

# MINUTES

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

**December 14, 2020**

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## **Call to Order**

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

### **Board of Commissioners:**

John Howe, Chair  
Ivan Geer, Vice Chair  
Chris Launer  
Tami Beard  
Bill Johnson  
Rich Krohn

### **GJHA Staff:**

Jody Kole, CEO  
Scott Aker, COO  
Lance Lehigh, CFO  
Jill Norris, General Counsel  
Suzy Keith, Asset Manager  
Krista Ubersox, HR Director  
Racquel Wertz, Voucher Team Supervisor  
Kevin Sperle, IT Supervisor

Guest: Tim Hudner, former Board Member

## **Sendoff for Tim Hudner**

John Howe started the discussion by thanking Tim for his many years of service to GJHA. Jody Kole and Tim Hudner reminded the board that he has served for 10 years. Tim mentioned that he has two years of service on the State Housing Board remaining. Ivan added his thanks to Tim. John added that he appreciates the expertise and passion Tim brought to the Board. Rich Krohn told Tim that Rich has big shoes to fill.

Tim left the meeting at 5:12 pm, asking the team to invite him to the Grand Opening of 2814.

## **Welcome New GJHA Board Member, Rich Krohn**

Board members welcomed Rich to the Board. Rich indicated his pleasure and eagerness to serve.

## **Consent Agenda**

The Consent Agenda consisted of a request for adoption of Minutes for October 26, 2020 Board Meeting, Notes of the Finance and Audit Committee for December 8, 2020, Notes for December 11, 2020 Executive Compensation Committee, Resolution 2020-12-01 *Appointing Pam Francil to the Doors 2 Success Board through December 1, 2022*, and Resolution 2020-12-02, *Approving the Housing Choice Voucher Administrative Plan (annual and five-year plan renewal)*. With a motion by Tami Beard, second by Bill Johnson and 5-0 roll call vote (Rich Krohn abstained), the Consent Agenda was adopted.

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### **Finance and Audit Committee Report**

#### 3<sup>rd</sup> Quarter Financial Report

Ivan Geer provided a high-level summary of the report and its details, focusing on the value of the summary tables. Ivan mentioned that staff have adjusted expenditure levels in certain areas and properties where required to operate within budget parameters in response to the challenges that have faced GJHA during the year.

Lance Lehigh followed with additional comments regarding the changed format of the report, indicating Board responses have been favorable regarding the content and presentation. Cash balances increased in the third quarter by approximately 8% over the second quarter. Certain internal transfers have occurred to clean up needed items, including receipt of additional federal funds related to the COVID-19 pandemic.

Methamphetamine-related costs have slowed over the course of the year. Lance added that staff acquisition and use of rent relief and other COVID funding sources have helped the organization address its financial needs during the year, along with appropriately addressing residents' needs.

Operating revenues are approximately 11% above budget for the quarter and approximately 20% above budget for the year. Operating expenses are remaining within budget or below in most areas. Overall, compensation expenses are below budget by 6.1% for the year. Operating expenses overall are below budget for the year by approximately 1.75%, or approximately \$182,500.

Lance remarked that the third quarter financial statements and report do not reflect the Philadelphia Insurance settlement. Those numbers will be reflected in the fourth quarter.

Tami Beard thanked Lance and all team members for their management during the year, indicating that she had concerns at the beginning of the year and has been very pleased with the reports and financial management this year.

With a motion by Tami Beard, second by Bill Johnson and unanimous roll call vote, the Board accepted the recommendation of the Finance Committee regarding the approval of the 3<sup>rd</sup> Quarter Financial Statements and Report.

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COVID Funding Update – Scott Aker updated the Board regarding sources and uses of various COVID-19 relief funding. Specifically, Scott noted that a growing percentage of HUD Cares Act Round 1 funding has been utilized, largely for technological enhancements to GJHA operations to better serve voucher holders. The CDBG-CV funding stream, provided through the City of Grand Junction, has been utilized for rental assistance to eligible GJHA households. Approximately \$95,000 of the \$123,653 awarded remains available for use. Scott indicated staff believe that after a lull of activity during the summer and fall, more demand for this resource is likely. For the emergency food component, staff will request extensions for the use of this money into 2021.

### Rent Collections

Suzy Keith reported seeing a slight increase in people at certain properties not paying their rent, in most cases indicating a COVID nexus via the Centers for Disease Control (CDC) procedures which allow self-attestation. The two properties which continue to be impacted the most are Arbor Vista and Village Park. Vacancy losses are trending in a good direction; with winter approaching GJHA typically sees a slowdown in unit turnover.

### Rent Stress Analysis

Lance updated the board with the rent stress analysis as a companion to the rent collections data provided monthly. The analysis provides a dashboard view of each property's ability to manage its debt service commitments in the face of reductions in rent collections. This month's report indicates that every property is operating at a level that maintains a debt service coverage of 1.15X or more. This is a significant improvement over the second quarter of the year, wherein some properties were more stressed given the financial challenges presented by the pandemic.

### Emergency expenditures at Linden Pointe

Suzy provided an overview of the memo included in the board packet. Corrosion in underground copper pipes has created leaking and an emergency need to abandon those pipes and re-pipe ten (10) units in the D, E and F buildings, with the re-piping occurring above ground and within each building. The emergency required staff to invoke the emergency expenditure section of the GJHA Procurement Policy. The work will be completed by the beginning of next week. To Rich Krohn's question about the CEO being aware of these expenditures, staff reported that Scott Aker, COO, who is the organization's procurement officer per the procurement policy and whom is the CEO's delegated authority for this matter, signed the contracts in question, thereby satisfying the requirements of the policy.

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With a motion by Chris Launer, second by Rich Krohn and unanimous roll call vote, the Board approved, via Section 5(f) of the GJHA Procurement Policy, ratification of Total Emergency Expenditures at Linden Pointe Apartments of \$94,409.57, ratification of the use of Coockey's Mechanical for the plumbing work, without selection through a competitive process, which totaled \$49,585.00, and ratification of the use of 970 Drywall for the drywall work, without selection through a competitive process, which totaled \$29,442.17.

An additional note: Two items included in the total expenditures that do not require separate ratification are 1) \$9,882.40 for internal GJHA labor and materials, and 2) \$5,500 for tenant relocation expenses.

### Annual Bad Debt Report

Suzy provided an overview of the report, indicating bad debt typically results from unpaid rents and, in some cases, damage to an apartment. For 2020, the typical bad debt is accompanied by the write off of bad debts associated with methamphetamine damage and remediation. Lance reminded the Board the write-offs are related to the presumed uncollectable nature of the debts as regards the tenants. It does not relate to the properties' ability to receive a portion of the insurance settlement. With a motion by Bill Johnson, second by Chris Launer and unanimous roll call vote, the Board accepted the recommendation of the Finance Committee in its receipt and ratification of the Annual Bad Debt Report.

### Use of Ratekin Tower Apartments Laundry Funds

Jill Norris provided an overview of this item, including that the Finance and Audit Committee has recommended this item for approval. Jill reported to the Board that in or around 1982, a document was executed limiting the use of Ratekin Tower Apartments Laundry Funds, and specifically requiring GJHA Board of Commissioners' approval of the use of these funds. However, after a diligent search, the document cannot be located. Jody Kole informed the Board that her recollection is that her predecessor, David Meyer, negotiated with HUD, as part of the regulatory agreement for this property at the time, that Laundry Funds would be set aside and used for the benefit of the residents, but not to pay for normal operations of the property. Jody's further recollection is that the agreement required GJHA Board approval for use of the funds.

Jill has compiled a list of prior use of these funds, which included some repairs and maintenance items, improvements to the laundry room, common area furniture, and other improvements to the property. Jody indicated to the Board that staff desire to apply these

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funds to the significant work that has been required as a result of the methamphetamine damage and remediation, and that staff are working with HUD to gain their approval of the overall application of funds, including insurance settlement funds, toward these costs.

Prior uses discovered by Jill during her research:

2007 – Update the computer lab and make repairs to the laundry room drainage system.

2016 – Paint common areas, update furniture, wall décor and lobby area flooring, new mailboxes.

2018 – 35<sup>th</sup> anniversary celebration plus common area furniture, including outdoor furniture.

Rich Krohn asked if GJHA staff inquired with CHFA and other parties to find the document referred to above. Jill responded that staff has reached out to CHFA, who does not have the document. Jill is working to find a time to talk with the HUD

Representative, but that conversation has not occurred. Rich also asked if Jody's recollection is that the only requirement for these funds is their use for the benefit of the residents. Jody responded affirmatively, adding the requirement that any use of these funds must receive formal GJHA Board approval. Jody reminded the Board that in each annual audit of Ratekin Tower by a third party contracted by HUD, the use of laundry funds and a reconciliation of this account is addressed, assuring the funds are not commingled with operating cash.

Ivan asked for Jill's legal opinion, given that she has not seen the document. Jill indicated that based on the diligent search that has been conducted, the information that has been gathered regarding prior uses and that independent auditors review this funding source annually, she is comfortable with the use of Laundry Funds as contemplated in the Resolution.

With a motion by Ivan, second by Rich and unanimous roll call vote, the Board approved Board Resolution 2020-12-03, *Approving Expenditure From Ratekin Tower Apartments Laundry Funds*.

### Budget Revisions

Lance updated the Board regarding the information used to prepare the recommended budget revisions. At the time of the December 8, 2020 Finance and Audit Committee meeting, the GJHA November financial statements were not ready and available to be included in the analysis. In the ensuing days, that financial information has been finalized and used in preparation of this memo and Resolution. Ivan indicated his support for the timing and approach of this item. Lance provided an overview of each item consistent with the memo provided in the packet.

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Regarding the Linden Pointe revision, Jill mentioned that the year-15 priority distribution amount will occur in 2020 versus January 2021.

To Chris Launer's question regarding why revenues from the insurance settlement are not included as a budget revision, Lance noted the revisions are focused on assuring the Authority has the appropriate level of expenditure authority for each program and fund, and are not required to reflect revenues that exceed budget estimates.

With a motion by Chris, second by Bill and 5-0 roll call vote (Rich Krohn abstained), the Board approved Board Resolution 2020-12-05, *Adopting Revised Consolidated Budget For Fiscal Year 2020*.

With a motion by Ivan, second by Bill and 5-0 roll call vote (Rich Krohn abstained), the Board approved Board Resolution 2020-12-06, *Adopting Revised Budget for Calendar Year 2020 for Linden Pointe LLLP*.

### **Linden Pointe Year 15 Transition**

Jill reviewed this item with the Board, reviewing detailed items listed in the Resolution. Pursuant to the current Partnership Agreement, GJHA and its Limited Partner Affordable Homes LLC, desire to acquire the interest in Linden Pointe, LLLP currently held by Limited Partner MMA Linden Pointe, LLC (MMA) and Special Limited Partner BFIM Special Limited Partner, Inc. (BFIM), for the amount of \$1,000 plus amounts owed to the investors under the partnership agreement of \$6,800. For the remainder of this item, MMA and BFIM together will be referred to as "Boston Financial". A copy of the assignment document is attached.

Jill reviewed the required indemnification language that must be present for the transaction to commence. As both the lender and Low Income Housing Tax Credit authorizing entity, the Colorado Housing and Finance Authority (CHFA) approved this transaction on December 3, 2020, so long as GJHA abides by the ongoing requirements under the Land Use Restriction Agreement and other documents. CHFA will require receiving copies of the executed transaction documents.

GJHA will be required to deliver to Boston Financial various financial documents and reports by January 14, 2021. By February 28, 2021, certain tax and audit documents will be required to be received by Boston Financial. The GJHA Finance Team and GJHA's

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contracted auditor, Novogradac, are confident in the ability to deliver all documents timely.

To Ivan's question regarding anything about which GJHA should be concerned, Jill indicated that GJHA is not agreeing to anything that the organization has not already been required to do up to this point. Jill remarked that both Boston Financial and CHFA were very easy to work with on this transaction. Outside counsel Paul Smith was also very helpful. Jill mentioned that Boston originally requested a "first look" at any re-syndication of tax credits, to which the GJHA response was that since GJHA is a public entity, the best the GJHA can commit to is notifying Boston Financial in the same time period as any other interested investor, should GJHA decide to re-syndicate in the future.

Chris asked Jill to clarify current and future ownership intent, and an explanation of Affordable Homes, LLC as the new limited partner. Jill informed the Board that Affordable Homes is a single member LLC and GJHA is the sole member. GJHA must continue in a legal partnership as part of the current loan documents.

Rich asked a question regarding paragraph 4 in the agreement – how can GJHA indicate that it has fully and completely satisfied all obligations. Jill and Jody remarked that all financial indicators are monitored and reported, such as the capital account. Jody also mentioned that, assuming favorable conditions, staff intend to pursue re-financing of the debt on the property, allowing then for full GJHA ownership in early 2021.

With a motion by Rich, second by Tami and unanimous roll call vote, the Board approved Board Resolution 2020-12-04, *Concerning Linden Pointe LLLP Year 15 Acquiring Limited and Special Limited Partner Interests*.

Chris mentioned that Linden Pointe has worked as it is supposed to, and through the transition GJHA is acquiring a valuable asset which will serve the community for many years to come. He mentioned that most board members see the front end of these transactions, but not the final resolution, and commented on his delight to see this occurring. Other board members concurred with his comments. Per Jody, at an assumption of the value of \$175,000 per apartment, the property may be worth approximately \$16.1 M. To Tami Beard's question about refinancing, Jody indicated GJHA is locked out of refinancing through mid-February 2021; the CHFA note is payable in full in February 2022. Staff are likely to invite re-financing proposals when the time is right. The intention will be to do a refinance that will result in GJHA owning 100% of the property, ending the short and limited role that Affordable Homes LLC will play in the transition.

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### **2021 Board Organization and Meetings Schedule**

John announced that his second year as Chair is coming to an end. By custom, officers have held their positions for two-year periods. John recommends that Ivan become chair in January 2021. Ivan discussed the role of Vice Chair as primary to lead the Finance and Audit Committee. Ivan talked with Rich, and Rich is willing to become Vice Chair of the Board.

In the discussion of the Slate of Officers for January 2021 Election, the following suggestions occurred:

- Chair – Ivan Geer
- Vice Chair – Rich Krohn
- The vote will occur during the January 19, 2021 Regular Meeting.

In the discussion of appointing 2021 Committee Members, the following occurred:

- Finance and Audit Committee:
  - Chair – Tami Beard
  - Other Members: John Howe, Chris Launer, and Bill Johnson
  - With a Motion by Ivan, Second by Chris and unanimous roll call vote, the 2021 membership of the Finance and Audit Committee as stated above was approved.
- Real Estate Committee:
  - Chair – Rich Krohn
  - Other Members: John Howe, Ivan Geer, Tami Beard, and Rick Taggart
  - With a Motion by Ivan, Second by Bill and unanimous roll call vote, the 2021 membership of the Real Estate Committee as stated above was approved.
- Executive Compensation Committee:
  - Typically this Committee consists of the Chair, Vice-Chair and Immediate Past Chair
  - Chair – Ivan Geer
  - Other Members: Rich Krohn and John Howe (subject to officer elections in January)
  - With a Motion by Ivan, Second by Tami and unanimous roll call vote, the 2021 membership of the Executive Compensation Committee, subject to Officer Elections on January 19, 2021, was approved.



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- Convening the Real Estate Committee - Jody indicated GJHA is receiving interest in the purchase of existing properties. Also, land acquisition for future development needs to be revived as a topic. Jody offers to assemble an agenda and convene the Committee Tuesday January 5, 2021, 11am – 1pm.
- 2021 Proposed Meeting Schedule – Staff proposed a schedule to provide better timing for delivering financial information. Staff recommends Regular Board meetings on the first Tuesday of the month, with the Finance and Audit Committee meeting the last Tuesday of the prior month. After discussion, the Board agreed Regular Board meetings would continue to occur at 5pm; Finance and Audit Committee would continue to occur at 11:30 am. Moving to the suggested, attached schedule, also avoids conflicts with city council meetings for the City Council Representative. Formal adoption of the 2021 schedule will occur during the January 19, 2021 meeting.

### **Other Business**

N/A

### **Executive Session**

At 7:12pm with a motion from John and second by Ivan, a unanimous roll call vote was taken to move into Executive Session for discussion of a personnel matter under C.R.S. Section 24-6-402(4)(f) and NOT involving any specific employees who have requested discussion of the matter in open session; any member of this body or any elected official; the appointment of any person to fill an office of this body or of an elected official; or personnel policies that do not require the discussion of matters personal to particular employees.

### **Return to Open Meeting**

The Executive Session concluded, and the Board returned to the open meeting at 7:40 pm. Participants in the Executive Session included John Howe, Ivan Geer, Chris Launer, Tami Beard, Rich Krohn and Bill Johnson. With no registered concern over the discussion during the Executive Session the Open Board Meeting continued.

The next order of business was a Motion to accept the recommendation of the Executive Compensation Committee. With a motion by Tami Beard, second by Chris Launer and

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5-0 roll call vote (Rich Krohn abstained) the Board accepted the recommendation of the Executive Compensation Committee.

With no further business or discussion, the meeting was adjourned at 7:45 pm with a motion by Ivan second by Chris and unanimous vote.

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