

Missoula Housing Authority Board

Regular Board Meeting
Wednesday, Feb 15th, 2012

-MINUTES-

Members Present: David Warren, Emily Bentley, Sheila Lund,
Jamie Hoffmann, Betty Zander

Members Absent: Collin Bangs, Fred Simpson

Staff Present: Lori Davidson, Kevin Schouweiler, Gloria Fortier, James Weir, Jim
McGrath, Adam Ragsdale

Guests Present: Keithi Worthington

- I. Call to Order: The meeting was called to order at 5:33 pm.
- II. Attendance: See Above.
- III. Intro:

-None
- IV. Minutes:

-Jan 18th, 2012

Warren motioned to approve. Lund seconded. None opposed. Minutes approved with
all in favor.
- V. Conflict of Interest Disclosure:

None
- VI. Commissioner Comments

None
- VII. Public Comments on Items not on Agenda:

None
- VIII. Action Items

None

IX. Staff Reports

a) Palace-

Davidson reports that the HOME Funds have been returned. Davidson states having a pleasant conversation with Maureen Martin. They understand fully what issues MHA was going through and no hard feelings on future applications. The Palace had to have a probable maximum loss (PML) survey done for an earthquake risk assessment. The PML results were higher than PNC wanted. Though MHA's insurer feels there is little risk and despite earthquake reinforcement done in 1995, MHA will still provide the project with an earthquake insurance. Hoffmann asked how much the policy will cost. Davidson responded that it will cost about \$500.00 per year.

Looks doubtful that the partnership will close by the end of March 2012.

Davidson states that the city and HUD are requiring MHA to get a 100% General Contractor's Bond. Cost for this bonding will equal \$75,000 and MHA can get the bonding through its current insurance company. Hoffman questioned if indeed it is the City that is requiring MHA to bond. Davidson responded that Melissa Gordon who runs the CDBG program, asked HUD if MHA needs to have GC Bonding or can MHA bond the sub. Additionally, HUD was asked if MHA can use a competitive sealed-bid process or must MHA use a sealed low-bid process. MHA will be able to use the competitive-sealed bid.

b) Silvertip-

Still going well. Building B is going to be done by mid April. Certificate of occupancy will be dependent on weather. Application process will start in March.

c) IDC-

Bentley states that WGM group may bid on this project in the future. This comes in regard to stating any conflict of interest.

Davidson will contact Ken Staninger and Scott Hollenbeck to have them approach Pat and Jim on a closing date. Davidson has fears that they may not want to close by the end of March. Bentley asks to review the penalties for not closing by March 31st, 2012. (*Note: penalties include all interest payments becoming non-refundable, and a \$10,000 non-refundable fee per month.*)

Meetings with Mike Barton and other city officials during January revealed hopes that IDC's project will not have to undergo subdivision review per the attorney general's ruling.

d) Public Housing Disposition-

105 Platypus is under contract and scheduled to close in April, though Kris is trying to close the deal sooner. Davidson spoke with HUD today on reducing the price to \$137K and it is approved. No offers on vacant lot.

e) Burns Street-

City has forgiven approximately \$250,000 its loan with Burns Street Commons. Given its reduction in its debt services, prices will be able to drop on available units. Davidson would like to hold off to see if the organization can fulfill its original goal of providing affordable homes to home owners/purchasers. Davidson will wait 2 to 3 months to see if any new sales happen. 1 unit has sold recently and another is in process.

f) RD Self-Help-

Davidson asked Worthington to review a draft partnership agreement involving MHA and Neighbor Works. This is a type of sub-contract as part of a larger contract between n RD Self-Help and Neighbor orks. Davidson feels the original agreement presented by NeighborWorks was too informal. Worthington is helping to provide a better draft for the agreement.

g) Homeless Plan-

Worthington states the committee is looking to hire someone to take care of creating a draft plan with the information gathered.

h) City Surplus Lots-

A & F Committee has decided to give the 3 lots on California to MHA. MHA must pay for the title searches for the transfer to occur.

Davidson reports on possible relocation of a house on 3rd street. Davidson states the city would like to see this house put on one of the surplus lots. Davidson is looking into the moving costs for such a task, though she feels the city may help with the cost. Hoffmann cautioned on asbestos issues.

i) MHA A133 Audit-

Davidson reports the financials look great. Two findings this year, both regarding file organization. The first finding involves the procurement department, showing a lack of documentation in regards to its review of contractors on the HUD debarred contractors list. HUD not only requires that this is reviewed, but to print out the page to provide proof that it has been carried out. MHA has been reviewing this but had not been putting the proof in the files. The second finding involves the public housing department. Upon review of tenant files, MHA auditors Rector & Reeder, were not able to find required documentation due to lack of organization or missing documents. Davidson assured the board that both findings are easily fix and that procedures are

already in place to correct these findings. No management recommendation were given this year. A letter to the state has been drafted outlining MHA's procedures to correct its findings. This document must be signed and approved by the chairman of the board before sending. Rector & Reeder have discovered that the capital contributions made to Russell Square and Garden District were not recorded on the MHA side as Investments and Joint Ventures. This has been corrected and the result shows an increase in the company's Assets by over \$600K.

Gloria Fortier states that Dale from Rector & Reeder was approached with the idea of taking time to teach MHA board members how to review the financials of the agency. Dale felt this was something many boards across the US may have issues with and has set up a training on financials scheduled in Sept. 2012. As a courtesy for providing the idea, all MHA board members will be allowed to attend this training at no cost.

X. New Business

a.) Purchase of Properties from Private Parties

Davidson states that from time to time she is approached with properties for sale. Davidson asks the board if they are open to the idea of seeking expansion and purchasing new properties. Bangs has expressed the thought of waiting until IDC closes before even looking at other deals. Davidson agrees unless a deal fits for the use of replacement public housing units. Davidson shared thoughts of doing public housing units on the lot that MHA will be receiving back from the IDC sale. The rattlesnake property and city surplus lots are also possible sites for replacement public housing. Hoffmann asks what is available for money that MHA has to put forward on expansion. MHA has about \$1.5M in disposition proceeds. This money can only be used for replacement public housing or section 8 housing. Davidson presented the idea of using disposition funds to build project-based section 8 housing. This idea comes from the fears Davidson has over future funding in the Public Housing arena. Hoffmann asks what is wrong with rebuilding with public housing units. Davidson responded that the Public housing program is continuously under fire. The program is now down to 80% funding and has seen its lowest award of capital funds with only \$212K. Davidson states that the section 8 program is also under fire and has seen its administrative funds cut. Davidson's gut feeling is that the section 8 housing program, with support through the vast number of private owners and landlords that it provides subsidy to, will fair the strongest in the years to come. There is also a new program passed known as RAD: Rental Assistance Demonstration. This allows housing authorities on an option basis to try to convert its public housing units to project based section 8 units. Davidson states she is looking into whether this would have to be done for all or just part of a portfolio. Davidson feels this is yet another indicator that the public housing program is under scrutiny.

Hoffman refocused the conversation stating the \$1.5M could possibly produce 20 units by his estimates. Hoffmann states this could be done at around \$70K per unit, though he would have to study the figure to be more confident. Davidson states the cap for units MHA currently has is 210 units. It currently owns 173 online units. Hoffmann is concerned about the public interest of what would happen if MHA had to RFP for the units as project based-section 8. Davidson states that HUD has just passed a rule that allows housing authorities that convert public housing to section 8 to skip the RFP process. Bentley asked what the RFP process is for. Davidson responded that project based section 8 vouchers must go through a request for proposal for both public and private owners with interest with the vouchers.

Board consensus is to not look at properties until the IDC project is closed.

XI. Old Business

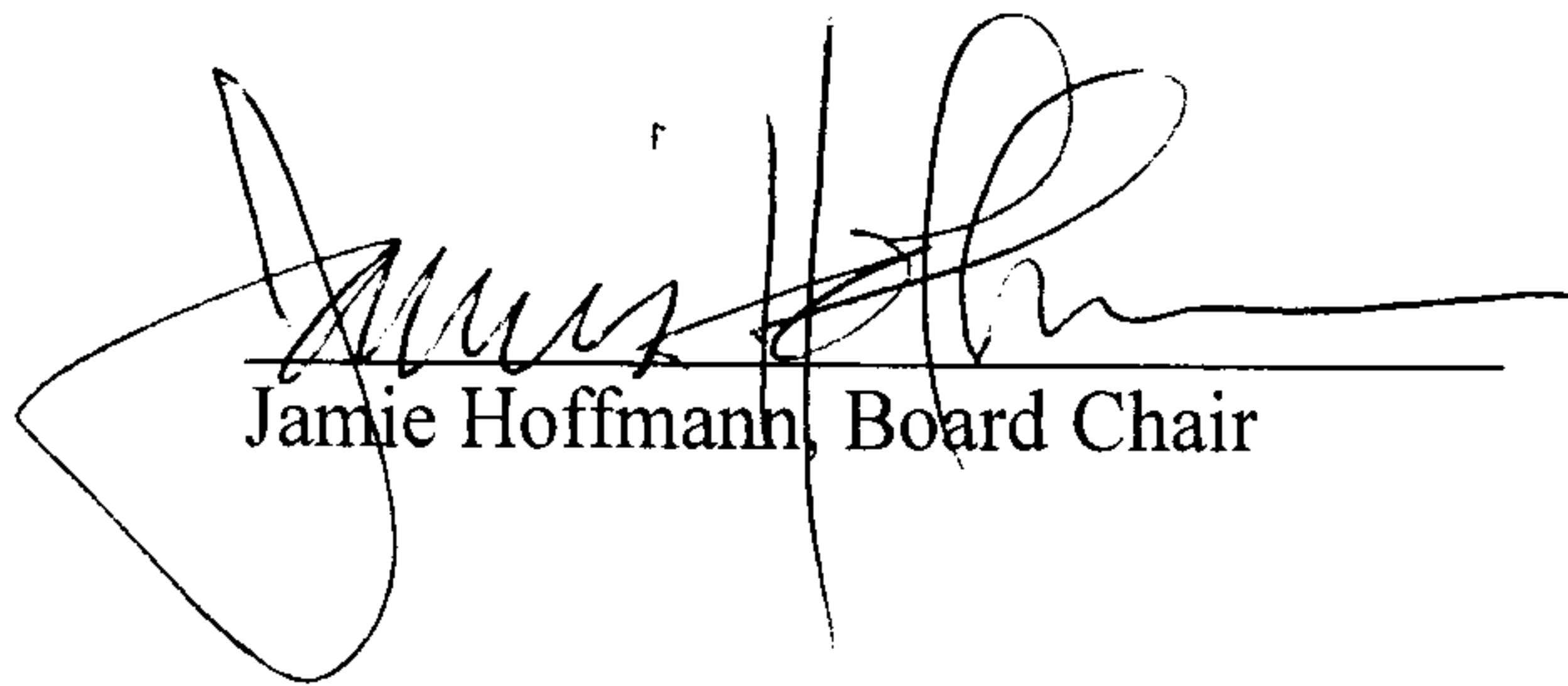
Board Development Committee

Melissa Bangs will come to help facilitate in March and review chapters 2 and 3. Email will be sent after next committee meeting to confirm this.

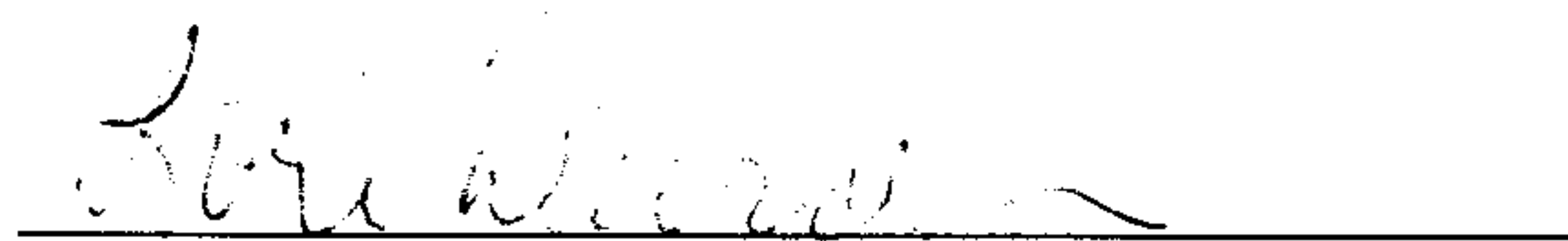
a.) Property Tour-

Ragsdale states the tour is to be pushed out and happen sometime early spring. Ragsdale may try to coincide this with MHA property clean-up day.

XII. Adjournment: The meeting was adjourned at approximately 6:26 pm.



Jamie Hoffmann, Board Chair



Lori Davidson, Executive Director