

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
Rescheduled October Meeting

Monday, October 31, 2005
Housing Authority Offices
1011 North Tenth Street
11:30 a.m.

1. Call to Order

The rescheduled October Grand Junction Housing Authority (GJHA) Board Meeting was called to order at 11:40 a.m. by Board Chair, Steve Heinemann. Those present included Board Members Kathleen Belgard, Gabe DeGabriele, and Erin Ginter; and GJHA Staff Members Jody Kole, Kristine Franz, Virginia Garcia, Mary Gregory, Lori Rosendahl, Becki Tonozzi, and Jon Wickre.

Board Members Gi Moon and Tisha Petelo arrived during the Meeting.

2. Adoption of Minutes

The Board Meeting Minutes of September 26, 2005, were approved as submitted with a motion from Erin, a second from Kathleen, and a unanimous vote.

Becki Tonozzi, Finance Director, requested that the Calendar Year (CY) 2006 budget discussions on Linden Pointe and Crystal Brook Townhomes be delayed until later in the meeting, allowing additional arrival time for absent Board Members. The remaining Agenda items were addressed in no particular order.

3. Recommendation to Appoint Jon Wickre as Grand Junction Housing Authority's Representative on the HomewardBound Board

Executive Director Jody Kole recommended that Jon Wickre, Outreach Coordinator, be appointed to the HomewardBound Board as the representative for the GJHA, filling the vacancy created with the resignation of the Development Director Greg Hancock. With a motion from Erin, a second from Kathleen, and a unanimous vote, Jon was appointed and will immediately assume that responsibility.

4. Proposal to Change the Date of the Annual Meeting to January 2006

Jody proposed that the Annual Meeting date in November be rescheduled for January, beginning with this year. With a multitude of fiscal year-end activities such as financial close outs, auditor visits, and compliance requirement deadlines, she advised that if the Annual Meeting was changed to the first of the year, staff would have additional

preparation time plus audited financials would be available for inclusion in the Annual Report.

Erin's motion to revise the Agency's By-Laws to read that the Annual Meeting would be held on the regular January Board Meeting was seconded by Gabe and carried with a unanimous vote.

Tisha Petelo arrived at 11:47 a.m. and Gi Moon arrived at 11:49 a.m.

5. Follow-up on 2005-2006 Goals Work Plans

Prior to the Meeting, Board Members previously received an update to the Goals Work Plans for their review. Goal updates were given followed by discussion. Particular Goal highlights are as follows:

➤ Goal #1 – Analyze the Potential to Sell Capital Terrace Townhomes

Special Projects Coordinator Mary Gregory issued an additional memorandum dated October 31st with new information regarding the disposition of Capital Terrace Townhomes and the six houses on North 14th Street. The houses are on individual lots and don't have to be subdivided. This was good news as it will save additional time and money. The recommendation from GJHA Staff was to sell these houses on the open market for fair market value, not through a non-profit organization, as noted in the memorandum.

➤ Goal #6 – Expand the Single-Family Home Acquisition & Rehab Program

The rehab of the Fruita house, which was a HUD foreclosure that was purchased with the intention to "buy/flip" and generate revenue, is complete and the realtor will begin marketing it shortly. The purchase price is \$186,400, which includes the realtor's commission.

A house in DeBeque, Colorado has been purchased by the Agency with the plan to hold this property to generate cash flow. Very little work needs to be done on the house, and with the energy boom in that area it is anticipated that rental of this property will happen quickly. The closing is scheduled for November 4th.

➤ Goal #9 – Develop Employer-Assisted Home Ownership Program

With the recent departure of Housing Counselor Jon Lindman, Jon Wickre has taken the lead on coordinating the Employer-Assisted Home Ownership Program. Jon

reported that Rick Padilla and Mark Humphries from Freddie Mac attended the last Employer-Assisted Home Ownership Meeting held on October 27th where additional local lenders and employers were updated on Programmatic efforts.

Several employer meetings have been scheduled for the week of November 14th to work out a menu of options that might custom fit that employer.

Jody noted that Rick Padilla is trying to get funding support from Freddie Mac to support the start-up of this Program for the first two years. He is striving to obtain that commitment prior to any Freddie Mac budget year changes that might occur, due to pending congressional legislation, and consequently impact funding.

The next Employer-Assisted Home Ownership meeting is scheduled for November 17th.

➤ Goal #10 – Complete HUD Required Selection Process to Site-Based Vouchers

Lori Rosendahl reported that the Agency's documents were completed and forwarded to the U.S. Department of Housing and Urban Development (HUD) for its review of the selection process to Site-Based Vouchers for the Family Unification Program. Recently, however, HUD established another new policy, effective October 15th, so the Agency's policy will be amended to match the new HUD guidelines.

The Request for Proposal (RFP) is still tentatively scheduled to be released on December 1st.

➤ Goal #11 – Develop Proposal for Tenant-Based Rental Assistance in Partnership with Mesa County School District #51

Upon the Grant Proposal being submitted and reviewed by the local Division of Housing staff, the concept will be refined to incorporate suggested changes. To strengthen the application, it was suggested that all the homeless shelters be more involved with the process. It was determined that a ranked priority waiting list for the Homeless Shelter will have to be established. The revised Proposal will be reviewed by the State Housing Board on November 8th in Denver.

Note: The State Housing Board voted to award full funding.

➤ Goal #13 – Actively Participate in “Grand Valley Housing Partnership”

November 17th will be the next meeting of the Grand Valley Housing Partnership where it is anticipated that a plan will be formulated on how to move forward.

Topics that are expected to be addressed include recommendations, specific actions to take, timelines, responsibilities, and how to institutionalize this process.

It was noted that affordable housing will be featured in the next special edition of the *Business Times* publication, and that television spots on affordable housing are also being discussed.

➤ Goal #14 – Complete Close-out of Linden Pointe

Jody informed the group that the Colorado Housing and Finance Authority (CHFA) performs three different checks on Tax Credit Applications to make sure that developments aren't over subsidized by CHFA through tax credits. She identified and explained that check and balance process.

It seems that there are a couple of disputed areas in what appears to be a mis-communication in expense line item charges. These differences can probably be resolved by determining precisely what expenses are included in each line item. Because of Novogradac, our tax credit auditor's interpretation of the Internal Revenue Services' (IRS) tax code on tax credits, another area of disagreement is the eligibility of the interest expense during the construction term after units are placed in service and aren't deemed "in construction" anymore.

There also seems to be an error in the Tax Credit Carry-Over Application that was submitted over a year ago but wasn't caught by anyone, including CHFA, until recently. CHFA guidelines have limitations on certain parts of the development costs (such as how much for the developer's fee and for the contractor's combined general requirements, overhead and profit), which Jody explained. When reviewing the total cost calculation in the Cash Credit Carry-Over Application, \$513,000 of ineligible contractor's overhead costs and expenses were included as eligible expenses and shouldn't have been. Several scenarios are being analyzed for solutions. Jody felt that, at this time, most of the problem is fixable on the development cost side. It will take considerable time to work through.

The Placed In Service Package, which is a portion of the total final Tax Credit Application, will be submitted today to CHFA to meet deadlines to claim the tax credits in this taxable year.

A second problem is that in the original pro forma some operating expenses weren't included or were underestimated (utilities, insurance, investors' service fees), and when this is all included in the 2006 Budget, it reduces the debt service coverage past the comfortable level for lenders and investors. Several solutions were presented to financially reposition this project.

Steve Heinemann left at 12:32 p.m.

6. Presentation of Calendar Year 2006 Budgets for Linden Pointe and Crystal Brook Townhomes

Becki Tonozzi, distributed and reviewed her October 31st memorandum pertaining to program financials (funding updates, financial statements, and budgets for CY 2006). She began by announcing the GOOD NEWS! The Agency has received \$57,899 from HUD for the Vouchers Program, and it has been confirmed that it is to be booked as income for CY End December 31, 2005. This amount more than covers the \$41,349 shortfall and should increase the base onto which the CY 2006 Administrative Fees will be calculated.

The *Project Occupancy Analysis* Report was reviewed analyzing the occupancy rate of GJHA properties from June through October 2005. Combined property totals in June were at .885 occupied with .982 occupied at the end of October, showing significant improvement as a result of additional Staff efforts.

Financials for Grand Valley Housing Initiatives, the Downtown Housing Effort, Crystal Brook Townhomes and Linden Pointe ending September 30, 2005 and Budgets for CY 2006 for Crystal Brook Townhomes and Linden Pointe were reviewed with highlights so noted:

➤ Grand Valley Housing Initiatives

The Program ended the year with a net loss of \$14,012.87, unable to reach some of the fundraising goals, but able to contribute \$20,369 to the Homebuyers Education Program.

With the departure of Housing Coordinator Jon Lindman, recruitment to fill this position will begin shortly. An individual who is already CHFA certified with mortgage lending experience is desired. Arrangements have been made for a CHFA representative to teach the November Homebuyers Education class and could teach a December class if enrollment warrants conducting a class.

➤ Downtown Housing Effort

This Program ended the year with a net income showing the interest earned revenue covering expenses.

➤ Crystal Brook Townhomes Financials

Due to a high vacancy rate, rental income has been low, causing a low cash balance. A December loan payment due to Walnut Park for the Residual Receipts loan is of concern and prompted discussion of a one-year payment deferment. Further discussion led to the possibility of postponement of some capital improvements (exterior repairs and building painting and parking lot resurfacing). Gi requested a scope of work be compiled of what improvements must be done versus what can wait.

➤ Crystal Brook Townhomes 2006 Budget

The Crystal Brook Townhomes 2006 Budget was reviewed line by line showing a negative bottom line of \$18,588 operating cash flow. Extensive discussion ensued on what can be done to remedy the situation. After further analysis, GJHA Staff will dissect the Repairs and Maintenance operating expense figure for a further cost breakdown for Board review. This analysis will be ready for Board discussion at the meeting tentatively set for 7:30 a.m. on November 15th. The Crystal Café location will be confirmed later.

➤ Linden Pointe Financials

Reviewing financials for Linden Pointe for the period ending September 30, 2005, showed a negative variance of \$85,993, which is mostly due to slower than anticipated lease-ups. The Project is showing a net income of \$41,220. Overages on costs in many areas were explained.

➤ Linden Pointe 2006 Budget

With 2005 a construction year and 2006 a start-up year, a cost comparison is difficult to present. Becki discussed the differences between CHFA's underwritten budget using a .07 vacancy loss and the GJHA budget using a .05 vacancy loss. Cash flow is low but GJHA Staff is working with CHFA to improve this by restructuring the first and second permanent mortgages.

With all questions answered, the CY 2006 Linden Pointe Budget was approved unanimously with a motion from Gabe and a second from Kathleen.

7. Other Business

December Board Meeting

Because of the Christmas holidays, the December Board Meeting is tentatively rescheduled for the 19th at 11:30 a.m. at the Housing Authority conference room on North Tenth Street.

Reports on the NAHRO National Conference and Colorado Housing NOW Conference

Due to the lack of time, Conference reports were tabled for another meeting. Jon Wickre did distribute *The Housing Colorado 2006 Facts Book*, acquired at the Colorado Housing NOW Conference, to those who wanted one.

8. Adjourn

With a motion from Gi, a second from Kathleen, and a unanimous vote, the rescheduled October Board Meeting was adjourned at 1:55 p.m.