

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 9:00 A.M. ON **JUNE 3, 2015**, AT THE MASON COUNTY COMMISSION CHAMBERS, 411 NORTH FIFTH STREET, SHELTON, WA 98584

1. **CALL TO ORDER AND ROLL CALL:** Chair Wallace called the meeting to order at 9:03 a.m. Roll call was as follows:

Present:

Chair Merrill Wallace
Commissioner Karen Monroe
Commissioner Tyler Music

Absent:

Commissioner Kathy Haigh

Commissioner Tammey Newton

Also Present:

Ken Morrell, Cascade Management, Inc. Portfolio Mgr.
Becky Rogers, Clerk of the Board
Patti Sells, Mason County Housing Coalition

2. **MINUTES:** Approval of the May 6, regular meeting minutes.

Chair Wallace called for motion to approve the regular meeting minutes. Commissioner Newton/Music moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

3. **PUBLIC COMMENT:** None

4. **CHAIRMAN COMMENTS:**

- 4.1 Chair Wallace still filling his position that has expired and not yet filled by the Mason County Commissioners.
- 4.2 Housing Coalition Meeting – Chair Wallace reported there was a sparse attendance, because of competing meetings. Staff from Rural Development (RD) were present. They discussed all the RD programs. Multi-family programs have no federal funding, at this time.
- 4.3 Community Action Council (CAC) is in the process of purchasing two elderly projects in Belfair.
- 4.4 Cascade has requested help from the HA Commissioners. Chair Wallace clarified they are looking for financial help. It was noted the agency fund has a balance of \$1,295.83. The Coves, at Key Bank, has \$362.41, which represent the assets of the Mason County Housing Authority. Outside that, the other money is with Cascade. They have been talking for the last seven months about how they get out of where they are financially. When Mason County HA left left Bremerton Housing Authority in 2009, they had two years of reserves. The former management companies have been able to spend all the reserves, on bona fide upgrades.

5. **COMMISSIONER COMMENTS/REPORTS:**

- 5.1 Ethics Training - Tyler Music reported on the training he and Kathy Haigh attended at Seattle on May 20th. He stated they had a small group. He received material which he can scan and share with the other commissioners. Ron Oldham, NAHRO, one of the presenters offered to come to Mason County HA to discuss policies and procedures.

6. FINANCIAL:**6.1 Approval of Claims Certification for April 2015**

The Cove Apartments – \$20,414.72
Pine Garden Apartments - \$24,383.50
Kneeland Park Apartments - \$8,874.78

Chair Wallace called for motion to approve the Claims Certification for April 2015. Commissioner Monroe/Newton moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried. Chair Wallace questioned the 3 payments to CenturyLink for Kneeland Park. Mr. Morrell to follow up on that.

6.2 Income Statement Review

6.2.1 The Coves – Net Income \$3,561.34
6.2.2 Kneeland Park – Net Loss of \$9,544.48
6.2.3 Pine Garden -- Net Income \$2,142.64.

7. MANAGEMENT:**7.1 Routine Occupancy and Property Inspection Reports – April 2015**

7.1.1 The Coves – 1 Vacancy – Expected move in 5/29/2015
7.1.2 Pine Garden – 0 Vacancies
7.1.3 Kneeland Park – 4 Vacancies – Major renovation began 5/14/2015 on 1 unit.
Mr. Morell noted that both the Coves and Pine Gardens have a decent waiting list. They are working on building up the waiting list for Kneeland Park through flyers and ads.

7.2 Variance Reports - April 2015

The bulk of the information in the Variance Reports is for April. Some of the items have happened since then. The Coves – The RD letters regarding lack of subsidy use have been addressed and the units have been filled. An annual inspection occurred on 5/26/2015 and the matter with the RD units is closed. They are having problems getting sub-contractors to work in the city limits of Shelton to address a French drain to help mitigate the water issues inside the units. They have expanded their search to Olympia and Bremerton for a contractor to do the work. They want to limit bringing people out of Portland for the cost effectiveness. Tammey Newton stated she will send out an email to contractors they use with Habitat for Humanity to see if they are aware of any person who is available to work.

Chair Wallace questioned if they have determined what the scope of work should be for the situation. Mr. Morrell commented the multiple attempts to reach the recommended plumber have resulted in no contact. The design of the project how the wall and floor were put together was problematic. Mr. Morrell stated without tearing the building down and starting over, their work plans will be the best “bandaid” they can find to stop having the water intrusion seep up through the floor of the unit. He reviewed the variance items of note which address anything over \$300 of the current variance. Pine Gardens - They had requested to pay the mortgage for Pine Garden out of replacement reserves and that has since been repaid, at the end of May. Pine Garden has a positive rent flow over what was budgeted. They are contacting the city to request a usage history for the water to make sure it is not abnormal and will check to see if there is a leak. He noted of the \$35,000 bad debt listed, the majority is pending subsidy payments. Kneeland Park – They received checks from BHA for the subsidy of five units. Servpro has been remediation of Unit A101. They still have an issue with vacancies. As of 4/30/2015 they had 3 vacant units. They worked overtime to get the units filled as quickly as possible. The individuals that have been causing problems have been removed. They should have a stable base to build back up. They hired an employee as needed for cleaning to reduce the cost of using a vendor. The operating cash is approx. \$400. For the accounts receivable the bad debt totals \$1,950.

8. DEVELOPMENT: None

9. UNFINISHED BUSINESS

9.1 **Property Refinancing Update** – Chair Wallace referred to a 5/21/2015 email from Dr. Terri Silvis, financial advisor from Cascade Management, Inc. The HA has been in discussion since Cascade took over on how best to be able to refinance some of the properties. In the past, when the HA pursued refinancing the projects, the financial organizations wanted cash up front, up to \$30,000 in one instance to see if the project qualifies for refinance. Due to the condition of Kneeland Park, a \$5,000 inspection fee was required. If the project did not qualify, the money was kept. They determined they still would not get re-financing necessary. Dr. Silvis’ proposed goal with bundling is so the HA would be able to pay off current mortgages and any non-owner related payables, to get enough equity to make improvements to both properties. She is proposing bundling two properties (Pine Gardens & Kneeland Park). She has been in conversation with Anchor Bank who holds the paper for Kneeland Park. The HA loan is out of Aberdeen (Anchor Bank). By the next meeting they should know how they may be able to proceed with refinancing. Currently they have a HUD loan with a high interest rate of approximately 6.7%. They have the Kneeland Park which is a bond product, tax credits. The tax credits are finished, but it was a 40 year compliance to keep it for affordable housing. They do not have enough properties to do a state financed bond issue, or 4% tax credit. It takes a large amount of money in fees up front. The funders on Kneeland Park talked whether it would be better to tear down the project, because the land may be more valuable because of its location, rather than the building itself. In reviewing past history, Chair Wallace noted the Community Action Council was interested in the HA properties. They have a mix of properties with a management and financial team. It made sense for an organization to have the properties to keep them affordable, but reduce the administrative costs. CAC only wanted to pick certain properties. They talked in the past about having a part-time executive director. That position would be the portfolio manager for the property and they would buy services from Cascade, accounting, etc.

10. NEW BUSINESS - None

11. **FUTURE MEETINGS** - Wednesday, July 1, 2015 – Karen Monroe did not expect to be able to attend the next meeting. Tammey Newton will know more by the middle of the month if she can attend.

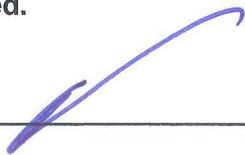
12. ADJOURNMENT

There being no further business, Chair Wallace called for motion to adjourn the meeting at 10:12 a.m. Commissioner Music/Monroe moved and seconded to approve motion. Chair Wallace called for question. None opposed. Motion carried.

Becky Rogers

Executive Secretary

Chair



SEAL:

