

MINUTES

Grand Junction Housing Authority
January Board of Commissioners' Meeting

January 27, 2020 5:00 p.m.
8 Foresight Circle

Call to Order

The GJHA Board of Commissioners' meeting was called to order at 5:05 p.m. by John Howe, Board Chair. Attendance was taken by roll call with the following present:

<u>Commissioners:</u>	John Howe, Chair	<u>GJHA Staff:</u>	Jody Kole, CEO
	Ivan Geer, Vice Chair		Scott Aker, COO
	Chris Launer		Krista Ubersox, HR Director
	Tami Beard		Suzy Keith, Asset Manager
	Tim Hudner		Jill Norris, General Counsel
	Rick Taggart		Sheila Brubacher, Accounting Supervisor
	Bill Johnson		Jane Hart, Executive Assistant

Guests: None

Consent Agenda

The Consent Agenda consisted of a Request for adoption of Minutes for the December 13, 2019 Board Meeting, Request for adoption of Notes of the Finance and Audit Committee for December 9, 2019, Request to approve *Resolution No. 2020-01-01 Designating the Location for the Posting of The Notice of Meetings and Establishing a Meeting Schedule for 2020 for The Board of Commissioners of the Grand Junction Housing Authority*, and Request to approve *Resolution 2020-01-02, Concerning Actions Related to Closing the Permanent Financing Transaction for Development of The Highlands 2*

A motion to adopt the consent agenda was made by Tami Beard with a second by Chris Launer. The motion passed with all Board Members in favor, none opposed.

GJHA Board Organization

John Howe and Ivan Geer have served as Chair and Vice-Chair, respectively, for one year and have offered to serve an additional year in these offices. Tim Hudner nominated John and Ivan to retain their seats and Rick Taggart seconded the nomination. John and Ivan both accepted nomination and, with a unanimous vote of the Board, will retain the seats of Chair and Vice-Chair for 2020..

Committee Assignments are as follows:

Finance and Audit Committee will, per the Board's common practices be chaired by Ivan Geer as Vice Chair of the GJHA Board. Tami Beard, Chris Launer, and Tim Hudner offered to serve on this committee, and John Howe indicated he would attend ad hoc. The Board and staff acknowledged that all Board members receive notice and all materials for Finance and Audit

MINUTES

Grand Junction Housing Authority
August Board of Commissioners' Meeting

January 27, 2020 5:00 pm
8 Foresight Circle

Committee meetings, and all are welcome to attend. Finance and Audit Committee assignments were approved with a motion by Ivan Geer, a second by Bill Johnson, and a unanimous vote.

Incentive Compensation Committee, per the Board's common practices is composed of the Board Chair, Vice Chair, and Immediate Past Chair; therefore, John Howe, Ivan Geer and Tim Hudner will serve on the Incentive Compensation Committee.

The Real Estate Committee will consist of Tami Beard as Chair with Ivan Geer, John Howe, and Rick Taggart as committee members, and, much like the Finance and Audit Committee, other Board Members serving ad hoc. All Board members will receive committee meeting notices and materials and are welcome to attend. Ivan Geer made a motion to appoint the Real Estate Committee slate above, which was approved with a second by Bill Johnson and a unanimous vote. *Resolution 2019-01-03 Approving Statement of Authority* was not executed because officers of the Board did not change for 2020.

At 5:15 p.m., a Roll Call was taken to Move into Executive Session for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) related to possible litigation with the Housing Authority's property and casualty insurance carrier.

At 5:44 p.m. a Roll Call was taken to Move out of Executive Session and Return to Open Meeting.

Development Update

Jody Kole told the Board that GJHA staff are working with Shaw Construction to compile final numbers for construction of 2814 while looking for savings opportunities to offset \$55,000 in estimated cost overruns. Jody may ask Wells Fargo to accept a slightly smaller hard cost contingency amount rather than the 5% (over \$581,000) currently required. Jody anticipates bringing full transaction information to the February Board meeting. The transaction to close the Limited Liability Limited Partnership is currently scheduled for February 27, with Shaw receiving notice to proceed roughly March 1st with a 13-month construction period. Lease-up of the apartments is targeted to begin April 1, 2021 assuming a Certificate of Occupancy is in hand on that date.

The Addendum to the Board meeting agenda that was sent to Board Members on Saturday, January 25, is a request for authorization for Shaw Construction to mobilize on-site as of February 17th. Related costs will not be billed to GJHA prior to the partnership closing with Wells Fargo. Jill Norris added her recommendation for authorization from the Board to proceed with the addendum because Shaw Construction staff has indicated the additional 2-week head start will be needed to complete the building and receive a Certificate of Occupancy (C.O.) within 13 months. Jody reminded the group that if the C.O. has not been issued by the first day

MINUTES

**Grand Junction Housing Authority
August Board of Commissioners' Meeting**

**January 27, 2020 5:00 pm
8 Foresight Circle**

of April 2021, in accordance with the partnership agreement, GJHA may incur financial penalties.

Ivan Geer made a motion to approve the 2nd Amendment to the Contract to authorize Shaw Construction to begin work on 2814. Chris Launer seconded the motion which passed with all in favor, none opposed.

Report from the Finance and Audit Committee

Regarding 2814, Ivan Geer shared that the Finance and Audit Committee discussed a change in secondary financing from Colorado Housing and Finance Authority's (CHFA) Healthy Homes Loan product, for which 2814 will not be eligible due to certain aspects of the building design, to another product known as the CHFA Capital Magnet Fund. Jody Kole explained that the Capital Magnet Fund will allow a second mortgage of up to \$750,000 at a 3% interest whereas the Healthy Homes Loan would have only allowed up to \$500,000 at the same rate. Both loan products offer a 17-year term, with a balloon payment, and a 30- or 35-year amortization. Taking advantage of the Capital Magnet fund, GJHA will reduce the amount borrowed from Bank of Colorado on the first mortgage from \$1,150,000 to \$900,000 at 5.25% interest, thereby decreasing the amount of the gap loan GJHA will need to provide.

Ivan went on to state that the Committee was provided and reviewed detailed financials for 2019 with October – December 2019, October 2018-September 2019 and October 1, 2018 – December 31 2019 budget-to-actual comparisons to reflect the 15-month budget cycle GJHA completed as it transitions from an October 1 – September 30 budget cycle to a calendar year cycle. The analysis included actual 2019 costs of meth remediation. Ivan noted that GJHA will have a net positive variance to the budget despite unexpected costs.

Going forward, the fiscal year will be the calendar year for all GJHA programs, and properties and Tax Credit properties. Jody Kole told the Board that staff will work to develop a cash flow statement to provide an overview of the complete financial health of the organization. Chris Launer asked if profits and losses of Tax Credit properties would impact the GJHA General Fund. Jody stated that any positive cash flow from the Tax Credit properties at the end of each year, after any fees and other obligations are paid, can be used to pay down GJHA's Deferred Developer Fee and soft loans.

Chris Launer suggested that a "Sources and Uses" document could help the Board understand the overall financial picture of the organization. Tami Beard added that this document should separate ordinary operations from development expenses. Tami would like to see finances broken out by property with a summary page. Jody Kole told the Board that staff conversations are underway, and work is being done to create a tracking tool that will satisfy these requests.

MINUTES

**Grand Junction Housing Authority
August Board of Commissioners' Meeting**

**January 27, 2020 5:00 pm
8 Foresight Circle**

Jody also noted that staff time and expenses are often expended in the time leading up to development projects and then paid back when the project is underway. Tim Hudner expressed concern that development activities are subsidizing GJHA's other ongoing business, and said if that is so, GJHA will need another plan to sustain operations. Rick Taggart cautioned that consolidating finances too much may result in the need for too much explanation and agreed with other Board Members that GJHA needs to be operating at break-even or better without development income. Chris Launer confirmed with Sheila Brubacher that after paying the 2019 meth expenses and the 2020 estimated meth expenses, the GJHA unrestricted cash reserve will be \$2.7MM. Scott Aker noted that the \$2.7MM includes the assumption of \$1MM in Developer Fee income, \$600,000 of which will include Developer Fee paid for Highlands 2 and \$400,000 of which is the first installment for 2814.

The 2020 Amended Budget recommendations will be available for the March Finance and Audit Committee and Board Meetings. Ivan Geer said the Finance and Audit Committee began to contemplate whether the financial statements should show the GJHA General Fund making certain accounts whole or show the individual accounts, specifically Ratekin, bearing the full cost of their loss, for ease of making the case to the insurance company. Scott Aker indicated that staff has been in consultation with HUD and CHFA and further discussion will be needed on this topic.

Further conversation ensued regarding methamphetamine remediation. Tim Hudner reiterated that he believes the location of Ratekin Tower Apartments, in proximity to the Grand Valley homeless population, is problematic and GJHA should consider selling it. Ivan agreed that the location is not as favorable as it once was since there is no longer a grocery store nearby. Funds generated from a sale could be used for new development in workforce areas. Jody Kole suggested that this topic should be tabled for retreat discussion and added that she periodically receives offer letters and could make some phone calls to see what possibilities there are in selling, preferably to an organization with a similar mission or with an agreement or deed restriction to maintain affordability of the units. Chris Launer asked if staff has considered ways to mitigate chances of future meth damages. Jody said that 2814 development plans have evolved in response to recent damages. Carpet will be avoided, for example, but insulation will need to be added for acoustical purposes. New airflow plans will minimize chance of cross-contamination between units. In leasing, applicants are already automatically denied if methamphetamine conviction/s are found in the routine background check. In some cases, other felony drug convictions can be cause for denial, but more flexibility is provided in those decisions than is the case for methamphetamine.

Jill Norris told the Board that GJHA can restrict the length of stay of tenant visitors but cannot dictate who may or may not visit. More frequent inspections are now being employed, at least twice per year per unit, but staff are required to give tenants 24-hour advance notice. Additionally, maintenance crews are entering units at least twice per year for preventative

MINUTES

**Grand Junction Housing Authority
August Board of Commissioners' Meeting**

**January 27, 2020 5:00 pm
8 Foresight Circle**

maintenance. A tenant education effort will be developed as well. Tenants will be encouraged to let staff know when they see suspicious activities.

Jody Kole said another approach to the meth problem would be for communities to push back on forthcoming changes to the law which will minimize drug charges. In the Spring of 2020, State of Colorado charges for individuals found with 4 grams of methamphetamine or less will drop from felony to misdemeanor. Also, current thresholds of contamination that require state-prescribed testing and clean-up present significant challenges and costs, as they are very strict and not in alignment with minimization of possession penalties.

Suzy Keith and Scott Aker reached out to the GJ Police Department to re-engage in dialog on this topic and how the two organizations can partner but will not have more information from them until after January. Tami Beard suggested staff also contact Mesa County Sheriff's Office, as they may have more daily interaction with meth than the Police Department.

The Finance and Audit Committee decided that a Banking Services Request For Proposal should be tabled for a year because there currently are larger issues to address; further, there is no prescribed RFP frequency in the GJHA Procurement Policy. Tami Beard commented that Bank of Colorado has been a good partner for GJHA, and it can be very difficult to change banks.

United Health Care/Service Coordination Expansion

Scott Aker referenced an August 2019 memo and attachment provided in the Board Packet. The GJHA partnership with Rocky Mountain Health Plans (Rocky), and the use of Next 50 Initiative grant funds and The Dave and Mary Wood grant funds were delayed until staff could evaluate the impacts of the closure of a larger home-based care/case management model, Whole Health, which was operated in partnership between Rocky and Mind Springs Health, on the viability of GJHA's proposal. Scott gave a brief background on project expectations for those Board members who were not privy to initial discussions on the topic. Essentially, GJHA will merge the Service Coordinator function with Rocky's Care Coordinator's role to better assist mutual senior clients in managing their healthcare and access to community services, when circumstances call for the integrated model. GJHA's goal is to expand Service Coordination to approximately 350 Voucher clients.

Scott stated that this model can become financially self-sustaining if GJHA can demonstrate that Service Coordination results in a decrease in healthcare costs for these clients. If successful, the Medicaid system may be asked to pick up a much larger share of the costs on an ongoing basis. GJHA staff are in the process of reviewing contracts and posting jobs while United Health Care is performing a security and IT review.

MINUTES

Grand Junction Housing Authority
August Board of Commissioners' Meeting

January 27, 2020 5:00 pm
8 Foresight Circle

Scott stated that not all GJHA properties have budgets adequate to pay for Service Coordination, especially after the recent impact of meth to these budgets. Walnut Park and Ratekin are able to afford the positions while The Highlands, receiving the last of a 3-year Healthy Homes grant, and Nellie Bechtel may not be able to fully fund the positions.

Doors 2 Success recently held a Board retreat and members are working toward creating a donor base, in addition to continuing the pursuit of grant funds to help support the Service Coordination offered by GJHA.

Bill Johnson endorsed the value of the service coordinator based on his experience, and the experiences of his neighbors, at Walnut Park. Bill said Service Coordination makes a definite positive impact on the lives of the tenants served.

To Rick Taggart's comment that Rocky's contribution seems small, noting that \$40,000 would be made up in approximately 10 emergency room visits, Scott clarified that Rocky's contribution is based on overlap between GHJA clients and the small percentage of Rocky's mutual clients who require care coordination. Rocky's calculation and resulting contribution is meant to support of $\frac{1}{2}$ to $\frac{3}{4}$ of one full-time employee. In response to Tim Hudner asking about confidentiality rights of our tenants, Scott stated that protocols will be put in place so that every resident is informed that the GJHA Service Coordinator will be a business partner of Rocky. When Rocky staff identifies a Medicaid client they believe could benefit from Care Coordination, they will reach out to the GJHA Service Coordinator who in turn will offer to assist the client. The client will then have the opportunity to accept or decline service. No other GJHA staff will have access to any protected information.

Highlands Water Damage Update

Suzy Keith informed the Board that on January 3, 2020 a water loss event occurred in the west stairwell of The Highlands 1 when a sprinkler head above the ceiling either malfunctioned or froze, allowing 270 gallons of water to pour down the stairwell. The Grand Junction Fire Department was notified automatically by the system, responded, and quickly turned off the system. A remediation company dried the stairwell and the inside of two first-floor units. Some drywall will need to be replaced in the stairwell but there was no damage to individual units and no tenants had to be relocated. Bids for the repair work, ranging between \$34,000 and \$37,000, were received today and work will soon commence.

Tim Spach has inspected the property with Shaw Construction to determine if insulation in the attic is adequate to prevent the sprinkler heads from freezing. If not, additional insulation will be installed. Philadelphia Insurance will handle the claim and is investigating to determine if they will subrogate against the installer, manufacturer, or general contractor.

MINUTES

**Grand Junction Housing Authority
August Board of Commissioners' Meeting**

**January 27, 2020 5:00 pm
8 Foresight Circle**

Legislative Update

Jill Norris announced that the bill addressing GJHA concerns regarding paying fees to water conservation districts has been introduced and referred to committee. A hearing has been set for February 12th, at which Jody Kole may testify. Representative Janice Rich, House Speaker K.C. Becker, and Senator Rachel Zenzinger are sponsoring the Bill. GJHA lobbyists will be reaching out to a lobbyist for the affected water conservation district as a professional courtesy.

Other Business

- CFO Recruitment
Krista Ubersox updated the group stating the Chief Financial Officer Position has been posted for almost two months. So far, there have been eighteen applicants, of which, GJHA staff followed up with five. After two dropped out, the remaining three began a written assessment as the next step in the application process. The position will remain open until it is filled.
- OakLeaf Solar Garden Subscription
Suzy Keith announced that the Cameo and Rifle solar gardens to which GJHA has subscribed have been in operation since June 2019. To date, \$5,604.00 has been saved by Highlands 1 tenants and GJHA as a result of those subscriptions. A third solar garden in this subscription remains to be built in Clifton. So far, the savings have been slightly higher than projected.
- Ivan Geer recommended the book "Evicted" to the rest of the Board. Several copies are available to borrow from GJHA's library.

With no further business, Chris Launer made a motion to adjourn the meeting. Rick Taggart seconded the motion. With all in favor, none opposed, the meeting adjourned at 7:14pm

All Board Packet documents and documents distributed
during the Board Meeting are retained in the file.