

MINUTES

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

**January 26, 2004
Conference Room
1011 North Tenth: 11:30 a.m.**

1. Call to Order

The regularly scheduled January 26, 2004, Board Meeting for the Grand Junction Housing Authority (GJHA) was called to order by Board Chair, Steve Heinemann, at 11:34 a.m. Attending the meeting were Board Members Kathleen Belgard, Harry Butler, Gabe DeGabriele, and Erin Ginter. Jody Kole, Kristine Franz, Mary Gregory, Lori Rosendahl, Becki Tonozzi, and Jon Wickre from the GJHA were also present. Virginia Garcia and Greg Hancock, also with the GJHA, joined the meeting later.

2. Consent Calendar

There being no changes to the Consent Calendar, it was adopted as presented with a motion by Gabe, a second from Kathleen, and a unanimous vote.

3. Presentation of Quarterly Financial Statements for the Three Months Ended December 31, 2003

Prior to the financial presentation, Beck Tonozzi, Finance Director, announced that a draft of the Agency 2003 Audit from Dalby, Wendland & Co., P.C. should be ready the first week in February. Also, Mr. Tim Mayberry, with Johnson, Holscher & Company, P.C., is performing an audit today on Crystal Brook Townhomes.

Becki distributed Balance Sheets and Operating Statements for both Crystal Brook Townhomes and the Grand Valley Housing Initiatives for review. As a side note, she mentioned that one more entry needs to be made on Crystal Brook to adjust the payable accruals by approximately \$1400.

Virginia Garcia and Greg Hancock both joined the meeting at 11:39 a.m.

Becki continued by highlighting various line items and providing explanations as follows:

Allocated Cash Summary

The new fiscal year beginning October 1, 2003, started with a balance in the pooled cash/allocated cash account of \$840,929. This is down \$75,334 from the prior year's beginning balance of \$916,263. Then, by December 31, 2003, this balance had declined

further to \$780,520. Notable impacts to cash this year included a reduction of \$78,000 in the wire from the U.S. Department of Housing and Urban Development (HUD) for Section 8 and a mandatory disbursement of \$50,962 to Walnut Park's Residual Receipts Reserve. Additionally, there are sizeable balances due to/due from several Programs. Becki pointed out that the General Fund is carrying balances due from other Programs of approximately \$185,900 – the largest of those are in Homeownership: \$90,301, Homeless Shelter: \$23,201, and Linden Pointe: \$56,796. It is expected that with the purchases of 2 or 3 homeownership homes, the General Fund's balance could be reduced another \$75,000-\$85,000, a historical low, until developer fees comes for Linden and the Grand Junction Community Homeless Shelter.

Balance Sheets and Operating Statements

Although Becki explained in detail various activities across all Programs and particular transactions within certain Programs, the important overall variances were operating revenues at December 31, 2003, were less than budget by nearly \$80,000 offset by operating expenses being under budget by \$135,000, netting to income to date of almost \$58,000. Very few questions were asked about the financial statements, but concerns were raised about utilities costs since there have been huge increases since acceptance of this fiscal year's budget. Unless something unforeseen occurs, Becki feels there is no need to revise the budget at this time. She will report in the next 2-3 months, prior to quarterly reports, the variances of actual expense to budget expense for utilities.

4. Presentation of Changes to Employee Benefits/Flex Plan

Becki referenced her January 26, 2004, memorandum to the Board regarding employee benefit changes and expounded on the following revised changes, which are in compliance with governmental guidance and effective January 1, 2004:

Employee's Flexible Benefit Plan

- A provision has been added to allow qualifying “over-the-counter drugs” to be paid for with pre-tax dollars through the flexible spending account since many prescription drugs have become over-the-counter drugs and are no longer covered by health plans.
- Because of increased out-of-pocket expenses due to rising health care costs and the inclusion of paying for qualifying “over-the-counter” drugs through the flexible spending account, the maximum annual benefits available under the Medical and Dental Expense Reimbursement Plan has been increased from \$1,500 to \$2,000 for 2004.

- Flexible spending account deductions will be made over 24 pay periods instead of 26 for easier accounting.

Employee Benefits

- Short-term disability insurance coverage was added to each employee's insurance benefits package beginning October 2003. In exchange, the sick leave accrual rate was adjusted downward from 10 hours per month to 8 hours per month for full-time employees and proportionately adjusted for part-time employees.

Jody also informed the Board that due to increased health insurance rates that were far in excess of what was budgeted, employees have been asked to pay \$25/month towards their insurance premiums this year. This is the first year that employees have been asked to cover any part of the premium cost. Previously, the Agency has covered 100% of the employees' insurance cost with the employee responsible for any family coverage.

5. Linden Development Activities

Greg Hancock, Development Director, handed out the Linden Development Timeline for the group to review, and stated that the timeline represents three basic phases - design/construction, city planning, and money. He continued his discussion by expounding on the status of each phase as follows:

Design/Construction

The exterior design has been completed and interior finishes, colors, cabinets, etc. are being chosen with a targeted mid-February design completion date.

City Planning

A permit set of plans and specifications was submitted to the Grand Junction Building Department for review on January 20th. Several rounds of reviews and comment responses have previously taken place with the City Planning Department, and it is expected that with this submittal, final City development approval will be received and building permits will be issued around February 12th. Once this approval has been granted, the Grand Junction City Council can be approached by the GJHA to consider a development funding contribution.

Money

Currently, work is underway to meet the Due Diligent list of requirements from the Equity Proposal Investor (MMA Financial) and the Construction Lender (Wells Fargo). Funding negotiations are also in progress with the State of Colorado regarding its financial commitment. A minimum of a \$255,000 joint contribution commitment from the City of Grand Junction and Mesa County has been requested and is in addition to the development money already committed from other funding sources. Greg stressed that this development project is heavily dependent on this joint funding source, and this financial commitment is also a critical key component in the loan closing with the Equity Proposal Investor. If this commitment can be obtained, the Equity Investor Partner has agreed to continue to move forward with the loan closing and a targeted closing date of March 10th has been set. The Construction Lender closing would follow on or about March 12th with the possibility of a construction start as early as March 15th. Emphasis was placed on the fact that if the funding isn't given by the City of Grand Junction and Mesa County for the Development, then the investor won't be comfortable with closing on the loan until funding is found elsewhere.

Greg announced that the Affordable Housing Program (AHP) grant funding from the Federal Home Loan Bank was not granted, but the option to resubmit the application after April 1st exists. He went on to say that the monetary request was over the AHP guidelines, and that was largely due to the increased development costs from unforeseen City/County requirements. Lengthy discussion ensued pertaining to the feasibility of continuing with the Linden Development because of unexpected escalating costs. It was felt, at this point however, that the project should stay on course.

Because the Equity Investor Partner and Construction Lender needs assurance that the full continuum of financing has been met prior to closing, another requirement to be met is that the permanent loan funding commitment be in place. Consequently, a Request for Proposal (RFP) was released to lenders. Only one response was received and that was from the Colorado Housing and Finance Authority (CHFA). Greg distributed CHFA's financing proposal dated January 16, 2004, for review and comment. It was further clarified, for the record, that the permanent mortgage amount needed was approximately \$2,600,000.

Greg also mentioned that additional construction costs could be incurred should the construction start be delayed for some reason and proceeded to identify how and why that could happen (primarily due to a high water table in this area), which prompted further group discussion.

Erin made a motion for GJHA staff to proceed with negotiations with CHFA as the permanent lender and complete the permanent loan. A second was made by Kathleen, with the vote being unanimous.

Ceremonial groundbreaking ideas were discussed along with a date/time, the guest list and event participants. Greg announced that the site has been officially named “Linden Pointe”.

Jody indicated that Rich Krohn, of Dufford, Waldeck, Milburn, & Krohn, was asked to initiate, on behalf of GJHA, a competitive proposal process for a tax credit attorney. Requests have been sent out with no local responses but six out-of-town responses were received. After review and consideration, the candidate recommended was Mr. Paul Smith of Holme, Roberts & Owen, L.L.P., located in Boulder. The question arose asking why the necessity for the two attorneys, Rich Krohn and Paul Smith, to review the Linden Pointe tax credit documents. After the Board was advised that there is a need for expertise in both the real estate and tax credit arenas and that Krohn’s hourly rates are roughly half that of Smith, a motion was made by Kathleen, with a second from Gabe to retain Mr. Paul Smith. The motion was approved unanimously.

6. Outreach Efforts Update

Grand Junction Community Homeless Shelter

Jon Wickre, Outreach Coordinator, announced that the Grand Junction Community Homeless Shelter (GJCHS) wasn’t chosen this year as a funding recipient by the Grand Junction Lions Club. However, Jon did share with the group some exciting news! The Shelter Project was selected by the employees of Interim HealthCare as their Christmas donation project. Jon will make presentations to staff members with contributions being gathered during the months of December/January with a February/March extension. Funds raised by the employees will be matched by the Interim HealthCare entity and all funds will be applied towards the local fund raising efforts for the renovation costs of the Shelter.

In Gi’s absence, Jon shared with the group that Gi’s employer, Wells Fargo, honors its employees who do volunteer work in the community by establishing a fund for those organizations where the work is done. She anticipates at least \$1,000 could be given to help with the remaining Shelter deficit.

The total monetary goal of \$157,770 includes the development costs, and Jon mentioned a couple of additional ideas/organizations that might help cover the funding shortage, if needed.

Community Awareness Efforts

A preview of the second community awareness poster, “Places of Affordable Housing”, was shown to the group for comments. Jon stated that he is in the process of obtaining sponsorship logos and a second draft of the poster will be ready for review shortly.

Linden Pointe Logo

Several ideas for the Linden Pointe logo were presented and the group was told that the GJHA Executive Team will continue to work on layout suggestions.

7. Other Business

Child Care Partner Request for Qualifications (RFQ) for Linden Pointe

Mary Gregory, Administrative Director, referenced her January 26, 2004, memorandum to the Board regarding the Linden Development Child Care Partner. She reminded the group that land was originally designated for a child care center at the Linden site and that this facility was incorporated into Phase II of the Linden Project. The GJHA is now in the planning stage of Phase II for Linden Pointe. To solicit assistance and guidance in providing a quality child care center, Mary has recently gotten involved with the Quality Care and Education Coalition of Mesa County, a large group of professionals in the field of child care. The Coalition is very excited about this endeavor and is anxious to provide its expertise as requested. A Coalition Sub-Committee has been formed to help guide the multi-phase decision process. Since it is essential that the Child Care Partner be involved with this venture from the infant stage forward, a RFQ seeking interested child care providers will be released in the near future with the Sub-Committee assisting in writing the RFQ document.

Report on the Downtown Housing Effort (DHE) Meeting

Jody requested that this Agenda item be tabled for the Executive Session and the group concurred.

Report on PHADA’s 2004 Commissioner’s Conference

Erin and Kathleen indicated that there was some good information from the Conference to be shared with the Board but, because of time constraints today, this topic will be addressed at the next Board Meeting.

8. Executive Session to Discuss Negotiations to Purchase Real Estate Under the Downtown Housing Effort (DHE) – C.R.S. 24-6-402(4)(a)

A motion was made by Gabe at 1:40 p.m. to enter into Executive Session. Kathleen seconded the motion and the roll call vote was unanimous.

9. Adjourn

At 1:53 p.m. the Executive Session ended and the Board Meeting was adjourned.