has an extensive staff devoted to matters of finance, accounting, banking, etc., it appears to be unnecessary to appoint a Treasurer. He also noted that should the Board of Commissioners disagree, the term "Treasurer" can be added back into the Bylaws.

Commissioner Mitchell expressed his appreciation for the thorough vetting of the Bylaws and that issues raised by the Board have been appropriately addressed. With respect to the Treasurer role, the Board had agreed that there will not be a Treasurer but instead a Finance Committee comprised of two Commissioners and supported by appropriate staff.

**MOTION:** Moved that Resolution No. 5328: Amendment of KCHA Bylaws, be approved.

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

Chair Hollad-Young announced that a new Resolution is coming before the Board of Commissioners for consideration as a result of approval of Resolution No. 5328.

**Resolution No. 5329:** Appointing Stephen Norman as Contracting Officer for the King County Housing Authority

Chair Holland-Young noted that Resolution No. 5329 appoints Stephen Norman as the contracting officer for the Housing Authority as the Executive Director and as Secretary to the Board, and replaces the previous title of Secretary-Treasurer.

**MOTION:** Moved that Resolution No. 5329: Appointing Stephen Norman as Contracting Officer for the King County Housing Authority, be approved.

**MOVED BY:** Commissioner Barnes, seconded by Commissioner McLlarky. Motion unanimously passed.

## **VII. Election of Officers**

Commissioner Mitchell moved that Commissioner Nancy Holland-Young serve as Chairperson of the Board and Commissioner Michael Brown serve as Vice-Chairperson and both shall hold office for two years or until their successors are elected and assume their positions. Motion was seconded by Commissioner McLlarky and unanimously passed.

## **VIII. Designation of Finance Committee Membership**

Chair Holland-Young noted that the purpose of the Finance Committee will be to provide enhanced oversight of KCHA's financial operations by the Board of Commissioners. The Committee will likely meet up to six times a year either telephonically, electronically or in person. The Committee will review financial statements on a quarterly basis and the proposed annual budget prior to submission to the Board for approval, participate in the Washington State Auditor's annual exit conference, conduct review or oversight activities as may be requested by the Board of Commissioners and report on all of these matters at the Board of Commissioners' meetings.

Commissioner Barnes asked if a staff liaison will be appointed to work with the Committee and he also expressed interest in serving on the Committee. Stephen Norman responded that the overarching staff responsibilities for the Committee will fall to Connie Davis and Craig Violante. Depending upon the subject matter within the Committee, additional staff may be brought in to participate.

Commissioner Holland-Young agreed to also serve on the Finance Committee until approximately November when the responsibility may be passed to Commissioner Mitchell if his schedule permits.

## **IX. REPORTS**

### **First Quarter Summary Write-Offs Quarterly Dashboard Report New Bank Accounts**

There were no questions from the Commissioners on any of the reports that were contained in the meeting packets.

## **X. NEW BUSINESS**

Chair Holland-Young noted that Commissioners received copies of a letter and backup documents from a tenant addressed to a KCHA staff member concerning a unit transfer. Mike Reilly and Linda Weedman updated the Board on the concerns raised in the letter and how KCHA has responded.

## **XI. EXECUTIVE DIRECTOR'S REPORT**

Stephen Norman's report was previously distributed to the Board of Commissioners and there were no questions on his report.

Mr. Norman stated that Board meetings over the summer will be held at KCHA sites affording the Commissioners an opportunity to tour KCHA properties.

## **XII. COMMISSIONER COMMENTS**

Chair Holland-Young noted that Commissioners had received a summary of the Board of Commissioners' retreat held on April 29 and 30, a copy of which is appended to the meeting records. Chair Holland-Young noted that there are a number of follow-up activities and a need was expressed for study sessions around certain issues. The Chair reported that study sessions would focus on family self-sufficiency, housing mobility, education and homelessness. Following discussion among Commissioners, it was agreed that the study sessions would occur at the end of a Board meeting, and will likely extend the actual meeting time.

## **XIII. Executive Session**

A motion was made by Commissioner Mitchell to adjourn to Executive Session at 9:25 am for approximately 25 minutes to discuss with legal counsel matters related to potential litigation as authorized by RCW 42.30.110(1)(i). Commissioner Barnes seconded the motion and the motion unanimously passed.

A motion was made by Commissioner McLlarky to reconvene the regular Board of Commissioners' meeting, motion was seconded by Commissioner Mitchell and the motion unanimously passed. The regular meeting was reconvened at 9:50 am.

**XIV. ADJOURNMENT**

There being no further business the meeting was officially adjourned at 9:55 am.

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

  
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**NANCY HOLLAND-YOUNG**, Chair  
Board of Commissioners

  
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**STEPHEN J. NORMAN**  
Executive Director