

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF MASON COUNTY (MCHA) HELD AT 2:30 P.M. ON **June 21<sup>st</sup>, 2023**, IN PERSON AT MASON COUNTY PUBLIC HEALTH DEPARTMENT CONFERENCE ROOM AND ONLINE VIA ZOOM

1. **CALL TO ORDER AND ROLL CALL:** Randy Neatherlin called the meeting to order at 2:42 pm. Roll call was as follows:

**Present:** Dale Elmlund – Vice Chair, George Blush – Chairman, Dan Armstrong – Assistant Director, Randy Neatherlin – Ex Officio Board Member, Becky Cronquist – Board Member, April Pooler – Board Member

**Others present:** Cheryl Craig – Mason County Public Health, Seth Davick – Ad West

**Public Comment:** None

**Chairman comments:** None

2. **Adoption of Agenda:** George Blush motioned to adopt the agenda, seconded by Dale Elmlund. Unanimously accepted.
3. **Approval of Minutes:** Approval of April and May 2023 minutes motioned by George Blush, seconded by Dale Elmlund. Approved, unanimously.
4. **New business –**
  - a. **Inquiries –** Becky requested to speak and posed some inquiries to the group. She asked about the policies and procedures for the MCHA, and George said he will provide a copy to her. Randy added that she can always bring new ideas and policies to discuss with the group if there any she would like to see put in place as well. When she asked about a strategic plan in place, George explained that once the MCHA gets to a baseline of normalcy after correcting the last 5 years of mismanagement, the group can focus on developing that strategic plan. Becky mentioned the Department of Commerce funds that can be applied for to rehab properties, and asked if the group was aware of this. It was confirmed that the group was aware, and Frank had applied for about 200k which was awarded and allowed MCHA to get electrical and roof work done for their apartments. Becky asked if we could do that application for funds again, and Dan said he believes so. Randy added that if Becky finds anything she thinks MCHA should apply for, to please bring it forward.
  - b. **Renewal Contract For TDJ Accounting Services –** The contract was dispersed to the group prior to the meeting. There were no requested additions or changes. The goal with TDJ Accounting Services is to get finances reconciled and to get everything from Cascade and the management company to be thoroughly processed to make sense of the happenings under their employment. Dan added that MCHA needs an accountant, whether you have a management company running everything or not, we still have our books that need taken care of. We still need reports filed in a

timely manner, and we have been lacking on that in the past 5 or 6 years. George said an accountant puts proper checks and balances where they need to be. Randy agreed and said, Theresa Johnson has been working with Mason County for years, why not embrace that? She's the one who put it all together again, so it makes sense to keep her, even for one more year.

*A motion was made to renew the contract with TDJ Account Services by George Blush, seconded by Dale Elmlund. Motion carried, unanimously.*

- c. **Pine Garden Sale Update w/ Dan Armstrong** – I have been working with Seth and our accountant and they still need the 212 report which is hard to put together. The accountant is working on reconciling everything, sale of property requires a lot of historical things and data that we do not have – Cascade didn't do it and didn't give us anything, so we are working on solving that. We are waiting for our financials to be uploaded, Alex is supposed to be submitting those financials to HUD, hoping around September for Pine Garden to be ready. Randy said we will have to get an extension on the contract to cover that, some things are outstanding. We hope to have everything established and the closing date around September at this point, if everything provided, if not – it may have to be a leap of faith at that point.
- d. **Additional New Business** – George said we have been trying to get some unruly people moved on, this weekend I received a call from SPD, a tenant had called to let them know that someone had kicked their front door open and ripped out their AC unit from their window and broke into their apartment. They figured out who it was and what happened, I spoke to Seth and let him know we need this issue taken care of. I walked the property and ran into a couple of other issues. I need everyone to know we do have some issues going on, and we may have to move forward with moving specific people on who keep having these instances. Randy asked, are we better off waiting to move them out or do we have the reason and start the process now? Dan agrees that they should start the process now. For protection of our manager, we can ask as a group to pass this along to Seth and he can start the legal process. Seth asked George for a copy of the police report for the event that just occurred, and George obliged that he would do that.

*Randy recommended, instead of a motion, we give anyone an opportunity to object to get it in the records to get management company to move forward with what's required to move ahead with the eviction process of unit 37 & 40. Our management company has the right to do this, does anyone have an objection?*

Dan wanted to add that these couple are on the last few bad apples that we have to deal with, we have moved on about 14, we just need to move ahead. The group posed no objections. After discussion, it was asked of Ad-West to please move forward and do what they think is best with these units, and Seth obliged.

## 5. Old business –

- e. **Lack of Subsidy Payments and Resultant Inadequacy in Cash Flow** – Seth Davick of Ad-West spoke to this topic. Pine Garden has been a challenge to get vouchers submitted, but it's a matter of getting the right help in HUD to make sure it's set correctly and coming to the correct account. I believe we are making good headway and should have positive news within the next few days, we are looking at a \$130k subsidy. We typically don't have this issue with HUD, but the issue with Pine Gardens is that we are used to contract services and they don't have a contract administrator, so we are working directly with HUD and that is not the usual. When Randy asked if there was anything the commission or himself can help with, Seth explained that the issue being ran into has to do with the DUNS or UEI number. We are working on that on our end, to see if we can help MCHA get reactivated, from my understanding it was deactivated at some point. The number doesn't go away, just deactivates, Randy said. January this year we went from a DUNS number to UEI, so in January you had to re-register to get the UEI number, Dan explained. Randy told Seth, you direct, we will follow and make it happen.

Seth updated on the Coves, they are established with RD, all backed RA and funding is coming in, all is working smoothly and no issue there. For Kneeland, we recently discovered that Cascade has been receiving the section 8 payments, we are working to get that wired over and working with Bremerton Housing Authority on getting it set up where the funds are going in the future. Rent increases will be effective September 1<sup>st</sup>, payment standard can be requested directly from subsidy, and it will be about \$1k increase and it will not affect the residents. Dan said, that's the main reason we are where we're at right now, no one ever did rent increases while rent, property tax, operational, that all increases yearly, so if you go out there just getting the bare minimum you will go under as everything is increasing 2x as fast as you do. With Kneeland, you could be taking monthly distribution from that property. Kneeland is the only one where you have unlimited distributions, not as familiar with RTO's to HUD, so the money to us is after everything is paid? Seth confirmed this to be true. We can set up distributions that can go to MCHA, at the Coves, it's annual distribution and for non-profits. RD allows up to \$7500. If we finished the year with a positive cash flow, we could go ahead and just send MCHA that money. If we end in a deficit that we have to look at, do we have excess cash? If we do, we pay out of operating funds, if we don't, we pay out of reserves. Typically we are very good, it's rare that we have a year that we weren't able to pay the return to owner, for the Coves over the next few years I'd like to see us looking at a positive cash flow, Seth explained. Becky asked what the percentage of units of the Coves that get RA, and Dan said only a few are on Section 8, the rest are on rental assistance. Seth said, 54/60 on RA. I can go after a very large rent increase at the Coves, and I will be putting together a budget for that in the next week or so, to be submitted to RD by July 1<sup>st</sup>, 2023.

- f. **Status of Ad-West Conversion by Seth Davick** – We are completely set up at this point, Seth confirmed.
2. **Questions** – Becky asked, when was the last time Rural Development did inspections at the Coves? Dan said, not since I've been here, and I've been here for 2 years.
3. **Future meeting is July 19<sup>th</sup>, 2023**
4. **Adjournment of meeting**, motioned by George Blush, seconded by April Pooler @ 3:15 pm. Meeting adjourned.

DRAFT