

## MINUTES

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

Monday, July 22, 2013  
1011 North 10<sup>th</sup> Street  
11:30 a.m.

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### 1. **Call to Order**

The regular July Grand Junction Housing Authority (GJHA) Board Meeting was called to order by Board Chair Chuck McDaniel at 12:05 p.m. with all Board Members present. They are Scott Aker, Tim Hudner, Chris Launer, Paul Marx, Chris Mueller and Jim Doody. Staff Members in attendance included CEO Jody Kole, COO Lori Rosendahl, CFO Karla Distel, and Executive Assistant Kristine Franz.

Chuck McDaniel announced that the Executive Session listed as the last item on the Board Meeting Agenda is deferred to a later date, allowing the Board Real Estate Committee additional research time.

### 2. **Adoption of Resolution No. 2013-07 Authorizing the Write-off of Bad Debts**

*Resolution No. 2013-07 Authorizing the Write-off of Bad Debts* and the associated memo dated July 15, 2013 written by GJHA Director of Housing Services Amy Case was presented to the Board for approval. Prior to the question and answer period, Lori Rosendahl clarified several write-off costs as follows:

- Due to broken leases, tenants are now being charged for vacancy losses until the unit is re-rented.
- Extensive cleaning and rehab was done to a unit as a result of drug supplies found but not used in the unit and because of damage that was done to the unit.
- Medical clean up and rehab was necessary in a unit upon the death of the tenant.

Lori stated that a different collection agency has been engaged, and is hopeful that more of the bad debt will be recovered.

Following the review, Lori answered questions posed by Chuck McDaniel, Scott Aker, Chris Launer, and Chris Mueller by stating that:

- If a bad debt exceeds \$5K and 3% of a property's revenue, the bad debt will be brought to the GJHA Board for write-off approval.
- Medical rehab costs and vacancy losses due to broken leases by the tenant become a bad debt instead of the cost of doing business because these costs are billed back to the tenant.

With no further questions, a motion made by Chris Launer and seconded by Scott Aker was unanimously passed.

**3. Presentation of Financial Statements Ended June 30, 2013 for all GJHA Programs, Crystal Brook Townhomes, Linden Pointe, Arbor Vista and Village Park**

At the beginning of the financial presentation, Karla Distel stated that a set of updated Operational Dashboards was included with the Financial Statements ended June 30, 2013 for all GJHA Programs and Properties. She also stated that the reports requested by the Board, a Consolidated Operating Statement and Balance Sheet and a Schedule of Debt and of Cash Reserves, were also included as part of the financial documents.

A quick snapshot of the overall financial picture of the Agency was given prior to the individual review of Programs and Properties.

When reviewing the Consolidated Operating Statement, Board questions surfaced regarding the phases for receipt of the Village Park Developer Fee Income. For a better understanding, Jody Kole explained the cash flow timeline for receipt of the Developer Fee.

Board Members stated that the requested four reports furnished the needed information, and were especially pleased with the Consolidated Operating Statement.

General Fund

The General Fund is well ahead of the benchmarks established for this Fund. Funds transferred in are from the close out of the Smoke Free Program and funds transferred out are to cover expenses for Houses.

Tim Hudner asked if “straight-lining” prior year comparisons could be done by taking one-twelfth of the expenses. Karla will analyze the validity of the data. Chuck McDaniel commented that the Balance Sheet backup to each individual Summary Dashboard Report is not necessary, to which the group agreed. Tim Hudner requested the Cash Reserve Analysis and the Debt Schedule continue to be part of the quarterly financial package.

Acquisition and Development

As part of being a developer, there are expenses that the Agency advances. Those costs accrue in this Account and once the Developer Fee is earned, these developer expenses are recovered.

Monument Business Center

Financial performance has been negatively affected by ongoing HVAC issues at Monument Business Center. Vacancy loss is down so with increasing occupancy, numbers should reflect a better picture by fiscal year end.

Ratekin Tower

Most performance indicators are positive for Ratekin Tower. Restricted Reserves were identified with balances shown. Incentive performance fees are revenue driven; therefore, a year-to-date amount that is under budget indicates underperforming revenue.

Walnut Park

Walnut Park is generally doing well. Restricted Reserves were identified with balances shown.

Home Ownership Services

Indicators are all positive for Home Ownership Services. The revenue increase is due to over performance of production goals for National Foreclosure Mitigation Counseling (NFMC) Round 6 with both grantees. Operational reporting showed 166 clients served in the first quarter and of those 91% avoided foreclosure. Future reporting will include a further breakdown of statistics as well as report format changes. GJHA just signed a new yearly contract with NFMC. The Program is expected to shrink as the demand declines.

TBRA/Next Step

Operational reporting shows the key performance indicators of retention rate (staying housed), income, and achievement data (attendance and grades). Future reporting will include a further breakdown of data as well as report format changes. To answer Scott Aker's question regarding what is the threshold for achievement, Lori said measurements will be determined in the near future.

Grants are being sought after to fund a full-time tutor for all grade levels. Currently, an AmericaCorp volunteer is the part-time tutor.

Family Self-Sufficiency

All performance indicators for the Family Self-Sufficiency program are positive.

Walnut Park Service Coordinator

Performance indicators are all negative for the Walnut Park Service Coordinator. This is a breakeven program waiting for reimbursement and will reflect a better performance in September. The three-year contract expires in December of 2014.

Housing Advocate

All performance indicators for the Housing Advocate program are negative. This is a reimbursement program and numbers will reflect a better performance in September.

Linden Pointe

The Linden Pointe property is doing exceptionally well and is showing all positive indicators.

Arbor Vista

Overall, Arbor Vista's performance indicators are positive and doing well. One benchmark will be analyzed for adjustment.

Vouchers

The performance indicator of Net Operating Income for Vouchers is negative due to the impacts of Sequestration. Additional discussion is slated for later in the Meeting.

Lincoln Apartments

A low vacancy rate and a lack of a mortgage at Lincoln Apartments are primarily responsible for a healthy performance. Operating expenses were unusually high due to the death of a tenant in a unit and the associated cleaning and repairing of the unit.

Bookcliff Squire

For the most part, Bookcliff Squire is showing positive indicators. There have been no vacancies all year at this small complex.

Courtyard Apartments

Courtyard Apartments is showing mostly negative performance indicators reflective of extensive cleanup work necessary in a unit where drug supplies were found. Vacancy losses are down.

Houses

Negative performance indicators reflect vacancies. The vacant lot is for sale, the Elm house is currently vacant, and the Santee house and the condo will be put on the market as soon as they become vacant.

Crystal Brook

Most performance indicators are positive for Crystal Brook. Per unit month Operating Costs / Maintenance Costs are cautionary and reflective of the costs of washers and dryers.

Board Members were informed that consolidation of the smaller properties / programs continues and will be reflected in the Budget for Fiscal Year 2013-2014.

At the close of the financial presentation, Jody Kole referenced the Cash Reserve Analysis and noted three fund or property accounts whereby funds could be used, at the Board's discretion.

Chris Launer asked if there was any opportunity to renegotiate with Colorado Housing and Finance Authority (CHFA) the current loan interest rates to which Jody said no and continued to explain, citing blending of mortgages and restrictions as problematic.

With a motion from Paul Marx, a second from Chris Mueller, and a unanimous vote, the financials were approved as submitted.

Scott Aker left the meeting at 12:56 p.m. A quorum remained.

**4. Discussion of 2014 Budget and Projected Sequestration Budget Impacts**

With the distribution of the updated forecasting leasing charts entitled *Projected Utilization and Impact on HAP Reserves* and the *Admin Fee Earnings Impact*, Lori Rosendahl reviewed the data. She stated that the numbers do not reflect better expectations. Discussion of the following items ensued:

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- GJHA is required to lease “new” Veterans Affairs Supportive Housing (VASH) Vouchers, which raises the overall Voucher household lease up number. Unlike in the past, GJHA will receive payment for the VASH Vouchers once they are leased and the data entered in HUD’s accounting system. Previously, funding has been received upfront, prior to lease-up. Once this funding is received, it becomes part of the HUD-held Reserve Account for GJHA.
- Per unit cost expenses are too high. There is nothing to do immediately that will help lower the per unit costs. Payment Standards could be lowered but federal guidelines prevent that from helping in the immediate future due to a two-year waiting period before becoming effective.
- The GJHA Housing Assistance Payment (HAP) Reserve Balance was reduced considerably by HUD in July of 2013 due to GJHA being under spent in 2012. HUD’s reconciliation process captured \$168K+ of GJHA funds in its HAP Reserve Account and transferred the funds to the HUD-held HAP Reserve Account. These funds still belong to GJHA and are available to GJHA upon request. However, even after requesting and using the returned HUD-held GJHA fund, a shortfall of \$18K is expected by the end of December 2013.

Addressing the expected \$18K shortfall, the groups identified several options for consideration and are:

- GJHA can request frontloaded funding from HUD for Fiscal Year 2013-2014.
- Continue to reduce leased households from the Voucher Program through attrition.
- Request HUD’s one-time set-aside funding.
- Tap into the available GJHA Voucher Admin Cash Reserve Account.
- Request from HUD a waiver to eliminate the two-year waiting period to lower Payment Standards with an immediate effective date of October 1, 2013.
- Implement a policy regarding “port outs” that stipulates porting into a high costing area is not permitted.

Jody Kole suggested a review of GJHA’s Policy regarding withdrawing assistance from households currently holding Vouchers be considered for the August Board Meeting.

Chris Mueller requested a review of the attrition rate for use as a forecasting tool. Lori will present that information along with the lease-up rate of the VASH Vouchers at the August Board Meeting.

As a side note, Lori Rosendahl stated that at the recent National Association of Housing and Redevelopment Officials (NAHRO) Summer Conference, attendees were told that a Bill is pending in the U.S. House of Representatives that would exempt HUD from Sequestration.

Note: The Bill Number is H.R. 2695 with the shorten title of the “American Public Housing Act of 2013”.

Jody Kole stated that preparation of the 2013-2014 Budget is underway with a very conservative approach being taken because of the uncertainty of federal funding.

Jim Doody left the meeting at 1:30 p.m. A quorum remained.

#### **5. Village Park Development Update**

The Village Park Development Update began by Jody Kole stating that the Village Park Leasing Office / Maintenance Building received a Certificate of Occupancy (CO) from the City of Grand Junction and Building D, which is the first tenant building to be leased, has a temporary CO. Two households are moving in today to Building D.

Small “glitches” continue to surface for the Development but are being resolved. There will be a slight delay in units leased up due to the construction crews’ inability to catch up as planned from the harsh winter, etc. Draws from the Equity Investor Partner to pay the general contractor and construction loans are on schedule. Because of the number of tenant requests for more accessible units, one bathroom in three two-bedroom units has been converted from a tub to a walk-in shower.

The Very Important Partners (VIP) reception and tour of the Village Park Leasing Office / Maintenance Building, Building D, and a “staged unit” is today from 4:00 – 6:00 p.m. Board Members were encouraged to attend.

Note: The reception and tour went well. The pride of GJHA Board / Staff members was apparent as accolades from guests on such a beautiful complex were received.

#### **6. Other Business**

##### Schedule Meeting of the Compensation Committee

Compensation Committee members Tim Hudner, Chris Launer, and Chuck McDaniel will check their calendars for meeting availability.

Note: August 2, 2013, beginning at 10:00 a.m. at the Voucher Service Center, 1011 N. 10<sup>th</sup> Street is the date / time / location for the next Compensation Committee Meeting.

Schedule Resident Advisory Board Luncheon for GJHA Board Participation

GJHA Board Members will join the Resident Advisory Board (RAB) Members for a luncheon in honor of and as a thank you to the RAB Members for their volunteer service to the Housing Authority. The tentative date of August 6, 2013 was chosen with the time and location to be determined.

Note: This luncheon will be held at Johnny Carino's Restaurant on August 6, 2013, beginning at 11:30 a.m.

Board / Leadership Staff Strategic Planning Retreat August 17, 2013

August 17, 2013 is the date for the Board / Leadership Staff Strategic Planning Retreat at Linden Pointe from 8:30 a.m. – 4:00 p.m. All Board Members and Leadership Team Members are requested to attend. Chris Mueller will be facilitating the Retreat as well as participating as a Board Member.

Reports on NAHRO Summer Conference

Chuck McDaniel and Lori Rosendahl gave brief reports on the 2013 NAHRO Summer Conference held in Denver, Colorado. Lori commented that the NAHRO Conferences are always well worth the time, and Chuck recommended that other Board Members consider attending a NAHRO Conference in the future.

NAHRO's 2013 National Conference is in Cleveland, Ohio. Lori Rosendahl is this year's Chairperson for the Voucher Services Track Planning Committee. Lori received congratulatory comments for this accomplishment.

Karla Distel left the meeting at 1:39 p.m. A quorum remained.

**7. Adjourn**

With no further business, the regular July Board Meeting was adjourned at 1:43 p.m.