

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

**Monday, September 16, 2019**

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**I. CALL TO ORDER**

The meeting of the King County Housing Authority Board of Commissioners was held on Monday, September 16, 2019 at 700 Andover Park West, Tukwila, WA 98188. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:29 a.m.

**II. ROLL CALL**

**Present:** Commissioner Doug Barnes (Chair), Commissioner Susan Palmer (Vice-Chair), Commissioner John Welch, Commissioner Michael Brown, and Commissioner TerryLynn Stewart.

**III. Public Comment**

Resident Cindy Ference gave public comment via telephone regarding gratitude.

**IV. APPROVAL OF MINUTES**

A. Board Meeting Minutes – August 19, 2019

B. Special Board Meeting Minutes – August 29, 2019

On motion by Commissioner Susan Palmer and seconded by Commissioner John Welch, the Board unanimously approved the August 19, 2019 and August 29, 2019 Board of Commissioners' Meeting Minutes.

**V. APPROVAL OF AGENDA**

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner John Welch, the Board unanimously approved the September 16, 2019 Board of Commissioners' meeting agenda.

**VI. CONSENT AGENDA**

A. Voucher Certification Report for July 2019

B. **Resolution No. 5631** – Authorizing Daniel R. Watson and Jill Stanton as Alternative Contracting Officers for the purpose of Executing Essential Legal Documents.

On motion by Commissioner John Welch and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the consent agenda.

## VII. RESOLUTIONS FOR DISCUSSION & POSSIBLE ACTION

- A. **Resolution No. 5629:** A resolution providing for the issuance of refunding revenue bonds in the aggregate principal amount of not to exceed \$100,000,000 for the purpose of refinancing a portion of the cost of acquiring the Emerson Apartments, the Kendall Ridge Apartments, and the Riverstone Apartments and paying related costs, and determining related matters.
- B. **Resolution No. 5630:** A resolution providing for the issuance of County credit-enhanced refunding revenue bonds in the aggregate principal amount of not to exceed \$110,000,000 for the purpose of refinancing a portion of the cost of acquiring the Emerson Apartments, the Kendall Ridge Apartments, and the Riverstone Apartments and paying related costs, and determining related matters.

Tim Walter, Senior Director of Development and Asset Management explained both Resolution No. 5629 and No. 5630.

Recently KCHA acquired the Riverstone Apartments in Federal Way, Emerson Apartments in Kirkland and the Authority will be acquiring the Kendall Ridge in Bellevue on October 1<sup>st</sup>. These resolutions authorize the issuance of two tax exempt bond issues to provide for the majority of the permanent financing for these properties.

The bond issues will consist of AA rated bond issue (Resolution #5629) and a AAA rated bond issue (Resolution #5630). The AA rated bond issue will be secured by a general revenue pledge of the Authority as well as a pledge of the deeds of trust of each of the three properties. The AAA rated bond issue will be secured by a general revenue pledge of the Authority and as well as a loan guarantee provided by King County.

The concept of 'pooling' properties for financing purposes is similar to what we did when we acquired Ballinger Commons. We are doing the same thing this with this financing structure. We will be pooling these three properties together in a single financing so the revenues of the properties can cross support the overall debt service associated with the cost of acquiring the properties.

Interest rates are very favorable in the municipal bond market and we are anxious to get to market and lock in as low of an interest rate as we are able. While rates have increased approximately 25 basis points in just the last week and a half, rates are still

about 3%. These are some of the most favorable rates we have seen when issuing bonds.

Questions of Commissioners' were answered.

On motion by Commissioner John Welch and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved Resolution No. 5629.

On motion by Commissioner Susan Palmer and seconded by Commissioner Michael Brown, the Board unanimously approved Resolution No. 5630.

## **VIII. BRIEFINGS AND REPORTS**

### **A. CMTO Results**

Sarah Oppenheimer, Director of Research and Evaluation, Jeb Best, Director of Housing Choice Vouchers, and Sandeep Rayner, Senior Housing Program Manager presented the CMTO Phase I results and explained the next steps.

A video was shown of how CMTO has positively impacted one family.

Results from this study are powerful and far exceed the impacts the housing authorities or members of the academic team anticipated at the outset of this work; Raj Chetty of Harvard has called these results "the largest effect I've ever seen in a social science intervention." Children who move to opportunity neighborhoods in Seattle & King County at birth are projected to have \$210,000 more in cumulative household income as adults; these children are also significantly more likely to attend college and to have a lower probability of becoming a teenage parent.

Questions of Commissioners' were answered.

### **B. Second Quarter CY 2019 Executive Dashboard Report**

Andrew Calkins, Manager of Policy and Legislative Affairs reported the details of the Executive Dashboard.

Questions of Commissioners' were answered.

### **C. Second Quarter CY 2019 Financial Report**

Windy Epps, Assistant Director of Finance reported on the 2<sup>nd</sup> quarter Financial Statements.

Second quarter financial results tracked well against budget projections. Operating revenue exceeded the adopted 2019 budget by 0.8% while operating expenses were under budget by 4.6%.

Throughout the first half of 2019, HUD used an interim proration of 97.26% for the Public Housing Operating Fund Subsidy, which is significantly above the budgeted proration of 90%. Current year proration levels are expected to reach 99.15% by the end of 2019 and this funding level will be applied retroactively to the full year's funding, resulting in additional revenue.

D. New Bank Accounts

Craig Violante, Director of Finance reported that there were two new bank accounts.

E. Capital Expenditure Report through August, 2019

Nikki Parrot, Director of Capital Construction and Weatherization gave the Capital Expenditure Report through August, 2019.

The actual construction related capital expenditures to date are 59% of budgeted expenditures.

Most scheduled projects are on track to be completed by year end and overall spending as a percent of budget (59%) as of August, 2019 is higher than in past years. Shortfalls will be experienced in the Asset Management Department due to permitting delays in the Rainier View Mobile Home Park expansion and rebidding of the Cascadian plumbing work.

Seventeen (17) projects were planned for 2019 for a total of \$16,444,857. Nearly \$6M of the total 2019 budget was for the replacement of jacks and the refurbishment of elevator cabs and controls in the elevators at 14 midrise buildings serving elderly/disabled residents.

F. 2020 Moving To Work Plan Briefing

Katie Escudero, MTW and Health Policy Manager gave an overview of the Draft 2020 Moving to Work Plan.

As a participant in the Department of Housing and Urban Development's (HUD) Moving to Work (MTW) demonstration program, KCHA is required to submit an annual plan. Following the format prescribed by HUD, the draft 2020 MTW Plan outlines the agency's goals, provides an overview of operational information related to KCHA's federally subsidized programs, summarizes the status of previously approved initiatives, and

proposes new uses of KCHA's MTW flexibility for HUD's review and approval.

A final version of the plan and a request for approval will be presented at the October 14<sup>th</sup> Board meeting.

## **IX. EXECUTIVE DIRECTOR REPORT**

We are working on finalizing the permanent financing for this year's acquisitions. My compliments to Dan Watson and Tim Walters for the work that they have been doing in putting all this together. The two remaining moving pieces are getting the bonds to market quickly to take advantage of the current rate environment, and concluding negotiations with the Microsoft Corporation. We are optimistic that this is moving in the right direction. We will know in the next two weeks as to whether we have a deal with Microsoft. We have asked them for "concessionary" capital that will provide gap financing for acquisition debt not covered through project cash flow.

If we are successful with Microsoft, the next challenge will be to develop a strategy for marketing this model beyond Microsoft. This is where we will circle back to the Commissioners to discuss future acquisition strategies and for advice and contacts in the corporate community as we work to make this model replicable.

CMTO – As you are aware, we have been working with Raj Chetty at Harvard University and a national research team to move this project forward. I'm both sad and pleased to announce that Raj has hired Sarah Oppenheimer to be the Associate Director of Policy for the national Opportunity Insights initiative. This is a tremendous opportunity for her. She leaves a very strong legacy here at KCHA with the CMTO project.

One good piece of news is that HUD released their fair market rent (FMR) calculations for the coming year. Over the past few years, despite having some of the fastest growing rents in the country, HUD calculations have shown flat or reduced rents in our market. This year they are acknowledging a 10% increase. How this precisely translates into the inflation factor for our Housing Choice Voucher program is unclear at this point, but this is a good step forward. We are also maintaining the option of challenging whether this increase is sufficient. Jill is working with WSU to conduct a survey of current rents in our market. We will decide in October whether we will accept HUD's 10% FMR increase or, should the study show a higher FMR, challenge HUD's number and push for a larger increase.

## **X. KCHA IN THE NEWS**

None.

## **XI. COMMISSIONER COMMENTS**

Commissioner Welch said that Helen Howell and he met last week regarding the trip to Washington DC. He will be going to DC in another capacity, but could also be a voice for the housing authority in his official meetings.

In the Communicator, there are a lot of awards, congratulations to everyone.

Thinking of the Bahamas - How prepared are housing authorities when a disaster happens? Are housing authorities called upon when there are devastations like this? Yes, usually goes through CLPHA. We have a robust communication process, but we aren't as good after the disaster.

KCHA has satellite phones that will work in an emergency for communications.

Next Board meeting will be on Monday, October 14, 2019.

## **XII. ADJOURNMENT**

Chair Barnes adjourned the meeting at 10:20 a.m.

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



**DOUGLAS J. BARNES**, Chair  
Board of Commissioners



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**STEPHEN J. NORMAN**  
Secretary