

**MINUTES OF THE DECEMBER 5, 2006 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, December 5, 2006, at the HAYC offices, 135 NE Dunn Place, McMinnville, Oregon. Board members present were: Chair Dave Newville, Commissioners Phil Griffin, Jean Kinman, Barbara Knutson, and Joyce Morrow. Staff members present were: Don Clark, Mark Davis, Elise Hui, Mike Jager, and James Umfleet.

Chair Newville called the regular meeting to order at 7:52PM. He noted that the meeting normally scheduled for November 28, 2006 had been cancelled since two commissioners were in Tacoma attending commissioner training on that date. Another commissioner was unable to attend due to health issues. The December 5th meeting was scheduled to replace both the November 28th meeting and the December 26th meeting.

Elise reported on Family Self-Sufficiency (FSS) graduates. There were 3 graduates this month, Ronna Murillo, Rebecca Adamson, and Sam D'Angelo III. None were able to come to the Board meeting.

Commissioner Morrow made a motion to approve the minutes of the October 24, 2006 meeting. The motion was seconded by Commissioner Knutson and unanimously approved. Commissioner Morrow reviewed the list of expenditures and had asked James last week about a \$19,000 payment to Polk CDC. James had explained it was their portion of the Housing Resource Center grant that passes through us. She did not have any other questions or concerns.

James reported on the financial reports. We ended the month with a \$15,000 net loss and \$4,000 positive cash flow. We increased HAP expense again and drew closer to full funding, with undesignated funds of \$23,000 for the month. Per Chair Newville's request, the training budget has been spread to the various departmental categories.

Elise reported on families served. Total families served increased 38 to 1,913. Overall occupancy increased 1.05% to 97.9%. Commissioner Griffin asked about the use of the Waiting Lists. For October, the Families Served Report shows 972 on waiting lists. Elise explained it helps show the need for our various housing types. Mark added that some are the same clients waiting on more than one program or property, so the total is a bit overstated. Elise said there is a delay to get clients off the list and onto our programs due to intake verifications. Anybody can get on the waiting list, but many will turn out not to be eligible due to program requirements and program preferences. Commissioner Griffin stated that he is planning on suggesting to the Austin family that they should incorporate senior housing into their Newberg development plan. If the Waiting List information is helpful in his arguments, he may use it to help show the need for senior housing in Yamhill County.

Mike reported on maintenance and construction. Average time to complete all work orders was over 8 days. The actual numbers for November were a little different than on the report, with received orders of 144 and completed orders of 111. Chair Newville asked about outsourcing work in order to reduce work order completion time. Mike said we will often outsource if we can't get to a non-deferred order completed on a timely basis. At Woodside, our construction specialist, Jimmy Payne, has half of the decks replaced so far and is also working on siding.

Mark reported on Development. *Vittoria Rehab*: Mark, Elise and Mike attended a meeting with USDA Rural Development (RD). RD was very cooperative about additional funding for Vittoria rehab (which previously had bids well over the budget). This will mean higher rents at Vittoria, but with all the tenants receiving RD subsidy, their portion of the rent will not change.

Tamarack Winds (Jandina): We have previously submitted an application to purchase Jandina Park, but the budget for rehab is now substantially more than the original application provided for. RD has promised additional loan funding for increased construction costs, provided that an updated appraisal will justify it. Meanwhile, the current management firm has discontinued their contract to manage the property effective 12/31/06. RD has asked us to take over management as of 1/1/07. We have tentatively agreed to do this. Board approval is requested under New Business.

Village Quarter: The project is moving ahead with weekly meetings of the design team. After adding more parking spaces to the original design, we were still under the number of spaces needed to meet parking requirement, but it appears that the City will approve our parking design without a formal variance. Construction should begin next summer assuming that we can achieve several milestones.

Palmer Creek: Closing is scheduled for mid-December, depending on whether RD can prepare documents in time.

The management staff reviewed the Performance Measurement System charts with the Board. Occupancy is looking very good. James suggested that depreciation expense be removed from the operating expense cost-per-unit charts. The Board agreed.

Commissioners Griffin and Knutson reported on their recent Commissioner training in Tacoma. It was very helpful and informative. Elise reported on her attendance at the recent meeting of the Association of Oregon Housing Authorities (AOHA) and also a combined meeting with the Washington Association. She met many of the Executive Directors in the 2-state area. Topics such as Asset Management, legislative changes, and HUD funding issues were discussed. There was some confusion about the future of the HUD "Undesignated Fund Balance" and under-utilization of HAP funds. The report at the meeting was that unused HAP funds will be recaptured by HUD. Elizabeth Santone of the Portland HUD office has since revised the guidance stating that, for now, the unused funds will remain with the housing authorities for future HAP payments. Elise

stated that our plan, at this point, is to fully lease up our Section 8 Vouchers and go slightly over 100% lease-up for a period of time to help use up the funding.

Don presented the employment agreements for Elise Hui, Executive Director, and Don Clark, part-time Management Consultant, for approval by the Board. Both are effective January 1, 2007. Commissioner Morrow moved to approve the agreement for Elise. Commissioner Griffin seconded the motion and it was unanimously approved. Chair Newville asked about the status of filling Elise's position as Housing Services Director. Elise said staff will interview two internal employees and three candidates from outside HAYC. Interviews will be completed by December 11th.

Commissioner Morrow moved to approve the employment agreement for Don Clark. The motion was seconded by Commissioner Griffin and unanimously approved.

Don reported on the possible conversion/disposition of the 70 Low Rent Public Housing (LRPH) units. We believe the best and easiest method of conversion is through HUD's "Section 18" process. Mark has completed a preliminary calculation of conversion using a spreadsheet provided by HUD that analyzes the conversion of LRPB units to Section 8 Vouchers. The calculations show a definite advantage to converting the units from LRPB to Section 8. Section 18, however, does not require conversion to Section 8 Vouchers but allows flexibility in the disposition of units and the use of proceeds from the sale of the units. However, the spreadsheet is helpful information in evaluating the conversion option.

Staff recommends proceeding with the LRPB conversion/disposition application process with a formal resolution to be presented to the Board at a later date following feasibility work. The recommendation also includes approval to revise our Annual Plan to include LRPB conversion/disposition. Commissioner Morrow made a motion authorizing staff to proceed with the application process and, if appropriate, bring a conversion/disposition resolution to the Board for approval at a later date. Further, staff is authorized to include LRPB conversion/disposition in the Annual Plan which will be subject to public review prior to bringing the plan back to the Board for approval. The motion was seconded by Commissioner Griffin and unanimously approved.

Don reported that the Board's previous recommendation to renew Commissioner Dave Newville's term of office for another five years has been approved by the Yamhill County Commissioners. His new term will begin January 1, 2007. The Board and staff congratulated Chair Newville on his new appointment.

Mark presented a request to the Board regarding the Village Quarter development project. An agreement in place with the Legard family, owner of most of the land for the project, includes lease payments of \$2,500 per month for 12 months during construction. The Legards will need to pay Southern Pacific Railroad \$21,763 to vacate a sign easement. In the agreement, we have offered to fund the \$21,763, offsetting it against the lease payments. Our payment would be an early advance of the lease payments in order for the Legards to remove the easement. Staff asks Board approval for advance funding

of up to \$30k. There is a small chance we might not get this money back, since the Legards have yet to sign the final lease agreement. Dave asked if we should add a condition to the Advance Payment Agreement that if the Legards back out, they would be required to return the money. Don will check into that possibility. Commissioner Griffin moved to authorize the Executive Director to spend up to \$30,000 in advance lease payments to the Legards in accordance with an agreement between HAYC and the Legards, dated November 29, 2006. The motion was seconded by Commissioner Knutson and unanimously approved.

Don presented a proposal to manage Jandina Park Apartments in anticipation of purchasing the property in 2007. The current management firm at Jandina Park has resigned and USDA (Rural Development) has asked us to manage it. This would create numerous advantages for us during rehab and lease-up. It is a month-to-month agreement, allowing us to terminate the arrangement if it doesn't work out to our benefit. The purchase of the property is currently pending the completion of our estimate of rehab costs, followed by an appraisal to determine if the property value will support our purchase and rehab costs. Commissioner Knutson moved to authorize the Executive Director to negotiate and sign a property management agreement with Rural Development to manage Jandina Park Apartments, provided the agreement is on a month-to-month basis, allowing HAYC to terminate management with a 30-day notice. The motion was seconded by Commissioner Kinman and unanimously approved.

James presented the 2007 Abbey Heights Limited Partnership budgets for approval. The property has struggled with high maintenance and utility costs lately, so staff is proposing to raise rents effective 2/1/07. We have not raised rents in 3 years. Doing so should enable the property to meet debt service coverage without HAYC having to contribute cash to the project. The Capital budget includes carpet/vinyl replacement, painting doors and entryways, and excavation/drainage improvements. Commissioner Morrow moved to approve the CY2007 operating and capital budgets for Abbey Heights Limited Partnership. The motion was seconded by Commissioner Kinman and unanimously approved.

James also presented the 2007 Sunflower Park Limited Partnership budgets for approval. This is the first full year of operation of Sunflower Park. Like our other tax credit project, Abbey Heights, a net loss is budgeted but so is a positive cash flow that is sufficient to meet the debt service coverage requirements. Chair Newville asked for confirmation that a net loss on tax credit projects is desirable. Mark said yes, the investors have a "basis" and each year the loss takes away from their basis, until at the end of the tax credit period they have zero basis. They receive tax credits along the way. James stated that no capital expenditures are budgeted since Sunflower Park is newly constructed. Commissioner Griffin moved to approve the CY2007 operating budget for Sunflower Park Limited Partnership. The motion was seconded by Commissioner Knutson and unanimously approved.

The Board discussed plans for the upcoming Planning Retreat. It was agreed to hold the annual Retreat at former Commissioner Barry Philpott's business, the Pirate Coffee Company, located in Depoe Bay. The dates will be February 2nd and 3rd.

Under Management Report items, Don reported that the presentation to be given to the City of Newberg, regarding the assumption by our nonprofit of Newberg's homeowner rehab program, was postponed while further changes are made to the agreement. The presentation is now tentatively scheduled for the first week in January 2007. Chair Newville asked what the impact of the lowered SEMAP scoring would have on our agency. Elise said there really isn't a negative impact. There are many PHAs whose scores were downgraded due to the difficulties with Section 8 occupancy during the period of fluctuating HUD policies on funding. We were scored low only in the occupancy category and we are now back near 100%.

Chair Newville reminded the Board that they will have a retirement event with Don and Jane Clark on December 18th at Golden Valley Brew Pub.

The meeting was adjourned at 9:43PM.

Respectfully Submitted,

Donald A. Clark
Executive Director/Secretary