

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

March 17, 2014

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 8:30AM on Monday, March 17, 2014, at the King County Housing Authority's Administrative Offices, 700 Andover Park West, Tukwila, Washington.

II. ROLL CALL

Present: Commissioner Doug Barnes, Chair; Commissioner Michael Brown, Commissioner TerryLynn Stewart, Commissioner Richard Mitchell and Commissioner Susan Palmer.

Staff: Stephen Norman, Marianne Everett, Dan Watson, John Eliason, Linda Weedman, Kristin Winkel, Gary Leaf, Steve Jefferis, Nikki Parrott, Megan Hyla, Claude DaCorsi, Mike Reilly, Tim Walter, Connie Davis, Beth Pearson, Rhonda Rosenberg, Wen Xu, Mike Sivia, Judi Jones, Craig Violante

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 was no public comment at this meeting.

IV. APPROVAL OF MINUTES

Minutes from the February 24, 2014 Board of Commissioners' Meeting were presented for approval. Commissioner Stewart noted that her absence from the December 16 meeting was because her appointment to the board had not been finalized at that time. Commissioner Brown moved for approval of the minutes with corrections, with Commissioner Palmer seconding the motion. Commissioner Palmer abstained on the final vote due to her absence at the February 24 meeting. The minutes were unanimously approved.

V. Consent Agenda

January 2014 Voucher Reports

General Properties: Bank Wires/ACH withdrawals for \$4,902,898.16; Accounts Payable checks #238619-239400 for \$7,326,263.55; Payroll vouchers, computer checks #83053-83102 for \$65,503.85; Payroll direct deposit for \$1,842,960.39; Section 8 Program vouchers, ACH withdrawals #260503-263730 for \$9,242,870.18, computer run checks #602945-603399 for \$370,864.62; purchase card/ACH withdrawal \$223,418.43. Total for January 2014 for the General Properties was \$23,974,779.18.

Bond Properties: \$2,504,074.94, related to 29 different properties.

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

VI. RESOLUTIONS FOR DISCUSSION

Resolution No. 5458: Acceptance of Washington State Auditor's Accountability Audit Report (No. 1011240) for the Period Ending December 31, 2012.
Presented by: Craig Violante

Craig Violante began his presentation by reminding the Board of Commissioners that they had previously accepted the first phase of the audit which was the Financial and Single Audit Report that was issued with no findings or management letter items. There was one exit item discussed with staff that had been resolved prior to the issuance of the report. It was a clean report. Mr. Violante reported that the second phase of the audit- the Accountability Audit was now complete and ready for acceptance, without findings or management letter items.

Following the presentation, Mr. Violante answered questions posed by the Board of Commissioners.

MOTION: Moved that Resolution No. 5458: Acceptance of Washington State Auditor's Accountability Audit Report (No. 1011240) for the Period Ending December 31, 2012, be approved.

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

Resolution No. 5459: Authorizing a Short-Term Loan to Downtown Action to Save Housing (DASH) for the Preservation of the Ashwood Court Apartments.
Presented by: Tim Walter

Tim Walter briefed the Board of Commissioners on this resolution which authorizes a short-term loan for up to \$425,000 at a 5% annual interest rate to Downtown Action to Save Housing (DASH), a local non-profit affordable housing developer/operator. DASH is the general partner of a tax credit partnership that owns Ashwood Court, which is a low income housing apartment building in downtown Bellevue. The loan will allow DASH to purchase the tax credit investor's 99.99% interest in the Ashwood Court Associates limited partnership and to pay costs associated with the acquisition including real estate excise tax, legal and loan fees and other related expenses. Without a buyout of the private investor's interest, DASH was at risk of losing ownership of the property. DASH expects to refinance and re-syndicate the property within the next year and use the re-syndication proceeds to repay KCHA.

Following the presentation, Mr. Walter answered questions posed by the Board of Commissioners.

MOTION: Moved that Resolution No. 5459: Authorizing a Short-Term Loan to Downtown Action to Save Housing (DASH) for the Preservation of the Ashwood Court Apartments, be approved.

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

Resolution No. 5460: Authorizing a Loan to Park Villa LLC for the Purpose of Refinancing the Eastwood Square Apartments.
Presented by: Tim Walter

Tim Walter briefed the Board of Commissioners on this resolution that authorizes KCHA to make a loan to Park Villa LLC for the purpose of refinancing Eastwood Square Apartments, a 48-unit low income family development in Bellevue which is owned by the Authority and leased for 55 years to Park Villa LLC, a privately controlled partnership. The loan would be for up to \$4.2 million at 5% annual interest for 10 years. The proceeds from this loan would allow the Partnership to refinance existing, high rate debt and provide an opportunity for KCHA to increase its investment return on existing reserves.

Following Mr. Walter's presentation, the Commissioners had no further questions.

MOTION: Moved that Resolution No. 5460: Authorizing a Loan to Park Villa LLC for the Purpose of Refinancing the Eastwood Square Apartments, be approved.

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

Resolution No. 5461: Authorizing Provisional Acceptance of an Offer to Purchase Low Income Housing Tax Credits and Admission of an Investor Member to the Vantage Point Apartments LLC.
Presented by: Tim Walter

Tim Walter briefed the Board of Commissioners on this resolution that authorizes the acceptance of RBC Capital Market's offer to purchase Low Income Housing Tax Credits to be used for financing the development of Vantage Point Apartments, a 77-unit apartment building for low income seniors to be built in south Renton on a site adjoining KCHA's Vantage Glen manufactured housing community. Additionally, this resolution admits RBC as an investor member to the Vantage Point Apartments LLC, whose formation was previously approved by the Board.

Following the presentation, Mr. Walter answered questions posed by the Board of Commissioners.

MOTION: Moved that Resolution No. 5461: Authorizing Provisional Acceptance for an Offer to Purchase Low Income Housing Tax Credits and Admission of an Investor Member to the Vantage Point Apartments LLC, be approved.

MOVED: Commissioner Palmer, seconded by Commissioner Brown. Motion unanimously passed.

VII. BRIEFINGS

2013 Fourth Quarter and Year-End Financial Statements

Presented by: Craig Violante

The 2013 Fourth Quarter and Year-End Financial Statements were contained in the meeting packet memorandums. Mr. Violante noted the 2013 fourth quarter was very busy for the Authority. KCHA acquired the four King County Chaussee properties – Bellevue Manor, Patricia Harris Manor, Northwood Square and Vashon Terrace. KCHA closed the \$65 million Key Bank Loan. This refinanced outstanding debt for 19 properties and provided permanent financing for the Chaussee acquisition. During the fourth quarter total working capital increased by \$13.1 million.

Mr. Violante noted the following 2013 financial highlights for the entire calendar year: KCHA received 93.976% of its \$99.1 million Section 8 Block Grant eligibility. This is a reduction, compared to original forecasts, of \$3 million; and the 2013 Operating Revenues were \$213.5 million compared to a budget of \$210.1 million, while Operating Expenses of \$185.4 million were less than the budget of \$187 million resulting in an overall working capital increase of \$1.6 million. The board memorandum contains further financial details. Following his briefing, questions posed by the Board of Commissioners were answered by staff.

2013 Investment Recap

Presented by: Craig Violante

Craig Violante recapped that at the beginning of 2009 KCHA invested most excess funds in the Local Government Investment Pool (LGIP). With the goal of increasing investment returns, in March 2009 KCHA embarked on a strategy to invest in securities outside of the LGIP. At the time KCHA embarked on this new strategy, it was projected that there would be a marginal increase in investment returns over a six-year horizon (2009 – 2014) of \$530,000 and that the internal pool would beat the LGIP by an average of 32 basis points. From 2009 through 2011 the KCHA Internal Pool performed exceptionally well, beating the LGIP by an average of 114 basis points. Starting in 2012 the Federal Reserve's monetary policy of Quantitative Easing has had a deleterious effect on KCHA's Internal Investment Pool. Even so, the Internal Pool beat the LGIP by an average of 56 basis points during 2013. Please refer to the packet memorandum for further details on the overall Investment Recap for 2013. There were no questions posed by the Board of Commissioners.

VIII. REPORTS

New Bank Accounts

Presented by: Craig Violante

There were no questions from the Board of Commissioners on the New Bank Accounts memo as contained in the meeting packets.

Fourth Quarter CY 2013 Procurement Report

Presented by: Connie Davis

There were no questions from the Board of Commissioners on the Fourth Quarter CY 2013 Procurement memo as contained in the meeting packets. Questions posed by the Board of Commissioners regarding the upcoming software conversion were answered by staff.

Dashboard Report

Presented by: Megan Hyla

Megan Hyla presented the Quarterly Dashboard Report as of December 2013 drawing the attention of the Board of Commissioners to the fact that in Section 8 Operations the number of households paying more than 40% of their income toward rent has been steadily rising. KCHA will be conducting a thorough review of the payment standards in late spring or early summer. Questions posed by the Board of Commissioners were answered by staff.

IX. EXECUTIVE SESSION

A motion was made by Chair Barnes to adjourn to Executive Session at 9:45AM for approximately twenty minutes as authorized by RCW 42.30.110(g) – “to review the performance of a public employee.”

The meeting of the Board of Commissioners was reconvened at 10:05AM by Chair Barnes.

With the regular meeting being reconvened Chair Barnes noted that an additional Resolution was being presented to the Board for approval authorizing payment of a retention and accomplishment incentive for the Executive Director for calendar year 2013 and a base salary increase. Following discussion, a motion was made for Resolution No. 5462.

MOTION: Moved that Resolution No. 5462: Authorizing Payment of a Retention and Accomplishment Incentive for the Executive Director for Calendar Year 2013 and a Base Salary Increase, be approved.

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

X. EXECUTIVE DIRECTOR'S REPORT

Megan Hyla briefed the Board of Commissions on the wrap up of the State Legislative Session. Ms. Hyla also touched briefly on the upcoming Board of Commissioners Legislative trip to Washington, DC.

Stephen Norman noted that Deborah Gooden will be retiring at the end of the week, but wished to note the phenomenal job Deborah has done over the past twelve years. Mr. Norman also touched briefly on several other upcoming staff changes.

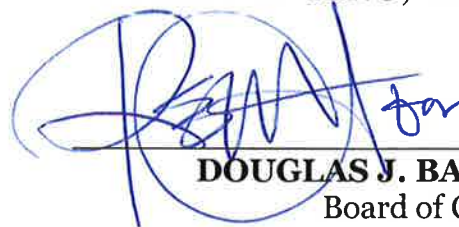
Tim Walter briefed the Board of Commissioners on the Gilman Square acquisition in Issaquah and the Key Bank credit facility.

Questions posed by the Board of Commissioners were addressed by staff.

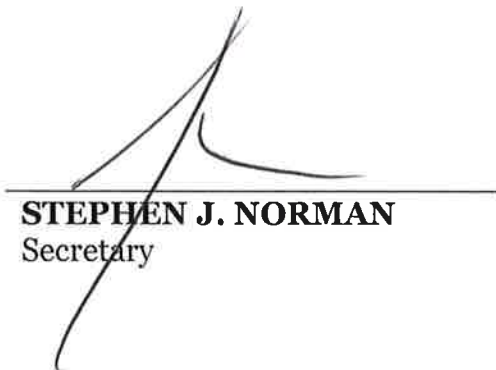
XI. ADJOURNMENT

There being no further business, the meeting was officially adjourned at 10:25AM 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