

## MINUTES

Grand Junction Housing Authority  
Board of Commissioners' Meeting  
Regular Meeting

Monday, July 27, 2009  
Housing Authority Offices  
1011 North Tenth Street  
12:30 a.m.

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### 1. Call to Order

Prior to the regular Grand Junction Housing Authority (GJHA) July Board Meeting, participating Board Members met at the main office at 8:00 a.m. and were chauffeured on a tour of eight GJHA properties. Apartment interior walk-throughs at seven of the eight facilities were conducted. Interior/exterior areas at each facility were visited, focusing on property highlights, expansion plans, and maintenance upgrades. Upon the conclusion of this Annual Board Property Tour, the group assembled in the main office conference room to enjoy lunch prior to the start of the Board Meeting.

At 12:30 p.m., Board Chair Patti Hoff called the GJHA Board Meeting to order with all seven Board Members in attendance: Teresa Coons, Erin Ginter, Steve Heinemann, Tim Hudner, Ora Lee, and Paul Marx. Staff Members Executive Director Jody Kole, Executive Assistant Kristine Franz, Development Director Don Hartman, Operations Director Lori Rosendhal, and Finance Director Cheryl Sweers were also in attendance.

### 2. Consent Calendar

With no comments or questions regarding the Consent Calendar, approval of the *Adoption of Minutes of June 22, 2009*, and *Approval of Resolution No. 2009-14 Authorizing the Write-Off of Bad Debts* was given through a motion by Erin, a second by Teresa, and a unanimous vote.

### 3. Presentation of Quarterly Financial Statements Ended June 30, 2009 for all GJHA Programs

A narrative of financial highlights for the period ending June 30, 2009 addressing significant activity for the GJHA was previously provided to the Board for their review. Further variance clarification was given by Cheryl as documented below:

- Operating Statement
  - Vacancy loss is considerably lower than budget, reflecting a 2% vacancy rate.
  - Maintenance Labor Income is higher than budget, primarily due to unanticipated maintenance hours spent at Arbor Vista. Although the property is under warranty, maintenance workers have been called out to Arbor Vista to allow contractors access to make necessary repairs.

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- Grant Income – Mesa County Department of Human Services (MCDHS) line item is higher than budget due to receipt of \$600,000 for the Bunting property purchase.
  - Grant Income – DOH – Tenant Based Rental Assistance (TBRA) line item is lower than budget due to serving fewer clients than originally anticipated.
  - Grant Income – City of Grand Junction line item is higher than budget due to receipt of \$361,000 for the Bunting property purchase.
  - Utilities Expense is lower than the 15% budget increase.
  - Repairs and Maintenance Expense is lower than budget due to fewer hours spent at Lincoln and Walnut Park.
  - Professional Fees is higher than budget due to legal fees regarding the Ratekin Refinance and environmental issues relating to the Bunting property purchase.
  - Administrative Expense is lower than budget due to timing issues.
  - Housing Assistance Payments (HAP) is lower than budget, showing a .3% variance.
  - Non-Operating Income (Expense) is more favorable than budget due to funds received for the Bunting property, Capital Terrace Proceeds and Vouchers Admin.
- Allocated Cash Activity
    - Deposits were affected by receipt of funds from MCDHS for the Bunting property purchase.
    - Receipt of additional Voucher HAP money affected wires. Funds are a result of the U.S. Department of Housing & Urban Development (HUD's) re-benchmarking process and is an adjustment to make up for the funding shortfall. Vouchers net loss is currently \$365,903 and reflects GJHA's usage of prior year reserves to meet the current needs, consistent with guidance from HUD.
    - Receipt of Arbor Vista's Incentive Developer Fee affected wires.
    - Wires out in June included the transfer of \$600,000 MCDHS money and a \$75,000 transfer from Voucher Admin money, both to purchase the Bunting property.
    - The Housing Advocate Program's cash balance is being drawn down. Rather than support the Housing Advocate with General Fund monies, the Housing Advocate is supporting itself with remaining cash from prior years.
  - Other than Allocated Cash Activity
    - Ratekin Tower's Laundry Account balance reflects investing \$75,000 toward the Energy Conservation measures to be undertaken by Johnson Controls.

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- Capital Terrace Sales Proceeds Account reflects providing \$200,000 toward the Bunting property purchase.
- Per the Partnership Agreement, Arbor Vista funded a \$65,000 Lease Up Reserve Account.
- Arbor Vista's construction cash has been used to pay down the construction loan, leaving approximately \$3.6M due on the construction loan.
  - Jody addressed Erin's question regarding how the Capital Terrace proceeds would be used. GJHA expects to acquire or build 132 units and a community services facility for Voucher Holders; i.e. a child care facility. Erin asked that additional details be provided.

Note: Pursuing a child care facility is an Agenda topic and will be addressed later in the Meeting.

#### ▪ Combined Balance Sheet

- Unreserved allocated cash increased, primarily as a result of receipt of the Incentive Developer Fee for Arbor Vista.
- Because of the transfer from Ratekin's Laundry Account, some of the pieces of the transaction took place in July making it necessary to record a Prepaid Expense. To temporarily account for the transfer of cash, Prepaid Expenses increased and the Laundry Assets Reserve decreased. Final transactions will be recorded in July, thereby clearing the prepaid.
- With the purchase of the Bunting property, Land and Buildings increased.
- Because of the Bunting property purchase, the Capital Terrace Proceeds Cash Account decreased.
- The Family Self Sufficiency (FSS) Escrow Reserve Cash Account decreased \$18,352 because of payments made to FSS graduates.
  - Congratulations to graduates on their hard work in accomplishing their goals and earning these funds!
  - The number of FSS graduates will be tallied and the information forwarded to the Board in response to Teresa's question regarding how many FSS graduates are represented in this \$18,352.

Note: The total reported is nine.
- Due to the new mortgage for the Bunting property in the amount of \$685,000, Mortgage/Notes Payable increased.

#### 4. **Presentation of Quarterly Financial Statements Ended June 30, 2009 for Crystal Brook Townhomes, Linden Pointe, and Arbor Vista**

A continuation of the narrative of financial highlights for the period ending June 30, 2009 addressing significant activity for the Crystal Brook Townhomes, Linden Pointe, and

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Arbor Vista was previously provided to the Board for their review. Further variance clarification was given by Cheryl as documented below:

- Crystal Brook
  - Vacancy loss is higher than anticipated primarily due to the poor economy resulting in loss of jobs. The freeze on issuing Vouchers is also affecting many local landlords, including GJHA's Tax Credit Properties.
  - Compensation and Benefits is lower due to the elimination of the Leasing Agent position.
  - Repairs and Maintenance is higher due to unanticipated purchases of tile, blinds, and a swamp cooler.
  
- Linden Pointe
  - Other/Miscellaneous Income is lower than budget because of lower than anticipated repairs needed in vacated units.
  - Compensation and Benefits is lower due to the elimination of the Leasing Agent position.
  - Repairs and Maintenance is higher due to a break in a hot water line under a building, countertop replacement, and higher than anticipated maintenance labor hours.
  - Professional Fees are higher than budget due to lower legal fees and higher internal accounting fees.
  - Administrative Costs are lower due to less travel/training.
  - Soft Loan Interest Expense is lower due to a higher pay down of the soft land loan from surplus cash.
  
- Arbor Vista
  - Due to early completion of the project, rents are higher than budget due to earlier occupancies.
  - Vacancy loss is lower; showing 3% budgeted but actual is 1%.
  - Other/Miscellaneous is higher due to high repairs to vacated units, covered by tenant security deposits.
  - Compensation and Benefits is lower due to the elimination of the Leasing Agent position.
  - Utilities are higher than budget due to higher costs for gas, electric, and trash removal, based on earlier occupancies and more trash bins placed throughout the property.
  - Administrative is higher due to the costs to monitor the telephone lines for the fire sprinkler system – an unanticipated expense.
  - Soft Loan Interest Expense is lower due to timing issues.

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- Depreciation was recorded for the first quarter of 2009, while no budget estimate was made.
- Balance Sheet for Crystal Brook, Linden Pointe, and Arbor Vista
  - Crystal Brook and Linden Pointe have normal operating activities.
  - Arbor Vista
    - The construction in progress account increased due to the continuation of construction.
    - Operating Reserves & Certificate of Deposit increased from the set up of a Lease-Up Reserve.
    - The construction loan decreased due to the pay down of the loan from equity contributions from Enterprise.
    - The Capital Account: Enterprise increased by the first and second installment.
- Doors to Success
  - MCDHS awarded Doors 2 Success \$15K from Bridges Out of Poverty - Temporary Aid to Needy Families (TANF) to be used from January 1<sup>st</sup> to June 30<sup>th</sup> for tenant advocacy services for families in the Family Unification Program.
  - MCDHS awarded Doors 2 Success \$70K to be used from January 1<sup>st</sup> to June 30<sup>th</sup> for security deposit assistance.

## 5. Discussion of 2009-2010 Budget

Cheryl announced that work continues on the 2009-2010 Budget with the intent to forward to Board Members budget information for review prior to the August 24<sup>th</sup> Board Meeting. Additions to this coming year's Budget include the Bunting property, the first full year for Arbor Vista, additional activity for Calling Mesa County Home, the Ratekin Tower Energy Improvement implementation, the Walnut Park Expansion, the Veterans Affairs Supportive Housing (VASH) Vouchers, and the anticipation of grants through Doors 2 Success. Deletions will include the conclusion of the Next Step Program in April and the ending of the Moffat County Voucher Program expected by December 2009, if not sooner.

## 6. Approval of Resolution No. 2009-15 Adopting the Modified Personnel Policies/GJHA Employee Handbook

To be in compliance with new State and Federal regulations, plus the need to change or strengthen existing language, updates and revisions were made to the GJHA Personnel

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Policies/Employee Handbook. Using her July 21<sup>st</sup> memorandum as a reference, Lori summarized the following proposed revisions and requested Board approval:

- Employee criminal background checks will be done not only at the time of hire but on a regular basis during employment.
  - Brief discussion was held regarding background service providers and their costs for services.
- The “five days” response timeframe for the Executive Director in dispute resolution was eliminated and language was added to reinforce the chain of command in dispute resolution.
- For timely processing of payroll for direct deposits, the time sheet submittal date was advanced by a day to the last day of the time period.
- The Leave of Absence Without Pay policy was removed entirely. The Executive Director will have the discretion to approve leave without pay on a case by case basis.
- A provision was added to the Sick Leave policy requiring the employee to sign a Wage Reduction Agreement that allows GJHA to deduct advanced leave that has been accrued from the employee’s final paycheck.
- The Military Leave policy was updated entirely to comply with current Federal and State laws.
  - In response to Tim’s inquiry, Lori clarified the previous Military Leave policy, noting that civilian volunteer leave is now included in the new update.
- The Workers’ Compensation policy was updated to comply with current Federal and State laws.
- Employee benefits were updated to include new Employee Assistance Program (EAP) benefits, beginning October 1<sup>st</sup>.
- The “calling in sick” portion of the Attendance Standards policy was revised, requiring the employee to speak directly with a supervisor, thereby excluding voice mail as an acceptable form of notification.

Teresa suggested that, in the future and for easier review, the Board be given a red-line version of the document being modified, showing the current and proposed changes. Staff concurred, noting that with this revision it wasn’t possible.

With no further questions, Resolution No. 2009-15 Adopting the Modified Personnel Policies/Employee Handbook was approved with a motion by Teresa, a second by Steve, and a unanimous vote.

## 7. Development Update

Referencing his Development Update Report, Don recapped project highlights as follows:

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- Arbor Vista
  - Working on compliance with Colorado Housing and Finance Authority (CHFA) for the permanent loan. Anticipate the previously scheduled July 27<sup>th</sup> closing will not occur.
    - Note: The Closing was completed August 18<sup>th</sup>.
  - The Final Application for Tax Credits was submitted July 1<sup>st</sup>.
  - Received the Third Equity Installment from Enterprise.
  - Operating Reserves funded for \$212K.
  - With the final evaluation and approval of the Internal Rate of Return Adjuster for early project delivery, an additional \$60K has been received.
  
- Bookcliff Squire
  - Continue to research construction funding.
  
- Walnut Park
  - The development will be constructed in two phases:
    - Phase One – 12 units – Funding identified.
      - Steve requested to review a breakdown of funding sources. A Sources and Uses Chart will be provided to Board Members.
    - Phase Two – 8 units – Research for funding continues.
  
- 2910 Bunting Avenue
  - Acquisition complete.
    - 14 units were vacant at closing, of which 12 Family Unification Program units are now fully rented with one market unit rented and the other market unit available.
    - The following clarification was given to Tim in answer to his questions regarding why this property has market rate units, and does GJHA have other market rate units. Bunting has no ongoing HUD subsidy of any kind associated with it other than the fact that GJHA site-based 12 Vouchers at Bunting that will stay with the property. Lincoln Apartments are also market rate units.
  - The maintenance staff was recognized for their continued effort to enhance the property with various improvements.
  - Work continues on the Energy Outreach Colorado Grant for energy efficient upgrades and basic renovations completed at unit turnover.

- Discuss and Request Approval of Expanded Contract for Services by Blythe Group for Walnut Park
  - Referring to the July 20<sup>th</sup> letter submitted by Blythe Group Co. (Blythe) regarding the Walnut Park expansion project, Don noted that the original contract with Blythe in the amount of \$33,500 was for the conceptual schematic design for the site and floor plans and for the design development of the units. At the time of contract negotiation, the number of units or site scope of work hadn't been determined.

With the scope of work and the number of units decided upon at the last Board Meeting, a project budget of \$1,272,843 was established which includes the construction of 12 units and the option to add 8 more units on the site in the future.

With the decision to proceed with the construction of 12 units and an option to add 8 more, Don discussed the contract increase of \$73,067, bringing the total Blythe Contract amount to \$106,567. He recited the services included in the increase, which covered architecture and engineering, civil engineering, site survey, geotechnical, landscape, irrigation, the Blythe fees for the City of Grand Junction (City) submittal, and the consultants' fees for City submittals. Indicating that copies of the proposals for the landscape architect, civil engineer, geotechnical, and irrigation fee/scope were available for review, it was noted that these consultants' services have been bid and negotiated by Blythe, and that these fees include full City approval for all 20 units. A proposed start date is November of 2009.

Steve and Erin expressed their concern over the cost ratios of the consultants' services. Extensive discussion ensued regarding budget impact of costs for 20 units versus 12 units. Elimination of costs for the storm water management plan, pump house costs, and landscape design for 20 units were addressed. Additional topics discussed included the City's submittal approval time limits, and current time limit suspension of such; obtaining the best bids possible; taking advantage of lower construction costs now; having shelf-ready plans available to proceed when the time is right; and getting the site plan approved for all 20 units now while costs are down.

Jody spoke of the rationale behind constructing only 12 units now. The first reason being there is only funding identified for 12 units and staff didn't want to delay the entire expansion project until full funding for 20 units is secured. The second reason deals with the timing of the proposed concrete lining of the canal on the northern border of the property. This northern border is where the remaining 8 units will be built. The Grand Valley



Irrigation Company will be lining the canal either this winter or next year. With this comes the likelihood of eliminating potential water table and seepage issues. Also, when the canal is lined with concrete, the possibility exists of abandoning the existing seepage drainage lines, as the lines shouldn't be needed anymore. More flexibility would then be gained during construction if the lines were damaged as costly repair wouldn't be necessary. Construction of the 12 units is also a "convenient stopping point", as illustrated on the site plan, should additional funding not be acquired. Limited discussion followed regarding the timing of the canal lining.

Don discussed the pump house issues noting that the irrigation-water engineering cost proposal is just for the design consultant fees. Estimates on fixing the existing pump house is \$25K and to build a new one is \$50K. Because of a HUD requirement, the pump house will eventually be torn down.

It was decided that Steve, Jody, and Don will meet with Roy Blythe to gather additional information to be presented to the Board at a special meeting, with both dates and times to be determined later.

Note: Steve, Erin, and Don met with Roy Blythe on July 31<sup>st</sup> and the Special Board Meeting was held on August 6<sup>th</sup>. Minutes are available at the GJHA office.

## **8. Discussion of Pursuing Efforts Regarding a Child Care Facility**

Providing a condensed history of this effort, Jody explained the origin of the idea for a child care facility.

When Bookcliff Squire was being considered for purchase, GJHA set aside \$40K in the General Fund (unrestricted account) for its purchase. At the same time, staff was working with the City on the Community Development Block Grant (CDBG) Program Consolidated Plan, and its Anti-Poverty Plan. Various child care concerns, like affordability and flexible hours for parents working shift work, kept surfacing. The City had remaining CDBG funds that could be spent on "sticks/bricks" (a real estate acquisition) and not on "services" (child care) so the City proposed a trade – the Agency's \$40K earmarked for the Bookcliff Squire purchase to be used instead to further child care and the City's \$105K of CDBG funds for "sticks/bricks" to help acquire Bookcliff Squire. With the completion of the transaction, GJHA staff has spearheaded and participated in collaboration and brainstorming efforts with many governmental, non-profit, and private entities to address these on-going child care concerns and have tried to develop possible solutions, only to be dead-ended for various reasons.

Instead of continuing to "run into a brick wall", Jody wondered if staff time and efforts would be better focused in other directions. Wanting to honor GJHA's commitment to

the City for the \$40K dedicated for child care services, Board Members were asked for their thoughts. Group discussion topics included giving the funds to another entity to pursue the child care efforts, subsidizing eligible program families for day care costs, assisting families with startup costs for a licensed day care business, etc. The Board agreed that GJHA staff will continue to look for child care opportunities as well as bring back to the Board scenarios for consideration that would complete GJHA's obligation to the City.

Teresa and Tim left the Meeting at 1:45 p.m.

**9. Other Business**

*National NAHRO Conference Attendance*

Paul expressed interest in attending the National Association of Housing and Redevelopment Officials (NAHRO) Conference in Washington, D.C. in October in response to Jody's request.

Erin commented that she was in disagreement with the prior Board decision of limiting the number of Board Members attending the NAHRO Conference to only two Commissioners and that this opportunity be extended to new Board Members first so they can take advantage of the educational benefits pertinent to new Commissioners. Steve and Ora concurred.

In response, Jody mentioned that at the last Board Meeting the group was cautioned that all non-profits and government agencies are being highly scrutinized for sending multiple members to conferences.

With Teresa and Tim's early Meeting departure, they will be contacted for their Conference interest.

**10. Adjourn**

With no further business, the regular July Board Meeting was concluded at 1:50 p.m. with a motion by Erin, a second by Ora, and a unanimous vote.