

April Board of Commissioners' Regular Meeting Minutes
Grand Junction Housing Authority ("GJHA")

8 Foresight Circle, Grand Junction, CO 81505

April 11, 2023 at 5:00 p.m.

1. Call to Order and Roll Call

The April 11, 2023, Regular Meeting of GJHA's Board of Commissioners was called to order at 5:02 p.m. by Rich Krohn, Chair. Attendance was taken by roll call with the following present:

Board of Commissioners:

Rich Krohn, Chair
Bernie Buescher, Vice Chair (Virtually)
Tami Beard
Bill Johnson
Ivan Geer

GJHA Staff:

Jody Kole, CEO
Scott Aker, COO
Shelley Carpenter, Controller
Jill Norris, General Counsel
Krista Ubersox, HR Director
Kevin Sperle, IT Supervisor (Virtually)
Desirae A. Garman, Paralegal

John Howe was not present during roll call but did arrive at 5:05 p.m. Chuck McDaniel joined the meeting virtually at 5:22 p.m.

2. Discussion Regarding Future Recurring Agenda Item: Disclosure of Direct or Indirect Conflicts of Interest

Bernie Buescher described the process utilized by another entity for disclosing any potential conflicts of interest in writing annually and affirmed verbally at each meeting that there are no conflicts of interest based on the agenda being discussed.

Jill Norris explained that GJHA's Bylaws and governing statutes require Commissioners' conflicts of interest to be disclosed in writing. The question before the Board is do we want to put conflict disclosure on the agenda for each Board Meeting to give Commissioners the opportunity to disclose any conflicts verbally. Jody Kole advised that when she was on the Board for Colorado Housing and Finance Authority ("CHFA"), Board Members were required provide an annual written statement listing all affiliations and if any other affiliations/conflicts arose during the year, Board members were required to notify the CEO of CHFA in writing.

Ivan Geer disclosed that he has a possible conflict of interest, as he is working for the seller of the 24 Road property and needs to be excused during any discussion regarding this property. John Howe is on the Board of the Colorado Plateau Mountain Bike Trail Association, and they complete the conflict of interest informs each year in January. Tami Beard disclosed that she works for a local bank and when GJHA sends any solicitations to her employer, she recuses herself from voting on those solicitations.

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John Howe said that it would be helpful to have information regarding parties for any transaction that may be discussed, so that he could confirm that he does not have conflict resulting from his law firm possibly representing a party of a transaction. Staff took this suggestion under advisement and will attempt to provide more information regarding parties involved in transactions, so that the Commissioners can determine if there is a conflict on their behalf. Jill Norris advised that if a Commissioner does not disclose a conflict, it constitutes misconduct in the office.

Scott Aker reminded the Board that the same requirement is also applicable to GJHA Staff and they must disclose any conflicts in writing.

3. Consent Agenda

Rich Krohn requested that Resolution No. 2023-04-01 Appointing Kristi Redlinger to *Doors to Success* Board be removed from the consent agenda, as the Board should get more information on that individual prior to approving the appointment via resolution. Rich Krohn also requested that any time a resolution is being voted on by the Board, the Commissioners be polled individually.

4. Resolution No. 2023-04-01 Appointing Kristi Redlinger to *Doors 2 Success* Board

Scott Aker explained that Bruce Penny, after almost four (4) years as a Board Member for *Doors 2 Success* is retiring. Bruce Penny and Staff are recommending Kristi Redlinger be approved as the replacement Board Member for *Doors 2 Success*. Kristi Redlinger works at the Bank of the San Juans and provides financial literacy for non-profits on behalf of the bank. Staff and Angeline Roles, the Board Chair for *Doors 2 Success*, recommend the appointment of Kristi Redlinger as a Board Member for *Doors 2 Success*.

With a motion by Ivan Geer, a second by Bill Johnson, and by a roll call vote, Resolution No. 2023-04-01 Appointing Kristi Redlinger to *Doors 2 Success* Board was approved. Tami Beard recused herself from the vote, as she works with Kristi Redlinger. Chuck McDaniels abstained, as he did not participate in the discussion.

5. Finance Committee Report

Tami Beard was acting Committee Chair for the Finance and Audit Committee. The February 2023 financials were reviewed during this committee meeting. All the tax credit properties are in a positive net operating income position. Arbor Vista and Highlands 2 have debt service coverage right at 1:1, which is a little lower than expected. Discussion also occurred regarding the security of GJHA's deposits and deposit strategies. A review of the 2022 deferred developer's fees shows that both Arbor Vista and Highlands 2 paid a portion of

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owed deferred developer fees to the GJHA General Fund. Shelley Carpenter explained that Arbor Vista, Highlands 2 and 2814 are in strong cash positions.

Shelley Carpenter advised the Board that GJHA's total allocated cash balance at the end of February was \$9,237,000. Net operating income is positive to budget for both GJHA and the tax credit properties because maintenance is still short staffed, and significantly positive to budget on expenses because GJHA did not purchase the Preservation property. The Housing Assistance Payments ("HAP") revenues are currently negative to budget and HAP expenses are positive to budget. GJHA is under utilizing the Vouchers compared to what had been budgeted. Racquel Wertz, Voucher Supervisor, has provided some detailed information in the Board Packet related to the status of Vouchers use.

At the Finance and Audit Committee meeting, Shelley Carpenter explained that she and Jody Kole met with the Bank of Colorado to discuss the safety and security of the deposit portfolio and the possibility of obtaining a better interest rate for GJHA's accounts. All GJHA deposits are protected by Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 and the Colorado Public Deposit Protection Act ("PDPA"). The tax credit bank accounts are not covered by PDPA but are protected by FDIC up to \$250,000. The FDIC considers all bank accounts located at a bank under \$250,000 to be insured. There are a couple of accounts that, once added together, exceed this threshold. There was discussion about using the Certificate of Deposit Account Registry Service ("CDARS") or Insurance Cash Sweep ("ICS") programs that are offered by the Bank of Colorado. CDARS or ICS would take the deposits and send them off to other banks, so that accounts over \$250,000 would be covered by FDIC. Bank of Colorado is PDPA approved.

During the meeting with Bank of Colorado, GJHA discussed improving the interest rate being paid on its accounts. Bank of Colorado is requesting that GJHA keep a business checking account with \$1,000,000 with zero percent (0%) interest. Bank of Colorado offered a business money market account at three percent (3%) interest, six (6) month CD's with four percent (4%) interest, and eleven (11) month CD's with four-point twenty-five percent (4.25%) interest. The Finance and Audit Committee wanted to know about treasury bills, which have a current interest rate of four-point nine percent (4.9%) interest for three (3) months. There was no discussion with Bank of Colorado regarding its fees. Additionally, GJHA would be limited to six (6) withdrawals per month with the business money market account. Pursuant to its procurement policy, GJHA will be doing a solicitation regarding its banking services later in the year, so Staff recommended staying with Bank of Colorado until this solicitation is completed. By transferring funds into different deposit accounts, GJHA could have a significant increase in interest income.

Staff will put together a detailed recommendation using the business checking account, business money market account, six (6) month CD's and eleven (11) month CD's from Bank

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of Colorado showing how to maximize the interest income with little risk to GJHA. This recommendation will be presented to the Finance and Audit Committee for consideration.

Bernie Buescher explained that he believes the use of U.S. Treasury Bills could be very beneficial and recommended including this option in the analysis being put together by Staff. Tami Beard stated that she would like to use U.S. Treasury bonds versus CDs.

Shelley Carpenter reviewed the deferred developer fees owed for each tax credit property. At permanent finance closing for 2814, this property had an outstanding balance due to the general fund for construction costs. Our auditors, Novogradac, recommended 2814 paying back fifty percent (50%) of the construction costs owed to GJHA. Since Arbor Vista is in year fifteen (15), Novogradac is recommending paying down the deferred developer fee throughout the year.

6. Ratekin Tower Apartments Housing Assistance Payments Contract Renewal

Krista Ubersox advised that the Ratekin Tower HAP Contract expires July 31st. The HAP Contract is governed by the HUD Use Agreement, which does not expire for another ten (10) years. There are two (2) options for the HAP Contract renewal. GJHA could walk away from the HAP Contract and no longer receive HAP payments or renew the HAP Contract until July 31, 2033, under the current HUD Use Agreement. The HAP Contract renewal has been submitted to CHFA and is awaiting HUD approval. In ten (10) years, GJHA will have more options for refinancing any outstanding debt and/or entering into agreements with other programs that may be more financially advantageous. The HAP Contract has been critical in providing operating income, especially at Ratekin.

7. Arbor Vista Year Fifteen (15)

Jody Kole advised that after this year, the investors will exit the transaction for a nominal sum unless taxes are owed. Arbor Vista will transition next year to an asset of GJHA.

Ivan Geer wanted to know the equity in the property. Shelley Carpenter advised that the book value is \$6,387,000 and the total liabilities, including soft loans is \$6,897,000. The hard debt is approximately \$1,600,000. The actual equity is approximately \$10,000,000.

8. City Counsel Workshop

State statues require an annual report from GJHA to the City of Grand Junction ("City") in writing and an open public meeting. Jody Kole would recommend moving back to a more formal report and public meeting. Staff are requesting a recommendation from the Board as to whether GJHA hosts an event or if GJHA requests the opportunity to participate in a

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City council meeting. GJHA will need approximately ninety (90) minutes for this meeting. The City will have new members seated on May 1, 2023. Chuck McDaniel recommended waiting a couple of months and then asking for a special workshop with the City, so that GJHA could present its annual report. Chuck McDaniel suggested working with the City Manager and the new mayor to get this workshop scheduled.

9. Bylaws

Jill Norris suggested creating an ad hoc Bylaw Committee consisting of John Howe and Bernie Beuscher. The Committee will meet with Jill Norris to review and make recommendations to the Board for updates to the Bylaws.

10. GJHA Board Workshops

Staff is recommending GJHA Board Workshops to review functions and topics and to educate and introduce other GJHA staff members. It was suggested that Tuesdays or Thursdays work best and the workshops would conclude by 4:00 p.m. Each workshop would be about an hour to cover the following topics: (1) property tours, (2) Vouchers, (3) IT evolution, (4) community partnerships, (5) changing landscape of supportive services, (6) development issues, (7) legislative bills affecting affordable housing, (7) legislative updates, (8) education on tax credits and how that works, and (9) understanding the budget. Tuesdays appear to work best. These workshops should be scheduled monthly, and lunch could be provided. Staff can pick the order of topics. Training on tax credits and how they work would best be offered close to a tax credit application. Contact Scott Aker or Desirae Garman with other suggestions for topics/priorities.

11. Development Update

- a. 24 Road Property – Ivan Geer stepped out due to this update. GJHA worked with the City to submit a grant application to be allocated to GJHA in the total amount of \$3 million. Staff has not seen the grant contract yet;
- b. Tax credit development may require hiring additional staff and posting for the Development Director position. A Development Specialist position may also be necessary but was not included in the budget; and
- c. Rich Krohn says there needs to be a real estate committee meeting prior to the next board meeting. The Real Estate Committee will make recommendations for next month's meeting, likely during the first week in May.

Ivan rejoined at 6:19

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12. Interested Readings

- a. Scott reviewed GJHA's portfolio and voucher program. All properties are within city limits but vouchers are used county wide. GJHA is balancing the elderly and disabled needs and other needs to weigh the pros and cons when developing.
- b. Letters of support from the community are included in the packet for Board review.

13. Other business, if any

Staff discussed the March 27, 2023 SWAT Team incident at Linden Pointe which affected the F Building; The incident occurred within the second floor units of the building. All four (4) units suffered significant damage and are uninhabitable. All four (4) households have been relocated to vacant units at Linden Pointe. The duration of the remediation and reconstruction of these four (4) units is unknown at this time.

14. Adjourn

With no further business or discussion, John Howe made a motion to adjourn. With a second by Bill Johnson, and unanimous roll call vote, the meeting was adjourned at 6:35 p.m.

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