



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

**January 27, 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 Chair Lyle Ryan following lunch, at 12:06 p.m. on Monday, January 27, 2014 at the Baker Community Center Small Hall, 1401 Poplar Street, Everett, Washington. This Regular meeting was noticed as a Special meeting, due to the change of location from the Authority's main office.

**Commissioners Present at Roll Call:**

Chair Lyle Ryan

Commissioner Maddy Metzger-Utt

Commissioner John Mierke

Commissioner George Perez, Jr.

Commissioner Michele Rastovich

Commissioner Todd Taylor

**Commissioners Absent:**

None

**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

Keith Klaus, Secretary, Bakerview Resident Council

Tom Douge, Vice-President, Broadway Plaza Resident Council

Karin Mooney, Resident Advisory Board Representative

## **Agenda Revision**

Chair Lyle Ryan called for a motion to amend the Items for Individual Consideration portion of the meeting agenda, adding Resolution No. 1347, Resolution No. 1348, and a call for a motion to approve the hiring of an additional Asset Manager. Commissioner Taylor moved to approve these agenda changes, which was seconded by Commissioner Metzger-Utt and passed unanimously.

Before the next order of business was announced, Commissioner Metzger-Utt let the commissioners know she had attended a recent meeting of the Everett Rotary Club, where Executive Director Ashley Lommers-Johnson gave a presentation about Everett Housing Authority's mission within the community and the clientele it serves. Ms. Metzger-Utt said this was a very informative and well received presentation. As an expression of thanks, the Club gave a donation to a local school program in Mr. Lommers-Johnson's honor.

## **Approval of Minutes**

Chair Ryan called for approval of the minutes for the Annual Meeting held on November 25, 2013. A motion to approve the minutes of this meeting was made by Commissioner Perez and seconded by Commissioner Metzger-Utt. Upon being put to a vote, the motion was passed and the minutes were approved.

## **Communications**

Bakerview Resident Council President Liz King said the resident council election process was underway.

Broadway Plaza Resident Council Vice-President Tom Douge said resident council elections were recently held, resulting in the election of new members, with approximately 40 tenants voting. He said the council's next big endeavor would be to re-write its by-laws, making it eligible for non-profit status. Commissioner Metzger-Utt questioned the purpose of this change in tax status. Mr. Douge said it would provide a way to fund the annual Family Day celebration, as local businesses will not make donations to groups that are not non-profits.

Karin Mooney, a representative of the Resident Advisory Board, reported that the RAB continued to work on its annual comment letter regarding the Agency Annual Plan.

## **Executive Director's Report**

Executive Director Ashley Lommers-Johnson began with an update on the Rental Assistance Demonstration (RAD) program conversion process. To date, HUD had approved three of the agency's Public Housing properties, as two separate developments, for conversion to Project-Based Vouchers under this program. HUD has reserved slots for the remaining two Public Housing properties to convert, provided applications are submitted by the end of the year. Management was in the process of setting up financing for the two RAD developments approved thus far: a 4% LIHTC bond deal with private investor financing, projected to close June 30. Mr. Lommers-Johnson expected the deal would generate \$7.8 million cash at closing, \$15-\$16 million for construction costs, and an additional \$4.5 million once construction was complete. He outlined the next steps in the RAD process, including submitting a tax credit application to the Washington State Housing Finance Commission,

weekly due diligence meetings with the lenders and investors over the next few months, completion of negotiations with W.G. Clark to finalize the scope of work at the RAD developments, and an RFQ for an owner's representative. In response to her question, the Executive Director confirmed to Commissioner Metzger-Utt that bids were solicited for a construction contracting firm to undertake projects related to the RAD; he also explained the different oversight roles the State Housing Finance Commission and HUD assume with the RAD process.

The next topic covered in the Executive Director's report was the status of Senior Services of Snohomish County's offer to sell the Authority up to eleven properties within its jurisdiction. This consisted of four tax credit buildings, for which the Board was to be asked later in the meeting for permission to execute purchase and sale agreements, six HUD 202 properties, and a 21 unit complex, The Cottages. Legal firm Foster Pepper had reviewed the purchase and sale agreements prior to this meeting. Mr. Lommers-Johnson provided some detail about these planned acquisitions, including slides with exterior shots of the buildings. He noted that the compliance period has expired on two of the tax credit properties, with another set to expire at the end of the year. Plans called for the resyndication of these properties upon expiration of the tax credit commitment. The tax credit sites range between \$51,000 and \$59,000 in per unit cost; this is a reduced price, given that the 202 units are part of the offering.

Commissioner Taylor asked why Senior Services' is selling these properties. Mr. Lommers-Johnson responded that the organization wanted to concentrate on its mission of providing services, rather than managing housing. It currently contracts with a property management firm, Coast, to take on that function. Legal counsel Lorna Corrigan questioned if any of these buildings had age or disability restrictions that would carry over to the new owner. Mr. Lommers-Johnson said that was the case for both the HUD 202s and tax credit buildings. He noted that when EHA refinances the properties with LIHTCs, management will likely need to change the area median income eligibility requirements, but will negotiate with WSHFC for that.

The next topic covered in the Executive Director's report was an update on the federal budget deliberations, and the impact these would have on EHA's programs. Congress approved the 2014 appropriations bill, translating into Section 8 funding increases across the board, including an increase in the admin fee proration, from 69% to a 75%. HAP rental subsidies were slated to be funded at 100% of the previous year's level, and Mr. Lommers-Johnson noted that this was particularly good news; the Authority chose to cover the \$1 million funding shortfall from sequestration cuts with its own reserves last year, meaning it will receive full funding for its allocated Vouchers this year. The Public Housing operating fund was to see an increase in the amount of prorated funding, from a 73% for 2013 to 85% for 2014, representing a \$220,000 increase.

Mr. Lommers-Johnson talked about budget issues at the state level that would affect housing, most notably the lack of a foreseeable increase to the Housing Trust Fund, which has traditionally supplemented 9% tax credit funding for affordable housing projects, including the Pivotal Point project. All available Housing Trust Fund money was to be targeted at rural areas, presenting the opportunity for EHA and other housing authorities that have access to other resources to compete for 9% tax credits. Mr. Lommers-Johnson concluded by noting the annual audit by the State Auditor's office would be completed in about a week, concluding with an exit interview to discuss the audit results. He intended to notify the commissioners

of the interview ahead of time. No audit issues were anticipated, making this the twenty-first year without an audit finding for the Authority.

### **Public Comments**

No public comment was offered.

### **Consent Agenda**

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

1. Section 8 Payments for the months of November, December 2013
2. Summary of Vouchers for the months of November, December 2013

### **Items for Individual Consideration**

#### ***Resolution No. 1345 Authorizing Disposal of Obsolete/Surplus Maintenance Items***

This resolution authorized an advertised sale for the disposal of unused maintenance items, with unsold items to be donated to Habitat for Humanity. Assistant Director of Procurement and Contracts Brenda McLeod noted that good inventory control required purging items that had not been issued in three or more years. An exhibit to this resolution contained the list of these surplus inventory items, compiled by maintenance staff; it also listed obsolete computers and monitors, added by Computer Services Coordinator Paul Erickson. Chair Ryan felt this level of detail was unnecessary, as any proceeds from the sale was outweighed by the staff time it took to compile the list and prepare the items for sale. Counsel Lorna Corrigan said she would discuss ways to develop a new, less time consuming process for disposing of these items in the future.

Commissioner Metzger-Utt moved that the resolution be adopted. Commissioner Perez seconded the motion, which passed unanimously.

#### ***Resolution No. 1346 Authorizing Changes to the Frequency of Administration of the Accountability Audit Report by the State Auditor's Office***

Finance Director Jill Stanton related that at the entrance meeting for the current annual agency audit, the State Auditor's office presented management with the option of having the accountability portion of the audit move to a two year cycle. This component of the audit was separate from the financial report portion; it evaluated the agency's controls and safeguards over its assets, and measured compliance with laws and regulations outside of HUD. The annual accountability audit was a State requirement, not something provided for by HUD. Moving to a two year audit cycle would not affect the period of time covered by the audit, only the frequency of the audit itself. This was projected to save 100 hours in audit hours, saving the Auditor's office and EHA money in the process.

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

A discrepancy in versions of the meeting agenda packet was discovered at this point in the meeting. Legal counsel Lorna Corrigan advised that the version distributed to the Board, which listed Resolution No. 1347 as an addition to the agenda rather than the next order of business, be followed.

***Motion to Approve Group Medical, Dental, and Life Insurance Policies***

Finance Director Jill Stanton said it was necessary to execute new employee medical, dental, and life insurance policies, as these were up for renewal as of February 1. Group Health's original proposal represented an increase in cost to the current medical plan, leading management to request a proposed plan at the current rate. This resulted in some minor benefit reductions, including an increase in the deductible and out of pocket maximums, as well as the cost of prescription plans. Ms. Stanton noted management must ensure the employee medical policy was structured to keep costs stable, in order to avoid penalties under the provision of the federal Affordable Care Act, set to phase in next year, on "Cadillac" plans. Ms. Stanton and Director of Housing Management Dean Weitenhagen previously met with representatives from both employee unions, which approved the new medical plan under Group Health without the need for a vote.

Director Stanton said the current dental company was unwilling to renew the existing plan, but a new company proposed coverage for the coming year at a slightly reduced price. Life insurance was to continue with the same company at no cost increase for a two year renewal.

Commissioner Metzger-Utt moved to approve the proposed action to accept the renewal proposal from Group Health, for the Alliant Plus medical program, accept dental coverage at the same benefit level from a new company, Standard, and renew the current life insurance policy for a two year period. Commissioner Perez seconded the motion, which passed unanimously.

***Motion to Approve Creation of FSS Project Coordinator Position***

Resident Services Manager Teena Ellison informed the Board that a grant from the non-profit Building Changes made it possible to restore the Family Self-Sufficiency program, which would require hiring an FSS Coordinator to manage it. The revamped position was advertised with more extensive job responsibilities, owing to more intensive case management requirements. Commissioner Metzger-Utt asked whether the position would be phased out upon expiration of the grant from Building Changes; Ms. Ellison anticipated the program would establish a track record of success in its first year that would make it eligible for a HUD grant once the current grand expired. She planned to make income progression a focus of the new FSS program, knowing that this area would be one of the main criteria HUD would evaluate when reviewing FSS grant applications.

Commissioner Rastovich moved to approve the hiring of a full-time FSS Project Coordinator. Commissioner Metzger-Utt seconded the motion, which passed unanimously.

***Motion to Approve Creation of a Full-Time Temporary Position for a Relocation Specialist***

Executive Director Lommers-Johnson explained that relocation activities for the two developments converting to the RAD program, Bakerview/Grandview and

Pineview/Affordable Housing, would require a person to coordinate the relocation of residents, both temporarily and on a permanent basis, as renovations of those developments took place. This would include on-site and off-site relocation, given that some clients would be over-income for these properties and require permanent relocation once tax-credit funded renovations were completed. Mr. Lommers-Johnson noted that the scope of this undertaking would require hiring a full-time staff Relocation Specialist, on a temporary eighteen month to two years basis. It was noted that future development activity, such as at the planned acquisition of the Senior Services properties, would likely lead to the need for a longer tenure.

Commissioner Perez made a motion to approve the hiring of a full-time, temporary Relocation Specialist. Commissioner Mierke seconded this motion, and it passed unanimously.

***Motion to Approve Request for Additional Funding for Board Retreat and Training in 2014***

The Executive Director said the current budget underestimated the cost of a Board retreat, which was originally planned for the first half of the fiscal year, but a realistic timeframe put that at March or April at this point in time. He envisioned a two to a two and one half day retreat, involving both a training program related to Board member responsibilities regarding HUD programs and a strategic planning retreat, with topics included in a memo in the meeting agenda. Estimates for costs, including a meeting space, lodging, and the services of a trained facilitator had resulted in increased funding, up to \$8,500 total, which was more than originally budgeted.

Commissioner Mierke moved to approve the additional funding for the Board retreat and training in 2014. Commissioner Perez seconded the motion, which passed unanimously.

Following the vote on this item, Chair Ryan questioned whether there was a reason it needed to involve overnight and whether it could occur at a local venue. Mr. Lommers-Johnson stated that overnight would provide more time for the Board to be involved in the heavy agenda decision making involving large amounts of money and more concentrated thought. Mr. Lommers-Johnson stated that although it might be possible to drive, it would be more favorable to spend the night. Chair Ryan asked if overnight retreats would be customary going forward, and the Executive Director doubted it would be more frequent than every three to five years. Commissioner Metzger-Utt concurred with the executive director's assessment of the situation and was supportive of a longer retreat. She advocated getting a related survey out, such as on SurveyMonkey.

***Motion to Approve Request for Employee Event Funds for Calendar Year 2014***

Hearing Officer/Administrative Coordinator Chris Neblett presented the annual request to the Board for the funding of employee events for the calendar year. The estimated cost of events increased by \$2,000 from last year, due to the addition of the Celebration of Achievement event to kick off the fiscal year. He noted that the traditional end of the year staff appreciation breakfast was postponed, due to the level of activity, leaving \$750 from last year's budget to apply to this year's events, resulting in a total of \$6,750 requested for approval this year.

Commissioner Perez moved to approve the employee appreciation events budget for 2014. Commissioner Mierke seconded the motion, which passed unanimously.

***Resolution No. 1347 Changing Location of Regular Board Meetings on a Temporary Basis***

This resolution was required, as a standing resolution identifies the main Colby office as the location of meetings, but that office is currently unavailable due to renovations. Chair Ryan asked Executive Director Lommers-Johnson how long meetings would take place at Baker Community Center, and he replied that it could possibly move back for the February meeting, depending on the pace of renovations, but he expected to return to Colby in March. Mr. Lommers-Johnson then spent a moment reviewing the three phases of the Colby office renovation.

Commissioner Perez commented that he would be happy if meetings took place at Baker Community Center through March, as this would allow enough time for the renovations to take place before meetings returned to the Colby office.

Commissioner Metzger-Utt moved that the resolution be adopted. Commissioner Mierke seconded the motion, which passed unanimously.

***Resolution No. 1348 Authorizing Execution of Documents Related to Purchase of Four Properties Currently Owned by Senior Services of Snohomish County***

Executive Director Lommers-Johnson said the resolution provided for approval to authorize execution of documents related to the purchase of four tax-credit properties, offered by Senior Services of Snohomish County. The properties were identified as Meadows I, II, and III, and Lakewoods II. He believed their acquisition was consistent with the Board's objectives for the current budget period. A legal counsel with Foster Pepper reviewed and approved the purchase and sale agreements for these properties, and Mr. Lommers-Johnson requested the Board's approval to execute them. Upon execution, these agreements provide for a 45 day due diligence period, followed by a 60 day period for the Authority to secure financing, anticipated to take the form of interim 3 year funding as a single loan for all four properties through an existing lending partner. The financing proposal also included some seller financing, and \$1.5 million from the Authority's unrestricted cash reserves. Chair Ryan inquired why Senior Services was interested in assisting us with seller financing. Finance Director Stanton said it fit in with that organization's goal of divesting itself of these properties on schedule, with the understanding that the Authority will eventually move to syndicate these tax credit properties into longer term financing.

Commissioner Metzger-Utt moved that the resolution be adopted. Commissioner Perez seconded the motion, which passed unanimously.

***Motion to Approve Hiring of Additional Asset Manager***

Executive Director Lommers-Johnson said the acquisition of the properties from Senior Services would increase the Authority's housing inventory by 46 percent, requiring the addition of an Asset Manager to oversee operations there. As a condition of the sale, Senior Services requested for Coast to remain the property management firm for twelve months after this purchase. Mr. Lommers-Johnson said of the three asset managers that are part of the organizational structure, one position remained unfilled, with two qualified candidates. Management would like to offer positions to both, including the current opening. One of the

candidates had strong experience managing HUD 202 properties, making this individual the choice to fill the new asset manager position. Funding for this position was expected to come from operating revenue for these properties.

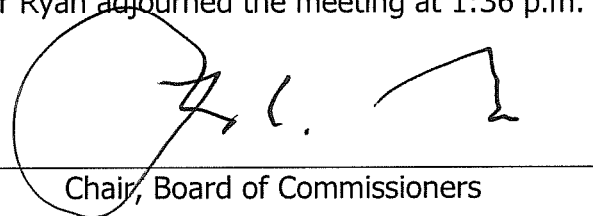
Commissioner Mierke moved to approve the hiring of an additional Asset Manager. Commissioner Perez seconded the motion, which passed unanimously.

Prior to adjournment, Executive Director Lommers-Johnson expressed a desire to meet with a committee of two or more Board members every two or three weeks, for the purpose of providing updates on the RAD conversion process. He was not certain whether this would require a motion to effect this. Legal Counsel Lorna Corrigan said that this would require a resolution, describing the function of the committee as informational versus decision making. The Executive Director said he would bring a resolution to the next meeting to create such a committee.

Chair Ryan reminded the Board that it was time to begin discussing the executive director's review process, in order to have that completed by April. After a discussion as to how to best do this, legal counsel Lorna Corrigan said it would be best to plan out how to go about the review process in executive session. It was determined this would take place at the next meeting of the Board of Commissioners.


### **Adjournment**

There being no further business to discuss, Chair Ryan adjourned the meeting at 1:36 p.m.



Chair, Board of Commissioners

ATTEST:



Secretary