

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 **July 19th, 2023**, IN PERSON AT MASON COUNTY PUBLIC HEALTH DEPARTMENT CONFERENCE ROOM AND ONLINE VIA ZOOM

1. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 2:41 pm. Roll call was as follows:

Present: George Blush, Becky Cronquist, April Pooler, Randy Neatherlin, Dan Armstrong, Dale Elmlund

Others present: Elijah Piper – First Western Properties

Public Comment: None

Chairman comments: None
2. **Adoption of Agenda:** Becky Cronquist motioned to adopt the agenda, seconded by April Pooler. Unanimously accepted.
3. **Approval of Minutes:** Motion made to approve June meeting minutes by Becky Cronquist, seconded by George Blush. Approved, unanimously.
4. **New business – Dan Armstrong**
 - a. **Offers on Kneeland w/ Elijah Piper** – Elijah joined the meeting to review two offers on the Kneeland Park apartments with the MCHA. He explained, there are 2 offers right now, but I just spoke with an agent before the meeting today so there may potentially be another offer within the next hour, we will see. It would be contingent to a couple of other properties he (the buyer) has right now, but let's go over the 2 offers we have in front of us right now. The first offer, they own other tax credit properties, are well qualified, bought 4 properties last year, and have done 2 deals this year. They are giving a \$1.5 million offer and are asking for some seller finance, which I had a conversation with George and Dan about. The property is in disrepair, and with so many vacancies it will be hard to get traditional financing. The first offer is \$1.5 million, will pay off all outstanding loans the MCHA has with Kneeland at the moment, take care of all closing costs, \$660k down, I'll take care of all that, the rest is to be paid at 5% interest only for the next 5 years, the remaining balance will begin to pay at the end of the 5 years, this translates to \$46,500 cash flow into MCHA per year, and at the end of the 5 years this would equate to \$1.73 million – \$1.7 after financing.

The next offer is for the same price, \$1.5 million, this buyer is bringing \$1.25 mil down, then asking \$250k in a separate note for 3 years, proposed 0% interest on that note, I think we should ask them for interest if we were to go to them, they would close 7 days after approval for HUD and 10 days due diligence, the buyer owns a lot of property up in North Seattle, King County area, none in Shelton at the

moment. If he were to pay the \$250k balance within 18 months, that would drop down to \$175k. Both are pretty strong buyers. Are there any questions?

Dan asked, so neither one of the offers right now can acquire their own financing? Not with the amount of vacancies, said Elijah. Dan said, we should have the vacancies filled up soon hopefully, we are working with a contractor to start by next week on the 3 stud units, with an approximate 30-45 days to completion, 3 units back up and running, and 2 units that are down, within 60 days we will have the 5 units filled back up. Becky asked, will it remain low income? Dan said yes, not technically low income, but tax credit. I believe it has to stay tax credit for 12 more years. Right now we don't necessarily have low income people, said Dan. After they qualify for 1 year, they can make as much money as they want and stay. We have some tenants who make over \$100k a year. As far as low-income housing goes, that's not the best of the options. We have USDA who runs Fairmount and Golds and have had no issue with that, said George.

Elijah asked, how will 3 units be financed for repair? We have the money, Dan said. It will be quick, if we are all in agreement, to write a check today or tomorrow said George. We have contractors ready to mobilize. The approximate cost of the 3 unit repairs is about \$160-170k. Elijah said, so I guess 2 options, wait here and spend the money, we need to keep in mind that you do have 2 loans on the property for about \$550k due next year in February, and the more time we take we risk the buyers finding other properties in the meantime, Shelton is a bit of a hard market. But, if we wait 60 days and get the vacancies filled up, it'd be more appealing said Dan. Elijah agreed with this. Randy said, at the very minimum, you need to let them know it will be finished. Elijah said, when these buyers approached, we have 8 vacancies. Elijah said, I was unaware that we had the money to make the repairs so that is great news. Dan said getting it done would be more appealing and someone could then get a loan themselves. Randy asked what the listing price was, and Elijah said just over 2 million. So, we get them full, we approach it from there and it will likely go closer to 2 million said Dan, and Elijah agreed. Dan recommended fixing and posing the 60 days for repair. Randy agreed of informing the buyers of this plan and advocating for them to shoot their best offer. By the end of the week, they will be able to get back to Elijah about the options to be discussed by the board. Lastly, are there any updates on the Pine Gardens, Elijah? Elijah said, the buyers submitted their package to HUD today and from what I'm hearing, it sounds like it will be about 90-120 days, hopefully sooner, but that's what they are expecting for closing time.

5. **Old business** – Dan Armstrong

- a. **Update from Seth on Financial and Vacancy** – Dan spoke to this topic as Seth Davick did not attend this meeting. He stated, I believe everything from USDA is coming in, the last e-mail they had about 3 certs to catch up on but all more recent ones, so I

think financially we are going good there, the DUNS number was discontinued in January, 2023 and George is still fighting to get the UEI number, in that process, one more thing they came back with after the fact was to say that they can't give us our \$200k now that's owed from Pine Garden subsidies, so this is supposedly the last obstacle but we will see.

2. **Questions – None**

Meeting closed @ 2:58 pm, opening an executive session.

Executive session closed @ 3:21 pm.

3. **Action, if any, from the executive session** – Becky Cronquist motioned for Dan to investigate finding a new banking institution that can better handle federal money and switching to that institution for the MCHA accounts when found, seconded by Dale Elmlund. Voted aye, unanimously.

Becky Cronquist motioned to cut a check for the Kneeland Park rehab with TNT contract from the ARPA fund, seconded by Dale Elmlund. Voted aye, unanimously.

4. **Future meeting is August 16th, 2023**

5. **Adjournment of meeting**, motioned by George Blush, seconded by Becky Cronquist @ 3:25 pm. Meeting adjourned.