

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

December 17, 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 Monday, December 17, 2012 at the King County Housing Authority's Administrative Offices, Snoqualmie Conference Room, 700 Andover Park West in Tukwila, Washington.

II. ROLL CALL

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

Excused: Commissioner Doug Barnes

Staff: Dan Watson, Connie Davis, Donna Kimbrough, Kristin Winkel, Linda Weedman, John Eliason, Tim Walter, Mike Reilly, Rhonda Rosenberg, Steve Jeffreis, Marianne Everett, Graeme Atkey, Sean Heron, Megan Hyla, Gary Leaf, Claude Dacorsi, Ron Ovadenko and Ruben Rivera-Jackman

Guest: Lillie Clinton, Cindy Ference, Alex Zimmerman

III. PUBLIC COMMENT

Vice-chair Michael Brown announced that members of the public in attendance at the meeting would have five minutes to speak before the Board of Commissioners.

Ms. Lillie Clinton addressed the Board of Commissioners expressing her concerns of continued harassment of residents in her Housing Authority property.

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

Vice-Chair Brown noted that a reasonable accommodation request was made by Ms. Cindy Ference to deliver her public comments at the end of the meeting. However, her comments are included on this portion of the agenda for record purposes. Ms. Ference addressed the Board of Commissioners with her concerns on KCHA's non-smoking policies at Northridge I as well as reasonable accommodation policies. She left a copy of a letter for the Board of Commissioners.

IV. CONSENT AGENDA

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

October 2012 Voucher Reports

General Properties: Bank Wires/ACH Withdrawals for \$8,007,137.59; Accounts Payable checks #228488-229193 for \$4,602,874.70; Payroll vouchers, computer checks numbered #82416-82461 for \$46,393.93; Payroll direct deposit for \$1,108,210.44; Section 8 Program vouchers, ACH withdrawals #212413-215538 for \$8,216,527.13, computer run checks #594391-595181 for \$690,476.28; purchase card/ACH withdrawals \$199,797.25. Total for October 2012 for the General Properties was \$22,871,417.32.

Bond Properties: \$2,010,431.48 related to 20 different properties.

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

V. RESOLUTIONS FOR DISCUSSION

Resolution No. 5412: Authorizing Revisions to the Section 8 Tenant-Based Administrative Plan

Presented by: Graeme Atkey

Graeme Atkey reported the Housing Authority currently determines eligibility for applicants for the Section 8 Tenant-based Housing Voucher program using three local preferences: families who are involuntarily displaced; families living in substandard housing; and families living in a rent burdened situation (paying more than 50% of their income for rent and utilities). Families applying to the program must verify that they meet at least one of these preferences prior to receiving their Housing Voucher. Staff has found that, more and more, families are falling between the cracks and end up not being able to verify their qualification for one of these preferences despite being extremely low income and in an extremely precarious housing situation. These families, who earn less than 30% of AMI, may have chosen to live in overcrowded situations or doubled up with others in order to keep their housing affordable and thus are not qualified for a preference under current criteria.

Mr. Atkey stated that to correct this problem, the Housing Authority is proposing to add a fourth housing preference previously added to both the Public and Project-based Private Housing programs, i.e., a preference of *Extremely Low-income Household* - applicants whose total household income is equal to or less than 30% of the Area Median Income for their household size. Approval of Resolution No. 5412 would authorize revisions to the Section 8 Tennant-Based Administrative Plan to reflect this new preference.

Commissioner Mitchell asked how income verification would be determined for these families. Mr. Atkey responded that there is a process in place that requires families to submit documentation of employment, social security or public assistance and families are asked to verify their current living situation and how much rent is being paid, if any.

MOTION: Moved that Resolution No. 54 12, Authorizing Revisions to the Section 8 Tenant-Based Administrative Plan, be approved.

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

Resolution No. 5413: Acceptance of Washington State Auditor's Office Report on Financial Statements and Federal Single Audit (No. 1008465) for the Period Ending December 31, 2011

Presented by: Connie Davis

Connie Davis reported that on September 28, 2012 the Washington State Auditor's Office (SAO) issued Financial and Single Audit Report Number 1008465, a copy of which was contained in the meeting packets. This Report covers the Authority's financial statements and related disclosures along with the Federal Single Audit for the period January 1, 2011 through December 31, 2011. Within this report are, in addition to KCHA's combined financial statements, separate financial statements for the 1998 Bond Pool. These separate audited financial statements are a requirement of the indentures in support of the bonds' credit ratings. The Accountability Audit which accompanies the Financial and Single Audit Report has not been finalized but will be presented to the Board of Commissioners at a future meeting.

Ms. Davis noted that there were no findings in this year's Report and there were no management letter items. Vice-Chair Brown commended staff for their hard work on the Audit.

MOTION: Moved that Resolution No. 5413, Acceptance of Washington State Auditor's Office Report on Financial Statements and Federal Single Audit (No. 1008465) for the Period Ending December 31, 2011, be approved.

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

Resolution No. 5414: Authorizing the Commitment of an Additional \$2.154 million in Moving to Work Working Capital Reserves for the Purpose of Performing Critical Capital Improvements on Public Housing and other Eligible Developments during Fiscal Years 2013 and 2014

Presented by: Connie Davis

Connie Davis stated that Resolution No. 5414 would approve the Board of Commissioners' commitment of an additional \$2.154 million in Moving to Work (MTW) Working Capital bringing the total working capital committed for capital expenditures on public and other low-income housing owned by the Authority for 2013 and 2014 to \$9.666 million.

Ms. Davis noted that in October 2012, the Board of Commissioners adopted Resolution No. 5403 which committed \$7.512 million of MTW working capital reserves for the purpose of funding capital projects identified for commencement or completion in 2013. Under the terms of its MTW Agreement with HUD, KCHA may use its Section 8 and Section

9 funding for any eligible purpose of the MTW program. There is a significant backlog of capital needs; and the Capital Fund Program (CFP) is chronically underfunded. For the past several years, rehabilitation, repair and upgrading of public housing buildings have been a primary use of MTW working capital as a major supplement to CFP grants. In addition, using the single use flexibility also afforded by its MTW agreement KCHA can perform capital work on other developments which house eligible low-income residents.

During the course of finalizing the 2013 KCHA Comprehensive Operating and Capital budgets, an additional project was added to the 2013 budget list. In addition, KCHA has signed contracts in 2012 for completion in 2013. The outstanding obligations related to these contracts need to be counted as a commitment of MTW working capital. These two categories add an additional \$2.514 million to the previously approved initiative, and the Board is asked to increase its commitment of funds as outlined in Resolution 5403 to a total of \$9.666 million.

Following questions posed by Commissioners that were satisfactorily answered by Ms. Davis, a motion was made for Resolution No. 5414.

MOTION: Moved that Resolution No. 5414, Authorizing the Commitment of an Additional \$2.154 million in Moving to Work Working Capital Reserves for the Purpose of Performing Critical Capital Improvements on Public Housing and other Eligible Developments during Fiscal Years 2013 and 2014, be approved.

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

Resolution No. 5415: Authorizing the Commitment of \$2 Million in Moving to Work Working Capital Reserves for the Purpose of Providing Predevelopment, Equity and Loan Financing for Development of 77 Units of Senior/Disabled Low-Income Housing
Presented by: Dan Watson

Dan Watson reported that Resolution No. 5415 authorizes KCHA's commitment of \$2 million in MTW Working Capital Reserves for the purpose of financing, in part, 77 units of senior/disabled low-income housing to be developed by KCHA on property it owns adjacent to its Vantage Glen site in south Renton. In order to move this \$19 million project into predevelopment and undertake the necessary architectural, engineering and permitting work, KCHA must reserve sufficient funds to pay these expenses and also provide financing to eliminate the funding gap in the development pro-forma.

Mr. Watson briefed the Board on the background of the project as outlined in his memorandum for the Resolution contained in the meeting packets. He also noted that the northern portion of KCHA's 163 pad Vantage Glen Manufactured Housing Community includes approximately 3.7 acres of undeveloped property which has been identified as a potential development site for additional low-income housing. Over the last 5 years, KCHA staff has worked with King County and the City of Renton to legally subdivide the surplus property from the Vantage Glen property to establish and preserve the zoning and land use potential of this surplus land. The Vantage Glen property was annexed into the City of Renton in 2008. The subdivision and entitlement work was successful in clarifying and establishing KCHA's right to develop up to 77 units of multifamily housing on the property.

Also, during this time staff has undertaken various planning studies and analyses to determine the best use of the site and has determined that subsidized housing for senior/disabled populations is the best use of the site.

Mr. Watson stated that development of this site has been in KCHA's pipeline for several years, but was put on hold until the HOPE VI rental housing development was completed. KCHA was successful in securing a multi-year set-aside of 9% tax credits for HOPE VI developments at Greenbridge and Seola Gardens. KCHA agreed not to pursue other development projects that required 9% tax credits during the period of the set-aside. KCHA's use of the HOPE VI tax credit set-aside ends in 2012, opening the door for use of 9% tax credits on other pipeline projects in 2013. In anticipation of securing a 2013 LIHTC allocation, the Housing Authority has retained the services of the architectural firm Tonkin Hoyne as project architect. Subject to submission of an acceptable tax credit application, including evidence of a commitment of MTW working capital, KCHA will receive an initial increment of tax credits in 2013. An additional allocation of tax credits will also be needed in 2014.

Staff also anticipates applying in January 2013 to the State Housing Trust Fund (HTF) for approximately \$3 million for the project. King County's willingness to prioritize the Vantage Glen Senior/Disabled project for 2013 tax credit and HTF financing is a critical element in the timing of these submissions.

Mr. Watson concluded his presentation by noting that Resolution No. 5415 also authorizes the submission of tax credit, HTF and other financing applications in connection with the MTW Working Capital commitment. Vice-Chair Brown thanked Mr. Watson for his thorough presentation and for his work in moving this project forward.

MOTION: Moved that Resolution No. 5415, Authorizing the Commitment of \$2 Million in Moving to Work Working Capital Reserves for the Purpose of Providing Predevelopment, Equity and Loan Financing for Development of 77 Units of Senior/Disabled Low-Income Housing , be approved.

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

Resolution No. 5416: Extending the Executive Director's Contract for up to Two Months
Presented by: Connie Davis

Connie Davis reported that Resolution No. 5416 extends the employment contract of the Executive Director for up to two months, with a new expiration date of February 28, 2013. The Board of Commissioners entered into an employment contract with Stephen Norman, Executive Director, as of March 1, 2010 which will expire on January 1, 2013.

Ms. Davis noted that the Housing Authority has engaged NW Consulting, Inc., to conduct a compensation comparability study that reviews the compensation of Executive Directors of similar sized housing authorities as well as other comparable positions in the public and private sectors. This study is largely complete; and the Board will be reviewing it as part of its overall due diligence in developing a new contract. As this process is likely to

take time past the current contract's expiration date, Resolution No. 5416 extends that contract for up to 60 days in order for the Board to complete its review.

Commissioner Mitchell asked about the process involving the Board of Commissioners to renew the Executive Director's contract. Ms. Davis replied that Commissioners Barnes and Palmer will be reviewing the comparability study from NW Consulting and bring recommendations to the table for full discussion by the Board. The Board will review the study and recommendations, and then determine the length, terms and compensation for the contract. Commissioner Mitchell suggested that the January Board meeting contain a light agenda so that this issue can be discussed in-depth by the full Board.

MOTION: Moved that Resolution No. 5416, Extending the Executive Director's Contract for up to Two Months, be approved.

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

Resolution No. 5417: Authorizing Approval of the Comprehensive Operating and Capital Budget for the Calendar Year Beginning January 1, 2013
Presented by: Connie Davis

Connie Davis briefed the Board, via a PowerPoint presentation, on Resolution No. 5417 asking for approval of the comprehensive operating and capital budget for 2013. A copy of her presentation is appended to the meeting records. The memorandum for the Resolution contained in the meeting packets also provided a budget overview, a summary of the operating and capital budgets, key MTW operating and capital initiatives funded from the block grant working capital, an accounting of budget 2013 sources, uses and reserve balances for the MTW Fund and the investment in KCHA's employee infrastructure including, personal service costs.

Following questions posed by Commissioners that were answered by Ms. Davis, a motion was made to approve Resolution No. 5417. The Board of Commissioners thanked Connie for her presentation and offering one-on-one briefings with each Commissioner.

MOTION: Moved that Resolution No. 5417, Authorizing Approval of the Comprehensive Operating and Capital Budget for the Calendar Year Beginning January 1, 2013, be approved.

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

VI. REPORTS

Third Quarter Financial Statements

Presented by: Connie Davis

Connie Davis referred Board of Commissioners to the third quarter 2012 financial statements as contained in the meeting packets. Commissioner Holland-Young asked about the adjustment for Joseph House reflected in the statements. Ms. Davis replied that alt-

though the financials reflected a quarterly \$3 million increase in working capital, after removing a one-time transaction involving the transfer of Joseph House to Providence, working capital actually declined by \$16 million. Ms. Davis briefed the Board on the transaction and referenced page one of the financials' memorandum contained in the meeting packet that further detailed the decline.

VII. NEW BUSINESS

January and February Commissioner Meeting Dates

Vice-chair Brown noted that the original meeting dates of January 21 and February 18 fall on holidays and need to be rescheduled. Marianne Everett will contact Commissioners for possible dates.

Election of Officers

Vice-chair Brown congratulated Commissioner Susan Palmer for being confirmed by the Metropolitan King County Council. As a result, Chair Holland-Young will be transitioning off the Board. Consequently, Commissioner Doug Barnes will be assuming the role of Chair of the Board of Commissioners, with Commissioner Michael Brown remaining in the Vice-chair role.

VIII. EXECUTIVE DIRECTOR'S REPORT

The Board of Commissioners had previously received the Executive Director's Report. There were no questions from the Board on the Report.

IX. COMMISSIONER COMMENTS

Commissioner McLlarky commented that he had received complaints from tenants, including one of potential violence. He would like for these issues to be addressed to improve the quality of life for residents. Vice-chair Brown asked that staff brief the Board on a letter they recently received on one of these issues. Tim Walter responded that there has been significant staff and management involvement on this particular issue to address the tenant's concerns. He noted that all tenant complaints and concerns are taken very seriously. Staff has been very responsive in addressing this particular issue for the tenant. Mr. Walter offered to further discuss this particular issue with individual Board members after the conclusion of the meeting.

Commissioner Mitchell suggested that when tenant complaint letters are given to Commissioners, they be accompanied by a briefing from staff as to the status of the complaint and its resolution. Issues of tenant privacy would need to be addressed in such situations. He further recommended that the update include a synopsis of the complaint and which department is addressing the issue. Further, if a Commissioner would like a one-on-one briefing on the particular situation with staff, a meeting would be arranged. Dan Watson noted that a brief protocol can be developed so that Commissioners know that complaints are being addressed by staff without divulging specific private information.

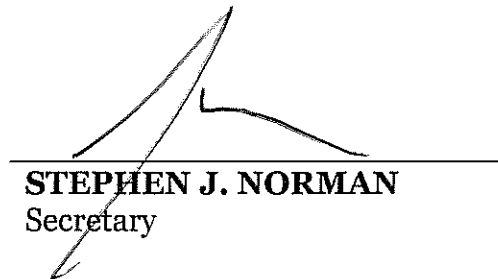
X. ADJOURNMENT

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

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



DOUG BARNES, Chair
Board of Commissioners



STEPHEN J. NORMAN
Secretary