

## 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 8:30 A.M. ON **September 24, 2009**, 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 8:36 a.m. Roll call was as follows:

**Present:**

Chair Merrill Wallace  
Commissioner Carolyn Malanowski  
Commissioner Michael Neher  
Commissioner Gayle Weston

**Absent:**

Commissioner Jeannie Gruber

**Also Present:**

Tom Drake, Longview Finance Director  
Wendy Pearsall, Legacy Regional Manager  
Shannon Goudy, Clerk of the Board of County Commissioners

2. **MINUTES:** Approval of August 27, 2009 minutes

**Chair Wallace called for motion to approve the August 27, 2009 minutes. Commissioner Weston/Neher moved and seconded the motion. Chair Wallace called for question. None opposed. Motion carried.**

3. **PUBLIC COMMENT:** None

4. **CHAIRMAN COMMENTS:** Chair Wallace thanked the Clerk for her assistance.

5. **COMMISSIONER COMMENTS/REPORTS:** None

6. **FINANCIAL:**

- 6.1 **Approval of Claims Certification for August 2009**

The Cove Apartments - \$35,932.95  
Pine Garden Apartments - \$17,683.41  
Kneeland Park Apartments - \$11,845.53

Mr. Drake noted there is a new section in the claims report that details the voucher payments.

**Chair Wallace called for motion to approve the Claims Certification for August 2009. Commissioner Weston/Malanowski moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.**

- 6.2 **Income Statement Review**

Mr. Drake noted that there are a couple of issues with the income statements. He was contacted by the bank concerning Kneeland Park. The debt service ratio of 1.1% is not being met. Right now it is at .91%. Kneeland Park will need to make a profit of \$6,938 by December 31, 2009, which means expenses will need to be reduced.

He also noticed a \$35,000 transfer in to the project and he would like to know what it was

for.

Chair Wallace stated that each one of the properties had a balance when they closed out with Bremerton. That amount may be from the balance.

Mr. Drake asked if the management fee might have been overdrawn in the past.

Chair Wallace responded he didn't think so. It would be a good idea to ask Bremerton where the \$35,000 came from.

Mr. Drake stated he will proceed by asking the bank to provide the debt instrument. He will also be working with the bank to mitigate how much is needed to make the debt service ratio for Kneeland Park. The worst case scenario would be reducing expenses by \$1200 per month for the next few months. He would recommend raising the rents.

He stated the other issue is Pine Gardens. He was notified that the last six months of housing assistance payments have been funded out of stimulus money so he will need to submit a report by the 10<sup>th</sup> of October on how the stimulus monies were used. There are a couple of complications. It doesn't look like the funds can be used as they have been by HUD.

Cmmr. Weston asked for clarification.

Mr. Drake clarified that the HAP money always came from HUD. HUD ran out of funding so they started using ARRA funds.

Cmmr. Weston asked if another funding source needs to be found or if the tenants would be given notice that they are no longer funded.

Ms. Pearsall commented that in the past replacement reserve funds were used.

Mr. Drake stated there are a number of debt compliance issues that he is working on. He will review the agreements to make sure they are covered in the annual budget process.

He also commented that audit costs and bad debt tenant rents are out of whack at Pine Gardens. He is surprised to see audit costs since there has not been an audit yet. The other issue is bad debt and bank fees. That may have to do with the refinancing process. There is an issue with sewer costs as well. He isn't sure why that was missed on the budget. The maintenance and operations are over budget as well. On his analysis of the statements those are some of the weak areas.

Chair Wallace noted that one question that came up last month was a charge for Kitsap County Public Works. It turns out that was for the use of the dump in Kitsap County.

## **7. MANAGEMENT:**

- 7.1 **Routine Occupancy and Property Inspection Reports** for The Coves, Kneeland Park, and Pine Garden for the month of August 2009.

Ms. Pearsall stated as of last week the Coves is at 100% and the Goldsborough has been painted with money out of the reserve account.

Cmmr. Weston asked if there has been a difference in attitudes in the tenants.

Ms. Pearsall answered that the managers have indicated a difference in the tenants. They have started a crime watch program.

Chair Wallace asked if the properties are listed with the Community Action Council.

Ms. Pearsall responded that she would have to double check.

She stated that Kneeland Park is at 100% as well. Kneeland Park's budget will be ready for review in November. Pine Gardens is also at 100%.

Chair Wallace commented that the Board has talked about adjusting rents. They would like to have the non-subsidized units at 80% of market, but with the cash issues they may need to be closer to market value.

**8. DEVELOPMENT:** None

**9. UNFINISHED BUSINESS:**

**9.1 MCHA/BHA space lease for HCV program update**

Chair Wallace stated that the space lease was approved at a prior meeting but the Board wanted to change the property from Kneeland Park to Fairmont Cove. He emailed Bremerton and they thought there was a provision that RD would not sublease space.

Ms. Pearsall stated she had talked to RD and they don't believe it can be done because it is for the use of the residents. Kneeland Park cannot be used either. The worst case scenario would be the room off of the laundry room at Pine Gardens.

Mr. Neher noted there are other tax credit properties that sublet apartments.

Mr. Drake stated it could have been part of the original tax credit application.

Chair Wallace concluded that if the Board is legally bound not to sublease space they will have to back away from it. Ms. Pearsall will need to follow up with the bank and decide if leasing the space is worth the revenue.

**10. NEW BUSINESS:**

10.1 Ms. Pearsall presented the Board with a copy of the proposed 2010 budget for the Coves.

Chair Wallace asked if there would be a possibility to revise the budget after it is submitted.

Ms. Pearsall answered that is a possibility.

Mr. Drake went over the highlights of the proposed budget.

Cmmr. Malanowski asked why the utility allowance is less for a three bedroom than a two bedroom.

Chair Wallace noted that those numbers are provided by HUD.

**Chair Wallace called for motion to approve the 2010 budget for the Coves. Commissioner Weston/Malanowski moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.**

10.2 Election of Chairperson and Vice Chairperson

Chair Wallace stated he is willing to lead the board again, but he wanted to open up the opportunity for anyone else who might be interested.

Cmmr. Neher stated he would like to keep things as they are for now.

**Chair Wallace called for the motion to nominate Merrill Wallace as Chair and Gayle Weston as Vice Chair. Commissioner Neher/Malanowski moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.**

11 FUTURE MEETINGS: October 22, 2009.

It was noted that the November and December scheduled meetings both fall on holidays.

The Board changed the meeting date for November to November 19, 2009 and the December meeting to December 17, 2009.

12 ADJOURNMENT:

**There being no further business, Chair Wallace called for motion to adjourn meeting at 9:28 a.m. Commissioner Weston/Neher moved and seconded to approve motion. Chair Wallace called for question. None opposed. Motion carried.**

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Executive Secretary

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Chair

SEAL:

