

MINUTES

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

Monday, September 28, 2015
Linden Pointe Club House
11:30 a.m.

1. **Call to Order**

Board Chair Chris Launer called to order the regular September Meeting of the Grand Junction Housing Authority (GJHA) at 11:38 a.m. The following individuals attended: Board Members Scott Aker, Tami Beard, Chuck McDaniel, Chris Mueller, Jerry Schafer, and Barbara Traylor Smith; GJHA staff members CEO Jody Kole, COO Lori Rosendahl, Controller Amy Case, and Executive Assistant Kristine Franz. Board Members in attendance represented a quorum.

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

Immediately following the Call to Order, the group moved into Executive Session with a voice roll call vote. Amy Case and Kristine Franz left the Meeting at 11:39 a.m.

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

The group moved out of Executive Session at 12:15 p.m. with a voice roll call vote and returned to the open Meeting. Amy Case and Kristine Franz returned to the Meeting.

4. **Presentation and Discussion of FYE 09-30-16 Annual Budget and Request Approval of Resolution No. 2015-09-01 Adopting Consolidated Budget for FY 2015-2016**

Amy Case referenced the Board memo/attachments dated September 23, 2015 that gave the FY 2015-2016 Budget summary, highlights/assumptions, and programs/property budgets. Lori Rosendahl said that future Quarterly Financials will be distributed in hard copy form for easier review.

The FY 2015-2016 Budget includes all of the programs/properties of GJHA with the exception of Arbor Vista, Linden Pointe, and Village Park. These three properties are based upon a calendar year and those budgets will be presented at a later Meeting. Also included in the Budget documents are the State of Reserves available as of 8-31-15 and current Schedules of Hard/Soft Loans.

The FY 2015-2016 Proposed Budget (net of inter-fund transfers) projects Revenues at approximately \$9.9M, with Operating Expenditures of slightly less than \$9.4M resulting in Net

Operating Income of \$494,359. Net Non-Operating Expenditures (including Depreciation) of \$135,031 is anticipated, resulting in overall Net Income of \$359,327. Excluding Depreciation, GJHA's Net Income is \$859,149 and reflects an overall positive snapshot of the Agency's financial health.

A question and answer period allowed Jody Kole and Lori Rosendahl to address Board questions as follows:

- To answer Chuck McDaniel's question, the Construction Work in Progress (CWIP) figures for 8 Foresight Circle (Foresight) and The Highlands will be included in those specific Project Budgets. The Foresight Development Budget already received prior Board approval. The Operating Budget will be forthcoming. Previously drawn from the FY 2014-2015 Acquisitions and Development Account are three payments for Foresight. Future payments will be made from the Construction Loan.
- Chuck McDaniel and Tami Beard inquired about the amount of cash GJHA will have after the commitment of funds are met for Foresight and The Highlands. Jody Kole said the obligation for Foresight is roughly \$400K, with \$350K already expended in the FY 2014-2015 Budget, and The Highlands is an approximate \$600K commitment. In the FY 2015-2016 Budget, \$50K is set aside for Foresight and \$600K is obligated to The Highlands. Jody Kole also noted that the Developer Fee and reimbursement of costs already incurred will eventually be revenue to the General Fund once the Tax Credits are sold.
- Jody Kole answered Barbara Traylor Smith's request for clarification on behalf of the new Board Member as to why a governmental entity needs additional income and continues to maintain a positive Net Income. Jody Kole stated that GJHA strives for a healthy financial picture so cash can be distributed among many other programs and Reserve Accounts and for future program expansion. Generated cash flow in the General Fund can be reinvested in new ventures, real estate, and/or services and to grow the GJHA impact and effectiveness of its services in the community.
- Chris Launer commented that the \$859,149 Net Income is needed to maintain the properties so those funds should not necessarily be considered as excess cash flow. He reminded the group that also of that amount, \$250K is dependent upon The Highlands Developer Fee.
- Jody Kole said some properties like Ratekin Tower and Lincoln Apartments have larger rehab needs than can be accommodated within the individual property's Replacement Reserve accounts. In that instance, staff will work to develop a larger rehab project budget and to obtain appropriate grant funding for the entire project. These larger rehab projects are not included in the current year's Operating Budget, but will be presented to the Board as a Budget Revision once the full project resources have been obtained.
- Lori Rosendahl explained that the vehicle in the FY 2015-2016 Budget is for an in-town vehicle, utilized by the Leasing Agent. Relying on the Purchasing Department of the City of Grand Junction (City) for procurement assistance, figures are derived from The State of

Colorado's 2015 bidding procedure. Barbara Traylor Smith explained why the City is using the State Bidding process.

- Scott Aker asked about validity of the estimated \$250K Developer Fee for The Highlands. Jody Kole said this is conservative, but valid. Jody explained that the Developer Fee comes in installments upon various milestone completions.
- Barbara Traylor Smith inquired if staff evaluated the benefits of GJHA's 40th Anniversary community outreach efforts versus its marketing costs, and if any thought is given to keeping the momentum going. Jody Kole said she received positive feedback and still notices posters displayed around town. She agreed of the importance to keep the energy moving forward.
- Answering Chuck McDaniel's question, Jody Kole indicated a staff member will be reassigned full time to assist her with special projects.

With no further questions, the Board adopted *Resolution No. 2015-09-01 Adopting the Consolidated Budget for FY 2015-2016* with a motion by Scott Aker, a second by Chris Mueller, and a unanimous vote.

5. Request Authorization to Purchase Agency Vehicle

Referencing her Board memo/attachments dated September 25, 2015 requesting approval of a vehicle purchase, Lori Rosendahl explained the rationale for a preferred sports utility vehicle (SUV).

Lori clarified that according to the Purchasing Policy of the GJHA for any item over the \$25K threshold, assistance with the bidding process will be requested from the City as well as require purchase authorization from the Board.

Barbara Traylor Smith, Jody Kole, and Lori Rosendahl answered Board questions and identified bidding process options as follows:

- Refer to the City's bidding procedure, which takes advantage of the savings from the State of Colorado's 2015 bidding process
- A tight timeline exists to fund the purchase from the FY 2014-2015 Housing Choice Voucher (HCV) Program Budget. The new Fiscal Year with a new Budget begins October 1, 2015.

Lori Rosendahl received from the dealer a final quote of \$27,646 for the SUV being considered. The price included some modest upgraded safety items such as the hands-free Bluetooth calling system, a back-up camera, and a collision notification system. In the form of

a motion made by Tami, a second by Barbara, and a unanimous vote, GJHA staff received Board authorization of up to a maximum amount of \$30K to purchase a vehicle.

6. Request Adoption of Resolution No. 2015-09-02 Approving Payment Standards for the Housing Choice Voucher Program Effective October 1, 2015

The definition of Fair Market Rent (FMR) is the U.S. Department of Housing and Urban Development (HUD’s) assessment of the amount needed for a certain area to pay rent/utilities for a decent and safe rental housing unit. Under HUD guidelines, a public housing authority may set its Payment Standards for the Voucher Program from 90 to 110% of the FMRs.

Lori Rosendahl explained that the “Go Section 8” data base is the source used by GJHA to review the average rental rates in Mesa County. It is a very reliable compilation of data gathered on unassisted rents. Data is collected through various means available to the public, such as telephone calls, newspapers, etc., and is updated quarterly.

Lori referenced her Board memo dated September 23, 2015. Review of the HUD proposed FMRs for Fiscal Year 2016 versus the current actual rental rates/utilities for Mesa County shows approximately a \$100 gap in all bedroom-unit categories but one. Because Voucher Holders will struggle to find units that fall within the HUD proposed FMRs, staff is asking the Board to authorize the requested increase of GJHA Payment Standards for FY 2015-2016 as follows:

<u>Size</u>	<u>Proposed Payment Standard % and</u> <u>Proposed Payment Standard \$</u>		<u>Gap with New</u> <u>Payment Standard</u>	
• 0 Bedroom	110% of the HUD FMRs for Mesa County	= \$555	\$	49
• 1 Bedroom	110% “ “	= \$653	\$	45
• 2 Bedrooms	107% “ “	= \$842	\$	33
• 3 Bedrooms	105% “ “	= \$1204	\$	38
• 4 Bedrooms	110% “ “	= \$1511	\$	107

If the proposed FMRs become HUD approved, the amounts will be retroactive to October 1, 2015.

With discussion completed, *Resolution No. 2015-09-02 Approving Payment Standards for the Housing Choice Voucher Program Effective October 1, 2015* passed with a motion by Chris Mueller, a second by Scott Aker, and a unanimous vote.

7. Discuss Voucher Management System Audit Report

Recently staff from the HUD Quality Assurance Division conducted a Housing Choice Voucher (HCV) Program Voucher Management System (VMS) Validation Review to ensure accurate reporting and provide guidance to improve the HCV data reported in the VMS.

Board Members received the VMS Validation Review by HUD along with Lori Rosendahl's transmittal memo dated September 17, 2015 in the Board Packet documents.

The HUD Review revealed no findings. The few minor concerns are all identified, addressed, and the VMS updated as noted in Lori Rosendahl's memo dated September 17, 2015. GJHA staff did a tremendous job in a heavily regulatory burdened program that reports over \$7M in Housing Assistance Payments (HAP) and Administrative expenses annually.

Lori Rosendahl answered Scott Aker's question pertaining to Table 6 – All VO Expenses After the First of Month on Page 3 of the *VMS Validation Review Report* regarding HUD's non-validation of numbers. The software used by GJHA does not separate out regularly scheduled monthly landlord HAP payments and prorated-held payments (rent expense paid from the 2nd to the 31st of the month) in a way that the VMS reviewer could verify the exact expense electronically. Because the reviewer chose not to verify the numbers manually, validation did not occur. However, HUD does not utilize this data. The only number HUD is concerned with is the total HAP for the month. Accurate reporting by GJHA occurred every month with the exception of two months, reflecting under/over reporting by \$146 and \$33. With the reviewer present, identification of the incorrect booking and updates to VMS of both amounts occurred.

8. Update on The Highlands Development

Jody Kole stated that she appeared before the State Housing Board on September 8, 2015 regarding the GJHA request for Funding for The Highlands. GJHA received the full funding of \$800K for Phase I of the development.

During the review process, the State Housing Board Members expressed concern that one elevator for Phase I of the development might be inadequate for 64 senior tenants, half of which live on the third and fourth floors.

Jody Kole explained that the original development design included four floors in both Phase I and II buildings with an elevator in each wing, allowing any elevator to serve any tenant. As a cost-cutting feature, the redesign showed two floors in the shared amenity areas, with one elevator in each building serving tenants on the third and fourth floors of that respective building.

The State Housing Board proposed an additional \$160K in funding for a total of \$960K if a second elevator is added to Phase I of the development. Phase I redesigning efforts are now underway with the architect. To remain cost conscientious and to keep the amenity core area as functional as possible makes the redesign of the required space for a second elevator a challenge.

With the surety of increased redesign/construction costs, Jody Kole requested Board input and direction. Discussion included the following options:

- Return to the original design of four floors in both Phase I and Phase II buildings, but delay completion the interior finish of additional available floor space on the third and fourth floors until a later date. A combined total of three or four elevators for both buildings would then service any tenant anywhere.
- Design the development to build the third and fourth floors at a later date
- Increased costs will be a significant consideration if adding third and fourth floors
- Are there any amenities that can be shifted from Phase I to Phase II
- Delay the entire project and complete the whole development at the same time instead of in phases
- Secure additional funding elsewhere
- Keep the project as cost effective as possible

The Board recommended staff continue to study options, and ask that several options with visual aids and costs be presented for further discussion/decision.

9. Update on Foresight Circle

Jody Kole gave the following highlights on the 8 Foresight Circle construction progress:

- The soil is stabilized for the addition
- The footers and foundation are in with the concrete being poured this week
- The exterior brick is removed from the south side of the building
- The front door is removed for easier construction access
- The parking lot work is delayed, giving time for the water table to recede and the soil to dry further
- Completed saw cuts of existing concrete in order to accommodate some plumbing changes
- Removed a portion of the glue-down carpet containing asbestos-containing mastic
- Move in target date is late April/early May 2016

10. Other Business

Propose Alternate Date for Combined November/December Board Meeting Due to the Holidays

Jody Kole stated that historically the November and December Board Meetings are combined due to the Thanksgiving and Christmas holidays being within days of the regular November and December Board Meeting dates. An alternate date of December 7, 2015 will be the joint November/December Board Meeting. The Meeting will begin at 11:30 a.m. and will be held at the Linden Pointe Clubhouse.

Jody Kole said that the equity investor limited partner and lender proposals for The Highlands could be presented at this Meeting.

Other

• *Update on New GJHA Board Member Recruitment Process*

Board Member Chuck McDaniel is not seeking reappointment to the GJHA Board. His term ends October 31, 2015.

Barbara Traylor Smith said that three candidates for this Board seat completed the City's interview process. City Council Members are reviewing the Committee's recommendations with decisions to be announced at the October 7, 2015 City Council Meeting.

11. Adjourn

With business complete, the Meeting adjourned at 1:13 p.m.

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