

MINUTES

Grand Junction Housing Authority
July Board of Commissioners' Regular Meeting

Tuesday, July 6, 2021

Call to Order

The GJHA March Board of Commissioners' Regular Meeting was called to order at 5:06 pm by Rich Krohn, Board Vice Chair. Attendance was taken by roll call with the following present:

Board of Commissioners:

Rich Krohn, Vice Chair
Chuck McDaniel
Chris Launer
Tami Beard
Bill Johnson
John Howe

GJHA Staff:

Jody Kole, CEO
Scott Aker, COO
Lance Lehigh, CFO
Jill Norris, General Counsel
Danette Buck, Asset Manager
Krista Ubersox, HR Director
Lacy Hildebrand, Executive Assistant

Consent Agenda

The Consent Agenda consisted of: (1) Request adoption of Minutes for June 1, 2021, Board Meeting; as amended (John Howe requested modifying the June 1, 2021 minutes to reflect that he was in attendance) and (2) Request adoption of Notes of the Finance and Audit Committee for June 29, 2021. With a motion by Tami Beard, second by Bill Johnson and a unanimous roll call vote, the Consent Agenda was approved.

Finance and Audit Committee Update

- Tami started the conversation by noting that the 2020 Audit is not final but for the last 6 years, GJHA has received clean audits in good standing and with no material findings. Lance noted that he was hoping to have the final audit to present for this meeting, but Rich Larsen (from Novagradac) was not under the same understanding that the audit manager was in terms of items that needed more attention, so it has not been finalized yet. The deadline for audit submission to the State is July 31, however staff can file for an extension if needed. The group discussed the possibility of needing a special board meeting before the next regular board meeting to approve the audit and possibly discuss other matters.
- GJHA's 3-year contract with Novagradac is in its last year. After discussion regarding timing of the contract and staff workload, Jody recommended that the board approve a one-year extension of the contract and a competitive process in 2022 for a contract to be executed for 2023-2026. John Howe moved to extend the contract with Novagradac through December 31, 2022. Bill Johnson seconded, and the motion was approved by a unanimous roll call vote.

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- Rent Collections Update – 1.4% of unsubsidized rents were uncollected through June 24. 4.1% of subsidized rents were uncollected. Lance reminded the group that rental collections in the last days of the month typically close those gaps. The overall property vacancy rate at month-end is 1.7%. Rich asked Lance to update Chuck McDaniel on some history of Village Park and Ratekin Tower as context for this analysis. On an ongoing basis, Ratekin Tower is making progress in restoring its cash balance. Village Park has seen the highest number of people that have not paid rent through the pandemic and who have not requested emergency rental assistance. If operations remain consistent, these properties will keep building cash flow and cash balances.
 - Rent Stress Analysis – Lance stated the properties are in good standing overall. YTD debt service coverages vary from 1.44X to 5.68X. Lincoln Apartments did have negative cash flow for the month due to meth remediation and reconstruction of a unit.
 - Update on COVID Relief Funding – Scott reported on COVID emergency assistance funds. Of the \$25,000 in #GJ Strong funding, \$24,077 has been used for emergency rental assistance. Of the \$123,653 in CDBG-CV emergency rental assistance funds, \$36,644 has been spent. Staff are closely monitoring the households on the eviction watch list and will continue to present the option of emergency rental assistance to those who are legitimately eligible. Scott indicated staff remain in contact with city staff regarding possible future discussions regarding repurposing of the CDBG-CV funding should GJHA indicate the likelihood of not being able to fully utilize those resources. Staff intend to wait for those discussions after the eviction moratorium expires and residents have exhausted opportunities for assistance. Scott noted the Colorado Association of Realtors funding is not as urgent to be spent down and we have expended \$6,724 of \$12,000. The first round of HUD funding for Voucher Program administrative support has been fully utilized and staff are now spending phase 2 funds, expending \$25,924 of \$219,801 thus far. Staff reminded the Board that regular Voucher administrative costs can be charged to the Cares Act funding, assuring that GJHA will not return any of this money to HUD. Funding for emergency food assistance through the Rocky Mountain Health Foundation (RMHF) and Next50 Initiative have been fully utilized. Finally, staff reported that RMHF awarded GJHA approximately \$2,400 to use to boost staff morale. One event at Bananas Fun Park for employees has occurred and another is being planned that will be family oriented.

Approval of Resolution 2021-07-01 Ratifying and Approving a Contract for the Sale of Real Property Owned by Grand Junction Housing Authority located at 1262 and 1282 Bookcliff Avenue, Grand Junction Colorado (Bookcliff Squire Property). –

Jill stated that GJHA received a full price offer to purchase the Bookcliff Squire Property for the sum of \$400,000.00. The Contract is contingent upon the Board of Commissioners approval of the Contract by no later than August 13, 2021. Jill recommended that the Board ratify and

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approve the Contract which was attached to the Resolution. Rich added that he is confident this Contract will succeed especially since the Buyer owns the neighboring property. Chris Launer made a Motion to approve Resolution 2021-07-01 Ratifying and Approving a Contract for the Sale of Real Property Owned by Grand Junction Housing Authority located at 1262 and 1282 Bookcliff Avenue, Grand Junction Colorado (Bookcliff Squire Property). The Motion was seconded by Tami Beard and approved by a unanimous roll call vote.

Other Business, if any:

Chris asked about additional funding that Colorado might be receiving. Jody responded that President Biden's infrastructure plan, as currently drafted, would allocate significant resources to Colorado. It is also anticipated that Congress will consider a significant expansion of the Low Income Housing Tax Credit program. Jody asked Chuck to discuss the money that the city will be receiving through the American Rescue Act. Chuck indicated the city will receive approximately \$10.4 million in two tranches in two years. Right now, the City is establishing a Citizens Advisory Committee to decide how to allocate these funds throughout the community, but they are months out in the allocation of those funds. Revenue shortfalls of approximately \$3.4 million, due to the COVID pandemic, may be factored into the allocation of the first tranche. The City's financial condition overall is strong. Scott added that Congress is reintroducing the practice of earmarking into the federal budget process that will enable specific legislators to ask for funding for specific projects. GJHA was invited to submit a proposal and submitted a request for \$1.4 million for land acquisition/land banking for future development. Jody added that in addition to land, GJHA needs to assure it has adequate staff and/or consultant resources for future development, given Danette's promotion to the Asset Manager position. Competition for tax credits will remain strong. Scott added that staff are looking at possible rehabilitation projects at certain properties. Rich commented that staff workload will be intense and that he hopes lumber prices will come down before the next development occurs.

Adjourn

With no further business or discussion, the meeting was adjourned at 6:02 pm with a motion by Chuck McDaniel, a second by Chris Launer and a unanimous roll call vote.

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

Notes

Grand Junction Housing Authority
July Finance/Audit Committee Meeting
In person or virtual via link

July 27, 2021 11:30 am
Virtual Meeting via Microsoft Teams

1. **Call to Order and Roll Call:** The GJHA Finance and Audit Committee Meeting was called to order at 11:36am by Tami Beard, Committee Chair. Attendance was taken by roll call with the following present:

Board of Commissioners

Tami Beard, Committee Chair
Chris Launer
John Howe
Bill Johnson
Rich Krohn

GJHA Staff

Jody Kole, CEO
Scott Aker, COO
Lance Lehigh, CFO
Jill Norris, General Council
Krista Ubersox, HR Director
Danette Buck, Asset Manager
Lacy Hildebrand, Executive Assistant

Guest

Candy Johnson, Compensation Consultant

2. **Second Quarter Financial Update**

Lance reported on cash, cash flow and days of cash on hand. Overall, we were stable in the 2nd quarter. General fund cash balance decreased by \$81,896, partially related to increased receivables for 2814 of \$144,862. Acquisition & Development cash decreased by \$79,464 from ongoing construction. Generally, properties and programs increased cash during the quarter with the Voucher program, Walnut Park, and Crystal Brook demonstrating the highest cash balance gains. Lincoln Apartments had negative cash flow for the quarter due to meth remediation and reconstruction expenses.

GJHA owned and market properties saw overall decreases in cash and days of cash on hand during the 2nd quarter as maintenance and repairs increased and some additional meth remediation occurred. For the tax credit properties, Arbor Vista increased their cash position. Village Park continued to be stable and increase days of cash for the quarter. There are still several tenants that have outstanding amounts for rent collection. The Highlands continued to recover from cash outlays in the 1st quarter and is building cash balance and days of cash on hand. Highlands 2 maintains a strong cash balance and days of cash. 2814 built a substantial cash balance in the 2nd quarter. However, 2814 will begin to repay the General Fund for advances used during start up.

Consolidated rental income for the portfolio increased for the 2nd quarter and was over budget by 1.6%. General fund income for the quarter was over budget by 9%. Consolidated compensation and benefits expenses for the quarter remain under budget.

YTD GJHA has incurred \$92,000 for meth remediation and reconstruction expenses. We budgeted \$260,00 for the year.

Tax credit properties' operations remain strong with expenses slightly over budget. Staff will bring needed 2021 budget revisions at the appropriate time.

Consolidated expenses remain stable with budgets year to date. Consolidated assets have increased. Overall, we have gained \$350,000 in net assets over year-to-date 2020. Liabilities have decreased from prior year with long term and current liabilities reducing balances. Current liabilities remained at 4% of total liabilities year over year.

Lance requested a recommendation for approval of the 2nd Quarter Financials to the board from the committee. Chris Launer motioned, and Bill Johnson seconded with a unanimous vote.

3. 2021 Compensation Study Update

Krista Ubersox had Candy Johnson, Compensation Consultant, join via phone. GJHA contracted with Candy in 2018 for the first compensation study and utilized her for the current compensation study as she is familiar with our agency. Candy reviewed the 2021 compensation study conducted for GJHA. She explained in depth how her agency collected data from numerous surveys to complete the compensation study for GJHA. The Western Slope data pool is small so the All Colorado data line was mainly used. A lot of the data was collected pre-pandemic.

Minimum, midpoint, and maximums of each pay grade were created. Then, those were compared to current wages within each range. Many of the current pay rates were found to be below the recommended pay grades based on the market analysis.

Through the process, it was determined that pay rates in Grand Junction are approximately 5% lower than the rest of the state. Therefore, the recommended structure includes that 5% market differential.

Jody stated she supported the compensation plan noted that GJHA did not put this in the budget for the current year due to COVID and uncertainty of revenue and expenses at the time the budget was adopted.

The \$107,047 portion brings current employees up to the new established minimum of each grade, and \$95,479 reflects a 2% equity adjustment in each grade for years of employment with GJHA.

To Rich's question regarding a cost-of-living adjustment in 2022, staff responded the analysis to this point has not considered that. The group agreed this should be a consideration in the 2022 budget.

The total annualized base-building salary increase recommended is \$202,000. If implemented effective September 1, 2021, the cost will be \$67,509 for the remainder of this year. 51 of the 60 GJHA staff are affected by this plan, the bulk of which are in the lower pay grades.

Tami asked if we make this adjustment this year, will we need to have an entirely separate discussion for increases in 2022. Staff will present recommended increases as part of the 2022 budget to the board.

Chris asked when the 2022 budget will be available for review. Lance stated the budget will be ready for the next Board meeting. Lance added that the recommended increases can be absorbed in 2021, due to vacancy savings and over-budgeted assumptions regarding maintenance staffing. He indicated confidence this plan is sustainable going forward.

Chris asked if any development will occur next year. Jody stated staff are currently searching for property, have an offer on a current property but are not under contract. . Rich said conservatively it seems likely that GJHA will not be developing next year, but that the Real Estate Committee and staff will continue to move as quickly as possible. Chris indicated his ongoing understanding that in non-development years, GJHA tends to break even as an organization. The group agreed that GJHA needs to implement this plan to be a competitive employer, and that continuing to develop is necessary to make the plan sustainable. Krista stated average employee retention rate is 4 years.

Jody requested a recommendation from the committee to move forward on this proposal to be presented to the Board at the August 3rd Board meeting.

With a motion from Chris, second by Bill and a unanimous vote, the Committee approved the recommendation

4. Discussion of Budget Revisions procedures

Lance stated that as he looked further into the budget and possible 2021 revisions, staff have engaged in significant discussion that GJHA does not have a clearly

defined policy for budget revisions. Significant discussion ensued regarding the appropriate level of expenditures which should require a budget revision, and committee members and staff agreed that materiality is an important consideration. The group also agreed that the Board needs to conduct is appropriate oversight without managing at the line-item level. Ultimately the Committee members asked staff to prepare a proposal for consideration at an upcoming meeting.

5. Rent Stress Analysis and Collections

Lance noted that overall vacancy loss is down for the year. Uncollected rents for July, through July 21, stand at 6.4%. All the efforts that GJHA staff are making through the properties and leasing teams are keeping the vacancy rates low.

6. Other Business: None

7. With no further business or discussion, the meeting was adjourned at 1:43 pm with a Motion by John Howe and a second by Chris Launer and a unanimous vote.