

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
Regular Board Meeting

Monday, September 27, 2010
1011 North 10th Street
11:30 a.m.

1. **Call to Order**

The regular September Board Meeting of the Grand Junction Housing Authority (GJHA) was called to order at 11:32 a.m. on September 27th at the Main Office by Board Chair Tim Hudner. The following individuals were in attendance: Board Members Erin Ginter, Patti Hoff, and Paul Marx; Staff members Executive Assistant Kristine Franz, Development Director Don Hartman, Operations Director Lori Rosendahl, and Finance Director Cheryl Sweers; and GJHA Attorney Rich Krohn. Teresa Coons and Sue Bohline joined the Meeting later.

2. **Consent Calendar**

The Consent Calendar, consisting of the Adoption of Minutes of August 23, 2010, Approval of Resolution No. 2010-13 Adopting Revisions to Consolidated Budget for Fiscal Year 2009-2010, and Approval of the Revised 2009 Audit for Arbor Vista, was approved with a motion by Patti, a second by Erin, and a unanimous vote.

Teresa Coons arrived at 11:34 a.m.

3. **Approval of Resolution 2010-14 Approving Crystal Brook Apartments Limited Partnership Interests Acquisition and Loan Refinance**

Crystal Brook L.L.L.P. (Crystal Brook) is a partnership between the GJHA and Enterprise Housing Partners III, L.P. and Enterprise Housing Partners 1994 L.P. Equity to develop Crystal Brook Townhomes was provided through the sale of Low Income Housing Tax Credits and was subject to a fifteen-year compliance period. The compliance period expires December 31, 2010, allowing the Crystal Brook property to be eligible for sale or transfer.

Rich explained that Crystal Brook is presently a Limited Liability Limited Partnership in which the GJHA owns 1% general partnership interest and is the sole general partner. The remaining 99% partnership interests are limited partnerships owned by Enterprise and its partner organizations and will be conveyed to GJHA, thus collapsing the partnership. Dissolving the partnership with Enterprise will follow, resulting in the Crystal Brook property becoming a GJHA asset in the name of the Housing Authority.

Minutes (contd.)

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Resolution 2010-14 Approving Crystal Brook Apartments Limited Partnership Interests Acquisition and Loan Refinance is to approve a letter agreement dated July 19, 2010 from Enterprise for the assignment of Enterprise's interests in Crystal Brook to the GJHA, and for GJHA to refinance the existing Crystal Brook loan. The terms of the Enterprise agreement are very favorable to GJHA. One extension has been granted by Enterprise to GJHA for additional document review, with a response due by September 30th. The Board was asked to consider the following:

- Authorize the Board Chair to sign the letter agreement approving the purchase of the Crystal Brook property.
- Approve the refinance of the existing loan balance of \$361,000 from Wells Fargo currently at a 7% interest rate to the Bank of Colorado at a 4% interest rate.

Years ago, \$465,000 was borrowed from Walnut Park's Residual Receipts Reserve Account to help fund Crystal Brook Townhomes, with a promissory note providing for yearly payments to Walnut Park from Crystal Brook Townhomes with a balloon payment in 2017. Resolution language pertaining to this \$465,000 loan was clarified by Rich, stating that this loan will be left in place because of the U.S. Department of Housing and Urban Development's (HUD) requirement that this loan be satisfied by repayment to the Walnut Park Residual Receipts Account.

Upon completed discussion, Resolution 2010-14 was approved with a motion by Teresa, a second by Patti and a unanimous vote.

4. Approval of Resolution 2010-15 Authorizing the Purchase of 607 28 ¼ Road and Certain Borrowing to Fund that Acquisition and the Execution of Related Documents

Rich briefed the group on the acquisition of the property at 607 28 ¼ Road that will house the administrative operations of the GJHA. Building specifics addressing the following were highlighted: the location is adjacent to the undeveloped residential property currently owned by GJHA at the Village Park Subdivision; currently the facility operates as an executive business center with short-term leases by various entities; purchasing this building means also acquiring a new business, the Monument Business Center (MBC), along with a new employee; the number of offices and square footage was mentioned as well as the number of available offices for GJHA administrative staff.

Rich explained that Tim and Jody have signed the contract to purchase the property subject to Board approval. The purchase price includes \$1.318MM for the property, \$45K for personal property, and \$2K for telephone numbers and trade name.

Minutes (contd.)

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The financing from the Bank of Colorado is for the full purchase price amortized over a period of 25 years and a five-year reset at a 4% interest rate.

Title work, the survey, and the physical inspection have been completed. There is one outstanding title issue – a blanket easement, which is a power company easement that covers the entire property and doesn't specify where the power lines would be should that become necessary. It is thought a reasonable risk if the title issue remains unresolved.

A physical condition issue exists in that there has been some water seepage into the foundation of the building. The issue is being investigated but appears to be an off-site external water problem possibly based on broken water pipes as well as a penetration through the foundation wall where a satellite line has been run through a PVC sleeve. GJHA's position will be for the owner to repair what is visible and agree to a one-year warranty, allowing time for a complete one-year irrigation cycle. Repairs and warranty negotiations are currently underway. The physical objection deadline is September 28th so Rich will send a letter on behalf of the GJHA stating the objection to the property due to the water issue, which allows a few more days for resolution.

Because it is 100% loan to value ratio on the purchase price of the building, BOC is looking for either additional money or collateral. Currently, GJHA owes \$200,000 on the 1011 N. 10th Street (10th Street) property. A recent appraisal indicates the value of this property is \$860,000. Staff is proposing to pay off the 10th Street property with internal funds from the public housing transaction and give a first Deed of Trust on the 10th Street property to BOC. With the revenue generated from the MBC and no payment on the 10th Street property, the new payment obligation is close to the amount GJHA has been paying for the mortgage on the office building at 10th and Belford.

It was noted that Item No. 6 of Resolution No. 2010-15, the Sources and Uses Document, was not attached to the Resolution. The sources and uses were identified during earlier discussion, so the Board was in agreement that this document wasn't necessary and could be eliminated from the Resolution.

The Board was asked to consider adopting *Resolution 2010-15 Authorizing the Purchase of 607 28 ¼ Road and Certain Borrowing to Fund that Acquisition and the Execution of Related Documents*, which would:

- Approve the contract signed by Tim and Jody;
- Approve financing to acquire 607 28 ¼ Road, and
- Approve of the use of the 10th Street property, after payoff with internal funds from the public housing transaction, as additional collateral for the BOC's 100% purchase price financing. A closing has been scheduled for October 8th.

Minutes (contd.)

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With no further discussion, Teresa moved to approve *Resolution 2010-15 Authorizing the Purchase of 607 28 ¼ Road and Certain Borrowing to Fund that Acquisition and the Execution of Related Documents* with the deletion of Item No. 6 addressing the Sources and Uses Document. With a second by Erin and a unanimous vote, the motion carried.

Because of time constraints, a special Board Meeting was scheduled for Monday, October 4th to discuss remaining Agenda Items which included Item No. 5 – Discuss Work Plan Regarding the Smoke-Free Grant and Implementation, and any other items needing to be addressed, including the Walnut Park Loan refinance.

6. Other Business

A. Calendar Items

- The proposed alternate date of December 6th for a combined November/December Board Meeting was agreed upon by the group.
- Teresa mentioned that interviews would be held tomorrow evening for the two vacant GJHA Board of Commissioners' positions. (Erin and Steve have reached term limits).
- Board Members are welcome to attend the exit interview regarding the Housing Authority audit that is tentatively scheduled for November 19th at 3:00 p.m. at the 10th Street location. Confirmation will follow.
- A farewell luncheon will be held for Erin and Steve at the October 25th Board Meeting. Thank you, Erin and Steve, for your dedication and service to the Grand Junction Housing Authority.

B. Colorado National Association of Housing and Redevelopment Officials (NAHRO)

Congratulations to Tim, who has been appointed a Board Member of the Colorado NAHRO Board of Commissioners.

Sue Bohline with Human Capital Connection joined the Meeting at 11:58 a.m.

7. **Roll Call Vote to Move into Executive Session to Discuss Personnel Issues – Specifically the Executive Compensation Review Process – C.R.S. 24-6-402 (4)(f)(I)**

GJHA staff members left the Meeting, and with a roll call vote Board Members entered into an Executive Session at 12:03 p.m.

8. & **Roll Call Vote to Move Out of Executive Session and Adjourn**

9.

Upon the completion of the Executive Session at 1:07 p.m., the Meeting was adjourned.

