



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

May 19, 2014

Meeting Called to Order

The Special 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 12:00 p.m. on Monday, May 19, 2014 at the Authority's main office, 3107 Colby Avenue, Everett, Washington.

Commissioners Present at Roll Call:

Chair Lyle Ryan	Commissioner George Perez, Jr.
Commissioner Maddy Metzger-Utt	Commissioner Michele Rastovich
Commissioner John Mierke	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
Gwen Danforth, Human Resources Manager
Dean Weitenhagen, Director of Housing Programs
Brenda McLeod, Assistant Director of Procurement and Contracts
Teena Ellison, Resident Services Manager
Erica Koenig, Asset Manager
Wendy Abbey, Assistant Finance Director
Chris Neblett, Hearing Officer/Administrative Coordinator
Katie Ulvestad, Executive and Development Assistant

Guests:

Lorna Corrigan, Attorney
Seth Cooper, Attorney
Jim Brawner, Consultant (via telephone)
Keith Klaus, Bakerview Resident Council Representative

Guests (ct'd):

Kathy Wade, Broadway Plaza Resident Council Representative
Gary Haddenham, Broadway Plaza Resident Council Representative
Warren Hemminger, President, Pineview Resident Council;
Resident Advisory Board Representative
Rodica Istrate, Resident Advisory Board Representative

Agenda Revision

Chair Ryan called for a motion to amend the agenda, adding Items 7 through 9 (resolutions 1360-1362) to the Individual Consideration section of the agenda, and to make Items 7 and 8 the first items of discussion within that section. Commissioner Perez moved to approve this agenda change; the motion was seconded by Commissioner Rastovich and passed unanimously.

Approval of Minutes

Chair Ryan called for approval of the minutes for the Regular Meeting held on March 24, 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 Representative Keith Klaus said the resident council recently held a benefit raffle, and a "Mom and Pop" dinner was scheduled for June 7th.

Broadway Plaza Resident Council Representative Kathy Wade said the application for 501 c 3 nonprofit status for that organization was ready to file, pending the resident council's approval. The resident council was busy planning the annual Family Day celebration, with a focus on the 30th anniversary of Broadway Plaza.

Pineview Resident Council President Warren Hemminger said a mid-June barbeque for the residents was planned. He reported the recent election of four members to the resident council, and that it was also considering submitting an application for 501 c 3 nonprofit status. Mr. Hemminger concluded by commenting that the Authority's maintenance personnel were doing a great job.

When asked if she would like to give a report for the Resident Advisory Board, Rodica Istrate said she had nothing noteworthy to report. Hearing Officer/Administrative Coordinator Chris Neblett, the staff liaison to the RAB, said that the Executive Director attended its regular May meeting and gave an update on the RAD program. Resident Services Manager Teena Ellison was scheduled to speak at the next meeting of the RAB.

Chair Ryan confirmed with Executive Director Ashley Lommers-Johnson that his report would be moved to the end of the meeting, time permitting. As it was not yet 12:15 p.m., when Consultant Jim Brawner was scheduled to join the meeting for the purpose of discussing Resolutions No. 1360 and 1361, it was decided to proceed with the Consent Agenda.

Consent Agenda

Commissioner Taylor 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 March, April 2014
2. Summary of Vouchers for the months of March, April 2014

It was agreed to move ahead and call Mr. Brawner, who was available to provide information and answer any questions about Resolutions 1360 and 1361.

Items for Individual Consideration

Resolution No. 1360 Declaring Intent to Sell Bonds in an Amount Not Exceeding \$28 Million for Bakerview Apartments and Grandview Homes

Executive Director Lommers-Johnson said overall development and renovation costs for these properties under the RAD program would total \$55 million, an amount that would be almost equally split between equity from four percent tax credits and tax exempt bond financing. The majority of those bonds were planned to be paid off by the end of the construction period in 2015, with the remaining \$6 million converted to financing and paid off with proceeds from the operation of the properties.

Consultant Jim Brawner was present via conference call and answered some general questions Chair Ryan posed about the structure of the private debt placement, a thirty-five year term with an interest rate fixed by the market as of June 15. Mr. Brawner said the current interest rate was cited as 5.95 percent. There were no further questions.

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

Resolution No. 1361 Declaring Intent to Sell Bonds in an Amount Not Exceeding \$14.5 Million for Pineview and Scattered Site Portfolio Projects

Executive Director Lommers-Johnson said this resolution applied to the other RAD project, consisting of Pineview Apartments, a Public Housing development, and most of the Affordable Housing properties, referred to as the Scattered Sites for this purpose. This called for bond financing to cover roughly half of a total project cost of \$28 million. Like the other RAD project, Citi Bank was to act as lender and Royal Bank of Canada as the equity partner. Commissioner Metzger-Utt asked if the bonds for both projects would be issued as a single bond or as separate issuances, and Mr. Lommers-Johnson said these would be separate bond issuances.

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

At the conclusion of the telephone communication with Mr. Brawner, Chair Ryan called for the Board to proceed with the Items for Individual Consideration in sequential order, up to the time of the Public Hearing, scheduled for 12:30 p.m.

Resolution No. 1356 Revising Section 8 Program Utility Allowances

Section 8 Director Wendy Westby said this resolution adopted changes to certain utility allowances for the Section 8 program, based on the results of the annual utility rate survey required by HUD. Hearing Officer/Administrative Coordinator Neblett conducted this year's survey, and found variances-- a decrease in the cost of propane and increase to water rates -- that required revising the allowances for those two utilities. Revised allowances were scheduled to go into effect July 1 for new contracts and September 1 for annual re-certifications.

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

Resolution No. 1357 Resuming Location of Regular Board Meetings at the Authority's Main Office

Hearing Officer/Administrative Coordinator Neblett said this resolution formally reinstated the Colby office as the location for meetings of the Board of Commissioners. Board meetings had been temporarily relocated to the Baker Community Center, due to renovations in progress at the Authority's main office.

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

At this point in the meeting, legal counsel Lorna Corrigan suggested passing a motion to delay discussion on Resolution No. 1358, since it was necessary to hold the Public Hearing first, and the appointed time of that hearing had not yet occurred. Chair Ryan called for a motion move to Item 6 on the Individual Consideration agenda. Commissioner Taylor moved to change the order of the agenda as stated, and Commissioner Metzger-Utt seconded the motion, which passed unanimously.

Motion to Approve Purchase of Thermal Remediation Equipment

This item requested Board approval for the purchase of equipment to eliminate bedbugs within Authority housing. Executive Director Lommers-Johnson said that chemical treatment was the standard method used when bedbug problems cropped up; however, a recent uptick in infestations at a single property necessitated a change in tactics. Drawbacks to chemical treatment involved the need for multiple treatments, each of which required residents to wash all bedding and clothing and remove their personal belongings and furniture. Mr. Lommers-Johnson said a single heat treatment would eradicate bedbugs within a unit, and it did not require tenants to either wash or remove their belongings ahead of time. He said a pest control company charged \$1,000 to \$2,000 for a single heat treatment, making the cost of purchasing this equipment worth it over time. Management issued an RFP for that purpose, and the most favorable bid came from Temp Air, which proposed to sell the equipment and provide training for \$83,727.48. This was not an expense budgeted for the current fiscal year, but Mr. Lommers-Johnson said lower than budgeted operations costs left room to purchase this equipment.

The Executive Director was not able to give an exact answer when Commissioner Perez questioned how often heat treatment was needed to eliminate bedbugs in units; however,

he pointed out that this has been a recurring issue, making it far more cost effective in the long term to purchase the equipment rather than pay third parties to administer it as serious infestations cropped up from time to time.

Commissioner Metzger-Utt motioned for approval of the purchase of heat remediation equipment and training from Temp Air in the stated amount. Commissioner Perez seconded the motion, which passed unanimously.

Public Hearing – Revising Five Year and 2014-15 Annual Plan

Chair Ryan opened the public hearing at 12:32 p.m., to consider comments on the Authority's proposed action: a revision of the 5 Year Plan effective July 1, 2010, and the recently adopted Annual Plan effective July 1, to provide for the submittal of a Section 18 Application to HUD for the demolition and/or disposition of the Baker Heights neighborhood. Executive Director Lommers-Johnson briefly presented some of the options for the revitalization for this Public Housing property, which was not cost effective to renovate. Although it was included as part of the RAD application portfolio award, the Authority must have replacement units at the ready by mid-December in order to include Baker Heights in the RAD program. As an alternative, management has explored the Section 18 program as a way to dispose of Baker Heights. If HUD were to accept a Section 18 application for that property, it will provide Section 8 Tenant Protection Vouchers for all occupied units there. Mr. Lommers-Johnson noted that the subsidy paid for this type of Voucher was more than that paid for Project Based RAD Vouchers.

Mr. Lommers-Johnson noted that if the Authority got approval to dispose of Baker Heights under the Section 18 program, it would be allowed to keep the proceeds, land now valued at between \$10 and \$15 million, which could be invested to develop properties under either the Section 8 or Public Housing programs. He said management planned to submit this application relatively soon, and the HUD official was encouraging about the chances that it would be approved. Following the Executive Director's summary, Chair Ryan asked if there were any more people who wished to testify at the hearing. No response was received, and the Public Hearing was closed at 12:38 p.m.

Items for Individual Consideration (ct'd)

Resolution No. 1358 Adopting Revised Five-Year and 2014-15 Annual Plan to Include Submission of Section 18 Application to HUD for the Demolition and Potential Disposition of Baker Heights

The Executive Director responded to questions about how displaced tenants from Baker Heights would find new housing, posed by Commissioners Metzger-Utt and Perez and RAB member Rodica Istrate. Mr. Lommers-Johnson said he was confident tenants would be able to find housing with Vouchers issued under the Section 18 program, if that application were to be approved. Additionally, he said the Uniform Relocation Act gave residents the right to other housing administered by the Authority, if they did not want a Voucher, and that management would work diligently to ensure tenants with challenges, including the elderly, were able to find new housing.

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

Presentation of Healthy Communities Award

Before moving to the next Item for Individual Consideration, representatives from the Snohomish Health District presented this award to the Authority, to recognize the adoption of a 100% no-smoking indoor policy in 2011, expanded in 2013 to include restrictions on the use of e-cigarettes. The award was presented by Dr. Gary Goldbaum, Health Officer and Director of the Health District, who was accompanied by Everett City Council Member Scott Murphy.

Following the presentation of the Healthy Communities award, Executive Director Lommers-Johnson recognized two recent benefit events that included the participation of teams of Authority employees: a 5K "Heroes" race, with a team organized by Asset Manager Erica Koenig; and a 10K and half marathon benefit for Domestic Violence Services of Snohomish County, with a team organized by Finance Director Jill Stanton.

Resolution No. 1359 Revising the Public Housing Flat Rent Schedule

In introducing this resolution, Executive Director Lommers-Johnson explained that HUD regulations gave tenants the option to pay a flat rent in addition to income-based rent, as a means to prevent families with higher income levels from being forced out of housing too soon. The 2014 Appropriations Act required PHAs with Flat Rents less than 80 percent of Fair Market Rents (FMR) to raise those rents, pending implementation guidelines forthcoming from HUD. Since the Authority's Five Year Plan called for a revision of the Flat Rent schedule, Mr. Lommers-Johnson said management had decided to do so at its own discretion. He viewed this as a necessary measure, considering current flat rents were significantly below the FMR for all bedroom sizes, as well as the number of Public Housing families with annual incomes of \$60,000 or more.

The proposed revision to the Flat Rent Schedule raised rents to 80% of FMR, effective at a tenants' annual recertification, beginning September 1, 2014, with a subsequent increase to 90% of FMR one year later. Mr. Lommers-Johnson explained that tenants could choose to pay rent based on income at that time. Commissioner Ryan asked what percentage of the tenants this change was going to affect, and the Executive Director responded somewhere between seven and 10%. Commissioner Metzger-Utt asked what effect this increase in rental income would have on the HUD operating subsidy, and Mr. Lommers-Johnson responded that it would decrease next year's subsidy. RAB member Rodica Istrate voiced concern that the increase to the flat rents would be untenable for some families, relating that she personally knew of a family with six children whose father lost his job at Boeing. She was also concerned that families who needed to move because of the higher flat rent would not have time to save enough money in order to do so. The Executive Director noted that a job loss would be taken into consideration in the form of a rent adjustment, and management would be willing to meet one on one with families who were adversely affected by this increase.

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

Motions Regarding Staffing Changes Due to RAD Conversion and Other Development and Acquisition Activities

Executive Director Lommers-Johnson explained that a significant increase in workload, due to the RAD conversion and related tax credit activity, made it necessary to enact staffing changes. He presented the requested changes as four separate motions, based on the order in which they were presented in a corresponding memo.

Recommendation One involved creating a Director of the Housing Choice Voucher Program position, eliminating the position of Section 8 Supervisor in the process. This change in management structure removed oversight of the Section 8 program from the Director of Housing Program's job duties, freeing up Dean Weitenhagen to devote more time to the RAD conversion and other development and acquisitions activities. Wendy Westby was temporarily appointed as the Director of HCV effective April 1, but this motion approved her permanent appointment to this position.

Commissioner Taylor moved to approve the recommendation to fund the Director of the Housing Choice Voucher Program [Category E]. Commissioner Rastovich seconded the motion, and it passed unanimously.

Recommendation Two was voted on without discussion. Commissioner Metzger-Utt moved to approve the creation of two additional Housing/Section 8 Coordinator positions, with a new title of Housing Management Specialist, and to upgrade of a Housing Assistant position to that of Housing/Section 8 Coordinator Position, now titled Housing Management Specialist. Commissioner Mierke seconded the motion, and it passed unanimously.

Recommendation Three was presented by the Executive Director as resulting from an increased need for tax credit compliance, related to the RAD conversion that has brought about a need to comply with both Section 8 and tax credit program rules. As a result, it was necessary to have a full-time internal auditor on staff, for a term of at least 24-36 months and possibly longer, to ensure compliance in this area.

Commissioner Rastovich moved to approve the recommendation to create a position of Program Compliance Manager [Category I]. Commissioner Taylor seconded the motion, and it passed unanimously.

Recommendation Four was presented by the Executive Director as a solution to address the approximately 300 Project Based Vouchers that the RAD program will create. He cited other factors behind the decision to reorganize the case management structure within the Section 8 program, including the need to attract highly qualified staff, and as a way to create a career ladder for existing staff. This change was to result in three new position titles, representing progressively higher levels of responsibility: Certification Specialist I for new, entry-level staff; Certification Specialist II replacing the current Voucher Specialist III positions; and Voucher Program Specialist, for senior staff with expanded tasks in preparation for supervisory positions. The last position would also require the creation of a new classification in the AFSCME salary schedule. Mr. Lommers-Johnson said the additional cost of this restructuring could be sustained, due to the elimination of three current Voucher Specialist III positions, and increased administrative fee income associated with the RAD program.

Legal Counsel Lorna Corrigan suggested consolidating the four separate motions listed under Recommendation Four in the memo into a single motion, given their similar subject matter. Commissioner Taylor moved to approve the recommendation to create creating two Certification Specialist I positions, classified as Category 10 in the AFSCME Salary Schedule; changing the position of Voucher Specialist III to Certification Specialist II; creating a new classification, Category 8b, in the AFSCME salary schedule; and creating two Voucher Program Specialist positions to fall under that new classification. Commissioner Rastovich seconded the motion, which passed unanimously.

Resolution No. 1362 Amending Section 8 Administrative Plan to Include Displaced Households Other than Public Housing that Are Eligible for Selection for the HCV Voucher Program

Executive Director Lommers-Johnson said the agency's current Section 8 policy allowed Vouchers to be issued to Public Housing tenants requiring relocation as a result of RAD activities. On the other hand, it did not provide the same flexibility for tenants of Public Housing that will be over-income, once tax credit rules were applied to the RAD developments. This change to the Section 8 Administrative Plan policy would make those tenants eligible for a Section 8 Voucher.

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

Executive Director's Report

Executive Director Lommers-Johnson said that the Authority provided after-school tutoring and education-related activities to children of Public Housing residents, and it was planning to enhance its summer program to improve academic outcomes for those children. He presented a video that demonstrated how summer learning loss disproportionately affects low income children, who lack access to out of school educational resources enjoyed by their peers. Resident Services Manager Teena Ellison was designing the summer program to combat learning loss, intending to involve up to 30 children and the hire of an educational support initiatives coordinator for a one year term. This was to be funded with an \$85,000 grant from Comcast and run in close cooperation with the Everett School District. Mr. Lommers-Johnson said a related goal was to get 100 percent of the children involved in the program enrolled in the state's College Bound program, and have volunteer mentors work with them. Management hoped to continue these educational achievement programs into the future, using other grant funding once the grant from Comcast expired.

Commissioner Perez asked management to keep a detailed record of these educational programs and outcomes, in order to get national recognition from NAHRO in the form of an award. Mr. Lommers-Johnson concurred, saying that this type of recognition would only enhance the Authority's ability to receive grants in the future. In responding to a question from Commissioner Ryan, regarding how program outcomes would be measured, the Executive Director went into detail about partnering with the school district to map student achievement data. He closed this portion of his report by touching on the Choice Neighborhoods initiative, a third option in addition to RAD or Section 18, as a possible way to redevelop the Baker Heights neighborhood.

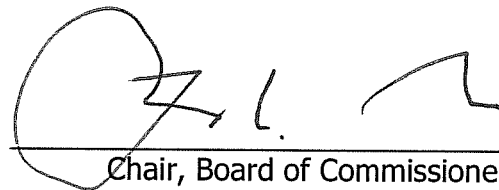
The Executive Director said he was working with the Finance Department to finish the draft Agency Annual Budget for 2014-15. The process has taken longer than usual, owing to the recent change in software used to administer the agency's programs, and the tax credit components involved with the RAD conversion process. He anticipated that meetings with individual commissioners would be scheduled prior to the presentation of the Budget for adoption at the next Board meeting. Applications for financing the senior services properties were moving forward, as were the RAD conversions for the tax credit properties.

Executive Session

Chair Ryan announced that the Board would convene in Executive Session to further discuss the Executive Director's performance review, for an estimated duration of 10 minutes. Legal counsel Lorna Corrigan requested that Mr. Cooper be invited to attend the Session, in order to observe the proceedings, and this was granted. The Board recessed into Executive Session at 1:35 p.m. At 2:06 p.m. the Board reconvened in public session.

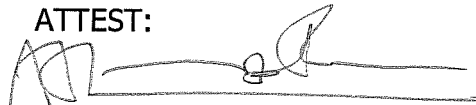
Adjournment

Chair Ryan called for a motion to adjourn the meeting. Commissioner Metzger-Utt made a motion to adjourn; Commissioner Perez seconded this motion, and the meeting was adjourned at 2:07 p.m.



Chair, Board of Commissioners

ATTEST:



Secretary