



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

June 22, 2015

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 Michele Rastovich following lunch, at 12:01 p.m. on Monday, June 22, 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.
Commissioner Todd Taylor

Note: Commissioner Lyle Ryan arrived shortly after roll call.

Also in attendance were:

Staff:

Ashley Lommers-Johnson, Executive Director
Rick Dorris, Director of Dev't. and Acquisitions
Jill Stanton, Director of Finance
Gwen Danforth, Human Resources Manager
Wendy Westby, Director of HCV Program
Brenda McLeod, Asst. Director of Procurement & Contracts
Wendy Abbey, Assistant Finance Director
Katie Ulvestad, Executive and Development Assistant
Chris Neblett, Hearing Officer/Admin Coordinator

Guests:

Mary Anne Dillon, YWCA Senior Regional Director of Snohomish County
Gina Enochs, former Project-based Housing Participant

Agenda Revision

Chair Rastovich called for a motion to add Resolution No. 1391, authorizing the reimbursement of certain expenditures related to the acquisition of the Oakes Apartments, to the meeting agenda. Commissioner Metzger-Utt moved to approve this agenda revision; the motion was seconded by Commissioner Ryan and passed unanimously.

Approval of Minutes

Chair Rastovich called for approval of the minutes for the Regular Meeting held on May 26, 2015. Commissioner Ryan moved to approve the minutes of this meeting, and Commissioner Taylor seconded the motion. Upon being put to a vote, the motion was passed and the minutes were approved.

Communications

None

Executive Director's Report

Executive Director Ashley Lommers-Johnson began his report by requesting Finance Director Jill Stanton to provide a year to date financial report for programs with a June 30th year end, and tax credit properties with a December 31st year end. After some introductory remarks, Ms. Stanton had Assistant Finance Director Wendy Abbey provide a detailed summary of the financial statements for these programs. This included the Central Office Cost Center (CoCC), for which unbudgeted personnel expenses resulted in an overall negative variance, requiring the planned reallocation of some expenses to other properties. The HCV (Section 8) program had a positive variance for the period, due to an increase in HUD's administrative fee and unfilled positions. The Public Housing program performed better than budgeted due to higher than expected rental income and lower payroll costs. Increased developer fees, especially those associated with Broadway Plaza, resulted in a positive variance for the Property Management and Development Fund. For the five tax credit properties there was an overall positive variance. Lower than budgeted construction expenses helped Pivotal Point to have a positive variance, and expenses for the RAD properties were in line with the budget.

Introducing the 2015-16 budget presentation, Director Lommers-Johnson reminded those present that the agency existed for the clients it serves. He then introduced Gina Enochs, a former participant in EHA's project based HCV program and Mary Anne Dillon, an executive with the Snohomish County YWCA and president of the Housing Consortium of Everett and Snohomish County. Mr. Lommers-Johnson said EHA partners with organizations like the YWCA through the project based HCV program, in order to provide supportive services to individuals like Ms. Enochs, who was invited to share her experience as a past program participant. She related her journey from homeless domestic violence victim and expectant mother with drug issues in 2004 to her present existence as a successful college graduate with a promising future and healthy relationships with her children. This was not an easy journey for her, and she

expressed thanks that EHA's project-based program's partnership with the YWCA's Parent to Parent program helped equip her with the tools needed to get her life back on track and set goals for a promising future.

Mr. Lommers-Johnson continued with some agency achievements from the past fiscal year, including the conversion of Public Housing units to the RAD program and associated financing that will provide \$24 million in renovations to over 400 units and additional replacement reserves. He went on to identify the budget priorities and objectives for 2015-16, which included but were not limited to strengthening the agency's organizational health, improving its customer service quality, and maintaining a high level of operational excellence.

Following the Executive Director's segment of the budget presentation, Finance Director Jill Stanton noted that the program budgets that Assistant Finance Director Wendy Abbey would review were properties and grant programs run on a fiscal year cycle ending June 30th, referred to collectively as the Core Properties. This included the HCV program, Public Housing, the Central Office Cost Center (CoCC), Property Management and Development Fund, properties acquired from Senior Services, two Affordable properties that did not go under RAD, and various other grants. Ms. Abbey noted that the total projected income for these Core Properties over the 2015-16 budget year would be approximately \$8.87 million, with a predicted \$8.77 million in expenses. . This budget provided for increased staffing within the agency, primarily due to new properties that have been added to the portfolio, as well as a slight decrease in the training budget.

Commissioner Metzger-Utt asked for an update on the plan for Baker Heights and any potential impact this might have on the budget. Executive Director Lommers-Johnson said management was still seeking approval of a disposition application for this site, with a subsequent transfer to an affiliate in order to retain control of it. He said that he had met with the Mayor within the past month regarding collaborative redevelopment plans for Baker Heights and the surrounding neighborhood, possibly in conjunction with Washington State University's plans for an Everett campus. The disposition of Baker Heights and relocation of its residents would not affect the budget, as HUD would provide relocation vouchers; however, Mr. Lommers-Johnson said a relocation plan needed to be submitted relatively soon, before HUD changed the rules and required replacement housing to be in place as a condition of disposition

As a final item under the Executive Director's report, Finance Director Jill Stanton gave an update on the negotiations with the Teamsters union for a new contract for the maintenance employees. The current contract was set to expire as of June 30th, but a one month extension had been agreed to, and Ms. Stanton said management was confident that a new contract could be negotiated within that time.

Public Comment

None

Communications

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 Month of May 2015
2. Summary of Vouchers for the Month of May 2015

Items for Individual Consideration

Resolution 1389 Adopting Budgets for FY 2015-16 for EHA Programs

Given the earlier presentation on this agenda item, the commissioners elected to proceed to a vote without further discussion.

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

Resolution 1390 Authorizing Acquisition of Oakes Apartments

Development and Acquisitions Director Rick Dorris said this resolution requested the Board's approval for management to purchase an apartment complex, consisting of two separate buildings with a total of sixteen units, located on Oakes Avenue in Everett and across the street from an existing EHA development. Mr. Dorris said a letter of intent to purchase this property had been issued, and the agency was seeking the Board's approval for the Executive Director to sign a purchase and sale agreement. This was planned as an initial cash purchase, with financing to come later. Rents were intended to be raised consistent with the market combined with an effort to ensure that current low-income residents are not forced to move and to attain favorable financing.

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

Resolution 1391 Authorizing the Reimbursement of Certain Expenditures Related to the Acquisition of the Oakes Apartments

Development and Acquisitions Director Dorris said EHA's plan to seek reimbursement of the cost of the purchase of this property through tax exempt financing at a later time required passage of this resolution, pursuant to IRS regulation.

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

Motion Approving Proposed Funding for the Construction of a New Community Center at Grandview

Development and Acquisitions Director Dorris said the two converted units that serve as the Grandview Community Center did not provide sufficient space for the 400 children that use it. This was especially true of the center's common room, where most activities for children and youth occur. Mr. Dorris said the original plan was to construct a new center with funds from the RAD contingency account, but it has since been found that this source cannot adequately fund a building project of this scale. Instead, the RAD money was to be applied toward landscaping, and unrestricted discretionary funds were to be used for the construction of a new community center. Mr. Dorris said the current community center would be restored to its original form of two dwelling units, which were to be rented at market rate. Net rental income from these two units was to be used to reimburse EHA a portion of construction costs for the new community center.

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

Motion Approving Performance Payments System Demonstration Program

Executive Director Lommers-Johnson requested the Board to approve this new initiative for a one year demonstration period, as a replacement to the provision of personnel policy that allowed for merit increases. He said the new system was designed to compensate employees for their performance on a year by year basis, rather than increasing the rate of pay on a permanent basis, as was the case with the current merit system. This new system was based on a quarterly evaluation of an employee's performance in meeting five measurable goals: those who reached three of the five goals would be receive a performance payment of up to one half percent of the employee's annual salary. Those who met this benchmark all four quarters would receive an additional payment, for a maximum of one and half percent of their annual salary. Questions from the commissioners included how intensive this new system would be to manage, as well as the response of the unions to the proposed new system. Mr. Lommers-Johnson said that the use of measurable criteria to evaluate individual performance would not make this a burdensome endeavor. He said the reaction from AFSCME and Teamsters was supportive, as it was viewed as a fair system.

Commissioner Ryan moved to approve the recommended one-year demonstration performance payment system with a maximum annual budget of 1.5% of total employee salaries. Commissioner Mierke seconded the motion, which passed unanimously.

Adjournment

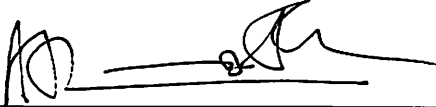
Executive Director Lommers-Johnson said the next regular meeting was planned for August 24th. The agenda for that meeting would include proposed changes to EHA's By-laws. There being no further business to discuss, Chair Rastovich called for a

motion to adjourn. Commissioner Metzger-Utt motioned to adjourn, Commissioner Perez seconded, and the meeting ended at 1:23 p.m.



Chair, Board of Commissioners

ATTEST:



Secretary