

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

**October 21, 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 8:30 am on Monday, October 21, 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 Susan Palmer and Commissioner Richard Mitchell

**Excused:** Commissioner Michael Brown

**Staff:** Stephen Norman, Dan Watson, Connie Davis, Tim Walter, Tessa Martin, John Eliason, Craig Violante, Gary Leaf, Kristin Winkel, Claude DaCorsi, Sean Heron, Mike Reilly, bill Cook, Rhonda Rosenberg, Steve Jefferis, Megan Hyla and Mike Larson

**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. Chair Barnes noted that a request was made by Cindy Ference to make public comments telephonically. Ms. Ference expressed her concerns about sidewalk safety at Northridge and the funding of capital construction projects at Northridge II and Ballinger Homes.

**IV. APPROVAL OF MINUTES**

Minutes from the August 19, 2013 Board of Commissioners' Meeting were presented for approval. Commissioner Palmer moved for approval, with Commissioner Mitchell seconding the motion. Commissioner Mitchell abstained from the vote due to his absence from the August 19 meeting. The minutes were unanimously approved.

Minutes from the September 16, 2013 Special Board of Commissioners' Meeting were presented for approval. Commissioner Palmer moved for approval, with Commissioner Mitchell seconding the motion. The minutes were unanimously approved.

Minutes from the September 23, 2013 Board of Commissioners' Meeting were presented for approval. Commissioner Mitchell moved for approval, with Commissioner Palmer seconding the motion. The minutes were unanimously approved.

## V. Consent Agenda

### August 2013 Voucher Reports

**General Properties:** Bank Wires/ACH withdrawals for \$7,482,187.20; Accounts Payable checks #235268 - 236074 for \$5,012,964.79; Payroll vouchers, computer checks #823839-82897 for \$67,553.62; Payroll direct deposit for \$1,732,422.73; Section 8 Program vouchers, ACH withdrawals #244397-247608 for \$9,251,400.64, computer run checks #600596-601067 for \$319,904.46; purchase card/ACH withdrawal \$198,604.98. Total for August 2013 for the General Properties was \$24,065,038.42.

**Bond Properties:** \$1,591,906.54, related to 19 different properties.

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

## VI. RESOLUTIONS FOR DISCUSSION

**Resolution No. 5446:** A Change in the Salary Schedule for Non-Represented KCHA Employees Authorizing a 1.4% Cost of Living Adjustment (COLA)  
Presented by: Connie Davis

Connie Davis reported that Resolution No. 5446 authorizes an increase in salaries for all non-represented employees of 1.4%, which represents 100% of the Consumer Price Index for Clerical Workers (CPI-W) for the Seattle Tacoma area annualized for the first six months of 2013. The percentage increase has traditionally reflected 100% of the CPI-W for the Seattle-Tacoma area based on first half of the calendar year. The CPI-W reported in June 2013 was 1.4%.

Ms. Davis stated that staff has reviewed a snapshot of funding availability for all existing programs for CY 2014 and confidence is high that an increase of 1.4% to the salary base of KCHA employees is sustainable. There are currently 269 non-represented employees. At current rates of pay, the overall annual impact of the proposed COLA on the Authority is \$302.2 thousand and averages \$866 per employee.

The 73 regular maintenance employees covered by a Collective Bargaining Agreement with the Seattle-King County Construction and Building Trades Council are not included in Resolution No. 5446. November 2013 marks the end of the existing contract and negotiations are scheduled. When negotiations are finalized, the terms of any pay increases will be brought to the Board for approval.

Ms. Davis also briefed the Board on the compensation study that KCHA will be undertaking. Questions posed by Commissioners were answered by Ms. Davis.

**MOTION:** Moved that Resolution No. 2446: A Change in the Salary Schedule for Non-Represented KCHA Employees Authorizing a 1.4% Cost of Living Adjustment (COLA), be approved.

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

**Resolution No. 5447:** Acquisition of Investor Limited Partnership Interests in the Alpine Ridge, Colonial Gardens, Heritage Park and Rural Housing Preservation Limited Partnerships  
Presented by: Tim Walter

Tim Walter reported that Resolution No. 5447 authorizes the Executive Director to take all actions necessary for KCHA to acquire the investor limited partners' interest in the KCHA-Alpine Ridge, KCHA-Colonial Gardens, KCHA-Heritage Park and KCHA-Rural Housing Preservation Limited Partnerships. KCHA is the sole general partner in each of these tax credit limited partnerships. These transactions are similar to KCHA's acquisition of the limited partner's interest in the KCHA-Laurelwood Garden's Limited Partnership which the Board approved in March, 2013 (Resolution No. 5425).

Mr. Walter briefed the Board of Commissioners on the structure of the Resolution, noting that similar to Laurelwood Gardens, the investor in the Rural Housing Preservation Limited Partnership is a tax credit investment fund formed by NEF (the "National Equity Fund"- an affiliate of the Local Initiative Support Corporation). The investor in the remaining three limited partnerships is an investment fund owned by US Bank and managed by the tax credit syndicator, PNC Multifamily Capital. The terms of the transactions are consistent with the terms of the original Right of First Refusal agreements and the investor limited partners have agreed that all project reserves will remain with the properties. KCHA anticipates the transfers to occur on or around October 31, 2013.

Following clarifying questions that were answered by Mr. Walter, a motion was made on Resolution No. 5447.

**MOTION:** Moved that Resolution No. 5447: Acquisition of Investor Limited Partnership Interests in the Alpine Ridge, Colonial Gardens, Heritage Park and Rural Housing Preservation Limited Partnerships, be approved.

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

**Resolution No. 5448:** Approval of Loan to the Manufactured Housing Community Preservationists for the Purpose of Acquiring and Installing Homes at the Wonderland Estates Mobile Home Park  
Presented by: Tim Walter

Tim Walter reported that Resolution No. 5448 authorizes the Executive Director to enter into a loan agreement with the Manufactured Housing Community Preservationists ("MHCP") for the purpose of financing the acquisition and installation of mobile and/or manufactured homes at the Wonderland Estates Mobile Home Park. KCHA would provide a revolving loan to MHCP in an amount not to exceed \$300,000. The loan would either be at no interest or at a nominal interest rate in order to minimize MHCP's costs and the resulting sale prices to low income mobile home buyers. MHCP is a qualified 501(c)3 non-profit organization dedicated to the preservation of mobile home communities for low income households. They currently own 7 low-income mobile home parks and have

extensive experience with the acquisition and installation of mobile homes. MHCP also serves as the property manager for Wonderland Estates.

In 2011, in order to qualify the project for New Markets Tax Credit financing, KCHA entered in a 99-year lease of the park to the South King County Affordable Community Group, a non-affiliated 501(c)3 organization which subsequently completed a \$4.5 million renovation of the park's infrastructure systems including the replacement of the water, sewer, storm water and electrical systems as well as installing new street lighting, roads and landscaping. The community building was also renovated as part of the improvement project.

Mr. Walter noted that it is now possible to re-tenant the vacant pad spaces. Unfortunately, most lending institutions which will provide loans to finance the sale of an existing home within a park will not provide financing to acquire a home off-site, transport it and set it up in another location. The resources necessary to cover the out of pocket cost associated with acquiring, moving and setting up a mobile home are more than most low-income persons have available which creates a barrier for low-income households to acquire the homes and move them into the park. MHCP has agreed to enter into an agreement with the South King County Affordable Community Group to allow it to install homes at the park. The loan provided by KCHA would be treated as a revolving loan and is estimated to be sufficient to allow MHCP to acquire and install between 4 – 8 homes at any one time.

KCHA expects the complete re-tenanting of the park to take between 24 – 36 months. Any residual net proceeds from the acquisition, installation and resale of the mobile homes by MHCP, after payment of fees and third party costs, would be returned to KCHA at the completion of the re-occupancy of the park.

**MOTION:** Moved that Resolution No. 5448: Approval of Loan to the Manufactured Housing Community Preservationists for the Purpose of Acquiring and Installing Homes at the Wonderland Estates Mobile Home Park, be approved.

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

**Resolution No. 5449:** Amendment to Resolution No. 5444  
Presented by: Tim Walter

Chair Barnes noted that Resolution No. 5449 is an additional Resolution being brought before the Board for consideration.

Tim Walter noted that the Board of Commissioners recently adopted Resolution No. 5444 authorizing KCHA to enter in to a loan agreement with KeyBank and/or their affiliates for the purpose of providing \$85 million in tax-exempt proceeds to finance and refinance property owned by the Authority. The Resolution authorized KCHA to prepay the loan in full prior to maturity but did not permit the prepayment of a portion of the facility. Subsequent to the passage of Resolution No. 5444, the Bank has agreed to permit KCHA to build into the loan structure the ability for KCHA to prepay portions of the loan prior to maturity. This additional feature does not require KCHA to do so but does give KCHA added flexibility if there are reasons to remove one or more properties from the

bond pool at some point in the future. To effect this change, the words “or in part” are incorporated into Section 6 “Prepayment and Optional Tender of the Note.”

Mr. Walter stated that the original authorizing Resolution provided for a pledge of KCHA’s general revenues for the repayment of the debt but not a priority pledge of the revenues generated by the specific properties in the pool. Resolution No. 5449 further authorizes the Executive Director to specifically pledge the revenue generated from the properties in the pool as a priority lien favor of the Bank. This provides additional assurance to the bank that the revenues generated by these properties will first be used to repay KeyBank before they are available for use by KCHA for other general revenue obligations. Staff recommends these changes be adopted in order to provide additional flexibility with regard to partial repayment of the loan and to assist negotiations with the Bank in order to finalize the proposed financing.

Commissioners asked clarifying questions on the Resolution that were appropriately answered by staff.

**MOTION:** Moved that Resolution No. 5449: Amendment to Resolution No. 5444, be approved.

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

## **VII. REPORTS**

### **New Bank Accounts**

There were no questions from the Commissioners on the New Bank Accounts memorandum contained in the packet.

### **Procurement Report**

Dan Watson briefed the Commissioners on the Third Quarter Procurement Report as contained in the meeting packets.

## **VIII. NEW BUSINESS**

There was no new business to bring before the Board of Commissioners.

## **IX. EXECUTIVE DIRECTOR’S REPORT**

Stephen Norman updated the Board of the status of the 2014 Federal budget and Connie Davis will be briefing the Board on KCHA’s 2014 budget at the November meeting.

Rhonda Rosenberg reminded Commissioners of two ribbon-cutting events that are occurring related to the Greenbridge site.

Tim Walter updated the Board of Commissioners on the status of the Chaussee Properties’ acquisition and a potential property acquisition in Issaquah.

**X. ADJOURNMENT**

There being no further business, the meeting was officially adjourned at 10:05 am by a motion from Commissioner Mitchell 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