

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting

Monday, January 28, 2008
Housing Authority Offices
1011 North Tenth Street
11:30 a.m.

1. Call to Order

On January 28, 2008 at 11:40 a.m., the regular January Grand Junction Housing Authority (GJHA) Board Meeting was called to order by Board Chair Kathleen Belgard with ten individuals in attendance: four Board Members – Kathleen Belgard, Teresa Coons, Steve Heinemann, and Patti Hoff; and six GJHA staff members – Executive Director Jody Kole, Executive Assistant Kristine Franz, Development Director Don Hartman, Operations Director Lori Rosendahl, Accounting Supervisor Cheryl Sweers, and Finance Director Andre' van Schaften.

Ora Lee joined the group later.

2. Election of Officers of the Board of Commissioners for 2008

With nominations open for Board Chair for Fiscal Year 2007-2008, Steve was nominated by Patti with a second by Kathleen. There being no further nominations, the nominations were closed. Steve accepted the Board Chair position upon a unanimous voice vote.

With Kathleen's request for Vice Chair nominations, Erin was nominated by Steve with a second by Kathleen. There being no further nominations, the nominations were closed. With a unanimous voice vote, Erin was elected Vice Chair.

Congratulations Steve and Erin, and with the passing of "the gavel", Steve assumed Chair responsibilities.

3. Consent Calendar

With no discussion pertaining to the Consent Calendar items, a motion was made by Teresa and seconded by Patti to approve the Consent Calendar as presented. The Calendar, consisting of the *Minutes of November 19, 2007*, *Minutes of December 4, 2007*, *Resolution No. 2008-01 Designating the Location for the Posting of the Notice of Meetings and Establishing a Meeting Schedule for 2008 for the Board of Commissioners of the Grand Junction Housing Authority*, and *Resolution No. 2008-02 Authorizing the Write-Off of Bad Debts*, was unanimously approved.

4. Appointment of Board Member to Fill Vacancy on the FSS Program Coordinating Committee

The GJHA Board is represented on the Family Self-Sufficiency (FSS) Program Coordinating Committee (PCC) by a Board Member volunteering to serve a one-year term. In the past, Gi Moon has sat on this Committee but the completion of her term has created a vacancy. After brief discussion, Patti volunteered to be the GJHA representative, and with a motion by Teresa, a second by Steve and a unanimous vote, the motion passed. Thank you, Patti.

5. Presentation of the Draft First Quarter Financial Statements Ended December 31, 2007

With the Board having the opportunity to previously review the Draft GJHA Quarterly Financial Statements Ended December 31, 2007, Andre' opened the floor for any questions or discussion. Teresa's questions regarding the cash infusion to the Calling Mesa County Home Program and the 16% under budget in the Combined GJHA Operating Expenses were addressed and clarified.

Teresa also commented that the Financial Indicator Tables were quite helpful.

Ora arrived at 11:50 p.m.

6. Discussion of Potential Refinance of Ratekin Tower's First Mortgage with CHFA

Jody told the group that properties like Ratekin Tower were financed originally during a time period of high interest rates. The financing documents provided that if there was ever an opportunity to refinance when interest rates went down, that the Colorado Housing and Finance Authority (CHFA) and the U.S. Department of Housing and Urban Development (HUD) were authorized to complete the refinancing, keeping invisible to the project so the project debt service would not be lowered.

Both CHFA and HUD have a responsibility to reinvest the proceeds which can only be used by the original properties financed at the high interest rate, F.A.F. bond issue.

Several months ago, staff was contacted by CHFA inquiring if we would like to borrow money for Ratekin Tower improvements. Staff's answer was "no but would welcome some assistance with a refinance". The Agency's purpose would be two-fold: (1) reduce the debt load, and (2) reduce the debt expenses. If this should happen, it could mean the current mortgage at 4.78% could come down to 2%.

By reducing the mortgage expense, and/or energy-related expenses, Ratekin Tower should be in a better position to withstand unfavorable changes in HUD funding. Further, by reducing operating expenses, we should be able to generate a higher net cash at year-end – 75% of which must be used to reduce the balance of Ratekin Tower’s second mortgage, held by HUD.

In checking with the first mortgage holder, however, a pre-payment penalty (five-year lockout) is still in effect until September 1, 2008, expiring **after** CHFA’s final reinvestment date of March 31st.

(Note: It was later learned that the lockout expires August 1st, and that CHFA will be able to extend its reinvestment date beyond that August 1st date.)

Discussion continued addressing topics such as Ratekin Tower’s loan amounts, book value, and appreciation figures.

Staff will continue to work with CHFA on other funding possibilities and is likely to take advantage of available energy efficiency monies. Assessing Ratekin Tower for energy recommendations will be completed by staff in the near future.

7. Other Business

Cancel February 25th Annual Meeting

Jody informed the Board that Enterprise Community Investment, Inc. (Enterprise), the equity investor partner for the Arbor Vista Development, notified Don and her that due to the unpredictable stock market, fluctuating interest rates, etc., major investors are retreating and, consequently, Enterprise’s bid of \$.98/dollar on tax credits will have to take a downward price adjustment. She further explained that the adjustment is \$.03/dollar on tax credits, equating to a decrease of nearly \$280,000.

She stated that based on documented requests from the GJHA, CHFA has since increased the caps on the construction costs in our area as far as how they allocate tax credits, and the development will be eligible to receive more tax credits and therefore more equity investments from Enterprise. She continued outlining to the Board how staff reworked figures to put the development back to a balanced position and stressed, because of this volatile time, the importance of closing the Partnership Agreement and all related financing contracts just as soon as possible. The target date is the end of February.

Also noted was the potential that an Agency loan of Capital Terrace’s proceeds may be needed for the Arbor Vista Development. Those figures haven’t been calculated into the cost estimate at this time.

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February 12th, Don will travel to Denver to present the Arbor Vista Funding Request to the State Housing Board. Teresa will try to attend as well.

(Note: Don and Steve presented the Funding Request on February 12th to the State Housing Board. The full Funding Request of \$1.1M was approved.)

Expecting to put extensive time and effort into closing the equity investor contract by the end of February eliminates any staff preparation time for the rescheduled February 25th Annual Meeting, so the Board was requested to consider postponing the Annual Meeting. Granting the request, the Annual Meeting was postponed with a date to be determined later.

Village Park

In complying with the Board's earlier request that the homeowners and commercial owners in the Village Park area be contacted by staff to solicit their opinion regarding the Agency's intentions for the Village Park Development, a meeting was held with the commercial owners on January 23rd. Owners conveyed a very supportive attitude for a commercial office building along Patterson Road and were somewhat positive regarding limited cross access through the parking lot.

On January 24th, a meeting was held with the homeowners, whose position was also supportive of an office building as part of the development. Their annual homeowners' association meeting will be held on May 31st, and they have requested a visual of the development to show at the meeting. This January 24th meeting will be highlighted in the homeowners' newsletter, for the benefit of those not in attendance. If the Board proceeds in this direction, a reminder was issued that approval from the homeowners to change the subdivision covenants would require a positive vote of 2/3 of the voting homeowners.

Extensive discussion ensued regarding whether the development should be all residential or residential/commercial. Various options for the existing main GJHA office building were talked about with the Board encouraged to continue deciding on their preference.

Linden Pointe Vacancies

Teresa expressed her concern over Linden Pointe's vacancy loss, as reflected in the draft quarterly financials. Lori explained that raising the rents as well as the vacant Property Manager position had everything to do with the loss. The Property Manager position has now been filled and Linden Pointe is currently 100% leased so the next quarterly financial figures should improve.

(Note: Lori announced that all properties are fully leased with the exception of Lincoln Apartments, where there are only a couple of vacancies.)

Project-Based Voucher Process

Due to the energy boom and the explosive rental market in the Grand Valley, the Agency is having a difficult time leasing up all its Vouchers because of landlords raising the rents or renting to other families, which is decreasing the number of available units.

Because of that, a Request for Proposal (RFP) was issued in December seeking local properties interested in receiving Project-Based Vouchers. Two entities responded: Hilltop/The Atrium, for three of its properties; and the Phoenix Project, for one property.

The assessment panel met earlier today and awarded four Vouchers to The Phoenix Project and twelve Vouchers to Hilltop/The Atrium. The Vouchers will be attached to the individual units and the Agency will enter into a contract with each entity.

Random Digital Dialing

Again, because of the energy boom in the Grand Valley and the rising rents/decreasing affordable rental properties, several months ago and at the direction of the Board, staff requested permission from HUD to increase the payment standards to 120% of the Fair Market Rents (FMRs). This request was declined by HUD. The only other way to get an increase in the FMRs is by having the very costly Random Digital Dialing (RDD) process conducted by an outside source that combines the results into supportive statistical data for HUD's review. Lori announced that this RDD process, funded by HUD, has just begun in the Mesa County area. Press releases have been sent to the media, encouraging renters to respond to this important survey.

Presentation by Grand Junction City Attorney

At the April Retreat, clarification of the 2007 Board/Staff Goals established in January was further defined. Among those Goals was a presentation requested of Grand Junction City Attorney John Shaver covering topics such as Board Member roles, governmental procedures, etc. Scheduling a convenient time for everyone involved has been challenging. After brief discussion, Jody volunteered to contact John again to schedule a date.

3257½ Mesa Avenue

The Agency purchased on a lot at 3257½ Mesa Avenue and closed on the lot January 9th, with the intent to utilize it by moving a house onto it in cooperation with Mesa State College, thereby accepting the College's offer of a house that would otherwise be demolished during its expansion process.

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A moving assessment completed by a house mover, however, determined that any of the houses Mesa State had proposed to move are too wide to move to the Mesa Avenue lot. The route to the lot is not conducive to moving a house due to low utility wires and a narrow street passage.

As Don distributed his January 28th memo, he outlined lot sale options for the Board's consideration. Staff's recommendation is to sell the lot to break even. Discussion continued addressing other possible alternatives. Steve requested to know how the lot is zoned and advised that staff "mark time". Steve will go look at this lot and will offer his recommendations at a later date.

Arbor Vista Groundbreaking

Jody announced the tentative date for the groundbreaking at Arbor Vista is April 1st. (Note: That date has been rescheduled for sometime later in April.)

8. Adjourn

With no further business, the regular January Board Meeting was concluded at 12:53 p.m. with a motion by Teresa, a second by Patti, and a unanimous vote.