

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

September 16, 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, September 16, 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 (telephonically); Commissioner Susan Palmer and Commissioner Richard Mitchell

Excused: Commissioner Michael Brown

Staff: Stephen Norman, Dan Watson, Connie Davis, Tim Walter, Tessa Martin, Beth Pearson, John Eliason, Deborah Gooden, Megan Hyla, Bill Cook, Craig Violante, Kristin Winkel and Denise Rasmussen

III. PUBLIC COMMENT

Chair Barnes announced that members of the public in attendance at the meeting would have five minutes to speak before the Board of Commissioners. There were no public comments.

IV. RESOLUTION FOR DISCUSSION

Resolution No. 5441: Authorization to Purchase a portfolio of Section 8 Assisted Properties (Chaussee)

Presented by: Tim Walter

Tim Walter reported that, as has been discussed at prior Board meetings, KCHA has been working with the housing authorities of Grays Harbor, Yakima, Bremerton and Chelan County on the acquisition of a portfolio of a nine Section 8-assisted apartment buildings located in 5 different counties in the State of Washington. Four of the properties are located in King County (147 units), one property is in Hoquiam (24 units), one in Yakima (51 units), one in Bremerton (30 units) and two in Wenatchee (85 total units). All of the buildings are senior housing communities, with the exception of two family properties in King County.

Mr. Walter noted that because the seller was unwilling to split up the portfolio, KCHA is acting as lead purchaser under nine interrelated purchase and sale agreements. Prior to signing the agreements, KCHA entered into Cooperation Agreements with each of the four housing authorities in whose jurisdictions the five non-King County properties are

located. The intent of the housing authorities is for KCHA to assign its interest in these five non-King County properties to the local authorities at or after the closing date.

Under the terms of each purchase and sale agreement, there is a contingency period for due diligence that expires on September 20, 2013. If KCHA waives this contingency, it will deposit additional earnest money of \$292,000 (to be added to the initial deposit at contract signing, for a total amount of \$584,000), and then have through November 30, 2013 to close on the King County properties and until March 31, 2014 to close on the non-King County properties. Upon the closing of the King County properties, earnest money will increase to a total of \$1 million in order to assure the sellers that King County will complete the closing of the remaining properties in the portfolio.

Mr. Walter reported that over the last three months, KCHA and the other housing authorities have completed extensive due diligence on the properties, including appraisals, physical needs assessments, environmental reports, ALTA surveys and tenant file reviews, as well as property-specific reviews of mechanical systems, roof and building envelope, lead and asbestos sampling, seismic reports, elevator evaluation and pest inspection. Based on the results of this due diligence work, KCHA had negotiated with the sellers reductions in the purchase price of certain properties. In addition, lender commitments are being obtain for financing in amounts that, when combined with the Housing Trust Fund allocations, are sufficient to allow purchase of each non King County property.

Commissioner Mitchell asked if the other housing authorities are also conducting their own due diligence process or are they relying on KCHA's inspectors. Mr. Walter replied that some of the housing authorities have used their own assessors as well as KCHA's. However, the original goal was to not duplicate efforts. Chair Barnes noted that any costs KCHA might incur during the due diligence process will be reimbursed at closing under the terms of the cooperation agreements. Reimbursement would not include KCHA staff time.

V. EXECUTIVE SESSION

A motion was made by Commissioner Palmer to adjourn to Executive Session at 9:00 am for approximately twenty-five minutes as authorized by RCW 42.30.110(b) – “to consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price”. The motion was seconded by Commissioner Mitchell and unanimously passed. An announcement was made to the public at 9:25 am to extend the length of the Executive Session by another twenty-five minutes.

The regular meeting of the Board of Commissioners was reconvened at 9:50 am by a motion made by Commissioner Mitchell and seconded by Commissioner Palmer. Motion unanimously passed, and no action was taken during the Executive Session.

Resolution for Discussion – continued

Following the regular meeting being reconvened, amendments to Resolution No. 5441 were suggested by Commissioner Mitchell as follows: the “asking sale price” wording be changed to “negotiated sale price” throughout the Resolution, the Vashon Terrace “negotiated sale price” of \$1.5 million be amended to state “or such lower price as set forth in

an appraisal to be received by the Authority no later than October 31, 2013”, the “negotiated sale price” for Harbor Manor amended to “\$700,000”, the “negotiated sale price” for Charter House amended to “\$1,575,000” and the “negotiated sale price” for Wenatchee House amended to “\$2,825,000”.

MOTION: Moved that Resolution No. 5441: Authorization to Purchase a Portfolio of Section 8 Assisted Properties (Chaussee), be approved as amended.


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

Stephen Norman commended Tim Walter and Beth Pearson for their roles with the potential acquisition of the Chaussee Properties thereby ensuring the provision of vitally needed long-term housing for low-income persons in King County as well as in other counties and cities across the State of Washington.

VI. ADJOURNMENT

There being no further business, the meeting was officially adjourned at 10:00 am by a motion from Commissioner Brown, seconded by Commissioner Palmer and unanimously passed.

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



DOUGLAS J. BARNES, Chair
Board of Commissioners



STEPHEN J. NORMAN
Secretary