

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 **JANUARY 26, 2012**, 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 Gayle Weston
Commissioner Carolyn Malanowski
Commissioner Karen Monroe

Absent:

Also Present:

Tom Drake, Longview Finance Director
Wendy Pearsall, Legacy Regional Manager
Tamra Ingwaldson, United Way's Executive Director for Mason County
Elaine Hoglen, Legacy Site Manager
Julie Guantatato, Legacy Site Manager
Britta Creed, Clerk of the Board

2. **MINUTES:** Approval of the December 1, 2011 and December 29, 2011 special meeting minutes.

Chair Wallace called for motion to approve the December 1, 2011 and December 29, 2011 special meeting minutes. Commissioner Malanowski/Weston moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

3. **PUBLIC COMMENT:** Cmmr. Wallace welcomed Tamra Ingwaldson from United Way who was visiting to get familiar with the Housing Authority meetings. She was considering joining.
4. **CHAIRMAN COMMENTS:** Cmmr. Wallace added the following to the agenda:
 - 10.1 Longview Housing Authority Agreement for Accounting Services
 - 10.2 Management Certification for Pine Gardens with a motion
 - 10.3 Year End Financial Report
 - 10.4 Commissioner Position: Update

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

6. **FINANCIAL:**

- 6.1 **Approval of Claims Certification for December**
 - The Cove Apartments - \$25,345.79
 - Pine Garden Apartments - \$18,483.11
 - Kneeland Park Apartments - \$23,652.37

Chair Wallace called for motion to approve the Claims Certification for December. Commissioner Weston/Monroe moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

Mr. Drake discussed the balance sheet and the operating statements. He stated Kneeland Park discontinued the partnership as of December 30th, 2011 and was transferred to the Housing Authority the same day. The December report was from the old budget. Starting in

January, a new budget and a new fiscal year would begin. The Housing Authority was on a fiscal year from October through December. The old partnership was on a calendar year. That was the final report based on the partnership and everything would now be on the same fiscal year. There would be a final tax return for the partnership, but not a final audit on Kneeland Park.

6.2 **Income Statement Review**

Cove Properties

Mr. Drake stated that Cove Properties had quite a few expenses in the maintenance and operations. The furniture and fixture replacement were considerably over budget. Everything else looked close to the budget.

Pine Gardens

Mr. Drake stated that there had been a number of vacancies along with the ongoing rehabilitation. He also mentioned that there were a considerable amount of debt right off continued from last month. Otherwise, everything was on target.

Kneeland Park

Mr. Drake reported that Kneeland Park looked good across the board. He brought a draft of the year end financial report which will get audited by state eventually.

7. **MANAGEMENT:**

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

The Coves

Wendy Pearsall, Legacy Regional Manager, stated that there had been people coming in and out of the back gate that shouldn't be. They had notified the Police to help secure the residents. The Coves were still at one-hundred percent. There was one notice to vacate and someone screened and ready to move in. Otherwise, the Coves was running well.

Cmmr. Wallace was alerted that there were some telephone issues. People were unable to leave messages. Elaine Hoglen, Legacy Site Manager, was aware of the problem and would take care of it. Also, last month there was a sewer issue with \$8000 of total expenses. Ms. Pearsall would take that out of replacement reserve with an insurance deductible of \$5000.

Kneeland Park –

Ms. Pearsall stated that they had one vacancy and a scheduled move in at the beginning of February. Julie Guantatato, Legacy Site Manager, had been doing a great job getting Kneeland Park at one-hundred percent. They had one unit with a partial roof repair from leaking. Also, there was one eviction.

Pine Gardens –

Ms. Pearsall still had two vacant units due to the rehabilitation project. There was somebody looking at a vacant unit. She stated it was running smooth.

8. **DEVELOPMENT:** None

9. **UNFINISHED BUSINESS:**

9.1 **Pine Garden Apartments Rehab: Update/Legacy**

Ms. Pearsall stated that the construction had started again in January. There were six units left. She spoke with Scott Purdue from Purdue Construction and discussed the delay due to the funding. All outstanding invoices would be sent to Ms. Pearsall from Purdue Construction and she will submit to CW Capital. CW Capital takes approximately six weeks to process

and send out the funds. She also mentioned that Scott Purdue had been running into unexpected expenses with wall and flooring repairs from water damage.

Mr. Drake had a brake down of all costs for the rehab project, which he discussed. He stated that the project was ninety percent complete, but only received forty percent of the money from HUD. He also mentioned an audit was due but the Auditor's hadn't received the payment from the last audit. Therefore there would be a late fee.

9.2 Kneeland Park Closing: Update/Drake

Cmmr. Wallace stated the Kneeland Park complex was in a tax credit program where investors actually bought the tax credits to get credit against their income tax for a period of ten years, with the liability of the project for fifteen years. They were a partner. At the end of that time, the Housing Authority essentially bought Kneeland Park for one dollar with the closing costs of \$9,196.75. He discussed the details of the closing costs. KeyBank was the closing agent . They still have the original debt service but now own the apartment complex.

Mr. Drake recommended refinancing Kneeland Park. The balance remaining was \$479,000. He stated he would research refinancing .

9.3 Kneeland Park Nine Month Budget

Cmmr. Wallace stated that the Board had agreed to go from a twelve month calendar year to a nine month fiscal year for the budget.

Cmmr. Weston stated she was concerned about the vacancy issue. She also mentioned that the budget showed the debt service used was twelve months instead of nine months and asked if that was correct.

Ms. Pearsall reported that she had Ms. Guantatato working on the vacancy issue and she was doing a great job. She also commented that the debt service on the budget sheet was wrong. She would correct it to show the nine month for December instead of twelve, which would be a savings to the bottom line.

Chair Wallace called for motion to approve Kneeland Park's amended budget going from a twelve month calendar year to a nine month fiscal year. Commissioner Weston/Monroe moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

10. NEW BUSINESS:

10.1 Longview Housing Authority Agreement for Accounting Services

Cmmr. Wallace stated that in the past when the Housing Authority left the management of Bremerton Housing Authority, there was a grey area in the accounting services. Mr. Drake stepped up and became the accounting services representative for the Housing Authority. That job grew over time and was no longer just accounting services. There were a lot of management services also that required more of Mr. Drake's time. Cmmr. Wallace had a conversation with Mr. Drake who stated he would need to exit the services for the Housing Authority.

Mr. Drake explained that he had been getting more involved in the management side. He mentioned that he realized that last month he would either need to step forward or step back. Since he didn't have the support of his organization to step forward, he would need to step back and bring someone in that could do the accounting services along with the management services which the Board required now, and do it effectively. He no longer could provide that time now required. He thought the Board would need a manager to handle

the day to day activities. He also suggested that the Board consider selling Pine Gardens. It lacked any equity investment, had three layers of debt and no chance of getting that paid off to get a return on the property. That would leave the Coves and Kneeland Park. If Kneeland Park refinanced, they should cash flow nicely and get a return.

Cmmr. Wallace commented that Community Action Council had showed interest in helping with accounting services in the past. He would like to have another discussion with them to see if they would still be interested.

Mr. Drake and Commissioner Wallace discussed some of the details with the Board regarding selling Pine Gardens.

Ms. Pearsall stated that she may have a lead of someone that might be interested in Pine Gardens.

10.2 Management Certification for Pine Gardens/Drake

Mr. Drake stated that the Management Certification would let HUD know that Legacy Management was the managing company of record and that they didn't have any conflicts of interest. It established the management fee of 6.37, which came out to \$44 a month, per unit. The agreement would be in effect through September 30, 2012.

Chair Wallace called for motion to approve the Management Certification for Pine Gardens. Commissioner Weston/Monroe moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

10.3 Year End Financial Report/Drake

Mr. Drake explained the year end statement in detail. He stated that between 2010 and 2011 revenues had increased and expenses had decreased. There were still cash flow issues. The report showed that net assets between 2010 and 2011 went down about \$40,000 caused by cash or accumulated depreciation. The report also showed that revenues were up and expenses were up and exceeded income. There was a depreciation number of \$94,000. The bottom line did show that the Housing Authority did have equity. A copy of the year end statement was given to the each Board member for review.

10.4 Commissioner Position: Update

Cmmr. Wallace stated Marlene Taylor was called by Ms. Hoglen who thought she would be a good fit on the Housing Authority Board of Commissioners. Britta Creed, Clerk of the Board, mentioned that she emailed Ms. Taylor the application but had not received it back yet.

11. FUTURE MEETINGS: February 23, 2012

12. ADJOURNMENT:

There being no further business, Chair Wallace called for motion to adjourn meeting at 10:03 a.m. Commissioner Monroe/Malanowski moved and seconded to approve motion. Chair

Wallace called for question. None opposed. Motion carried.

Executive Secretary

Chair

SEAL: