

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 9:02 A.M. ON **JUNE 28, 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 9:01 a.m. Roll call was as follows:

Present:

Chair Merrill Wallace
Commissioner Carolyn Malanowski
Commissioner Karen Monroe

Absent: Commissioner Gayle Weston

Also Present:

Wendy Pearsall, Guardian Regional Manager
Elaine Hoglen, Guardian Site Manager
Julie Guantatato, Guardian Site Manager
Tom Drake, Longview Finance Director
Jan Naughton, Community Action Council Director of Development
Corey Baldwin, Community Action Council Consultant
Britta Creed, Clerk of the Board

- 2. MINUTES:** Approval of the May special meeting minutes.

Chair Wallace called for motion to approve the May special meeting minutes. Commissioner Monroe/Malanowski moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

- 3. PUBLIC COMMENT:** None

- 4. CHAIRMAN COMMENTS:**

4.1 Introduction: Coast Real Estate Services, Shawn Hoban, CCIM, CPM

Cmmr. Wallace introduced Shawn Hoban of Coast Real Estate Services. Mr. Hoban and his brother own Coast Real Estate Services which provides property management, brokerage services, financing and strategic planning. They pride themselves in making themselves available and keeping the communication open between themselves, the occupants and the Housing Authority. Approximately 80% of their business is Housing Authority's.

Cmmr. Wallace explained the background of the Housing Authority and their needs. He also asked if Coast Real Estate Services would keep the current employees that are on site.

Mr. Hoban responded that they would look at the staff in place to make sure it is working under his environment.

Cmmr. Malanowski commented that it is very important to keep with current staff that they have in place. They already have a repor with the tenants. Some tenants have mental health issues, etc. and are comfortable with current staff.

- 5. COMMISSIONER COMMENTS/REPORTS:** None

6. FINANCIAL:**6.1 Approval of Claims Certification for May**

The Cove Apartments - \$28,019.80
Pine Garden Apartments - \$24,799.58
Kneeland Park Apartments - \$12,631.99

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

6.2 Income Statement Review

Tom Drake, Longview Finance Manager, noted that his signature was not on May's claim certification. He put "N/A" instead of his signature because Guardian will not be sending the claims any longer. He can't review or audit without the details.

Mr. Drake explained that he was still working with Guardian on the details for the Pine Gardens project. After the audit, the adjustments were posted. He was waiting for the complete report. With the information that was given, he thought that the operating side and revenue looked good. The vacancy for the Cove properties were down. Mr. Drake also explained that Legacy didn't post the principal or the depreciation information. He stated that Guardian's approach was different than Legacy's.

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

Wendy Pearsall, Guardians Regional Manager, reported that the Coves were doing well. There was a large repair to fix a water heater leak which they expect will be expensive. The money will come from operating expenses. She stated that the Coves were doing great on vacancies.

Kneeland Park

Ms. Pearsall stated that Kneeland Park's occupancy was doing well. They currently had three vacancies. She noted that Jim from the Shelter came to do an inspection. She also mentioned that Julie Guantatato, Guardian's Site Manager, had been doing a great job.

Pine Gardens

Ms. Pearsall noted that Pine Gardens were operating well and were at one-hundred percent. NOI and accounts payable had been going down. She mentioned that the receivables were at \$500. Ms. Guantatato was doing a great job the Pine Gardens also.

Cmmr. Malanowski asked Mrs. Pearsall if there was an update regarding the security cameras.

Ms. Pearsall replied that nothing had been done yet, but she will put it on the agenda and check on it.

8. DEVELOPMENT: None**9. UNFINISHED BUSINESS:****9.1 Pine Garden Rehab: Close Out/Guardian**

Ms. Pearsall stated that the rehabilitation project was now closed out. She met with Scott

Purdue, owner of Purdue Construction, about a month ago. They finalized all of the paperwork and distributed all of the checks to the vendors.

Cmmr. Wallace reported that money will be coming back to the agency fund. The Housing Authority had to provide money for the rehabilitation project to keep it going.

Mr. Drake confirmed that \$23,000 was currently in the agency fund. He noted that \$13,000 would be deposited back into the agency fund by next July from the 2 ½ retainage. Mr. Purdue came very close to original budget. There was still items outstanding for the unexpected replacement jobs that were not planned for such as rotted floors. That will be paid from property replacement reserve.

9.2 **MCHA Future Accounting Services: Update/Guardian**

Cmmr. Wallace mentioned what a challenge it is to find someone to do the same accounting services that Longview Finance provided. He spoke to Guardians CFO and explained the services needed and she thought it would be a possibility to help with the accounting services. She will speak to Mr. Drake for more insight on what exactly would be needed.

9.3 **MCHA Commissioner Vacancy: Update/Creed**

Britta Creed, Clerk of the Board, stated that there hasn't been anybody new that had inquired about the vacant position.

Cmmr. Wallace replied that he would call Tamra Ingwaldson from United Way to see if she would be interested in the vacant commissioner position.

9.4 **CAC Offer to Purchase Kneeland Park Apartment: Wallace/CAC**

Cmmr. Wallace stated that a number of years ago the Housing Authority had Pine Garden that needed to be rehabilitated and Kneeland Park that had a cash flow issue. The Board thought that maybe they should move their assets/properties over to someone that had a larger portfolio. Kneeland Park has since dissolved the partnership and holds the debt services now and they accomplished the rehab project for Pine Gardens. During that time, Community Action Council (CAC) was contacted and they stated that they may not be interested in the whole portfolio. They were present at this meeting and wanted to make an offer on Kneeland Park. Commissioner Wallace noted first that the balance sheet showed the property was worth \$1,643,000 and owing \$444,000. He announced that CAC would like to offer \$540,000 with a closing of June 1, 2013; no later than August 2013.

Corey Baldwin, Shelter Resources Consultant, explained that they were looking to assume debt and transfer the existing partnership and name CAC with Shelter Resources as the developer. He stated that they are now on a list with the Housing Trust Fund to receive trust fund money, which is actually a grant. He also discussed the financing.

Cmmr. Wallace felt that the Housing Authority is in a different position now then when they started this. Kneeland Park is quite an asset to the Housing Authority at \$1,643,000. CAC was only offering \$540,000.

Jan Naughton, Community Action Council Director of Development, stated that they were originally coming from a premise that the Housing Authority just wanted to transfer the properties over to CAC with no gain at all.

Cmmr. Wallace noted that was true when they had all of those road blocks to go through and the Housing Authority needed CAC's help to do that. He stated that they have those

road blocks behind them now.

Mr. Baldwin explained in depth what the \$540,000 offer existed of.

Ms. Naughton replied that all offers are subject to a counter offer.

Cmmr. Wallace noted that the Board wont be giving a decision at this meeting. He will discuss with the Board and let CAC know what they decide.

9.5 **Refinance Option**

Cmmr. Wallace explained that the holder of Kneeland Park is Anchor Bank in Aberdeen. Kneeland Park has a loan balance of \$444,000 with a payment of \$3,954 at 6.75% interest. That property had to be at low income or affordable for 40 years which leave 25 years left. The actual tax credit was alive for 15 years. At Anchor bank, James Hudson, said they could do a loan modification and bring it down to 4.5% for a 25 year loan which would bring the payment to \$2,468. If the property was kept would need to capitalize and put some money in replacement reserve and pay down the debt. Anchor Bank said the property would need an appraisal. He also spoke to Commissioner Weston who works at Key Bank and Key Bank is in a group of community banks that would like to preserve local properties in rural areas. This would help provide lower interest rates, lower payments and capitalize the properties. Commissioner Weston will look into that as an option also.

Cmmr. Monroe asked if a decision had to be made at this time.

Cmmr. Wallace replied that they do not.

Mr. Drake strongly recommend, if nothing else, to pursue the loan modification to save a \$1,000 a month.

Cmmr. Wallace suggested that Ms. Pearsall ask her CFO if it is okay for actual disbursements must be with Anchor Bank. It is an Anchor Bank requirement to do the loan modification.

10. NEW BUSINESS:

- 10.1 Cmmr. Wallace handed out information to take a look at from Hannah Lorie Stewart, Community Land Trust Practitioner, who would like the Housing Authority to help work on an application for Federal funding. Commissioner Wallace and Ms. Stewart have had discussions that they don't have staff on hand, but he would ask the Board their thoughts.

Cmmr. Malanowski noted that she has worked with Community Land Trust and didn't think that the Housing Authority would be a good fit.

Cmmr. Wallace suggested putting this subject on the agenda for next month and maybe Ms. Stewart can attend to explain.

- 10.2 Cmmr. Wallace stated that Ms. Pearsall would like to discuss the 2013 budget primarily for a rent increase.

Ms. Pearsall requested that the Coves increase rent \$25 for the 1, 2, and 3 bedroom apartments. The increase will cover roof issues, asphalt the parking lot, replace carpet, water heaters, landscaping, etc.

Cmmr. Monroe was curious how they came up with the \$25 increase.

Ms. Pearsall stated that there is a cap and they are required to stay within 20% of your operating expenses.

Chair Wallace called for motion to approve the submittal of the budget assumptions. Commissioner Monroe/Malanowski moved and seconded motion. Chair Wallace called for question. None opposed. Motion carried.

11. FUTURE MEETINGS: July 26, 2012

12. ADJOURNMENT:

There being no further business, Chair Wallace called for motion to adjourn the meeting at 10:08 a.m. Commissioner Monroe/Malanowski moved and seconded to approve motion. Chair Wallace called for question. None opposed. Motion carried.

The meeting reconvened at 10:10 a.m. and item 10.2 was added.

There being no further business, Chair Wallace called for motion to adjourn the meeting at 10:19 a.m. Commissioner Monroe/Malanowski moved and seconded to approve motion. Chair Wallace called for question. None opposed. Motion carried.

Executive Secretary

Chair

SEAL:

