

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting

Thursday, May 29, 2008
Housing Authority Offices
1011 North Tenth Street
11:30 a.m.

1. & **Call to Order**
2. **Roll Call Vote to Move into Executive Session to Receive Legal Advice – Specifically Contract Negotiations C.R.S. 24-6-402(4)(b)**

The rescheduled Grand Junction Housing Authority (GJHA) May Board Meeting was called to order by Steve Heinemann at 11:40 a.m. and directly moved into an Executive Session with a motion by Kathleen, a second by Erin, and a unanimous roll call vote. Those present for the Executive Session included Board Members Kathleen Belgard, Erin Ginter, and Patti Hoff; Executive Director Jody Kole; and Attorney Betty Bechtel with the law firm of Bechtel & Santo, LLP.

3. **Roll Call Vote to Move out of Executive Session and Return to the Open Meeting**

At 12:15 p.m. Betty Bechtel left the meeting and the group moved out of Executive Session and into the regular open meeting with a motion by Kathleen, a second by Erin, and a unanimous roll call vote.

5. **Consent Calendar**

In the essence of time, Agenda Items #4 and #5 were reversed, allowing extra time for individuals to arrive for the open portion of this Board Meeting. Participants present for this portion of the meeting included: Executive Director Jody Kole, Executive Assistant Kristine Franz, Development Director Don Hartman, Operations Director Lori Rosendahl, Accounting Supervisor Cheryl Sweers, Finance Director Andre' van Schaften, and guest Mr. Paul Marx.

The Consent Calendar, consisting of *Adoption of Minutes of February 25, 2008, Adoption of Minutes of February 28, 2008, Adoption of Minutes of March 13, 2008, Adoption of Minutes of April 28, 2008, and Approval of Resolution 2008-07 Authorizing Credit Cards for GJHA Supportive Services Staff*, was approved with a motion from Erin, a second by Patti, and a unanimous vote.

4. **Welcome to Guests**

A welcome was extended to Mr. Paul Marx. Due to the vacant Resident Board position created by the departure of Tisha Petelo, Paul attended the meeting to observe the process and either confirm/negate his interest in Board participation.

6. Presentation of the Proposed Changes in the GJHA Agency Plan/Annual Plan Update

With prior review of the proposed Administrative Plan Changes for Fiscal Year 2008-2009, Board Members had only one question. Concerned about the food service industry and its workers, specifically waitresses and waiters being affected in a negative manner, Erin asked for clarification to the proposed change regarding Chapter 6-Waiting List Selection-Voucher Admin. Plan. The current Policy reads, *“in order to receive the working preference families must work 20 or 32 hours depending on their family status”* and the proposed change would read, *“families must earn at least the applicable Federal Minimum Wage per hour in order to qualify as a “working family”*. Lori assured the Board that this verbage wouldn't be detrimental to the food service industry workers because they are covered under the proposed Federal Minimum Wage Law.

Lori announced that the required Open Public Hearing for the Administrative Plan Changes will be held at the June Board Meeting, and that the complete GJHA Agency Plan will be ready for the Board Chair's signature.

7. Presentation and Formal Acceptance of GJHA Audit for Year Ending September 30, 2007, Crystal Brook, LLLP and Linden Pointe, LLLP for Year Ending December 31, 2007

In seeking Board approval of the audited financial statements for GJHA for Year Ending September 30, 2007, and Crystal Brook, LLLP and Linden Pointe, LLLP for Year Ending December 31, 2007, Cheryl referenced her May 21st Board memo and highlighted the following major points.

- GJHA received a clean, unqualified opinion on all entities.
- One finding relating to internal control for payroll, specifically separation of duties, was noted.

Note: This issue was actually addressed and resolved by the Finance Department prior to the audit.

Cheryl identified the auditors' four oral comments as follows:

- Component unit – Grand Valley Housing Initiatives (GVHI) should be deemed a component unit of GJHA.
- New standards for internal control – auditors required to obtain better understanding of entity's environment and internal controls to access where risks of misstatements are. GJHA currently reviewing internal controls.
- New standard relating to the preparation of financial statements – auditors will determine if a Housing Authority is qualified to prepare audited financials. CPA on GJHA staff will continue education relating to governmental accounting requirements.

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- Approved vendors list - to ensure no payment is made to false vendors. Since software used by GJHA doesn't accommodate this need very well, an independent review is performed after checks are cut, verifying check sequence, approvals and vendor.

Of the auditors' four oral comments, the component unit, GVHI, was the one discussed extensively. Erin requested a budget review for GVHI, to which Jody stated that currently there is no adopted budget but the entity has been working from a proposed one. Erin's question regarding if the Housing Authority doesn't give Housing Initiatives any funding in the future, does the Agency have to/want to comply with the audit comment that GVHI should be included in the financials of GJHA was answered by Jody who replied that for the purposes of the audit, this current fiscal year will be examined. While GVHI is receiving \$40,000 in funding, plus in-kind donations as well as office space from GJHA during this current fiscal year, GVHI is considered part of GJHA and must be included in its audit. Erin asked if this component unit issue would be eliminated if, in the future, GVHI didn't receive GJHA funding, and what the auditors used as a measuring stick (in-kind donations, office space) that dictates inclusion. Jody responded that the auditors spelled-out their tests in the memo in the Agenda materials.

In response to Patti's question, Jody explained that GVHI provides primarily homebuyer education, pre-purchase, and foreclosure counseling and that those services have been incorporated with the Calling Mesa County Home Program to operate under the GJHA's umbrella to the extent that if a GJHA client needs financial counseling to move toward homeownership, GVHI could provide that service.

Erin and Jody both noted that during the past year, the GVHI counselor has attained U.S. Department of Housing & Urban Development (HUD)-Certified Counselor status and now the entity's self-sustaining goal seems somewhat more attainable if that is the chosen direction and if HUD grant funding is obtained.

Jody shared with the group the following issues:

- She continues receiving mixed feedback from members of the Initiatives Board on whether to step down to an advisory role, with Housing Initiatives moving back under the Housing Authority umbrella.
- A challenge faced this current audit year is that GVHI's operational activities and financial activities will become part of GJHA's audit. Jody expressed concern over GJHA being held accountable for activities that are not within its control.

Extensive conversation ensued regarding the responsibility and accountability for this entity. Erin suggested that a meeting be held with the GVHI Board, and Jody asked that this dialogue happen sooner rather than later.

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Erin volunteered to part of a subcommittee to meet with representatives of the GVHI Board. Jody mentioned that the Initiatives Board requested that Kathleen be appointed to the Board as the GJHA Board representative. Jody was given direction to initiative a meeting between the two entities prior to the Annual Meeting, in hopes of reaching a resolution by the end of June.

Noting that the audit information has been provided to the Finance Committee, and with no further discussion, a motion approving the audited financial statements for Grand Junction Housing Authority for Year Ending September 30, 2007, Crystal Brook, LLLP and Linden Pointe, LLLP for Year Ending December 31, 2007 was made by Erin, seconded by Kathleen, and unanimously approved.

8. Report from Finance Committee

Referencing his May 19th Finance Committee Meeting Summary Report, Andre' gave a brief overview:

- Meetings are held quarterly.
- Committee reviewed extension of financial indicators for the prior quarter ending March 2008.
- Committee reviewed schedules showing six prior quarters of selected financial indicators for each property.
- Schedules with indicators for Vouchers and Next Step Programs ending March 2008 were presented and Committee Members were requested to review prior to the next meeting.
- Direction was requested from the GJHA Board regarding what additional information might be useful to the Board.
- A Board Member was requested be part of this committee.

Patti was volunteered and she accepted the assignment. It was suggested that the new Resident Advisory Board Member should participate on this committee as well, as a learning opportunity.

9. Appointment of Board Members to *Doors 2 Success* Board, Grand Valley Housing Initiatives Board, and Finance Committee

Lori's Board memo dated May 27th requested three separate Board appointments – one to the Finance Committee, one to the new non-profit *Doors 2 Success* Board, and one to the GVHI Board.

As addressed earlier, Patti was volunteered to be the Board representative on the Finance Committee and Kathleen was requested as the Board representative on the GVHI Board. Erin volunteered as the Board representative on the *Doors 2 Success* Board. These three

Board appointments were formalized with a motion by Steve, a second by Kathleen, and a unanimous vote.

10. & Report from Real Estate Committee with Follow-up Discussion

11. Development Update

Upon Don's request, Lori updated the Board on the condo unit the Housing Authority owns in Patterson Gardens. With \$116K owing on the unit and no HUD restrictions, the unit is currently being rented for \$900. Staff is requesting Board direction on whether to sell this unit or continue to hold and rent it. The Real Estate Committee's recommendation was to sell it, giving first priority to a GJHA client. The Board agreed that the property be sold at market value.

Arbor Vista

As Don distributed Arbor Vista construction photos and the Pending Change Order (PCO) Log, he referenced the previously distributed Development Update Report and summarized the project's current status:

- Two framing crews on site – next week there will be three framing crews.
- In explaining the format of the PCO Log, Don expressed some frustration over submitted Change Orders and noted that he and Jody have meet with Steve and Kathleen on some issues. The Available Contingency total of \$474K has been reduced to a figure of \$380,691.31 by accepted Change Orders totaling \$93,308.69.

Steve asked the status on the Governor's Energy Efficiency Grant, to which Don gave a brief recount. Before the Tax Credit Application was submitted to the Colorado Housing and Finance Authority (CHFA) and during preliminary meetings held with both the architect and contractor, Don and Jody expressed GJHA's desire to use energy-efficient materials, which would qualify Arbor Vista for these grant funds. These costs were never incorporated into the architect's drawings nor in Shaw's cost estimates and construction contract. This fact only recently came to light. Don identifying these costs as *Change Order No. 501 Compact Fluorescent Lighting, No. 503 Insulation Upgrade, No. 506 High Efficiency Boilers, and No. 508 High Efficiency Water Heaters* as shown on the PCO Log. Besides being aware and conscientiously trying to reduce rising energy costs, the inclusion of these energy-efficient materials in the contract will net GJHA approximately \$45K. The Governor's Energy Office will reimburse the Housing Authority \$85K, of which Arbor Vista will carry \$40K additional expense. As this Energy Efficiency Grant is time sensitive, materials have been purchased and receipts submitted to CHFA. Upon CHFA's review, a reimbursement request to GJHA will be submitted to the Governor's Office.

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Jody and Don met with Steve Meyer to review this problem and to negotiate a resolution. Jody informed the Board of Steve Meyer's position: while firmly believing that Shaw isn't responsible for this error, Shaw has agreed to accept half the additional cost. As noted in an earlier meeting and addressed again, Shaw requested, as an incentive, to share in the bonus from Enterprise of \$8600/building for early building delivery, should Shaw bring the buildings on line earlier and GJHA completes lease-up earlier than projected. The Board agreed to consider that request if any buildings come in early and there is a bonus involved.

Addressing *Change Order No. 503 Insulation Upgrade*, in Don's opinion, this error was clearly the responsibility of Odell Architects. Documentation supported GJHA's request for R-49 insulation, but the drawing specifications showed R-38 so, consequently, that is what Shaw Construction priced. A verbal responsibility commitment was received from Odell Odell, but later correspondence indicated accepting responsibility for a third of the cost, (approximately \$4K) and requesting the balance be given in services already provided or yet to be received (such as marketing materials for Arbor Vista, model floor plans, etc.). Negotiations are on-going.

Floor covering alternates are being researched for the Americans with Disabilities Act (ADA) units. Specifications call for carpet and sheet vinyl throughout the entire project. However, there are issues involving floor damage by wheelchairs to ADA units. Estimates on vinyl strip flooring and glue-down commercial grade carpeting are being sought because of better durability. Upgrading the carpet is also being considered. Erin asked what type of flooring, carpet versus vinyl, is preferred by individuals in wheelchairs. It's presumed that a solid surface for manual wheelchairs would be better but noted that the mechanical chairs can grind and damage the vinyl. Steve mentioned a rubber flooring product so Don will investigate this product.

Steve commented that at this point in construction, with a large amount of the excavation finished and tight concrete bids, he believes the project is in good shape.

The Energy Impact Assistance Application has been completed and submitted to the Colorado Department of Housing (CDOH), and GJHA is awaiting receipt of the contract. The CDOH representative, Bill Whaley, assured Don that the Grant Request for \$1.1 Million will be expedited and funding receipt is anticipated by the end of June 2008, instead of September 2008.

It was also noted that Grant request issues are being worked with the Federal Home Loan Bank of San Francisco.

2817 ½ Elm Avenue

The house is currently leased.

Village Park

As reported in previous meetings, positive feedback was received from the commercial and residential neighbors of Village Park regarding a GJHA office building on this site. The owners requested that a visual presentation be given at their Annual Homeowner Association Meeting the evening of May 31st. Chamberlin Architects was contracted to provide three conceptual designs. These designs were reviewed by the Real Estate Committee who recommended presenting the mixed use development concept with a new GJHA office/residential mix. Distributing the design, Don clarified there is 24,000 square feet of office space and/or shop space plus 100 residential units, 53 commercial parking spaces, and 180 residential parking spaces. Additional development amenities were also noted. Jody asked that “draft” be stamped on the design to eliminate any misunderstandings. This is only one of the options GJHA will be considering for this property.

Bookcliff Squire

At an earlier Board Meeting, a rough design, drawn by Odell Architects as a “pro bono” preliminary design, was distributed. This design was also reviewed by the Real Estate Committee who recommended that a Request for Proposal (RFP) for conceptual design be issued. Staff will begin working on this RFP.

3257 ½ Mesa Avenue

The single family lot at 3257 ½ Mesa Avenue was purchased some time ago for the Mesa State house moving project. Keep the lot for future development was the recommendation of the Real Estate Committee.

Real Estate Committee Update

Other topics discussed at the Real Estate Committee meeting included the following:

- A status update of affordable housing financial resources was given by Jody.
 - There is a decline in the per dollar of tax credit equity available in the current market, thereby requiring more tax credits per development and the need for alternate sources of funding.
 - State of Colorado funds have been committed through 2008/2009 fiscal year.
 - As a side note, the biggest challenge with Village Park will be financing this development.
 - A conversation with demo/dispo expert Rod Solomon was held and he agreed to seek clarity from HUD on constraints in spending proceeds from the sale of Capital Terrace Townhomes on real estate. When the request for approval of disposition was submitted, GJHA identified five ways of

investing the proceeds. Conflicting information is being received on whether Davis-Bacon wages would apply to anything if the money were spent on acquisition of real estate.

- Received an offer of partnership from Rocky Mountain Mutual Housing (RMMH). Two rental developments are owned by that entity and RMMH wants GJHA to be a fractional owner, thereby exempting the entity from property taxes. The Real Estate Committee has requested additional information.
- Consideration of an offer to purchase two multi-family developments that might be for sale. Upon the recommendation of the Real Estate Committee, a letter of interest for purchase will be drafted for one development. (Pictures were distributed.)
- Various offers of parcels for sale were discussed but none were recommended for acquisition.

Additional discussion ensued revolving around certain properties for sale, entities looking for partnerships, and a possible partnership in Downtown Grand Junction for a senior campus. Jody advised that the City of Grand Junction just allocated \$80K of Community Development Block Grant Funds to pursue planning around that concept.

12. Discuss Involvement/Interaction with Grand Valley Housing Initiatives

This Agenda Item was previously discussed under Agenda Item No. 7.

13. Other Business

HomewardBound Celebration

HomewardBound's Executive Director Teresa Black invited the GJHA to join HomewardBound in a joint event celebrating ownership of the Grand Valley Homeless Shelter building with the disbursement of the last mortgage payment. General consensus indicated that GJHA would decline participation.

City Attorney Providing Board Training

Several unsuccessful attempts have been made to schedule a Board training session with Grand Junction City Attorney John Shaver covering Board governing issues. June 19th from 10:00 a.m. to 12:00 noon was the date selected. Absent Board Members will be contacted for confirmation.

Electronic Board Packets and Monthly Calendars

Board Members were in joint agreement that the hard-copy Board Packets were preferred over the electronic version, so effective immediately the electronic Packets will be

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eliminated. The group also concurred that the monthly calendars were very informative and didn't want that document removed from the Packet.

Annual Meeting Date

In trying to reschedule the Annual Meeting, the regular Board Meeting date of June 23rd was proposed and agreed upon. A limited amount of Housing Authority business will be addressed prior to guests arriving for the Annual Presentation. Meeting times will be determined soon.

Colorado NAHRO Conference

Reporting on the Colorado NAHRO Conference, Lori indicated that it is a strong solid conference and provided good staff training. Staff also was able to spend time with individuals from HUD and HAB, Inc. addressing various issues. GJHA has been set up as a beta test site by HAB, Inc.

Board Financial Tutorial

The Board Financial Tutorial has been scheduled for June 11th at 10:00 a.m. where the Finance Department will review financial statements in more depth for better understanding.

At the July meeting, Lori will share information received from an outside entity that also provides Board financial training for future consideration.

14. Adjourn

With business concluded, the May Board Meeting was adjourned at 1:50 p.m. with a motion by Patti, a second by Erin, and a unanimous vote.

