Notes

Grand Junction Housing Authority | **May 25, 2021 11:30 am**
May Finance/Audit Committee Meeting | **Virtual Meeting via Microsoft Teams**
In person or virtual via link

---

1. **Call to Order and Roll Call:** The GJHA Finance and Audit Committee Meeting was called to order at 11:35am by Tami Beard, Committee Chair. Attendance was taken by roll call with the following present:

Board of Commissioners	GJHA Staff
Tami Beard, Committee Chair	Scott Aker, COO
Chris Launer	Lance Lehigh, CFO
Rich Krohn	Krista Ubersox, Human Resources Director
Bill Johnson	Sheila Brubacher, Accounting Supervisor
	Danette Buck, Asset Manager
	Lacy Hildebrand, Executive Assistant

2. 1st Quarter Financial Statements (memo and statements)

Cash and cash flow – Lance Lehigh prefaced that some expenses/invoices were not paid timely in the beginning of the year. When the items were discovered, all were paid and recognized in the quarterly totals. In response to Bill Johnson's question, there were some late fees due to unprocessed invoices. Associated with the timing of the delayed payments, a new electronic invoice system has been implemented and will help control the process to prevent this in the future.

Consolidated cash balances for the 1st quarter increased by $334,552 or 8% from the prior quarter to $4,287,621. Consolidated Accounts Receivable was reduced by 12%. Detailed information is included in the 1st quarter financial report.

Tax credit properties cash balances remained in an overall strong position. Arbor Vista and Village park cash balances increased for the quarter and are above or approaching benchmarks for days of cash on hand. The Highlands cash balance was impacted in March by the timing of quarterly dues paid to McMahon HOA and the final installment for developer fees of $108,000. Highlands 2 cash balances decreased by $146,249 during the quarter to $533,857. Quarterly payments to McMahon HOA and a developer fee installment of $75,000 accounted for the majority of the cash balance reduction. Scott noted that higher occupancy rates are helping support cash balances at the properties through the efforts of the leasing and maintenance teams. Chris Launer asked regarding the high cash balance for Highlands 2 if it was due to the developer fee payable. Lance replied Highlands 2 still owes approximately

$532,000 in developer fees. 2814 had not completed construction and move in until the end of March and no operations and revenue began until April.

Days of cash on hand – Ratekin Tower decreased the remaining deficit of days of cash on hand from (258) to (134) days during the quarter. The property continues to demonstrate positive operational cash flow each month. Housing Choice Voucher program, Family Self Sufficiency, the Voucher Client Support program, and the Next Step/TBRA program and Housing Plus Health are all doing well per the financial report.

Detailed information regarding specific programs and consolidated properties is in the accompanying quarterly report.

Income and expense for the General Fund were below budget due primarily to maintenance labor charges to the properties and associated supplies not being billed due to pandemic restrictions coupled with staff turnover, reducing available hours for billing. Routine work orders are on pace and catching up to budget due to the lifting of COVID-related restrictions on maintenance team entering tenant apartments.

Consolidated compensation and benefits were under budget due to vacancies and associated reductions in benefits. Lance noted that health insurance premiums were budgeted prior to finalization and current premium savings would be part of forthcoming budget revisions to be submitted mid-year. Other operating expenses were at or below for the quarter except for the property insurance. Scott added we have budgeted for a consultant to conduct a complete update of the compensation plan, and staff will present recommendations to the board during the August Board Meeting. Several Board Members indicated their appreciation for this work and an understanding and agreement with the need for GJHA positions to be competitive in the market, both for ongoing staff retention as well as new recruitment.

Arbor Vista revenues were over budget by 8% and expenses under budget by 32%. The Highlands exceeded budgeted revenue for the quarter by 6.1%, with operating expenses under budget by 7.1%. The Highlands 2 exceeded budgeted revenue by 5.9% with operational expenses over budget by 4%. Village Park exceeded budgeted revenue by 10.2% for the quarter. Operational expenses were under budget by 15.5%. 2814 LLP remained in construction during the 1st quarter.

The Housing Choice Voucher program's revenue and expenditures are very close to budget estimates for the quarter. For the Supportive Services programs, there are no concerns regarding revenues or expenditures in the first quarter. Timing issues will always occur for state-funded programs where GJHA fronts the expenditure then submits invoices for reimbursement.

Budget revisions for certain properties and programs are anticipated for the Finance and Audit committee and board meetings in July and August.

Rich Krohn asked about property insurance. The Housing Authority Insurance Group (HAI) is our current insurance provider; GJHA is in its second year with this insurance carrier. Lance explained the reason for property increase was due to the increase in replacement values for the properties. We have $100,000 aggregated meth coverage for the year. The 2021 budget includes a set-aside of $260,000 for methamphetamine-related expenses. Staff continue to implement preventative measures in the leasing, property management, maintenance and supportive services arenas. Currently there are four (4) occurrences of meth at GJHA properties, and have been reported as such. No claims have yet been filed. Staff's strategy is to deploy the insurance coverage strategically to those properties that are least able to absord the costs. The insurance deductible is $5,000 per unit. Last year GJHA filed for $100,000 in claims and HAI renewed the contract for 2021. Members of the committee recommended that a reserve be established moving forward for meth remediation as opposed to a budget set-aside. Lance stated that $260,000 was an opening estimate for the 2021 budget, and agreed with establishing a reserve beginning in 2022.

With a Motion from Bill Johnson, second by Chris Launer and unanimous vote, the Committee voted to recommend the first quarter financial statements to the Board.

3. <u>Rent Stress Analysis due to COVID-19 (see attachment)</u>

Current trends indicate that the properties can absorb between 7 and 35% of rent losses. Overall, the properties remain stable.

A. <u>Updated Rent Collections for May</u>

We still have some residents that are not paying rent and have no nexus to COVID-related rental assistance. Scott indicated that 10 or fewer tenants that are behind enough to consider eviction once the moratorium is lifted. Hopefully, the residents work with GJHA to either pay the arrearages or enter into meaningful repayment plans and avoid eviction.

4. <u>COVID Funding use update (see attachment)</u>

The Emergency Food Assistance Program is in good standing with both grant funders. Scott stated that we will not have to return any remaining funds.
HUD Cares act – Scott indicated that approximately $20,000 of the first tranche of funding remains to be spent, and the entire amount of the second tranche remains to be spent. If COVID-specific items cannot be identified, HUD will allow, and encourages, normal voucher program operating expenditures that have occurred during the pandemic to be charged to this source. The result may be an increase in Administrative Fee Reserves. Staff had a discussion with HUD about acceptable uses of the Reserves, and HUD remains opposed to Reserves being used for new development. However, staff at this time are not concerned of recapture of Reserves. There are likely to be suggested uses of a portion of the Reserves in the 2022 budget

proposal. Regarding Emergency Rental Assistance funding, staff report that the Colorado Association of Realtors source will be fully utilized. The CDBG-CV source, of which approximately $35,000 of the $123,000 grant has been utilized, likely will not be fully spent. GJHA is not the only Housing Authority or community organization that has not experienced the expected demand for rental assistance. Staff will soon work with the City to discuss options re-deploy this resource.

5. <u>Status Update on Audit of 2020 Financial Statements</u>

All of the tax credit audits are complete. The final draft of the GJHA consolidated audit was received on May 24 with no qualified opinion. Lance will bring the final audit report to the July 6 Board Meeting.

6. **<u>Other Business:</u>** None

7. With a Motion by Chris Launer and 2nd by Bill Johnson the meeting adjourned at 1:03pm.