

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
Regular Meeting

Monday, October 27, 2008
Housing Authority Offices
1011 N. Tenth Street
11:30 a.m.

1. Call to Order and Recognition of Kathleen Belgard's Last Board Meeting

The regular October Board Meeting of the Grand Junction Housing Authority (GJHA) was called to order at 11:34 a.m. by Board Chair Steve Heinemann, with the following individuals in attendance: Board Members Kathleen Belgard, Teresa Coons, Erin Ginter, Patti Hoff, and Ora Lee; Staff Members Executive Director Jody Kole, Voucher Program Supervisor Keith Antonson, Executive Assistant Kristine Franz, Development Director Don Hartman, Accounting Supervisor Cheryl Sweers, and Finance Director Andre' van Schaften.

Due to term limits for the Board of Commissioners and upon completion of ten years of dedicated service to the Agency, today "goodbye and thank you" were conveyed to Kathleen Belgard, as this was her last Board Meeting. A plaque, acknowledging her efforts and dedication to GJHA was presented to her, and a dinner in her honor will be held on November 18th.

2. Consent Calendar

Prior to approval of the Consent Calendar, consisting of the *Adoption of Minutes of September 22, 2008 and Resolution No. 2008-14 Authorizing the Write-Off of Bad Debts*, a request concerning the proposed Write-Off of Bad Debts came from Ora, asking for clarification of how often bad debts are written off and why these amounts are larger than normal. Addressing her concerns and recognizing that the majority of the write-offs were defaulted loaned security deposits, the group reviewed the five Programs (Linden Pointe, Next Step, Family Self-Sufficiency, Housing Advocate, and Vouchers) for the causes and write-off frequency.

Demonstrating a very proactive role in default prevention, Keith outlined GJHA's improved internal collection procedures that were developed and implemented by him in an effort to reduce/eliminate defaults.

The Agency's external collection procedures were also explained by Keith; and Cheryl noted that these bad debts have already been turned over to the collection agency.

Erin asked of what portion of the total loaned security deposits are in default. Cheryl will gather this information and send an e-mail to Board Members.

(Note: This information was later e-mailed to the Board.)

Lengthy group dialogue followed covering the following topics or further clarifying existing measures already in place dealing with deposit assistance amounts, repayment guidelines, timing of monthly repayments, structure of the note regarding assignment of rents and leases, percentages of clients receiving the 30, 60, 90-day late notice letters followed by termination letters, sending the first late notice at 10 days instead of 30 days, granting extension time for repayment with lower payments, the Housing Advocate contacting defaulting clients, and Voucher Program fraud (generally due to unreported income or additional adult(s) living in the home) with the associated repayment agreements.

Jody noted that the Security Deposit Fund is nearly depleted, so loans will be suspended until such time when the Fund is healthy again from monies received from those making payments. Revisions to the entire Security Deposit Program are being addressed by staff, and particular attention will also be given to improving the ability of tenants to repay and the frequency of tenant contacts.

A motion made by Erin and seconded by Teresa to adopt *Resolution No. 2008-14 Authorizing the Write-Off of Bad Debts* was revised to also include the adoption of the *Minutes of September 22, 2008*. This amended motion to approve the entire Consent Calendar, also made by Erin and seconded by Teresa, was unanimously approved.

3. Approval of Resolution No. 2008-15 Appointing Individuals to the *Doors 2 Success* Board

As discussed in previous Board Meetings, a partner non-profit organization with 501(c)(3) status, *Doors 2 Success*, has been created to seek out much needed grant and donor funds for all Supportive Services' Programs.

In Lori's absence, Erin briefed the group on discussion at a recent meeting with the proposed Board Members. With GJHA Board Members in agreement, the request to appoint the recommended five individuals, Joe Gudorf, Leslie Henderson, Karla Kitzman, Linda Spencer, and Erin Ginter as the GJHA Board Representative, to the *Doors 2 Success* Board, was approved unanimously with a motion by Teresa and a second by Patti.

4. Presentation of Quarterly Financial Statements Ended September 30, 2008 for all GJHA Programs

Preliminary Financial Summaries and Financial Statements for GJHA Programs ended September 30, 2008, were presented by Andre' and Cheryl, with highlights noted below. As these are preliminary statements, changes are to be expected after the audit the week of November 10th.

- Summary of Cash Activity
 - General Fund has about three and a half months of operating expenses in the unreserved cash balance (Board policy is to have three months of operating expenses available.)
 - Balances in Ratekin Tower's Replacement Reserve and Capital Terrace's sale proceeds decreased due to a draw and the pay off of the mortgage on Village Park land, respectively.
 - Under the Property Plant and Equipment Category, the Land line item decreased due to the sale of land to Arbor Vista, L.L.L.P.
 - Several Notes Receivable have been booked from Arbor Vista, pursuant to the terms of the Partnership Agreement.
 - Arbor Vista's Non-Restricted Account increased due to a GJHA Sponsor Loan, a City Loan and Deferred Developer's Fee.
 - The Homeless Shelter receivable is completely paid off.

- The Vouchers Equity Analysis was reviewed, illustrating the split between the Admin and Housing Assistance Payment (HAP). Jody explained that left over HAP money at year end is locally-held Restricted Reserve for any overage in HAP expenses the following year, per the U.S. Department of Housing & Urban Development (HUD) regulations.

- Income Statement with Major Budget Variances
 - Total Operating Revenues are in excess of budget from higher Earned HAP and Admin Income and receipt of the Office of Energy Management (OEM) Energy Efficiency Grant by Acquisitions and Development.
 - Total Operating Expenses are more than budgeted due to higher repairs and maintenance costs at Ratekin and expenses at the main office building; timing differences in escrowed mortgage and property insurances, offset by lower HAP expenses from lower leasing levels; and lower legal and computer professional fees.
 - Non-Operating Income is higher than anticipated due to an earned (but not yet received) portion of Arbor Vista's Developer's Fee Income; higher gain on the sale of Capital Terrace; higher interest income from Capital Terrace proceeds; and lower than budgeted depreciation expense.

5. Presentation of Quarterly Financial Statements Ended September 30, 2008 for Crystal Brook Townhomes, Linden Pointe, and Arbor Vista

Financial highlights as of September 30, 2008 for Crystal Brook, Linden Pointe, and Arbor Vista were given by Andre' and Cheryl and are as follows:

- Comparative Balance Sheets
 - Cash decreased for both Crystal Brook and Linden Pointe due to payments of surplus cash to GJHA.

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- Arbor Vista has three notes payable (GJHA Sponsor Loan, City Loan, and Deferred Developer's Fee) to GJHA.
- Operating Statement with Budget Variances
 - Crystal Brook Net Loss exceeds projected due to higher Operating Expenses (eligibility-related overtime; timing of professional fees and insurance/taxes) and higher Non-Operating Expenses (lower interest income and higher depreciation expense).
 - Linden Pointe Net Loss exceeds projected due to higher Operating Expenses (eligibility-related overtime; higher repairs/maintenance due to large number of move-outs, etc.; unspent Legal Fees and lower Property Insurance Payments to CHFA).
 - Arbor Vista Net Loss is from accrued interest expenses on the GJHA Sponsor and City Loans and Deferred Developer's Fee interest.

Jody mentioned concern regarding the maintenance overages at Linden Pointe. Staff will be addressing this issue over the next several weeks.

In Lori's absence, Jody reviewed the Per Unit Cost (PUC) Tracking Schedule with the following comments:

- While explaining how HUD allows a certain dollar amount in an allocation to GJHA's Voucher Program and that HUD also makes some assumptions of average household cost per unit, Jody stressed that staff tracks month by month leased-up Vouchers as well as the actual per unit cost, watching the numbers closely.
- In reviewing the Agency's internal PUC Tracking Schedule, costs show a \$17 per unit/per month increase from October 2007 through September 2008.
- The utilization rate in units is 99% by number of units and 100.36% by dollars.
- GJHA is not over leased in the number of units allowed by HUD to lease, but is slightly overspent, as compared to HUD allowances, due to the overall rent inflation in the local market. Funds will be drawn from the prior years' HAP Reserve to cover this cost. Each year HUD is informed that the costs have increased far more than HUD expected and allowed for.
- HUD requires that tracking be done on both a fiscal-year and calendar-year basis, but its funding is based on the calendar year.
- As the result of the previous Random Digit Dialing Survey, HUD allowed a slight increase in the Fair Market Rents, and because the market is moving so rapidly, it is difficult to keep up.

It was noted that roughly 50-60 Voucher Holders are house hunting with little to no affordable availability. Consequently, GJHA staff routinely grants extensions to Voucher Holders, especially for disabled households.

6. Update on Arbor Vista Plus Construction/Delivery Update

Arbor Vista

Don began his presentation with exciting news that Arbor Vista will be completely finished by February 2nd, which is almost three months ahead of schedule.

A map provided by Shaw Builders illustrating the areas/buildings and turn-over dates was distribution and are outlined below:

- Buildings A and B in Area 1 12-01-2008
- Buildings E, F, and G in Area 2 12-15-2008
- Buildings C and D in Area 3 01-05-2009
- Buildings H and I in Area 4 02-02-2009

An event is being planned for December 5th at 11:00 a.m. to celebrate the first 16 families moving into their units in time for the holidays and to promote marketing efforts for the remaining buildings coming on line.

GJHA has received \$990,000 of the \$1.1M Energy Impact Grant from the Colorado Division of Housing. A third request for funds has been submitted to the Federal Home Land Bank (FHLB) of San Francisco and is awaiting an attorney's review, by Bank of the West.

Besides providing the Board with the Pending Change Order (PCO) Log for Arbor Vista, Don also included Arbor Vista financials as of September 2008 showing a breakdown of line-item budgeted costs versus actual costs. Board questions were acknowledged and clarified regarding the syndication costs and land acquisition interest. It was also noted that the Contingency Balance is currently \$93,101.

Jody outlined the compliance requirements, listed below, that will follow completed construction. She reminded everyone that it is vital this process go smoothly because of the increasing interest costs with delays; and that accuracy is essential in selecting and qualifying residents.

- All units leased
- 90 days of operational breakeven (certified by auditor)
- Final allocation of Tax Credits, based on auditor's Cost Certification
- Close all permanent financing and equity installments

Bookcliff Squire and Walnut Park Developments

Don reported that with nine responses for architectural services on the housing expansion projects at Bookcliff Squire and Walnut Park, Blythe Group has been selected. The total fee of \$70K includes the schematic design, design development, and the cost estimate at design development. As this price includes both properties, Blythe has been asked for a breakout separating the two properties. The AIA Contract is under review by the Agency's attorney.

Don requested approval to sign the contract to move forward. There is a meeting scheduled for later today with Blythe and Grand Junction City representatives to discuss the projects.

With the Board in agreement, the request to sign the contract was approved with a motion by Patti, a second by Teresa, and a unanimous vote.

Village Park

With the real estate market in such turmoil, Don requested Board direction on the approach to the Village Park project. Don reiterated previously explored ideas to make the project financially feasible, which prompted discussion on other possibilities. Knowledge of other potential community development projects was shared as well.

With the group leaning toward moving forward with the design phase and in discussing the estimated costs and what funds the Agency could invest, Jody reminded the group of Capital Terrace's sale proceeds that had been "earmarked" for a variety of projects. Soliciting funding partnerships was discussed. Approaching City of Grand Junction staff on possible partnership participation will be considered.

8. Update on Ratekin Tower Refinance/Energy Audit

A worksheet listing proposed energy improvements at Ratekin Tower was distributed as Jody explained that this was the shortlist from specific recommendations made by Johnson Controls, the firm contracted with GJHA to produce a Ratekin Tower Preliminary Report and assessments of other GJHA facilities.

Lighting, new washers/dryers, electric Safe-T-Elements, and water efficiency were among the recommendations highlighted. Steve shared his concern over the water efficiency recommendation, particularly the low-flow toilets, and requested more data for review prior to a decision. Steve will be provided with more information, and Jody assured the Board that final decisions wouldn't be made without Board approval.

The proposed funding to cover these improvements comes from three different Ratekin Tower resources: Capital Improvement Replacement Reserve, the Laundry Reserve

(elected amount to be decided on by the Board), and the balance will be included in the refinancing package of Ratekin Tower.

As previously mentioned in earlier Meetings, Colorado Housing and Finance Authority (CHFA's) review is underway, evaluating the refinance of the existing mortgage balance combined with energy improvement monies. The maximum interest rate charged would be 2% for 25 years, and would allow an annual savings in the mortgage payment of approximately \$17K. Jody reviewed the financing process and timelines of CHFA and HUD, noting that it will be late January/February before this transaction is completed.

Johnson Controls will be assessing the remaining GJHA facilities in the near future with recommendations submitted as one package.

9. Review November and December Scheduled Board Meeting Dates for Holiday Conflict

As in every year, a conflict arises with the regular November and December Board Meeting dates and the Thanksgiving and Christmas holidays. Suggesting a "merged" date in early December rather than two separate monthly Meetings, the group decided to cancel the November Board Meeting and reschedule the December Board Meeting for December 8th at 11:30 a.m.

10. Other Business

Housing Colorado NOW! Conference

Reporting on the Housing Colorado Conference held in Breckenridge in October, Teresa encouraged everyone to attend next year as it is well worth the time. She also mentioned that the Grand Junction Catholic Outreach St. Benedicts Program won the prestigious Eagle Award.

Jody expressed how proud she was of the GJHA Staff in being well respected around the State. Also nominated for the Eagle Award was the Agency's own Next Step Program.

11. Adjourn

With business concluded at 1:05 p.m. and as her last "official act" as a Board Member, Kathleen made a motion that was seconded by Teresa and unanimously passed to adjourn the October Board Meeting.

