

MINUTES

Grand Junction Housing Authority
Board of Commissioners'
Special Budget Meeting

Friday, September 29, 2006
Housing Authority Offices
1011 North Tenth Street
4:00 p.m.

1. **Call to Order**

The special budget meeting for the Grand Junction Housing Authority (GJHA) was called to order at 4:15 p.m. by Board Chair Gi Moon. Board Members Kathleen Belgard, Erin Ginter, Steve Heinemann, and Tisha Petelo along with GJHA Staff Members Jody Kole, Kristine Franz, Don Hartman, and Cheryl Sweers attended. Teresa Coons joined the group later.

2. **Discuss and Approve FYE 09/30/2007 GJHA Annual Budget (Resolution No. 2006-10)**

Prior to budget discussions, the group was asked to review today's e-mail regarding recommended budget adjustments from Cheryl Sweers, GJHA Accounting Supervisor, if they hadn't already done so.

Erin mentioned that the budget documents weren't included in her Board Packet so she wasn't able to review any budget information. (Note: Erin notified the office later that the budget documents were in fact in the Board Packet and that she had found them.)

A status of the budget document review process was given to Board Members that weren't in attendance at the September 25th Board Meeting, acknowledging that no decisions were made but that there was detailed discussion on several Programs.

Jody Kole, GJHA Executive Director, and Cheryl reviewed the above-mentioned e-mail and explained the recommended adjustments, noting the recommendations are for items missed in the original budget documents. Clarification was requested and given for the following two adjustments:

- Item No. 3 represents travel costs to Denver for Jody, as she has been elected to the Board of Housing Colorado. She is not only the first person from the Western Slope but the first person to represent a housing authority to be on the Board, making this quite an honor. CONGRATULATIONS JODY.
- Item No. 4 represents travel costs for Lori Rosendahl, Voucher Program Supervisor, who has been invited to speak at the conference for the National Association for the Education of Homeless Children and Youth in Arkansas in

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November. She will be a panelist for Housing Agencies and School District Collaborations to Serve Homeless Children and Families and will talk about the GJHA's Family Unification and the Tenant Based Rental Assistance Programs. SPECIAL RECOGNITION WAS GIVEN TO LORI.

Teresa Coons joined the group at 4:20 p.m.

A summarization of the proposed FYE 09/30/2007 GJHA Annual Budget was given by the Board Chair and is as follows:

- The Board would be approving a budget showing a deficit because the excess cash flow is being dedicated to new acquisition and development
- With the new recommended adjustments, the total budget cash flow shortfall in the General Fund is approximately \$250K
- Because of the amount of money being invested in real estate, a deficit budget would exist for at least the next 2 years – is the Board prepared to do that?

Continuing with discussion, Jody answered Board questions. She explained how certain employee compensation expenses would no longer be paid by the General Fund and be shared by appropriate Programs, thereby reflecting a more accurate picture of where the labor is really being spent. She shared her thoughts on reinstating a position that became inactive last year due to an employee relocation or resignation. Also mentioned was that it is unlikely that any extra funds will come from the U.S. Department of Housing and Urban Development (HUD) for Voucher Admin Fees, and if there should be any extra funds for Housing Assistance Payments (HAP), those funds would be restricted for HAP.

Gi stressed that she is very uncomfortable with approving a deficit budget.

In discussing Teresa's question of, "what is our alternative to approving this budget deficit?", a summarization of comments made and options suggested follows:

- Teresa indicated that from the City/County perspective, this Budget clearly shows anticipated property development activity, which helps explain the "cash poor" position.
- Jody reminded the group that Funding Partners for Housing Solutions (out of Fort Collins) has about \$9M available to loan to affordable housing developers to help cover the 10% that banks won't finance; possibly some of the development cash outlay could be reduced by borrowing from Funding Partners. (Note: Gi stated that without alternative funding on the Elm property development, she wasn't comfortable approving the budget.)

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- Jody mentioned that with current investing in “buying and flipping” HUD houses, the money could be put back into the General Fund as the houses sell instead of reinvesting in additional houses, noting however, that the trade off would be “no profit”. Additional group conversation targeted possible properties.
- Jody noted that seeking supplemental funding grants from the City and/or County for development activity would help lower the cash-out-of-pocket demands.
- Steve noted that the Agency could always sell a HUD investment house, if need be as a fall back.
- The group discussed discontinuing the development of new projects, if need be.

As a side note, when discussing seeking supplemental funding grants from the City, Jody informed the group of the Housing Partnership’s discussion yesterday regarding, “is there a way to come to a consensus within that group as to who is going to ask for what from the City’s fund and to do it in such a way that everyone feels comfortable, plus persuade City Council that there’s enough on the “back burner” and coming forward that additional funds should be set aside on an on-going basis.?” Entities requesting funding were identified upon the Board’s request. She noted the Partnership’s decision that a wide-scale public notice would be issued stating that on October 16th a meeting will be held at the GJHA with the goal of coming to a consensus of what project recommendations would be made to City Council for Community Development Block Grant (CDBG) funding. In preparing for the meeting, she indicated that the Agency should prioritize its own project recommendations.

During conversations pertaining to the HUD investment houses, Jody explained that purchasing eight houses have been budgeted for in the 2007 budget along with estimating selling eight houses (two existing on the lease-to-purchase program plus six new ones purchased in 2007). Noting that selling the Elm property is preferred, the Board wanted that house featured in the real estate insert of the local newspaper and to not lease it right away. Jody will follow-up with Erica Doyle.

Lengthy group brainstorming ensued with many scenarios and fallbacks analyzed pertaining to deficit budget solutions. Because of the proposed deficit budget and being uncomfortable in approving it, Gi suggested that a consensus from Board Members was needed on what course of action would be taken if governmental funding and the partnership with Funding Partners for Housing Solutions does not materialize. She also suggested deferring the purchase of two HUD investment houses until it is known if funding will come through. Steve was opposed to this suggestion due to eliminating the net profit made on the sale of the houses. Several Board Members indicated they weren’t uncomfortable with a deficit budget because the “plug can be pulled” on purchasing investment houses or developing new projects at any time, thereby reducing the deficit considerably. Gi proposed that the Linden Pointe Developer’s Fee of \$350K be split between the General Fund and Acquisition/Development instead of the total

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amount going to Acquisition/Development. Other Board Members weren't in favor of this.

With different proposals made to reduce the deficit, a unanimous decision couldn't be reached which prompted additional dialogue. Gi and Kathleen agreed that some type of restricted plan should be in place instead of reviewing the budget status at Board Meetings, as proposed earlier.

Erin announced that she would be abstaining from voting due to the absence of the budget information in her packet and not being able to review the documents, and Gi stated that she couldn't approve the budget the way it was presented.

Gi and Kathleen were in agreement with the suggestion to restrict some cash instead of try to formulate a detailed action plan. A motion was made by Steve to adopt the 2007 GJHA Annual Budget as is with the exception that \$100K be taken out of the \$350K Linden Pointe Developer's Fee and moved into the General Fund as restricted, but not earmarked funds. With a second by Tisha, the motion passed with the voting recorded as: Yes - 5 Abstention - 1 (Erin)

3. Other Business

Joint Meeting Between the Grand Junction City Council/ Colorado Division of Housing/GJHA

The group was reminded that coordinating a joint meeting between individuals from the Grand Junction City Council, Colorado Division of Housing and the GJHA has been suggested and was being planned. Erin suggested that another GJHA representative be present at this meeting besides Teresa since she fills a dual role as a Council Member and a GJHA Board Member. Teresa stated that her reasoning for encouraging this meeting has since shifted due to discussions at the recent Housing Partnership Meeting and addressing the need for openness between entities in sharing intentions. This prompted extensive Board dialogue addressing topics such as confidentiality during negotiations, when to disclose intentions and to whom, and the possibility of funding partners granting monies without knowledge of other entities' intentions. The challenge in the future is to keep situations like this from happening. It was felt that no action should be taken until after the Housing Partnership meeting on October 16th.

Agreement with Grand Valley Housing Initiatives

Because interpretation discrepancies exist regarding decisions made at the Joint Meeting between Board Members of the GJHA and the Grand Valley Housing Initiatives (GVHI) on September 11th, Board Members were asked to share their understanding of final agreements. The issue is whether GJHA agreed to provide full financial support of \$40K for the employee's salary, plus additional compensation for services rendered support or just to provide \$40K for the salary. Dialogue prompted direction to Jody for a Memorandum of Understanding to be written and sent to the GVHI Board indicating that GJHA will **only** provide financial support in the amount of \$40K for the employee's salary.

Teresa Coons left at 5:30 p.m.

Staffing Proposal

Jody reiterated the need to reinstate the staffing position lost last year as she distributed her memo dated September 29th regarding a proposed staffing reorganization. Because of the long duration of this meeting, the Board will review this proposal individually and come prepared to discuss it at the next meeting.

3. Adjourn

With Erin's motion to adjourn, a second by Steve, and a unanimous vote, the Special Board Meeting ended at 5:45 p.m.