

MINUTES

**Grand Junction Housing Authority
Board of Commissioners Meeting**

**January 27, 2003
Conference Room
1011 North Tenth: 11:30 a.m.**

1. Call to Order

At 11:30 a.m., Board Chairman, Gabe DeGabriele, called the Grand Junction Housing Authority's (GJHA) January Board of Commissioners' Meeting to order. The following were in attendance: Kathleen Belgard, Harry Butler, Erin Ginter, Steve Heinemann, Cory Hunt, Gi Moon, Jody Kole, Kristine Franz, Mary Gregory, Jon Wickre, and John Collier of Collier Consulting Services. Greg Hancock joined the meeting later.

Gabe requested that Agenda Item #3 (A through D) be moved to follow Agenda Item #6 in anticipation of a lengthy discussion. No one opposed that Agenda rearrangement.

Greg Hancock joined the meeting at 11:33 a.m.

2. Adoption of the Consent Calendar

Gi requested that Item A (Adoption of November 25th Minutes) of the Consent Calendar be removed for further discussion. A motion was made by Gabe, and seconded by Kathleen, that Items B, C, and D on the Consent Calendar be adopted. The motion was unanimously approved.

Gi suggested that additional clarification be added to the Consolidated Operating Report section of Item Number 3 - Quarterly/Year-End Financial Statements portion of the November 25th Meeting Minutes (bottom of Page 1 of the Minutes).

- Capital Expenditures were primarily under budget *due to the number of capital improvements at our properties which was delayed, or not completed in the fiscal year totaling \$6,115.00.*
- The Operating Cash Flow was +\$35,610 but was budgeted for a negative number *because of the one-time items, noted above, and vacancy savings.*

Gi moved to adopt the November 25th Meeting Minutes with the requested two explanation amendments. Erin seconded the motion and it was approved unanimously.

3. Items Relating to Purchase of HUD Homes will be discussed later in the meeting as per the earlier request. (Reference Pages 4 through 5 of these Minutes.)

4. Discussion of Use of Section 8 Administrative Fee Reserves

Jody presented a brief overview of how the Section 8 Administrative Fee Reserve is established. For the past several years, the GJHA Section 8 Voucher Program has operated more efficiently than budgeted. When this happens, the yearly Administrative Fees allocated from HUD for Program operation can be retained by the Agency to fund other affordable housing activities. Consequently, this amount has continued to grow over the past several years with a balance in the Administrative Fee Reserve Account now at \$122,450.00. The United States Congress is proposing to restrict the use of these funds to only Section 8 activities. Therefore, the Board is being asked to consider authorizing the use of these funds to establish a Real Estate Reserve Account. This Account would become a Replacement Reserve for the Belford Office Building and the Lincoln Apartments, and hold funds that could be used for future real estate development, as chosen by the Board.

Discussion ensued with Gi making a motion to establish a Real Estate Reserve Account with \$100,000.00 from the Section 8 Administrative Fee Reserve Account. The remaining \$22,450.00 will stay in the Administrative Fee Reserve Account. The motion was seconded by Gabe and it passed unanimously.

5. Potential Cost-Containment Cuts in 2003 Budget to Partially Offset Compensation Increases

Jody mentioned that during the December Board Meeting, the Board authorized the GJHA staff compensation adjustments of \$28,996.00, which was a result of the finalized Compensation and Benefits Plan. At that time, Gi asked for recommendations to offset a portion of these costs. Further research indicated that the Section 8 Vouchers and the General Fund will see the majority of the impact of these salary increases. The following recommendations are made for the Board's consideration:

- By not filling the vacant Section 8 Administrative Assistant position for the remainder of this fiscal year, \$16,829 saved allows this fund to stay in balance.
- The Travel and Training line items in the General Fund would be an area where up to \$8,418 could be recovered by being very frugal with training opportunities.
- An additional \$1,788 could be made up from the Walnut Park budget, if the Board deems it necessary, although the Walnut Park Apartments budget is well in the black, and can absorb this additional expense.

After Board consideration, it was the Board consensus that by utilizing the suggested Section 8 and only \$3,000.00 in reduced General Fund travel/training funds, sufficient savings would be realized. The Walnut Park budget, therefore, will be left as originally adopted.

6. Update on the Status of the Grand Valley Homeless Shelter Fund Raising Efforts and Discussion of Potential Transfer of Title to the Homeless Shelter to Grand Valley Housing Initiatives to Facilitate Grant Requests

Jon Wickre, Outreach Coordinator, informed the group that he has a meeting scheduled with the President and Vice President of the Boettcher Foundation in Denver for February 6th to discuss the grant proposal to be submitted by the Grand Valley Housing Initiatives (GVHI) in the amount of \$75,000 for the completion of the acquisition/rehab of the Homeless Shelter.

Gi commented that she was very appreciative of the Grants/Funding at a Glance Matrix that Jon has compiled for the Board's reference.

Jon and Greg Hancock, Development Coordinator, jointly explained that during the process of seeking grants to complete the acquisition/rehab of the Shelter facility, we have discovered the particular requirements of a number of foundations – most will not fund a governmental entity, some will not fund a non-profit if it will serve as a pass-through entity. Consequently, to increase the potential of receiving various grant funding, the option of a Shelter ownership transfer to the Grand Valley Housing Initiatives was discussed. Topics including tax exemption benefits, deed restriction, ownership percentage ratio, debt liability, etc. were discussed. If the Board chose to go this direction, Greg has been assured by the Colorado Division of Housing and U.S. Department of Housing and Urban Development (HUD) that they would agree to this ownership transfer. Jody stated that the GVHI Board has been briefed regarding the potential transfer opportunity. Jon indicated that \$158,000 in gap funding was still needed and required to cover the acquisition/rehab costs and repay the bridge loan from the Colorado Division of Housing but that \$185,000 would be requested in case full funding wasn't awarded. Gi wondered if a joint meeting between the GJHA and the GVHI could be held for further partnership discussions. She was asked to take the lead in scheduling this meeting. No action was taken regarding a transfer of title.

Mary Gregory left the meeting at 12:07 p.m.

3. Items Relating to Purchase of HUD Homes:

A. HUD-Authorized “Non-Profit Purchaser” Status – Resolution 2003-06

John Collier gave an overview of his recent activities in direct correlation to the Board’s prior commitment and direction to expand the GJHA’s portfolio of services. During the design process of the Homeownership Program, research indicated that HUD is encouraging Housing Authorities to become an approved “non-profit purchaser” to purchase HUD homes in foreclosure and use them to serve low-income families. These homes can be purchased at a 10% discount off the HUD purchase price, based on the appraised value, with first right of notification/refusal. At this time, there is only one other entity on the Western Slope (located in Montrose) with this designation. John mentioned the possibility of obtaining HUD homes at a 30% discount and would continue to research the validity of this option. The staff is requesting Board approval to become a HUD “non-profit purchaser”. Erin moved, with a second from Steve, that Resolution 2003-06 be approved. Discussion continued by addressing the Resolution wording. Board Members were assured that the Resolution verbage is standard HUD language giving **signature authority only** on Board-approved actions. The motion passed unanimously.

B. Affordable Housing Program Draft – Resolution 2003-07

John Collier explained that the development and approval of the Affordable Housing Program document is part of the HUD requirement to acquire the “non-profit purchaser” status to purchase HUD-foreclosed homes. HUD supplied the format and our explanation of our proposed program was added. John noted the difference between this Program and the Homeownership Program (that is in the development stage and will be finalized next month) is mainly the Homeownership Program filling program gaps for low-income persons dealing with credit problems and their income-to-debt ratio. Funding grant sources as well as clarification of Item Number 5 on page 2 of the document were discussed. The Board was asked to approve the Affordable Housing Program document and authorize submittal to HUD. A motion was made by Cory, and seconded by Steve, to adopt Resolution 2003-07. The motion passed with 6 votes approving the Resolution and one vote, by Gi, opposing it. Additional discussion continued pertaining to Item Number 11 on page 3 of the document with Gi suggesting that the closing time frame of 30 days be changed to read 45 days. A decision was made to modify this Resolution at the time the Homeownership Program is adopted; however, during the interim, this Resolution remains applicable.

C. Proposed Acquisition of HUD House at 830 5th Street

Jody explained that in line with the Board's Goal Statements to expeditiously move on opportunities, and in consultation with the Board Chair, bids were submitted on two HUD homes. One of the bids was successful and now Board authorization is necessary to either proceed with this purchase or cancel the bid. Also, even though it seemed appropriate to pursue this opportunity, clear Board direction and guidelines weren't previously issued so it is requested that, upon Board concurrence, a plan with specific guidelines be established for future endeavors of this magnitude. The condition of the house, funding sources, and revenue-generating plans for this property were among discussion items. Kathleen made a motion to allow the GJHA to proceed, investigate and "tie up" this purchase at 830 5th Street with a loan of up to \$25,000 from the General Fund Reserve Account, if necessary. The motion was seconded by Steve and passed unanimously.

D. Authorization or Pursue Acquisition of Additional HUD Homes

The Board discussed what plans/procedures, if any, could be established **now** outlining parameters for future acquisitions. It was suggested that the purchasing process for the 830 5th Street property be used as a test case scenario prior to defining acquisition guidelines. After additional discussion, Harry made a motion, which was seconded by Steve, that until definite procedure guidelines are established and if a property situation warrants immediate action, authorization is given to proceed with an offer to purchase. Following further procedural discussion, Harry made a friendly amendment to this motion by adding that prior to entering into a contract, we will have a discussion with the Board. The vote was 4-3-0 with Cory, Gabe, and Gi opposing the motion. The motion carried.

7. **Other Business**

Colorado Open Meeting Law

Jody informed the group that she attended the seminar *What You Need to Know About Public Records and Open Meetings in Colorado* held in Grand Junction on January 16th, and she then gave an update on several **new** "open meeting" legal requirements. Excerpts from the seminar handout will be distributed to Board Members for further reference and clarification.

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Federal Legislation Update

Jody referenced the January 22, 2003, *Public Housing Authorities Directors Association's (PHADA) Alert* article entitled Senate Appropriations Committee Revises 2003 Funding Level and commented that the proposed budget cuts might not be as drastic as earlier predictions indicated.

8. Executive Session – Discuss Potential Real Estate Acquisition – C.R.S. 24-6-402 (4)(a) and Discuss Personnel Issues – C.R.S. 24-6-402(4)(f)

At 1:12 p.m., Gi made a motion, which was seconded by Kathleen, to move into Executive Session. The roll call vote was unanimous.

9. Adjourn

Note: A tape recording device was used during the meeting to supplement minute recording.

