

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

March 18, 2013

I. CALL TO ORDER

The meeting of the Board of Commissioners of the King County Housing Authority was called to order by Chair Doug Barnes at 8:35 am on Monday, March 18, 2013 at the King County Housing Authority's Administrative Offices, 600 & 700 Andover Park West, Tukwila, Washington.

II. ROLL CALL

Present: Commissioner Doug Barnes, Chair; Commissioner Terry McLlarky and Commissioner Richard Mitchell

Excused: Commissioner Michael Brown and Commissioner Susan Palmer

Staff: Stephen Norman, Dan Watson, Connie Davis, Tessa Martin, Deborah Gooden, Kristen Winkel, Claude DaCorsi, Tim Walter, Judi Jones, Bill Cook, Ron Ovadenko, Linda Weedman, Mike Reilly, Rhonda Rosenberg, Craig Violante, Megan Hyla, Beth Pearson, Sean Heron, Graeme Atkey, Norris Fuery, Tony Srouch, Steve Jefferis and Heath MacCoy

Guests: Lillie Clinton, Cindy Ference, Kimberly Morrill, Doris O'Neal

III. PUBLIC COMMENT

Kimberly Morrill and Doris O'Neal with the YWCA addressed the Board of Commissioners expressing their appreciation for the Housing Authority being so responsive and understanding while relocating domestic violence survivors for safety reasons.

Cindy Ference addressed the Board of Commissioners with concerns regarding residents' perspective of the Housing Authority's Reasonable Accommodation and Hearing Officer processes and REAC inspections.

IV. APPROVAL OF MINUTES

Minutes from the January 28, 2013 Board of Commissioners' Special Meeting were presented for approval. Commissioner McLlarky moved for approval of the minutes, with Commissioner Mitchell seconding the motion. The minutes were unanimously approved.

Minutes from the February 25, 2013 Board of Commissioners' Special Meeting were presented for approval. Commissioner McLlarky moved for approval, with Commissioner Mitchell seconding the motion. The minutes were unanimously approved, with Commissioner Mitchell abstaining from the vote due to his absence on February 25.

V. CONSENT AGENDA

January 2013 Voucher Reports:

General Properties: Bank Wires/ACH Withdrawals for \$1,139,933.06; Accounts Payable checks #230590-231249 for \$5,326,519.58; Payroll vouchers, computer checks numbered #82540-82582 for \$50,963.51; Payroll direct deposit for \$1,108,536.35; Section 8 Program vouchers, ACH withdrawals #-221784-225031 for \$8,987,406.82, computer run checks #596588-597254 for \$468,804.77; purchase card/ACH withdrawals \$168,977.40. Total for January 2013 for the General Properties was \$17,151,141.49.

Bond Properties: \$1,624,382.24, related to 20 different properties.

There being no requests for removal of items from the Consent Agenda, Commissioner McLlarky moved for approval of the Consent Agenda item. Commissioner Mitchell seconded the motion and the motion unanimously passed.

VI. RESOLUTIONS FOR DISCUSSION

Resolution No. 5425: Acquisition of Investor Limited Partner's Interest in Laurelwood Gardens Apartments

Presented by: Tim Walter

Tim Walter stated that Resolution No. 5425 authorizes the Executive Director to take all actions necessary for KCHA to acquire the partnership's or the investor limited partner's interest in the KCHA - Laurelwood Gardens Limited Partnership of which KCHA is the sole general partner. This action will enable the transfer of ownership of this tax credit financed property to KCHA at the conclusion of the period during which the tax credit partnership is receiving tax benefits from the property. KCHA has assumed ownership of three properties over the past five years through this process.

The investor in Laurelwood Gardens is a tax credit investment fund formed by the National Equity Fund (NEF), an affiliate of the Local Initiative Support Corporation (LISC). While the investors are for-profit corporations, NEF and LISC are non-profit organizations established to promote the development of affordable housing. As of January 1, 2013, the investors had received all of the low-income housing tax credits they were eligible to claim. KCHA started negotiating with NEF in August of 2012 and recently received approval from NEF to acquire the partnership's interest by assuming existing outstanding debt. Mr. Walter noted that the terms of the transaction are consistent with the terms of the original Right of First Refusal agreement and the investor limited partner has agreed that all project reserves will remain with the property. KCHA anticipates the transfer to occur on or around April 1, 2013.

Commissioner Mitchell asked if there is a risk for the Housing Authority to take back a portion of the ownership of this property. Mr. Walter replied that the risk is actually reduced because there are risks associated with keeping the partnership in place.

MOTION: Moved that Resolution No. 5425, Acquisition of Investor Limited Partner's Interest in Laurelwood Gardens Apartments, be approved.

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

Resolution No. 5426: FY 2012 Moving to Work Report Approval
Presented by: Judi Jones and Mike Reilly

Judi Jones reported that this is KCHA's ninth year of operation under the Moving to Work Demonstration Program (MTW). As an MTW participant, KCHA is required to submit an annual report to HUD detailing program activities carried out during the year and progress towards meeting program goals and objectives outlined in the Authority's MTW Annual Plan.

The format of the report (a copy of which was contained in the meeting packets) is prescribed by HUD and is intended to be standardized across the 39 Housing Authorities currently involved in the MTW program. Ms. Jones stated that the most concise overview of KCHA's MTW operations is contained in the KCHA At-A-Glance chart at the beginning of the report. In addition, Section IV outlines the Agency's long-term MTW Plan and includes a discussion of KCHA's strategic goals. While the report also includes detail relating to sources and uses of MTW funds, Ms. Jones referred Board members to Tab 6 in the Board meeting packets that also provides an overview of financial information for the program through the Year End 2012 Financial Statements.

Ms. Jones noted that Resolution No. 5426 requests Board approval to submit KCHA's 2012 MTW Report to HUD. As part of her briefing, Ms. Jones provided the Board with a further overview of the report through a PowerPoint presentation, a copy of which has been appended to the meeting records. Clarifying questions were posed by Commissioners and answered by staff.

MOTION: Moved that Resolution No. 5426, FY 2012 Moving to Work Report Approval, be approved.

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

Resolution No. 5427: Authorizing the Executive Director to Enter into Cooperation Agreements with other Housing Authorities to Facilitate the Acquisition of an Affordable Housing Portfolio
Presented by: Tim Walter

Tim Walter reported that as was discussed at the February 2013 Board meeting, KCHA is negotiating the possible purchase of a 9 property portfolio of project based Section 8 assisted apartment buildings located in 5 different counties in Washington State. Four of the properties are located in King County (137 units), one in Hoquiam (24 units), one in Yakima (51 units), one in Bremerton (30) and two in Wenatchee (85 units). All of the buildings are senior housing communities with the exception of one 24 unit family property in King County. While KCHA's interest in this portfolio is the preservation of the King County properties, the seller is not willing to split up the portfolio and has stated they will only enter into a purchase and sale agreement with a single purchaser for the entire portfolio. In order to acquire the King County properties, KCHA would need to take the

lead role as the purchaser and then work with the local housing authorities or other affordable housing providers in these locations to divest the non-King County properties.

Mr. Walter noted that Resolution No. 5427 authorizes the Executive Director or his designee to enter into cooperation or interlocal agreements with these local housing authorities authorizing KCHA to conduct business in their jurisdiction. The agreement would be limited to activities involving the specific properties in this portfolio and would terminate should KCHA choose not to proceed with the acquisition.

As staff gathers additional information regarding this potential transaction and details related to a purchase agreement, including physical due diligence, title research and financing plans, regular updates on the progress of the acquisition will be presented to the Board. Prior to any final commitment by the Housing Authority to acquire this portfolio, KCHA will provide the Board with a detailed project profile, financing plan and comprehensive risk analysis. Any decision to move forward at that time will be subject to approval by KCHA's Board of Commissioners.

MOTION: Moved that Resolution No. 5427, Authorizing the Executive Director to Enter into Cooperation Agreements with other Housing Authorities to Facilitate the Acquisition of an Affordable Housing Portfolio, be approved.

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

VII. FINANCIAL REPORTS

Fourth Quarter & Year End 2012 Financial Statements
Presented by: Craig Violante

Craig Violante briefed the Board of Commissioners on both the fourth quarter and year end 2012 financial statements as were contained in the meeting packets and cover memorandum. Mr. Violante noted that 2012's overall results demonstrated sufficient revenue streams to cover all property and program operations and reflect a continued emphasis on cost containment. Operating revenues finished the year at 101% of budget, while expenses were at 98%. Although 2013 is presenting an uncertain funding environment, KCHA remains strongly positioned to carry on its mission.

Chair Barnes noted that the Finance Committee went into great depth with staff on the financial statements and changes in networking capital and reserve accounts; and the results are consistent with the Commissioners' advice and guidance at previous Board meetings.

VIII. BRIEFINGS

Processes for Responding to Participant Complaints, Grievances and Reasonable Accommodation Requests

Presented by: Bill Cook, Ron Ovadenko, Mike Reilly and Linda Weedman

Staff briefed the Board of Commissioners, via a PowerPoint presentation, on the processes available to residents and voucher holders to bring concerns, complaints and requests

to the Housing Authority's attention as well as how to appeal decisions recipients feel to be unfair or arbitrary. The processes include both the federally mandated Reasonable Accommodation (RA) process, administered by KCHA's Section 504 Coordinator, and the internal complaint and appeal processes available to program participants in the Public Housing and Section 8 programs, which can culminate in a hearing before an outside Hearing Officer. Staff also briefed the Board of Commissioners on constituents' statistics for reasonable accommodations and appeal processes, a copy of which is appended to the meeting records. Questions posed by Commissioners were addressed by staff.

2012 Capital Budget Results and 2013 Capital Budget Review

Presented by: Dan Watson

Dan Watson briefed the Board of Commissioners, via a PowerPoint, on the Housing Authority's capital budget results for 2012 and planned construction work for 2013 for projects undertaken by the Capital Construction, HOPE VI, Asset Management and Housing Management Departments. Mr. Watson noted that of the \$70 million in budgeted expenditures, approximately \$64 million represented planned construction work. The remaining capital expenditures are various capitalized costs that are not part of discrete or identified capital projects. The Board of Commissioners thanked Mr. Watson for his presentation on the 2012 and 2013 capital budgets. A copy of Mr. Watson's PowerPoint is appended to the meeting records.

2012 Investment Recap

Presented by: Craig Violante

Craig Violante briefed the Board of Commissioners on the status of KCHA investment of its liquid assets and outlined his investment strategy for 2013. Mr. Violante's presentation included a brief history of KCHA's investment returns, in particular the comparative returns from KCHA's participation in the Washington State Local Government Investment Pool (LGIP) and from investments outside of the LGIP.

IX. EXECUTIVE SESSION

A motion was made by Commissioner Mitchell to adjourn to Executive Session at 10:15 am for approximately twenty minutes to discuss the performance of a public employee as authorized by RCW 42.30.110(1)(g). The motion was seconded by Commissioner McLlarky and unanimously passed.

At 10:36 am, a motion was made by Commissioner McLlarky to return to the regular meeting of the Board of Commissioners and seconded by Commissioner Mitchell. Motion unanimously passed and no action was taken during the Executive Session.

With the regular meeting being reconvened, Chair Barnes noted that an additional Resolution was being brought to the Board for approval extending the Executive Director's contract. Following discussion, a motion was made for Resolution No. 5428.

MOTION: Moved that Resolution No. 5428, Extending the Executive Director's Contract for Two Years and Ten Months, be approved.

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

X. EXECUTIVE DIRECTOR'S REPORT

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

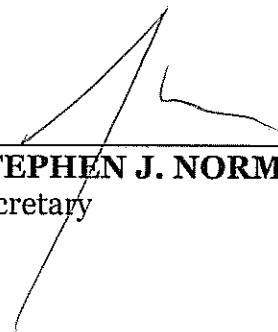
XI. ADJOURNMENT

There being no further business the meeting was officially adjourned at 10:50 am by a motion from Commissioner McLlarky, seconded by Commissioner Mitchell and unanimously passed.

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



DOUG BARNES, Chair
Board of Commissioners



STEPHEN J. NORMAN
Secretary