

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Meeting
Special November Meeting

Thursday, November 12, 2015
Linden Pointe Club House
8:00 a.m.

1. Call to Order

Board Chair Chris Launer called the Grand Junction Housing Authority (GJHA) special November Board Meeting to order at 8:07 a.m. with the following Board Members in attendance: Scott Aker, Tim Hudner, Chris Mueller, Jerry Schafer, and Barbara Traylor Smith. Tami Beard did not attend the meeting. Board Members present represented a quorum. GHA staff members included CEO Jody Kole, COO Lori Rosendahl, and Executive Assistant Kristine Franz.

Controller Amy Case arrived at 8:08 a.m.

2. Follow-up on Strategic Planning Retreat

Board Members received the Retreat Summary Update compiled by Chris Mueller. It is a combination of the Status Report provided by Jody Kole and Lori Rosendahl and Retreat discussion. Chris Mueller highlighted the following:

- Vision and Mission Statements reflect discussion and changes
- Captured the “good stuff” on Page 3 of Page 8
- Did not go over the key questions of the four quadrants as they are still applicable – weights are not included – still want weights? Adjustments?
- SWOT (strengths, weaknesses, opportunities, threats of GJHA) – how many levels to list? – ranking included
- Identified the next steps in the process
 - Lead/lag measures – identify key lead measures for progress goals
 - Identify “reach or stretch” goals for use by the Compensation Committee
 - Weights should determine focus on two-three “Wildly Important Goals”
 - Chris Muller to meet with Jody Kole and Lori Rosendahl. Scott Aker volunteered to participate
- What went well/what was missed?
- Looking for feedback today

Extensive Board discussion ensued pertaining to identifying a Succession Planning goal. Consideration needs to be given on how these goals might tie into compensation measurement consideration.

3. Discuss Board Meeting Time and Committee Assignments

Committee Assignments

Discussion transpired regarding re-forming the Executive Incentive Compensation Committee (Compensation Committee) and re-establishing the Finance Committee.

Chris Launer stated that the Compensation Committee is normally comprised of the Chair, Vice Chair, and other Board Members interested in participating. The Committee gathers comparable salary/bonus information and usually meets twice a year. Based on the Strategic Plan, the Committee completes an assessment of the work of the CEO and presents a compensation recommendation to the entire Board for consideration. The Compensation Committee for 2015-2016 is Chris Launer, Tami Beard, and Scott Aker.

Conversation relating to the Finance Committee included the following topics:

- Consists of the Board Chair and Vice Chair plus additional interested Board Members
- Meets monthly or quarterly with Leadership Team participants
- Reviews the financials in detail and reports back to entire Board
- All Board Members receive copies of the financials
- Tim Hudner's experience entailed participation in a finance/audit committee that met with auditors, reviewed audits in detail, reviewed any significant financial matters, provided feedback to staff, dealt with any other financial concerns, and presented a Finance Committee Overview Report at each Board meeting

Committee members will be Chris Launer, Tami Beard, and Tim Hudner. Barbara Traylor Smith mentioned that once a new Board Member is appointed by the Grand Junction City Council (Council), that individual might be interested in participating on the Committee.

The Board decided the Finance/Audit Committee will meet monthly to review monthly financials. The Quarterly Financials will continue to be reviewed by the full Board during a Board Meeting.

In lieu of the vacant GJHA Board seat, Barbara Traylor Smith noted that a couple of interested individuals may telephone Chris Launer to obtain a better understanding of GJHA and its Board. It is possible that this vacant Board seat will be filled by a Council appointment in December.

Jerry Schafer left the meeting at 8:53 a.m. A quorum remained.

Board Meeting Time

The Board recently discussed and decided to continue with the original Board Meeting schedule of the fourth Monday of the month, beginning at 11:30 a.m. At the beginning of 2016, however, if the need increases for Board Member time, this matter will be revisited.

With the current opportunities/commitments, Jody Kole said that over the next six months more demand on the time of Board Members is anticipated. Jody Kole noted that an additional meeting will be necessary in January to conduct business. The regular Board Meeting date of January 25, 2016 will be the Annual Meeting where accomplishments are highlighted and very little business is discussed.

Dialogue followed and included:

- Will the recently established Board Committees eliminate the need for additional time of the entire Board for meetings?
- Is it easier to schedule an interim monthly meeting and then cancel if not necessary rather than scramble at the last minute for a special meeting?
- During prior discussions, Board Members previously chose one longer meeting rather than two separate monthly meetings.
- Is it easier for GJHA management to have more frequent Board interaction for discussion/decisions rather than wait for only one meeting?

Additional conversation is deferred until a full Board is present for feedback. In the future, Board Members will be surveyed for their meeting preferences.

The next Board Meeting is a joint November/December meeting on December 15, 2015, beginning at 11:30 a.m. at the Linden Pointe Clubhouse. Jody Kole noted a lengthy Meeting is anticipated and Agenda topics will include:

- Review of the Equity and Lender Proposals for Phase I of The Highlands and request the formal selection of both
- Final approval of the purchase of the Nellie Bechtel property

4. Presentation of Financial Statements Ended September 30, 2015 for All GJHA Properties and LIHTC Properties

As part of the 4th Quarter 2014/2015 Financial Report presentation, Amy Case referenced her Board memo dated October 21, 2015. She stated that throughout the month of October, Accounts Payables (A/P) continue to accrue for Fiscal Year 2014-2015. The update today indicates A/Ps are finalized with an increase of \$10K. Slight changes might also occur as a result of the GJHA Audit conducted by Hawkins Ash Baptie the week of November 16, 2015.

Lori Rosendahl explained that the Audit Exit Conference topics will not only cover financials but will address Voucher and Tax Credit property tenant file testing, A/P files, and documentation. Jody Kole asked if any member of the Audit/Finance Committee would like to be present at the Audit Exit Conference. Lori Rosendahl will notify Committee Members of the confirmed date/time.

Note: The Audit Exit Conference is Thursday, November 19, 2015 at 2:00 p.m.

Tim Hudner suggested the Audit/Finance Committee review the entire Audit Report prior to the full Board presentation by Hawkins Ash Baptie. This Audit presentation probably will be during the December 15, 2015 Board Meeting.

Dashboards continue to be a work-in-progress with technical improvements being made to the charting. The Consolidated Balance Sheet is being expanded to include more information.

Scott Aker expressed how helpful the financial packet introduction memo is and reiterated consideration be given to less restrictive tolerance levels reflected in the Dashboards.

Chris Launer requested a simple report be developed for use as a forecasting cash flow tool, showing a blend of sources and uses commitments for all of the developments.

With discussion complete, a motion made by Barbara Traylor Smith and seconded by Scott Aker to accept the Financial Statements Ended September 30, 2015 for all GJHA Properties and LIHTC Properties as presented received unanimous approval.

5 & 6. Presentation of Proposed Budget Revision and Requested Adoption of Resolution No. 2015-11-01 Adopting Revised Budgets for Calendar Year 2015 for Arbor Vista, Linden Pointe, and Village Park and Resolution No. 2015-11-02 Adopting Budgets for Calendar Year 2016 for Arbor Vista, Linden Pointe, and Village Park

Amy Case said that significant improvements are being made to the Budget documents for the Tax Credit Properties. The Budget is divided into two sections and tied more closely to the quarterly Dashboards.

The group received a new Fiscal Year End December 2016 Budget sheet for Linden Pointe.

Amy Case presented the Budget Revision and a request for the adoption of Resolution No. 2015-11-01 Adopting Revised Budgets for Calendar Year 2015 for Arbor Vista, Linden Pointe, and Village Park for the Calendar Year 2015 Budgets.

With discussion complete, a motion by Scott Aker, a second by Barbara Traylor Smith, and a unanimous vote approved *Resolution No. 2015-11-01 Adopting Revised Budgets for Calendar Year 2015 for Arbor Vista, Linden Pointe, and Village Park.*

Amy Case clarified an item pertaining to the Budgets for Calendar Year 2016 for Arbor Vista, Linden Pointe, and Village. She stated that the estimated cash distribution in 2016 is based on the operations of the prior year and not related to the operability of 2016. Chris Launer asked if the distribution of cash is a reduction in soft loans amount, which Amy confirmed.

Resolution No. 2015-11-02 Adopting Budgets for Calendar Year 2016 for Arbor Vista, Linden Pointe, and Village Park received unanimous approval with a motion by Tim Hudner and a second by Scott Aker.

7. Resolution No. 2015-11-03 Approving Section 8 Management Assessment Program (SEMAP) Certification

Lori Rosendahl requested this item be pulled from the Agenda due to inaccessibility of the U.S. Department of Housing and Urban Development (HUD) system and the inability to access the information. This item will appear on the December Board Agenda.

8. Other Business

8 Foresight Circle

Jody Kole gave an update on the interior progress of 8 Foresight Circle as follows:

- Metal studs are up and the drywall will soon follow
- Minor changes are being addressed; i.e., one existing interior door needs to be moved
- Discussions are on-going regarding the upgraded technology systems
 - Fiber optics will be used
 - Lobby area will have WiFi access
 - Enhanced building security systems

Highlands Phase I

Highlights given by Jody Kole for The Highlands – Phase I included:

- GJHA acquired the Grand Valley Irrigation rights
- The architect will complete the final buildable construction drawings by the end of November
- Shaw Construction is in a pricing exercise with subcontractors

- Proposals for the Equity Investor and the Lender are due by noon on November 18, 2015. Selection recommendations will be presented at the December Board Meeting.
 - Investors have access to the GJHA website to research GJHA as well as acquire the Request for Proposal (RFP) information for the development. Realizing the compressed time frame, contenders could complete the due diligence process early. A Short List of two/three organizations will be compiled and firms will be required to submit to GJHA its draft partnership agreement documents.
 - This presents an opportunity for the Finance Committee to be involved in the submittal assessment and recommendations.
 - RFPs are for an Equity Investor and for the Lender. The Lender could submit an offer for a construction loan, a permanent loan, or a construction-to-permanent loan. The objective is to procure the best overall package for the development.
 - The Tax Credit Application submitted to the Colorado Housing and Finance Authority (CHFA) assumed the equity investor's per dollar of federal low income housing tax credit offer of \$.98. With the Board's direction to proceed with the add option of the Amenity Area on the third and fourth floors and the addition of the second elevator, the breakeven per dollar offer is \$1.04.

Chris Mueller left the meeting at 9:38 a.m. A quorum remained.

The Highlands – Phase II

With the recent Board direction, Jody Kole said efforts are being pursued to submit the Application for State Tax Credits for The Highlands – Phase II. Jody Kole is guardedly optimistic, while working to financially balance the sources and uses in a condensed time frame. The architect is working on drawings to be submitted to the Grand Junction City Planning Department in mid-December.

Scott Aker noted that CHFA might possibly need to deploy some of its State Tax Credit funding with a priority to deploy funding outside of the Denver Metro area. CHFA's cash fund, the Housing Opportunity Fund (HOF), might be available as a funding source as well. It is anticipated that CHFA would desire the long-term loan. Jody Kole talked about the Project Activity Bonds and should this HOF funding materialize, negotiations will be needed with CHFA.

Barbara Traylor Smith said when planning for Phase II financing, be aware that it will be a challenge for the Grand Junction City Council to commit to offsetting fees in 2016 due to scarce revenue resources. Jody said that most likely deferral of the fees would be requested by GJHA in 2016 and dealt with in 2017.

Nellie Bechtel

The update given by Jody Kole on the purchase of the Nellie Bechtel property included:

- The GJHA contract offer was informally countered by the owner with the same price, but requested an all cash deal
- Staff is in the process of reformulating ideas on how to finance this all cash deal
- The acceptance date for the new contract offer is today, November 12, 2015. Several contingencies are identified
- The physical inspection is in process
- The appraisal is higher than the purchase price
- Lori Rosendahl is working with U.S. Department of Housing and Urban Development (HUD) regarding a Housing Assistance Payment (HAP) Contract for Nellie Bechtel and Highlands Phase II which would change the financing structure by triggering the Davis Bacon wage requirement

Considering all the upcoming GJHA objectives, Barbara Traylor Smith suggested soliciting the assistance of Kathy Portner with the City through the City Manager if the arises for grant writing.

GJHA Holiday Event

The GJHA holiday luncheon will be December 8, 2015 at the Bookcliff Country Club, beginning at Noon. All Board Members and staff are encouraged to attend.

9. Adjourn

The special November Board Meeting concluded at 9:55 a.m.

All Board Packet documents and documents distributed during the Board Meeting are retained in the permanent file.