

October Board of Commissioners' Special Meeting Minutes
Grand Junction Housing Authority ("GJHA")

8 Foresight Circle, Grand Junction, CO 81505

October 17, 2023 at 5:00 p.m.

1. Call to Order and Roll Call

The October 17, 2023 Special Meeting of GJHA's Board of Commissioners was called to order at 5:11 p.m. by Rich Krohn, Board Chair. Attendance was taken by roll call with the following present:

Board of Commissioners:

Rich Krohn, Chair
Bernie Buescher, Vice Chair
Randall Reitz
Tami Beard
John Howe
Bill Johnson

GJHA Staff:

Jody Kole, CEO
Sheila Brubacher, Acting Controller
Jill Norris, General Counsel
Krista Ubersox, HR Director
Racquel Wertz, Voucher Supervisor (Virtually)
Desirae A. Garman, Paralegal

A member of the public, Romany Morm, was acknowledged by Randall Reitz as attending the meeting.

Ivan Geer joined the meeting at 5:20 p.m. virtually.

2. Disclosure of Direct or Indirect Conflict of Interest – Rich Krohn, Board Chair

Randall disclosed his potential conflict due to his position on Grand Junction's City Council.

3. Amended and Restated Bylaws – Jill Norris, General Counsel

Jill Norris reviewed the proposed changes to the Bylaws and the reasons for said changes. Most of the changes were simply clean up matters. The changes took place in: (1) Article III-Officers, (2) Article III-Officers - Section 6, (3) Article V-Meetings - Section 3, (4) Article V-Meetings Section 6, and (5) Article VIII Conflict of Interest. Randall Reitz voiced his support for the refreshed Bylaws. Bernie Buescher confirmed that the Bylaws now reflect what GJHA is currently doing. John Howe agreed, but then pointed out one recommended revision in Article III, Section 6. Bernie Buescher made a motion to approve Resolution No. 2023-10-01 with the amendment to Article III, Section 6, with a second by Tami Beard. With no further discussion and a roll call vote, approval of Resolution No. 2023-10-01 passes unanimously.

4. Housing Choice Voucher Update – Racquel Wertz, Voucher Supervisor

Racquel Wertz gave a presentation on the Administration Plan for the Housing Choice Voucher Program. There are no changes to the plan as of right now. However, HUD will be

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implementing the Housing Opportunity Through Modernization Act (HOTMA) which will change the way we look at the intake of new applicants and our ongoing clients when it comes to income. Due to HOTMA, changes to our Administration Plan will occur later, and will require significant changes which must be completed no later than October 18, 2024. We are currently waiting for Nan-McKay to give us a template. GJHA will have until January 1, 2025, to implement the HOTMA requirements. Our goal is to have our Administrative Plan updated as soon as possible so that when the software companies update their products to account for the new HOTMA guidelines, we can move on to the changes.

Currently, if a client (head, co-head, or spouse) is either a senior or disabled, and they have out of pocket medical expenses above 3% of their annual income, we give them a deduction of that amount. Under HOTMA, this deduction is increasing from 3% to 10% of yearly income for these individuals. We also need to revise how GJHA is looking at asset threshold changes. We will give our clients a six-month buffer to become compliant with asset changes that must be implemented in accordance with HOTMA. Jody Kole expressed concerns about being able to explain changes and how it will affect Voucher holders and GJHA tenants. GJHA will also be implementing a change to the inspections for Housing Choice Vouchers by October 2024. They are going from Housing Quality Standards (HQS) to INSPIRE to make inspections more black and white. Landlords and Tenants need to be updated and informed about these changes.

Raquel Wertz submitted the Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations including PHA Plan Elements that Have Changed. This is our required annual certification, with no changes. GJHA will be making substantial changes in the next year. Rich Krohn has expressed concern about signing the certification and wanted staff to confirm that everything is correct in the documentation that he is certifying. John Howe wanted to know if we must submit this form based on the definition in the Civil Rights certification. Jody Kole explained that she believes that regardless of the wording on the form, we must file the certification. Racquel Wertz informed the Board that HUD requires the Certification to be filed by GJHA and Jody Kole stated that she has no concerns.

A motion was made by Bernie Buescher to approve Resolution No. 2023-10-02 with a second by John Howe. A roll call vote was taken and Resolution No. 2023-10-02 was unanimously approved.

Payment Standards were also discussed. Previously, GJHA received a special waiver from HUD to raise our Payment Standards up to 120% of Fair Market Rents (FMR) which are published by HUD. That waiver expires at the end of 2023. Racquel Wertz did not bring the issue of Payment Standards to the Board for approval today as she is working to get a new

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waiver from HUD for 2024. Racquel has reached out to the contractor for HUD, who we worked with last year, requesting their assistance in putting together a request for a 2024 waiver to keep Payment Standards at the 2023 levels. Racquel will be bringing the 2024 Payment Standards request to the next Board Meeting.

5. Finance and Audit Committee Report

Tami Beard advised that there is no recommendation from the Finance and Audit Committee, as there was not a quorum present at the last meeting, so she reviewed the discussion for the Board

Sheila Brubacher reviewed the material budget items. A column was added to show the 2023 Budget next to the 2024 Budget which allows the Board to see the differences between the two.

GJHA budgeted for initial new development expenses in Acquisition and Development for 2024.

All properties and programs are able to pay for capital improvement projects planned for 2024 with their operating cash except for Crystal Brook and Nellie Bechtel. For these two properties, it is possible that funds invested in money market accounts and CD's may need to be used. Staggering expenses could assist with getting these projects done. Jody Kole explained the irrigation work that needs to be done at Crystal Brook in 2024. The operating cash for Nellie Bechtel would be tight if the roofing project was done.

A spend down of the Voucher Administrative Funds is also included. Walnut Park has funds available for capital improvements. These funds were obtained by taking out a loan secured by the property. GJHA was also awarded a grant from CDOH but because of the delay in executing the capital improvements, the grant funding is no longer available, and a new application will need to be submitted if GJHA wishes to pursue similar grant funding. The expenses for the Walnut Park Capital Improvements are included in the Budget, but the grant revenue from CDOH is not included because we do not know if a grant request will be submitted.

There is an increase in expenses for our properties and programs in the areas of compensation, utilities, and insurance. A compensation study was completed over the summer to establish tiers, so GJHA can adjust employees' compensation to where they should be. For example, the Voucher program employees were not in the correct tier.

The Budget was adjusted to account for employees not using our insurance as well as for the new positions we anticipate filling in 2024. The Budget also assumes that those new

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positions will utilize our insurance. Overall, there is a 10% increase in total compensation expenses.

GJHA's insurance brokers projected a 10% premium increase for properties and a 5% premium increase for other policies. In previous years, we anticipated a 3% increase for utilities, but for 2024 we budgeted for a 5% increase in utility costs.

Although GJHA's Budget anticipates some initial development fees, no developer fee income has been included in the 2024 Budget.

The General Fund shows an increase in the maintenance labor rate for properties.

Bernie Buescher wanted to know the anticipated increase in the number of employees in 2024. Sheila Brubacher and Krista Ubersox responded with the current number of employees and that GJHA anticipates adding two (2) full time employees in 2024. Rich Krohn asked why there is \$200,000 decrease in Grant Income Funding. Sheila Brubacher advised that it is getting more difficult to obtain funding through grants. In addition, Jody Kole explained that TANF funding will be decreasing, as Mesa County Department of Human Services is requiring more of the funds for their own operations. Therefore, we will see some changes in the service programs.

The Voucher Program has the biggest increase in expenses. Sheila Brubacher discussed the increase in salaries and the increase in insurance. Also, the Voucher Program is supplementing some of the supportive services programs due to the decrease in grant income for those services.

GJHA properties were reviewed. All of the tax credit properties are meeting the required debt service coverage ratios and the GJHA owned properties are all meeting their debt service coverage ratios, except Nellie Bechtel. Tami Beard wanted to know if the lender had any requirements, since Nellie Bechtel is not meeting its debt service coverage ratio. Jody Kole explained that the lender has been notified and that GJHA is working toward meeting the requirement. All of the tax credit properties have a strong net operating income. Jody Kole added that there are a lot of unknowns regarding development in 2024 and capital projects, so this is just a snapshot as of today. There is work that needs to be done. Tami Beard inquired about the vacancy rate at Nellie Bechtel for this year and Krista Ubersox advised that it is 97% to date.

It was decided that Hazard clean-up was not included in the 2024 Budget because it is difficult to plan for what property may need it. Jody Kole explained that it is difficult because although it is likely to happen, it is difficult to decide where it would happen and for how much.

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Bernie Buescher made a motion to approve and adopt Resolution No. 2023-10-03 Adopting Operating Budgets for Fiscal Year 2024 for Arbor Vista LLLP, Village Park LLLP, The Highlands LLLP, The Highlands 2 LLLP, and 2814 LLLP, with a second by Randall Reitz. A roll call vote was taken and Resolution 2023-10-03 was unanimously approved.

Jill Norris found a typo in Resolution No. 2023-10-04 which referenced the year 2022 instead of 2023. Bernie Buescher made a motion to approve Resolution No. 2023-10-04 Adopting Consolidated Budget for Fiscal Year 2024, with the correction of the Resolution number to 2023-10-04, Following a second by Bill Johnson, a roll call vote was taken and the motion was approved unanimously.

6. Discussion on Additional Section 8 Housing

Randall Reitz advised the Board that there are two organizations in the community looking to convert hotels into section 8 studio apartments. The City of Grand Junction recently submitted an offer to purchase a hotel on Horizon Drive called Baymont. The other hotel, Villa 718 (previously the Travel Lodge), was purchased by an acquaintance of Randall Reitz.

Jody Kole commented that the Grand Valley needs affordable housing, but we need to be careful about Section 8. Jody Kole disclosed that the Baymont property cannot qualify for Section 8 Vouchers due to HQS inspection requirements. Rents could be lower, but the tenants residing there would not be able to use Vouchers. There are other requirements under Section 8 and the hotel the City of Grand Junction intends to purchase would not qualify for Section 8 Vouchers. Jody Kole is concerned about the funding issues regarding Section 8. Randall Reitz discussed concerns with the lack of collaboration between the City of Grand Junction and GJHA. Mr. Reitz had a conversation with City Manager, Greg Caton relating his concerns. Jody Kole and Greg Caton will meet at least once a month, so that the collaboration will start getting better. Randall Reitz was hoping that these changes would allow for Vouchers to be utilized but understands that the requirements of the voucher program may hold them back. Krista Ubersox asked if the City of Grand Junction was planning on providing the property management of these properties. Randall Reitz articulated that the City may want to have GJHA manage these properties. Krista Ubersox expressed her concerns about meth contamination and Board members expressed their concerns about those hotels and drug use in those units. Ivan Geer asked how this would affect the Voucher pool. Jody Kole said that it would likely stay neutral because it would most likely be tenant-based vouchers, or no Vouchers at all. It is possible that we could do 8 Property Based Vouchers, but that would be contingent on meeting the program requirements. Jody Kole is meeting with Randall Reitz's acquaintance regarding Villa 718 tomorrow and is interested to hear more from him about how he has done similar projects and what his plans are moving forward.

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7. Development Update

The new Development Director, Brian Rusche, is starting tomorrow. Rich Krohn said it was a great hire, as he has worked with him previously.

We will need to schedule a special meeting in early November regarding two possible contracts for ratification. The 24 Road property is the first one and we should have a signed contract as early as this evening. We are tentatively scheduled to close on November 20, 2024. The subdivision plan for the 24 Road property was submitted to the City of Grand Junction for review. The first phase would be 60-61 units. There will be an increase in infrastructure costs, so we do not think that we can get any additional units. This property is currently designated by FEMA to be in the 500-year flood plain. GJHA's engineers say that since 24 Road was built and the recent improvements to 24 Road, that it is no longer in that flood plain. GJHA will be submitting a Letter of Map Revision (LOMR) to FEMA, so that potential funders will be comfortable with investing in this project. The Map Revision is expensive, and will take approximately 1 year to get FEMA to revise the 500-year flood plain classification.

Ivan Geer asked if the team was aware that the City and State are already in the revision process with FEMA and already doing mapping on lower hydrology in areas.

GJHA plans to submit a LIHTC application on or before February 1, 2024, and should know by the end of May if it is awarded tax credits.

Randall Reitz asked if the issue with the Ranchmen's ditch had been resolved. Jody Kole clarified that GJHA cannot move forward until the feds sign off on the environmental assessment. GJHA will not use the HUD grant funding on this development due to timing but hopes to use it on a future development. We will be finalizing the NEPA environmental process, so if CHFA wanted to use federal funds, they can.

Rich Krohn asked if the Board members could please check their availability on November 7, 2023, at 11:30 a.m. for a Special Meeting. They were asked to let Jody Kole and Jill Norris know if they cannot make it. Randall Reitz stated he will not be able to attend.

The second contract, that will require Board ratification, is related to a piece of land being donated by a local resident. Staff hopes that it will be part of the November 7, 2023 Special Meeting.

8. Other business, if any

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Today is Tami Beard's last meeting after 10 years of service on GJHA's Board of Commissioners. Jody Kole presented a certificate from the City of Grand Junction and a gift from GJHA.

Racquel Wertz left the meeting at 6:50 p.m.

The newest board member, Leora Ruzin will attend the next meeting.

9. Adjourn

With no further business or discussion, Tami Beard made a motion to adjourn. With a second by John Howe, and unanimous roll call vote, the meeting was adjourned at 6:55 p.m.

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