

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
Regular April Meeting

Monday, April 22, 2013
1011 North 10th Street
11:30 a.m.

1. **Call to Order**

The regular April Meeting of the Grand Junction Housing Authority (GJHA) was called to order at 11:34 a.m. by Board Chair Chuck McDaniel. The following individuals were in attendance: Board Members Tim Hudner, Paul Marx, Chris Mueller; Staff Members Chief Executive Officer (CEO) Jody Kole, Chief Operating Officer (COO) Lori Rosendahl, Chief Financial Officer (CFO) Karla Distel, and Executive Assistant Kristine Franz; and one guest Grand Junction City Councilman elect Martin Chazin. Teresa Coons arrived later in the Meeting. Those not in attendance included Board Members Scott Aker and Chris Launer.

At this point in the Meeting, Agenda items were slightly rearranged.

2. **Other Business**

Schedule Incentive Compensation Committee Meeting

A meeting of the Incentive Compensation Committee will be May 13, 2013, beginning at 11:00 a.m. at the Voucher Service Center. Committee members include Tim Hudner, Chris Launer, Chuck McDaniel, and Chris Mueller. Follow up action by Kristine Franz includes notification to absent Board Member Chris Launer as well as routine committee meeting preparation.

3. **Village Park Development Update**

Jody Kole began the Village Park Development update by stating that construction is 41% complete, concrete foundations have been poured for all of the buildings, the fourth building is being framed now with framing to begin soon on the fifth building. Stucco preparations are being made on the first two residential buildings with the first coat of stucco applied to the leasing office. Interior drywall has begun in the leasing office.

Teresa Coons arrived at 11:40 a.m.

Pending Change Orders include one for the design of the kitchen cabinets and placement / sizing of the kitchen island. The second Change Order is for hard-wired network installation in the individual units, giving Village Park residents the opportunity to access the internet for approximately \$10-\$15/month, if they so choose. To answer

the question posed by Chris Mueller, Jody Kole said this service isn't provided at the other properties. Teresa asked if the other GJHA properties could be retrofitted with "wi-fi", to which Jody said this option could be explored.

The Village Park Carry Over Application must be submitted to the Colorado Housing and Finance Authority (CHFA) by May 16, 2013 to lock in the 9% Tax Credits.

Note: CHFA extended the due date to June 16, 2013.

Jody Kole stated that the Area Median Family Income (AMFI) in Mesa County decreased this year. Because of this decrease, the allowable rents decreased, and thus, the Net Operating Income decreased. This has the effect of reducing the first mortgage. This means that more of the Developer Fee will be deferred. Jody had estimated the Deferred Developer Fee at approximately \$375K, an amount considerably less than the original underwriting amount of approximately \$700K. This change in AMFIs may return the Deferred Developer Fee to the \$700K range. Additional work and negotiations with Enterprise will be required. Jody will keep the Board informed.

Jody Kole announced that a hiring decision she has made might impact the Village Park project. The Village Park General Contractor is Shaw Construction and the Project Manager has been Tim Spach. Tim has been hired to fill the GJHA Facilities Manager vacancy as well as assist on development work. It is anticipated that Tim will join the GJHA team within the next two - four weeks.

Note: Tim will join GJHA effective May 20, 2013.

At this point in the Meeting, the group went into recess to participate in a luncheon honoring Teresa Coons. Reconvening at 12:10 p.m., Chuck McDaniel acknowledged guest Martin Chazin, and recognized Teresa Coons for her contribution to the Housing Authority. Teresa has been the Grand Junction City Council Representative on the Housing Authority Board for the last eight years and is stepping down. She is term limited as a City Council Member, with her second Council term concluding in May.

4. Monthly Update of Sequestration Budget Impacts and Request Approval of the Proposed Mid-Year Changes in the GJHA Agency Admin Plan for the Housing Choice Voucher Program

Monthly Update of Sequestration Budget Impacts

An update of Budget Impacts of Sequestration was presented by Lori Rosendahl. Lori stated that in response to the reduction in Administrative Fee revenue, the hours for walk-in client assistance at the front desk of the Voucher Service Center have been reduced to 9:00 a.m. – 4:00 p.m. With a vacant front desk position creating limited resources, the

reduction in client walk-in hours allows additional uninterrupted time for completion of eligibility tasks by front desk staff.

Request Approval of the Proposed Mid-Year Changes in the GJHA Agency Admin Plan for the Housing Choice Voucher Program

The U.S. Department of Housing and Urban Development (HUD) has offered Public Housing Authorities the ability to implement some cost saving measures designed to streamline the Program and reduce Voucher administrative costs. GJHA had already chosen to implement some of the suggested changes and has consulted the Resident Advisory Board (RAB) who approved the changes to the GJHA Agency Admin Plan for the Housing Choice Voucher Program. The chart detailing the proposed changes to the Plan for 2012-2013 was reviewed with the group as Lori Rosendahl explained the following changes:

- Chapter 6 - Income

The policy change reads, *at recertification a family may “self-certify” assets valued under \$5,000 provided they did not have assets valued over \$5,000 in the previous year.* This change saves staff resources.

- Chapter 11 – Re-exams

The policy change reads, *GJHA will mail re-examination packets for elderly or disabled families with 100% fixed income through the postal service and not meet in person with each family.* This change saves staff resources and is more convenient for the family.

- Chapter 16 – Program Administration

The policy change reads, *the COO may approve the issuance of a Voucher for up to 120% of the Fair Market Rent for disabled families with a reasonable accommodation request.* This change allows GJHA discretion in the issuance of Vouchers and reduces staff time requesting HUD approval.

In response to Chris Mueller’s question, Lori Rosendahl clarified that HUD allows Housing Authorities to set Payment Standard between 90 and 110% of the Fair Market Rent (FMR). Currently, GJHA’s Payment Standard is set at 100% of the current FMR. With this change, if the situation for a disabled client warrants, GJHA can now allow up to 120% of the FMR without seeking HUD’s authorization.

Lori Rosendahl answered Chris Mueller's question regarding rents by stating that rents are beginning to increase. Veterans Affairs Supportive Housing (VASH) and disabled clients are struggling to find units.

The forecasting leasing chart developed by Lori Rosendahl showed a change from last month of a slowed attrition rate and a projected \$92K as a Housing Assistance Payment (HAP) Reserve Balance at the end of the calendar year. Chuck McDaniel asked why, for a couple of months, a large variance is shown between the anticipated HAP Expenses versus the anticipated HAP Budget. Lori explained that HUD allowed GJHA to draw down HUD-held GJHA reserves.

Discussion ensued regarding options to deal with the impact of the Sequestration Budget in 2014. Options included: depleting HAP Reserves, reducing leasing of Vouchers, reducing the Payment Standard of 100% of the current FMR to 90%, and freezing rent increases. Monthly forecasting will continue with a more definitive path anticipated by September.

Lori Rosendahl answered Martin Chazin's question regarding how the HAP Reserve Balance grew by stating that this fund accrued over the years from operating efficiencies. GJHA has been careful with its per unit cost, keeping it below HUD's awarded per unit cost amount.

With no further discussion, proposed Mid-Year Changes in the GJHA Agency Admin Plan for the Housing Choice Voucher Program for 2012 – 2013 were adopted with a motion by Teresa Coons, a second by Paul Marx, and a unanimous voice vote.

5. Presentation of Financial Statements Ended March 31, 2013 for all GJHA Programs, Crystal Brook Townhomes, Linden Pointe, and Arbor Vista

CFO Karla Distel gave the financial presentation ending March 31, 2013 for all GJHA Programs, Crystal Brook Townhomes, Linden Pointe, and Arbor Vista by addressing each property / program individually. Highlights are as follows:

General Fund

The General Fund remains strong with health reserves. Particular line items to be included in a Budget Revision were noted. Liquidation of the Ratekin Tower 2012 Incentive Performance Fee accounts for the increase in cash.

Acquisitions and Development

Reimbursement of pre-development costs for Village Park increased the cash position. Approximately \$6,600 in non-reimbursable Village Park Administrative costs was expensed and accounts for the budget overage.

Vouchers

Vouchers cash position decreased by \$25K in March. HAP Income remains slightly under budget. Line item Other Income is over budget due to a large collections recovery. The credit under Repairs and Maintenance is due to the replacement of the HVAC unit that had been expensed incorrectly and now transferred to Capital Expenses. Professional Fees are under-budget due to timing with receipt / payment of invoices. Overall, Operating Expenses are under budget. Temporary staff costs represent higher Admin Expenses.

Ratekin Tower

The cash position decreased due to the transfer of cash to the General Fund for the 2012 Incentive Performance Fee. Vacancy losses have been less than expected. Higher heating bills were seen for the first quarter due to the historic cold winter. Overall, Operating Expenses are under budget.

Walnut Park Apartments

The cash position increased by \$6K+ in March. The budget variance in Administrative Compensation is due to a change in allocation of staff and will be adjusted through a Budget Revision. Overall, Operating Expenses are under budget.

Arbor Vista

The cash position increased by more than \$20K in March. The dwelling rents exceed the budgeted amount due to a lower than expected adoption rate of reduced renewal rents for those extending their lease an additional year. Repairs and Maintenance are under budget because of planned maintenance which has been deferred. Overall, Operating Expenses are under budget.

Timing discrepancies continue with mortgage invoices and payments. Options for automatic payments are being explored for property mortgage payments to eliminate these differences.

Minutes (contd.)

Page 6

Mr. Chazin asked if GJHA operated on a cash or accrual basis. Karla Distel responded that GJHA operates on the accrual basis of accounting.

Village Park

No Operating Expenses are shown as the project is still in the construction phase with the construction loan balance at \$136K, which is close to target. It is estimated that the construction loan will close to the permanent loan between April 15 – May 1, 2014.

Linden Pointe

The cash position increased in March. Dwelling rental, vacancy losses and bad debts are below expected. Operating Expenses are under budget overall. Due to the delay in CHFA mortgage payments, Interest Expense is under-reported.

Lincoln

The cash position increased in March. Revenues and Operating Expenses are under budget.

Houses

The cash position decreased in March. All houses are currently occupied. An extended vacancy at the Elm house contributed to vacancy losses higher year-to-date. Again, there are timing differences in mortgage invoices and payments.

Monument Business Center

The cash position decreased in March. Rental Income is slightly below budget due to discounts given to current tenants not being included in vacancy loss calculations. Expenses for repairs to the heating system caused Repairs and Maintenance to be over budget. Review of Administrative Expense items indicates some charges will be moved to Cost of Goods Sold. Again, there are timing differences in mortgage invoices and payments.

Courtyard Apartments

The cash position decreased in March. Rental Income is over budget due to rental income, and vacancy losses and bad debt are better than expected. Operating expenditures are over budget with the largest variance in allocated Maintenance. Again, there are timing differences in mortgage invoices and payments.

Minutes (contd.)

Page 7

Bookcliff Squire

The cash position increased in March. Rental Income is as expected with vacancy losses and bad debts at zero. Overall, Operating Expenditures are under budget.

Crystal Brook

The cash position increased in March. Dwelling rental exceeds budget, and vacancy losses are below budget. Operating Revenues are over budget. Maintenance and grounds keeping within the Repairs and Maintenance line item are under budget. Overall, expenditures are under budget.

Home Ownership

The cash position increased in March due to receipt of large grant payments. Year-to-date Revenue exceeds budget significantly due to over performance of counseling goals with funders and receipt of the rural expansion support check from the Colorado Attorney General. Administrative Expense is over budget due to timing differences for cost and reimbursement of a training trip.

Family Self Sufficiency

The cash position increased in March. Operating Expenses are under budget. The budget overage in Repairs and Maintenance is due to an incorrect charge for the purchase of a copier.

Ratekin Service Coordinator

The cash position increased in March. A correction to Repairs and Maintenance will be made addressing the budget overage caused by an incorrect charge.

Walnut Park Service Coordinator

This is a reimbursable program in that GJHA advances funding for the program and is reimbursed by HUD.

Doors to Success

The cash position decreased in March. The budget variance is due to In-kind Donations being slightly less year-to-date. Operating Expenditures are under budget. This is a pass-through program with funds transferred to specific programs. Activity shown is the pass-through process and tenant service funds that remain.

Cash Reserve Analysis

The report details the amount and purpose of GJHA's cash reserves identifying from the highest level to the lowest level of restrictions. The end of March shows \$6.2M in cash reserves. This report will be updated semi-annually.

Debt Schedule

This schedule shows the amount of debt, by property, as of March 31, 2013. Debt is categorized by "hard" debt and "soft" debt with balances of each as of March 31, 2013 of \$11K+ and \$5K+, respectively. This report will be updated semi-annually.

With a motion by Teresa, a second by Paul, and a unanimous voice vote, the Financial Statements were accepted.

6. Adjourn

Prior to adjournment, the group was reminded of the rescheduled May Board Meeting on May 20, 2013. The regular May meeting date falls on the Memorial Day Holiday. Kristine Franz has the action item for a group reminder of the change in dates.

Note: This Board Meeting was cancelled due to a lack of a quorum and lack of pressing business.

With the completion of business, the April regular Board Meeting was adjourned at 1:10 p.m.