



**Minutes of the Regular Meeting
of the Board of Commissioners of the
Housing Authority of the City of Everett**

February 24, 2014

Meeting Called to Order

The Regular meeting of the Board of Commissioners of the Housing Authority of the City of Everett was called to order by Vice-Chair Michele Rastovich following lunch, at 12:15 p.m. on Monday, February 24, 2014 at the Baker Community Center Small Hall, 1401 Poplar Street, Everett, Washington.

Commissioners Present at Roll Call:

Vice-Chair Michele Rastovich
Commissioner Maddy Metzger-Utt
Commissioner John Mierke

Commissioner George Perez, Jr.
Commissioner Todd Taylor

Commissioners Absent:

Chair Lyle Ryan

Also in attendance were:

Staff:

Ashley Lommers-Johnson, Executive Director
Rick Dorris, Assistant Executive Director and Director of Facilities
Jill Stanton, Finance Director
Dean Weitenhagen, Director of Housing Programs
Brenda McLeod, Assistant Director of Procurement and Contracts
Teena Ellison, Resident Services Manager
Chris Neblett, Hearing Officer/Administrative Coordinator

Guests:

Lorna Corrigan, Attorney
Liz King, President, Bakerview Resident Council
Tom Douge, Vice-President, Broadway Plaza Resident Council
Warren Hemminger, President, Pineview Resident Council;
Resident Advisory Board Representative
Peg Dayton, Resident Advisory Board Representative

Karin Mooney, Resident Advisory Board Representative

Agenda Revision

Vice-Chair Michele Rastovich called for a motion to amend the Items for Individual Consideration portion of the meeting agenda, adding a "Motion to Accept Bid Recommendation and Execute Contract for HVAC/Roof Replacement at Main Colby Office." Commissioner Taylor moved to approve this agenda change; the motion was seconded by Commissioner Perez and passed unanimously.

Approval of Minutes

Vice-Chair Rastovich called for approval of the minutes for the Regular Meeting held on January 27, 2014. A motion to approve the minutes of this meeting was made by Commissioner Perez and seconded by Commissioner Mierke. Upon being put to a vote, the motion was passed and the minutes were approved.

Communications

Bakerview Resident Council President Liz King said resident council elections were held recently, with 20 of 150 households participating.

Broadway Plaza Resident Council Vice-President Tom Douge said that resident council was moving ahead with drafting new by-laws. He said the latest issue of discussion at the monthly tenant forum was management's policy of maintaining a secure building. A tenant complained that her friend was cited for trespassing as a result of this policy.

Warren Hemminger gave a report as President of the Pineview Resident Council. He said the council was preparing for elections, and it planned to educate tenants about this process as part of a Mardi Gras potluck.

Mr. Hemminger also reported as a member of the Resident Advisory Board. The RAB's comment letter on the agency plan was completed, and members of that representative body were looking forward to another productive year of working with management.

Executive Director's Report

Executive Director Ashley Lommers-Johnson acknowledged that the Board had been asked to make many involved decisions over the past few months, and he thanked the commissioners for their willingness to do so. He also recognized the recent accomplishments of each member of the management team who attended this meeting. Mr. Lommers-Johnson then gave his update on the agency's major activities, starting with the Rental Assistance Demonstration (RAD) program. He indicated that management was in the process of finalizing the assembled resources, both internal and external, to provide services related to the tax credit and renovation activity at the two RAD developments. This included specialized legal services with the Baltimore firm Ballard Spahr, who will serve as an intermediary between the Authority and HUD, and an owner's representative to oversee the overall process. All was still on course for a June 30 closing, both for final HUD approval and the tax credit transaction.

The Executive Director discussed the status of new property acquisitions from Senior Services of Snohomish County, which had formally accepted offers on eleven of eighteen properties to date. Of the total portfolio, five HUD 202 properties under discussion presented the most issues. These properties were located outside of the Authority's jurisdiction and prohibited by HUD regulation from turning a profit. Mr. Lommers-Johnson noted that the purchase and sale agreements provided for retaining the current asset manager used by Senior Services, who will be paid out of operating revenue for these properties. Commissioner Metzger-Utt asked how management proposed to handle the issue of jurisdiction, in the event the five HUD 202 properties outside of the agency's service area were ultimately acquired. Mr. Lommers-Johnson responded that when the legal consulting firm Ballard Spahr raised the issue with HUD, it was conveyed that housing authorities were permitted to own HUD 202s outside of their jurisdictions through legal instrumentalities, such as an affiliated non-profit.

Mr. Lommers-Johnson gave a brief update on the impact of the federal appropriations process on the Section 8 program. He said recent news articles, such as one in the Seattle Times, led many to believe there would be more HUD funding available for Section 8 programs, but excluding Moving to Work programs, that was a misconception. The Executive Director related that Section 8 programs nationwide were scheduled to be funded a prorated amount, based on the previous year's spending, effectively preserving sequestration level funding. In response, HUD created "shortfall teams," to work with housing authorities to address this situation. Mr. Lommers-Johnson said that one such team contacted this agency, presumably based on data from a HUD model, but he said no shortfalls were expected, given management's decision last year to lease up to its full Voucher allocation. HUD had already prescheduled a conference call between its shortfall team and management, but the Executive Director expected it would be canceled once HUD realized that our Section 8 program was solvent.

Mr. Lommers-Johnson said the 2013 agency audit by the State Auditor's office was completed recently, with a tentative exit conference with the auditors scheduled for March 18. This marked 22 years in a row with no audit findings. He also gave an update on the transition to a new software system. The agency was in the "go dark" phase of the implementation process, during which time neither the old or new systems were available for data input. Staff was scheduled to use the new software by the upcoming Monday, marking less than one year since the conversion process was started. Mr. Lommers-Johnson recognized Computer Services Coordinator Paul Erickson for his work at ensuring the transition to a new software system went smoothly. He gave a brief update on the state of renovations at the Colby office, where the suite of 12 offices for the Section 8 department was almost ready, with staff slated to be working in those new offices by early next week.

At its conclusion, the commissioners had no questions related to the Executive Director's report, but Commissioner Metzger-Utt commented that the University of Washington paper he had emailed the commissioners was excellent. She hoped to discuss it at the upcoming Board of Commissioners retreat.

Public Hearing on PHA Plans

Vice-Chair Rastovich opened the public hearing on the revised 2013-14 Annual Plan, and the Annual Plan for 2014-15, at 12:45 p.m. Hearing Officer/Administrative Coordinator Chris Neblett noted that this hearing normally only applied to the Annual Plan for the upcoming fiscal year; however, HUD required the agency to revise its current Annual Plan as a condition

for approving the Authority's RAD application. HUD regulation provided that this amended Plan be adopted by the Board and submitted for approval by the later of two dates: sixty days from notification of approval for the RAD program, or ten days from notification of the tax credit award. Since the latter milestone was scheduled to occur early in April, and this coincided with the approval process for the 2014-15 Plan, both Plans were being presented at this time. An additional factor that made it necessary to amend the current plan was the reallocation of a portion of the Capital Fund to cover renovations to the Colby office.

Hearing Officer/Administrative Coordinator Neblett noted that the commissioners were provided with a copy of the Resident Advisory Board's (RAB) comments on both plans prior to the meeting. He observed that a good portion of the 2014-15 Plan was dedicated to changes in policy and management structure associated with the conversion of much of the Public Housing portfolio to the RAD program. Finding the Board had no questions about either Plan, Mr. Neblett introduced RAB representative Warren Hemminger to present the RAB's comment letter to the Board. Mr. Hemminger said the RAB was very much in support of management's decision to engage in the RAD program. He also pointed out several areas the RAB would like management to focus on in the coming year, including beautification initiatives for the yards at Public Housing, tenant safety plans, and help recruiting new RAB members.

Vice-Chair Rastovich opened the floor to further testimony on the Plans. When none was received, she inquired whether the Board needed to take action. Mr. Neblett responded that it would be asked to adopt both Plans at the March regular meeting. He said the purpose of the public hearing was to close the 45 day comment period on the Plans. Following Vice-Chair Rastovich's call for a motion to close the public hearing, which Commissioner Taylor made and Commissioner Metzger-Utt seconded, the public hearing closed at 12:56 p.m.

Consent Agenda

Commissioner Metzger-Utt made a motion to adopt the Consent Agenda, and Commissioner Perez seconded the motion. The Consent Agenda contained the following items:

1. Section 8 Payments for the months of January 2014
2. Summary of Vouchers for the months of January 2014

Items for Individual Consideration

Resolution No. 1349 Authorizing Investment of Everett Housing Authority Monies in the Local Government Investment Pool

Finance Director Jill Stanton said this resolution authorized the Authority's continued participation in the local government investment pool, under the terms of a new prospectus. Ms. Stanton commented that this was essentially a procedural matter, as the new prospectus contained no substantive changes in the management of the investment pool.

Commissioner Perez moved that the resolution be adopted. Commissioner Mierke seconded the motion, which passed unanimously.

Resolution No. 1350 Creating a Committee from the Board of Commissioners to Receive Periodic Updates for Informational Purposes Regarding the Rental Assistance Demonstration (RAD) Program and Other Acquisitions or Development Plans

Vice-Chair Rastovich asked Legal Counsel Lorna Corrigan if this resolution necessitated two separate actions: first, to authorize authorizing the creation of this committee, and then to appoint members to it. Ms. Corrigan concurred, adding that it would be practical to limit the committee to two members, to avoid raising the issue of a quorum. Executive Director Lommers-Johnson said he had discussed the need for this informational committee at the last meeting of the Board. As management continued to navigate the many requirements of the RAD program, as well as pending property acquisitions, it was in the Authority's interest to create an informational committee that could meet periodically for updates on some of the complex decisions the Board will be asked to make. He envisioned this would create ongoing dialogue about these matters, helping to clarify issues that the committee members could relay to the Board.

Commissioner Metzger-Utt questioned whether there was a particular skill set the committee members should have, e.g. financial, construction project management. Mr. Lommers-Johnson said it would be good for a member to be skilled at finance. Vice-Chair Rastovich asked for a more specific definition of periodic, in terms of frequency and duration of these committee meetings. The Executive Director said he envisioned the committee would meet monthly, for between one and one and a half hours.

Commissioner Mierke moved to approve the creation of the committee, as provided by Resolution No. 1350. Commissioner Perez seconded the motion, which passed unanimously.

Vice-Chair Rastovich next called for the selection of the two commissioners to serve on this committee, asking the Board how it would like to proceed. It unanimously recommended Commissioner Ryan as member, contingent on his approval, as he was not present. She inquired if any other Board members would like to serve on this informational committee, and Commissioner Perez volunteered to do so.

Vice Chair Rastovich called for a motion to appoint Commissioner Ryan, subject to his acceptance, and Commissioner Perez to the committee provided for by Resolution No. 1350. Commissioner Metzger-Utt moved to approve these appointments, and Commissioner Taylor seconded the motion, which passed unanimously.

Resolution No. 1351 Adopting Bi-annual Unit Inspections for Housing Units Receiving Housing Choice Voucher Assistance and Owned by Everett Housing Authority

Director of Housing Programs Dean Weitenhagen noted that HUD has traditionally required that PHAs use Housing Quality Standards (HQS) as the basis for inspecting all Section 8 units, and in the case of PHA-owned properties, these inspections must be done by an independent third-party. Developments converting to the RAD program will be subject to annual tax-credit related inspections, using Uniform Physical Code Standards (UPCS) protocol, under the rules of Washington State Housing Finance Commission. This need for multiple inspections creates a burden on the Authority and tenants alike, leading management to want to utilize new inspections guidelines contained in the Federal Appropriations Act of 2014.

Mr. Weitenhagen said the Act called for inspections of Section 8 units every two years, rather than annually. As a result of this change, management planned to avoid conducting HQS inspections on EHA-owned properties in 2014, using UPCS protocol instead. New language will be added to the Section 8 Administrative Plan following the adoption of this resolution, to formalize this policy of bi-annual inspections for units owned by EHA. Executive Director Lommers-Johnson provided further explanation, saying that management suspected HUD would waive the requirement for independent, third party inspections on agency-owned units. This new policy would eliminate the need to have to rely on HASCO to fulfill that role. Furthermore, in its enactment of the provisions of the Appropriations Act, it was expected that HUD would allow housing authorities to choose the inspections protocol they wish to employ. In that event, management planned to employ bi-annual UPCS inspections by EHA staff at agency-owned properties.

Commissioner Taylor asked if this change in inspection regulations would change HUD's required timetable for correcting deficient items. Executive Director Lommers-Johnson said HUD required 30 days for non-emergency items and 24 hours for emergency items, and the maintenance department more than meet those standards. Broadway Plaza Resident Council Vice-President Tom Douge questioned how many inspections would take place at his development next year. Mr. Lommers-Johnson said he anticipated one UPCS inspection, assuming HUD allows the change to protocol, as there would no longer be a need for two separate inspections. He added that units with health and safety issues would continue to be subject to multiple inspections. Mr. Douge was under the impression that residents of his building were subject to up to two random inspections by the tax credit authority, in addition to the HUD required annual inspection, last year. After some discussion, Facilities Director Dorris recalled that Boston Capital had to perform an additional inspection in 2012, to ensure construction renovations were completed.

Commissioner Taylor moved to adopt this resolution. Commissioner Perez seconded the motion, which passed unanimously.

Resolution No. 1352 Authorizing the Executive Director to Execute Two Contracts for Owner's Representative for Two Construction Projects Related to the Rental Assistance Demonstration Program

The purpose of this resolution was to request the Board's authorization for the Executive Director to execute two contracts, one for Bakerview/Grandview and the other for the Pineview/Scattered Sites, for an owner's representative to oversee activities associated with the conversion of these developments to the RAD program. Executive Director Lommers-Johnson said that this professional consultant was needed for a number of functions: e.g., finalizing contract negotiations with the general contractor and construction manager over the scope of the renovation work, overseeing the negotiation of partnership agreements with Royal Bank of Canada as tax credit investor, and development loans through Citi Bank. The Authority lacked the internal resources to provide this critical oversight. Mr. Lommers-Johnson said both contracts differed from the versions that appeared in the meeting agenda, following review by legal firm Foster Pepper. The Executive Director said two proposals were received in response to the RFQ for an owner's representative, and management recommended McCollough Allen Partners over the other candidate. Mr. Lommers-Johnson informed the Board that Jim Brawner, who was involved as a consultant in other aspects of the RAD conversion process, was the owner of the firm recommended to serve as owner's representative.

Commissioner Perez moved to adopt this resolution. Commissioner Mierke seconded the motion, which passed unanimously.

Motion to Accept Bid Recommendation and Execute Contract for Telephone System Replacement at Main Authority Sites

Assistant Director of Procurement and Contracts Brenda McLeod said the agency-wide telephone system had been experiencing problems over the past year. The current system had not been under warranty for the past three years, making it impractical to get replacement parts. An RFP was issued for a replacement system, and four responses were received. As part of the evaluation process, vendors did presentations to demonstrate each systems. Management determined that Frontier was the most qualified vendor, with a proposal of \$64,625.09 for the telephone system replacement. Executive Director Lommers-Johnson added that the current data network was not capable of supporting this new phone system in the most optimal manner. As a result, management planned to begin the process of replacing the data network as soon as possible.

Commissioner Metzger-Utt moved to accept the proposal for the telephone system replacement, authorizing the Executive Director to execute the contract with Frontier Communications to perform this work. Commissioner Taylor seconded the motion, which passed unanimously.

Motion to Accept Bid Recommendation and Execute Contract for HVAC/Roof Replacement at Main Colby Office

Assistant Director of Procurement and Contracts Brenda McLeod said an architectural firm was hired to evaluate the current HVAC system at the Colby office in 2009. It determined the current system, which was 51 years old and original to the Colby office, was obsolete. Four alternatives were proposed for a replacement system, favoring a gas unit located on the roof; however, this entailed replacing the roof along with the installation of the new HVAC system. Bid proposals for this work were solicited, resulting in five responses, with CDK Construction Services submitting the most favorable bid, in the amount of \$491,600. Executive Director Lommers-Johnson explained that this work was delayed for several years, as there was never sufficient money in the budget to replace both items simultaneously. Management determined there was enough in the 2013 Capital Fund to cover this work.

Commissioner Mierke moved to accept the proposal for the HVAC and Roof Replacement project at the main Colby office, authorizing the Executive Director to execute a contract with CDK Construction Services to perform this work. Commissioner Perez seconded the motion, which passed unanimously.

Executive Session

Vice-Chair Rastovich announced that the Board would convene in Executive Session, for the purpose of discussing the process for the Executive Director's performance review. The session was expected to last approximately 15 minutes. The Board recessed into Executive Session at 1:24 p.m. At 1:44 p.m. the Board reconvened in public session.


Adjournment

Vice-Chair Rastovich called for a motion to adjourn the meeting. Commissioner Metzger-Utt made a motion to adjourn; Commissioner Perez seconded this motion, and Vice-Chair Rastovich adjourned the meeting at 1:45 p.m.



Vice-Chair, Board of Commissioners

ATTEST:



Secretary