

MINUTES

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

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

1. Call to Order

Board Chairman, Gabe DeGabriele, called the June Board of Commissioners' Meeting of the Grand Junction Housing Authority (GJHA) to order at 11:40 a.m. The following Board Members, Kathleen Belgard, Erin Ginter, and Cory Hunt, were in attendance as well as the following GJHA staff members, Jody Kole, Kristine Franz, Mary Gregory, and Jon Wickre. John Collier, with Collier Consulting Services, was also in attendance. Becki Tonozzi joined the meeting later on.

2. Consent Calendar

Item #B, Adoption of the Minutes of June 23 and 24, 2003, was removed from the Consent Calendar, because the minutes weren't available for prior review. The Consent Calendar was adopted with a motion made by Erin, seconded by Kathleen, and unanimously approved.

3. Public Hearing on Agency Plan/Annual Plan Update – Vote on Adoption of Resolution 2003-14

Mary Gregory, Administrative Director, advised the group that no written comments had been received on either the Agency Plan or the Annual Plan Update. Erin's motion to approve Resolution 2003-14 Adopting the Agency Plan/Annual Plan Update, with a second by Kathleen, was passed unanimously.

4. Review First Mortgage Proposal on Ratekin Tower and Select a Lender

Jody asked to defer this Agenda Item to the end of the meeting in order to give Becki Tonozzi, the Finance Director, additional time to clarify remaining issues with proposal responders. In agreement with Jody's request, the Board delayed discussion on this item and moved on to address Agenda Item #5.

5. Discussion and Request Board Decision on 5th Street House Disposition

John Collier referenced his Memorandums to the Board dated June 17, 2003, and June 24, 2003 regarding the disposition of the property at 830 North 5th Street. John reiterated two different scenarios – selling the property versus leasing the property - and reviewed with the group the calculations for both. He also cautioned the Board, that when making

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its sell/lease decision, to be cautious not to damage the relationship with the Colorado Housing and Finance Authority (CHFA). Because CHFA is paying for the appraisal, the extensive work their representative has put into this project and the generous loan the GJHA was given by them, extensive thought was requested prior to a decision.

Mary referenced Page Two of John's June 17th Memorandum pertaining to inspections of the house. She pointed out that if the house is leased to a Voucher holder, the inspections would have to be done by the Delta Housing Authority since we aren't allowed to inspect our own properties. John clarified that issue by stating that the inspections would not be classified as Section 8 inspections so the GJHA could do its own internal housekeeping inspections.

Gabe asked if we would be looking at some kind of "lease-to-purchase" agreement to which John answered, "yes." John also stated that one of the stipulations in CHFA's Housing Opportunity Fund (HOF) loan is that the lessee would be encouraged to apply for a CHFA loan at the end of the rental period. Kathleen cautioned that if a "lease-to-purchase" contract is used, the tenants could expect full credit for the amount of rent paid. John explained that the way the Homeownership Program was established, 25% of the tenant rent would be credited to the purchaser at closing.

Jody answered Gabe's question that there is no conflict of interest between CHFA and the U.S. Department of Housing and Urban Development (HUD). Gabe felt that we needed to capitalize on this "lease-to-purchase" idea for our benefit. Because of Senator Allard's position on homeownership, he should be made aware of the fact that we didn't go to the federal government (HUD) for financing, but found an outside partner.

John informed the group that there are two strong candidates interested in the house and both are Section 8 clients. Both interested parties' current leases expire September 1st. One party has good credit and the other party's credit isn't as good. One family has just enrolled in the Family Self-Sufficiency Program so doesn't have any accumulated escrow.

More discussion continued on whether to sell the 5th Street property or keep the property in the GJHA's inventory and lease it. The Board was asked for a decision on the property disposition. Gabe made a motion to move forward by keeping the house in the GJHA's inventory and to work out the "lease-to-purchase" details. Gabe made a friendly amendment to the motion that Jody be authorized to sign the loan agreements with CHFA on behalf of the GJHA Board of Commissioners. Erin seconded the motion and it passed unanimously.

John offered to give Board Members a tour of the property at the conclusion of today's meeting to which several responded that they would participate.

Becki joined the meeting at 11:53 a.m.

5. Proposal for Additional Home Purchases

John referenced his June 17th Memorandum to the Board regarding the proposal for additional home purchases. With the \$76,000 HOF loan from CHFA, the idea of purchasing and rehabilitating two additional homes has been suggested for Board consideration. The Bank of Colorado has agreed to finance 60% on two homes, which includes the renovation costs (there won't be any additional out-of-pocket expenses) which would leave us to finance 40%, and the HOF loan would cover that expense. John felt that reinvesting the money as the Agency keeps "buying and turning" houses enables the Housing Authority to start building profit and equity with very little management effort. He announced that he is out looking at all HUD homes that become available in the Valley and could be more aggressive in his search if the Board decides to pursue this direction. Cory asked if the HUD houses were primarily in a certain area of town to which John assured everyone that the HUD houses are all over the valley and within our price range.

Discussion on what to do with the proceeds of the lease-to-purchase homes continued. In Gi's absence, Jody shared with the group that Gi would prefer the proceeds go back into the GJHA's accounts for cash flow purposes instead of reinvesting. On Steve's behalf and in his absence, John indicated Steve would like to see the proceeds reinvested. Gabe asked for confirmation that no additional GJHA money would be used to fund this venture to which John agreed. Closing costs were discussed and John estimated that CHFA's costs would be around \$1,000. Kathleen confirmed that there were no closing costs on the purchases with the Bank of Colorado - just title work costs and recording fees.

Becki asked for clarification on the home warranty policy. If the tenant purchases the house after the two-year rental period, is the warranty extended, does it start new, etc.? John explained the warranty would be treated as any other home warranty, and was hopeful that anything substantial would have already been taken care during the rehabilitation efforts.

Jody asked for procedural direction regarding handling the situation if a house became available and met the financial criteria. Does the Board want to authorize John to proceed or do they want to reconvene to assess the purchase? Erin made a motion to proceed with the reinvesting of the \$76,000 for two additional houses and to authorize John to make offers within the established parameters. Kathleen seconded the motion and it passed with three in favor (Cory, Erin, and Kathleen), none opposed, and one abstention (Gabe).

6. Update on Linden Property Development

In Greg's absence, Jody gave the Board an update on the Linden Property Development and was pleased to announce that the City of Grand Junction had just approved, as of this morning, the current site plan; therefore, the design/build team can now move forward.

The public streets in and around the development were identified once again and clarification was given pertaining to their final disposition - discontinuance, connections to other streets, etc. The new site plan shows the public street connection to David Street and a new private road connection to Gary Drive.

Jody again gave the Board advanced notice that they will probably be faced with a construction "go-no go" decision prior to learning whether or not the grant application to the Federal Home Loan Bank in Topeka has approved our request. Because of the timetable for the Linden Property Development and the restrictions that accompany tax credits, we won't have the option to wait for the funding results. We can assume that we will get the tax credits for Linden since we have received preliminary confirmation from CHFA. The tax credit restrictions state, however, that we must either complete construction by the end of the year or get a carryover for the following year (which means another application process) and complete construction and do the cost certification by the end of the second year. If we fail to complete the development, then we lose the tax credits.

Extensive discussion continued regarding the following topics: 1) length of the construction period, 2) can the contractor complete construction within the specified time period, 3) what other funding options exist if the Federal Home Loan Bank money isn't awarded, 4) criteria on how the Federal Home Loan Bank decides who receives funds and how much to grant, 5) estimated date when the "go-no go" decision will have to be made, and 6) areas in the development (such as the community center) that could be eliminated due to funding short falls and completed at a later date. Jody felt that by the August Board Meeting, the design/build team would have a guaranteed maximum price for construction of this facility for Board consideration.

7. Outreach Efforts Update

Jon Wickre, Outreach Coordinator, referenced the *Grants/Funding at a Glance Matrix* and highlighted certain updates as follows:

Grand Junction Community Homeless Shelter

He was notified that the request to the Gates Family Foundation won't be presented to their Board of Trustees until October, and that their spokesperson indicated it would

be better if we could show more local fundraising efforts with positive results. We were also informed that \$50,000 was probably too much to request and that a more realistic amount would be \$35,000, since 10% of the private funding is normally what is donated. The Boettcher Foundation's representative also felt that a reduced amount from \$60,000 to \$25,000 would be more appropriate. Consequently, the budget has been readjusted and the figures are showing the project is \$18,000 short after including the \$6,700 raised from the Shelter Benefit Party. While we were looking for other foundations, The Helen K. and Arthur E. Johnson Foundation contacted us, through a reference from the Boettcher Foundation, expressing interest in our efforts. The initial paperwork will be submitted to them shortly. We have also notified Bill Whaley, with the Colorado Division of Housing (CDOH), that we might request a time extension to meet our repayment commitment.

Another fund raising effort will be launched mid-July with the local service organizations in Grand Junction beginning with the Golden K Kiwanis Club. A power-point presentation will be given requesting Club and/or individual financial support.

Also, additional outreach efforts are underway on how to best solicit the support of the Grand Valley Churches and their associated organizations.

Homebuyers Education – Homeownership Program

Jon reported the \$4,000 from World Savings, granted the end of December 2002, was received this month. These funds are unrestricted and possibly could be used elsewhere if the need is greater than demonstrated by the Homeownership Program.

In May, the Family Self-Sufficiency Grant Request for funding of a Homeownership Program Coordinator was submitted, and in June, an application was submitted for 50 more Mainstream Vouchers.

With the review of the *Matrix* completed, Jon asked the group if there was any interest in joining Club 20. Gabe indicated that he would make the necessary contacts.

Jon reported that the distribution of the first poster of the GJHA's Public Awareness Poster Campaign, *Faces of Affordable Housing in the Grand Valley*, was 80% complete with the final 50 posters to be distributed shortly. He is currently working with Grand Valley Transit on advertising and has contacted Free Press requesting they do a feature story on affordable housing.

4. Review First Mortgage Proposal on Ratekin Tower and Select a Lender

Jody began the review process by stating that ten proposals from lenders were received in response to the Request for Proposal for the first mortgage on Ratekin Tower. The rates quoted by lenders were between 4.65% and 5.85% with one lender giving a range of 4.5% to 4.75%. Two lenders gave firm quotes, as we requested, and the others requested a commitment first and then they would lock in the interest rate. Jody explained that she and Becki have been analyzing these proposals, and that Becki has been further clarifying terms with individual lenders.

Becki discussed certain proposals and announced that Great Lakes Financial (4.78% fixed) and Love Funding (4.85% fixed) had been selected as the top two candidates. She also informed the Board that in further conversation with Great Lakes Financial, they have agreed to waive the extension fee. Jody asked Kathleen for her “personal banker opinion” which lead to continued scrutinizing of the proposals and asking questions. A lengthy discussion continued.

A motion was made by Kathleen that, based on the proposals received, Great Lakes Financial seemed to be the best proposal and authorized staff to proceed and execute the appropriate documents for the first mortgage on Ratekin Tower. Gabe seconded the motion and it passed unanimously.

Kathleen questioned if we could eliminate the Mortgage Insurance Premium (MIP), and if so when, which would be quite a savings. Becki left the meeting at 1:00 p.m. to make the follow-up call.

8. Quarterly Update on Board Goals

This Agenda Item was deferred to the end of the meeting so Agenda Item #9 could be discussed prior to some participants’ departure.

9. Discussion and Request Board Decision on Joining the *1,000 Friends of the Colorado Housing Trust Fund*

Jody reminded the group of prior discussion pertaining to the potential to create both a Colorado and National Affordable Housing Trust Fund and now the Colorado Affordable Housing Partnership is asking for support throughout the State from a variety of entities to provide grassroots support for this concept. She informed the Board that the Grand Valley Housing Initiatives agreed to participate and gave a \$25 donation reflecting its support. Some discussion took place, and then Erin made a motion to join the Colorado Housing Trust Fund and support them in their efforts with a donation in the amount of \$250. Cory seconded the motion and it passed unanimously.

8. Quarterly Update on Board Goals

Jody referenced the *Goals Status Report* and highlighted certain items. As part of the reorganization, the Family Self-Sufficiency Program will now be under Mary Gregory's supervision. John Collier is working on the potential of selling Capital Terrace, and he indicated that he has had some interest from a Pennsylvania Housing Authority. An informal appraisal is in the process of being completed, and he promised additional information at the July Board Meeting. Jody shared that she will be watching the proposals to ensure that we do not lose our deep subsidy units, since the need is so great.

Mary left the meeting at 1:05 p.m.

Jody announced that the joint meeting with the Grand Junction City Council and the GJHA Board has been scheduled for August 25th at 11:30 a.m. (our regularly scheduled Board Meeting) at Two Rivers Convention Center with the City providing lunch. She suggested that our normal business for that meeting should be tabled and rescheduled for a different date.

The Downtown Housing Effort (DHE) meeting has been tentatively scheduled for July 10th or 11th and we are waiting on confirmation from the Downtown Development Authority (DDA). The focus of the meeting will be to discuss the Market Study concept and how best to proceed.

John reported that we are experiencing some difficulty acquiring funding for the Homeownership Program. We were turned down by the City of Grand Junction for the Community Development Block Grant (CDBG), and have been told not to apply for funds from CDOH because of no local funding support and not until the Grand Junction Community Homeless Shelter loan is paid off.

10. Other Business

Brief discussion was held regarding who might be attending NAHRO's 2003 National Conference in Dallas, Texas, in October. Participants will be confirmed at a later date.

Becki returned to the meeting at 1:10 p.m. to report that Great Lakes Financial has to "stand firm" with the MIP because that is a Federal Housing Administration (FHA) requirement beyond their control.

11. Adjourn

At 1:12 p.m., Erin moved and Cory seconded that the meeting be adjourned. The motion passed unanimously.