



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, October 25, 2017

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at Bergerson Terrace, 5303 S. Orchard Street, Tacoma, WA 98467 at 4:45 PM on Wednesday, October 25, 2017.

1. CALL TO ORDER

Chair Flauding called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:49 PM.

2. ROLL CALL

Upon roll call, those present and absent were as follows:

PRESENT	ABSENT
Commissioners	
Chair Janis Flauding	
Vice Chair Minh-Anh Hodge	
	Commissioner Arthur Banks
Commissioner Stanley Rumbaugh (arrived late at 5:09 pm)	
Commissioner Derek Young	
Staff	
Michael Mirra, Executive Director	
Sha Peterson, Executive Assistant	
	April Black, Deputy Executive Director
Ken Shalik, Finance Director	
	Toby Kaheiki, Human Resources Director
Frankie Johnson, Property Management Director	
Kathy McCormick, Real Estate Development Director	
	Greg Claycamp, Client Services Director (Associate Director Julie LaRocque represented Client Services)
Sandy Burgess, Interim Director for AD & Asset Management Director	

Chair Flauding declared there was a quorum present @ 4:50 pm and proceeded.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Flauding asked for any corrections to or discussion of minutes for the Regular Session of the Board of Commissioners for Wednesday, September 27, 2017. Vice Chair Hodge moved to adopt the minutes, Commissioner Young seconded.

Upon roll call, the vote was as follows:

AYES: 4
NAYS: None
Abstain: None
Absent: 1

Motion approved.

4. GUEST COMMENTS

There were no guest comments.

5. COMMITTEE REPORTS

Real Estate Development Committee—Commissioner Rumbaugh

Nothing to report.

Finance Committee—Vice Chair Hodge and Commissioner Young

Nothing to report.

Education Committee—Vice Chair Hodge

Nothing to report.

Citizen Oversight Committee—Commissioner Banks

Nothing to report.

6. COMMENTS FROM THE EXECUTIVE DIRECTOR

Executive Director (ED) Michael Mirra reported that the Housing and Urban Development (HUD) Office of the Inspector General will be visiting Tacoma Housing Authority (THA) to review the Rental Assistance Demonstration (RAD) project. This is a nationwide audit of randomly chosen RAD agencies.

He reviewed the continuing discussions with HUD about its interpretation of the statutory requirement that MTW agencies plan to serve “substantially the same” number of families that we would serve if we did not have MTW status. HUD assigns each MTW agency a baseline number of families. He recounted how HUD has defined this requirement to plan to serve “substantially the same” as that baseline to mean that we must serve 100% of that baseline. THA had been at 100% utilization until 2016. Then the local rental market took off. THA vouchers are now costing \$600,000 more every year as we try to keep up with the rising market. We do not see an end to this climb. As a result, in 2017, THA will probably come in at a 95% utilization rate.

The problem is that we have been at essentially flat Congressional funding for the past 5 years or so. The brutal arithmetic tells us that THA cannot serve the same number of households at increasing costs with flat funding.

We face four choices as we devise our 2018 budget:

- (1) THA can further lower the value of its vouchers (more 'soup thinning'). THE did this in 2012 when the funding went flat in order to serve more families. Michael said he would not likely propose that we do any more soup thinning. Our vouchers are already having trouble keeping up with the market.
- (2) THA can give a preference on who gets its vouchers to favor higher-income families. Higher income families cost less to serve since they pay more of the rent out of their own pocket. Michael said that he was not likely to recommend this either. THA's mission statement says we serve the neediest.
- (3) THA presently allocates about 10% of its MTW dollars to pay for support services, building and buying housing, the Education Project, administrative support like IT and backfilling Congress's underfunding of the Voucher administrative fee. We could redirect that money to pay for rental assistance and serve more families. Michael said that we must always be mindful that when we spend money for these purposes other than rental assistance, while we serve families in other important ways, we leave other families on the voucher waiting list unserved. Michael said that his budget proposal will examine what shifts of money might be prudent for this purpose. However, he noted that he will not propose to redirect funds from the two main uses this coming year: building and buying property and the IT conversion. Both are essential and both face urgent time constraints. He also noted that cannabalizing THA's other services and functions in this way would not be sustainable in a market that is costing us \$600,000 more each year to serve with vouchers. At some point, we would lose the ability to manage THA in a reasonable way.
- (4) We can face the arithmetic and acknowledge that THA cannot serve the same number of families at increasing costs with flat funding. So we should not try. Michael recounted his recent discussions in Washington, D.C. to find out whether THA risked a HUD "doghouse" if it planned to serve less than 100% of the HUD baseline. He conveyed the reassuring discussions with HUD officials and the Congressional delegation. It appears that there is no "doghouse" as long as THA explained its choices adequately.

Michael spoke about the 2018 budget process that will result in a proposal to the Board in December. Finance Director Shalik will be presenting budget choices to Commissioners Hodge and Young and the board at various levels of utilization: 100%, 95% and 90%. For each, the proposal would outline the number of families each would have THA serve and what other services THA would cut.

Vice Chair Hodge and Commissioner Young noted that the risk from HUD seemed remote and that if there was a risk it would entail a long process before we get into trouble. Chair Flauding is comfortable in seeing what happens and feels that THA has such a high amount of community support that it will be okay. Finance Director Shalik noted that the situation would be different if congressional funding had kept up with the market, but it has been flat for the last five years. He also thinks that if THA stays at 90% utilization it will be okay. Commissioner Rumbaugh stated that it is impossible to keep utilization at 100%—the rents being charged in the market place are not going to go down so bringing down the value of vouchers is not going to help.

7. ADMINISTRATIVE REPORTS

Finance

Finance Department (FD) Director Ken Shalik directed the board to the Cash Position and Expense reports. He will provide the next detailed quarterly report at the November meeting. Finance is still working through the software conversion. Director Shalik does not see any challenges with the budget at this time and feels THA is in good cash position. Overall things are going well. THA will receive more money from the RAD development. It has already received \$1 million in developer fee for RAD, and will receive another \$500,000 for Bay Terrace 2.

Commissioner Rumbaugh moved to ratify the payment of cash disbursements totaling \$4,819,840 for the month of September 2017. Commissioner Young seconded.

Upon roll call, the vote was as follows:

AYES:	4
NAYS:	None
Abstain:	None
Absent:	1

Motion Approved.

Client Services

Client Services (CS) Director Greg Claycamp was not in attendance. Associate Director Julie LaRocque addressed the board on his behalf. Rental Assistance (RA) worked through the findings from the recent HUD audit for the Section 8 program. Director Claycamp will present the audit response to the board soon.

Property Management

Property Management (PM) Director Frankie Johnson reported that although PM's occupancy rate is at 97%, the average time it takes to turn a unit has doubled. She reviewed the numbers and explained the reasons for the increase. Chair Flauding and

Commissioner Rumbaugh are concerned with an apparently flawed process and that the waiting list seems to be the main problem: the time it takes to find and screen families and the high number of instances when a family declines a unit. Commissioner Young inquired about the characteristics of the units to find out why they were being turned down. Director Johnson responded that it depends on the individuals and their particular limitations. She added that there are now consequences in place for turning down units.

According to ED Mirra, one of the long-contemplated solution to this problem is getting rid of the waiting list. Commissioner Rumbaugh also stressed that in the market, people have unit availabilities and postings and interested parties apply. THA does this for its market units, according to Director Johnson. Chair Flauding and Commissioner Rumbaugh suggested posting the units on THA's website with the necessary qualifications. Michael said that staff will present its proposed waiting list solution to the Board shortly.

At a previous board meeting, a K Street tenant had concerns and questions regarding her building. Director Johnson reported that she met with that tenant and addressed all her concerns. Vice Chair Hodge appreciated the update regarding tenant concerns.

Real Estate Development

Real Estate Development (RED) Department Director Kathy McCormick directed the board to her report.

THA issued a Request for Proposal (RFP) to complete the work at New Look Apartments. Director McCormick said that bids came back a lot higher than budgeted. RED is in the process of doing value engineering and moving funds. She will present the final proposal to the Board at the November 15 meeting.

She recounted the issues with the roof on the mid-rise building of Bay Terrace Phase 2. Absher is replacing the roof.

THA closed on its purchase of Highland Crest on October 10. There were no problems. The Board discussed the rents we will charge and the balance between charging below market rents in some units to serve low-income households and to subsidize them and other THA services by charging market rents in other units.

Director McCormick reported that earlier in the day THA closed on its purchase of James Center North. She recounted the innovative financing for this purchase from the Enterprise Community Foundation and the Washington State Housing Finance Commission. THA hired a third party to manage the property. Director McCormick thinks THA will be able to fill the building.

Commissioner Rumbaugh inquired about the progress at Key Bank. According to Director McCormick, THA is finalizing the lease with Space Works. RED will start to redevelop Key Bank. THA must repay the state loan upon redevelopment.

8. OLD BUSINESS

None.

9. NEW BUSINESS

**9.1 RESOLUTION 2017-10-25 (1)
(Amend Foster Pepper PLLC Legal Services Contract)**

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma

WHEREAS, On March 14, 2017, THA entered into a Contract for Legal Services with Foster Pepper PLLC. The contract stipulates that each engagement under the contract will require a Letter of Engagement (LOE) detailing the Scope of Work and associated fees for services. Section 2.1 of the Contract also indicates that the contract amount “shall not exceed \$150,000 unless approved by the Board of Commissioners”; and

WHEREAS, The current LOE’s equal \$147,850.00; and

WHEREAS, THA has estimated an additional \$168,500 will be needed for the Legal Services contract; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

Authorize THA’s Executive Director to increase the contract amount with Foster Pepper LLLP by \$168,500 for a total not-to-exceed of \$316,350.

Commissioner Rumbaugh motioned to approve the resolution. Vice Chair Hodge seconded the motion.

AYES: 4
NAYS: None
Abstain: None
Absent: 1

Motion Approved: October 25, 2017

Janis Flauding, Chair

**9.2 RESOLUTION 2017-10-25 (2)
(Authorization to Adopt New Procurement Policy)**

A RESOLUTION concerning procurements conducted by tax credit and other legal business entities of which the Tacoma Housing Authority is either a member or partner

WHEREAS, The Housing Authority is a member and partner of several tax credit and other business entities that design, construct, and maintain affordable housing projects (“Separate Entities”); and

WHEREAS, The Housing Authority intends to confirm when Separate Entities are not required to follow the Housing Authority’s procurement policy; and

WHEREAS, even if not legally required to do so, the Housing Authority desires to provide some protections to employees of contractors of Separate Entities against substandard wages if feasible; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington, as follows:

1. When Separate Entities develop affordable housing projects, and such projects are not designed, constructed, or maintained at the cost of Washington State, any municipality of Washington State (including the Housing Authority) or the federal government, the Separate Entity is not required to follow the Housing Authority’s existing procurement policy.
2. Even if not required by law, Separate Entities will endeavor to pay no less than the residential prevailing wage rate to laborers, workers, and mechanics, as published by the Department of Labor & Industries, on new construction projects, when in the Housing Authority’s sole and absolute discretion, the payment of such wages is feasible. The foregoing does not relieve Separate Entities of any obligation to pay any prevailing rate of wage required by law.
3. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
4. This resolution shall be in full force and effect from and after its adoption and approval.

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 2017-10-25 (2) (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the

Authority as adopted at a meeting of the Authority held on October 25, 2017, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand on October 25, 2017.
HOUSING AUTHORITY OF THE CITY OF TACOMA

By: _____
Michael Mirra, Executive Director

Commissioner Young motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

Upon roll call, the vote was as follows:

AYES:	4
NAYS:	None
Abstain:	None
Absent:	1

Motion Approved: October 25, 2017

Janis Flauding, Chair

10. COMMENTS FROM COMMISSIONERS

THA was awarded the 2017 AMOCAT Arts Patron Award for art projects at Bay Terrace. The AMOCAT Arts Awards honor the people and organizations that contribute to the community with a passion, innovation and commitment to the arts. Commissioner Young attended the event and received the award on behalf of THA. The event was well attended.

11. EXECUTIVE SESSION

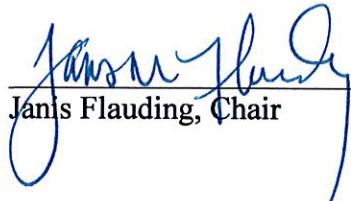
The board went into executive session at 6:10 pm for nine minutes to discuss procurement. The board came back to regular session at 6:19 pm.

12. ADJOURNMENT

There being no further business to conduct the meeting ended at 6:20 PM.

APPROVED AS CORRECT

Adopted: November 15, 2017


Janis Flauding, Chair