

# MINUTES

Grand Junction Housing Authority  
Board of Commissioners' Meeting  
Regular Meeting

Monday, February 22, 2010  
1011 N. 10<sup>th</sup> Street  
11:30 a.m.

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## 1. Call to Order

Board Members and Staff assembled at the Main Office of the Grand Junction Housing Authority (GJHA) for the regular February Board Meeting. The new Board Chair, Tim Hudner, called the Meeting to order at 11:33 a.m. with the following individuals in attendance: Board Members Erin Ginter, Patti Hoff, Ora Lee, and Paul Marx; Staff members Executive Director Jody Kole, Executive Assistant Kristine Franz, Development Director Don Hartman, Operations Director Lori Rosendahl, and Finance Director Cheryl Sweers. Steve Heinemann joined the group later.

## 2. Consent Calendar

Approval of the Consent Calendar was given with a motion by Erin, a second by Paul, and a unanimous vote. Items on the Consent Calendar included the *Adoption of Minutes of January 15, 2010*, *Adoption of Minutes of January 25, 2010*, and *Adoption of Minutes of February 12, 2010*; *Approval of Resolution 2010-03 Authorizing the Write-Off of Bad Debts*; *Approval to Change the Security Deposit Loan Program to a Guaranteed Program*; and the *Johnson Controls' Energy Improvement Update*.

Steve arrived at 11:35 a.m.

## 3. Discuss Opportunity to Staff an Office in Fruita Part-time

Advising the Board that the Mesa County Department of Human Services (DHS) has recently opened a satellite office in Fruita, Lori conveyed DHS's invitation to the GJHA to utilize limited office space to offer appointments or accept applications. Currently, there are 129 families from Fruita on the GJHA Waiting List and an additional 37 Housing Choice Voucher participants. Consideration is being given for a staff member to be available one day a week for 2 – 4 hours to accept applications and/or conduct re-examinations.

Board questions were addressed covering topics such as:

- Would existing staff be utilized or would a new position be created?
- Staff utilization when not meeting with clients.
- Waiting List Preference Points.
- Convenient for Fruita clients - could eliminate travel to Grand Junction for appointments, if client chooses.
- Advantages/disadvantages of a presence in the Fruita community.
- Offer other housing opportunities, depending on availability in Tax Credit Properties.

With general consensus of office support on a limited basis, staff will proceed.

**4. Presentation of Quarterly Financial Statements Ended December 31, 2009 for all GJHA Programs**

Financial Statements and Summaries for the GJHA Programs ended December 31, 2009, were presented by Cheryl with highlights noted below:

Before reviewing the documents, Cheryl noted the five unusual activities that resurface and are referenced on various financial documents:

1. Two wire transfers from the U.S. Department of Housing and Urban Development (HUD) were received for the Housing Choice Voucher Program for both the Housing Assistance Program (HAP) and Admin. in December, instead of one in December and one January 1<sup>st</sup> as January 1<sup>st</sup> fell on the holiday.
  2. The Budget was prepared with two pay periods in December; however, employees were paid on the last day in December instead of January 1<sup>st</sup>.
  3. Enterprise Community Investment sent \$465,830 for its equity investment and earned Developer Fee for the Arbor Vista development.
  4. \$500K was transferred to a three-month Certificate of Deposit (CD) earning 1.5 % interest.
  5. December shows several once-a-year transactions such as Replacement Reserves are funded in some Programs and surplus cash flow is paid.
- Review of the Combined Financial Statements

In addition to the wire transfers from HUD and the three pay periods in December, the *Administrative Expenses* were under budget due to the postponement of working the Community Services Block Grant received by Calling Mesa County Home.

*Non Operating Expense* is higher than budget primarily due to a budgeting error in Bunting's depreciation.

○ Review of the Summary of Cash Activity

Again, activities show the receipt of \$465,830 from Enterprise Investment Community, the wire transfers from HUD, and the CD.

Ratekin Tower's cash decreased due to the annual payment of surplus cash, which paid down the Incentive Performance Fee accrued expense to the General Fund.

Walnut Park's cash increased due to the annual December payment on the loan between Walnut Park and Crystal Brook.

Next Step/Tenant Based Rental Assistance (TBRA) cash is negative due to a receivable from the Colorado Division of Housing (CDOH). When the final billing is paid, the receivable and negative cash balance will be resolved.

Housing Advocate's cash is low due to a delay in the receipt of funds from the DHS.

○ Unaudited Cash Balances (Other than Allocated Cash)

The CD is again referenced.

*Ratekin Rehab Escrow Account* decreased due to the Johnson Controls' draw for the energy efficiency improvements.

*Crystal Brooks' Replacement Reserve Account* increased by the yearly December deposit required.

○ Combined Balance Sheet

Again, reference was made to the HUD wires for the Reserved Allocated Cash increase, the Unreserved Allocated Cash decreased due to the receipt of equity installments and Developer Fees for Arbor Vista, and the CD was obtained.

*Accounts Receivable Other Programs* increased due to monies the Agency provided to Walnut Park for early development expenses plus monies loaned to Bookcliff Squire from Lincoln Apartments.

*Accounts Receivable HUD and Other* increased due to the accrued receivable between Next Step/TBRA and CDOH.

*Interest Receivable for Linden Pointe and Arbor Vista* increased due to normal quarterly interest accrual on the Notes Receivable.

*Land Improvements* were for the cement edging poured at Lincoln Apartments, Ratekin Towers, Walnut Park; and mill tailings removal at the Bunting property.

*Development in Progress* increased due to architect/legal fees for Walnut Park.

*Buildings and Building Improvements* increased due to monies spent on the energy efficiency improvements at Ratekin Towers.

*Rehab Escrow Reserve* decreased because of the draw for the energy rehab at Ratekin Towers.

*Replacement Reserves* increased from the catch-up of the reserve balance at Ratekin Towers that was missed at the loan refinance.

*Note Receivable Arbor Vista: Sponsor* decreased due to the pay down of the sponsor loan and part of the deferred Developer Fee.

*Other Miscellaneous Assets* increased due to the loan fees related to the Ratekin refinance.

*Mortgages/Notes Payable* decreased due to the discount taken on the Affordable Housing Program loan between the Housing Authority, Arbor Vista, LLLP, and the Bank of the West.

**5. Presentation of Quarterly Financial Statements Ended December 31, 2009 for Crystal Brook Townhomes, Linden Pointe, and Arbor Vista**

Presenting the financial review of the Tax Credit Properties, Cheryl highlighted several areas when covering the Financial Statements:

○ Operating Statement for Crystal Brook

The *Vacancy Loss* is higher than anticipated due to terminations and the loss of jobs because of the poor economy.

*Compensation and Benefits* is lower than budget primarily due to the elimination of the Leasing Agent position.

○ Operating Statement for Linden Pointe

*Residential Rents – Tenants* is higher than budget due to the ability to charge Voucher Holders a Fair Market Rent which is higher than can be charged if the tenant is a non-Voucher Holder.

*Vacancy Loss* is higher than anticipated due to terminations and the loss of jobs because of the poor economy.

*Other/Miscellaneous Income* is lower due to anticipated tenant charges on move-outs.

*Compensation and Benefits* is lower than budget due to the elimination of the Leasing Agent position.

○ Operating Statement for Arbor Vista

*Residential Rents* is higher than budget because of earlier occupancies than originally anticipated plus a higher rent is charged to Voucher Holders.

*Compensation and Benefits* is lower than budget due to the elimination of the Leasing Agent position.

*Utilities* is higher than budget due to higher utility costs.

*Administrative* is higher than budget because zero dollars was budgeted to monitor the telephone lines for the sprinkler system and the final installment of tenant relocations costs were budgeted on *Acquisitions and Development*.

*Mortgage Interest Expense* was higher due to an estimated principal amount compared to an actual amount for the SMART Loan with the Colorado Housing and Finance Authority (CHFA).

*Depreciation* was recorded for the first quarter while no estimate of depreciation was made at the time the budget was prepared. Costs that could be capitalized were estimated for budget preparation and final costs came in higher.

- Balance Sheet for Crystal Brook

Cash decreased from the pay down of the note payable to Walnut Park and the yearly deposit to the Replacement Reserve.

- Balance Sheet for Linden Pointe

Changes are relative to normal operations.

- Balance Sheet for Arbor Vista

The *Sponsor Loan and Deferred Developer Fee* were paid down from the cash received from Enterprise Community Investment as part of its equity contribution.

- Doors 2 Success

Operating Statement reflects In-Kind Donations being reported as Income.

Balance Statement reflects the \$27K that will be paid to the Housing Choice Voucher Program at the end of the Program.

- Financial Indicators

The Financial Indicators were reviewed and explained for all properties.

As a side note, because market rate units were left in such destructive conditions by tenants after move outs, rehab was necessary prior to re-renting.

Jody advised that she and Cheryl will improve the Indicator Report into more of a dashboard format, and anticipate the change will be incorporated with the next quarterly financials.

## 6. Discussion on Participation in NeighborWorks' Achieving Excellence Program

At the January Board Meeting, Jody informed the Board of a training course targeting executive directors and senior level managers in community development that she would like to participate in. The training, *Achieving Excellence in Community Development*, is sponsored by NeighborWorks in collaboration with Harvard University's John F. Kennedy's School of Government. She stated that this is an exciting opportunity to work on a critical issue of importance to the Agency over a long period of time. She noted Agency objectives that were pursued and were successful in the past, such as Low Income Tax Credit Development, will no longer work in the down turned economy so believes consideration of an Agency shift is needed. She stressed that this Program would provide a good frame work for possibly reformulating the Agency. She also mentioned that applying for this Program doesn't guarantee acceptance.

Board questions/comments on the following topics were acknowledged and addressed:

- Are all the course participants Executive Directors?
- Currently, there is a lack of executive-level training available through the National Association of Housing and Redevelopment Officials (NAHRO), which GJHA utilizes as a training resource, so who else provides this training?
- This Program participation would be a chance to strengthen partnerships and share success stories that might be incorporated into GJHA projects.
- This is an extensive investment of time and funding pledged to this Program.
- What is to be accomplished with this Program participation and how does it relate to GJHA goals?
- The Program provides an opportunity to gather vast information and collaborate in an entirely new way.

Jody explained that each candidate chooses, as part of the application process, a challenge to be tackled on behalf of their organization and works on it over an 18-month period. At Paul's request, Jody shared the following examples of challenges that might be considered, noting that the final selection would be at the Board's direction:

- A project-based choice might be the Downtown Catalyst Project and how the various partnerships would intertwine.
- Looking at the normal "boom/bust" economy of the Western Slope, how will GJHA acquire outside funding, knowing local government matched funding won't be available during the current economic down turn?
- Management and outcomes of data tracking.

It was agreed that Jody would develop a proposal identifying goals and the frame work of Board involvement, Board updates, etc. as well as begin to work on the application. This information will be presented to the Board at the Retreat Prep Meeting scheduled for March 8<sup>th</sup>. At this Prep Meeting, the Board's direction will be incorporated into the final application, prior to the electronic submittal deadline of March 15<sup>th</sup>.

Note: This Prep Meeting was cancelled due to individual scheduling conflicts. Discussion will be held at the Retreat on March 13<sup>th</sup>.

**7. Discussion on Grand Valley Housing Initiatives and the Grand Valley Housing Strategy**

The first portion of the discussion pertained to the Grand Valley Housing Initiatives (GVHI). Jody reviewed with Board Members, GVHI's recent history. Because GVHI Board Members weren't able to sustain this organization in going forward any longer, they chose to resign their Board appointments. The direction of the GJHA Board was to preserve this 501C3 organization, which was established in 1993 by the GJHA. A new GVHI Board, comprised of Patti, Jody, and Lori, was appointed.

The second portion of the dialogue was regarding the Grand Valley Housing Strategy. Jody informed Board Members that the primary recommendation from this group was for this effort not to be a one time endeavor but an on going effort to improve the economics of housing in the Grand Valley and be a match between what people really want and what the market can provide.

Jody stated that she thought this group would go forward as a governmental-appointed advisory committee. However, the concept developed for this body to be under the structure of a 501C3 organization, with a 13-member board that has representation from each of the cities, the county, housing strategy sponsor organizations, CHFA, the Grand Junction Area Chamber of Commerce, and private developers.

Because of the lengthy process in establishing a 501C3 organization, the GJHA Board was asked to consider if this proposed group would be an appropriate use of the GVHI's 501C3 status.

Brief discussion followed regarding the GVHI not being a "component unit" of the Housing Authority, but a stand alone entity. Doors 2 Success is a 501C3 organization, is a "component unit" of the Agency, and was established as a conduit for grants, foundation funds, etc.

With general consensus and Board authorization, Jody will work with the new 13-member board to draft GVHI's By-Law revisions and launch this effort.

**8. Development Update**

Don's development presentation included the following highlights on three projects:

○ Walnut Park Expansion and Possible Refinance

- The Request for Proposal on Walnut Park's Expansion Project was released for bid on February 10<sup>th</sup> with a response date of March 9th. There were 26 participants at the Pre-bid Conference.

Note: Five submittals were received at the Bid Opening.

- Don requested a Board decision on how to approach the selection process – suggestions included either a recommendation from him, from a Selection Committee, and/or the GJHA Real Estate Committee. Discussion firmed up a Real Estate Committee Meeting with a follow-up recommendation to the entire Board. Other interested Board Members were invited to attend the Committee Meeting.
- Verbal confirmation has been received from HUD that the Residual Receipts Account funds can be used to partially finance the construction of the 12 new units. The official notification letter will follow. During discussions, HUD suggested GJHA refinance the property which would allow GJHA control of the Residual Receipts usage. Given the complexity of refinancing through CHFA or HUD, further research showed that the Bank of Colorado would be the most responsive in the shortest amount of time. By including approximately \$230,000 in construction costs in the refinancing of Walnut Park, GJHA would not have to expend its own funds, as originally proposed, for this project and could invest them in other projects. Also, refinancing would not affect the HAP Contract, and the current interest rate of 7.5% could be reduced to 4.5%. Approval has been given to the Bank of Colorado to begin with an appraisal. A formal proposal will be presented to the Board at the March 22<sup>nd</sup> Board Meeting.

○ Bunting Development

Referencing his February 16<sup>th</sup> memorandum, Don discussed the Bunting property. The Gates Foundation (Gates) Grant is a matching grant that was submitted for acquisition and improvements to the Bunting property. Because it is a matching grant, there is a Gates requirement to solidify and produce evidence of securing other grants. The deadline to meet this obligation is March 1<sup>st</sup>.

Achieving the required match has been hindered by a few “stumbling blocks”. GJHA was notified from Energy Outreach Colorado (EOC) that it was eligible for an Energy Efficiency Grant, but the amount wasn’t specified. Upon completion of the energy audit, a Grant request was submitted based on the energy audit results. EOC has recently requested a second energy audit and the results will be submitted to EOC for determination of the final amount of the Grant. Also, the site plan developed by Blythe Group & Company was only a conceptual design and not bid ready so completion of the site plan remains. It was doubtful the EOC notification and specific site improvement costs could be completed prior to the March 1<sup>st</sup> Gates deadline; therefore, an extension was requested and granted from Gates. The length of the extension will be determined by Gates after March 1<sup>st</sup>.

○ GJHA Office Space/Maintenance

With the increasing demands of more office space, Don has been diligently researching various options. Review of commercial properties for sale identifies either too much or too little square footage. The option of constructing office space on the Village Park property may not be possible due to



the current economic downturn, a lack of development resources, and the pressing timeframe.

Don requested approval to engage a realtor to find office space.

Erin pointed out that there is likely space for sale that isn't being advertised and is a matter of getting the word out to the masses.

Brain storming ensued addressing topics such as: issuing a Request For Proposal (RFP) for a real estate agent; inquiring into the banks' knowledge of properties; advertising on the internet and in newspapers; notifying commercial real estate brokers; deciding on a location preference; outlining operational efficiencies with the entire GJHA staff at the same location; and identifying potential vacant buildings.

Erin agreed to provide Don with a list of local commercial real estate brokers so he might notify them of GJHA's office space/maintenance needs.

## 9. Other Business

### Upcoming Board/Staff Meetings

The group reconfirmed upcoming Board/Staff Meeting dates as follows:

- Prep Meeting for Retreat – March 8<sup>th</sup> – 11:30 a.m.
- Retreat for Board/Executive Staff – March 13<sup>th</sup> – 8:00 a.m.
- GJHA Real Estate Committee Meeting – March 15<sup>th</sup> – 11:30 a.m.  
(Patti, Steve, Tim, Jody, Don)

### Moffat County and Rio Blanco Voucher Program

Lori attended a meeting in Denver with the CDOH regarding the readiness of the Moffat County Housing Authority to accept the return of its Housing Choice Voucher Program. This turn over is scheduled for April 1<sup>st</sup>.

### Extension of Tenant Based Rental Assistance Program (Next Step Program)

As a result of Lori's request to the CDOH for additional funding for the TBRA Program, also known as the Next Step Program, a conference call has been scheduled with the Director of the CDOH, Mr. Pat Coyle, to further discuss this request. A total of \$720K has been requested for rental assistance for the next two years.

*HUD Policy Change in Admin Fees*

In the past, HUD's policy has been to pay housing authorities who have Housing Choice Vouchers leased up at their own properties about a third of the full Admin Fee per unit for those units with the justification that less work is involved at those units (inspections, etc.). NAHRO has been advocating for a change to this policy for some time and recently has had success. Consequently, this change represents approximately \$60K in additional Admin Fee revenues for GJHA this year. Applications to request these funds have a March 1<sup>st</sup> submittal deadline.

*Tenant Letter Regarding Walnut Park Expansion Project*

Having read a copy of a letter, that was included in the February Board Packet, from a tenant expressing concern regarding the Walnut Park Expansion Project, Erin addressed this issue. Lori and Don stated that only one letter from 78 households had been received and believes it was just the tenant's way to convey her thoughts to staff. No additional issues are anticipated.

*Voucher Funding*

GJHA recently received its Budget Authority from HUD for the 2010 Calendar Year which included enough funding for Housing Choice Vouchers for approximately 100 additional families. The local KKCO TV station aired the story with an interview from Lori and a shared story of gratitude from a tenant.

**10. Adjourn**

With business concluded, the regular February Board Meeting was adjourned at 1:25 p.m. with a motion by Ora, a second by Erin, and a unanimous vote.