



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

March 25, 2019

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 Maddy Metzger-Utt following lunch, at 12:09 p.m. on Monday, March 25, 2019 at the Authority's main office, 3107 Colby Avenue, Everett, Washington.

Commissioners Present at Roll Call:

Chair Maddy Metzger-Utt	Commissioner John Mierke
Vice-Chair Allison Warren-Barbour	Commissioner Todd Taylor
Commissioner George Perez, Jr.	Commissioner Benjamin Young

Commissioners Absent:

None

Also in attendance were:

Staff:

Ashley Lommers-Johnson, Executive Director
John Forsyth, Director of Housing Operations
Steve Yago, Director of Acquisitions & Asset Mgmt.
Erica Dias, Acting Director of Development
Paula Kennedy, Human Resources Manager
Wendy Westby, HCV Program Director
Linda Baines, Deputy Director of Housing Management
Calista Cuellar, Assistant Finance Director
Brenda McLeod, Ass't. Director of Procurement & Contracts
Chris Neblett, Hearing Officer/Administrative Coordinator
Jaysen Garcia, Executive Assistant

Guests:

Lorna Corrigan, Attorney
Julie Frauenholtz, City of Everett
Lizz Giordano, Everett Herald

Public Comment

None

Communications

None

Executive Director's Report

Executive Director Lommers-Johnson deferred the first item on his report, appointment of an Assistant Executive Director, until a future meeting, pending further discussion with the senior management team. Regarding the next item, Mr. Lommers-Johnson reported 55 of 244 units at Baker Heights were now occupied. He anticipated all remaining residents would be relocated by the end of September, in preparation for the property's disposition. The 3.61-acre portion of Baker Heights set aside for redevelopment was currently vacant, and the Executive Director noted that Director of Acquisitions and Asset Management Yago was working on a financing plan for this project, which will include applying for both 4% and 9% tax credits. The Executive Director said a Memorandum of Understanding with Washington State University committed the school to purchasing 10 acres of Baker Heights, and WSU had requested a \$10 million allocation from the state legislature for that purpose. Mr. Lommers-Johnson said by late April it should be known how much of the requested amount will be granted. In the time between acquiring the property and executing its own development plans, WSU will lease the units at Baker Heights through a third party, with rent proceeds going to the Housing Authority per the terms of a seller note.

The Executive Director next discussed renovation plans for the Colby office, which will be financed through the Public Housing Capital Fund grant. Planned renovations will include expanding the current large conference room to accommodate offices, cubicles, and a smaller conference room; a complete renovation of existing restrooms; installing an elevator to the downstairs file room, which will be repurposed to contain a large conference room and restrooms; and moving the files into the adjacent room that once served as the boiler room. The estimated total cost of these renovations will be \$989,000. Mr. Lommers-Johnson explained that the Colby and Facilities offices are currently under the Public Housing ACC, so it will be necessary to request HUD to transfer ownership of both buildings to the Housing Authority once the exit from the Public Housing program has been completed. He was confident that such a request will be approved.

Concluding his report, the Executive Director said HUD recently proposed opening the Rental Assistance Demonstration (RAD) program to PRAC 202 senior housing. In the event this goes through, the Housing Authority will look to convert the eleven 202 properties under its control to RAD Project Based Vouchers with tax credit financing, in the same vein as the conversion of former Public Housing developments Bakerview, Grandview, and Pineview. Turning to the last topic, Mr. Lommers-Johnson said a resident satisfaction survey was administered earlier this month to residents served by housing operations staff. Three questions were specific to housing management, three to maintenance, and three to resident services. He provided a handout showing the survey results, which showed satisfaction levels in all areas ranging in the 90th percentile.

Consent Agenda

Chair Metzger-Utt called for a motion to remove approval of the minutes of the regular meeting held on February 25, 2019 from the consent agenda. Commissioner Warren-Barbour moved to remove this item, Commissioner Young seconded, and the motion carried unanimously. Chair Metzger-Utt next called for a motion to approve the revised consent agenda, which contained the following items:

1. Section 8 Payments for the Months of January, February 2019
2. Summary of Vouchers for the months of January, February 2019
3. Renew Earthquake Insurance for Broadway Plaza, Wiggums Park Place
4. Authorize Executive Director to Execute a Contract for Phase Two of Baker Heights Clear Boarding Project

Commissioner Perez moved to approve the consent agenda as revised, Commissioner Mierke seconded, and the motion carried unanimously. Next, Commissioner Warren-Barbour moved for approval of the minutes of the regular meeting of February 25, 2019, contingent on removing the first three sentences from the second paragraph under the heading "Item for Discussion – Resolution of Employee Grievance." Commissioner Mierke seconded the motion, which carried unanimously.

Items for Individual Consideration

Resolution No. 1470 Adopting 2019 Annual Plan

Hearing Officer/Administrative Coordinator Neblett said this resolution formalized Board approval of the Annual Plan effective July 1, 2019, which was presented in draft form at a public hearing held during the February regular meeting. The next step will be to submit the Plan to HUD for approval. In response to questions from the commissioners, he confirmed that this was the last Annual Plan in the current Five-Year Plan cycle, and that no outside feedback was received on the Plan, either during the public comment period or since the public hearing on the proposed Plan.

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

Resolution No. 1471 Appointing a Director to HUD 202 Nonprofit Corporations

Hearing Officer/Administrative Coordinator Neblett explained that each of the eleven HUD 202 senior housing complexes managed by the Housing Authority is registered as a nonprofit corporation with the Secretary of State and governed by a board of directors, the members of which are appointed by the Housing Authority's Board of Commissioners. This resolution served to appoint Commissioner Mierke as a director to each 202 board, in order to fill the vacancy created by the resignation of Commissioner Michele Rastovich. It also reappointed the existing directors to new terms on each 202 board.

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

Resolution No. 1472 Adopting Updated Housing Authority Procurement Policy

Executive Director Lommers-Johnson said the Housing Authority has discretion to update its Procurement Policy to reflect periodic changes to the Federal purchasing thresholds for goods and services. Based on a recent such change, management was seeking to increase the threshold for micro-purchases (purchases exempt from the bid process) from \$3,500 to \$10,000. Management also hoped to raise the simplified acquisition (small purchase) threshold, which sets the limit for contracting authority not subject to Board approval, from \$100,000 to \$250,000. Mr. Lommers-Johnson did not expect the significant hike to the small purchase threshold would compromise the integrity of the procurement process, given that the Procurement Policy contains safeguards specific to the bid process and other internal controls.

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

Policy Discussion

Reserve Policy: Asset Management Plan -- Capital Replacement Reserves, Operating Reserves

Executive Director Lommers-Johnson began by saying that that the Housing Authority currently does not have a formal reserve policy, and he observed that such a policy would assist the Board in making decisions relative to its primary roles of oversight, budget approval, strategic planning, and policy making. A reserve policy will apply to the discretionary reserve accounts that are not currently subject to policies set by HUD, lenders, and tax credit partners. In addition, reserve accounts and related policies needed to be established for a couple of properties that were without reserves. The Executive Director discussed the funding of and restrictions on utilizing the Public Housing and Voucher program reserve accounts, then turned the floor over to Assistant Finance Director Cuellar to talk about the tax credit properties.

Assistant Finance Director Cuellar provided an overview of the financial considerations applicable to the operation of a tax credit property, including the mandatory replacement and operating reserve accounts. She explained the function of each in detail and noted that it was important to ensure that a partnership agreement provide for both accounts to revert to the Housing Authority at the end of the syndication period. Next, Director of Acquisitions and Asset Management Yago discussed the regulatory requirements around the replacement reserve accounts for HUD 202 housing (elderly, 62+). He noted that HUD has only sufficiently funded capital needs for FHA insured 202 properties; since only two of the eleven such properties in the Housing Authority's portfolio meet this criterion, it remained a priority to convert these properties to the RAD program if the opportunity presents itself. Mr. Yago also noted that HUD regulations do not allow for an accumulation of operating reserves for the 202s, which has also presented a challenge that may be ameliorated by converting these properties to the RAD program.

Executive Director Lommers-Johnson informed the Board that gross underfunding of programs or a lengthy government shut down at the Federal level had the most potential to disrupt the continuity of Housing Authority operations. Taking into account that annual administrative operating costs total around \$8 million, the Board would need to decide the optimal amount of reserves to have on hand. Another point for consideration in developing a reserve policy will be what form reserves should take – entirely cash or a mixture of cash and credit – and how the refinancing of a property might fit into such a policy. The Executive Director recommended using the 15-20-year capital needs assessment as a reference point to determine the total amount of reserves required for the couple of properties without a lender or investor required reserves.

Concluding this segment of policy discussion, the Executive Director said he hoped this presentation provided a better understanding of the basic concepts the Board would need when directing the creation of a reserve policy. As a final point, he noted it would also be beneficial to develop an investment policy specific to the unrestricted cash reserves. This money was currently parked exclusively in the state government investment pool and earning almost no interest. An investment policy would establish a more diversified approach to managing this unrestricted cash, with a goal of tripling the current balance in order to acquire replacement housing for Baker Heights and Scattered Sites. The Executive Director proposed that this item should be discussed further at the next Finance Committee meeting.

Out of time considerations, Chair Metzger-Utt announced that the next policy discussion topic on the agenda, "Whom Do We Serve Part I: Local Preferences," would be deferred until a future meeting. She then announced that Commissioner Taylor had recently tendered his resignation and thanked him for his many years of service on the Housing Authority Board. Commissioner Taylor thanked his fellow commissioners and Housing Authority staff for the opportunity to serve and watch the agency grow over the past few years, relating that his work responsibilities had become such that he was no longer able to continue in this position. The Executive Director also expressed his appreciation for Commissioner Taylor's contributions as a Housing Authority commissioner.

Executive Session pursuant to RCW 42.30.110(1)(f)

Chair Metzger-Utt called for a motion to convene in Executive Session, pursuant to RCW 42.30.110(1)(f), for a period of twenty minutes., in order to evaluate a complaint against a public employee. Commissioner Young recused himself from the Executive Session, as this complaint predated his appointment as a commissioner. Commissioner Perez moved to convene in Executive Session, Commissioner Mierke seconded, and the Board adjourned to Executive Session at 1:26 p.m.

Reconvene Regular Session

At 1:46 p.m. the Board reconvened in public session, having taken no action in Executive Session. Chair Metzger-Utt began by calling for a motion concerning the untimeliness of a portion of the employee grievance. Commissioner Taylor moved to dismiss this first of a three-part grievance against the Executive Director because it was not presented within 10 working days of the event that gave rise to it, as required by the Personnel Policy. Commissioner Mierke seconded the motion, which passed unanimously.

Chair Metzger-Utt next called for a motion concerning the second part of the employee grievance. Commissioner Warren-Barbour moved to dismiss this portion of the grievance on two grounds: first, the employee's compensation was found to fall within the range for comparable positions based on a local market study; second, the Executive Director made a reasonable decision in setting the employee's compensation and had discretion to do so. Commissioner Taylor seconded the motion, which passed unanimously.

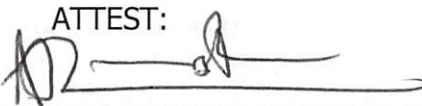
After further discussion, the Board decided that the third part of the employee grievance, relating to the issue of whether employees who share similar job titles are entitled to equal compensation and the starting point for such compensation, was covered under the previous motion, as these were also matters subject to the Executive Director's discretion.

Adjournment

There being no further business, Chair Metzger-Utt adjourned the meeting at 1:52 p.m.



Chair, Board of Commissioners

ATTEST:


Secretary