

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
August Meeting

Tuesday, August 27, 2013
1011 North 10th Street
11:00 a.m.

1. Call to Order

Board Chair Chuck McDaniel called the August Grand Junction Housing Authority (GJHA) Board Meeting to order at 11:02 a.m. with the following Board Members present: Scott Aker, Tim Hudner, Chris Launer, Chris Mueller and Jim Doody. Paul Marx was not in attendance.

2. Roll Call Vote to Move into Executive Session to Discuss Personnel Issues – Specifically Executive Compensation – and a Real Estate Transaction – Specifically Potential Real Estate Acquisition – C.R.S. 24-6-402(4)(f)(I) and C.R.S. 24-6-402(4)(a)

With a motion by Tim Hudner, a second by Chris Mueller, and a roll call vote, Board Members moved into an Executive Session.

GJHA CEO Jody Kole joined the Executive Session at 11:35 a.m. and GJHA Attorney Rich Krohn joined the Executive Session at 11:45 a.m.

3. Roll Call Vote to Move out of Executive Session and Return to Open Meeting

With a motion by Scott Aker, a second by Chris Launer, and a roll call vote, the group moved out of Executive Session at 12:37 p.m. and returned to the open meeting.

Staff Members joining the meeting included COO Lori Rosendahl, CFO Karla Distel, and Executive Assistant Kristine Franz.

4. Resolution No. 2013-08 Authorizing the Purchase of Vacant Land on Bookcliff Avenue, the Expenditure of Public Housing Funds for this Purchase and the Execution of Related Documents

Jody Kole gave the brief history of how GJHA acquired Public Housing Funds. She stated that approximately five years ago GJHA was authorized by the U.S. Department of Housing and Urban Development (HUD) to sell its 30 Public Housing Units known as Capital Terrace Townhomes. At that time, GJHA agreed to restrictions to reinvest the proceeds only to serve Voucher-eligible households, including building, acquiring, or rehabbing units for affordable housing, and provide a Voucher Services Center.

Net proceeds of the Capital Terrace Townhomes were \$2.5M, of which \$1.1M remains to be reinvested after a portion of the proceeds was invested in Village Park land development. Jody clarified Chuck McDaniel's two questions as follows:

- Public Housing Funds were invested in Village Park land acquisition. Once the Village Park financing package is closed and the land sold to the Limited Liability Limited Partnership, the sale proceeds will be deposited into the Public Housing Fund.
- Expenditure of any future Public Housing Funds will be allocated appropriately for the above restricted uses.

GJHA staff deems the purchase of vacant land on Bookcliff Avenue as appropriate use of its Public Housing Funds to acquire land to be used for the above stated restrictions.

Rich Krohn stated that Resolution No. 2013-08 contains a blank for the purchase price of the vacant land on Bookcliff Avenue. Originally, the purchase price was \$665K. However, because of recent negotiations with the seller concerning the unexpected existence of an underground irrigation pipe and the significant cost to relocate that pipe off the property, the seller has reduced the purchase price to \$610K with a signed Amendment to the original Contract. Rich Krohn noted that today is the last day to object to the Contract. The deadline to approve the transaction is also today. Rich asked that if the Board approves Resolution No. 2013-08, Chuck and Jody sign the Amendment immediately for transmittal to the seller and the new purchase price of \$610K be inserted in the Resolution.

Chris Mueller made a motion to approve *Resolution No. 2013-08 Authorizing the Purchase of Vacant Land on Bookcliff Avenue, the Expenditure of Public Housing Funds for this Purchase, and the Execution of Related Documents*. With a second by Chris Launer, the motion was approved as follows:

5 approved – Jim Doody, Tim Hudner, Chris Launer, Chuck McDaniel Chris Mueller

0 disapprove –

1 abstention – Scott Aker. Scott owns property downstream from, and is served by, the irrigation line that will have to be relocated.

At this point in the meeting, Agenda items were slightly rearranged.

Rich Krohn left the meeting.

5. Discuss GJHA's Option on Reducing Voucher Program Costs Including Adopted Policy on Withdrawing Assistance from Households Currently Holding GJHA Vouchers, if Necessary

With the meeting distribution of the updated forecasting leasing charts entitled *Projected Utilization and Impact on HAP Reserves* and the *Admin Fee Earnings Impact*, Lori Rosendahl presented an update of budget impacts due to sequestration. Figures reflected a projected balance of \$134K+ remaining in the HUD-held Housing Assistance Payment (HAP) Reserve Account at calendar year end. She also said that notice was given to HUD that GJHA is getting close to expending its Reserve Account funds and that GJHA will be requesting its HUD-held HAP Reserve funds. HUD was also advised to expect a GJHA application for short-fall funding.

Lori Rosendahl answered Tim Hudner's question stating that all of the Reserve Account funds must be spent prior to HUD granting shortfall funding.

Since Lori will be in Denver on August 29, 2013, she will seek clarification from HUD regarding requesting the GJHA HUD-held HAP Reserve funds.

The GJHA policy on withdrawing assistance from households currently holding GJHA Vouchers was previously distributed to Board Members for their review. At the request of HUD, this policy was developed last year by a committee consisting of Chuck McDaniel, Scott Aker, Paul Marx, and Lori Rosendahl. Every effort is being made to avoid withdrawing assistance from current Voucher Holders.

6. Discuss Subscription to Community Solar Garden

Referencing the August 22, 2013 memo written by the GJHA Director of Housing Services Amy Case, Lori discussed the opportunity to execute a Subscription Agreement to participate in a Community Solar Garden in development in Mesa County.

Other potential subscribers engaged in negotiations with the developer, EcoPlexus, include the City of Grand Junction, Mesa County Valley School District 51, Mesa County, and Alpine Bank. The School District is providing the site on acreage it owns in the Pear Park area (D ¼ and 30 Roads) and under a site license to the Subscriber Organization.

Under State Statutes, an affordable housing organization must be one of the subscribers in a Community Solar Garden project. GJHA will receive a favorable return for its participation. The Grand Junction City Attorney will review the contract, and then GJHA staff will consult with the Housing Authority attorney.

Staff has determined that Walnut Park is the only GJHA property eligible to financially benefit from participation. An estimated return of \$3K per year is anticipated for Walnut Park.

The question posed by Chris Launer was answered by Lori Rosendahl. She said the Housing Authority does not need to make any up-front investment except for attorney fees to review the contract and staff time to negotiate the rate of return.

Staff requested Board approval to move forward. Scott Aker made a motion to authorize the CEO or the Board Chair to sign the contract to participate in the Community Solar Garden in Mesa County after the necessary attorney reviews. With a second by Chris Mueller, the motion was approved unanimously.

7. Discussion of FYE 09-30-14 Annual Budget

Jody Kole stated that outstanding decisions made during today's Executive Session will be incorporated in the Fiscal Year 2013-2014 Budget. With staff's extensive and continuing efforts in the Budget preparation, the Fiscal Year 2013-2014 Budget presentation is slated for the September Board Meeting.

Jody noted that due to the uncertainty of federal funding, staff is proposing not to budget for or implement any employee pay raises or compensation increases at the beginning of the new Fiscal Year. Instead, an allowance for a 2% increase will be budgeted for with a target implementation date of April 1, 2014, if affordable.

To answer Tim Hudner's question, Jody stated that as part of adoption of the Sequester, an 8% decrease in funding is to continue to go into affect year after year unless future negotiations at the federal level produce a revised plan. Future GJHA budget planning will, however, continue to incorporate the worst case scenario until a Federal Budget is adopted.

Chuck McDaniel presented a recommendation from the Board Compensation Committee, consisting of Tim Huder, Chris Launer, and Chuck McDaniel, to adjust the salary of the CEO to \$140K per year effective October 1, 2013. The CEO will also be allowed to participate in any cost-of-living adjustments as budgeted and awarded inside the organization, making the previous employee cost-of-living adjustment on May 1, 2013 retroactive. The motion passed unanimously with a motion by Chris Mueller and a second by Jim Doody.

Scott Aker left the meeting at 1:00 p.m. A quorum remained.

8. Village Park Development Update

Jody discussed details of a vandalism incident at the Village Park Development. Board Members were previously informed of the incident. In an unscheduled weekend visit to Village Park, Lori Rosendahl interrupted four teenagers involved in random mischievous acts. Internal damage was done to several units with fire extinguishers and water. The teenagers were apprehended and will do restitution. A post-damage assessment revealed unlocked unit doors were the access point. In the future, the GJHA property manager will secure unit doors daily prior to the close-of-business. Eventually, a GJHA employee will reside on site, providing an added security advantage.

Construction continues to go well with the turnover of the third tenant building to the Housing Authority by the first part of September. The contract with Shaw Construction (Shaw) outlines performance deadlines for the turnover of each building to GJHA, and references bonuses for early delivery of the buildings and, likewise, penalties for late building delivery. All the buildings are in “late delivery” so dialogue is planned with Shaw addressing penalties.

Unit leasing is progressing well. The majority of the first building units are leased and the units on the first and third floors of the second building are leased. Leasing of the first floor and third floor units happen quicker due to the popularity of first floor accessibility and third floor views.

Tenant files are being reviewed internally prior to transmission to the tax credit audit firm for final file approval. As accuracy is crucial regarding tenant income calculations, Jody explained how the tax credit penalty works due to leasing to a tenant that is over income.

9. Strategic Planning Retreat Follow-up

The major focus of the Board Strategic Planning Retreat (Retreat) is to review the GJHA Five-Year Strategic Plan and adjust objectives and result-oriented measures and target numbers.

With discussion at the Retreat of a layout change to the Balance Score Card, Chris Mueller distributed a mock up page for review and approval. Receiving approval of the format, Chris will proceed with the information conversion. A meeting between Chris, Jody Kole, and Lori Rosendahl will finalize target changes with a draft of the 2014 Strategic Plan ready for review at the September Board Meeting. The final document will be in conjunction with the new fiscal year and slated for completion and distribution in October. A thank you was extended to Chris for his work.

Jody spoke about the Downtown Housing Effort (DHE), a topic previously discussed at the Retreat. She provided a history snapshot of the DHE, a Joint Venture between the GJHA and the Grand Junction Downtown Development Authority (DDA).

Years ago, the DHE was created to improve and expand housing in Grand Junction's "original square mile" and obtained a series of Community Block Grants.

With approximately \$400K in its reserve account that has accumulated through the years, the DHE and other parties have explored downtown housing developments but were never able to move forward for one reason or another.

Jody Kole informed the Board of a recent conversation she had with the Executive Director of the DDA. The DDA Board is also discussing dissolving the DHE and using its share of the joint funds for its own investment purposes. With both Boards desiring to dissolve the Joint Venture, during a recent DDA Board Meeting a resolution was subsequently adopted withdrawing the DDA from the DHE Joint Venture. GJHA was asked to complete an accounting of funds and initiate any legal action necessary to formally dissolve this Venture.

Jody told Board Members there are two outstanding rehab loans. The DDA has agreed for GJHA to collect the two loans in the amounts of approximately \$16K and \$18K and split the proceeds after legal costs.

Once all legal and close-out fees are paid, the remaining funds will be equally divided between the DDA and GJHA. These proceeds are unrestricted and can be used as the respective Boards choose. Jody proposed GJHA's share of the proceeds be "earmarked" for a new GJHA office facility.

10. Other Business

- *Report on RAB/Board Luncheon*

The GJHA Resident Advisory Board (RAB) members were honored and thanked for their volunteer service to the Housing Authority with a luncheon at Johnny Carino's Restaurant on August 6, 2013. Tim Hunder and Chuck McDaniel joined the RAB Members, and reported that overall the Board Members were very appreciated of the services they receive and like where they live.

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- *Hosting Grand Junction Chamber of Commerce Business After Hours Event
September 24, 2013*

Jody Kole reminded everyone that GJHA is hosting the Grand Junction Chamber of Commerce Business After Hours (BAH) event at Village Park on September 24, 2013. This is an excellent opportunity for good community outreach and encouraged Board Members to attend.

Jody asked the Board to consider waiving GJHA's policy on no alcoholic beverages on Housing Authority properties for the event only as the BAH event is a soft drink, alcohol, hors d'oeuvres type of event. With a motion by Chris Launer and a second by Jim Doody, the motion passed unanimously.

Lori Rosendahl left the meeting at 1:26 p.m.

Adjourn

With the completion of business, the August GJHA Board Meeting was adjourned at 1:17 p.m.