



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

March 24, 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 12:04 p.m. on Monday, March 24, 2014 at the Baker Community Center Small Hall, 1401 Poplar Street, 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
Dean Weitenhagen, Director of Housing Programs
Brenda McLeod, Assistant Director of Procurement and Contracts
Teena Ellison, Resident Services Manager
Wendy Abbey, Assistant Finance Director
Chris Neblett, Hearing Officer/Administrative Coordinator

Guests:

Lorna Corrigan, Attorney
Liz King, President, Bakerview Resident Council
Tom Douge, Vice-President, Broadway Plaza Resident Council
David Hodson, Director, Broadway Plaza Resident Council
Warren Hemminger, President, Pineview Resident Council;
Resident Advisory Board Representative
Perry Pearson, Owner, Petershagen Insurance

Agenda Revision

Chair Lyle Ryan called for a motion to amend the Items for Individual Consideration portion of the meeting agenda, removing "Motion to Approve Funding for Scattered Site Renovations." Commissioner Rastovich moved to approve this agenda change, and Commissioner Mierke seconded the motion, which passed unanimously.

Approval of Minutes

Chair Ryan called for approval of the minutes for the Regular Meeting held on February 24, 2014. A motion to approve the minutes of this meeting was made by Commissioner Metzger-Utt and seconded by Commissioner Taylor. Upon being put to a vote, the motion was passed and the minutes were approved.

Communications

Broadway Plaza Resident Council Vice-President Tom Douge said that body was prepared to file for 501 c 3 tax exempt status, and preparations were underway for the annual Family Day event, including a raffle. In response to Chair Ryan's voiced concern, legal counsel Lorna Corrigan was not aware of any liability issues the resident council's change in tax status might present for the Board of Commissioners.

Speaking as the President of the Pineview Resident Council, Warren Hemminger said that body had just held elections. The results were pending, and it was hoped that all open positions on the council would be filled. A Mardi Gras celebration and potluck held in conjunction with these elections was a success, but Mr. Hemminger commented that the turnout could have been more robust.

Mr. Hemminger also reported as a member of the Resident Advisory Board, saying that the RAB took the month of March off and would resume its meetings the following month.

Executive Director's Report

Executive Director Ashley Lommers-Johnson said he and Finance Director Jill Stanton had recently attended the NAHRO Legislative Conference in Washington, D.C., where they met with Congressional delegations, including Senators Cantwell and Murray. None were able to promise increased Federal funding for assisted housing; rather, the focus appeared to be on enacting regulatory reforms that could reduce PHA administrative costs and expand access to the Moving to Work program, or similar flexibilities. A meeting was also arranged with Representative Rick Larsen's staff, with the Choice Neighborhoods initiative as the main point of discussion. Mr. Lommers-Johnson said the Federal Appropriations Act has set more stable funding parameters over the next two years, potentially avoiding the need for periodic Continuing Resolutions, and this will give HUD some discretionary power over its appropriated funds.

Executive Director Lommers-Johnson said three individuals, representing ideologically diverse think tanks, gave presentations at the NAHRO Legislative Conference that shared a common theme of ongoing reductions in Federal discretionary spending over the medium and long

term. As a result of these changes, PHAs will need to work at becoming less dependent on federal subsidies, using tools such as the RAD program to do so.

Executive Director Lommers-Johnson said he and Finance Director Stanton also visited HUD headquarters while at the NAHRO conference, to discuss the progress of the Authority's conversions of properties to the RAD program. HUD representatives encouraged EHA to consider demolition and/or disposition plan under Section 18 of the 1937 Housing Act for Baker Heights instead of a RAD conversion given the complexity and cost of replacement housing. An approved Section 18 Demo/Dispo plan for Baker Heights would provide Tenant Protection Vouchers for each of the occupied units, rather than requiring the PHA to have replacement housing available. A RAD conversion would still be pursued if a Section 18 strategy fails. Mr. Lommers-Johnson said he would keep the Board informed as things moved along.

Another topic raised in the Executive Director's report included the status of property acquisitions from Senior Services of Snohomish County. The Authority was pursuing short-term three-year financing for these properties, with plans to refinance the properties with Low Income Housing Tax Credit (LIHTC) equity private/public debt. EHA hired Steve Yago, the asset manager who oversaw this portfolio for Senior Services, under the auspices of Coast Management, to manage this portfolio. Mr. Lommers-Johnson said each of the HUD 202 properties require ownership by a single-purpose non-profit. To transfer control of these properties to EHA, EHA's Board of Commissioners would become the Boards of each of the existing nonprofit entities.

The Executive Director said management recently discussed the results of the 2012-13 Agency Audit with the State Auditor's office in an exit interview, marking the twenty-second year without an audit finding. The conversion of the agency's software system and phase one of the Colby office renovations, new offices for the Section 8 department, were now complete. Mr. Lommers-Johnson said it was expected that the May Board meeting would be held at the Colby office.

Public Comments

No public comment was offered.

Consent Agenda

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

1. Section 8 Payments for the months of February 2014
2. Summary of Vouchers for the months of February 2014

Items for Individual Consideration

Resolution No. 1353 Adopting Revised 2013 Annual Plan and Capital Fund Program and Budget

Hearing Officer/Administrative Coordinator Chris Neblett said this resolution served to formally adopt changes to 2013 Annual Plan and Capital Fund Budget. These revisions were

presented to the Board at a public hearing at last month's regular meeting. Once adopted, the revised Plan would be sent to HUD for approval later in the week.

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

Resolution No. 1354 Adopting 2014 Annual Plan and Capital Fund Program and Budget

Hearing Officer/Administrative Coordinator Neblett said a separate resolution was needed to adopt the Annual Plan and Capital Fund Budget for the fiscal year effective July 1, 2014, which were also presented for review at last month's public hearing. Once adopted, these would also be sent to HUD for approval later in the week.

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

Resolution No. 1355 Amending Section 8 Administrative Plan to Include Required Provisions Related to the Conversion to Project Based Vouchers under the RAD Program

Director of Housing Programs Dean Weitenhagen said this resolution added language to the policy that governed the administration of the Section 8 program, preserving certain rights for applicants and tenants of Public Housing sites converting to Project Based Vouchers under the RAD program. HUD formalized this as a required milestone in the conversion to RAD in PIH Notice 2012-32 revised. The new policy provisions in the Section 8 Administrative Plan were an exhibit to this resolution.

Commissioner Rastovich moved to adopt this resolution. Commissioner Perez seconded the motion, which passed unanimously.

Motion to Accept Bid Recommendation Regarding Earthquake Insurance Renewal

Director of Housing Programs Dean Weitenhagen said tax credit regulations require earthquake insurance for Broadway Plaza and 12 Pines, and the current insurance policy was set to expire at the end of the month. Bids were solicited for the renewal of earthquake insurance, resulting in five responses and three complete bids from the following providers: Golden Bear, Lyons of London, Mt. Hawley. Bids were evaluated based on premium costs, total insured value, and a five percent deductible, with Golden Bear submitting the lowest bid. Mr. Weitenhagen said this company provided coverage for the past year with no service issues, and the proposed premium for coverage this year was approximately \$940 less. Based on those favorable terms, he recommended accepting the proposal from Golden Bear.

Commissioner Mierke moved to accept Golden Bear Insurance Company's proposal for earthquake insurance coverage for Broadway Plaza East and West and 12 Pines. Commissioner Perez seconded the motion, which passed unanimously.

Following the vote, an individual identifying himself as Perry Pearson, the owner of Petershagen Insurance, requested to comment. Mr. Pearson contended that Mr.

Weitenhagen did not communicate the deadline for bids in conversations with Petershagen Insurance, and therefore the Authority needed to consider his company's bid, sent to Mr. Weitenhagen earlier that morning. Mr. Pearson said the proposal quoted a three percent deductible, which he believed to be more relevant than premiums when comparing bids. Mr. Weitenhagen responded by saying he believed the deadline had been conveyed to all bidders; however, he was willing to review his emails with Petershagen Insurance, to confirm that was the case, and he agreed to review the bid from that company.

Based on the new development, Commissioner Perez suggested deferring this business item until the next meeting, but this was not possible, given that the current policy expired in four days. Finance Director Stanton asked if the Commissioners could vote on this item by email, but legal counsel Lorna Corrigan said that procedure was not authorized. More discussion ensued regarding potential cost savings represented by the lower deductible quoted by Mr. Pearson. Chair Ryan asked if the RFP for earthquake insurance specified a certain percentage for the deductible. Mr. Weitenhagen was not present at that time, having returned to the Authority's main office to follow up on the issue, but Finance Director Stanton believed a five percent deductible was stated in the RFP.

Chair Ryan recused himself from voting on this particular item based on a conflict of interest, given that his place of employment was in a business relationship with Petershagen Insurance. Chair Taylor raised the concern that the bid from Petershagen was produced after the details of other bids was published with the meeting agenda, but Mr. Pearson denied that he had used this information to his advantage. Legal counsel Lorna Corrigan suggested tabling the previous vote on the motion until the end of the meeting, when Mr. Weitenhagen had returned with the salient information and discussion could resume. Vice-Chair Rastovich called for a motion, and Commissioner Taylor moved to table the vote on this agenda item; Commissioner Perez seconded, and the motion passed unanimously.

Policy Discussion

Review of Six-Month Financial Statements

Finance Director Jill Stanton presented financial statements for all Authority programs, for the period that began July 1, 2013. She noted that the statements for 12 Pines and Broadway Plaza did not reflect six months' worth of activity, as these tax credit properties were administered on a calendar year basis. Almost all programs had significant positive variances. Ms. Stanton noted that the capital improvement plan for the Affordable Housing sites was on hold, as tax credits and investment funding from the upcoming RAD conversion was going to fulfill that function for those sites. The Section 8 HCV program ran a deficit in HAP revenue that was made up with reserve funds, but this was planned in order to lease up to the full Voucher allocation. Executive Director Lommers-Johnson noted that the recent Congressional Appropriations Act allows for HUD to take back PHA reserves, so these funds would have been taken away by HUD had the Authority not used them to make up the HAP shortfall. In conclusion, Ms. Stanton said the six month statements were evidence that management had successfully accomplished one of its goals for the fiscal year, to have all programs be sustainable.

Temporary Adjournment of Meeting

At 1:24 p.m., at the recommendation of legal counsel Lorna Corrigan, Vice-Chair Rastovich called for a motion to temporarily adjourn the meeting for a period of ten minutes, in order

to allow additional time for Mr. Weitenhagen to return with information needed to resume discussion of the previously tabled item regarding earthquake insurance renewal. Commissioner Mierke motioned to adjourn temporarily for the stated reason; Commissioner Perez seconded, with Chair Ryan abstaining.

Resume Discussion of Tabled Motion to Accept Bid Recommendation Regarding Earthquake Insurance Renewal

Vice-Chair Rastovich called the meeting back to order at 1:35 p.m., to continue discussion on the tabled motion for action on the earthquake insurance renewal. Ms. Rastovich asked if the Board was obligated to consider the bid from Petershagen Insurance, since the requisite number of bids were in hand prior to the meeting. Legal Counsel Corrigan said no, as the request for proposals specified that three complete bids would be necessary for the selection process to take place. Executive Director Lommers-Johnson commented that six communications had been documented between the Authority and Petershagen regarding this bid process, including a final call to the insurance company to alert them the Board would be making a decision at its March meeting.

Director of Housing Programs Weitenhagen returned from his fact finding search with the following information. The email correspondence with Petershagen Insurance regarding the RFP for earthquake insurance began in February. When a representative with that company called Mr. Weitenhagen requesting more detailed information, he said that he had related that bids would need to be submitted at least a week prior to the Board meeting in order to be considered. Mr. Weitenhagen said he believed all parties that expressed interest in submitting a bid were given clear and consistent information about the deadline. The Board had no further questions for him or discussion points. Vice-Chair Rastovich called for a motion to accept the earlier decision, choosing Golden Bear's bid for the renewal of earthquake insurance. The motion carried unanimously, and included the Vice-Chair for a quorum, given that Commissioner Metzger-Utt was no longer present at the meeting, and Chair Ryan had abstained from voting.

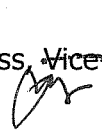
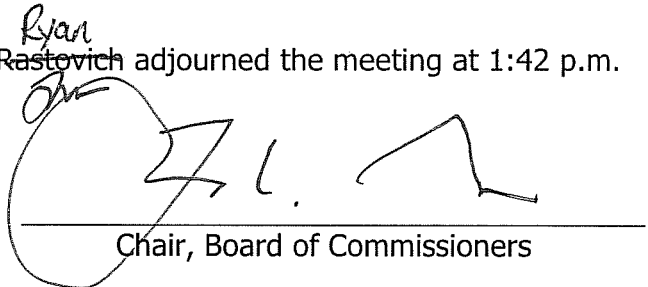
Other Items

Vice-Chair Rastovich thanked Resident Services Manager Teena Ellison and one of the AmeriCorps workers on her staff for arranging interviews with a number of young people about marijuana use.


Commissioner Taylor inquired whether Board action was required to move the next meeting back to the Colby office. Hearing Officer/Administrative Coordinator Chris Neblett said the resolution that moved the meetings temporarily to Baker Community Center left it to the Authority's discretion as to when things would return to Colby, and it was planned to announce the change in location for the next scheduled meeting in May on the agency's website. Legal Counsel Corrigan advised that it would be best to formalize the change in location with a resolution at the next meeting. Vice-Chair Rastovich called for a motion to return the May meeting to the main administrative office at Colby. Commissioner Perez motioned, Commissioner Mierke seconded, and it unanimously passed.

Adjournment

There being no further business, ^{Ryan} Vice-Chair Rastovich adjourned the meeting at 1:42 p.m.



Chair, Board of Commissioners

ATTEST:


Secretary