



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

November 9, 2015

Meeting Called to Order

The Annual meeting of the Board of Commissioners of the Housing Authority of the City of Everett was called to order by Chair Michele Rastovich following lunch, at 12:04 p.m. on Monday, November 9, 2015 at the Authority's main office, 3107 Colby Avenue, Everett, Washington.

Commissioners Present at Roll Call:

Chair Michele Rastovich
Commissioner Maddy Metzger-Utt
Commissioner John Mierke
Commissioner George Perez, Jr.

Commissioners Absent:

Commissioner Lyle Ryan
Commissioner Todd Taylor

Also in attendance were:

Staff:

Ashley Lommers-Johnson, Executive Director
Rick Dorris, Ass't. Ex. Director/Dir. of Development and Acquisitions
Jill Stanton, Finance Director
Steve Yago, Director of Housing Programs
Wendy Westby, Director HCV Program
Teena Ellison, Director of Resident Services
Erica Dias, Deputy Director of Housing Programs
Katie Ulvestad, Executive and Development Assistant
Chris Neblett, Hearing Officer/Admin Coordinator

Guests:

Seth Cooper, Legal Counsel
Kathy Wade, Co-Chair, Broadway Plaza Resident Council
Wendy McClure, Neighborhoods Coordinator, City of Everett
Mariya Gerasimova, Everett Housing Authority Resident
Nelya Gerasimova, Daughter of Mariya Gerasimova

Approval of Minutes

Chair Rastovich called for approval of the minutes for the Regular Meeting held on August 24, 2015. 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.

Election of Officers

Chair Rastovich called for nominations for officers for the next year, as there was not an available slate of candidates. Commissioner Perez nominated Commissioner John Mierke to serve as Chair. Commissioner Metzger-Utt nominated Commissioner George Perez to serve as Vice-Chair. Commissioner Metzger-Utt moved to accept this proposed slate, and Commissioner Perez seconded the motion. Upon being put to a vote the motion passed unanimously, electing Commissioner Mierke as Chair and Commissioner Perez as Vice-Chair.

Agenda Revision

Chair Rastovich called for a motion to add Resolution No. 1404, authorizing the formation of SSSC Senior Housing Portfolio, to the meeting agenda. Commissioner Metzger-Utt moved to approve this revision; Commissioner seconded the motion, which passed unanimously.

Communications

Kathy Wade, Co-Chair of the Broadway Plaza Resident Council, gave a report on the resident council's latest activities. This included hosting a daily coffee event (with a "Meet the Resident Council" segment on Tuesdays), planning for the annual fundraiser, and the adoption of a family for the holidays through a local non-profit. Ms. Wade said the council continued to sponsor a monthly potluck for residents, with the next one scheduled for 4 p.m. on November 14th. The commissioners were invited to attend this event.

Chair Rastovich introduced Wendy McClure, the city of Everett's Neighborhoods Coordinator, who presented the Monte Cristo award to Grandview Homes resident Mariya Gerasimova. This award recognizes city residents and business owners for their efforts at maintaining visually appealing landscaping and exterior spaces: Ms. Gerasimova was nominated by residents of the Delta Neighborhood for her flower garden. She was unable to attend the presentation ceremony at the Performing Arts Center, so Resident Services Director Teena Ellison arranged for the award to be presented at this meeting. Ms. Ellison encouraged everyone to look for Ms. Gerasimova's garden when passing through the Grandview neighborhood. Executive Director Ashley Lommers-Johnson thanked Ms. Gerasimova on behalf of the agency, observing that her efforts to improve the attractiveness of her neighborhood complimented the major tax credit financed renovations that have occurred under the RAD program.

Executive Director's Report

Executive Director Ashley Lommers-Johnson began by recounting his recent trip to the NAHRO National Conference in Los Angeles, where he was accompanied by Chair Rastovich, Commissioner Perez, and other agency personnel. He noted that EHA was the only agency there from the Northwest to receive a National Award of Excellence: for Pivotal Point apartments, within the category of Program Innovation in Affordable Housing. Two other EHA activities were also nominated for this award, under other categories. Chair Rastovich spoke up to say the Ethics for Commissioners training offered at the conference was top notch, and she was proud to have been able to represent a standout agency like EHA as an attendee.

The Executive Director went on to discuss the status of Federal funding of subsidized housing programs for the upcoming fiscal year, including pending legislation in the House that may allow the agency to increase its allocation of Project-Based Vouchers. Also covered was EHA's request to HUD for set-aside funding for the Housing Choice Voucher program through the end of the year. This funding shortfall was a result of HUD's decision to increase area Fair Market Rents (FMRs) twice over the past twelve months – with a third bump possible once final FMRs were published – and the resulting, unplanned increase to HCV program payment standards. Mr. Lommers-Johnson said HUD was noncommittal when EHA called its attention to this projected shortfall last April; however, it has since agreed to fund the HCV program through the end of the year, except for 22 recently issued, un-leased Vouchers. Since most of these new Voucher holders were homeless, management had decided to establish a local voucher program at a cost of less than \$100,000, funded with HCV program administrative fee reserves. The Executive Director said Federal funding for the Public Housing and HCV program subsidies would be brought back up to pre-sequestration levels going into the next fiscal year, although administrative fees for both programs could decrease. Mr. Lommers-Johnson said the longer term Federal funding outlook was less encouraging, as entitlement programs were expected to grow at the expense of discretionary programs. This made it all the more imperative for EHA to come up with alternate means for funding its housing programs.

Mr. Lommers-Johnson continued his report with an update on RAD Construction activity. Renovation costs for the ten properties associated with two tax credit partnerships totaled approximated \$23.5 million. The majority of renovations were expected to be complete by Thanksgiving--one month ahead of schedule – and the landscaping was expected to wrap up by end of year. Plans were also moving forward for the construction of a community building at Grandview Homes, to be referred to as the Clubhouse. The Executive Director concluded this portion of this report by recognizing that those who were directly involved in the RAD construction effort had worked extremely hard over past 14-15 months. He said the majority of residents seemed extremely pleased with the property renovations.

The Executive Director then turned to the status of the applications to HUD for the demolition/disposition of Baker Heights and the Scattered Sites. He said management had met with residents of Baker Heights a couple of weeks ago, to advise them that the Agency Five Year Plan provided for the demolition and/or disposition of Baker Heights, and to receive comment and answer questions. Mr. Lommers-Johnson said management's preferred option was to sell Baker Heights "as is," without having to demolish the existing buildings beforehand, and a consultant in Washington, D.C. had been employed to facilitate

this approach. The Executive Director said he had met twice with the Mayor of Everett and a representative of Washington State University, to discuss the latter's interest in acquiring Baker Heights. Mr. Lommers-Johnson said management was working hard on a disposition application for this property, which he hoped to have submitted to HUD within the next two months. He said the current plan for the disposition of the Scattered Sites was to sell all but the 6-bedroom units and purchase a replacement property for the displaced residents.

The Executive Director concluded his report by asking Rick Dorris, Director of Development and Acquisitions, to review the main points of the planned tax credit re-syndication of the Meadows I, II, III, and Lakewoods II. Mr. Dorris said all of these buildings were outside of their respective tax-credit compliance periods their purchase in late 2014. Related steps taken to date included completion of a four percent tax credit application and the submission of an RFP for both lenders and investors, with the most favorable bid expected to generate \$12.4 million in tax credit equity. Mr. Dorris provided salient figures for the tax credit re-syndication project in regard to financing, construction loans, and anticipated net income at the conclusion of the construction renovation process. He said that an omnibus resolution giving the Executive Director the authority to sign documents and execute agreements relating to all aspects of the tax credit re-syndication of these properties would likely be ready in time for the next regular Board meeting, but a special meeting would be called if necessary.

Public Comments

None

Consent Agenda

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

1. Section 8 Payments for the Months of August, September 2015
2. Summary of Vouchers for the Months of August, September 2015

Items for Individual Consideration

Resolution No. 1400 Adopting New Procurement Policy

Director of Finance Jill Stanton said new guidance from the OMB for agencies that administer federal awards required the adoption of an updated procurement policy. She observed this new procurement policy focused less on procedures than the previous one, thereby minimizing the need for future revisions.

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

Resolution No. 1401 Adopting Payment Standards for the Housing Choice Voucher Program

HCV Program Director Wendy Westby noted that the area Fair Market Rents (FMRs) HUD publishes each year serve as the basis for determining payment standards, or the maximum amount of subsidy paid for any bedroom size less the tenant's share of rent. Regulations permit the Housing Authority to set its payment standards at between 90 and 110 percent of these FMRs. Ms. Westby said that HUD had yet to publish the final FMRs. The proposed FMRs were at the level that would require an adjustment to EHA's payment standards, presumably effective October 1. In order to prevent a backlog of work, management was requesting that the Board adopt new payment standards equal to 90 percent of the proposed FMRs. In the event the final FMRs were higher, payment standards would automatically adjust to 90 percent of those amounts, without the need for further approval. In the event they were lower, payment standards would remain as proposed.

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

Resolution No. 1402 Authorizing Use of Reserve Funds for a Local HCV Program

HCV Program Director Westby said this resolution authorized the creation of a temporary local voucher program, which was needed to fund vouchers that had been issued but were not yet under contract by October 6, 2015, through the end of the year. HUD was not willing to pay for these vouchers as part of its emergency shortfall funding; therefore, management planned to use administrative fee reserves to cover additional vouchers from October 6 through December 31. HUD was expected to absorb the cost of these additional vouchers at the start of the new calendar year.

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

Resolution No. 1403 Approving Section 125 Cafeteria Plan for 2016

Finance Director Stanton said a new iteration of the cafeteria plan resolution was required each year, in order for employees to be able to have their portion of medical premiums deducted from pre-tax dollars.

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

Resolution No. 1404 Authorizing the Formation of SSSC Senior Housing Portfolio

Director of Housing Management Steve Yago said this resolution authorized EHA to act as the designated agent for the respective nonprofit corporations that govern eleven HUD 202 apartment complexes in South Everett, a role formerly assumed by Senior Services of Snohomish County. It also provided for a reorganization of the governing boards for each HUD 202 corporation, replacing the current directors with four EHA commissioners, an EHA employee, a Senior Services Board member, and a resident.

This resolution also granted the Executive Director the authority to execute other legal documents necessary to finalize the transfer of oversight of the HUD 202 complexes from Senior Services to EHA.

Executive Director Lommers-Johnson clarified that the same directors would serve on each of the HUD 202 nonprofit governing boards, with a single annual meeting of all eleven boards. He said that EHA was committed to continue to operate these complexes as senior housing, but it hoped to see a change to HUD regulation in the future that would make them eligible for tax credit financed renovations. The Board agreed to determine which commissioners would serve on the 202 nonprofit boards at a special meeting planned for December.

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

Motion to Approve Contract for a New Banking Vendor

Finance Director Stanton said management had become progressively more dissatisfied over time with Bank of America's level of service and high fees. BofA was unresponsive to the agency's concerns regarding these issues, causing management to put out an RFP for a vendor to provide general banking services. Subsequent proposals and interviews showed Opus Bank to be the best candidate, resulting in the current request for the Board to authorize a three year contract with that vendor. The current agreement with BofA required 90 days' notice to cancel, requiring the maintenance of concurrent accounts with both banks for a short period of time.

Commissioner Perez moved to grant authorization for the Executive Director to sign a contract with Opus Bank for general banking services. Commissioner Mierke seconded the motion, which passed unanimously.

Motion to Approve New Positions and Non-Union Salary Category

Executive Director Lommers-Johnson said a marked increase in the scope of the agency's operations and assets had created the need for a Deputy Executive Director. He observed that in this time of transition, Finance Director Jill Stanton had already assumed a number of duties and areas of oversight outside of her current job description, including managing the agency's human resources function. With this promotion, Ms. Stanton would become one of two positions that could be designated as Acting Executive Director whenever necessary -- the other being Assistant Executive Director Rick Dorris. Mr. Lommers-Johnson said the additional job duties that came with this new position would require increasing the range of pay within the corresponding salary category. This would not require additional budget authority, as the Human Resources Manager position was eliminated upon Gwen Danforth's retirement, replaced by a Human Resources Analyst reporting directly to Jill Stanton. As a point of clarification, it was noted this new job title would be added to Ms. Stanton's existing title instead of replacing it: i.e., Deputy Executive Director/Director of Finance.

Executive Director Lommers-Johnson also requested Board approval for a temporary full-time Housing Choice Voucher auditor position. He said this position was needed to audit 100 percent of the Housing Choice Voucher Program's participant files over the next twelve months, to ensure the agency regained high performer status on the next SEMAP audit. Funding for this position was to come from the HCV program administrative fee reserve, with plans to have a hire in place sometime in December.

These recommended actions were presented as the following two motions:

Motion No. 1: Approving the creation of a Deputy Executive Director position, with an attendant salary range [Classification C] up to \$11,475 monthly. Commissioner Metzger-Utt moved to approve the proposed staffing change; Commissioner Mierke seconded, and the motion passed unanimously.

Motion No. 2: Approving the creation of a full-time, temporary HCV Auditor, with a salary classification K. Commissioner Mierke moved to approve the proposed staffing change; commissioner Perez seconded, and the motion passed unanimously.

Acceptance of Executive Director's Report on Write-offs of Tenant Accounts Receivable

Assistant Finance Director Wendy Abbey presented the annual report of unpaid tenant account balances written off for the fiscal year ending June 30. She noted that write-offs totaled less than one half of one percent of rent charged for the period, which could be the result of the improving economy.

Commissioner Metzger-Utt moved to accept the Executive Director's report on write-offs of tenant accounts receivable for the fiscal year ending June 30, 2015. Commissioner Perez seconded the motion, which passed unanimously.

Policy Discussion

Review of Quarterly Financial Reports

Executive Director Lommers-Johnson opened this segment of the meeting by noting that Everett Housing Authority's bylaws required Board approval of quarterly financial reports. Due to time constraints, the quarterly financial reports were to be presented at this meeting, with Board approval to follow at an upcoming special meeting. Assistant Finance Director Abbey presented the first quarter reports for the Core Properties and nine month reports for the Tax Credit Properties.

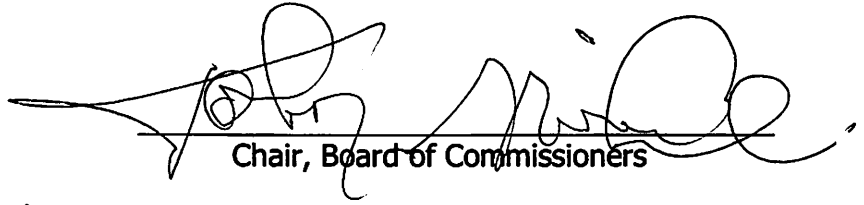
PERC Complaint

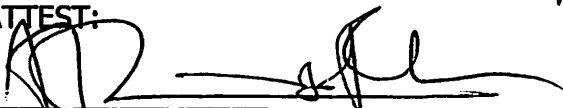
Executive Director Lommers-Johnson informed the Board that the Teamsters Union bargaining unit representing the maintenance employees had filed an unfair labor practices complaint with the Washington State Public Employment Relations Commission (PERC) against the agency. This complaint consisted of five separate points, none of which had been raised earlier through the established grievance

process. He noted that the agency was using legal counsel Foster Pepper to respond to this complaint, and had filed its own complaint. He said that the Board would be kept updated as things developed.

Adjournment

There being no further business, Chair Rastovich adjourned the meeting at 1:47 p.m.


Chair, Board of Commissioners

ATTEST:

Secretary