

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

April 11, 2012

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 11, 2012 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 Michael Brown, Vice-Chair; Commissioner Doug Barnes, Commissioner Terry McLlarky and Commissioner Richard Mitchell

Staff: Stephen Norman, Dan Watson, Deborah Gooden, Mike Reilly, Craig Violante, Megan Hyla, Nick Foster, Tessa Martin, Bill Cook, Judi Jones, Kristin Winkel, Tim Walter, Rhonda Rosenberg, Connie Davis, Donna Kimbrough, Claude DaCorsi, Gary Leaf and Linda Weedman

Guests: 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.

Ms. Lillie Clinton addressed the Board regarding parking issues at public housing sites, needed sidewalk repairs at Wellswood Apartments and requested repairs in her unit.

Mr. Alex Zimmerman, representing StandUp America, addressed the Board with complaints about the Housing Authority's management and operations.

IV. APPROVAL OF MINUTES

Minutes from the March 21, 2012 Board of Commissioners' Special Meeting were presented for approval. Commissioner McLlarky moved for approval of the minutes, with Commissioner Barnes seconded the motion, with Commissioner Richard Mitchell abstaining. The minutes of the previous meeting were approved.

V. CONSENT AGENDA

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

February 2012 Voucher Reports

General Properties: Bank Wires/ACH Withdrawals for \$2,974,281.38; Accounts Payable vouchers #222991-223596 for \$3,694,737.59; Payroll vouchers, computer checks numbered #82063-82094 for \$34,358.62; Payroll direct deposit for \$1,067,141.32; Section 8 Program vouchers, ACH withdrawals #188179-191190 for \$7,900,338.20, computer run checks #586969-588022 for \$706,837.37; purchase card/ACH withdrawals \$153,092.13. Total for February 2012 for the General Properties was \$16,530,786.61.

Bond Properties: \$1,380,917.49 related to 20 different properties.

Resolution No. 5375: Authorizing Changes to Section 13, Tenant Application Process, of the Section 8 Project-based Administrative Plan

Commissioner Brown seconded the motion to approve the Consent Agenda and the motion unanimously passed.

VI. RESOLUTIONS FOR DISCUSSION

Chair Holland-Young noted that there was one additional Resolution being brought before the Board that was not on the original agenda – Resolution No. 5380: Intergovernmental Cooperative Purchasing Agreement with Vancouver School District No 37. Copies of the Resolution and accompanying memorandum were distributed to Board members.

Resolution No. 5374: Approving Modifications to KCHA's Locally-designed Project-based Section 8 Program and Administrative Plan
Presented by: Judi Jones

Judi Jones reported that following lengthy negotiations with HUD, KCHA has recently received approval for the disposition of 509 Public Housing units and KCHA intends to lease "the 509" to a KCHA-controlled non-profit entity and assign Project-based Section 8 vouchers to 100% of the units. In preparation for the transfer of these units to Project-based subsidy, KCHA staff has begun a review of its local Project-based Section 8 Program and Project-based Administrative Plan to identify program and policy changes that will help streamline program administration and ensure current residents are not adversely impacted by KCHA's financial restructuring of its inventory.

Ms. Jones briefed the Board on the proposed program and policy changes as were outlined in her memorandum contained in the meeting packets and recommended Board approval of the Resolution. Ms. Jones noted that the Resolution would approve expansion of KCHA's Project-based Program allocation beyond the standard HUD limits; modify policies relating to a household's right to move from the assisted unit; modify requirements relating to Housing Quality Standards inspections and modify requirements relating to certification and verification of income and family circumstances. The Board was provided black-lined copies of the portions of the Project-based Administrative Plan that would be affected by approval of the proposed changes.

Kristin Winkel distributed information on the number of KCHA's current and projected Section 8 vouchers by program. Of 8,748 current vouchers, 16% are Projected-based. By the year 2013, 27% of the vouchers are expected to be Projected-based.

MOTION: Moved that Resolution No. 5374: Approving Modifications to KCHA's Locally-designed Project-based Section 8 Program and Administrative Plan, be approved.

MOVED BY: Commissioner McClarky, seconded by Commissioner Brown. The motion unanimously passed.

Resolution No. 5376: Authorizing a Change to the King County Housing Authority Investment Policy
Presented by: Craig Violante

Craig Violante explained that Resolution No. 5376 authorizes an increase in the percentage of the Authority's investable cash which can be invested outside of the Washington State Local Government Investment Pool (LGIP). The resolution would also authorize a higher percentage of investment in "step-ups", which are callable agency securities where interest rates increase with the length of maturities and are widely viewed as investments that can take advantage of expected rate increases in interest rates. These policy changes are designed to increase KCHA's investment returns during a historically low interest rate environment.

Mr. Violante briefed the Board on the proposed changes as outlined in the cover memorandum associated with the Resolution, noting that KCHA currently has 33% of its investable cash in the internal investment pool. The proposed change would raise that total to 64%, just under the 65% internal investment pool maximum. KCHA currently has \$7 million invested in step-ups (with maturities between three and five years), which is 21% of the internal investment pool. Without a change to the Investment Policy, when the internal investment pool reaches maximum capacity, a total of \$19 million can be in step-ups. Of the \$30.5 million of planned new internal pool investments, only \$12 million can be in step-ups. By raising the maximum capacity of step-ups to 50%, \$24 million of the \$30.5 million of new internal investments can be in step-ups, better positioning the portfolio to match interest rates that are now predicted to begin rising sometime in 2014 or 2015.

Following clarifying questions on Resolution No. 5376 that were satisfactorily addressed by staff, a motion was made for approval.

Commissioner Barnes noted that the proposed changes to the Investment Policy were discussed in the recent Finance Committee meeting and Committee members recommend approval.

MOTION: Moved that Resolution No. 5376, Authorizing a Change to the King County Housing Authority Investment Policy, be approved.

MOVED BY: Commissioner McLlarky, seconded by Commissioner Brown. The motion unanimously passed.

Resolution No. 5378: Naming Successor Directors to the Moving King County Residents Forward Board of Directors
Presented by: Connie Davis

Connie Davis noted that Resolution No. 5378 appoints a slate of Directors to the KCHA affiliated Moving King County Residents Forward (MKCRF) not-for-profit corporation and amends the MKCRF Articles of Incorporation by appointing KCHA's Commissioners as de jure members, rather than by name, as Board members.

In January 2009, the Board of Commissioners approved formation of a not-for-profit 501(c)3 corporation called "Moving King County Residents Forward" for the purpose of creating a fundraising vehicle to support and expand on-going services to KCHA residents and program participants. The not-for-profit corporation was also intended to facilitate the raising of philanthropic funding for improvements related to community buildings sited at federally assisted housing communities. The KCHA Commissioners serving at that time were named to the Board of Directors of the new entity.

While fully incorporated and filed, MKCRF has largely been dormant and has not actively solicited funds. The existence of the not-for-profit, however, has proved very useful in the Public Housing disposition project called "The 509 Project". 509 units must be sold to a third party entity to enable the substitution of Housing Choice Voucher subsidies for Public Housing funding. The charter and legal documents of MKCRF made this 501(c)3 non-profit corporation the ideal vehicle for ownership of these properties. This repositioning enables KCHA to use the cash flow from the voucher rental income to borrow funds make badly need repairs and capital improvements to the 509 properties and ensure their long-term sustainability.

Ms. Davis stated that the Housing Authority proposes to transfer the 509 units to MKCRF under a long term lease. MKCRF will contract with KCHA to operate the properties utilizing the existing KCHA staff currently managing the sites. It is contemplated that after a period of at least 367 days, the lease will be terminated and the properties would revert to KCHA, which would then be bound by a long-term Use Agreement with HUD to operate the properties as affordable housing for low-income families for 55 years.

Commissioner Mitchell noted that the KCHA By-laws were recently amended to reflect staff not serving as officers of the Board of Commissioners. Commissioner Mitchell suggested that the same principle apply to MKCRF and that the Executive Director wording be eliminated in Section 1. of the Resolution, leaving the Board of Commissioners of KCHA only as the Board of Directors for the entity.

A motion was made to approve the Resolution as amended.

MOTION: Moved that Resolution No. 5378, Naming Successor Directors to the Moving King County Residents Forward Board Of Directors, be approved, as amended, deleting the wording "*Executive Director and*" from the Resolution.

MOVED BY: Commissioner Brown, seconded by Commissioner McLlarky. The motion unanimously passed.

Resolution No. 5379: Related to Disposition and Sale of Seola Gardens Lots 1-14, 25-30, 33-49, 51-67 to Richmond American Homes
Presented by: Deborah Gooden

Deborah Gooden reported that Resolution No. 5379 authorizes the Executive Director to sell Seola Gardens lots 1-14, 25-30, 33-49, 51-67 (total of 54 lots) to Richmond American Homes for construction of market rate, detached, for sale homes. The Resolution authorizes the sale of this land to Richmond American on substantially the same terms outlined in a non-binding Letter of Intent (LOI) dated April 4, 2012.

Ms. Gooden briefed the Board of Commissioners on the disposition process, Richmond American Homes' proposal, terms of the sale, land valuation, profit participation and risks involved in the transaction, all of which were also covered in the cover memorandum for the Resolution in the meeting packets. Resolution No. 5379 would authorize the Executive Director to enter into a purchase and sale agreement with Richmond American Homes and to take any and all actions necessary to close the transaction within the terms and structure of the current agreement. It also authorizes the Executive Director to adjust the price based on issues raised during the feasibility period that directly affect the value of the lots.

Commissioner Barnes questioned the wording of the Resolution for Section 1 that states "The Director is authorized to adjust the price up to 10%". As a point of clarification, Commissioner Barnes felt the phrase should be changed to read ". . . by no more than 10%".

Following discussion among the Commissioners, it was proposed that the Resolution be amended to read "The Director is authorized to adjust the price *by no more than 10%*". A motion was made to approve the Resolution as amended.

MOTION: Moved that Resolution No. 5379, Related to Disposition and Sale of Seola Gardens Lots 1-14, 25-30, 33-49, 51-67 to Richmond American Homes, be approved as amended.

MOVED BY: Commissioner Mitchell, seconded by Commissioner Brown with Commissioner Doug Barnes abstaining. The motion passed.

Resolution No. 5380: Intergovernmental Cooperative Purchasing Agreement with Vancouver School District No 37
Presented by: Dan Watson

Dan Watson reported that Resolution No. 5380 authorizes the Executive Director to enter into an Intergovernmental Cooperative Purchasing Agreement with Vancouver

School District No. 37 for the purpose of purchasing up to 80 HON workstations that will be installed in the 700 Andover Building.

KCHA had planned to purchase the HON workstations through The Cooperative Purchasing Network (TCPN), a national cooperative used by many school districts and public agencies. However, the HON workstation needed by KCHA was not available through TCPN in Washington State. KCHA learned that the HON workstation could be purchased through an Intergovernmental Cooperative Purchasing Agreement with Vancouver School District No. 37 which also has a cooperative purchasing program and routinely purchases goods and supplies for other school districts and public agencies. Intergovernmental purchases are made pursuant to Chapter 39.34 RCW, The Interlocal Cooperation Act, which permits public agencies to cooperate and exercise joint powers in carrying out their public purposes, including the purchase of goods and services, provided the interlocal or intergovernmental agreement is approved by the governing boards of the cooperating public agencies.

Resolution No. 5380 authorizes the Executive Director to enter into an Intergovernmental Cooperative Purchasing Agreement to purchase up to 80 HON workstations at a cost not to exceed \$140,000. It should be noted that the cost of 80 HON workstations is approximately \$13,000 less than the out-of-state purchase cost through the TCPN.

MOTION: Moved that Resolution No. 5380, Intergovernmental Cooperative Purchasing Agreement with Vancouver School District No 37, be approved.

MOVED BY: Commissioner Barnes, seconded by Commissioner Mitchell. The motion unanimously passed.

VII. FINANCIAL REPORTS

Review of the 2011 Year End Financial Statements

Presented by: Craig Violante

Craig Violante briefed the Board of Commissioners on the 2011 Year End and Fourth Quarter Financial Reports. He also provided further clarification of the MTW Fund Statement of Income due to questions raised at the Finance Committee meeting. Commissioner Barnes noted that the Finance Committee will be used as a vehicle to work with staff on monitoring reserve levels and recommending appropriate uses of reserves. Connie Davis noted that MTW funds have been received since 2005 in a block grant and that the primary source of the MTW working capital is due to the Section 8 Program rule changes and administrative improvements that have added funds to reserve accounts.

Mr. Violante also reviewed for the Board the Consolidated Cash Report that was reformatted to make it more understandable.

Commissioner Holland-Young asked about the Central Office Cost Center. Mr. Violante replied more cash was transferred into the Center than budgeted due to transfers from the bond funds and reimbursement of costs affiliated with the Agresso software. Connie Davis noted that some of the transfers were a result of the analysis conducted as part of the MTW program.

Proposed New Format for Quarterly Financial Report

Presented by: Craig Violante

Craig Violante reported that staff is proposing a new type of report be included in the quarterly financial report to the Board and reviewed the proposed changes for the Board. A new "Working Capital" statement would replace the Summary of Revenues, Expenses and Cash Flow report currently in use. The new report format would incorporate two significant changes from the previous format. The Working Capital reconciliation format would be used in lieu of the cash reconciliation format and fund groupings would be re-defined. The new format will be used in the latter half of this year. The Working Capital reconciliation format will be a superior way to track the operations and near-term financial stability of KCHA.

VIII. BRIEFING

509 Disposition Update

Presented by: Connie Davis

Connie Davis reported that KCHA received HUD approval for the 509 Public Housing Disposition on February 22 and the Authority has received 508 Section 8 vouchers that are effective April 1, 2012 representing \$6.1 million in additional annual subsidy. There are some outstanding issues with the HUD approval that are being negotiated at this time.

Ms. Davis stated that every affected resident has received a letter advising them of the availability of a Section 8 voucher and mobility options. Nine meetings are being held throughout the County with residents to talk about the disposition and information is also available on KCHA's website. Ms. Davis briefed the Board on the mobility options available for residents and proposed development expenses for the sites. Staff are coordinating the internal logistics for the project.

IX. EXECUTIVE DIRECTOR'S REPORT

Stephen Norman noted that the Board of Commissioners had previously received his monthly Executive Director's Report via e-mail. There were no questions from the Commissioners.

Megan Hyla updated the Board on the State Legislature passing the budget noting that \$69 million was dedicated to the State Housing Trust Fund. Three programs that benefit KCHA residents: TANF, the Housing and Essential Needs and the Disability Life-line Programs were all preserved. The Housing Authority will also receive a \$298,000 grant for the Valli Kee community center.

X. COMMISSIONER COMMENTS

Commissioner Mitchell asked for and received feedback from staff on concerns raised during the public comment portion of the meeting. Commissioner Mitchell also asked about the revised sick leave policy that was discussed at the last meeting. Chair Holland-Young stated that the revised policy did pass and Commissioner Barnes com-

mented that the policy was passed with the intent that the Board would revisit the issue when all members were present.

XI. EXECUTIVE SESSION

A motion was made by Commissioner Barnes to adjourn to Executive Session at 10:05 am for approximately five minutes to discuss the performance of a public employee as authorized by RCW 42.30.110(1)(g). Commissioner Mitchell seconded the motion and the motion unanimously passed.

At 10:10 am, a motion to return to the regular Board of Commissioners' meeting was made by Commissioner Barnes, seconded by Commissioner Mitchell and unanimously passed. No formal action was taken during the Executive Session.

XII. ADJOURNMENT

There being no further business the meeting was officially adjourned at 10:15 am.

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



NANCY HOLLAND-YOUNG, Chair
Board of Commissioners



STEPHEN J. NORMAN
Secretary