

## MINUTES

Grand Junction Housing Authority  
Board of Commissioners' Meeting  
**Special January Meeting**

Monday, January 12, 2015  
Linden Pointe Community Center  
11:30 a.m.

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

Board Chair Chris Launer called the special January 12, 2015 Grand Junction Housing Authority (GJHA) Board Meeting to order at 11:34 a.m. with the following individuals in attendance: Board Members Scott Aker, Tami Beard, and Chuck McDaniel. A quorum was present. GJHA staff members in attendance included CEO Jody Kole, COO Lori Rosendahl, CFO Karla Distel and Executive Assistant Kristine Franz. Mr. Duane Hopkins, CFO of the Fort Collins Housing Authority also attended. Barbara Traylor Smith joined the meeting later.

### 2. **Consent Calendar**

The Consent Calendar consisted of the *Adoption of Minutes of December 8, 2014* and the *Adoption of Resolution 2015-01-01 Designating the Location for the Posting of The Notice of Meetings and Establishing a Meeting Schedule for 2015 for the Board of Commissioners of the Grand Junction Housing Authority*. With no questions or comments, the adoption of the Consent Calendar passed with a motion by Tami Beard, a second by Scott Aker, and a unanimous vote.

### 3. **Election of Officers of the Board of Commissioners for 2015 Board Chairperson and Vice Chairperson**

The Chairperson and Vice Chairperson of the Board of Commissioners of the GJHA are elected each year for one-year terms.

Vice Chair Chris Muller requested not to assume Chair responsibilities for 2015, due to employment commitments. Chris Launer volunteered to continue as Board Chair for another year. Chris Launer nominated Tami Beard for the Vice Chair seat. Scott Aker made a motion and Chris Mueller seconded the motion that Chris Launer be retained as Board Chair for another term with Tami Beard as Vice Chair for 2015. With a unanimous vote, the motion passed. Thank you, Chris Muller, for your service as Board Vice Chair for the past three years.

At 11:38 a.m. Barbara Traylor Smith joined the meeting.

**4. Adoption of Resolution No. 2015-01-02 Authorizing Actions by the CEO of the Authority to Dispose of Certain Stock**

Chris Launer asked that the inclusion of an additional Agenda item be discussed. Jody Kole stated that many years ago, the GJHA acquired shares of the common stock of Principal Financial Group, an insurance company GJHA did business with. Current employees had no knowledge of this stock until receiving notification in December of ownership of stock. Staff proposes to dispose/sell the stock for cash, which is estimated at a value of \$47K.

To execute this transaction, one of the required documents is a medallion signature guaranty of the signature of the CEO and requires that the authority of the CEO be confirmed by written Resolution of the Board. Board authorization is requested of *Resolution No. 2015-01-02 Authorizing Actions by the CEO of the Authority to Dispose of Certain Stock*.

Tami Beard made a motion, which Chris Mueller seconded, to adopt Resolution No. 2015-01-02. Discussion occurred with Board Members receiving clarification from Jody Kole, Tami Beard, and Barbara Traylor Smith on two questions asked by Scott Aker and Chuck McDaniel. In order to complete the transaction, the bank needs a medallion signature guaranty. The stocks are being held by the Principal Financial Group.

With a unanimous vote, the motion to adopt Resolution No. 2015-01-02 passed.

Jody Kole welcomed and introduced Mr. Duane Hopkins, CFO of the Fort Collins Housing Authority. Additional dialogue occurred later in the meeting and is documented under Agenda Item No. 9.

A slight rearrangement of the Agenda occurred with the financial presentation given prior to the report on the Audit of the GJHA.

**5. Presentation of Financial Statements Ended September 30, 2014 for all GJHA Programs, Crystal Brook, Arbor Vista, Linden Pointe and Village Park**

Karla Distel gave the financial presentation for the GJHA and its properties/programs as of September 30, 2014. The financial statements for the GJHA properties present a full fiscal year of operating results, while the Tax Credit properties present the first nine months of the year due to the fiscal/calendar year offset. She noted that the statements are still considered unaudited but do include the very few adjusting journal entries provided by the auditors. The final audit report should be issued in the spring of 2015. Acknowledging the request by the Board for quarter-to-date (QTD) information, Karla

stated the GJHA's current software does not provide quarterly information. Karla will continue to research efficient ways to capture QTD information.

#### Consolidated Balance Sheet

The consolidated entity has more than \$59M in assets, including \$3.578M in Cash and \$1.942M in Restricted Assets. There are more than \$3M in accounts and investments receivables and nearly \$6.8M in long term notes and receivables, much of which are the soft loans due to GJHA from the tax credit properties. The combined value of property, plant and equipment, and net of depreciation is nearly \$43.6M. Current liabilities of \$4.346M are short-term payables, including accounts and payroll payables, while long-term liabilities of \$21M are primarily notes and mortgages payable, including the soft loans due from the tax credit properties to GJHA. The net of assets and liabilities are reserves of nearly \$34M.

#### Consolidated Operating Statement

The consolidated totals represent a good indicator of the budgetary results for the year. For the GJHA totals, year-to-date (YTD) revenues for Housing Assistance Payments (HAP) income are below budget by about 2%. Rental income is below budget primarily due to the mid-year transition to the single-tenant lease at Monument Business Center. All other income categories are above YTD budget. For Operating Expenses, overall expenditures are under budget by about 2%. The GJHA programs show a Net Operating Income of \$1,680,303, Net Non-Operating Revenues of \$1,067,644 (including depreciation, earned developer fees, and Downtown Housing Funds) for a Net Income of \$2,747,946.

For the tax credit properties, YTD revenues are nearly 4% above budget and expenditures are slightly above budget, resulting in Net Operating Income of \$608,281. Net Non-Operating Expenses of \$1,712,990 (including depreciation) result in an overall net loss of \$1,104,709.

#### Debt Schedule

The total amount of hard debt at September 30, 2014 is \$14,801,197 and the soft debt balance is \$6,244,795.

Board Members received clarification on a few topics and the group agreed that with the financials previously provided, additional review of the individual programs/properties need not occur today.

A motion by Chuck McDaniel, a second by Scott Aker, and a unanimous vote accepted the Financials Ending September 30, 2014.

**6. Report on the Audit of the GJHA**

Mr. Joe Fee of Hawkins Ash Baptie gave the audit presentation of the GJHA via a telephone conference call. Mr. Fee said that two types of audits are completed while on site, a Compliance Audit and a Financial Statement Audit.

Chosen as the major federal program to audit, the Housing Choice Voucher Program received excellent auditor remarks. The audit included review of the Voucher Management System (VMS), the Section Eight Management Assessment Program (SEMAP), tenant files, and housing quality standards (HQS inspections). The auditors commended staff on very well-organized tenant and inspection files. The Compliance Audit received an unmodified clean opinion.

The Financial Statement Audit reflected records well organized with only four minor audit journal entries needing to be made. Two verbal recommendations by the auditors included: 1) perform a physical inventory that corresponds with the actual asset, and the Information Technology (IT) equipment physical inventory records need to coincide with the finance department records, and 2) the finance department needs to develop and utilize a tracking system called a Schedule of Expenditures of Federal Awards (SEFA) which will provide auditors with tracking information needed during audit completion.

Mr. Fee complimented GJHA. In comparison to other housing authorities the size of GJHA, minimal audit journal entries needed to be made. Board Members extended accolades to the GJHA staff.

**7. Request Authorization of Selection of Design-Build Team for Redevelopment of Foresight Property**

Jody Kole said that with the request from the GJHA staff, the Purchasing Department of the City of Grand Junction (City) assisted with the solicitation and interview process for a design-build team for the redevelopment of the Foresight Property. Jody highlighted progress to date:

- On November 21, 2014, GJHA issued a Solicitation of Qualifications for the Design-Build Renovation and Additional Project with a proposal deadline of December 10, 2014.
- With the receipt of five proposals, Jody Kole, Lori Rosendahl, Tim Spach, and Scott Hockins (from the City's Purchasing Division and in an advisory capacity

only) held interviews of three finalists on December 19-23, 2014. Based on proposal strength, experience in office design, and construction and renovation, the selection of a “short list” of teams interviewed individually included Asset Engineering Limited-Chamberlin Architects, FCI Constructors-Blythe Group, and Shaw Construction-Melick Associates, Inc. All three of the firms revealed solid capabilities to complete the construction. The level of skill, creativity, and experience demonstrated by the architects became a vital factor in the final selection criteria. Jody Kole briefed the group on the credentials of Mr. Chip Melick and his firm. GJHA staff selected and recommended to the Board Shaw Construction-Melick Associates, Inc. as the design-build team.

- The target completion date with a Certificate of Occupancy (CO) is October 1, 2015. Given this stringent time table and slow pace of work during the holidays, the Shaw-Melick team requested to proceed with design work in advance of Board approval, recognizing the “at risk” status but deemed it beneficial to all parties.
- The group reviewed draft plans. Jody talked about renovation ideas and clarified Board inquiries.
- Staff asked for Board authorization to enter into contract negotiations with the team of Shaw Construction and Melick Associates as the design-build team for the redevelopment of the Foresight property.

With a motion by Barbara Traylor Smith, a second by Tami Beard, and a unanimous Vote, the Board authorized staff to enter into contract negotiations for design-build services for the consolidated office and maintenance facility of the GJHA at 8 Foresight.

#### **8. Update on the Annual Meeting Scheduled for January 26, 2015**

Lori Rosendahl briefed the group on preparation of the GJHA Annual Meeting on January 26, 2015. She stated that the event will be held at the Stocker Stadium Hospitality Room from 11:15 a.m. – 1:00 p.m. for invited guests. The program will focus on the conclusion of GJHA’s 40<sup>th</sup> year celebration and its “shoes” theme. The spotlight will shine on self sufficiency, client speakers sharing their personal stories and a storytelling video with other clients narrating their individual stories. The posters used as part of the community awareness outreach will also be on display. Board Members are requested to arrive at 10:45 a.m. for the annual Board photograph.

**9. Other Business**

*Update of the Highlands Property*

Jody Kole gave a recap of recent progress on the Highlands property. She reported that at the City Council Meeting on January 7, 2015, GJHA received unanimous City Council approval of the property rezoning request. No one attending the meeting expressed “not in my back yard” (NIMBY) concerns and some neighbors spoke in favor of the proposed development. A Grand Valley Drainage District representative voiced concern about the storm drainage issues in that area, specifically the Buthorn drain. Barbara Traylor Smith provided historical information of the drainage issues in this area of the city and how City Council is addressing these problems.

Jody identified several major tasks that must be completed to meet the Colorado Housing and Finance Authority’s (CHFA) accelerated Tax Credit Application submittal deadline of May 1, 2015 including, but not limited to:

- An engineered storm drainage detention solution.
- A site design.
- Buildable plans.
- Project cost estimates.

Jody also recapped the reason behind CHFA’s accelerated Tax Credit submittal date with Board Members acknowledging the aggressive action plan that lies ahead.

*Consulting Services from Fort Collins Housing Authority*

Jody Kole informed the Board that Karla Distel will be leaving GJHA, and her last day will be January 23, 2015. In the interim, Jody has asked the Fort Collins Housing Authority (FCHA) to conduct an assessment of GJHA’s finance department organization and staffing. Duane Hopkins, FCHA’s CFO, will assess the department and provide advice on ways to strengthen the finance department. He will also provide consulting services for a few months while we consider how best to manage the critical function. Duane summarized his work history experience and the proposed assessment approach.

*NAHRO Legislative Conference*

Jody Kole invited Board Members to attend the 2015 NAHRO Legislative Conference in Washington, D.C. March 15-18, 2015. Lori Rosendahl will attend this Conference.

*Grand Junction Chamber of Commerce Annual Banquet*

Jody Kole polled the Board on reserving a GJHA table at the Annual Banquet for the Grand Junction Chamber of Commerce. The event is January 30, 2015 at Two Rivers Convention Center beginning at 6:00 p.m. Board Members agreed to reserve a table. Several Board Members, Leadership Staff, and their guests will attend this function.

**10. Adjourn**

With no additional business to discuss, the special January Board Meeting concluded at 12:51 p.m.