



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, DECEMBER 13, 2017

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at Bay Terrace, 2550 South G. Street, Tacoma, WA 98405 at 4:45 PM on Wednesday, December 13, 2017.

1. CALL TO ORDER

Vice Chair Hodge called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:51 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 (arrived late at 4:48 pm; left early at 6 pm)	
Commissioner Stanley Rumbaugh (arrived late at 4:59 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	
Sandy Burgess, Interim Director for Administrative Services	

Vice Chair Hodge declared there was a quorum present @ 4:52 pm and proceeded.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Vice Chair Hodge asked for any corrections to, or discussion of minutes for the Regular Session of the Board of Commissioners for Wednesday, November 15, 2017. Commissioner Banks moved to adopt the minutes, Commissioner Young seconded.

Upon roll call, the vote was as follows:

AYES: 3
NAYS: None
Abstain: None
Absent: 2 (Commissioner Rumbaugh was not yet in attendance)

Motion approved.

Vice Chair Hodge asked for any corrections to, or discussion of minutes for the Special Session of the Board of Commissioners for Wednesday, November 29, 2017. Commissioner Young moved to adopt the minutes, Commissioner Banks seconded.

Upon roll call, the vote was as follows:

AYES: 3
NAYS: None
Abstain: None
Absent: 2 (Commissioner Rumbaugh was not yet in attendance)

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 directed the board to his report. The board will be asked to adopt Resolution 2017-12-13 (1) to approve THA's Fiscal Year 2018 Annual Budget. Previous reports and discussions covered the 2018 budget.

The most recent news from Congress on tax reform reported that the house and senate negotiators will keep private activity bonds, which THA uses to build and buy properties, in conjunction with the 4% tax credits. It is still unclear whether negotiators will limit the use of private activity bonds to non-housing purposes. One proposal is to keep them for public infrastructure.

ED Mirra introduced Brandon Wirth, THA's new manager of communication and marketing. He comes from the health department where he fulfilled similar responsibilities.

7. ADMINISTRATIVE REPORTS

Finance

Finance Department (FD) Director Ken Shalik directed the board to the finance expense and cash position reports. Staff is starting preparations for year end, and IT is busy making sure reports are available. At the end of September, THA had \$6M in unrestricted funds. The budget study session was held on November 29 and Director Shalik will be asking the board to approve the 2018 budget at this meeting. In September, THA had an audit from the quality assistance division of Housing and Urban Development (HUD) looking at net restricted assets for Housing Assistance Program (HAP). They wanted to make sure THA was not holding extra HAP funds. Results of the audit verified this and they came back with a clean audit.

Commissioner Banks moved to ratify the payment of cash disbursements totaling \$4,454,356 for the month of November, 2017. Commissioner Young seconded.

Upon roll call, the vote was as follows:

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

Motion Approved.

Administration

Administration (AD) Interim Director Sandy Burgess directed the board to her report. THA is still trying to buy out BFIM, the investors for Salishan 1-3 and Hillside I & II

before converting these properties to Rental Assistance Demonstration (RAD). AD has been negotiating with BFIM off and on and are waiting for one more approval. Commissioner Young inquired about the guarantee against the potential loss of tax credits that BFIM had been requesting. According to Director Shalik, THA started working with Heritage Bank for a \$2.5M line of credit that would serve that purpose. If the line of credit is not used, THA only has to pay the holding cost.

Before THA completes the RAD conversion of all its public housing units to Section 8 financing, it will consider the chance to turn some other units to public housing using its "FairCloth" reserve of public housing dollars. HUD has made clear that we could do this and then immediately convert the new public housing units under RAD to Section 8 financing. This will bring more subsidized dollars into Tacoma. Commissioner Rumbaugh asked about last year's public housing units. According to Interim Director Burgess, there were 26 units converted to RAD.

THA is transitioning property and liability insurance from HARRP and AHARRP to Philadelphia Insurance Company. The new insurance coverage will take effect on December 20.

Two OpenDoor department liaisons have been assigned from the Departments to get staff more comfortable with the new system. AD will also be hiring a temporary staffing consultant who will provide assistance in completing the list of reports and letters still that still need to be created.

Asset Management is busy with new property acquisitions. Commissioner Rumbaugh asked for feedback from tenants regarding the third party management at James Center North. Tenants are aware that the third party management is representing THA. THA is being very responsive, according to Director Burgess. The feedback Director McCormick received is that tenants are appreciative and a lot of the business owners have business plans.

Client Services

Client Services (CS) Director Greg Claycamp directed the board to his report. Rental Assistance (RA) completed an analysis of THA's current payment standards. The analysis considered the 2018 Fair Market Rents (FMR) and the September 2017 Dupre & Scott local market assessment. Based on this information RA is recommending no increase in the payment standards at this time. Commissioner Rumbaugh inquired about the period for the Dupre & Scott report. The numbers are for the first half of the year according to Director Claycamp. He added that it appeared that local markets relaxed across the board county wide and particularly within the city of Tacoma. Commissioner Rumbaugh asked about the FMR. According to Director Claycamp, THA is provided one number, \$1,142, which slightly exceeds the average rent. According to Deputy Executive Director April Black what helped to make the decision to not increase the payment standards was the report that showed average rents were lower than THA's payment standards. A new analysis of payment standards will occur in March 2018. Yet FD

Shalik noted that total voucher costs are still increasing by \$600,000 a year indicating that any dib in the market is not yet affecting contract rents.

Property Management

Property Management (PM) Director Frankie Johnson directed the board to her report. PM's reliance for vendor contracts is a major problem in slowing unit turn times. THA loses about 20 days when using vendors; using THA staff will reduce those days. PM will also try to decrease vacate days and bring it down to 20 days or less. Commissioner Rumbaugh asked about the cost for the increase in FTEs if PM plans to use THA staff instead of vendors. According to Director Johnson, PM will need to build staff skills and once that is done will be able to control the number of days the units are turned. She will be creating a staff unit to focus on turns. Commissioner Rumbaugh favors that idea, but he would like to know more about the calculations. Director Johnson will report back to the board regarding this.

Last month Director Johnson discussed the success at reducing work order time, especially at Salishan. That same day service has helped increase PM's customer service. Vacant unit days are off target but PM improved in down time and make ready days.

Real Estate Development

Real Estate Development (RED) Department Director Kathy McCormick directed the board to her report. Tina Hansen (with over 20 years at THA) is retiring in the middle of January. RED has selected two people to replace her, which is all within the budget. Karen Peterson will be replacing Tina as real estate manager and Roberta Schur will be coming back to THA as special projects/community development project manager. Both will be introduced at the February board meeting.

RED is pushing the city hard to get the Crisis Residential Center (CRC) agreements signed before spending any more money on design. RED is also working with the city and county to figure out how to cover additional costs. Community Youth Services (CYS) is buying all appliances.

RED is preparing for closing of New Look. HUD has to approve assignment of the Project Based Rental Assistance contract from THA to the LLLP. Director McCormick hopes this will be done by Friday. RED is also working with Banner Bank to close on bonds before the end of year.

8. OLD BUSINESS

None.

9. NEW BUSINESS

**9.1 RESOLUTION 2017-12-13(1)
(FISCAL YEAR 2018 ANNUAL BUDGET)**

WHEREAS, The Housing Authority of the City of Tacoma (“Authority”) intends to incur expenses and other cash outflows for Fiscal Year 2018; and

WHEREAS, Staff has prepared and the Board of Commissioners of the Housing Authority of the City of Tacoma as reviewed and provided input to the proposed Fiscal Year 2018 annual budget; now, therefore, be it

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

1. The Board of Commissioners of the Housing Authority of the City of Tacoma adopts the attached FY 2018 Agency wide budget. Expenses and other cash outflows are projected as follows:

<u>Expenses</u>	
Executive	\$ 879,197
Administration	2,738,178
Finance	1,246,007
Human Resources	587,119
Policy, Innovation and Evaluation	1,056,211
Real Estate Development	2,753,246
Client Services Overhead	438,994
Community Services	2,043,555
Rental Assistance	39,698,095
Property Management Overhead	684,855
Property Budgets	<u>3,231,636</u>
Subtotal	55,357,093
 <u>Additional Cash Outflows</u>	
Debt Service	67,581
Capital Expenditures	7,492,075
Replacement Reserves	<u>112,050</u>
Subtotal	7,671,706
 TOTAL APPROVED BUDGET	 <u>\$63,028,799</u>

Comments from Commissioners:

Commissioner Rumbaugh mentioned that for the 2017 budget, the board agreed to depart briefly from using recurring funds for recurring expenses with the expectation to look into it the following year. He also noted that the financial reports do not show funds for each property. According to Director Shalik, THA

used RAD to deal with some of the expenses; finance does track the income from each of the properties and the goal is to provide the information on future financial reports. In addition, the Asset Management Committee meets regularly to discuss income from purchased properties.

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

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

Motion Approved: December 13, 2017

Janis Flauding, Chair

**9.2 RESOLUTION 2017-12-13 (2)
(Commitment of Moving to Work Reserves)**

WHEREAS, For THA has to be effective in its mission it must plan its use of financial resources over multi-year periods and has assembled reserves for those purposes; and

WHEREAS, The Authority has assembled adequate reserves for those purposes through its responsible prudent, and patient management and budgeting; and

WHEREAS, The attached Schedule of MTW Reserve Commitments updates Resolution 2016-12-14(9), and reflects the Authority's current plans for such capital and operational expenditures of MTW reserves; and

WHEREAS, The Authority intends to include a Schedule of MTW Reserve Commitments in the MTW annual report, including language that allows for shifting monies between the identified commitments; now, therefore, be it

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

1. The Board authorizes commitments of the Authority's MTW Reserves as outlined in the attached Schedule of MTW Reserve Commitments, subject to adjustment in future budgets and budget revisions.
2. The Board authorizes the Executive Director to include the latest MTW Reserve Commitments in the annual MTW Report submitted to HUD.

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

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

Motion Approved: December 13, 2017

Janis Flauding, Chair

**9.3 RESOLUTION 2017-12-13 (3)
(Purchase and Sale Agreement for Allenmore Brownstones)**

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

WHEREAS, The Housing Authority of the City of Tacoma (the "Authority") seeks to encourage the provision of long term housing for low income persons residing in the City of Tacoma, Washington (the "City"); and

WHEREAS, RCW 35.82.070(2) provides that a housing authority may acquire and provide for the construction, reconstruction, improvement, alternation or repair of housing projects; and

WHEREAS, RCW 35.82.070(2) authorizes a housing authority to "acquire, lease, rent, sell, or otherwise dispose of any commercial space located in buildings or structures containing a housing project or projects" and RCW 35.82.070(5) authorizes a housing authority to "purchase, lease, obtain options on, acquire by gift, grant bequest, devise, or otherwise... any real or personal property or any interest therein"; and

WHEREAS, RCW 35.82.070(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any corporate purposes; and

WHEREAS, RCW 35.82.070(1) permits a housing authority to "make and execute contracts and other instruments ...necessary or convenient to the exercise of the powers of the authority"; and

WHEREAS, RCW 35.82.040 authorizes the Authority to delegate to one or more of its agents such powers or duties as it may deem proper"; and

WHEREAS, The board of commissioners of the authority deems it to be in the best interest of the authority to acquire the project for the purpose of future development

to include residential rental components, and to borrow money by the issuance of the Heritage Bank note for the purpose of financing a portion of the cost of acquiring the property.

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

THA's Executive Director is authorized to negotiate, and if those negotiations are successful, execute a purchase and sale agreement for THA's purchase of the Allenmore Brownstones. The agreement will conform to the terms discussed above and in closed Board session.

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

AYES: 3
NAYS: None
Abstain: 1
Absent: 1

Motion Approved: December 13, 2017

Janis Flauding, Chair

**9.4 RESOLUTION 2017-12-13 (4)
(Agency-Wide Special Recognition Award)**

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

WHEREAS, The agency has an established and defined Variable Pay policy; and

WHEREAS, Section 7.2.3(c) of the Variable Pay policy authorizes the Executive Director to make this decision; and

WHEREAS, THA has required staff to continually meet exceptionally demanding work requirements in 2017; and

WHEREAS, In recognition of doing this hard work, some extra compensation would be appropriate; and

WHEREAS, Salary payments for 2017 will remain within the existing budget including these SRAs; now, therefore, be it

Upon roll call, the vote was as follows:

AYES: 3
NAYS: None
Abstain: None
Absent: 2 (Commissioner Banks left the meeting early)

Motion Approved: December 13, 2017

Janis Flauding, Chair

**9.6 RESOLUTION 2017-12-13 (6)
(Architectural and Engineering (A&E) Services for New Look Apartments)**

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

WHEREAS, The Housing Authority of the City of Tacoma (the "Authority") seeks to encourage the provision of long term housing for low income persons residing in the City of Tacoma, Washington (the "City"); and

WHEREAS, RCW 35.82.070(2) provides that a housing authority may acquire and provide for the construction, reconstruction, improvement, alternation or repair of housing projects; and

WHEREAS, On March 23, 2016, the Board approved Resolution 2016-03-23(5) authorizing the Executive Director to negotiate and execute a contract not-to-exceed \$150,000 with Buffalo Design for the New Look Apartments; and

WHEREAS, On December 14, 2016, the Board approved Resolution 2016-12-14(7) authorizing the Executive Director to negotiate an Amendment No 1 to increase Buffalo Design's agreement not-to-exceed \$237,404.00 for Construction Administration services for a total contract amount of \$387,404; and

WHEREAS, THA is requesting authorization for the Executive Director to negotiate an Amendment No. 2 for Additional Services including but not limited to; additional design, civil engineering, building envelop inspection services, value engineering, Evergreen Standard development and furniture selection and specifications. Amendment no. 2 not-to-exceed \$109,201.00; and

WHEREAS, The total contract amount for Buffalo Design services including this amendment is not-to-exceed \$496,605.00; 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 negotiate and, if those negotiations are successful, execute Amendment No. 2 of Buffalo Design's A&E Services Agreement dated June 10, 2016 to a total amount not-to-exceed: \$496,605.00

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

Upon roll call, the vote was as follows:

AYES: 3
NAYS: None
Abstain: None
Absent: 2 (Commissioner Banks left the meeting early)

Motion Approved: December 13, 2017

Janis Flauding, Chair

9. COMMENTS FROM COMMISSIONERS

Vice Chair Hodge enjoyed the 2017 Employee Appreciation luncheon and thanked THA staff for their work and dedication for 2017.

10. EXECUTIVE SESSION

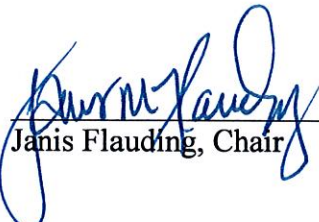
None.

11. ADJOURNMENT

There being no further business to conduct the meeting ended at 6:10 PM.

APPROVED AS CORRECT

Adopted: January 24, 2018



Janis Flauding, Chair