

## MINUTES

Grand Junction Housing Authority  
Board of Commissioners' Meeting  
**March Regular Meeting**

Monday, March 25, 2013  
1011 North 10<sup>th</sup> Street  
11:30 a.m.

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### 1. Call to Order and Welcome to CFO Karla Distel

Board Chair Chuck McDaniel called to order the regular March Board Meeting of the Grand Junction Housing Authority (GJHA) at 11:36 a.m. with the following individuals in attendance: Board Members Scott Aker, Teresa Coons, Tim Hudner, and Chris Launer; Staff Members Chief Operating Officer (COO) Lori Rosendahl, Chief Financial Officer (CFO) Karla Distel, Executive Assistant Kristine Franz, and Supervisors Amy Case and Margaret Ellrick. Those not in attendance included Board Members Paul Marx and Chris Mueller and Chief Executive Officer (CEO) Jody Kole.

The new CFO, Karla Distel, was introduced and welcomed by Board Members.

### 2. Consent Calendar

Prior to approval consideration of the Consent Calendar, clarification was given on the following two Calendar items:

- Chuck McDaniel and Lori Rosendahl further explained the rationale of the Amendment to the Bylaws of Doors 2 Success. The purpose of this Amendment is to document a change *to lower the Board Member quorum requirements to hold Doors 2 Success Board Meetings*. Also included in this Amendment is the additional language *that any proposed action must be listed as an agenda item in the Notice of the Meeting if it is to be voted on at the meeting*.
- Chuck McDaniel's question, if the amount of bad debt to be written off was normal, was answered by Lori Rosendahl. She stated that a write-off of bad debt usually occurs quarterly upon the authorization of the CEO, as long as the bad debt amount remains below the Board's pre-authorized amount of \$5,000. The write off of one quarter of the year was inadvertently overlooked during the vacancy of a CFO, making the current dollar amount representative of 6 months and in excess of \$5,000, thus requiring Board approval.

Lori Rosendahl also informed the group that bad debts will likely increase due to GJHA procedural changes. Tenants are now being held accountable for the lease term of an unjustifiable broken lease until the unit is re-rented. Collection services will be provided by a different company to help assist in collecting fees due GJHA.

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Addressing Tim Hudner's question regarding security deposit assistance programs, Lori stated that programs are available for clients, the repayment process by clients has been very successful, and these security deposit loans are not part of the bad debt figures.

A motion by Teresa Coons, a second by Chris Launer, and a unanimous voice vote approved the Consent Calendar consisting of the *Adoption of Minutes of February 25, 2013*; *Resolution No. 2013-02 Approving Amendment to the Bylaws of Doors 2 Success, A Colorado Nonprofit Corporation*; and *Resolution No. 2013-03 Authorizing the Write-Off of Bad Debts*.

### 3. Presentation of December 30, 2012 Financial Position

Lori Rosendahl gave the financial overview as of December 30, 2012 for the GJHA properties / programs, noting that Budget Revisions are planned for presentation at the April Board Meeting. Financial highlights are as follows:

#### General Fund

The General Fund remains strong with healthy reserves. Variances include Management Fee Income from the unbudgeted Little Bookcliff property, increased Professional Fees due to the CFO search, and receipt of the Developer Fee Income for Village Park.

#### Acquisitions and Development

The negative variance is due to predevelopment costs for Village Park. The March financial picture will improve with expenses transferred to the Village Park Capital Project.

#### Vouchers

The cash position increased in December. Variances are normally a result of timing of Housing Assistance Payments (HAP) and per unit costs. HAP Income remains close to budget. HAP Rent Expense is under budget due to lower than anticipated per unit costs. Variances in other line items were reviewed and explained.

#### Ratekin Tower Apartments

The cash position increased in December. Vacancy losses have been less than expected. Variances in other line items were explained.

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#### Walnut Park Apartments

The cash position increased in December. Budget Revisions will address the variances in Administrative Compensation and Professional Fees.

#### Arbor Vista

The cash position increased in December. Bad debts were higher than expected but vacancy losses were less than expected. Line item variances and budgeting errors were discussed.

#### Linden Pointe

The cash position increased in December. Variance explanations were given. Lori Rosendahl answered Scott Aker's question regarding potential future plumbing problems at this property (recently, copper water pipes developed leaks in several units) by stating that if additional plumbing problems occur, they will be dealt with on a per unit basis. There is a healthy Replacement Reserve Account to use, should it be necessary.

#### Lincoln Apartments

The cash position increased in December. Overall, Lincoln Apartments remain in good shape.

#### Houses

The cash position increased in December. Vacancy losses were higher than expected. Line item variances were reviewed.

#### Monument Business Center

The cash position decreased in December. Line item variances were discussed. Budget Revisions will include costs for HVAC expense as extensive work has been done to investigate and resolve lobby odor issues at the Monument Business Center. Lori Rosendahl will research an answer to Scott Aker's question regarding has the time limit expired to hold someone accountable to recover some of this expense.

#### Courtyard Apartments

The cash position increased in December. This property is doing well currently. Rental income is over budget because rental income, vacancy losses and bad debt are better than expected.

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#### Bookcliff Squire

The cash position increased in December. Rental income is as expected with vacancy losses and bad debts at zero.

#### Crystal Brook

The cash position decreased in December due to the payback for intercompany support to Walnut Park. Line item variances were reviewed.

#### Home Ownership

The cash position increased in December. The Program is doing very well. Grant income exceeds budget due to the receipt of the \$25,000 ramp-up payment from Colorado Housing and Finance Authority (CHFA) for foreclosure counseling. Incorrect charges to line items are in the process of being corrected.

#### Next Step / TBRA

The cash position decreased. Income is under budget due to the increased rates to Mesa County that will occur in January of 2013. This will be corrected through a Budget Revision. Because this is a reimbursable Program with the Colorado Division of Housing (CDOH), funding will be transferred at the end of the two-year grant cycle to the General Fund to cover the interim intercompany operating loan.

#### Family Self-Sufficiency

The cash position decreased. Due to a prior calculation error with the use of flawed data by the U. S. Department of Housing and Urban Development (HUD), this program was awarded only one-half of the grant applied for. With HUD rescinding prior awards and recalculating eligibility, GJHA received double the full funding.

#### Smoke Free Program

This program is completed and is in the review process for close out.

#### Ratekin Service Coordinator

This is a reimbursement program also. Incorrect charges to line items are in the process of being corrected.

Walnut Park Service Coordinator

The cash position increased in December. This is a reimbursement program.

Housing Advocate

The cash position decreased in December. A Budget Revision will show a three-month correction for increased rates to Mesa County that begins in January of 2013.

Doors 2 Success

A cash position decreased in December. In-kind donations are slightly less year-to-date.

The financial presentation was concluded with no further questions. Financials through March 2013 along with 2012-2013 Budget Revisions will be presented at the April Board Meeting.

Teresa Coons stated that she had the opportunity again to boast on GJHA to a group of non-profit funders that were in Grand Junction. She talked of the successful Veterans Affairs Supportive Housing (VASH) Voucher Program and subsequent GJHA visit by staff of the Colorado Governor's office. In partnership with the Veterans Administration, GJHA is now serving 128 homeless veterans with housing. GJHA has received more funding for VASH Vouchers on a per capita basis than any Agency in Colorado.

Tim Hudner inquired about the recently published Colorado quarterly vacancy and rent report issued by the Colorado Division of Housing (CDOH) to which Lori Rosendahl stated that the data is incomplete. She also mentioned visiting with the Director of CDOH Pat Coyle about the flawed data. Brief brainstorming and discussion ensued regarding improving the process in acquiring, tabulating, submitting, and reporting data.

As a follow-up to this conversation, Lori Rosendahl gave the GJHA occupancy rates year-to-date by property:

- Bunting / Courtyard – 95%
- Bookcliff Squire – 100% - Market-rate property
- Crystal Brook – 99%
- Lincoln – 98% - Market-rate property
- Ratekin – 100%
- Arbor Vista – 97% - Tax Credit property
- Linden Pointe – 99% - Tax Credit property

With conversation focused on financial information, Chuck McDaniel thought it appropriate at this time to hear the update on the Federal Government's Sequestration. This Agenda item was moved forward.

**4. Other Business**

Report on NAHRO's 2013 Legislative Conference / Anticipated Impacts of Sequester

Lori Rosendhal and Jody Kole recently attended the National Association of Housing and Redevelopment Officials' (NAHRO) 2013 Legislative Conference in Washington, D.C. where they learned additional information pertaining to the Federal Government's Sequestration and anticipated program / property impacts.

GJHA programs / properties affected by the Federal Government Sequestration include Walnut Park, Ratekin Tower and the Housing Choice Voucher (HCV) Program.

Lori Rosendahl read and interpreted HUD's notification letter applicable for the Walnut Park and Ratekin Tower Contracts. Walnut Park will receive a year's funding through December 31, 2013, and in July, Ratekin Tower will be awarded six months of funding for July through December of 2013. To summarize, both programs will receive full funding at the current rate through the end of calendar year 2013 and experience no funding reductions in 2013. However, it is possible that funding reductions will occur after December 31, 2013 when all contracts will expire.

The Board was informed of the amount of Ratekin Tower's Replacement Reserve Account and the amounts of Walnut Park's Replacement Reserve and Residual Receipts Accounts. HUD states that Walnut Park's two Accounts may now be combined, is not subject to recapture, but is still restricted for use only at Walnut Park.

A table for the HCV Program illustrating the projected utilization and impact on the HAP Reserves and the Admin Fee Earnings due to the Federal Sequestration was created and distributed by Lori Rosendahl.

Review of the table showed in detail through calendar year end the anticipated HAP Expense, the anticipated HAP Budget and the HAP Reserve Balance. The Admin Fee Earnings chart was also explained. During discussion, Lori Rosendahl addressed the following issues in relationship to the HCV Program:

- HUD will eventually request GJHA to release its HAP Reserve balance to HUD. These funds will be held by HUD until it is needed and requested by GJHA.

- HUD's allocation calculations for each year are based on the previous year's lease up performance. There will be less Admin Fee earned if GJHA leases fewer than its baseline number of Vouchers.
- When the Continuing Resolution was signed last year and going forward became the Appropriations Bill, it included language stating HUD can recapture Admin Reserve dollars down to 8% of the yearly Budget Authority. However, HUD has assured PHAs it will not recapture funds.
- Depletion of HAP Reserves to maintain leased units.
- Effects of the loss of units not leased are reflected in re-benchmarking by HUD.
- The impact for 2014 with the anticipated loss of total units shows a deficit in Admin Fee.
- Internal changes are being considered to help alleviate the impact of the reduction in funds.

Lori Rosendahl will report to the Board monthly with a status update.

**5. Proposed Resolution No. 2013-04 Adopting the Grand Junction Housing Authority's Policy on Participation in Real Estate Development**

Board Members agreed at a previous Meeting to adopt a policy regarding the Board's position on the use of the GJHA tax exemption status when additional requests from other entities are received.

Chuck McDaniel volunteered to draft a Resolution which was reviewed with the group.

Scott Aker asked for clarification on the Resolution wording *the Grand Junction Housing Authority will not participate in a real estate development proposed by a third party.* Chuck McDaniel said the intention is it is someone else's original idea and not a GJHA development. There were no further questions.

With group concurrence, the motion made by Teresa Coons and seconded by Scott Aker was unanimously passed with a voice vote adopting *Resolution No. 2013-04 Adopting the Grand Junction Housing Authority's Policy on Participation in Real Estate Development.*

**6. Strategic Plan Mid-Term Follow-up**

Previously, Board Members and staff agreed to hold a mid-term review of the Strategic Plan. Goals and objectives will be reviewed along with accomplishments toward objectives. Readjustments of targets and dates will be considered, if necessary.

Because of time constraints, the group agreed to hold a special Workshop for this Strategic Plan exercise. The Workshop date chosen is April 11, 2013, beginning at 11:30 a.m. at the Main Office at 1011 N. 10<sup>th</sup> Street.

GJHA Staff Supervisors Amy Case and Margaret Ellrick left the Meeting at 12:49 p.m. A Board quorum was maintained.

**7. Update on Executive Incentive Compensation Plan**

For the benefit of the group, Chuck McDaniel recaptured the history of efforts towards establishing an Executive Incentive Compensation Plan.

Recently, Chuck McDaniel, Tim Hudner, and Chris Launer, as the Board Executive Incentive Compensation subcommittee, and Chris Mueller met to assess what are the incentive compensation goals for this year; ie. are they all of the Strategic Plan targets or a subset, and if so, which ones?

Following up on a suggestion made at a prior Board Meeting, the decision was made to ask Sue Bohline of Human Capital Connection to prepare an updated salary survey for CEOs and COOs. This survey should be available around May 1, 2013 for review with a subcommittee recommendation forthcoming for Board consideration regarding the next step in the process.

Group discussion ensued regarding determining baseline job expectations versus targets above what is expected with associated benchmarks.

**8. Village Park Development Update**

An update on the Village Park Development was given by Lori Rosendahl. Construction progress continues with noticeable advancement. Work on the third tenant building has commenced. A few unanticipated internal changes were made to unit floor plans, and decisions were made on the exterior lighting of the complex.

**9. Continuation of Other Business**

Report on NAHRO's 2013 Legislative Conference / Anticipated Impacts of Sequester

Lori Rosendahl stated that while attending NAHRO's 2013 Legislative Conference, she and Jody Kole were part of the group of Colorado conference attendees that met with staff from the offices of U.S. Representative Scott Tipton and Senator Mark Udall.

Meeting attendees were encouraged to write letters to congressional representatives regarding the federal budget process and its potential impacts.



Annual Revision of GJHA Admin Plan

The GJHA Agency Plan / Annual Plan Update is a guidebook for the Housing Choice Voucher Program (HCVP). Annual updates are recommended and are based on past experiences and rule changes, with an effective date of July 1, 2013. Again this year the GJHA Tenant Selection Plan, addressing Walnut Park and Ratekin Tower, will be revised. Services have been purchased through an outside firm, Nan McKay, to incorporate HUD updates to the Admin Plan. The GJHA Resident Advisory Board (RAB) and staff will participate in an internal review process of the GJHA policies outlined in the Admin Plan and recommend language changes to the Board. These review meetings will commence shortly and Board Members are invited to attend. Board Members will be advised of meeting dates by Kristine Franz.

Scott Aker left the meeting at 1:07 p.m. A Board quorum maintained.

Maintenance Supervisor Resignation and Early Departure

The GJHA Maintenance Supervisor is retiring and planning an out-of-town move. Per his request, his previous departure date has been revised and moved up to April 5, 2013. Qualified candidates are being interviewed; however, it is anticipated there will be a brief period of time this position will be vacant.

**10. Adjourn**

With no further business, the regular March GJHA Board Meeting was adjourned at 1:10 p.m.

