

Missoula Housing Authority Board

Regular Board Meeting
Wednesday, June 19th, 2013

-MINUTES-

Members Present: Jamie Hoffmann, Collin Bangs, Fred Simpson, Betty Zander, Emily Bentley, Sheila Lund

Members Absent: David Warren

Staff Present: Adam Ragsdale, Gloria Fortier, Mary Melton, Lori Davidson, Jim McGrath, James Weir, Debbie Hibbits, Karl Pare, Harlan Wells

Guests Present: Keithi Worthington

I. Call to Order: The meeting was called to order at 5:35 pm.

II. Attendance: See Above.

III. Intro:

-None

IV. Minutes:

-May 15th, 2013

Simpson notes that there is an error in the minutes at bottom of page 7. Simpson reads from his copy of minutes "Worthington feels MHA has a strong argument in terms of the intent." Simpson states this is referring to the buy sell with Farron Group and that MHA wrote the document. Simpson states this is incorrect and the Farron Group was responsible for the document written. Davidson confirms. Correction noted.

Bangs motions to approve minutes as corrected. Simpson seconds. All in favor. None opposed. Motion passed with all in favor.

V. Conflict of Interest Disclosure:

None

VI. Commissioner Comments:

Bangs comments stating he was very proud to be a part of such a great organization. In light of the disaster of the Vantage Villa fire, and with all the media surrounding the story, the situation has been handled very well. Bangs is glad to know it has been handled to the

best of everyone's abilities. Davidson extends a big thanks to all staff who pitched in to make this effort happen. Fortier adds that Red Lion hotel gave MHA a great discount on rooms and is billing on a net 30 days to help ease the flow of cash needed for this disaster effort. Fortier goes on to say Red Lion has gone the extra mile on every step by immediately making rooms available for the displaced tenants and the manager stayed extra hours to order ample food supplies for breakfast. First Interstate Bank has also helped with the process of per diem, by which, MHA calls ahead and orders separated envelopes of per diem cash for each tenant that is picked up every other day by MHA staff for distribution to tenants. Melton states having had a meeting this week with Pam Bean, Director of MT Fair Housing, who commented on how amazed she was not to have any calls from the residents. Bean was thankful for the great job MHA has done with this effort.

Fortier introduces Debbie Hibbitts as the newest addition to the Finance Department staff. Fortier is very thankful to have Hibbitts onboard with MHA with all the financial knowledge with which she brings.

VII. Public Comments on Items not on Agenda:

Presentation from Resident Advisory Board(RAB)-

Davidson states the RAB is not present tonight. The RAB did meet this afternoon with Davidson, Ragsdale, Pare and Marshall to discuss concerns and questions regarding the Grievance Policy and Procedure. Davidson feels many of the RAB's questions were put to rest. Davidson states there was some confusion on the procedures of the policy. Davidson is requesting some revision of the language to make it easier to understand. Davidson adds that any changes to the procedure would have to be approved through the Board of Commissioners before putting them into place. Davidson would so provide the RAB with any recommendations the board has for these comments.

The second item the RAB has was a change in the smoking policy with included building smoking shelters on all sites with weather proofing and siding. Hoffmann adds that they will also need to be built to be accessible under current code. Davidson states she had thanked the RAB for their recommendations and will be taking them into consideration. They also had a graduated recommendation on what the violation policy should be. These will be looked into at a later date and go into the annual plan to HUD as a RAB comment.

VIII. Action Items

Resolution 978-Approval of the Annual Plan submission-

Ragsdale states the annual plan has been put together. The RAB was involved in discussions this afternoon. MHA has reviewed changes to the plan. Ragsdale states that

the only changes are shown in the board packet copy as being highlighted in bold text. Mostly, the updates include updates to the Disposition, Palace, and NW Self-Help RD. Hoffmann asks if MHA Board is to approve this before comments have been taken from the public. Davidson states that what it typically done is having the board approve the submission after all RAB and public comments have been incorporated into the document. This is usually done in June so that MHA can make its July, 17st deadline. Davidson states that MHA does not have to have decisions made on any of the comments received from the 45 comment period. Though, they must be noted in the submission to HUD.

IX. Staff Reports

a) Vantage Villa Update

Davidson states having met with the structural engineer and architect, brought on for an emergency basis, to discuss that status of the building. George Mullan at Beadurette Engineering and building inspector Don Vereu went through the building. After assessing the damage. They estimate, without being able to see what's behind the walls, the structural damage to the building is about 25%. The rest is be believed to be structurally sound. The faster MHA gets the tenants' possessions out and remove the walls, ceilings and floors the more structurally sound the building will remain because of water damage, mold and mildew. The primary goal is to get the building cleaned out as soon as possible.

Ragsdale and Davidson had a call with HUD this morning in regards to procurement regulations. Davidson reports given the emergency, HUD has given the approval for MHA to hire contractors without undergoing the usual procurement procedures until we get to a point where we can fully assess the damage and what it will take to rebuild. This is due to the extreme time-sensitivity of the project's structural needs.

Davidson invites Karl Pare to speak on tenant relocation activities. Pare states today MHA had the first two apartments boxed up with tenant items for removal. This has been a learning process as well. MHA has been attempting to give residents the opportunity to go through their items as they're coming out of their apartment. There's detailed inventory of everything before it is removed from the building. MHA is trying to keep track of everything as it makes a transition from the building. Tenants have been allowed to remove emergency items such as clothing and toiletries. Tenants have been advised by Red Cross to abandon all medicines and have been given new prescriptions. Tenants have been receiving per diem money, most recently, enough for Saturday, Sunday, Monday. MHA is starting to give tenants relocation options. One of these options is a walk-away option where MHA would cut the tenant a check for \$2,000.00 for relocation costs and \$150.00 for a "no questions asked" security deposit refund. Pare states he will need one of these checks for Friday for a resident that is selecting this option. There is at least one other resident seriously considering this option. Another relocation option is to set preferences to get the displaced tenants into some of MHA's owned or managed units. Pare states tomorrow he will be moving a couple with severe mobility issues to an empty accessible public housing unit at the Silvertip apartments.

The roof has been tarped in and the 2x4s are onsite. Crews are shoring up the sites indicated as being unsafe. Pare states Melton and her department has been very helpful with locating suitable units and Finance department has helped with producing per diem checks. Pare states that there has been a tenant responsible for the fire who has been arrested and his arraignment was today. He will more than likely be charged with arson and 40 accounts of criminal endangerment.

Davidson has had 2 interviews this afternoon: one by KGBO, another with the Missoulain and tomorrow will have a 3rd interview with Fox News. Davidson states they're all being remarkably sensitive and cooperative. Davidson is hoping to expect the kind of reporting that we've seeing lately. They have a variety of interests from "how does MHA handle evictions", which Davidson said she was quite vague about, to "what are the relocation efforts", to "where are the tenants being housed." Davidson has also informed the media that MHA is accepting donations for the displaced tenants. There has not been a central collection point for furniture but Davidson hope, this will be figured out soon. Davidson states MHA is taking contact information for those who wish to donate furniture so we may notify them when MHA is ready to take these donations.

Pare states he did ask KPAX to leave the site today as there were tenants removing items from the building that did not want to be on TV. Pare states there's a huge range of ability to cope with this disaster by the tenants. Pare states MHA is triaging this by keeping a list of those that have severe mobility issues and could potentially be at harm by staying at the Red Lion environment.

The weather did not help with getting items out today and ServePro was learning with MHA on how to handle the flow of items out of the building. As items were removed, a picture of the items is taken with an iPad and then a detailed description noted and finally coded with the box that it goes into.

The issue Pare ran into was when tenants would arrive to retrieve emergency items is that they would unpack the boxes and, thereby, compromising the documented contents of the box. The immediate solution was to write down what was taken out of the box. The boxes that are not being completely taken are being stored onsite. MHA has 4 Montana Mobile Mini Storage units that are being rented with locks. The removal of tenant items is moving slowly as only one and a half apartments were completed. Tomorrow, Pare will start with crews at 10am and finish up the half packed apartment. Pare hope to have 4 completely packed up apartment by the end of the day. ServePro will then authorize to come back and remove the tainted gypsum, insulation, carpeting and flooring. Davidson adds that this to be taken care of immediately as it may very well compromise the structure of the building.

Bentley asks Lori what the insurance adjuster said after Beadurette was on site. Davidson responds by saying she spoke with the insurance company yesterday. The building is covered at replacement cost. The emergency activities are also covered by the insurance. They cover about \$26,000 of the relocation costs for housing. Other than housing, insurance does not cover any other relocation costs and the tenant's possessions are not covered. Unless the tenants had personal renter's insurance

coverage, their items are not protected. This is why MHA is solicited for donated items to help replace tenant possessions that were lost in the fire. The building can be replaced up to the current code. It has to be built to the same number of units and floors with the same foot print if still salvageable, which all indications point to this being salvageable.

Davidson states she has been in discussion with JCI about a phase II of the EPC contract. Vantage Villa was a large part of this, JCI called almost immediately and scheduled a meeting. The EPC can stay in place as long as the building is gonna be replaced. If the building would be demolished, all the subsidy for its portion of the EPC would go away. This is a really large incentive, along with many others, for MHA to keep the building and rehabbing.

Davidson states JCI explained to her an opportunity to use this incident to bring the building up to the next level by using this phase II of the EPC money available to make energy improvements that exceed the building codes.

Rather than having 2009 low-e level windows, MHA can go a step further and have even more efficient windows. MHA can put in super insulation and light colored roofing. The building will not be built to LEED standard as it is too expensive and the process must start now, even with demolition. We can do it to the level of an energy star certification or maybe even green communities. We can showcase it now with the JCI phase II EPC and coordinate that. MHA will have to take it through the insurance company of course. The initial estimate is to take it up to the 2009 building code.

Bentley asks if the \$26K for relocation from the insurance company will cover the relocation costs. Davidson responds that it absolutely will not and most likely be \$200K-\$300K. Davidson goes on to say the MHA was fortunate to have done the EPC as the reserves in AMP1 are roughly \$400K. Some of this \$400K is used for the debt service of the EPC, roughly \$98K, but MHA also has 2 years of Capital Funds which can be used for tenant relocations. MHA has the 2012, which MHA was just now starting to spend, and the 2013 capital funds are just now coming out any day. Capital Funds are about 250K per year, give or take how congressional allocation are made. We still have enough in capital funds to finish all the work Pare has scheduled to go on. We are finishing up one year and just starting another year. With the remaining proceeds from 2012 and all of 2013 capital funds, which has not even been allocated yet, MHA should have ample funds to absorb the costs of relocation. Davidson's thought is to dip into the operating reserves first before starting on the cap funds. It is more than we need to be comfortable and it is what reserves are for. Additionally, if MHA does not spend its reserves, it will be the first thing swept by HUD when they need more money. There is an emergency capital fund at HUD, but it will not pay for tenant relocation, it has to be used on the building, which MHA does not need because of the insurance and with the addition of JCI's phase II EPC. The emergency fund cannot be applied for until after the initial allocation of capital funds have been spent.

Bangs states he's been asks where people can send in donations. Davidson states, right now MHA is taking monetary donations at the office. No central location has been set to take in furniture donations. Right now, MHA is asking for email or phone number contact information by which we can follow up once a location has been established. Fortier adds that all cash donations are tax deductible. Davidson asks that all cash donations be made out to MHA with instructions for it to go towards the vantage villa donations. MHA will have a fund designated for the collection of donations. Davidson states MHA will have to allocate the funds and is not yet sure how these funds will be allocated. Bentley states people will want to see that the money is given directly to the vantage villa residents, but by providing it as relocation this directly benefits the displaced tenants. Davidson states that the residents have lost everything, including furniture and this will be a primary concern. Unless the donation specifically asks for it to be used towards relocation, Davidson is hesitant to spend donations on these costs. Lund asks if a flyer can be emailed out to request donations. Pare states that ServePro will be advising on what items can be salvageable, but is very positive about the thought that many items, such as beds and couches, may be saved. Fortier states that without renter's insurance, many tenants will have to pay for dry cleaning, mold remediation and likely will not have cash to cover this. Pare states they are looking to partner with Rick Jensen who runs Home Again. Jensen only deals with agencies and not directly with clients. Jensen's stock pile has been depleted recently due to so many large requests. Pare is hoping to get together with Jensen to his storage units as a central collection point for donations with the concept that the bulk of what is coming in will likely go to the vantage villa residents, but any items not used would stay with his depleted stock pile. Davidson states as soon as these logistics are figured out MHA can send out a flyer with this information. Zander asks if MHA has spoken with Goodwill. Davidson states Goodwill has been talked to by our coordinators and they have been receiving vouchers from Goodwill.

Bangs asks if the individual charged is believed to have done this on purpose. Davidson states both the police and the prosecutor have determined this to be true. Zander asks if the resident charged was living in the unit at the time the crime was committed. Davidson states the tenant was still living in the unit and that after a 30 day termination notices, tenants are entitled to a formal hearing and grievance procedure. By right, tenants are not to be evicted from the unit until these have been carried out.

Worthington states that bond has been set at \$75K for the individual charged with the starting of the fire.

b) EPC Refinance

Discussed earlier in meeting. No other news

c) River Ridge

Davidson asks Wells to bring the board up to speed on news for River Ridge. Wells states the buy/sell agreement has been sorted out. The biggest negotiation made was

on having enough time to complete the due diligence. There's a lot more due diligence needed as the owners are selling it as-is and are not providing any warranties to the claims made on the property. One of the bigger areas of concerns is, if acquired, will MHA be able to go after any of the various funding sources needed to make the project work. This requires MHA to have access to the files of the tenants for analysis on the income verifications as to where they were at when they signed a lease and where they are at now as of the last income verification. Wells reports many of the initial review of files show several tenants are in at the 60% income level with subsidy vouchers from either the state of Montana or from MHA's section 8 program. This provides many different avenues to pursue for funding sources. Many of the 60% AMI household's can be dropped down to 50% AMI. This allows MHA to apply for tax credits and still get a tax exemption. MHA could also apply for AHP loans requiring even more 50% units. MHA would not have to evict any households from their units. More will be determined after the capital needs assessment.

Wells states MHA has hired Encompass Designs for a capital needs assessment(CNA). Encompass Designs is bringing on a structural engineer, electrician and other professionals to do a walk-through of the property at 1pm tomorrow. Over the next 2 days they will go through every unit, crawl space and mechanical room as see what it will take to bring the property up to 2009 codes. This will show what is needed to be spent today, the next year and in the next 10 years on the property. When those numbers come in, this will direct us as to what funding sources to go after. If the property is found to be in good condition, it may mean that MHA should buy it out-right. As a housing authority, we are not subject to the 10 year hold rule that affect some of the other funding stacks. We could hold it for a year or two and then go for tax credits, AHP, HUD 221D or other funding sources. Many of the bridge loans are up to 3 years. Wells states there are a couple of advantages for holding the property for a year or two. If MHA buys it for \$2M dollars and that's what the current appraisal says, then that's what the market says the property is worth. If MHA holds it for a couple years, then banks can look at the income stream and base it off of the revenue over that time period, which may be more than \$2M. A higher value may yield a better overall tax credit allocation.

Wells states they are also performing an environmental review as the last one performed is quite outdated and not reliable. Tetra-tech has been approached on a master service agreement. Wells has used Tetra-tech in the past and has negotiated a \$1M liability coverage for any projects we do with them. Hoffmann asks where this company is located. Wells responds stating Tetra-tech is a local office, though they are a national company. Greg Fahey is to perform a mini-market study which will give us the ability to do a tax credit application this round, if MHA decides to. This information can also be used for other projects.

Wells has been looking at funding options. This includes First Security Bank, First Interstate Bank and PNC Bank. Each one has its pros and cons. The capital needs assessment will determine which funding sources to go after, which, in turn, will direct MHA as to which bank provides the right option for our needs. Some have higher prepayment penalties, some are convertible more easily, some have better

interest rates. So each has its strengths and weaknesses. Permanent financing options are AHP, HUD 223F loan, tax credits, both competitive and non-competitive, and traditional financing. Wells has talked to syndicators and originators on all of these options and given them a heads up as to what may be coming. All have seem receptive to a project such as this. Wells has also engaged the city on HOME funds. The city has some HOME funds from last year that they haven't used yet. As a way to help them get this allocated, we've talked to them about using HOME funds towards the purchase price. By next months meeting, Wells hopes to have the phase 1 completed, the capital needs assessment completed and a direction as to what funding sources are needed or most desirable.

d) City Surplus Lots

Davidson states nothing news this month. Davidson states Oliver has been lining up subcontractors to finish up the interior work on the California duplex. Davidson is hoping this will be online and ready to lease up in September with subsidy to start October 1st. No change in schedule for the new build and work with the students on site should begin this August. Ragsdale and Davidson talked with Monica at HUD this week. Monica states they have some staff reviewing 4 sites in Whitefish and Ronan. They are expected to visit Missoula the last week in August. This will provide MHA the opportunity to show them Vantage Villa and where we are with efforts at that point in time. Davidson states we are always happy to have our HUD representatives on site as they provide us with great technical advice and they are always enthusiastic and supportive of MHA's efforts.

e) Palace Project-Grand Opening May 22, 2013!

Davidson reports having substantial completion at the Palace as of June 7th. MHA has made its penultimate draw, with the last draw being for retainage. There will be a substantial gathering of documents to apply for the draw on retainage. One of these documents is the ALTA survey. MHA has already sent HUD a draft of this survey for there review. Davidson has not yet heard back on their review. The certificate of substantial completion will also be needed in order to apply for the release of retainage.

After that is complete, the next task is to complete the closing of the permanent loan. This is due by Oct 5th with First Security Bank. MHA will need 3 months worth of debt service at 1.5 coverage in order to close the permanent loan. MHA will watch its costs on the project inorder to meet this coverage requirement.

f) Silvertip Update

No new news.

g) IDC Update

Davidson states there is a contract for deed on the smaller lots. No other news.

h) Rural Development Self-Help Program

Open house for the first year round of the Missoula RD self-help build is scheduled for next Thursday, June 20th, at 11am. Ragsdale offer board members wishing to carpool to the site to send him an email and meet at MHA headquarters at 10:15am that morning. Zander asks where this site is. Davidson states it is at the Wye. Davidson states the 2nd year round will start in July. Davidson states Holly Johnstin as had the 10th approved family drop out, but it hopeful her next in-line family for this slot will be approved.

i) Stevensville Property

Davidson asks Worthington if she has heard from John Tabaracci. Worthington states she has not heard anything and that the 120-days expires on the 26th. Friday she'll send a reminder to NWE regarding the terms that after 120 days, \$2,500 becomes non-refundable each month until all of the deposit money becomes non-refundable. As its written in the agreement, starting after 120 days, that money of \$2,500 is released to MHA. Worthington states that last she's heard, the residents of Stevensville were having some issues.

j) Homeless Housing Update

Davidson states no new news. One of the brainstorming ideas was to put homeless housing in on one of the sites on California St. Davidson has an appointment with Steve Loken on next Tuesday at 10am to talk about the purchase of his lots Bentley asks where on California Street the lots are located. Hoffmann states they are at the corner of California and Dakota St.

k) Platypus Court:

Davidson states the remaining lot up on Grandview has a buy/sell with Dave Edgel through Jackie Johnson. Edgel's concerned that with all the site improvements, such as a retaining wall, that the price of the lot is too high. Their initial verbal counteroffer is to lower the price from \$35K to \$8-10K. Davidson responded that this would likely not be approved through HUD. Wells asks when the option will expire for the current buyers. Davidson is unsure. Wells states that he would be interested in buying if the current option expires. Davidson asks the board on whether or not they'd be open to lowering the purchase price. Board response no.

X. New Business

Property Management of Resident Owned Community-

Davidson states this was briefly talked about at the board strategic planning meeting. Davidson has not been able to get a copy of the community by-laws to hand out at tonight's meeting. Davidson states Ragsdale and Pare have had a chance to visit the site and invites both to speak on their findings of the visit. Pare states there is a large common strip along the side of the trailer park, that appears there could be more lots to place mobile homes. Many of the fences have been compromised with no defining line. Pare has been told that there are 37 trailer homes and that 7 would likely be out of compliance under the new rules they're looking to institute. Pare feels there would need to be a lot of cleaning up of debris and mending of fence lines. Ragsdale states the trailers who's lots are facing the road look very nice, but the farther you drive into the park, the worse the condition of the trailers appeared to be. Ragsdale states there are a lot of cars, rvs and other vehicles parked around the grounds. One of the ideas presented was that the park would take one of the grassy plots and turn it into a parking area for extra vehicles. Ragsdale states it's a 10 mile drive from the office, past the airport, to the site. Davidson states as part of the resident owned purchase, paving the road and updating the fences would be included. Bangs states that MHA should be very cautious as this is an old idea that is rarely ever used. Bangs states that a number of these communities have failed in other states and to be the start-up organizers on this project may prove to be a nightmare. Davidson states one of the biggest issues with this project is the distance away from town.

Davidson asks if the attitude of the board is to not further pursue this project. Board agrees to not pursue this project.

Legal Services-

Davidson states that she has been asked to see what are the ways MHA can pay for some of the services that Worthington provides to the Housing Authority. They are not looking for market rate, but any ways they can receive cash value for some of the services she provides. Davidson states Worthington has been invaluable, especially over the last few days on providing assistance regarding the fire at vantage villa. Davidson wishes to open a forum to discuss the possibility of what options MHA has to compensate the city for some of her services. Davidson invites Worthington to talk about her perspective from the city's point of view.

Worthington states it was not intended that MHA make any decisions tonight but, rather, thought that it would be appropriate to discuss as MHA is in the process of annual budgeting. Worthington goes on to say there are at least two issues to address. First issue is that there's a state statute that allows for the city attorney's office to provide legal services for the Housing Authority. Jim Nugent, Worthington's superior, states this has always provided these services to MHA for as long as he can remember. When Worthington started 7 years ago, MHA was not taking on Homeward's Management, Garden District didn't exist, Silvertip didn't exist and MHA hadn't done the public housing disposition for AMP 3. The first year Worthington came aboard, Peter Hance at the time was not using the city attorney's services. During Hance's time that Worthington was employed at the City of Missoula, outside legal costs were upwards of \$180K in services MHA received from an outside attorneys. Worthington states there are times

when she spends upwards of 75% of her time on MHA's legal issues. Today was almost exclusively MHA's issues. While Worthington has not been tracking hours, nor has a system in place to do so, she estimates spending 50-75% of her time each week on work related to MHA. The Mayor is looking to generate income streams and has asked MHA to contribute something to the city for her services. Worthington states the city has also agreed to provide legal services to Mountain Line, adding to the overall work load of her department. This is what originally sparked conversations at the City around income streams.

Worthington states the second issue is that she cannot provide for all of the diverse legal services that MHA needs. Worthington approached Melton two years ago stating she cannot provide eviction services on units that are owned by Homewood as they are outside the scope of the Housing Authority's legal needs. There's also things she cannot get to including, the MHA personnel manual revision, which has been on the agenda for several months. There's also specialized work that would be better to have someone on retainer that Worthington can consult with or entirely defer that work towards. There are some technical real estate deals that it would be better to keep someone on retainer for. Worthington feels MHA is big enough now to bring someone onboard either part-time, half-time or full-time. Worthington adds that the City of Missoula has not asked her to back off on the amount of time spent working with MHA but her city obligations do take primary focus when they arise.

Davidson states MHA paid the city \$10K for Worthington's assistance on the Palace. Hoffmann states this is a similar issue as the Stone House: MHA wants the services at no cost as it's been for years but how long can the city do this? McGrath, adding comment as a member of the public, was delighted that the city of Missoula has contributed anything towards affordable housing and feels it would be shameful to back off from this. McGrath goes on to say that the city is looking for funding streams the same way MHA has been, but as the Housing Authority sees continual decreases in funding, it would be against their civic duty to approach MHA now about payment for this service. Hoffmann agrees and is willing to approach Jon Engen say to him you've been really good in regards to being public on supporting affordable housing. Here is a chance to support it through legal services. Hoffmann states he would need a context to place this in before approaching Engen. Davidson states she would also like to nail down a context with parameters of what MHA's legal services needs are.

Worthington states that the City's budget is already passed and that the needs of income streams for the city is only one of the issues. The other issues are that Worthington does not feel she has the expertise for all of the complex issues that come about for MHA's legal services needs. Worthington continues stating that MHA has a lot invested in her and this creates a lot of risk as she feels it's unlikely to stay at the city of Missoula for 38 years such as Nugent. Wells tries to clarify by asking if one of Worthington suggestions to MHA is to hire someone for legal services in-house and have Worthington continue part time with MHA. Worthington states no one has ever said that she is working too much for the housing authority. The city has only said they'd like to develop some income streams. It is the income streams idea, along with concerns that has prompted her to address a bigger picture idea for MHA's legal needs. Nugent is well aware that Worthington spends upwards of 75% of her time with MHA's legal needs. Worthington continues saying no one at the city has said this amount of time spent towards MHA is inappropriate.

Worthington states they have just added Mountain Line as another entity to serve but they estimate that it will be only add 100-150 hrs of work per year to her staff.

Davidson states they have had a management team meeting surrounding this issue and her first inclination is to just get an in-house attorney. Davidson's first inclination is to just hire an in-house attorney as most of the work is with real estate contracts or lease contract violations. Davidson states the majority of MHA's management team is not in favor of this believe MHA is not yet big enough that it would pay for itself. Davidson states in the development world, MHA spends \$50K-\$100K on attorneys on every project that MHA does. The attorney's costs are reimbursable through the project, but MHA would not see that money until after the money is spent out of its own pocket and then reimbursed when the project closes. Davidson states she needs help exploring the other options outside of hiring in-house. Davidson has if MHA needs to retain a whole law firm and then get the benefit of all the different expertise that the firm offers. Does it work where the once the retainer is spent, the housing authority then has to pay for the services hourly. Hoffmann has a thought of approaching the city saying we wish to use Worthington's services towards money making activities such as development of future affordable housing. A portion of the proceeds from development can be then used to compensate the city for allowing Worthington to continue serving MHA. Worthington states MHA is not ready for a full time attorney quite yet and would have great luck finding a part-time attorney here in Missoula. Davidson states MHA would have RFP for outside legal services. Bentley likes the idea of hiring someone 10-15 hrs a week's so that all of our eggs are not in one basket for legal advice and to help the burden of work that cannot be taken on due to Worthington's other city obligations. Davidson is willing to keep Worthington working with contracts and development related legal services, but asks board for direction on where to get the other necessary legal advice such as evictions, policy reviews and personnel related issues. Hoffmann feels MHA should ask the city for as much legal services as they can provide, and compensate if need be to keep Worthington working on all of such issues. Worthington states that she didn't know the first thing about a public housing authority when she first started working with MHA. Yet, over time, she slowly acquired more and more knowledge about the legal lines that PHA's operate in. Worthington states that with all her eclectic knowledge learned along the way, she is certain MHA will not find someone with the exact knowledge for all the issues MHA deals with. Worthington suggests bringing someone onboard that can, like her, slowly learn over time all the intricacies necessary to provide the broad range of legal advice that MHA needs. McGrath states there are less and less funds for his program and the types of legal questions he needs answered are the type of services he would never buy. McGrath states the majority of his needs are for Reasonable Accommodations. Wells suggests looking into 3rd year law students from the University looking for an internship that could provide relief on some of the busy work. Worthington states that this is a great creative idea, but would likely add to her work load by having to oversee and check their work.

Bentley thinks it's in the cities interest to have Worthington continue working as it provides them with open communication on what MHA is up to. Hoffmann asks if it's appropriate to inquire what Worthington costs the city for her services. Worthington responds that it costs them roughly \$87K. This does not include comp-time as she does not received overtime and so you cannot place a value on that time as easily. Davidson asks Simpson what he sees other legal firms and companies doing. Simpson responds that

before he answers the question he sees two separate issues here. The first issue here is that she's getting so many areas of law that does not have the expertise in all of these areas. In a discussion with Worthington, Simpson mention that if she's getting thrown into a situation that is over her head, it should be ok to say that this is something she does not feel comfortable at taking on. The other side of the coin is that with the number of projects, vendors, tenants, and employees, Simpson suspects there's enough work to keep a full-time in-house attorney busy without stop. MHA can either try to convince Worthington to be hired on and work for MHA full-time or find someone who can. In either instance, MHA will have a more responsive in-house legal consultant when they can just walk down the hall and talk with Lori if they need to review something together. Worthington states a lot of the work she does is under some sort of time crunch and that multiple time-sensitive issues may require MHA to find some sort of backup in terms of outside expertise. Worthington feels MHA should start now in looking for these connections. Davidson likes this idea and has tried this with preferred vendors for Maintenance sub-contractors. The problem with this is that when you need their services, they may often be too busy to take on your requests for work. Hoffmann feels moved by Simpson to accept the idea MHA will need to hire in-house to fill our needs. Davidson states MHA may need to do this at some point but will have to check the budget and consult with other housing authority who've hired in-house already for legal services.

Davidson feels that maybe her response to the Mayor is to pay for 2 trainings per year for Worthington and to commit development money from projects Worthington contributes to. Bangs feels a simple response to the Mayor that this issue is going into our strategic planning and to discuss it further in the near future.

July' 13 Board Meeting Date-

Davidson states she will be in Denver at the summer NAHRO conference during the July 17th meeting date. Davidson suggests moving it to the week before or week after.

Board suggests July 24th. Davidson agrees and states MHA can do the public hearing for the annual plan and notify the board of any comments received during this comment period. HUD submission of the plan will not be made until after the 45 days period has expired.

Possible site for Offices-

Hoffmann states is has occurred to him that there was a discrepancy with Davidson as to what site he was referring to in the strategic board planning meeting. Hoffmann further explains that the downtown location of the site is an old Tire-rama site just due east of Taco Johns on Broadway. Hoffmann is familiar with the site from having client approach his firm with the intent of providing high end condos on the site. Hoffmann encourages Wells to pursue some detective work on the property. Fortier asks if there was ever any petroleum waste on the property. Hoffmann is unsure of its condition.

Strategic Board Planning-

McGrath addresses board and hopes all members enjoyed the session held on Monday, June 17th.

XI. Old Business

a. Changes in Procurement and Personnel Policies

No update.


b. Board training opportunities

No Update

XII. Adjournment: The regular meeting was adjourned at 7:46 pm

X 

Jamie Hoffmann, Board Chair



Lori Davidson, Executive Director