

MASON COUNTY HOUSING AUTHORITY MINUTES

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF MASON COUNTY (MCHA) HELD AT 9:01 A.M. ON **SEPTEMBER 26, 2013**, AT THE MASON COUNTY COMMISSIONER CHAMBERS, 411 NORTH FIFTH STREET, SHELTON, WA 98584

1. **CALL TO ORDER AND ROLL CALL:** Chair Wallace called the meeting to order at 9:00 a.m. Roll call was as follows:

Present:

Chair Merrill Wallace
Commissioner Carolyn Malanowski
Commissioner Karen Monroe
Commissioner Tamra Ingwaldson
Commissioner Janet Thompson

Absent:

Also Present:

Tom Drake, Longview Housing Authority Finance Director
Katie Wilkie, Longview Housing Authority Asset Manager
Natalie Johnson, Coast Real Estate Services
Morgan Brock-McKean, Guardian Portfolio Manager
Becky Rogers, Clerk of the Board

2. **MINUTES:** Approval of the August 22, 2013 regular meeting minutes.

Chair Wallace called for motion to approve the August 22, 2013 regular meeting minutes. Commissioner Malanowski/Thompson moved and seconded the motion. Chair Wallace called for question. None opposed. Motion carried.

3. **PUBLIC COMMENT:** Included in Item 4.

4. **CHAIRMAN COMMENTS:** Chair Wallace introduced guests from Longview Housing Authority. Tom Drake, former contractor and employee of the Bremerton Housing Authority and Kati Wilkie, Asset Manager of Longview Housing Authority. Chair Wallace stated that when he worked for Bremerton HA, Tom Drake was the Financial Director there.

Tom Drake provided a sample of what they provide for financial report to their board.

Chair Wallace contacted Housing Authorities (HA) around Mason County, with the exclusion of Bremerton and Kitsap County. They formerly managed this housing authority for over 30 years. Over the last several years, he has contacted Peninsula HA, serving Clallam and Jefferson Counties. Grays Harbor HA seemed to have interest, but nothing further. He had conversations with Thurston County HA and they wish to stay within their service area and not branch out

An announcement was posted on the web giving an overview of what MCHA is looking for. The contact information was provided with phone number, email address and post office box. No replies have been received.

Natalie Johnson, Coast Real Estate, was introduced. Coast Real Estate has had a lot of interest to provide a document to address cash flow issues for MCHA.

5. COMMISSIONER COMMENTS/REPORTS:**6. FINANCIAL****6.1 Approval of Claims Certification for August 2013**

The Cove Apartments – \$32,582.27
Pine Garden Apartments - \$18,710.49
Kneeland Park Apartments - \$11,736.05

Chair Wallace called for motion to approve the Claims Certification for August 2013. Commissioner Thompson/Malanowski moved and seconded to approve the Claims Certification. Motion carried unanimously.

6.2 Income Statement Review

An overview of the occupancy of the properties and the balance sheet and income statement were reviewed.

Ms. Brock-McKean reported on eviction issues with The Coves and expenses with turnover. Kneeland Park had 96% occupancy.

7. MANAGEMENT**7.1 Routine Occupancy Report: The Coves, Kneeland Park, and Pine Garden for the month of August 2013.**

The Coves – They discussed current issues with the Coves. They have one market unit. They had a HA providing subsidy for a renter. The renter ends her half subsidy at the end of month. October 1st the renter becomes eligible for one of the rental assistance. They also have two residents that no longer qualify for the rental assistance, thus the letter coming from USDA-RD saying MCHA is not using the Rental Assistance and it will be taken away. USDA-RD requires the HA to give the rental assistance within 30 - 60 days; however, they cannot remove a renter if they are in a moderate income limit. The renter still has to pay and not use the rental assistance. Because of the evictions they were able to transfer the rental assistance to someone else. They did not lose any rental assistance, the letter was sufficient. The two vacancies will be occupied at the end of the month.

The Coves experienced a lightning strike to the property. The expenses are all covered under liability insurance except \$5,000 deductible. The deductible will be transferred out of the replacement reserve. Damage was limited to a partial roof on Bldg A. It affected one resident who was displaced. The insurance company will pay for the lost rent. The estimated total cost of expenses is around \$55,000. The siding was damaged and electrical had to be rewired. No one was hurt in the incident.

There was a fire two days ago with minimal damage. They had to wipe some things down and repaint. They are investigating the issue involving the inside of an oven. No one was hurt.

They noted an issue with a claim of mold submitted by a renter. Ms. Brock-McKean talked with the attorney. The resident has been moved four times. They do not have complaints from any of the other residents. They do not disagree there is mold in the home. They find the heater is left on and due to the heat the windows are left open. They do not ventilate and they are crowded. Ms. Brock-McKean will have a laboratory study check it to see what type of mold is inside.

Kneeland Park – The manager has been terminated. There were issues with a petty cash card. The total loss is under \$2,000. They are working with the insurance company to see how that will get paid. They have accountability for all the rent.

There was a leak in a bathroom that was not reported by the manager. A major pipe burst inside of the tub and it ruined the subflooring. It is unknown how long the pipe was burst as she lived there for six months. The subfloor is rotted out to almost downstairs. A licensed contractor from another property was able to come in and fix it in-house. They have an approval from Tax Credit to keep it offline for up to 60 days.

One of the units has a roof that was patched, last year. It is beyond patching and in need of replacement. If it is not fixed, the Bremerton Housing Authority has stated they will hold payment of rent on the unit. They were able to request an extension. Because they cannot replace the roof on the entire building, they have given an \$8,000 bid to replace the section that covers the one apartment. They cannot get it done within the three weeks, so the renter is going to move to a vacant unit. They will still get the subsidy from BHA until they fix it. This was discussed further under Item 7.4

Pine Garden – One unit has an issue where it is kind of shifting. It looks like it is a joist problem. It is not a health or safety issue. There was a little bit of mold in the window. The new construction rehab did not attach the gutters appropriately on the outside. The water is coming in. There are two gutter repair bids. On the other side of the unit the same thing happened. The gutter actually blew off and needs to be replaced. The Housing and Urban Development (HUD) is on board with replacing the one gutter and fixing the other gutter. The warranty has expired. That can be funded through replacement reserve.

The Pine Gardens is 100% occupied. There is a bad drug issue they are working on. They are reaching out to Crime Stoppers to assist. The law enforcement wants them to prove beyond a reasonable doubt there are drugs involved. They cannot go inside the rental units, unless they inspect every unit. Crime Stoppers has a program for anonymous reporting. A resident can call Crime Stoppers to report an incident. Crime Stoppers will then contact the Police. The new manager is going around and inspecting every unit. The new manager has been directed to inspect every 30 days to ensure it is clean and a family oriented environment.

7.2 USDA/RD Letter - The Coves Rental Assistance Usage – Discussion: Brock-McKean/Wallace – This was discussed under Item 7.1.

7.2.1 Response to USDA/RD Letter - The Coves Unused Rental Assistance: Discussion: Brock-McKean – The reply letter from Guardian Management has satisfied the rental assistance issue. They will need to manage it a little closer.

7.3 Northwest Justice Project Reasonable Accommodation Request – Fairmont Cove Apartments – Discussion: Brock-McKean/Wallace – This was also addressed under Item 7.1 Ms. Brock-McKean is working on it. It appears to be resident caused at this point. They will teach the resident how to address it.

7.4 Properties Needs Assessment - Discussion: Brock-McKean – Detailed what needs to be done in the future with the new management team.

7.5 Washington Community Reinvestment Association – Kneeland Park Apartments – Discussion Brock-McKean - Morgan has been talking with the WCRA who may be willing to help with Kneeland Park on the financing of the roof.

Chair Wallace noted he had a conversation with WCRA and they feel strongly before there is an appraisal, a needs assessment be completed by a contractor. There has been a partial needs assessment done which totals approximately \$88,000 for items that need to be fixed. In a past conversation with Anchor Bank, they were willing to refinance or second mortgage up to

\$80,000. However, based on the inspection by Washington State Finance Commission, it looks like the units needed even more up to \$125,000. Anchor Bank is not interested. WCRA may be helpful.

- 7.6 Termination Letters - Guardian Management Agreement:** Discussion Brock-McKean/Wallace -- Acknowledgement of the letters from Guardian Management terminating services at end of October 31, 2013.

Tom Drake questioned if Guardian will be preparing the year end reports. Ms. Brock-McKean responded they will be completing those as well as submitting the USDA reports. Chair Wallace noted they will provide reports for the board meeting in October. There will be reports for the business in November.

Ms Brock-McKean stated that all the employees except for one wants to stay with the property. The Manager at the Coves is unsure if she will stay.

Chair Wallace stated they need to have discussion about Longview Housing Authority having an interlocal agreement, similar to Bremerton Housing Authority. He questioned if the Board wanted to give authority for the chair to work on this interlocal agreement.

Commissioner Malanowski/Monroe moved and seconded to authorize the chairperson to negotiate an interlocal agreement with Longview Housing Authority.

- 7.7 USDA/RD – The Coves Transition Plan:** Discussion: Brock-McKean. She commented on a 504 Plan which was done in January 2010. This was prior to the Guardian Management involvement. Some of the improvements that were done in 2010-2011 did not meet codes. She mentioned some of the items that need to be addressed to meet handicap accessible standards. The ramp will need to be redone to meet the new standards. There is a large expense for the railing that needs to be fixed. USDA-RD is willing to wait; however, they want a new schedule provided.

Chair Wallace felt it would be simplest to just extend the schedule.

Ms. Brock-McKean stated she needs to work with whoever will be managing the Coves. If Guardian Management establishes a plan and it cannot be met, the HA is allowed only one extension. There needs to be a plan that can actually be funded for the next three years.

Tom Drake commented that the ramp will need to be a lot bigger to meet current standards.

Chair Wallace suggested putting this in the transition plan that will follow over to the new management. USDA-RD wants the updated transition plan by October 16, 2013.

Tom Drake interjected both HUD and USDA will have to approve the new management.

- 7.8 Incident Report – The Coves:** Discussion: Brock-McKean --She noted that she was getting emails back from Merrill Wallace. It seemed like his email could not handle too many attachments. This was a simple incident report due to the lightning. It stated the damages and now the insurance company is handling it. The USDA has the reports and pictures. They are pleased with how it is proceeding.

- 7.9 Staffing Update – Staffing Transition:** Discussion: Brock-McKean -- At Kneeland Park and Pine Garden they are sharing a meeting manager and a maintenance technician. She recommended that the two rental units should be separated. They should be managed individually, rather than together. At the Pine Garden there needs to be the presence of someone at the office. She suggested purchasing a computer and small printer be purchased. HUD is tax credit and is more difficult for someone to follow two different rules. The

landscaper at the Coves worked all three properties and has left the company. His position has not been replaced. She recommended this position also be split between the properties.

Carol Wilson at the Coves has is undecided if she will continue with the new company.

8. DEVELOPMENT - None

9. UNFINISHED BUSINESS - None

10. NEW BUSINESS

10.1 Election of Officers

10.1.1 Chairperson - Carolyn Malanowski nominated Merrill Wallace to continue on as chair. Commissioner Malanowski/Ingwaldson moved and seconded to appoint Merrill Wallace as chairperson. Motion carried unanimously.

10.1.2 Vice-Chairperson - Commissioner Malanowski appointed Karen Monroe to continue on as vice-chairperson. Commissioners Malanowski/Ingwaldson moved and seconded to appoint Karen Monroe as Vice-Chairperson. Motion carried unanimously.

10.2 Recent News Articles – MCHA Financial Condition – Discussion: Wallace - Chair Wallace noted that there were two news articles. One article in the Shelton-Mason County Journal and one in the Shelton Life. It mentioned that a measurable plan was necessary.

10.3 Kneeland Park Proposed 2014 Budget – Discussion: Brock-McKean –Briefly discussed the next fiscal year budget. There are four units with half subsidy from Bremerton Housing Authority. The rent increase is between 5.3% to 13.2%. They are below the maximum rent in tax credit and in the area. She noted the budget figures are based on 2012/2013 actuals. There is a positive cash flow and the net cash is at \$4,000. If necessary, the budget can be amended in the future.

Commissioner Malanowski/Ingwaldson moved and seconded to approve the Kneeland Park budget as presented. Motion carried unanimously. None opposed.

10.4 Pine Gardens Proposed 2014 Budget – Discussion; Brock-McKean – Reviewed the proposed budget for Pine Gardens which is HUD. They have to go with OCAP rate. They have to follow what is approved. They cannot change the rent at this time. Income nothing has changed. The expenses include addressing a pest control issue in both places. It is recommended the managers every 60 – 90 days check the apartments for cleanliness. There is a replacement reserve of \$44,000 which is controlled by HUD. The net cash is \$1210.00.

Commissioner Ingwaldson/Malanowski moved and seconded to approve the Pine Gardens budget as presented. Motion carried unanimously. None opposed

11. FUTURE MEETINGS - Thursday, October 24, 2013

12. ADJOURNMENT:

There being no further business, Chair Wallace called for motion to adjourn the meeting at 10:17 a.m. Commissioner Ingwaldson/Malanowski moved and seconded to approve motion. Chair Wallace called for question. None opposed. Motion carried.

Bucky Rogers

Executive Secretary

Chair

SEAL:

