

## July Board of Commissioners' Regular Meeting Minutes

Grand Junction Housing Authority ("GJHA")

8 Foresight Circle, Grand Junction, CO 81505

July 5, 2022 at 5:00 p.m.

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### 1. Call to Order and Roll Call

GJHA's Board of Commissioners' Regular Meeting was called to order at 5:01 p.m. by Ivan Geer, Board Chair. Attendance was taken by roll call with the following present:

Board of Commissioners:

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

GJHA Staff:

Jody Kole, CEO  
Scott Aker, COO  
Shelley Carpenter, Controller  
Jill Norris, General Counsel  
Danette Buck, Asset Manager (virtually)  
Krista Ubersox, HR Director  
Kevin Sperle, IT Supervisor (Virtually)  
Desirae A. Garman, Paralegal  
Racquel Wertz, Voucher Supervisor  
Ele Wilson, Property Management Supervisor

A member of the public, Leora Ruzin, was acknowledged by Ivan Geer as attending the meeting in person. Leora Ruzin left the meeting at 5:40 p.m.

### 2. Consent Agenda

The Consent Agenda consisted of: (1) Minutes of the May 31, 2022 Special Board Meeting; and (2) Notes of the June 15, 2022 Real Estate Committee Meeting.

With a motion by John Howe, a second by Tami Beard, and a unanimous roll call vote, the Consent Agenda was approved.

### 3. Update on Property Management Restructure – Krista Ubersox, Human Resources Director; Danette Buck, Asset Manager; and Ele Wilson, Property Management Supervisor.

As of June 1, 2022, GJHA restructured the property management team to provide more effective and efficient assistance to tenants. Based on the Property Manager job description, GJHA created four (4) teams to allow Property Managers to have a specialization, while performing the essential functions of a Property Manager. The new teams are tenant relations, recertifications, tenant financial and leasing, including move-in and move-out. The Tenant Relations Team will be focused on demands for compliance and possession, violations of the lease or house rules, safety concerns, tenant concerns, and complaints submitted by tenants. The Recertification Team will handle GJHA's tax credit and Section 8 properties recertifications. The Tenant Financial Team is currently one (1) Property Manager, who will handle rent collection, utility questions, rent increases, and billing. This individual

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will enter financial data into HAB for the Property Management Team. There are no changes to leasing, as it is currently handled by two (2) Leasing Agents. Cross-training is currently in process. Until cross-training is complete the Property Management Supervisor and the Asset Manager are assisting with coverage.

The Property Management Team is based at Ratekin Tower. GJHA needs to purchase a vehicle for the Property Management Team, which will require a budget revision. Jill Norris advised that since the request for approval to purchase a vehicle was not on the agenda, the Board cannot vote to approve purchase during this meeting.

#### **4. Finance Items – Shelley Carpenter, Controller**

##### **a. May Financial Summary**

The allocated cash balance increased due to extraordinary income, specifically the sale of the Courtyard and Lincoln properties, and is remaining steady overall.

The Board will no longer review the entire financial statement packet, as this will occur at the Finance and Audit Committee meetings. Instead, the Board will review summary sheets and the Finance and Audit Committee will provide a summary and recommendations to the Board.

Arbor Vista and Highlands I are the two properties with low cash balances. Arbor Vista made a large payment on its deferred developer fees promissory note. Its cash balance had an increase due to normal operating expenses and a payment from CHFA and Enterprise. Highlands I's cash balance is increasing monthly due to normal operating activities. Highlands II, Village Park and 2814 had increases in cash balances.

Staff mentioned that GJHA is currently monitoring Village Park closely due to the two (2) methamphetamine contaminated units. The Board and staff discussed the reserves available for each property should methamphetamine remediation be required. GJHA may become uninsurable for these type of hazard claims in the future, so the Board wants GJHA to be prepared to cover these unexpected expenses. If the general fund account has funds set aside in it for hazard claims, then those funds could be used for any of the non-tax credit properties to cover the expenses associated with methamphetamine remediation.

Ratekin, Walnut and Nellie all had increases to their cash balances due to normal operating activity. GJHA's rental income is overstated by \$25,000 because the system

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automatically booked rental income for Courtyard and Lincoln since the closing did not occur until May 4. This will be corrected in June.

Crystal Brook has a large cash balance, so the Finance and Audit Committee will discuss possible uses of this cash at the next meeting. Linden Pointe's cash increased partly due to insurance proceeds and normal activity.

During an internal audit of Nellie Bechtel by the Asset Manager, it was discovered that \$32,000 of rental income was classified incorrectly in the Property Management system, and consequently incorrectly flowing to the financial statements. Cash was not impacted, as the cash was booked correctly. It was merely an internal difference of classification. Staff is auditing ALL tenant files to verify that the balances are correct. There may be additional income classification adjustments for other properties as the audit continues.

The tax credit properties' summary P&L shows that Arbor Vista, Highlands I and Village Park are positive to budget. 2814 is negative to budget due to professional fees associated with the construction loan being refinanced to permanent financing. Highlands II is tracking close to budget. Village Park is positive to budget but is being monitored closely due to the two methamphetamine contaminated units.

The Board and staff reviewed the reasons for 2814's maintenance costs being so high. Staff does not believe that the increased maintenance expenses will be ongoing or long-term.

### **b. Focus Reports – Shelley Carpenter, Controller**

#### **i. Past Due Rent Report**

The trend shown on the past due report was reviewed. It is anticipated the 90+ days past due rent category will double by the end of the year, but this is still less than 2% of the rent not being collected by year end.

There may be an increase in tenants that have outstanding balances because tenants may be unaware of their outstanding balances because GJHA may not have been giving timely and/or correct statements to tenants. The internal audit is verifying that tenant accounts are correct and that funds are classified correctly in the system. GJHA will work with any tenant affected by this error by agreeing to repayment plans. The Property Management Team restructure should prevent this issue from occurring in the future.

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Board and staff discussed in detail how the booking errors occurred and how to prevent them in the future. Staff explained that the Property Managers were responsible for entering contract rent amounts into the system. These data entry errors were one of the reasons GJHA restructured the Property Management Team. The communication between the Accounting Team and the Property Management Team has improved with the restructure. The Accounting Department now has processes in place to reconcile the accounts receivable to the past due rent report. For Accounting to reconcile the balance, the Property Management Team must first enter the adjustments in the system. The audit has shown that payments were received, but those payments were not classified correctly in the system. There have been additional steps put in place, so that this does not occur again in the future.

Staff also explained the current software system is outdated and this is causing some of the issues. GJHA is waiting for the updated software. The projected completion date of the new MRI software system is currently unknown.

**ii. Cash Snapshot**

The cash reserve total balance is \$12,940,154. This balance includes security deposits and other restricted cash, and these funds are not included in the balance sheet as part of the operating cash balances.

**iii. Occupancy and Voucher Utilization**

The average year-to-date occupancy rate for GJHA is 98.8%. As of June 28, 2022, there are only fifteen (15) vacant units out of seven hundred eighty-five (785) units. The days vacant report shows 2,850 days year-to-date.

The voucher utilization report shows May actual year-to-date numbers. There is currently one hundred eighty-three (183) open vouchers across all voucher programs. Most of the open vouchers are in the specialized voucher programs.

**iv. Hazard Income and Expense Summary Report**

This report shows the out-of-pocket expense paid by GJHA for hazard claims and any funds that may have been received for those hazard claims from insurance company. The hazard expenses are normally charged to the tenant and written off at the end of the year because they are usually uncollectible. For 2021 and 2022 year-to-date, GJHA has spent approximately \$355,300 for hazard claims. The hazard income and hazard expenses are below the line, and therefore not impacting the new operating

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income. To date, GJHA has received \$55,000 in insurance reimbursement for hazard claims. Per GJHA's existing insurance policy, the maximum payout on methamphetamine hazard claims in 2022 is \$100,000. Therefore, GJHA has approximately \$45,000 still available if another hazard claim is made in 2022.

Additional discussion occurred as to how GJHA is going to cover the cost of future methamphetamine remediation. GJHA has processes in place to mitigate these types of claims. GJHA has set aside reserves, where the budget allows, to be used for methamphetamine hazard claims. By property, GJHA has budgeted \$250,000 aggregate for methamphetamine related expenses. Based on recent experience, it looks like GJHA is experiencing four (4) or five (5) methamphetamine contaminations per year. GJHA has had three (3) methamphetamine occurrences so far in 2022. Staff will report on hazard income and expenses quarterly.

**5. Update on Vouchers/Lease Up Discussion – Racquel Wertz, Voucher Supervisor**

Staff anticipates utilization of just over a hundred percent (100%) of HAP expenditures for the year. GJHA has a large HAP reserve and HUD wants GJHA's HAP reserve down closer to a ten percent (10%) value. The Voucher Program is in a good position overall. GJHA is currently watching the per unit cost because landlords are continuing to increase rents. It is anticipated that when the fair market rents ("FMRs") are released in a couple of months, rents will increase. This will allow GJHA to raise its Payment Standards. We are pulling names from the main voucher list. Often these individuals are already in a unit and they can utilize the voucher where they are already living. To get more vouchers leased up, the Voucher Team is growing, and staff focus is being adjusted. The Vouchers Team will be hiring two (2) new employees, an additional front desk person and a second Housing Quality Standards Inspector. The additional front desk employee will allow GJHA to concentrate on keeping vouchers leased up. The second Housing Quality Standards Inspector will allow for annual inspections to occur to confirm tenants are maintaining units in acceptable conditions, which improves our relationship with landlords. This will also allow GJHA to express concerns to the landlord by noting them on the annual inspection checklist. The additional staff will assist in getting the specialty vouchers leased up, which has always been a struggle due to the specific requirements required by these vouchers.

Emergency Housing Vouchers and Mainstream Vouchers are constantly being filled, but it is very difficult to find housing in the current market. Staff is working on finding additional landlords that will take vouchers.

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The Colorado Division of Housing has allocated GJHA another thirty (30) vouchers. These vouchers are disbursed from a special wait list, which gives priority to households who are victims of domestic violence or homeless or disabled.

Due to staff needs, the Vouchers Team needs to purchase two (2) new vehicles. One will be used by the Service Coordinator and the other will be for general use by the Voucher Team. Two (2) of the vehicles currently owned by GJHA will be moving to Ratekin for use by the Property Management Team. The anticipated cost is approximately \$34,000 per vehicle.

There was insufficient notice to the public based on the wording of the agenda. As a result, the vehicles cannot be ordered until the public is properly noticed and the Board approves purchases. The Board will vote on the purchase of these vehicles at the next Board meeting.

Discussion occurred about reviewing the Resolution addressing the purchasing power of staff to see if it needs to be adjusted due to inflation.

**6. Capital Project Updates – Scott Aker, COO**

The third phase of the Walnut Park Capital Improvements project is being completed by Energy Outreach Colorado and should start shortly. Due to loss of its Real Estate Development Project Manager, GJHA is in the process of building an RFP to identify a general contractor to oversee phase one and two of this project. These two phases will likely occur in 2023, with some internal unit work occurring prior to that time.

**7. Development Update – Jody Kole, CEO**

Staff continues to work on an acquisition of land.

**8. Other business, if any**

The City of Grand Junction is in the process of finding a board member to replace Chris Launer. The applications are due by July 29, 2022 and interviews will occur on August 9, 2022.

**9. Adjourn**

With no further business or discussion, the meeting was adjourned at 6:42 p.m. following a motion by Rich Krohn, a second by Chris Launer, and a unanimous roll call vote.

All Board packet documents and documents distributed  
during the Board Meeting are retained at GJHA.