

January Board of Commissioners' Special (Work Session) Meeting Minutes
Grand Junction Housing Authority ("GJHA")

8 Foresight Circle, Grand Junction, CO 81505

January 23, 2024, at 5:00 p.m.

1. Call to Order and Roll Call

On January 23, 2024 a Special Meeting of GJHA's Board of Commissioners was called to order at 5:05 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 (Virtually)
Randall Reitz
John Howe
Bill Johnson

GJHA Staff:

Jody Kole, CEO
Scott Aker, COO
Sheila Brubacher, Acting Controller
Jill Norris, General Counsel
Ashleigh O'Leary, Human Resources Director
Brian Rusche, Development Director

Leslie Henderson, consultant with Kestrel and Associates, attended the meeting in person.

2. Disclosure of Direct or Indirect Conflict of Interest

None mentioned.

3. The Current – 9% Tax Credit Application due February 1, 2024

Rich Krohn explained that the purpose of the Work Session was to inform and update the Board about the CHFA Tax Credit Application, the status of the proposed development and the anticipated GJHA financial commitment. The informal setting of the Work Session was intended to promote conversation regarding items and topics to be considered at a future Board meeting, and that no action would be taken during the Work Session.

Rich Krohn introduced Leslie Henderson and explained that her role in this project is to prepare the Tax Credit Application to be submitted to CHFA. Jody Kole added that Leslie Henderson also helps GJHA staff prioritize deadlines and important items on the timeline.

Costs for this development are coming in much higher, including but not limited to, interest rates, construction costs, and labor rates. Leslie Henderson and GJHA staff have been working hard to keep the costs down as much as possible while still complying with the guidelines and underwriting requirements outlined in the application.

GJHA received favorable opening proposals from tax credit equity investors as well as lenders for both construction and/or permanent loans. Staff is working diligently on pulling together a balanced budget for this project which was provided to the Board to show GJHA's available

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cash to invest in this project. Jody Kole directed the Board to the section of the budget that showed the General Fund and Acquisition and Development funds. The sale of Lincoln Apartments and Courtyard Apartments netted approximately \$3.3 million, and staff intended to put those proceeds toward multiple future Tax Credit transactions. It was never the intention to use the proceeds of those two sales on one transaction. However, it appears that GJHA will need to use all, or nearly all of those proceeds for this new development due to rising costs and potentially lower equity investments.

The plan for this development originally included 62 units, 16 of which would be two-bedroom units, and the remaining (46) would be one-bedroom units. This need was reflected in GJHA's waiting list and the completed market study. While working on balancing the budget and cutting costs, staff initially considered removing the fourth floor; but the architect proposed shrinking the building horizontally, thereby reducing the building footprint and losing only 8 units. This plan would save an estimated \$1.77 million. Estimates suggest that GJHA will need to use close to \$3 million of its available cash. GJHA cannot use the proposed CDOH estimated grant funding of \$55,000 per unit until it is finally approved, – so staff will underwrite the project assuming grant funding of \$50,000 per unit.

Staff met with the City Manager to discuss what the City could do to help GJHA. Rich Krohn commented that reducing number of units was last option he, and Staff wanted to consider, but the sizeable gap compelled the consideration. He explained that he has worked with staff and the City to do various value engineering on the front end with the intention of cutting costs. Some of these value engineering decisions were in the areas of roofing, exterior finishes, landscaping, and exterior amenities. The City Manager suggested that any City action would require formal council action and City Staff would be willing to call a special meeting of council to consider a GJHA request for additional funding, anticipated to be around \$1 million. GJHA believes that the combination of shrinking units down to 54 along with these value engineering decisions will help close the gap. This \$1 million is already in the City's budget for housing.

The letters of support from GJHA community partners were sent to the Board prior to this meeting to show how much support there is for this project, with more letters of support coming in. Jody Kole opened the floor for discussion and questions from the Board. Rich Krohn voiced that GJHA's available cash is healthy. \$3 million is significant but doesn't create concern for the organization. The construction to perm proposal from one lender creates favorable financing for this project and will allow for increased borrowing capacity. GJHA will contribute \$3 million in cash, the \$1.4 million federal earmark, and \$500,000 Deferred Developer Fee. Board members signaled their initial support of proceeding to Thursday's January 25th meeting with firmer numbers, and focusing on how the pro-forma will appear. Final discussion regarding the process will occur once the application is submitted to CHFA and Staff will communicate with the Board along the way.

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4. Other business, if any

None mentioned.

5. Adjourn

With no further business or discussion, Bill Johnson made a motion to adjourn. With a second by Bernie Buescher, and unanimous roll call vote, the meeting was adjourned at 5:54 p.m.

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