

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
Rescheduled August Meeting

Monday, August 29, 2011
1011 North 10th Street
11:30 a.m.

1. **Call to Order**

The rescheduled August Grand Junction Housing Authority (GJHA) Board Meeting was called to order by Board Chair Tim Hudner at 11:39 a.m. with the following individuals present: Board Members Teresa Coons, Patti Hoff, Paul Marx, Chuck McDaniel, and Chris Mueller; Staff Members Executive Director Jody Kole and Director of Operations Lori Rosendahl; and GJHA attorney Rich Krohn of Dufford, Waldeck, Milburn, and Krohn.

2. **Roll Call Vote to Move into Executive Session to Discuss Real Estate Transaction – Specifically Potential Real Estate Acquisition – C.R.S. 24-6-402(4)(a)**

With a roll call vote, the group moved into an Executive Session at 11:40 a.m.

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

At 12:20 p.m., the group moved out of an Executive Session with a roll call vote and returned to the Open Meeting. Rich Krohn left the meeting. Joining the group for the Open Meeting included: Staff Members Executive Assistant Kristine Franz, Development Director Don Hartman, and Finance Director Cheryl Sweers.

4. **Request Approval of Use of Pre-2004 Voucher Administrative Fee Reserves**

In referencing her Board memo dated August 24th, Lori further explained the opportunity of refinancing Bookcliff Squire Apartments to help the property break even on an operating basis while a decision is made on how to best utilize the property in the future.

As part of refinancing this property, Staff requested to utilize \$97,284 of the Voucher Administrative Fee Reserve to reduce the principal balance of the mortgage on Bookcliff Squire Apartments. GJHA has adequate Voucher Administrative Fee Reserves and the use of these Reserves wouldn't cause a hardship on the Voucher Program. With both Pre- and Post-2004 Reserves available, staff proposed to use the Pre-2004 Reserves because they are less restricted than Post 2004-Reserves. This property serves Voucher-holder households.

In addressing Chuck's question regarding the bank refinancing process, Jody stated that Cheryl is working with the bank on the refinancing and these are final figures as presented.

With brief discussion completed, the motion by Chris and a second by Patti to authorize the use of \$97,284 in Voucher Administrative Fee Pre-2004 Reserve Funds to reduce the principal balance of the mortgage on Bookcliff Squire Apartments was unanimously approved.

5. Request Approval of Use of Funds from Walnut Park's Replacement Reserve Account for Parking Lot Repair

HUD required the Walnut Park parking lot to be repaired/repaved as part of the construction of the 12 additional American with Disabilities Act (ADA) units at the property. As this was a late, additional requirement by HUD, the cost for the repairs wasn't included in the original cost estimates. As a result, the total project costs exceeded the Project Sources by \$6,016.40. GJHA Staff requested Board approval to withdraw funds in that amount from Walnut Park's Replacement Reserve Account.

In answer to Chuck's question, one half of the Developer Fee of \$85K has been paid to GJHA and the other half will be paid shortly.

Don gave a parking lot status indicating that all three phases (patching, crack sealing and seal coating) will be completely finished by August 31st.

With no further discussion, Teresa's motion to approve the withdrawal of \$6,016.40 from the Walnut Park's Replacement Reserve Account was seconded by Paul and unanimously approved.

6. Presentation and Discussion of FYE 09/30/12 GJHA Annual Budget, and Request Approval of Resolution No. 2011-12 Adopting Consolidated Budget for FY 2011-2012 and Calendar Year 2012 and Revised Budget for FYE September 30, 2011

Referencing her August 24th memo to the Board, Cheryl reiterated that the 2012 Budget process has been more challenging this year than normal due to the general economic conditions and the uncertainty of federal funding.

The following highlights for programs and properties for fiscal year ending September 30, 2012 and for Linden Pointe and Arbor Vista for calendar year ending December 31, 2012 were reviewed and are summarized below:

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General

- Accounting fees have been reallocated to more accurately reflect hours spent on each type of task.
- Internal support transfers have been reduced from prior years meaning that more programs are self-sustaining and no longer require an inter-program subsidy.

Personnel

- A zero % compensation increase has been proposed. A small Discretionary Award Fund is included and may be disbursed once funding and overall organizational health can be more reliably predicted.
- Personnel changes include: the layoff of 1.5 full time employees (FTEs) due to the elimination of HUD's Homeownership funding beginning January 2012 and the end of the Smoke Free Program in June 2012; two employees being shifted to part-time status; internal reassignment of staff and responsibilities; 1.5 FTEs at the Monument Business Center (MBC); and the addition of one maintenance employee.
- Board direction was requested on acquisition and development.

Strategies to Better Control Costs

- Capital expenditures will be kept to a minimum.
- Additional grants for Supportive Service Programs will continue to be written through Doors 2 Success.
- An increase in the grant received for the Housing Advocate and Next Step Program has been requested.
- The mortgage for Bookcliff Squire Apartments will be refinanced, making it self-sustaining for the next five years.
- The reduction of unit move outs and vacancy loss will be aggressively pursued.

To answer Tim's three questions, Jody stated there is no set-aside allowance in the Budget for an unplanned capital expenditure so expenses would be drawn from the Replacement Reserves; major expenses are capitalized during the year of the expense; and items that must be taken care of are included in the Budget and not deferred – but, "wish list" items have been postponed.

Properties

- To encourage full lease up, some rental rates have been reduced further and others are held flat for the third year.

Minutes (contd.)

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- Maintenance rates increased from \$42 to \$46 to cover the additional maintenance employee and the acquisition of a maintenance vehicle and other maintenance equipment.
- Cleaning/janitorial rates remain at \$26.50.
- With a CHFA error in omitting Federal Housing Administration (FHA) insurance in the 2009 refinance of Ratekin Tower's first mortgage, this mortgage will need to be restructured to accommodate FHA insurance. CHFA has agreed to bear the transaction costs.

Supportive Services/Vouchers

- Because federal foreclosure counseling funding was eliminated, the cut necessitates a reduction in staff as well as staff reassignments.
- Voucher Budget assumes full funding for HAP payments and an 82% proration of Admin Fees. Operating under a Federal Government Continuing Resolution is anticipated with Budget adjustments a possibility upon budget adoption.
 - In response to Tim's request for clarification of "82% proration", Jody explained it deals with the Admin funding side, not the HAP funding. Based on certain formulas, HUD calculates what each housing authority is eligible for in funding for that year, but if Congress doesn't appropriate enough funding, then amounts are prorated based on the eligible amount.
 - Jody and Lori noted that if HAP funds are cut, that means there won't be as many Vouchers issued and any newly-issued Vouchers would be the result of turn-over. In a worse case scenario, GJHA could "tap" into the HAP Reserve Funds from prior years in order to just maintain lease-up; however, these Reserves aren't a huge safety net. HUD is recommending that agencies establish a policy addressing procedures for terminating Vouchers already issued in case HAP funds are reduced beyond recoverability.
 - Teresa asked if additional bad debt expense was expected in the coming year in other programs besides Vouchers, to which Jody acknowledged was something to consider and plan for.
- To more fully cover costs of the Supportive Service Programs, increased funding from Mesa County Department of Human Services (MCDHS) has been requested. Depending on MCDHS funding, additional grants will be submitted to other entities.
- Additional grants will continue to be written through Doors 2 Success.

Minutes (contd.)

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Note: As a side note, Lori informed the group that GJHA had been chosen by HUD to participate in a Government Accountability Office (GAO) Survey addressing how to “fix” the Voucher Program.

Baseline Assumptions for 2012 Budget

- With the review of the 2012 Budget Baseline Assumptions Chart, Board questions were clarified regarding keeping GJHA’s benefit to employees for insurance premiums and the number of move outs at Linden Pointe and Arbor Vista.

Upon individual recaps and identification of notable items for each program and property, Teresa made a motion to approve *Resolution No. 2011-12 Adopting Consolidated Budget for Fiscal Year 2011-2012 and Calendar Year 2012 and Revised Budget for Fiscal Year Ending September 30, 2011*. With a second by Patti, the motion was unanimously approved.

The Board and Staff extended their appreciation to Cheryl for her numerous efforts in this particularly challenging budget exercise dealing with the many uncertainties.

7. Other Business

Joint Meetings

Wanting to become more acquainted with members of the Resident Advisory Board and the Doors 2 Success Board, earlier conversations have been held regarding venue options, dates, etc. The group decided a joint GJHA/ Doors 2 Success Board Meeting would be advantageous. A preliminary date of September 26th was chosen with final confirmation pending. Hosted by GJHA, a holiday open house at the Walnut Park facility was suggested for the Resident Advisory Board get-together. Details will be made available at a later date.

8. Adjourn

With the completion of the Open Meeting, the group adjourned at 1:16 p.m.

