

**MINUTES OF THE NOVEMBER 25, 2008 REGULAR MEETING OF THE
BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF YAMHILL COUNTY**

The Board of Commissioners of the Housing Authority of Yamhill County (HAYC) met on Tuesday, November 25, 2008, at the Village Quarter Community Room, 333 NE Irvine Street, McMinnville, Oregon. Board members present were: Chair Joyce Morrow, Commissioners Phil Griffin, Jean Kinman and Dave Newville. Staff members present were: Elise Hui, Mark Davis, Mike Jager and Yanira Vera. Commissioner Knutson was excused as were Cliff Hardy and Jonia Pierce. A guest present was Heather Bush.

Chair Morrow called the regular meeting to order at 7:38 p.m.

We had 4 FSS graduates this month: Jessica Arnholtz received \$2,605 total escrow, Heather Bush received \$25,666 (a new record high!), Carol Collins received \$2,673, and Mitzi Villasenor received \$1,766. Beth introduced Heather Bush, who described her experience on the program, and expressed appreciation for how it helped her. Beth congratulated Heather, and presented her with a certificate of achievement. Beth then excused Heather and herself from the meeting. Details of FSS graduates are provided in the Families Served Report memorandum.

Commissioner Newville moved to approve the minutes of the October 28, 2008 regular meeting. The motion was seconded by Commissioner Griffin and unanimously approved.

As there was no further public comment, we moved on to the list of expenditures. Joyce said she reviewed the list of expenditures, and did not have any questions or concerns, but did notice a lot of maintenance related payments. James said those were likely for rehab work on LRPH properties to prepare them for sale.

James reported on the financial reports. Total revenue was \$1,049,954, total expenses were \$1,040,651, and total non-operating expense was \$66,939 for a net loss of \$57,636. Approximate cash flow for the month was a positive \$152,299, mainly due to receiving the proceeds from the sale of the LRPH duplex on Meridian Street. We are finally spending more HAP than we are receiving, which is good since we have over \$700,000 HAP reserves to spend.

Yanira reported on families served. Total families served increased 89 to 1,966, as we are now reporting occupancy for Heritage Place and Village Quarter. Excluding Village Quarter, which is still being leased up, overall occupancy increased .3% to 96.2%. We currently have 33 occupants at Village Quarter, of which 1 came from LRPH and 3 from Heritage Place. We are trying to fill the remaining 17 units by the end of December. We have another married couple applying to manage Heritage Place that we will be hiring soon and Yanira is working on getting ready for interviews for the Abbey Heights site manager position.

In Jonia's absence, Elise asked if there were any questions on the homeownership report, but there were none.

Mark reported on development.

New Reflections: We are responding to OHCS funding conditions. We are still on schedule to proceed with construction starting in April.

Vittoria Rehab: We continue to work with RD on final requirements to close on the rehab funding. It is difficult to satisfy RD and all their requirements.

New Development: Elise, Don and Mark met with Mike Willcuts, a realtor and developer in Newberg, as well as staff from Newberg's City Planning Department to try and find some land in Newberg for future development.

Village Quarter: Construction is essentially complete, and we are working with the contractor on a few minor issues remaining. In the current market, our realtor of the retail space feels it will be very difficult to lease the retail space. It appears more and more likely that HAYC will have to own the retail space for longer than we hoped. We are creating a condominium association to formally purchase the retail space from the limited partnership. Unfortunately, the condominium association will have a more adverse impact on our budget than we anticipated, with estimated expenses of over \$60,000. Mark thinks the consultant's estimate is high though, and that there are some costs that won't be incurred, or won't be as much. Dave asked how much the retail space will cost. Mark said about 1.5 million dollars. Dave asked how it would be financed. Mark said there will be a loan of 1.2 million, and the rest we'll have to come up with the cash. We will have to make a collateral deposit of \$400,000, so that is about \$700,000 cash altogether that will be needed. We currently have a \$200,000 collateral deposit that we can use, and we also have \$400,000 available on our Fannie Mae line of credit that we can use. Our real estate realtor suggests we lower the initial leasing price to about \$14 per square foot with annual escalation of the amount, which depending on the cap rate could allow us to sell the property for a break even price within a couple of years. This is down from the \$18 per square foot we have been asking for. The Board agreed with this suggestion to reduce the initial leasing price as well as to sell the retail space immediately at our cost (if possible) as we are not in the business of managing retail space.

James reported on our Local Reserves. Due to investments in development projects, we have unrestricted liquid assets of only \$224,230. This is \$622,121 short of reserves equaling 6 months of operating expense, or \$846,351.

Under Reports of Committees, Dave attended the National NAHRO conference and reported on it. Dave was hoping to hear more about the current market crisis. He found much of the conference was geared toward staff members, so some of it was hard to understand. A session on tax credits discussed the declining value of tax credits which just emphasizes even more how fortunate we were to sell our tax credits for Village Quarter for a high value when we did.

Also under Reports of Committees, Elise attended the OHA conference and reported on it. Oregon has a billion dollar deficit in the current budget. HARRP is working on changing how their premiums are determined. Part of the Fannie Mae and Freddie Mac bailout is a requirement to put money into a housing trust fund, which may benefit us in the future. There is also some foreclosure assistance funding being made available. The Pierce County Housing Authority in Washington filed for Chapter 9 bankruptcy, due to lawsuits from mold problems. Elise was appointed to the OHA Executive Board as the Urban Representative.

Under New Business, James discussed the Abbey Heights Operating and Capital Budgets for calendar year 2009. We are projecting total revenues of \$226,570, and total expenses of \$344,685 for a net loss of \$118,115. Projected cash flow is a positive \$6,175. Commissioner Neville moved to approve the Abbey Heights Operating and Capital Budgets for CY 2009. The motion was seconded by Commissioner Griffin and unanimously approved.

Also under New Business, James discussed the Sunflower Park Operating and Capital Budgets for calendar year 2009. We are projecting total revenues of \$244,300, and total expenses of \$376,100 for a net loss of \$131,800. Projected cash flow is a positive \$9,750. Commissioner Griffin moved to approve the Sunflower Park Operating and Capital Budgets for CY 2009. The motion was seconded by Commissioner Neville and unanimously approved.

Under New Business, Elise discussed the Vittoria Square MPR Loan and Grant Resolution. In order to close the loan with RD, they are requiring a new board resolution to authorize obtaining financial assistance from them. Commissioner Neville moved to approve the Vittoria Square MPR Loan and Grant Resolution. The motion was seconded by Commissioner Griffin and unanimously approved.

Under New Business, Mark discussed the Village Quarter Condominium Board. Village Quarter will be divided into a 2-unit condominium, one for the housing portion, and the other for the retail space. A condominium association will be created to manage the common areas, which are primarily the parking lot, roof and exterior areas of the building. A 3-member Board will need to be created to manage the condominium association. HAYC management requests direction on who to appoint to the board. Phil suggests Mike be on the Board, and authorized Elise to choose the other 2. All other Commissioners agreed.

Under New Business, Gift Cards for Employees was discussed. Each year the Board authorizes gift cards to staff for the holidays. Last year \$150 gift cards to Wal-Mart were given. Joyce suggested doing the same amount this year. Elise suggested giving Visa gift cards that can be used anywhere. The Board liked that idea. Commissioner Neville moved to approve Visa gift cards in the amount of \$150.00. The motion was seconded by Commissioner Griffin and unanimously approved.

Under New Business, Elise discussed the 2009 Board Retreat. Elise suggested holding the retreat at the HAYC office again, like last year. The Board agreed to that suggestion.

Under the Management Report, Elise reminded the board that the holiday party will be from 6-9 p.m. on December 19th.

Joyce adjourned the regular meeting at 9:00 pm.

Respectfully Submitted,

Elise Hui
Executive Director/Secretary