

## MINUTES

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

Monday, June 24, 2013  
1011 North 10<sup>th</sup> Street  
11:30 a.m.

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### **1. Call to Order and Welcome to GJ City Council Representative**

The regular June Grand Junction Housing Authority (GJHA) Board Meeting was called to order by Board Chair Chuck McDaniel at 11:38 a.m. with the following individuals in attendance: Board Members Tim Hudner, Chris Launer, Chris Mueller and Jim Doody; Staff Members CEO Jody Kole, COO Lori Rosendahl, CFO Karla Distel, and Executive Assistant Kristine Franz. Those not in attendance included Board Members Scott Aker and Paul Marx.

Grand Junction City Councilor Jim Doody was welcomed by the group. Jim is the interim Council Representative on the GJHA Board due to the unexpected passing of Councilor Harry Butler, who would have joined the Board at this meeting for a one-year term. At a later date, City Council Members will determine the replacement Councilor and the length of the term.

Upon the completion of introductions, the group recessed for lunch.

Resuming the meeting at 11:55 a.m., Jody Kole asked the Real Estate Committee Members to stay after the regular meeting to schedule a brief Committee meeting. She also announced that GJHA is hosting a Very Important Partners (VIP) Reception and tour at the Village Park Development on July 22, 2013 from 4:00 – 6:00 p.m. Invited guests are partners who were instrumental in helping to advance the Village Park project as well as long-standing partners / friends. Tours will be conducted of the completed Leasing Office / Maintenance Building, Building D, and a “staged” tenant unit. An invitation to attend was extended to Board Members. Absent Board Members Scott Aker and Paul Marx will be reminded of this VIP Reception by Kristine Franz.

A brief recap was given of the Village Park Development tour on Saturday, June 8, 2013 for U.S. Senator Udall. Attendees described the tour as very informative and well received. The two handouts distributed at the tour, *Affordable Housing is a Valuable Asset to Every Community* and *Who is Most at Risk Due to Sequester and Previous Voucher Program Funding Cuts*, were also distributed at today's meeting.

**2. Consent Calendar**

Prior to approval consideration of the Consent Calendar, one Calendar item, *Adoption of the Tenant Selection Plan*, was discussed. Lori Rosendahl clarified the changes to the Plan, which are applicable for both Ratekin Tower and Walnut Park. The Resident Advisory Board (RAB) previously approved the changes, making the GJHA Agency Admin Plan and Tenant Selection Plan consistent.

With no further comments, a motion was made by Tim Hudner with a second by Chris Launer to approve the Consent Calendar consisting of the *Adoption of Minutes of the March 25, 2013 Meeting*, the *Adoption of Minutes of the April 22, 2013 Meeting*, and the *Adoption of the Tenant Selection Plan*. The motion was approved with a voice vote of: 4 in favor (Tim Hudner, Chris Launer, Chuck McDaniel, and Chris Mueller); 0 against; and 1 abstention (Jim Doody).

**3. Public Hearing for the GJHA Agency Plan/Annual Plan Update**

The GJHA Agency Five-Year Plan / Annual Plan Update must be submitted to the U.S. Department of Housing and Urban Development (HUD). Because GJHA is a High Performing Public Housing Authority, no update of its Five-Year Plan is necessary.

The internal review process between GJHA staff members and the RAB has been completed.

As a requirement of HUD, a Public Hearing must be held for community comments on the Annual Plan Update. At approximately 12:10 p.m., Lori Rosendahl acknowledged there were no additional community members present for this Hearing, and no written comments had been received during the mandated 45-day public review period either where the public has the opportunity to review the Plan at the Mesa County Public Library or at the GJHA Office at 1011 North Tenth Street.

In briefly reviewing the previously distributed document of proposed Policy Changes for the Annual Plan Update for 2013-2014, Lori Rosendahl clarified the *Chapter 8 – HQS* change regarding basement windows. She stated that the City of Grand Junction's Building Code policy was adopted in this change. The Changes are outlined below:

- *Chapter 4 – Applications*

The Policy change reads: *The family may request to be removed from the Waiting List in writing or over the phone. If a family requests to be removed over the*

*phone the PHA will send a notice to the family's address of record confirming that the family is being removed from the list per their request. Families will be given 10 days to change their decision. This change allows families with disabilities more options and allows the GJHA to keep its Waiting List current.*

- Chapter 11 – Re-exams

*The Policy change reads: If a family provides medical verification or a third party verification from their employer confirming that a family member is unable to work in excess of four weeks, GJHA as the option to temporarily remove their income until they are able to work again.*

- Chapter 8 – HQS

*The Policy change reads: Specific requirements regarding the criteria were added showing the minimum width, height and net clear opening of a basement bedroom window. This change clarifies the guidelines of basement bedroom windows.*

- Chapter 7 – Verification

*The Policy change reads: GJHA will require proof of guardianship of a minor. For an individual attempting to obtain legal custody, this can include court-ordered assignment or declaration of custody from a social services agency. It will also require a family provide verification that the minor resides in the household. This change keeps a family from committing fraud in order to receive assistance or to receive a larger bedroom size.*

*Resolution No. 2013-05 Adopting the Agency Streamline Annual Plan Update for Fiscal Year 2013 – 2014 was approved with a motion by Chris Mueller, a second by Chris Launer, and a unanimous voice vote.*

**4. Presentation of Proposed Budget Revision and Requested Adoption of Resolution No. 2013-06 Adopting Revised Budgets for Fiscal Year Ending September 30, 2013 and Calendar Year Ending 2013**

As noted in prior Board Meetings of a forthcoming revised 2012-2013 Budget for review and requested approval, Lori Rosendahl opened the discussion on proposed budget revisions.

- General Fund

In answer to Chris Mueller's question pertaining to the 3% increase for staff, Lori Rosendahl and Jody Kole responded that each increase for eligible employees and pay adjustments for leadership staff is allocated proportionately, as is salaries, against the properties / programs for which the employee works.

Lori Rosendahl answered Tim Hudner's question regarding the General Fund Budget by stating that the salary allocations changed from the previously approved Budget with the addition of the Village Park Development. Also a change will be seen in the Housing Choice Voucher (HCV) and Ratekin Tower Budgets due to a reduction in staff.

Tim Hudner and Chris Launer requested a "Roll-Up Sheet" that shows the totals of all allocated costs to direct costs. Karla Distel stated that this information will be included in the 2013-2014 Budget documents.

Chris Launer requested confirmation that the Village Park Developer Fee Income amount shown was for the 2012-2013 Budget year. Jody Kole confirmed the figure represents this fiscal year and said that more Developer Fee Income will be reported in the 2013-2014 Budget. She also stated that the Developer Fee Revenue is being accounted for in the General Fund, and costs are accumulating in Acquisitions and Development. The 2013-2014 Budget will reflect figures transferred to the Village Park Budget.

Jody Kole addressed Chris Muller's question regarding the effect of the decrease in the Area Median Family Income (AMFI) in Mesa County on the Village Park Development. She explained that because of this decrease, the allowable rents decreased and the projected Net Operating Income decreased. This has the effect of reducing the first mortgage on Village Park and means more of the Developer Fee will be deferred. With the borrowing capacity diminished and Other Sources of Income fixed, the only option is for GJHA to defer more of its Developer Fee to meet the debt coverage ratio required by lenders and investors.

A requirement by the Colorado Housing and Finance Authority (CHFA) is to submit a Carryover Application showing that at least 10% of the projected total project costs have been spent and what the projected total costs will be at project end. The Village Park Carryover Application was submitted to CHFA in June and illustrated an increase was not needed in the Deferred Developer Fee. Reducing rents for some units, using eight Site-Based Vouchers, and adding revenue from on-site tenant internet services resolved the issue.

It is anticipated that at project end, the amount of Deferred Development Fee will be close to the original amount projected.

A question from Chuck McDaniel was answered by Jody Kole who stated that the Developer Fee will be collected in five installments as follows:

- First installment has been received
- Second installment is received as construction proceeds
- Third installment is received when all units are placed in service
- Fourth installment is received upon the conversion from the construction loan to the permanent loan
- Fifth installment is received approximately six months after the fourth installment
- All installments should be received by the end of 2014, with the exception of the Deferred Developer Fee. The timeline for receiving the Deferred Developer Fee was outlined by Jody Kole.

- Monument Business Center

Clarification was given by Lori Rosendahl to the question posed by Chris Mueller regarding the added rent for two employees by stating this is for office space rent at the Monument Business Center.

- Vouchers

Lori Rosendahl said the largest Budget Revision was to the HCV Program, reflecting the sequestration impacts and inflow of reserves. Calendar year-end estimates show a strong Admin Fee Reserve but the Housing Assistant Payment (HAP) Reserve will nearly be depleted.

GJHA received 25 new Veterans Affairs Supportive Housing (VASH) Vouchers. VASH Vouchers are for the chronically homeless, and it is difficult to find units for these individuals. Unlike in the past, GJHA will receive no upfront funding from HUD for these Vouchers. Funding will be received when the Vouchers start leasing, which is projected for the first part of 2014. A Request for Proposal (RFP) will be issued for Project-Based Vouchers for these VASH Vouchers. Lori Rosendahl reviewed the RFP developer guidelines with the group.

In answer to Chris Launer's question, the review of the Fiscal Year 2013-2014 GJHA Budget should begin in July.

With no further questions or comments, *Resolution No. 2013-06 Adopting Revised Budgets for Fiscal Year Ending September 30, 2013 and Calendar Year Ending 2013* was approved unanimously with a motion by Chris Launer, a second by Tim Hudner, and a voice vote.

**5. Report on the Audit of the GJHA Tax Credit Properties at 12:15 p.m. via a Teleconference**

Mr. Tim Mayberry, a CPA with Holscher, Mayberry and Company, LLC who conducted the Audit for Arbor Vista LLLP and Linden Pointe LLLP for Calendar Year Ending December 31, 2012, reported to the Board via a conference call on the recent Audits.

With no findings on either property, GJHA received a clean unqualified opinion, which represents the best opinion. The following are comments on the individual properties:

Linden Pointe

Financials are very straight forward and the bottom line was basically the same as the year before. The accounting systems are working very well.

Arbor Vista

Arbor Vista did not have as good a year as last year due to increased losses. The bad debt figure increased as did the maintenance costs due to a couple of units requiring extensive work. A couple of internal accounting issues have been resolved and the accounting systems are working well.

Tim Mayberry answered Chris Launer's question regarding the cash flow and the significant difference in the accrued interest. He stated this is non-cash expense that may or may not be paid to GJHA once the compliance period is reached and the property reverts back to the Housing Authority. The dramatic change in the accrued interest is due to a net change in the accrued interest and the amount of interest returned to GJHA from surplus cash from previous years.

Village Park

There was no Audit performed on Village Park. Draft tax return comments have been received so the tax return will be finalized shortly.

With a motion to accept the Audit of the GJHA Tax Credit Properties by Chris Mueller and a second by Chris Launer, the motion passed unanimously.

The 2012 GJHA Audit was conducted by the accounting firm of Hawkins, Ash, Baptie & Company in November of 2012. Referencing this prior GJHA Audit Report given verbally by Lori Rosendahl during the December 10, 2012 Board Meeting and now upon receipt of the hard-copy Audit documents, formal acceptance of the GJHA Audit Ending September 30, 2012 was requested from the Board.

With no findings, GJHA received a clean unqualified opinion, which represents the best opinion.

Karla Distel answered questions posed by Jim Doody and Chris Launer pertaining to an adjusting journal entry and Operations Cash Flow.

To answer Tim Hudner's question, Lori stated that management of the Colorado West Mental Health (CWMH) property of the 20-unit Little Bookcliff property is going well. Current efforts include working to obtain a grant for property rehab. In aiding with the mortgage refinance, acquiring a loan lowering the interest rate from 9% to 3.9%. is in process. Recently, CWMH staff provided training for GJHA staff on how to best deal with clients coping with mental health issues.

With a motion by Jim Doody and a second by Tim Hudner, the Audit of GJHA Ending September 30, 2012 was accepted with a unanimous vote.

#### **6. Monthly Update of Sequestration Budget Impacts**

Lori Rosendahl began the conversation pertaining to the updated information regarding the HCV Program and the impact of sequestration on Net Restricted Assets and Admin Fee Reserves.

The chart titled *Projected Utilization and Impact on HAP Reserves* now reflects the change requested by Chuck McDaniel to show separately the GJHA HAP Reserve amount and the HUD-held HAP Reserve amount. The *Admin Fee Earnings Impact* chart was reviewed and calculations were explained by Lori.

Lori stated that the GJHA HAP Reserve amount will be expended first and the HUD-held HAP Reserve second. Projections show all of the GJHA HAP Reserve will be spent by the end of the year, and the HUD-held Reserve is estimated at \$106K+ at year-end.

The only planned change to the Voucher numbers and dollar amounts is through attrition. There is no plan to eliminate families from the program, and no new Vouchers will be filled with Waiting List applicants.

Lengthy group discussion ensued covering such topics as:

- Renting the project-based units if they are not filled.
- Depleting the GJHA HAP Reserve to maintain leased units.
- There will be less Admin Fee earned if GJHA leases fewer than its baseline number of Vouchers.
- Attrition rate is roughly 16%.
- Frontload Funding can be requested from HUD next year.
- GJHA's policy addressing procedures for terminating Vouchers already issued in case HAP funds are reduced beyond recoverability.
- Spending General Fund Revenue to cover the deficit and maintain leased units.

**7. Village Park Development Update**

Jody Kole reported that, in spite of some minor glitches, the Village Park Development is progressing very well. Tile for the bathrooms is slow in transit so alternative tile is being chosen so as not to delay the delivery of the first building to GJHA. The planned delivery date for the first building is July 15, 2013.

- Note: The delivery date for the first building has been amended to July 16, 2013.

In designing signage for the Village Park Development, the opportunity presented itself to "freshen up" the GJHA logo. Jody Kole presented the new logo to the group, and said that over time, the signage at each property will be updated with the new logo.

Phase I of the Development is close to 65 - 70% complete, and preparation is underway to pave the parking lots and street on the south side of the Development.

- Note: Paving in the above areas is complete.

Shaw Construction hosted a "Topping Off" Celebration for its construction crews on June 11, 2013. This event signifies reaching the major milestone of placing the last beam at the top of the last building. Several GJHA staff members attended the ceremony.

Jody Kole answered Tim Hudner's question regarding the timeline for applying for CHFA Tax Credits for Phase II of the Development. She advised that the earliest GJHA would be applying for Tax Credits is Round Two of 2014. The Round One Allocation is too early as CHFA will require the stabilization of Village Park Phase I prior to consideration of Phase II.

Although no advertising has been done, staff is interviewing interested applicants and a few tenant files have been completed, internally approved, and forwarded to auditors for compliance review and eligibility. As soon as the model unit is available for viewing, it is anticipated the number of applicants will increase.



Jody stated that many applicants are asking for one-bedroom accessible units. In Phase I of the Development, there are four one-bedroom “accessible” units, two of which are fully Americans with Disabilities Act (ADA) units. At this point in construction, turning a unit into a fully ADA unit would cost an additional \$12K - \$15K. If, however, a fully ADA unit is not necessary, the cost to reduce barriers in a two-bedroom unit would be approximately \$1600-\$2000 by changing the bathtub into a walk-in shower in one of the bathrooms. Chris Mueller expressed his appreciation for looking for alternatives on the accessibility issue, and Chris Launer voiced his support of minor unit modifications of a walk-in shower. Staff will pursue the “accessible” option.

**8. Other Business**

*Update on Visit by Senator Udall*

This Agenda item was previously addressed under Agenda Item No. One.

**9. Adjourn**

With business completed, the regular June GJHA Board Meeting was adjourned at 1:34 p.m.