

## MINUTES

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

Thursday, January 12, 2006  
United Country  
300 Main Street - #201  
9:00 a.m.

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### **1. Call to Order**

A special January Board Meeting for the Grand Junction Housing Authority (GJHA) was called to order by Board President Steve Heinemann at 9:15 a.m. at the office of United Country, 300 Main Street, Grand Junction. Board Members Kathleen Belgard, Teresa Coons, Gabe DeGabriele, Erin Ginter, Steve Heinemann, and Gi Moon and GJHA Staff Members Jody Kole and Becki Tonozzi were present.

### **2. Consent Calendar**

*Resolution 2006-01 Approving an Exemption from Audit for Fiscal Year 2005 for the Downtown Housing Effort, A Joint Agreement Between the Housing Authority of the City of Grand Junction, Colorado and the Grand Junction, Colorado Downtown Development Authority.* On motion by Gi, seconded by Erin, the Resolution was unanimously approved along with a request to include the Downtown Housing Effort accounts in the next regularly scheduled GJHA Audit Contract.

### **3. Linden Pointe Discussion and Approval of Financial Restructuring**

Jody Kole, GJHA Executive Director, and Becki Tonozzi, GJHA Finance Director, began the discussion by distributing a DRAFT Loan Settlement Statement, prepared by Colorado Housing and Finance Authority's (CHFA) Loan Division Staff. The draft Settlement Statement showed the reduced principle amount of both the SMART Loan – originally \$2,000,000, now down to \$1,673,077; and the HOF Loan, originally \$600,000, now down to \$501,923. The interest rates on these loans have remained as initially set forth in the CHFA Loan Commitment, 6.06% and 1.60%, respectively. Given the recent interest rate environment, a blended rate of approximately 5% represents very favorable financing. The term of the loan is 16 years, with a 30 year amortization. Gi commented that she considered the 16 year term a benefit to the project.

Based on the Final Cost Certification completed by Novogradac, CHFA has provided to Linden Pointe an additional \$41,616 in tax credits. This will generate an additional equity contribution from MMA Financial (MMA) of approximately \$381,000. MMA typically funds "Upward Tax Credit Adjusters" (the increased equity contribution) with the last equity installment. However, in our case, we convinced Derek Foster of MMA of

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the necessity for MMA to make this upward adjustment funding available with the Second Installment at Permanent Loan Closing.

To fill the remainder of the financing gap, GJHA's Deferred Developer Fee Loan (DDF) will increase to \$218,674. Gabe expressed concern about the extended timeframe that might be necessary for GJHA to collect the Developer Fee. Jody explained that the Fee must be paid within the first 10 years of the Property's operation. Based on both projected cash flow and the terms of the Partnership Agreement, she believes that the DDF will be paid within 6 or 7 years. The Partnership Agreement specifies that the unused balance of the Operating Reserve (originally established at \$68,000) remaining 3 years following the permanent loan closing "will be distributed first to repay any Deferred Development Fee, and any remainder to the General Partner as a Partnership Management Fee."

Gi asked if the total costs reflected all of the construction loan interest or if any additional interest was yet outstanding and not reflected in the documents. Becki and Jody assured the Board that all accrued interest through December, 2005 had been paid in full, and that the January 2006 interest, estimated at \$26,000, would be paid at closing. The \$26,000 interest calculation is based on a closing date of January 16<sup>th</sup>. If the transaction closes after that date, the additional per diem interest cost is approximately \$1,700.

The only remaining costs not fully accounted for are transaction costs currently in process, such as the Final Cost Certification and the tax credit attorney's opinion. Allowances have been made in the Cost Certification for these costs; however, the final figures are not yet available, as the work is currently ongoing.

The draft Settlement Statement identifies an amount of \$5,926,686 as "Amount Due To / From Borrower. The amount of the equity contribution from MMA should exceed that amount by approximately \$48,100. This will offset the cost of funding the two required reserve accounts – the Operating Reserve of \$68,000 and the initial deposit to the Replacement Reserve of \$5,000, leaving the Housing Authority advancing to Linden Pointe some \$25,000. This amount will be repaid to GJHA once the Third Installment of Equity is received from MMA, along with the release of the City of Grand Junction Development Maintenance Agreement Certificate of Deposit in the amount of \$71,805. These funds should be received in May or June, 2006. Other uses of the combined funds to be received will be to pay a portion of the Developer Fee not deferred and to restore operating funds to Linden Pointe (reimburse construction interest and any other transaction costs paid from operating funds).

Jody and Becki pointed out that the anticipated closing date is Tuesday, January 17, 2006, due to the Martin Luther King holiday Monday, the 16<sup>th</sup>. Should the closing

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extend beyond that date, the cost to the project is expected to rise by \$1,700 per day in additional construction loan interest. The date of closing remains in doubt, since many people are involved in the transaction. There remains a great deal of work and coordination yet to do, and intervening weekends and holidays make the delivery dates uncertain.

On motion by Gi Moon, seconded by Teresa Coons, the Board voted unanimously to approve the substance of the transaction and to authorize Jody Kole to sign all the required closing documents on behalf of GJHA as General Partner of Linden Pointe, LLLP.

**4. Executive Session to Discuss Personnel Issues – C.R.S. 24-6-402(4)(f)**

At 9:45 a.m., the open session concluded and with a roll call vote of Board Members, the Executive Session convened.