

## REVISED MINUTES

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

Monday, September 23, 2013  
1011 North 10<sup>th</sup> Street  
11:30 a.m.

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### 1. Call to Order

At 11:43 a.m., Board Chair Chuck McDaniel called to order the regular September Board Meeting of the Grand Junction Housing Authority (GJHA) and a Public Meeting to consider a change to the GJHA Administrative Plan. The following individuals were in attendance: Board Members Scott Aker, Tim Hudner, Chris Launer and Barbara Traylor Smith; Staff Members CEO Jody Kole, COO Lori Rosendahl, CFO Karla Distel, Executive Assistant Kristine Franz, and GJHA Attorney Rich Krohn. Board Member Chris Mueller arrived later in the meeting and Board Member Paul Marx was not in attendance.

The group welcomed Barbara Traylor Smith, the newest Board Member. Barbara is the Grand Junction City Councilor replacing Councilor Jim Doody.

### 2. Consent Calendar

Prior to approval consideration of the Consent Calendar, each of the three Calendar items, *Approval of Auditor Chosen for all GJHA Programs for Fiscal Years 2014 Through 2016*, *Approval of Auditor Chosen for Tax Credit Properties for Fiscal Years 2014 Through 2016*, and *Resolution No. 2013-09 Approving Payment Standards Effective November 1, 2013*, were discussed.

Before Karla Distel's presentation requesting auditor approval for all GJHA Programs and Tax Credit Properties, she noted a change to the time period for audit services. The time period referenced on today's Consent Calendar should reflect Fiscal Years 2013 – 2015 instead of Fiscal Years 2014 – 2016.

The current contracts for auditing services for both the GJHA Programs and the Tax Credit Properties expire September 30, 2013. GJHA staff received guidance throughout the entire bidding process from the City of Grand Junction's Purchasing Department.

Four proposals were received for audit services for the GJHA Programs and six proposals were received for audit services for the Linden Pointe and Arbor Vista Tax Credit Properties. An internal review team, comprised of Lori Rosendahl, Amy Case, and Karla Distel, evaluated and scored the proposals. The following firms responded to the Request for Proposals:

GJHA Programs

<u>Firm</u>	<u>Total Bid for the Three-Year Period</u>
• Chadwick, Steinkirchner, Davis & Co.	\$71,950
• Haynie & Company	\$82,200
• Hawkins Ash, CPAs	\$75,000
• Jean Sickels	\$67,310

Karla Distel discussed the team's assessment of each firm, and explained the rationale of staff's recommendation that Hawkins Ash, CPA be awarded the contract.

Tax Credit Properties (Linden Pointe and Arbor Vista)

<u>Firm</u>	<u>Total Bid for the Three-Year Period</u>
• Eide Bailly, LLP	\$33,650
• Chadwick, Steinkirchner, Davis & Co.	\$34,500
• Hawkins Ash	\$33,000
• Haynie & Company	\$15,900
• Holscher, Mayberry & Co.	\$27,150
• Jean Sickels	\$27,058

Karla Distel discussed the team's assessment of each firm, and explained the rationale of staff's recommendation that Eide Bailly, LLP be awarded the contract.

Group discussion covered topics including auditor experience and expertise, expectations by GJHA partners on audit rotation, rotating the audit firm's specific representative, keeping continuity, and using two different audit firms for the separate audits.

With a motion by Scott Aker, a second by Chris Launer, and a unanimous vote, the Board approved the contract award for Fiscal Years 2013 – 2015 to Hawkins Ash, CPAs for audit services for the GJHA Programs and Eide Bailly, LLP for audit services for the two Tax Credit Properties of Linden Pointe and Arbor Vista.

Chris Mueller arrived at 11:48 a.m.

Lori Rosendahl briefed the group on the third Consent Calendar item, *Resolution No. 2013-09 Approving Payment Standards for Fiscal Year 2013-2014.*

Lori Rosendahl stated that Fair Market Rents (FMRs) are the amounts determined by the U.S. Department of Housing and Urban Development (HUD) for Public Housing Authorities (PHAs) to allow Voucher Holders to spend for housing. HUD allows PHAs to set their payment standards between 90% and 110% of the published FMRs.

HUD issued proposed FMRs that reflect an 8% decrease for the coming Fiscal Year. Final FMRs are expected to be issued September 29, 2013.

Lori Rosendahl outlined the following GJHA recommended FMRs, which concur with the 8% decrease recommended by HUD:

<u>Rent Amount</u>	<u>Unit Size</u>
• \$575 down from \$629	One bedroom units – a limited supply exists; Veterans will have a challenge in finding units
• \$765 down from \$837	Two-bedroom units
• \$1127 down from \$1233	Three-bedroom units
• \$1295 down from \$1417	Four-bedroom units

Group discussion included the following impacts:

- Payment Standards generally affect Voucher Holders but there is some impact to the Tax Credit Properties, as well as other housing programs.
- This rent reduction complicates the effort to de-concentrate poverty in certain areas as it becomes more difficult for households to afford higher rent in a different area.
- GJHA can set HUD-approved exception rents by area and that would help reduce poverty concentration.
- Federal guidelines state there is a two-year grace period before the new Payment Standards become effective for tenants.
- GJHA staff will request a waiver from HUD effectively immediately eliminating the two-year grace period to lower the Payment Standards for all tenants.
- Tenants affected by this November 1, 2013 rent change will be those using their Voucher and planning a move to another property. Should a move occur, a moving packet and consultation will be provided to the tenant by GJHA staff.
- New Veterans Affairs Supportive Housing (VASH) Voucher Holders will be affected with higher rent and an escalating challenge to find units that are already scarce.

- GJHA will be penalized by the Village Park Equity Investor Partner with the decrease. The loss is estimated at \$20K, and will reduce the Village Park Developer Fee Income.
- Consideration will be given to request from HUD area-based exception rents at Village Park.
- Community landlords will be affected; currently, rents are stable.
- With no federal government Continuing Resolution or approved federal Budget, it is uncertain if HUD's set aside funds will be available beginning January 1, 2014.

GJHA staff recommends that the Board approve Payment Standard amounts for all unit sizes to 100% of the HUD final FMRs for Mesa County effective November 1, 2013.

With no further discussion, the Board unanimously approved *Resolution No. 2013-09 Approving Payment Standards Effective November 1, 2013* with a motion by Chris Launer and a second by Tim Hudner.

**3. Request Approval of Resolution No. 2013-10 Authorizing the Sale of the Village Park Land to the Village Park L.L.L.P. and Contract**

Several years ago, GJHA purchased the Village Park land in anticipation of developing affordable housing. At the creation of the Village Park Partnership Agreement, awarded state grant funding was not available so a Ground Lease from the Housing Authority to the Village Park L.L.L.P. (L.L.L.P.) was written. With state grant funding available now, the Board is requested to complete the transaction with the authorization of the sale of land to the L.L.L.P. The L.L.L.P. owns everything on the land so all that is being sold is the land. Amendments to soft loan documents and construction loan documents will be done to reflect the recording of the plat to create the two-lot subdivision as well as the change in ownership. Rich Kohn and Jody Kole clarified questions posed by Board Members as follows:

- The Housing Authority is liable only during ownership of the land.
- Rich explained the money paper trail stating that the \$720K in funding comes from the Colorado Department of Housing (CDOH) to GJHA, then loaned by GJHA to the L.L.L.P.
- The Phase II lot is not involved in this transaction. Future use and funding for the Phase II lot is a Board decision.
- Limited work has been done on the Phase II lot to help mitigate storm drainage.

With no further discussion, Board Members unanimously approved authorizing the sale of the Village Park Land to the Village Park L.L.P. and the signing of the contract with a motion by Chris Launer and a second by Chris Mueller.

Rich Krohn left the meeting at 12:25 p.m.

#### 4. Monthly Update of Sequestration Budget Impacts

With the distribution of the latest version of the *Projected Utilization and Impact on HAP Reserves* and the *Admin Fee Earnings Impact* documents, Lori Rosendahl gave a status update.

The GJHA Housing Assistance Payment (HAP) Reserve Account funds are depleted. Requesting and utilizing the GJHA HUD-held HAP Reserve funds has begun with a projected fund balance of \$26K remaining at year end. Staff is hopeful to acquire HUD short-fall funding, but there is no guarantee. GJHA is required to lease “new” VASH Vouchers and will receive a funding allocation for those Vouchers once they are leased and in HUD’s accounting system instead of up-front, as in the past. As per HUD’s request, a VASH leasing schedule is being developed.

Advocating with Congressional representatives is ongoing, discussing reducing federal regulations and making the HUD waiver process easier.

If the federal government shuts down, no funding will be received from HUD during a shut-down. GJHA staff is proposing to notify landlords of this possibility and, subsequently, they will not receive rent payments until GJHA actually receives funding from HUD. Discussion ensued covering topics such as:

- Give landlords contact information for Congressional representatives so their hardships can be reiterated in personal correspondence.
- Notify tenants that late or even eviction notices are possible and to contact their GJHA Case Manager if one is received.
- The possibility of losing landlords to market renters becomes more probable.
- The number of leased units was clarified due to the impact of Sequestration.

Lori Rosendahl stressed it is vital for GJHA to reduce its per unit costs to below the HUD-awarded per unit costs. Therefore, Board approval is being requested for two Admin Policy changes. Previously presented to and approved by the Resident Advisory Board (RAB), the changes are as follows:

- Lowering the Occupancy Standards. The size of a Voucher bedroom will be reduced to “two heart beats” per bedroom, which means reducing the number of bedrooms issued to families. New tenants or tenants moving to a different unit will be affected. Households already leased will not be affected unless they move. The effective date for this change is October 1, 2013.
- Closing the Housing Choice Voucher (HCV) Waiting List effective December 1, 2013. Numbers reflect there are currently 2,000 households on the Waiting List, which could take up to four years to house with turn-over Vouchers. Adequate public notices and a press release are forthcoming.

Lori reported the *Admin Fee Earnings Impact* document illustrated little change with receipt of 68.5% of the entitled funds, which is due to reduced appropriation of funding and Sequestration. The Admin Fee Reserve Account shows \$227K in funds. The 2013-2014 Budget shows dipping into this Reserve Account for \$40K to maintain operations. The Admin Fee Reserve funds may be used at the Board’s discretion for Voucher Program expenses. Discussion ensued regarding how to manage efficiently in a lower reimbursement environment. Topics discussed included:

- Looking at operational costs for any additional reductions / efficiencies.
- Acquiring temporary regulatory relief from HUD.
- Sending correspondence to Members of Congress stating GJHA has lowered the Occupancy Standards, lowered its Payment Standards, and sent correspondence to its landlords notifying them of the possibility of no payments due to the federal government, and closing the HCV Waiting List.
- Recent HUD regulatory relief on two items gave only small relief.

With discussion complete, the Board unanimously approved to lower the Occupancy Standards and close the HCV Waiting List effective December 1, 2013 with a motion made by Chris Mueller and seconded by Scott Aker.

**5. Presentation and Discussion of FYE 09-30-14 Annual Budget and Request Approval of Resolution No. 2013-11 Adopting Consolidated Budget for FY 2013-14**

Karla Distel gave the presentation on the Agency’s FYE 09-30-14 Annual Budget, and stated that the Budget includes all the programs and properties of the GJHA except for the three Tax Credit Properties. The Tax Credit Budget will be presented at the October Board Meeting. Budget highlights included the following generalities:

- For the ease of financial reporting, some of the smaller properties and programs were consolidated.

- A very conservative budgeting approach was taken, factoring in the ongoing impact of the Sequester and other funding cuts.
- The Budget includes only grants GJHA is likely to receive.
- A few properties have minimal rent increases.
- Costs are being monitored closely, especially in the HCV Program where the Sequester impact is felt the most.
- With the lowering of interest rates on most of the outstanding mortgage loans by the Bank of Colorado, lower payments, interest expense reduction, or accelerated amortization are reflected.
- The Budget reflects several changes in the budgeting convention.
  - With the capitalization threshold at \$1,000, items such as appliance and repair projects costing less than \$1,000 have been moved into the Operating Budget reflecting an increase in some of the properties “repairs and maintenance” category.
  - Costs were shifted between properties and programs with the use of a new model that uses full-time employee equivalents for allocating certain common costs.
  - Laundry funds at Ratekin and Walnut can pay for certain expenses so language authorizing those expenditures is included in the Budget Resolution.
- Staffing costs are distributed across the Budget using a percentage-of-time basis with the percentages updated as workload changes.
- A staffing discretionary award of 2% of the compensation and benefits amounts has been budgeted as a proposed performance-based compensation adjustment beginning April 2014, if financial circumstances permit.
- The same contribution amount of \$425 per month has been budgeted towards the cost of each employee’s health care, as in the past.
- New staffing includes a seasonal position becoming a full-time maintenance position and adding a part-time casual employee for janitorial services.

Discussion focused around capital improvements and the exclusion of these expenditures in the Operational Budget. They are included in the individual property / program Budgets. At the Board’s request, these expenditures will be included in the Consolidated Budget.

With the extensive review of each program and property budget, Karla Distel identified notable items specific to each program and property with Jody Kole, Lori Rosendahl, and Karla Distel clarifying Board inquiries.

Overall, the 2013 proposed Budget projects revenues at approximately \$10.69MM, of which \$6.46MM is funding for the Vouchers Program. Operating expenditures are \$10.14 MM, resulting in Net Operating Income of \$543,388. An anticipated Net Non-

Operating Income of more than \$780K results in a Net Income of \$1,323,983. Some of the Non-Operating Income items are one-time revenue sources including a \$720K Division of Housing grant for Village Park, \$185K of Downtown Housing Effort funds, and \$358,287 in Developer Fees associated with Village Park and Little Bookcliff renovation projects. Factoring those revenue sources out, the Adjusted Net Income is \$60,696.

Karla Distel will expand the Consolidated Budget to include all cash flow items, which will show a complete “bottom line”. This information will be sent to Board Members via e-mail in the next few days.

With Budget discussion completed, the Board adopted *Resolution No. 2013-11 Adopting Consolidated Budget for FY 2013-14* with a motion by Chris Launer, a second by Scott Aker, and a unanimous vote.

Chris Mueller thanked the staff for their extraordinary effort on the Budget in dealing with many stressful challenges, including the unexpected Information Technologies (IT) difficulties.

**6. Strategic Plan Follow-up**

During the Board Strategic Planning Retreat in August 2013, the group approved a format change to the Balance Score Card. This Score Card is used in tracking and adjusting objectives and result-oriented measures and target numbers related to the Agency Strategic Plan.

Chris Mueller informed the group that all the Strategic Plan information has been transferred to the new template. Updates to goals are included in the current version, and color descriptions, used as quick indicators, were identified. A follow-up meeting between Chris Mueller, Jody Kole, and Lori Rosendahl is scheduled for the near future to finalize the document. The final edition will be released at the October meeting.

Note: This meeting took place on October 14, 2013.

**7. Village Park Development Update**

Jody Kole reported that the Village Park Development is 91.5% complete with Certificates of Occupancy received on the first four out of six residential buildings. Landscaping is on-going with sod being laid and playground equipment installed.



The first building is fully leased with the second building nearly leased. The building turnover from the Construction Contractor, Shaw Construction, is slightly behind schedule due to delays caused by the harsh winter and, subsequently, subcontractors' work schedules. These delays also put the leasing schedule somewhat behind.

The Enterprise Equity Investor Partnership Agreement states there is financial benefit to GJHA if buildings are leased early or financial penalties if buildings are leased late. These terms were also incorporated into the Shaw Construction contract. The outcome will be addressed with Enterprise and Shaw in the near future.

The Housing Authority is hosting the Grand Junction Chamber of Commerce Business After Hours tomorrow at the Village Park Development, presenting an excellent opportunity to demonstrate to the community what the Housing Authority is all about.

## 8. Other Business

### Officers' Nominating Committee

At the beginning of the calendar year, GJHA Board Officers begin new terms. In seeking a volunteer nominating committee, Chuck McDaniel and Scott Aker responded to the request. The committee will meet and then disclose the candidates to the full Board for the election process, which occurs during the December Board Meeting.

### One-Time Bonuses

Lori Rosendahl, Karla Distel, and Kristine Franz left the meeting at 2:24 p.m., and Chuck McDaniel opened discussion for consideration of one-time bonuses paid to staff prior to the Fiscal Year End of September 30, 2013 for outstanding efforts on the Village Park Development.

Board Members expressed their great pleasure with the pending completion of the Village Park Development, acknowledging the extra effort and dedication of Jody Kole and the senior staff of the Housing Authority. The Development furthers the mission of GJHA, serving people of modest means, and it brought a significant economic boost to the Grand Valley at a time when construction jobs were sorely needed. Board Members wanted to reward this exceptional effort and outcome with an exceptional one-time financial award to key staff members involved.

With a motion by Chuck McDaniel, seconded by Chris Launer, and with an abstention by Barbara Traylor Smith, the Board voted to award One-Time Bonuses to key GJHA Staff Members, to recognize the successful design, finance, construction and leasing of the

Village Park Development, to be funded out of the General Fund in the current (2012-2013) Fiscal Year.

- The Board authorized a One-time Bonus of \$20,000 for CEO Jody Kole.
- The Board authorized a One-Time Bonus pool of \$10,000 to be distributed to Senior Staff, as determined by the CEO.
- The Board authorized a One-Time Bonus pool of \$10,000 to be distributed to Leasing Staff, as determined by the CEO.

**Incentive Compensation**

The Compensation Committee further recommended that the Board recognize the achievement of key goals in the Strategic Plan by both Jody Kole and Lori Rosendahl by awarding each of them the full Incentive Compensation rate of 2013 of 15% and 10%, respectively, of their base compensation. The Committee recommended that Karla Distel not be considered eligible for Incentive Compensation, as she has not yet been an employee for a full year. On a motion by Chris Launer, seconded by Chris Mueller, the Board approved the award of full incentive compensation to Jody Kole and Lori Rosendahl. Barbara Traylor-Smith abstained from the vote, indicating that she did not feel comfortable voting on the motion due to her limited tenure on the Board. Other Board Members voiced understanding of her position.

**9. Adjourn**

With no other business to transact, the meeting ended with a unanimous vote at 2:45 p.m.