

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
January Meeting

Monday, January 27, 2014
1011 North 10th Street
11:30 a.m.

1. Call to Order

Board Chair Chris Launer called the January Grand Junction Housing Authority (GJHA) Board Meeting to order at 11:38 a.m. with the following Board Members present: Scott Aker, Tami Beard, Chuck McDaniel, Chris Mueller, and Barbara Traylor Smith. Paul Marx was not in attendance. Staff Members CEO Jody Kole, COO Lori Rosendahl, CFO Karla Distel, and Executive Assistant Kristine Franz were also in attendance.

2. Consent Calendar

Prior to approval consideration of the Consent Calendar, Scott Aker asked if an electronic posting of the GJHA Meeting Agenda is done. Jody Kole said the Agenda is posted in the designated GJHA interior and exterior locations at 1011 N. 10th Street as referenced in *Resolution No. 2014-01-01 Designating the Location for the Posting of the Notice of Meetings and Establishing a Meeting Schedule for 2014 for the Board of Commissioners of the Grand Junction Housing Authority*, but not electronically. She suggested posting the Agenda on the GJHA web site, to which the group agreed.

With no further discussion, a motion made by Barbara Traylor Smith and seconded by Scott Aker to approve the Consent Calendar passed with the vote as follows:

- 4 – approved
- 2 – abstention (Tami Beard and Barbara Traylor Smith)
- 0 – disapproved

The Consent Calendar consisted of *Adoption of Minutes of June 24, 2013, July 22, 2013, August 26, 2013, and December 16, 2013; Adoption of Resolution 2014-01-01 Designating the Location for the Posting of The Notice of Meetings and Establishing a Meeting Schedule for 2014 for the Board of Commissioners of the Grand Junction Housing Authority; Approval to Reschedule the Annual Meeting to February 24, 2014, and Approval of Revision to the Capitalization Policy.*

3. Presentation of Financial Statements Ended December 31, 2013 for all GJHA Programs, Crystal Brook, Arbor Vista, Linden Pointe, and Village Park

Karla Distel began the financial presentation by presenting GJHA Program financials for

the first three months of the fiscal year while financials for the three tax credit properties represented an entire year of operating results.

Statements available for Board review included a consolidated Balance Sheet, an Operating Statement, individual program/property schedules, a schedule of debt, and a schedule of cash reserves. It was noted that these Statements are considered unaudited but do include end-of-the-year adjustments and audit entries. The final audit report for GJHA should be issued around April of 2014. Draft Statements for Arbor Vista and Linden Pointe are expected mid-February.

Overall financial highlights included:

- The Consolidated Operating Statement showed receipt of two significant grants for Village Park – one from the Colorado Division of Housing (CDOH) and the other from the City of Grand Junction (City), and were recorded in the A&D Fund with corresponding “soft” loans from Village Park.
- The Housing Assistance Payment (HAP) Income is above budget due to the U.S. Department of Housing and Urban Development (HUD) providing GJHA with a lump-sum payment of its HUD-held reserves in November 2013.
- Only ten vacancies exist (less than 2%) over all GJHA properties.
- Operating Expenses are showing overall expenditures under budget by 4%, due to timing differences.
- The transfer of half of the Downtown Housing Effort (DHE) funds was made to the Downtown Development Authority (DDA), as a result of the dissolution of the DHE.
- For the tax credit properties, the discrepancy between actual and budgeted amounts is due to the delay in construction at Village Park and the resultant delay in leasing those units.
- Explanation of variances and Board question clarifications were given.

Jody Kole posed a question to Board Members asking if the high level of financial detail being presented is adequate for their review, to which the Board agreed the reporting information meets their needs.

The Board accepted the quarterly financials with a motion by Chris Muller, a second by Tami Beard, and a unanimous vote.

4. Sequester Update Presentation

Lori Rosendahl reported on new information received from the federal government regarding the 2014-2015 budget year for the Housing Choice Voucher (HCV) Program.

The estimated annual HUD funding of the HCV Program Admin Budget should be at approximately 75% proration. Anticipating the percentage proration, staff prepared the draft GJHA Budget for next year based on the previous year's expenditures with a 5% decrease.

The estimated annual HUD funding of the Housing Assistance Payment (HAP) Budget is based on 2013 spending with an inflation factor and will be offset by Reserves, if any. The strategy of GJHA staff to deplete GJHA Reserves to maintain leased units proved advantageous as Reserve Account funds have been expended and should not be a HUD consideration to offset the Budget next year. Lori reported next year's draft Housing Authority HAP Budget is within \$2K per month of the HUD anticipated funding. Staff anticipates that GJHA should be fully funded in HAP with no proration next year.

The group reviewed the updated chart illustrating the *Sequester Projected Utilization and Impact on HAP Reserves*,

For clarification, Lori Rosendahl explained the HCV leasing process and the routine monthly fluctuation of leased unit numbers, placing the importance on the year-end total. She also noted that each year, the Housing Choice Voucher Program is evaluated and scored by HUD. The Agency year-end percentage target again this year is to have 98% of all units leased and to again receive the HUD High Performer designation with the evaluation based on a score of 100%. She discussed challenges faced in obtaining 100% lease up of units. GJHA has received from the U.S. Veterans Administration (VA) a total of 160 Veterans Affairs Supportive Housing (VASH) Vouchers to be used for homeless clients. Due to more stringent VA homeless client qualifications, referrals to GJHA have diminished and the most recent 25 Vouchers are unused.

GJHA recently received a \$5K grant from the state to provide supportive services to chronically homeless clients.

5. Strategic Plan Update

Jody Kole presented the update to the GJHA Strategic Plan. Highlights are below:

C1 - Meet the Affordable Housing Goal

- Highlights were previously presented at today's meeting.

C4 – Primary Customers Being Treated with Respect and Dignity

- Tenant/property survey results were shared with the Board at an earlier meeting. The HCV survey is expected to be mailed out to tenants around the first of March.

C5 – Real Estate Development

- Village Park is 100% leased.
- The Placed-in-Service Application to CHFA is underway with the CHFA Final Application forthcoming.
- Detailed information is being provided to the equity investors to receive the next to last equity installment.
- The conversion from the construction loan to the permanent loan is anticipated in late April or early May.
 - Jody clarified Board questions pertaining to the Developers Fee and the CHFA 8609 Certificates for each building.
- There is a construction issue in several two-bedroom units in some buildings. There is a crack in the wall above the master bedroom door which scrawls onto the ceiling. It is caused by roof trusses resting on non-load bearing walls. Repairs and negotiations are ongoing with Shaw Construction.

C6 – Real Estate of the Future – Village Park Phase II

- Developing Village Park Phase II - deferred to work on the Epstein property.
- Epstein Property
 - The focus is on the irrigation line and its relocation. Institutional and single families served by the lateral line have been identified and contacted. Community Hospital (Community) and Colorado Mesa University (CMU) requested to see a design prior to their approval. The Austin Civil Group will design the line relocation and explain the drawings to Community, CMU, and School District No. 51, with a cost not to exceed \$4K. The hope is to install the line prior to the start of irrigation season; however, a workaround plan exists if there are delays. Outreach is planned to individual homeowners, and Chuck McDaniel suggested that a land man firm be retained to contact owners as well. Residing in this neighborhood, Scott Aker volunteered to assist in the outreach to fellow neighbors.
 - Site planning – preliminary joint venture conversations were held.

OC3 - Grant Writing and Marketing Outreach

- Community outreach efforts will begin with the combined Annual Meeting/40th anniversary celebration of GJHA on February 24, 2014.
- The Next Step Program received a \$10K grant for administrative use from the Bacon Foundation.
- This goal for 2014 will be revised to reflect 10%; the previous 30% goal represents several years out.

IP1 – Improve Efficiencies in Finance Department while Ensuring Quality Service

- Accounts payable/vendors receiving payments via direct deposit is on-hold as the program needs to be integrated with future procured software that will functionally accommodate finance needs of checks and balances, posting, invoicing, tracking, etc. as well as vendor needs for payment tracking.
- With the existing system, internal automatic transfers are being converted that were previously done with checks.
- Currently soliciting the remaining one third of landlord vendors to participate in the direct deposit process.

IP2 – Redesign IT and Support Technology for Greater Stability and Efficiency

- The Information Technology (IT) Request for Proposal (RFP) is expected to be released the first part of February. This IT initiative requires software with extensive capabilities encompassing the entire organization.

SPV3 – Good Partners

- The refinance is complete for Little Bookcliff - Mind Springs Health, formerly known as Colorado West Mental Health.
- The RFP for rehab is planned for a late January release.

The group agreed to update the Strategic Plan to represent a more current picture and to discuss on a quarterly basis.

At the request of Chris Launer, there was a slight deviation in the Agenda order with the update on the Annual Meeting discussed next.

6. Update on the Annual Meeting

Jody Kole said the Public Information Officer (PIO) with the Mesa County Department of Human Services (MCDHS) will assist staff with press releases and the power point framework for the Annual Meeting. Jody Kole also contacted Kelly Flennigan of the Grand Junction Economic Partnership (GJEP) who agreed to speak at the Annual Meeting.

Note: With the Annual Meeting format changes, Kelly Flennikan did not speak.

The group viewed and critiqued the first effort of the video planned to be shown at the Meeting. Suggestions given will be incorporated into the video.

Lori Rosendahl and Karla Distel left the meeting at 12:47 p.m.

7. Discussion on Incentive Compensation Parameters

Prior to discussion on the Incentive Compensation Plan, Board Members were asked to notify Board Chair Chris Launer or Jody Kole if anyone desires to serve on the Incentive Compensation Committee or the Real Estate Committee. Chuck McDaniel suggested that the appointments should be formalized in some way. Follow-up will take place at the March Board Meeting.

Currently, the Incentive Compensation Committee is Chuck Launer, Chuck McDaniel, and Chris Mueller. The Real Estate Committee consists of Scott Aker, Chris Launer, and Chuck McDaniel, and Jody Kole.

Chuck McDaniel referenced the final draft Report of the Compensation Committee dated January 27, 2014, which Board Members previously received. He asked that the objective today be to determine what are the stretch goals and incentive compensation awards for goals achieved for Jody Kole, Lori Rosendahl, and Karla Distel, noting all three individuals helped establish these stretch goals and Jody has approved goals for Lori and Karla.

Stretch Goals were lifted out of the Strategic Plan that would qualify for compensation consideration. Prior to fiscal year end, the Compensation Committee will evaluate the CEO's performance with respect to the goals and recommend to the Board an award based upon its assessment. The CEO, in consultation with the Compensation Committee, will evaluate the performance of the COO and CFO with respect to the goals, and will recommend to the Board an award based upon the assessment. Incentive compensation awards are entirely within the discretion of the Board.

Extensive discussion ensued covering topics including reviewing and clarifying certain goals and objectives, defining “stretch” goals versus basic job responsibilities, prioritizing goals, unattainable goals, determining base salary, possible “burn-out or over load”, hiring additional staff, and bonuses of partially completed stretch goals.

Scott departed at 1:13 p.m. A quorum maintained.

Salaries of the CEO and COO were adjusted in August 2013 and effective October 1, 2013. In light of the adjustments to base salaries of the CEO and COO and the information from the compensation consultant, Sue Bohline of Human Capital Connection, Inc., the Committee recommended the following target incentive compensation awards for the fiscal year 2013-2014:

CEO – 10% of base salary
COO – 10% of base salary
CFO – 7% of base salary

With discussion complete, the Board unanimously voted to approve both the stretch goals as outlined in the January 27, 2014 Report of the Compensation Committee and identified as stretch goals and the maximum percentage of the target incentive compensation awards with a motion by Chris Launer and a second by Tami Beard.

8. Adjourn

The January regular Meeting adjourned at 1:34 p.m.