HOUSING AUTHORITY OF KITTITAS COUNTY
REGULAR BOARD MEETING
Wednesday, February 16, 2022

A regular meeting of the Housing Authority of Kittitas County Board of Commissioner was held Wednesday, February 16, 2022, at 107 W 11th Ave, Ellensburg, WA 98926, held by zoom conference call.

Commissioners Present:
Nicalee Smith, Chairperson via Zoom
Rob Perkins, Vice Chairperson via Zoom
John Littel, Commissioner via Zoom

Absent:
Carol Rhodes, Commissioner
David Hull, Commissioner

Staff Present:
Jennifer Ellis, Executive Director

Guests:
Rich Larsen, Novogradac
Kevin Gowdy, Novogradac
Amy Bunger, SAO

OPEN REGULAR MEETING AND INTRODUCTIONS

Chairperson Smith called the meeting to order at 7:02 a.m.

HAKC AUDIT EXIT CONFERENCE WITH RICH LARSEN, NOVOGRADAC

Rich Larsen from Novogradac provided a presentation to the Board regarding the 2020 HAKC audit. Mr. Larsen explained the opinion given by Novogradac regarding the agency's financial statements, internal controls, disbursement process and procurement compliance. Mr. Larsen stated Novogradac was giving an unmodified opinion and that there were no material weaknesses identified and no material non-compliance issues. Mr. Larsen noted the finding regarding the reserve replacement deposit for the USDA RD loan– having not been made for a three-month period and then subsequently rectified. However, due to the compliance requirements of the USDA-RD loan, while not material, there was non-compliance. Mr. Larsen also spoke to the financial health of HAKC and its liquidity as a signifier of its financial strength, going through the income and revenue for the agency as compared to its expenses. He noted that HAKC has several years worth of working capital and that HUD's requirement is 5-6 months of working capital so HAKC is in a good position. Commissioner Perkins inquired regarding how HAKC's net would look without the developer fee as that is not recurring. Larsen referenced being able to bring forth some information as to what that would look like. Larsen also noted that if the Board had any questions or concerns or wanted to expand the scope of the audit, that he would take that direction from the Board. Having no further questions from the board, the exit conference concluded.

COMMENTS FROM THE PUBLIC AND GUESTS

There were no comments from the public nor any guests in attendance.

MINUTES

Commissioner Perkins moved to approve the January 16,2022 minutes of the regular meeting, seconded by Commissioner Littel. The motion passed unanimously.

CONSENT AGENDA

The Commissioners reviewed the January, 2022 Vouchers and January 2022 Project and Activity Status Reports and found no voucher irregularities or other irregularities. Commissioner Perkins moved to approve the consent agenda, Commissioner Littel seconded. Motion passed unanimously.

DECEMBER 2021 DRAFT FINANCIAL REPORTS

ED Ellis noted that the board did not have final December financials due to awaiting a form from USDA RD that confirmed the loan amounts as of December 31, 2021. With that form information, which Operations Supervisor Katie Haggin has been attempting to track down, CLA will be able to finalize the December financials and issue the same for review and approval of the Board.

RESOLUTIONS AND ACTION ITEMS

There were no resolutions or action items.

INFORMATION ITEMS

- Executive Director Report –

  Kittitas RAD LLLP, Alder Terrace LLLP –
  Conversion: Ellis noted that loan conversion is scheduled to occur March 4, 2022 for both the Kittitas RAD and Alder Terrace construction loans. HAKC has resumed weekly loan conversion meetings to assure everything is being provided to the lender and are also working with CREA on their requirements for the 3rd and 4th equity installments, which are set to fun at that same time. Ellis noted that she could also bring back for the board a visual breakdown of financial snapshot for the partnerships and agency after conversion was completed to show what was received in terms of developer fees and what the agency would be looking like to help illustrate the working capital that had been referenced by Novogradac.

  2020 Audits for HAKC and Pine Terrace were completed. The 2021 audit and tax return drafts for Kittitas RAD and Alder Terrace partnerships are ready and Ellis expected to be in receipt of those this week, provided they have all documentation required. Letters of engagement have been signed with Novogradac for the 2021 HAKC and Pine Terrace audits.

  With respect to HUD, REAC unaudited and audited submissions were submitted and are presently under HUD review right now. After those are accepted, Ellis will bring back a final resolution on the closeout with HUD for HAKC.

  Operations and Maintenance. Ellis noted that HAKC is performing more work orders and will be starting back up with its own annual inspections, allowing HAKC to be back into units with some consistency to assure units are in good shape. HAKC has revamped tenant newsletters and are trying a new format to get information out to tenants in an informative way that helps reduce some of the lease violations HAKC is seeing and to help with enforcement and more accountability amongst the tenants.

  Bender Road property. Ellis stated that she had a better sense of timeline for work with the Bender Road property in terms of piping and diverting on the property. She had additional conversations with Ed Sewall and Jason Maddox from PBS and is finalizing the RFP for engineering services to move forward. Ellis noted that regardless of the specific path the board chooses with this property, engineering needs to be on board to help with the process.

  Pine Terrace. HAKC is reviewing the reserve request related to snow removal and costs incurred. Work for the Pine Terrace audit will be beginning shortly.

  1st and Pine property. Ellis noted that she had not yet had an opportunity to follow up with the developers of the property and would do so.

  Ellis stated that she had attended the quarterly AWHA meeting and noted it was helpful to hear from the State Auditor's office, NAHRO and the Washington State Housing and Finance Commissioner about additional funding, the competitive process to procure funding and to learn more about the Department of Commerce and what is available out there and what other agencies are doing and also, finding other agencies to discuss ideas and challenges as well as how legislative matters on both the federal and state levels are affecting funding and next steps for affordable housing.

Chairperson Smith asked if there was any additional information or questions to address at the meeting. Chairperson Smith noted the next meeting of March16, 2022. Having no further business Commissioner Littel moved to adjourn and Commissioner Perkins seconded. Motion passed. Chairperson Smith ADJOURNED the meeting at 7:46 a.m.

Next Meeting: March 16, 2022, 7 A.M. Regular Meeting
Minutes respectfully submitted by Jennifer Ellis, Executive Director

SEAL:

ATTEST

Nicalee Smith,Chair

Jennifer Ellis, Secretary