

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

July 11, 2012

I. Public Hearing: Proposed Expansion of KCHA's Smoke-Free Housing Initiative to All Remaining KCHA Managed HUD-Subsidized Properties

Chair Holland-Young called the Public Hearing to order at 6:00 pm at the Kent Family Center at Birch Creek Apartments, 27360 129th Place, SE in Kent, Washington.

Bill Cook briefed the Board of Commissioner on KCHA's proposed Non-smoking Initiative. A copy of his PowerPoint presentation is appended to the meeting records. Following his presentation, Mr. Cook noted that a draft proposal for the initiative will be presented to the Board of Commissioners at its August meeting.

Public Comments on the Initiative: Sarah Ross-Viles and Alex Zimmerman addressed the Board of Commissioners with comments on the initiative to the Commissioners for consideration.

Commissioner Brown noted that approximately 50 written comments have been received on the initiative and asked if staff feels the public has had ample opportunity to weigh in. Mr. Cook replied that every resident received notification, either in the mail or in-person on the proposed initiative and had opportunities to comment at both the Resident Advisory Committee and at this Public Hearing. Information was also placed in the "Voice", the community resident newsletter. Every notice also had a call-in number for residents to express comments by phone. Residents were also encouraged to e-mail comments to the Housing Authority.

Chair Holland-Young asked if the policy will differ from site to site. Mr. Cook replied that at the family sites, residents will be allowed to smoke on their patio/deck or front area of their unit. At the senior/younger disabled buildings, tenants will be required to move 25 feet from any entrance in order to smoke. Installing designated covered smoking areas appears to be cost prohibitive at this time.

Commissioner Barnes asked about tenants with medical hardship that would be required to smoke in designated areas only. Mr. Cook responded that other housing authorities with this policy in place have found that residents will find some way to get outside in order to smoke. Also, residents can request a reasonable accommodation.

There being no further public comments or questions, Commissioner Mitchell moved to closed the Public Hearing, seconded by Commissioner McLlarky. Motion passed and Chair Holland-Young closed the Public Hearing at 6:35 pm.

II. CALL TO ORDER

The special meeting of the Board of Commissioners of the King County Housing Authority was called to order at 6:35 pm.

III. ROLL CALL

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

Staff: Stephen Norman, Dan Watson, Connie Davis, Judi Jones, Tessa Martin, Tiffany Ngo, Linda Weedman, Craig Violante, Sean Heron, Bill Cook, Elizabeth Westburg, Mike Reilly, Gary Leaf, Tim Walter, Kristin Winkel, Cynthia Ricks-Maccotan, Nick Jackman, Beth Pearson and Angela Wallis

Guests: Sarah Ross-Viles and Alex Zimerman

IV. 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 of Commissioners.

Mr. Alex Zimerman addressed the Board with complaints about KCHA's management and operations.

V. APPROVAL OF MINUTES

Minutes from the May 9, 2012 Special Board of Commissioners' Meeting were presented for approval. Commissioner Brown moved for approval of the minutes, with Commissioner Barnes seconding the motion. The minutes of the previous meeting were approved.

VI. CONSENT AGENDA

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

May 2012 Voucher Reports

General Properties: Bank Wires/ACH Withdrawals for \$913,693.14; Accounts Payable checks #225152-225751 for \$5,825,835.57; Payroll vouchers, computer checks numbered #82177-82228 for \$76,998.94; Payroll direct deposit for \$1,106,265.50; Section 8 Program vouchers, ACH withdrawals #197256-200287 for \$8,014,085.99, computer run checks #590076-591008 for \$683,570.40; purchase card/ACH withdrawals \$170,359.11. Total for May 2012 for the General Properties was \$16,790,798.65.

Bond Properties: \$1,961,652.67 related to 20 different properties.

Resolution No. 5390: Authorizing Changes to Policies Related to the Transfer of Residents Between KCHA's Subsidized Housing Programs as Outlined by the Agency's MTW Enhanced Transfer Policy

Resolution No. 5391: Increasing the Maximum Allowed Expenditures under the Intergovernmental Cooperative Purchasing Agreement Entered Into with the Vancouver School District No. 37

Following clarifying questions on Resolution No. 5391 from the Board of Commissioners, Commissioner Barnes seconded the motion to approve the Consent Agenda and the motion unanimously passed.

VII. RESOLUTIONS FOR DISCUSSION

Resolution No. 5387: Defeasance of 2007 Egis Housing Program Bonds
Presented by: Tim Walter

Tim Walter reported that Resolution No. 5387 authorizes the defeasance of the Egis Housing Program bonds and the Executive Director to carry out all actions necessary to complete the defeasance.

As way of background, Mr. Walter noted that in 2007, KCHA issued \$9.225 million in bonds as part of a HUD approved capital fund financing program to finance a portion of the rehab of eight senior/disabled mid-rise apartment buildings (all a part of the Egis tax-credit redevelopment project). As a condition of the financing, KCHA was required to maintain a minimum balance of public housing units in order to insure that KCHA's capital fund entitlement was well in excess of required debt service on the Egis bonds. If the public housing inventory dropped below a certain number, the Housing Authority would be required to pay down a portion of the outstanding bonds. As a result of KCHA's recent disposition approval from HUD for the 509 public housing units, the public housing inventory will be reduced by 509 units leaving the current public housing inventory with a balance below the minimum threshold. Accordingly, KCHA will be required to redeem, at a minimum, a portion of the bond issue.

Mr. Walters stated that the bonds have a prepayment restriction which prohibits the bonds from being called prior to June 2017. Any prepayment needs to be accomplished by defeasing the bonds (i.e., setting aside enough cash with an escrow agent who will continue to service the debt until the bonds can be called in June, 2017). Mr. Walters reviewed for the Board the reasons for defeasance of the entire remaining bond issue as were outlined in the cover memorandum for Resolution No. 5387 contained in the meeting packets. KCHA has sufficient reserves on hand to defease the entire bond issue (approximately \$4 million). Once the bonds are defeased, the current debt services which is paid from KCHA's annual capital fund allocation will become available to KCHA for capital projects on its remaining public housing portfolio.

MOTION: Moved that Resolution No. 5387: Defeasance of 2007 Egis Housing Program Bonds, be approved.

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

Resolution No. 5388: Mid-year Budget Amendment for 2012 Operating and Capital Budget Presented by: Craig Violante

Craig Violante briefed the Board of Commissioners on the proposed mid-year budget amendment for the 2012 operating and capital budget as were outlined in his cover memorandum for Resolution No. 5388 and as contained in the meeting packet. Mr. Violante noted that the most significant external factor affecting the 2012 budget is the greater-than-anticipated Housing Choice Voucher block grant funding. HUD's unexpected 1.5% inflation factor increase, coupled with a proration of 99.6% versus a budgeted 95%, resulted in \$5.7 million more revenue than budgeted. Of equal significance to KCHA was the approval of the 509 disposition request. As part of his presentation, Mr. Violante reviewed other drivers affecting the proposed mid-year budget amendment, all of which were detailed in his cover memorandum.

Commissioner Barnes noted that the Finance Committee thoroughly reviewed the proposed mid-year budget amendment and recommends approval of Resolution No. 5388. He noted that the Finance Committee appreciated seeing funding being reserved in the current budget for the types of commitments and obligations the Housing Authority has put in place for future implementation, e.g., multi-year contracts for supportive housing agencies.

MOTION: Moved that Resolution No. 5388: Mid-year Budget Amendment for 2012 Operating and Capital Budget, be approved.

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

Resolution No. 5389: Commitment of Moving to Work (MTW) Working Capital Reserves for the Purpose of Implementing a Change in Housing Management Software Presented by: Sean Heron

Sean Heron reported that Resolution No. 5389 would approve the commitment of \$2.5 million in MTW working capital for the purposes of procuring new software and hardware for the Public Housing and Section 8 Programs, inclusive of outside consultant services, project management, software design and acquisition, temporary project staffing and necessary training. The funds should be fully expended over KCHA's 2012 - 2015 fiscal years. Progress in obligating and spending these funds will be included in KCHA's annual MTW reports.

Converting to a new software system is essential for maintaining the agency's current success in streamlining operations and for meeting the statutory objectives of the Moving to Work Program to "reduce costs and achieve greater cost effectiveness in Federal expenditures". KCHA will not be able to initiate this multi-year initiative unless there is

certainty that sufficient funds are available to complete the project. KCHA's intent to pursue this initiative using MTW working capital reserves was outlined in its 2012 Annual Plan, which has been approved by HUD.

The 24-month process for replacing the current system will include the selection of outside consultants to assist with an evaluation of current business processes, a gap analysis, the documentation of technical requirements, contract negotiations and project management during the conversion. KCHA will solicit bids for the new software system using a formal Request for Proposals (RFP), followed by data conversion, product testing, and staff training. An approximate "go-live" date with the new software system is estimated for the second quarter of 2014.

Mr. Heron further briefed the Board of Commissioners, via PowerPoint, on the proposed implementation of the new software and a copy of his presentation is appended to the meeting records.

Commissioner Mitchell questioned the \$2.5 million estimate for the project as being excessive. Commissioner Barnes noted that the proposed software is only for housing management and is not a financial accounting system. He noted that financial accounting software can cost up to \$2 million. Implementation of the vendor contract will be critical to cost control as there are only two or three vendors that provide comprehensive PHA Program management software for large agencies. Commissioner Barnes noted that it is imperative that the Board watch the cost and schedules because the whole process could easily become inflated. Commissioner Mitchell asked which KCHA staff members have previously negotiated a software vendor contract for the Housing Authority. Connie Davis replied that the Finance Department led a conversion of the financial software with Agresso which went live on a rolling basis on a two year basis. Commissioner Barnes noted that part of the RFP should include bringing a consultant on board that both develops KCHA's software requirements and oversee implementation of the project. Mr. Heron noted that it may be difficult to find someone with both skill sets.

Stephen Norman noted that staff will come back to the Board of Commissioners in the future with more specifics on the software conversion and related costs, but the intent of Resolution No. 5389 is to move forward with a mid-year budget revision and with a series of resolutions from the Board clearly indicating what existing reserves are intended to be used for. Resolution No. 5389 seeks approval for reserving this dollar amount for the software conversion but is not seeking blanket approval of the project and the particulars of its implementation. Commissioner Barnes noted that the Finance Committee heavily scrutinized the \$2.5 million estimate during their recent meeting as well and will continue to monitor this expense through implementation.

Following further clarification questions from members of the Board that were satisfactorily addressed by Mr. Heron, a motion was made for Resolution No. 5389.

MOTION: Moved that Resolution No. 5389: Commitment of Moving to Work Working Capital Reserves for the Purpose of Implementing a Change in Housing Management Software, be approved.

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

VIII. BRIEFINGS

2011-2016 Resource Management Plan: Dashboard Report

Presented by: Angela Wallis

Angela Wallis briefed the Board of Commissioners on the first dashboard report detailing KCHA's progress toward achieving the key outcomes establish in its 2011 - 2016 Resource Management Plan. The Plan is in its first year of implementation, and the Dashboard Report, as contained in the meeting packet, demonstrated KCHA's progress toward reaching 2016 goals.

Ms. Wallis noted the Plan was designed to be challenging, yet attainable. The Housing Authority has met or exceeded 2011 projections in all areas, with the exception of common area energy Use. The Common Area Usage Target is a 2% savings per year for a total of 10% savings over the life of the RMP. In 2011, KCHA achieved a reduction of 1.4 % or 14% of the overall goal. Based on continued implementation of resource conservation best practices coupled with the likelihood that KCHA will implement new technologies, the annual 2% goal remains achievable, and staff will still aim for the 10% overall savings by 2016 as outlined in the Plan.

Ms. Wallis reviewed for the Board the targeted areas detailed in the dashboard report including common area energy use, portfolio energy use, solar energy production, avoided utility costs, waste and recycling and water use. The Board of Commissioners thanked Ms. Wallis for her presentation.

IX. EXECUTIVE DIRECTOR'S REPORT

There were no questions on the Executive Director's Report that was previously distributed to the Board. However, Commissioner McLlarky commented that he was unable to open the Executive Director's report that was e-mailed and has had extensive problems accessing his KCHA e-mail address. Chair Holland-Young concurred that there were difficulties opening the e-mail. Tessa Martin noted that to help combat this problem KCHA is moving e-mail access to a different server; and she distributed detailed new access directions to the Commissioners. The Board was also encouraged to contact the IT Department if they encounter problems with the new server and accessing their e-mails.

X. COMMISSIONER COMMENTS

Commissioner McLlarky stated that he has a number of concerns on KCHA's proposed non-smoking initiative which he will raise with staff and the Commissioners prior to the Board voting on the initiative at its August Board meeting.

XI. EXECUTIVE SESSION

A motion was made by Commissioner McLlarky to adjourn to Executive Session at 7:55 pm for approximately five minutes to discuss the performance of a public employee as authorized by RCW 42.30.110(1)(g). Commissioner Barnes seconded the motion and the motion unanimously passed.


At 8:00 pm, a motion was made to return to the regular Board of Commissioners' meeting by Commissioner McLlarky seconded by Commissioner Barnes, and unanimously passed. No action was taken during the Executive Session.

Performance Goals for the Executive Director were reviewed by the Board of Directors and Commissioner McLlarky made a motion to approve the Goals, seconded by Commissioner Michael Brown. Motion unanimously passed.


XII. ADJOURNMENT

There being no further business the meeting was officially adjourned at 8:10 pm.

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



NANCY HOLLAND-YOUNG, Chair
Board of Commissioners



STEPHEN J. NORMAN
Secretary