

MINUTES

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

**September 23, 2019 5:00 pm
8 Foresight Circle**

Call to Order

The GJHA Board of Commissioners' meeting was called to order at 5:01 p.m. by John Howe, Board Chair. Attendance was taken by roll call with the following present:

Commissioners: John Howe, Chair
Ivan Geer, Vice Chair
Tim Hudner
Tami Beard
Rick Taggart

GJHA Staff: Jody Kole, CEO
Scott Aker, COO
Krista Ubersox, HR Director
Suzy Keith, Asset Manager
Sheila Brubacher, Accounting Supervisor
Jill Norris, General Counsel
Racquel Wertz, Voucher Supervisor
Jane Hart, Executive Assistant

Guests: None

Consent Agenda

The consent agenda consisted of a Request for Adoption of Notes of the Finance and Audit Committee Meeting for August 20, 2019, Notes of the Board Workshop and Minutes of the Board Meeting for August 26, 2019, and Approval of Resolution 2019-09-01 re-appointing Jerry Otero and Chad Titmus, and appointing Shannon Keel to the Doors 2 Success Board.

The Consent Agenda was approved with a motion by Ivan Geer, a second by Tim Hudner, and a unanimous vote.

Finance Committee Report

Ivan Geer, Finance Committee Chairman, stated that the Finance Committee met on September 17th to review the full financial package for GJHA's 2020 budget. Ivan told the Board that the Finance Committee recommendation is for the Board to accept the budget as presented including the Operating Budget for Fiscal Year 2019 for Highlands 2 LLLP, the Consolidated Budget for Fiscal Year 2020, and Operating Budgets for Fiscal Year 2020 for Arbor Vista LLLP, Linden Pointe LLLP, Village Park LLLP, The Highlands LLLP and The Highlands 2 LLLP.

Ivan noted that the Finance Committee makes these recommendations aware that the Consolidated Budget for Fiscal Year 2020 shows an overall deficit. This is expected to be a temporary deficit, due to recent increased staffing levels which will allow GJHA to operate more efficiently and at a higher capacity to drive future development and support expanding programs.

Scott Aker assured the board that sustainability of the organization is a priority for the GJHA leadership team, and the budget was developed with that in mind. While future affordable

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housing development is being pursued, the team opted to submit a budget without assuming a development component to present the budget conservatively. Pertaining to future development, Jody Kole said that she will be making a presentation to CHFA on September 30 for the GJHA application for 9% Tax Credits to develop 2814 Patterson. If, when results are delivered in October, GJHA is not selected, staff will prepare to apply for tax credits in 2020.

To speak more to the focus on sustainability, Scott stated the following:

Through fund raising efforts of the Doors 2 Success Board, funding for Supportive Services has significantly increased in the last year. Whereas Supportive Services has required subsidies from the General fund for operation costs in years past, that need is not anticipated in this budget. \$11,000 from the General Fund has been allocated to fund four \$2,500 CMU scholarships for students in households receiving GJHA services, and a \$1,000 set-aside is included to assist clients with costs associated with GED testing.

The Voucher Client Support positions and functions, formerly referred to in the budget as Housing Advocates, will begin to utilize a small portion of accumulated Voucher Administrative Fee reserves, as opposed to past practices of relying solely on the General Fund for subsidy.

The Voucher Program continues to perform strongly and expects to fully utilize HAP (Housing Assistance Payments) and administrative fees. This budget also assumes the addition of a new staff position to help absorb the workload associated with the increased volume of vouchers that GJHA anticipates being awarded. Recently, GJHA applied for 25 additional VASH (Veteran) and 50 additional Mainstream Non-elderly Disable Vouchers. Recipients will be notified later this year.

Scott went on to describe other factors that could impact the budget in this cycle, explaining that the extent of the impact cannot yet be determined because details are not known. These "known unknowns" included the following:

- GJHA is under contract to purchase land located next to the main offices at 8 Foresight Circle. The contract is slated to close in late October 2019. If it does, the General Fund cash position will change going into 2020.
- The Board has expressed a desire for GJHA to acquire land for future development, but no specific parcel or parcels have been selected.
- The Bookcliff Squire property is now vacant and available for development should an appropriate partnership or plan be identified.
- Plans for parking lot expansion at the GJHA main office are on hold pending the purchase of the adjacent lot.
- Courtyard Apartments and/or Lincoln Apartments may be sold. While there is no agreement at this time, GJHA leadership is engaged in discussions with a

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potential buyer who would keep the units in the affordable inventory for our community.

- Improvements are needed at Walnut Park. Some patios will be poured this year and a capital needs assessment and planning for additional work will be done in 2020.
- As Linden Pointe reaches year 15, GJHA must prepare for its transition from the current LLLP to GJHA ownership. Neither the final buy-out figure nor costs for any needed capital improvements are known at this time.
- Ratekin Tower has approximately 2,300 square feet of vacant commercial office space which has been rented to non-profit organizations in the past. This space, now vacant, could be converted, in part, to common area for tenant use. The new and the existing Service Coordinators could also share this space once repurposed, allowing for the 2-bedroom unit, currently used by the Service Coordinator, to be added back into housing inventory.
- Two units at Ratekin Tower have tested positive for methamphetamine contamination and two others are being tested. Remediation costs are currently unknown.
- Change in Fair Market rental amounts create another unknown impacting the budget, as the budget does not assume any rent increases beyond the usual and customary increases that have occurred in the past.
- Scott echoed earlier comments made both by Ivan Geer and Jody Kole commending the excellent work and dedication of the GJHA staff. He recounted that within the last two years 13 positions have been added to the organization including the new positions of Procurement Specialist, Human Resource Director, Asset Manager, Quality Assurance, and General Counsel. Additional staff have been added at the front desk, in maintenance, and in property management. Last year, a full market assessment was completed to re-establish an equitable pay grade system for all staff. As another result of that work, the budget, as presented, includes a 2% increase across the board market for all employees and a 3% discretionary bonus pool.

On a related note, Scott stated that in order to secure a Maintenance Supervisor with the qualifications the organization desires, a higher salary was offered than had been in the past. Simultaneously, adjustments were made to bring all other supervisors' pay up to an equitable rate, and all impacted employees' pay were frozen for two years.

Tim Hudner requested an analysis showing the last several years of revenue compared to the increased staff costs associated with organizational growth over those years. Tim stated that organizational deficits in the past have been tied to Vouchers, or other programs, rather than to overhead and operational expenses. Rick Taggart agreed that a comparison could be helpful, so

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long as staffing costs used for the comparison are in line with Employers Council determination of fair pay. After some discussion around the 3% bonus set-aside and compensation of staff, specifically while operating in a deficit, the Board agreed the Discretionary Award budgeted for officer incentive bonuses and other bonuses should be presented on a line separate from compensation. Further, with the understanding that there are costs associated with staff growth of the organization that in turn will allow growth in development, and allow proper management of the growth in Vouchers and other programs, if planned development cannot take place as scheduled, adjustments to the budget will be expected.

While acknowledging the concern over a negative operating budget, Scott noted this conservative budget does not account for unknowns such as the impact of vacancy savings for positions that remain unfilled. Also, the budget allows for 100% utilization of health insurance while in past years approximately 40% of the amount budgeted has been unused. These items, and other conservatively budgeted items, will help manage any potential shortages. Likewise, certain projects, the parking expansion at the Foresight office for example, will not be started if funds are not available to complete them. Finally, Scott pointed out that the General Fund does not represent the complete financial picture of GJHA, as the organization has substantial cash reserves in other accounts. While not sustainable, these unrestricted funds provide the organization some financial flexibility when needed.

Several board members suggested this version of the budget may be too conservative. The Board consensus was that they liked seeing the stripped-down budget, without development, and would like to see forms, both with and without development, presented in future years. Rick Taggart suggested operating at break even and adding expenses as funds become available. Tim Hudner agreed this would be a good practice, as did Ivan Geer while he indicated he is in support of building organizational health for the year.

Sheila Brubacher asked that Board expectations be clarified. The Board specifically requested a balanced operating budget be presented at the December general meeting. Staff believe that with updated health insurance costs, which will be known in November, and other minor modifications, any shortfall can be eliminated by that time.

Tami Beard made a motion to approve Resolution 2019-09-02, Adopting Operating Budget for Fiscal Year 2019 for The Highlands 2 LLLP, Resolution 2019-09-03, Adopting Consolidated Budget for Fiscal Year 2020, with the caveat that a revised budget be presented by year end showing no net operating loss, and Resolution 2019-09-04, Adopting Operating Budgets for Fiscal Year 2020 for Arbor Vista LLLP, Linden Pointe LLLP, Village Park LLLP, The Highlands LLLP, and The Highlands 2 LLLP. Ivan Geer seconded the motion. With no further discussion the motion passed with all Board Members in favor, none opposed.

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Housing Choice Vouchers

Racquel Wertz reported that the Annual Administrative Plan regarding the Housing Choice Voucher Program has been presented to, and approved by, the Resident Advisory Board. The proposed changes include the adoption of certain preferences for Mainstream Vouchers on the GJHA Waiting List in addition to establishing preference for Domestic Violence Vouchers. Other changes to the plan were briefly reviewed:

- Previously, annual inspections could be scheduled as late as 7pm. This will change to 5pm, Monday through Thursday, so that any 24-hour repairs can be done within the workweek, making exception for reasonable accommodation.
- Property owners or their agent can now provide documentation of repair rather than GJHA sending an inspector back to a property to verify work is complete.
- Language around termination of assistance for “repeated or serious lease violation” was clarified, as was termination for non-payment with no repayment agreement, and a change was made from termination required upon arrest for violent or drug related felony to conviction of such crimes.
- There has been no clear-cut policy on marijuana use, though in the future it will likely be addressed as alcohol is, with eviction resulting from a pattern of abuse which threatens the safety of the unit or neighbors, and/or the peaceful enjoyment of other residents living nearby.
- Finally, the plan was changed to state that notice of termination will be sent by certified in addition to first class mail.

HUD form 50077, the Certification of Compliance, was provided to the Board for approval of the changes. With no additional comments or questions, Ivan Geer made a motion to approve Resolution 2019-09-05, adopting changes to Administrative Plan. Tim Hudner seconded the motion which passed with a unanimous vote.

Fair Market Rent Standards

Racquel Wertz explained that payment standards change when HUD annually updates Fair Market Rent Standards (FMRs.) When released in September, the FMRs saw an 11%-17% jump across the board. These increases will make it easier for voucher holders to find affordable units. GJHA must set its local standards between 90% and 110% of FMR and is proposing to set the standards at 100%. This increase also gives GJHA flexibility to raise revenues. Housing Authority properties cannot raise rents on only the units occupied by voucher holders; rents must be the same for all tenants in like units. When asked, Racquel said she believes the new rents do

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accurately reflect the market. With no further discussion or questions, Resolution 2019-09-06, approving payment standards for the Housing Choice Voucher Program effective October 1, 2019 was approved with a motion by Tami Beard, second by Ivan Geer, and unanimous vote.

Other Business, if any

- a. Scott Aker pointed out the Men in Heels Fundraising Award, displayed in the conference room, that GJHA recently received for raising the most money to benefit Latimer House during the 2019 event.
- b. Jody Kole announced a meeting with HUD Regional Administrator will take place tomorrow at Village Park. Scott Aker added that Club 20 will host a conversation with the HUD team as well.

Adjournment

With no further business, the meeting was adjourned at 7:01 p.m. with a motion by Rick Taggart, second by Ivan Geer, and unanimous vote.

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