

## MINUTES

**Grand Junction Housing Authority  
Board of Commissioner's Meeting**

**February 23, 2004  
Conference Room  
1011 North Tenth: 11:30 a.m.**

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**1. Call to Order – Executive Session**

The Executive Session of the Grand Junction Housing Authority (GJHA) was called to order by Steve Heinemann, Board Chair with the following Board Members present: Kathleen Belgard, Harry Butler, Gabe DeGabriele, Cory Hunt, and Gi Moon. GJHA Executive Director, Jody Kole, was also present.

**2. Call to Order – Regular Meeting**

The regular portion of the February 23<sup>rd</sup> Board Meeting was called to order at 11:57 a.m. by Board Chair Steve Heinemann with the above individuals present as well as the following GJHA staff members: Kristine Franz, Virginia Garcia, Mary Gregory, Lori Rosendahl, and Becki Tonozzi. Greg Hancock and Jon Wickre joined the meeting later.

Jon Wickre joined the meeting at 11:58 a.m.

**3. Adoption of the January 26, 2004 Minutes**

Cory made a motion to adopt the minutes as presented. A second was made by Kathleen with a unanimous vote of approval.

**4. Fiscal Year End September 30, 2003 Audit Presentation**

This portion of the meeting began with the Board being informed of how unhappy and disappointed the Agency staff is in regard to the audit firm's performance. Jody stressed that, in addition to the firm's staff requiring an inordinate amount of Becki Tonozzi's, GJHA Finance Director, time to explain, teach, and debate accounting and program issues, the major concern is the lack of U.S. Department of Housing and Urban Development (HUD) specific knowledge and lack of understanding of the ramifications with the decisions that could cause major problems with HUD, not to mention the lack of knowledge of Colorado State Laws.

Jody continued by stating that this auditing firm was chosen in anticipation of a desired "fresh new set of eyes". A contract for a three-year renewable annual agreement was negotiated and that contract is in its second year. The auditor's fees were discussed

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noting that the annual contract cost this year (estimated to be \$15,750 - \$16,250) increased over last year (\$13,750), and that the GJHA will incur additional fees when the response to an audit finding for the year ended September 30, 2003, is restated in the Auditors' Report.

Becki began the financial review by distributing and reviewing a four-page financial packet consisting of the *GJHA Balance Sheets and Operating Statements*. She explained that the bar and line graphs illustrated five-year comparative data taken from audit reports.

She made reference to the line item amount of \$716,293 which represents the Residual Receipts Refunded to HUD shown on the *Statements of Revenue, Expenses, and Changes in Retained Earnings* (Page 4 of the financial packet) and indicated that its treatment is being further discussed. She explained that although the auditors reported it in this way, the Real Estate Assessment Center (REAC) analyst objects and has asked the Agency to challenge the recording of this item. (With further clarification, Jody explained that this money wasn't an operating activity but rather a reserve that was set aside for Ratekin Tower by HUD for use, upon HUD's permission, if something catastrophic happened at Ratekin Tower, but that at the end of 20 years, when the property was refinanced, the money would no longer be available.)

Becki informed the Board that the audit, for the most part, was similar to last year's with the exception of two primary items: 1) the debt forgiveness on the Capital Terrace note from HUD, and 2) the long-term debt associated with the Ratekin Refinance.

A reportable audit finding was identified by the auditors for the year ended September 30, 2003, and Mary Gregory, Administrative Director, addressed this finding by first referencing Page 35 of the *General Purpose Financial Statements and Independent Auditors' Report* dated September 30, 2003. She explained that the GJHA Administrative Plan states certain criteria must be met in order for an applicant to be eligible for assistance under the GJHA Section 8 Housing Choice Vouchers Program, and that an applicant may be denied assistance if certain prior history exists with the Authority (i.e.; rent money or other money is currently owed to the GJHA or another public housing facility in connection with Section 8 or public housing assistance). GJHA procedures state that during the eligibility process and upon completion of this prior history verification, a checkmark will be placed on the Past Applicant Check line of the Program Eligibility Checklist indicating this process was completed. The auditor's finding stated that twelve tenant files were examined that didn't contain documentation of performing a Past Applicant Check for prior history on the Authority's Programs, and consequently, questioned if the Agency paid out \$48,697 in Housing Assistance Program (HAP) funds for non-compliant items.

Mary distributed documentation of the Authority's response to this audit finding and stressed that even though the twelve files did not have a "checkmark" on the Past Application Check line, all files were checked in January 2004 and NONE of the twelve admitted to the Voucher Program were found to owe GJHA or any other subsidized program money from a past tenancy.

She stressed that even though the GJHA's response was provided to the auditors in a timely fashion, it wasn't included in the Auditors' Report, thereby assuring a "red flag" for REAC concerning our financial reporting plus potentially affecting the Public Housing Assessment Score (PHAS) from HUD. After additional dialogue with the auditors, the Auditors' Report will be changed to include a restated response to the finding.

An extensive and thorough discussion continued pertaining to the GJHA staff's concerns of the auditors' unacceptable performance, lack of cooperation, and additional fees. Several additional illustrations were cited. Gi made a motion for Jody to write a letter to the audit firm requesting a meeting to discuss these issues. A second was made by Cory with the voting producing 5 in favor with 1 abstention (Gabe).

Greg Hancock joined the meeting at 12:18 p.m.

**5. Resolution No. 2004-02 Adopting Budget Revision for Capital Terrace Townhomes Capital Fund Program Bonus Dollars**

Becki clarified Resolution No. 2004-02 and the associated attachments. HUD signed off on the originally submitted Fiscal Year 2004 Capital Terrace Townhomes Budget after decreasing the operating subsidy money by (\$4,295).

Additional bonus monies were awarded to Capital Terrace from HUD's Capital Funds Program Grant in the amount of \$11,189 for complying with all the reporting requirements in a timely manner. Funds will be used to paint the 6 homes on 14<sup>th</sup> Street and install garbage disposals and replace back porch light fixtures in all 30 Townhome units. Jody further explained that lately HUD seems to authorize money and then hold back a portion of the funding to recognize high performing agencies with grants such as this one.

Because this Resolution represents two budget revisions, Becki suggested that the title of Resolution No. 2004-02 be revised to include the wording "Operating Subsidy". A motion was made by Kathleen to approve this Resolution as amended. Harry seconded the motion and it was approved with a unanimous vote.

**6. Linden Development Activities**

Greg Hancock, Development Director, distributed a memorandum (memo) to the Board dated February 23, 2003, that gave a report on the Linden Pointe Development, and he briefly reviewed the current status of building permits, approval of the site plan and final plat, the unresolved issue of the closure of B <sup>3</sup>/<sub>4</sub> Road, development budget increases, and the appraisal values. Greg discussed the funding source status by referencing and further explaining the table in the memo. He reiterated that the key requirement to close this development deal is to acquire another \$255,000 in funding (represented as City of Grand Junction/Mesa County (City/County) monies).

On behalf of Erin and in her absence, Gabe relayed her question of “does the County understand the impact on the progress and the timeline of this program by their constant delay of giving us a response? Do they understand that we need to know things sooner rather than later?” Extensive discussion ensued regarding why this commitment delay.

Jody announced that she has a call into Kelly Arnold, Grand Junction City Manager, and that the GJHA is tentatively on the City Council Workshop Agenda for March 1<sup>st</sup> and the City Council Formal Meeting Agenda for March 3<sup>rd</sup> to discuss Linden Pointe.

Additional topics discussed were the ground water level issues, the Colorado Department of Transportation (CDOT) issues, and development budget increases.

Jody suggested that a special Board Workshop Meeting be scheduled to discuss such issues like development budget increases, reduced developer’s fee, and larger significant obligations/risks. The date chosen for the special Workshop Meeting was March 2<sup>nd</sup> at 5:30 p.m.

It was decided that the application for permanent funding to the Colorado Housing and Finance Authority (CHFA) won’t be submitted until after the special March 2<sup>nd</sup> Board Workshop Meeting.

**7. Discuss Recommendations to Fill Vacant Board Seats for Grand Valley Housing Initiatives and Possibly Reappoint Individuals(s) Whose Terms Have Expired**

Due to time constraints, this Agenda item was deferred until later in the meeting. (Note: This Agenda Item was discussed after Agenda Item Number 8.)

**8. Discuss the Possibility of Rescheduling the Regular March 22<sup>nd</sup> Board Meeting**

Because Jody, Gabe, and Steve will be attending the National Association of Housing and Redevelopment Officials' (NAHRO) 2004 Legislative Conference/Symposium in Washington, D.C., March 15-19, 2004, and because the potential exists of additional special March meetings being called to discuss the Linden Pointe Development, the Board was requested to consider rescheduling the March Board Meeting for the week of March 29<sup>th</sup>. Monday, March 29<sup>th</sup> at 11:30 a.m. was chosen as the rescheduled date.

**7. Discuss Recommendations to Fill Vacant Board Seats for Grand Valley Housing Initiatives and Possibly Reappoint Individuals(s) Whose Terms Have Expired**

Jody referenced her February 10, 2004, memo to the Board. The Grand Valley Housing Initiatives (GVHI) Board of Directors held a luncheon meeting inviting individuals to attend and share their interest in affordable housing issues. After further discussion, the Initiatives Board recommended that the number of its Board Members be increased from five members to seven members, thereby capitalizing on a diverse group of interested community representatives to serve in this capacity and accomplish the organization's goals. Seven of the attendees were recommended to be appointed to the GVHI Board for a one-year term, effective March 1, 2004, and they are as follows: Gene Kinsey (reappointment), Gi Moon (reappointment), Kathleen Belgard, Darin Carei, Randy Kirschbaum, Tisha Petelo, and Marilee Langfitt-Wood. Prior to Gi's departure at 1:18 p.m., Jody stated that both Gi and Kathleen attended the GVHI meeting and supported the Board's recommendations. Cory made a motion to increase the GVHI Board size from five members to seven members, and to appoint the seven recommended individuals to serve on the Board of Directors. Steve seconded the motion and the motion carried with everyone in favor with one abstention (Kathleen).

Jody reminded everyone that she has been working with the Grand Junction Area Realtors Association's (GJARA) Affordable Housing Committee for quite some time and the Committee just recommended to the Realtors' Board that it support our Homebuyers Education Program. The GJARA Board approved to support this Program with \$3,000/year and a three-year commitment. In addition, the Affordable Housing Committee has volunteered to send representatives to pair up with GVHI Board Members and canvas community entities to generate the remaining monies needed to operate the Homebuyers Education Program.

Gabe suggested that sometime in the near future, a formal agreement needed to be established between the GVHI and the GJHA to officially identify the staffing needs of the GVHI and define a plan to fulfill the requirements.

**9. Update on Outreach Efforts**

Jon shared some exciting news with the group! The local community funding match of \$25,000 for the Grand Junction Community Homeless Shelter is within \$152 of meeting its goal to secure the \$25,000 challenge grant from the Western Colorado Community Foundation. He thanked Jody and Jay Kole for hosting a barbeque lunch at the GJHA with all proceeds going towards the local match. Harry announced that the Handy Chapel Church would fund the remaining \$152. Thank you Harry and the Handy Chapel Church and **congratulations to all** for achieving the funding goal! Jon referenced a funding shortfall of approximately \$17,000 to meet the overall monetary goal of \$157,770, but indicated that all of the fund-raising options haven't been exhausted as of yet.

The Linden Pointe groundbreaking activities are being discussed, the invitation list is being compiled, and the draft invitation is ready for review.

Two final drafts of the next community awareness poster, "*Places of Affordable Housing*", were distributed for review with a requested "either or" decision. With the final selection made, printing will begin immediately with distribution scheduled to begin in early March.

**10. Section 8 Management Assessment Program (SEMAP) Final Rating for Fiscal Year End 2003**

Lori Rosendahl, Section 8 Supervisor, referenced the letter from HUD dated January 30, 2004, and announced that the GJHA was designated a High Performer for the fiscal year ended September 30, 2003, with an outstanding SEMAP score of 100 percent. She went on to clarify the Scoring Report by explaining the "NA" Score for three indicators. The Pre-Contract HQS Inspections and the Annual HQS Inspections indicators were not scored by HUD this year due to computer software problems but full points would have been awarded had they been issued. The Family Self-Sufficiency Program is optional, not mandatory, so points were not awarded for that indicator. The Section 8 Program received congratulations and applause from Board Members and staff for their success!

**11. Other Business**

PHADA's 2004 Commissioner's Conference

Kathleen reported that the Public Housing Agency Directors' Association (PHADA) 2004 Commissioners' Conference held in Florida was a very informative and well attended Conference. She and Erin have a presentation to give but, due to Erin's absence, the presentation was postponed.

Increasing Income Sources

Steve requested the Board be thinking about the opportunity of purchasing HUD homes and "turning the property" to generate income. Kathleen mentioned that she and Jody attended a Public Trustee Sale and that might be a great way to obtain property as well. Additional dialogue continued relating to the bid process of HUD homes and the Public Trustee Sale as well as a clarification of unrestricted funds.

Jody mentioned that two HUD homes have been recently acquired by the GJHA, rehab has been completed, and the properties are currently being marketed to Section 8 households who meet the income qualifications for a lease-to-purchase. Open houses for both properties will be held Sunday, February 29<sup>th</sup> from 2:00 p.m. – 4:00 p.m. for interested Section 8 participants.

**12. Adjourn**

At 1:44 p.m., the meeting was adjourned with a motion from Gabe, a second from Kathleen, and a unanimous vote.