

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
Regular Meeting

Tuesday, May 26, 2009
Housing Authority Offices
1011 North Tenth Street
11:30 a.m.

1. Call to Order

Grand Junction Housing Authority (GJHA) Board Chair Patti Hoff called the regular May Board Meeting to order at 11:38 a.m. with the following 10 individuals in attendance: Board Members Teresa Coons, Steve Heinemann, and Paul Marx; Staff Members Executive Director Jody Kole, Executive Assistant Kristine Franz, Development Director Don Hartman, Operations Director Lori Rosendahl, Controller Cheryl Sweers, and Finance Director Andre' van Schaften; and guest Rich Krohn, the GJHA Attorney. Joining the Meeting later was Board Member Tim Hudner.

2. Consent Calendar

With no corrections/additions to the April 27th Meeting Minutes, unanimous approval was given to adopt the Minutes through a motion from Teresa, followed by a second from Steve.

Resolution No. 2009-07 Approving the Intergovernmental Cooperation Agreement Between Rio Blanco County and Grand Junction Housing Authority was adopted with a motion from Steve, a second from Teresa and a unanimous vote.

At Jody's request, Agenda items were rearranged, addressing Item No. 4 next.

Tim Hudner arrived at 11:40 a.m.

4. Adoption of Resolution No. 2009-08 Authorizing the Acquisition of 2910 Bunting and Authorizing Execution of Related Documents Including Entering into an Intergovernmental Agreement with Mesa County Pertaining to Establishing a Transitional Housing Program as Part of the Purchase of 2910 Bunting

The acquisition of the property at 2910 Bunting is another step closer to reality after the Mesa County Commissioners formally adopted the Intergovernmental Agreement with GJHA and committed \$600,000. County funding is from the Department of Human Services Temporary Aid to Needy Families (TANF) Reserve Fund that needs to be spent by June 30th.

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Jody thanked Lori, who together with three Mesa County employees, Len Stewart, Sue Tuffin, and Tracy Garcher, jointly moved this transitional housing endeavor forward.

The property is a 27-unit development, of which a minimum of 9 units will be made available as supported transitional housing for formerly homeless families, referred by HomewardBound of the Grand Valley, Grand Valley Catholic Outreach, and Latimer House.

Jody shared a bit of history in that the Grand Valley Homeless Shelter (GVHS) has had Vouchers for nearly 10 years, and has had a difficult time finding Grand Valley landlords with units that would accept a homeless person. The Bunting development is unique in the fact that it has 9 dedicated units set aside for homeless families, which is wonderful for the community.

Jody called the Board's attention to the original proposal of using \$100K from the proceeds of the Capital Terrace sale and \$100K of Voucher Admin Reserves as GJHA's portion of the acquisition. A slightly revised funding package was presented, showing an increase in GJHA equity investment, and a decrease in the annual debt service on the seller-carry financing. Authorization to spend \$200K from the Capital Terrace sale proceeds was requested. With no additional Board questions, *Resolution No. 2009-09 Authorizing the Acquisition of 2910 Bunting and Authorizing Execution of Related Documents Including Entering into an Intergovernmental Agreement with Mesa County Pertaining to Establishing a Transitional Housing Program as Part of the Purchase of 2910 Bunting* was adopted with a motion from Steve, a second from Teresa, and a unanimous vote.

5. Adoption of Resolution 2009-09 Approving Ratekin Tower Apartments' First Mortgage Refinancing

Staff continues to work on the refinancing of the Ratekin Tower first mortgage loan, which also includes net funds to cover some of the costs of the energy efficiency improvements proposed by Johnson Controls Incorporated (JCI).

Because none of the Colorado Housing and Finance Authority's (CHFA) essential loan documents were received until late last week, it is doubtful that the closing will occur this week as originally planned. GJHA staff has contract concerns that need to be resolved. Timing is critical. If the closing doesn't occur by May 29th, CHFA's loan commitment expires and there is no guarantee that CHFA will extend this commitment.

Note: CHFA did extend its loan commitment for an additional 30 days and the negotiation process continues.

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Explaining that there is also an unresolved issue with the JCI contract, Jody asked Rich to speak to the primary issue. Rich clarified that GJHA's concern is with "limitation of liability", and divided the issue into the following two areas, thoroughly explaining GJHA's position:

- The JCI contract states that JCI will only fix what breaks.
- The JCI contract states that its financial liability is limited to only the amount GJHA paid JCI for its services.

Working toward a compromise, Rich outlined GJHA's current draft contract response citing proposed language rework. Extensive discussion ensued with a Board question and answer session covering topics such as:

- What is the City of Grand Junction's (City) contract terms with JCI? The answer was that the City employed a contract drafted by the Governor's Energy Office.
- Suggested verbage inserted into the contract addressing negligence.
- Risks if JCI and CHFA won't negotiate on the proposed contract language changes.
- The proposed energy improvements helped to obtain HUD's authorization to refinance Ratekin Tower, so if a compromise is not reached with JCI, the HUD approval process would have to begin again.
- Resolution 2009-09 would give the GJHA Board Chair and Executive Director a wide latitude to approve and sign all requisite documents to get this transaction completed.
- Completion of this refinancing transaction is important to the long-term financial viability of Ratekin Tower.
- CHFA/JCI also have conflicts over each other's documents.
- Does GJHA have "Loss of Use" insurance protection, to which the answer was "yes".
- The Board was assured that if the transaction looks absolutely untenable, a special Board Meeting would be called requesting Board direction.

With Board Members in agreement to grant authorization to the Board Chair and Executive Director to negotiate with CHFA and JCI as needed and in the best interest of the Agency, *Resolution 2009-09 Approving Ratekin Tower Apartments' First Mortgage Refinancing* was unanimously adopted with a motion from Teresa and a second from Tim.

Rich Krohn left the Meeting at 12:16 p.m.

3. Voucher Funding Update

Referencing her May 20th memorandum, Lori reiterated that the GJHA Voucher Program has been operating under a Continuing Resolution at 2007 levels since January of 2009, because Congress was delayed in passing a budget for Fiscal Year 2009.

On May 8th, notice was received of the actual calendar year 2009 budget from the U.S. Department of Housing and Urban Development (HUD). As in previous years, HUD based current funding on the previous year's expenses, so funding for 2009 was based on 2008 expenses, resulting in an anticipated funding deficit of approximately \$450K. There is enough Voucher Program Net Restricted Assets from previous years to cover the deficit, if necessary, but depleting these Reserves is not a preferred option. With HUD allowing Housing Authorities to submit funding requests for set aside funds, Lori announced that requests for the \$450K shortfall, portability cost increases, unforeseen circumstance costs, and extra leasing costs were submitted. Jody added that the funding request to HUD identified more funding for the first 5 months of the year and frontloaded the next allocation. This will improve cash flow in the short term but the supplemental request needs to be granted so the net Restricted Assets Reserve isn't totally drained.

Conversations with staff members from Senator Bennett and Congressman Salazar's offices have resulted in letters of support for GJHA to be granted funding from HUD's set aside funds and will be mailed shortly. Teresa suggested that Senator Udahl's office might also be contacted for support.

Lori stressed that another consequence to HUD's funding shortfall is that no names will be pulled from GJHA's Waiting List in this Fiscal Year, except those that qualify for the Family Unification Program Vouchers for the Bunting property, since they by-pass the Waiting List. Lori also mentioned that she is receiving calls from Grand Valley property managers/landlords saying that they can't fill their units because Vouchers aren't being issued. The rental market is beginning to shift downward with vacant units surfacing, however, rents aren't decreasing yet. It's anticipated a decline in rent amount won't occur for a few more months.

Further discussion addressed the Grand Valley's previous lack of 1-bedroom units. Lori explained that during the tight market, 2-bedroom units had to be substituted for 1-bedroom units in order to fill the need of GJHA's disabled clients, thereby decreasing the 2-bedroom unit availability. Now that the market is relaxing, staff will be requesting these disabled clients to consider moving to a 1-bedroom unit as long as no hardship is created. This will release more available 2-bedroom units.

Lori also informed the Board that GJHA won't lease-up to its baseline of 10,720 Voucher unit-months this year because of the shortage in funds.

On a positive note, Vouchers earmarked for special needs, such as Family Unification, Mainstream for persons with disabilities, and Veteran-assisted supported housing, etc. are being allocated in the new Federal 2009 Budget and the proposed 2010 Budget. Interested agencies will be able to compete for these additional Vouchers, for which GJHA always applies.

Lori mentioned that the formula for the Admin Fees calculation hasn't changed and is still based on the number of units leased. She commented that as a private landlord, GJHA only receives one-third of the normal Voucher Admin Fees when a Voucher-holder leases a GJHA-owned unit.

Board Members were reminded of the GJHA Landlord Luncheon on June 23rd and encouraged to attend. This is an annual event honoring GJHA landlords, who contribute greatly to the community and GJHA Programs by helping families in need of housing.

6. Adoption of Resolution 2009-10 Adopting Revisions to the Consolidated Budget for Fiscal Year 2008-2009

Prior to the 2009 Budget Revision presentation, Jody commented that budget revisions are normal for a governmental entity because of several reasons, naming the necessity of early budget adoption, changed circumstances, and items inadvertently overlooked as examples. Accompanying budget revisions is the government requirement of requesting the Board to authorize the expenditures that change.

Referencing the previously distributed May 21st memo addressing the 2009 Budget Revisions, Andre' and Cheryl spoke to the documents and supporting backup. Arbor Vista development and Voucher funding are at the top of the list of primary revisions. Major revision highlights included:

- General Fund
 - Anticipated receipt of approximately \$330K for Arbor Vista Incentive Developer Fee.
- Acquisitions & Development
 - Several "in and out" fund transfers.
 - Developer Fees for Walnut Park and Bookcliff Square aren't expected this year.
- Ratekin Tower
 - Legal fees for refinance process, in excess of those anticipated.

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- Walnut Park
 - Development plans are on hold at this time.
- Capital Terrace Town Homes
 - \$123K transferred to Arbor Vista.
 - \$200 transferred for the Bunting purchase.
 - No transfer of funds to Bookcliff Squire or Village Park Developments.
- Bookcliff Squire
 - No “transfer in” of development funds.
- Vouchers
 - Budget authority revision.
 - Housing Assistance Payment (HAP) expenses higher per unit than originally anticipated.

Cheryl noted that any changes for this fiscal year that result in a negative cash flow are covered by prior year equity carry-forward, and that no Fund will have a negative cash balance as a result of the 2009 activity.

All GJHA Programs requesting United Way funding allocation received financial support. GJHA funding allocation was down about 8-12% from last year, but GJHA staff was appreciative of the grants.

With a motion by Teresa and a second from Paul, *Resolution No. 2009-10 Adopting Revisions to the Consolidated Budget for Fiscal Year 2008* was unanimously approved.

7. Presentation and Formal Acceptance of GJHA Audit for Year Ending September 30, 2008; and Crystal Brook, LLLP; Linden Pointe, LLLP; and Arbor Vista, LLLP Audits for Year Ending December 31, 2008

The GJHA is seeking acceptance from the Board of the following Financial Statements and Reports:

- Financial Statements with Independent Auditors’ Report for the Grand Junction Housing Authority
- Independent Auditors’ Report on Communications with the Audit Committee for the GJHA
- Audited Financial Statements for Crystal Brook, LLLP
- Audited Financial Statements for Linden Pointe, LLLP
- Audited Financial Statements for Arbor Vista, LLLP

Andre' reported that GJHA received a clean, unqualified opinion on all entities, and there were no findings. The auditors had several oral comments and GJHA staff has acknowledged and resolved those concerns. The auditors did not identify any deficiencies in internal control over compliance that are considered to be material weaknesses. Board Members extended congratulations to GJHA staff on a job very well done!

With a motion from Steve and a second from Teresa, the Board voted unanimously to accept the GJHA Audit for Year Ending September 30, 2008; and Crystal Brook, LLLP; Linden Pointe, LLLP; and Arbor Vista, LLLP Audits for Year Ending December 31, 2008.

8. Development Update

A brief development update highlighted with the following comments was given by Don:

- Arbor Vista
 - GJHA received the first and second equity installments from Enterprise and is working on the third installment that will coincide with the closing of the permanent loan.
 - Staff is working on compliance with CHFA for the permanent loan, which is scheduled to close the week of July 20th.
 - Don is working on the Final Application for Tax Credits that will be submitted in June.

- Village Park
 - On hold.

- Bookcliff Squire
 - Staff is working with Blythe Design Group Co. on the conceptual design, which will be discussed at the next Board Real Estate Committee Meeting.

- Walnut Park
 - Staff has met with the City Development Engineer who doesn't have any major issues with GJHA's expansion plans.
 - Staff has met with City Fire Department personnel who have determined that no new fire hydrants would be required because there is property access from surrounding roads.
 - Staff has met with Grand Valley Irrigation Company (GVIC) personnel who don't have any problems with developing units on the north side of the property between the easements. A GVIC camera inspection needs to be done to examine the drainage line prior to construction.

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- The GVIC plans to line the canal with concrete, which is an unexpected benefit for both Walnut Park and Bookcliff Squire. Seepage worries will be eliminated.
- Due to the positive response received from GVIC on developing units on the north side of the property, revised site plans will be presented for the Real Estate Committee's review. Options will include planning for 16 units instead of the original 8.
 - Board Members viewed the revised site plans as Don discussed proposed changes. Jody mentioned that a Board decision would be requested to decide whether all 16 units should be accessible units. To be compliant with the Americans with Disabilities Act (ADA), only 8 new units need to be accessible.
- Community Development Block Grant
 - Grand Junction City Council reviewed GJHA's Community Development Block Grant (CDBG) Application for \$100K on May 18th. The final hearing will be on June 17th.
 - Also have a \$140K City allocation.
- 2910 Bunting
 - A verbal confirmation has been received from the appraisal firm that the Bunting property appraises for the purchase price. The final appraisal is expected by the end of the week.
 - The Phase I Environmental Assessment determined that there are mill tailings in the southwest corner of the property. Removal is recommended so cost estimates have been requested.
 - The asbestos inspection revealed asbestos under kitchen stainless steel sinks, at the sound deadening material, in the laundry room linoleum, and in the linoleum at two apartments. If renovation work was ever done, a certified inspection company would have to do removal of the sinks.
 - \$361K from the 2008 City allocation and \$600K from Mesa County will go towards the purchase price of the Bunting property. The closing is scheduled for June 22nd.
- Real Estate Committee Meeting
 - The next Board Real Estate Committee Meeting is scheduled for May 29th at 11:00 a.m.

- Additional topics of discussion for the Committee includes the possible purchase of the 7 single-wide mobile homes available for sale from the Aspen Skiing Company, associated lot/land availability, and a financial analysis. Don briefed the group on preliminary findings. Teresa suggested talking with the Fruita City Council about a partnership to share in the development costs. Jody indicated that other non-profit entities might have some interest in purchasing the mobile homes if GJHA declines the opportunity.

9. Other Business

Board Property Tour

The annual spring tour of GJHA properties for Board Members is scheduled for June. The date and time will be determined later.

Board “Lunch and Learn”

June 12th is the next Board “Lunch and Learn”. The topic for this workshop will be on Voucher funding.

GJ City Council Board Assignments

A round of applause was given to Teresa when she announced that she would remain the City Council Representative on the GJHA Board for the 2009-2010 term. Thank you, Teresa, for your continued interest and dedication. You are a valued member of our team.

Staff Thank You

On behalf of the entire GJHA staff and herself, Jody expressed her gratitude to Board Members for their support and authorization of the one-time bonuses to all staff members for the successful “ahead of schedule/ahead of budget” completion of Arbor Vista. A luncheon celebration was held last week in recognition of staff efforts.

10. Adjourn

The regular May Board Meeting was adjourned at 1:12 p.m. with a motion by Steve, a second by Teresa, and a unanimous vote.

