

MINUTES

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

Wednesday, September 14, 2016
8 Foresight Circle
5:00 p.m.

1. Call to Order

Grand Junction Housing Authority (GJHA) Board Chair Chris Launer called the rescheduled September Board Meeting to order at 5:08 p.m. on Wednesday, September 14, 2016 with the following individuals present: Board Members Scott Aker, Tami Beard, John Howe, Tim Hudner, Jerry Schafer, and Barbara Traylor-Smith; Staff Members Chief Executive Officer (CEO) Jody Kole, Controller Amy Case, Director of Properties Cindy Tucker-Davis, Director of Supportive Services Margaret Ellrick, Executive Assistant Kristine Franz, Maintenance Supervisor Andrew Owens, and Director of Facilities and Development Tim Spach. Board Members present represented a quorum. With the expanded group, introductions occurred.

2. Consent Calendar

Prior to Board consideration of Consent Calendar approval, Jody Kole withdrew *Resolution No. 2016-09-03 Requesting the City of Grand Junction to Transfer the 2016 Private Activity Bond (PAB) Allocation to the Colorado Housing and Finance Authority (CHFA)* from the Consent Calendar. This matter has been resolved. With a request from GJHA for a late addition to the Grand Junction City Council Agenda last week, City Council addressed this topic at its Meeting.

Board Members received a revised bad debt write off memo amending the memo date to September 13, 2016.

Being respectful of the time allotted for Agenda items, Scott Aker requested discussion be held at an upcoming Board meeting regarding exploring a better methodology to write off bad debts in order to save accumulative staff preparation time and Board review time. Scott Aker referenced the footnote on the bad debt memo. The "*maximum CEO write off authority per lesser of 10% of quarterly rental revenue or \$10,000*" is the language in question and, in particular, the word **lesser**. With this statement, dollar amounts that may not necessarily merit the Board's review for write-off are submitted for Board approval.

- Note - The current Policy authorizes the CEO to write off bad debts for each of GJHA-owned properties and housing programs up to \$10K for the calendar quarter or an amount not to exceed 10% of the property's or program's quarterly budgeted revenue, whichever is less. The CEO is also authorized to write off Repayment Agreement bad debts up to \$10K for the calendar quarter. Bad debts in excess of \$10K for the quarter or 10% of a property's quarterly budgeted

revenue shall be submitted to the GJHA Board for approval. Repayment Agreement bad debts in excess of \$10K for the quarter shall be submitted to the GJHA Board for approval.

Chris Launer requested this topic be an Agenda item for the October Board Meeting.

With no further discussion, a motion from Scott Aker, a second from Tim Hudner, and an unanimous vote approved the Consent Calendar consisting of *Adoption of Minutes for July 25, 2016, Resolution No. 2016-09-01 Authorizing the Write-off of Bad Debts, and Resolution No. 2016-09-02 Approving Payment Standards for the Housing Choice Voucher Program Effective October 1, 2016.*

3. Report from the Finance and Audit Committee

Committee Chair Tim Hudner presented the Finance and Audit Committee report. The three topics discussed included:

- Monthly financial statements for August 2016.
 - The monthly financial statements for August are in good shape.
- The proposed Budget Revision for the Revised Budget for FY 2016 for Crystal Brook Townhomes.
 - The Finance Committee recommended Board adoption of the Revised Budget for FY 2016 for Crystal Brook Townhomes.
- The adoption of the Consolidated Budget for FY 2016-2017.
 - The Finance Committee recommended Board adoption of the Consolidated Budget for FY 2016-2017.

Revised Budget for FY 2016 for Crystal Brook Townhomes

Referencing her August 25, 2016 Board memo regarding the Revised Budget for FY 2016 for Crystal Brook Townhomes found in the Board Packet material, Amy Case explained expenditure adjustments. These adjustments are above the preset expenditure authority and primarily relate to one particular expensive tenant eviction:

- Other Income, Management Fees – increased by \$10,336 and \$620, respectively.
- Repairs & Maintenance – increased the budgeted expenses by \$25,940.
- Bad Debt Expense – increased by \$13,194.

Additional adjustments above the expenditure authority include:

- Other Non-Operating Income, Replacement Reserve Deposit, Other Loan Payments, Balloon Reserve – all relate to the Board-approved release of the Crystal Brook Reserve previously held in the General Fund (\$31K) and the prepayment/settlement of the Walnut Park Residual Receipts Loan (\$156K).

- Draws from Replacement Reserve – increased by \$38,113, based on increased maintenance expenditures and increased portion of these that were Reserve Draw eligible items.

With a motion by Tim Hudner and a second by Tami Beard, *Resolution No. 2016-09-04 Adopting Revised Budget for FY 2016 for Crystal Brook Townhomes* received a unanimous vote of approval.

As information only and with no Board action requested, Amy Case shared the significant actual to budget variances in the Housing Choice Voucher (HCV) Budget:

- Housing Assistance Payments (HAP) Income/Cash/Net Operating Income (NOI) - Voucher Program Cash decreased by \$609,479 in June and July due to the U.S. Housing and Urban Development's (HUD) routine recapture of previous Calendar Year-End Public Housing Authority (PHA)-held reserves via a disbursement offset. HUD's total recaptured amount based on HUD's calculation was \$556K; however GJHA calculates this amount should have been \$194K. As previously discussed during the July 25, 2016 Board Meeting, GJHA staff appealed the amount recaptured due to a HUD miscalculation for over-leased units to HUD's Financial Management Center and is awaiting the response.
 - Jody Kole briefly reiterated the past communication between Lori Rosendahl and the Denver HUD representatives, whom repeatedly advised GJHA to use its historically acceptable method to calculate the recaptured amount.
 - Amy Case said that due to a recent Restricted Net Position (RNP) Reconciliation performed by HUD, GJHA amended its recapture calculation from \$194K to \$230K.
- HAP Expense – increased in July as Pathways Village leased its new 40 Project-Based Voucher units. This expense is expected to remain elevated through the remainder of the fiscal year.
- Administrative Fees – GJHA received a disbursement from HUD of \$111,000 in October as an Extraordinary Administrative Fee payment for purposes related to Veteran's housing, accounting for much of the positive variance to budget in Administrative Fee Revenue. Actual receipts of monthly Administrative Fee operating grant funding continued to exceed the monthly budgeted amount. A March reconciliation indicated GJHA received \$78,300 in overpayment in calendar year 2015 and will be recaptured through reductions in 2016 disbursements. HUD notified GJHA that the 2016 proration rate is set at 84%, an increase from the anticipated rate of 81%.
- Computer Services – External / Office Supplies expenses lag budgeted amounts due to timing. Expenses should rise to the budgeted level by year end as scanners are purchased for GJHA's conversion to electronic tenant records.

FYE 09-30-17 Annual Budget

To allow for ample review time, Board Members received FY 2016-2017 budget documents in advance of this meeting. Prior to meeting discussion pertaining to the FY 2016-2017 Annual Budget, Board Members received replacement pages 1 and 2 of the Budget memo dated September 14, 2016.

Amy Case commented that when comparing the overall GJHA Budget revenue projections for FY 2016-2017 versus the proposed revenues for FY 2015-2016, GJHA experienced a 15% revenue growth in one year. On the flip side, expenditures grew only 9.6%.

Jody Kole said there are several items not included in this FY 2016-2017 Budget that will be submitted later for Budget Revision approval that include:

- The Highlands 1 Operations Budget will be submitted to the Board around April of next year.
- Costs for rehabilitation (rehab) work for the Nellie Bechtel property will be submitted later with Sources and Uses identified.

Scott Aker posed questions / comments, to which Jody Kole and Amy Case answered as follows:

- Staffing Needs Assessment
 - Jody Kole said that GJHA will need to add additional staff with the combined impact of the purchase of the Nellie Bechtel Apartments and The Highlands coming on line.
 - Scott Aker asked about part-time employee success, to which Jody Kole said GJHA experienced little success historically. Four part-time employees are currently employed, including one in the Finance Department, one in the HCV Program, and two in the Properties Department.
- Health Insurance – budget impact if premiums increase / potential increase of the Agency's contribution of \$450, per employee
 - Jody Kole said that GJHA increased the Agency's contribution for employees' health insurance a couple of years ago from \$400-\$450 per employee per month.
 - Discussion prompted further research to be completed by staff with updates provided to the Board.
- The Budget consolidation memo is very helpful and much appreciated.

With no further questions, a motion by John Howe, a second by Jerry Schafer, and a unanimous vote approved *Resolution No. 2016-09-05 Adopting the Consolidated Budget for FY 2016-2017*. Board Members congratulated the Finance Staff on their efforts.

4. Update on The Highlands

The Highlands 1

Tim Spach gave a brief update on The Highlands 1 development beginning with the news that a major milestone is about to be met - the building is close to being “dried in”. The exterior doors and windows are on site and ready for installation, the framing for the roof is almost complete, and roofing materials arrived on site. Site work is moving rapidly with asphalt paving of the parking lot to occur by early October. GJHA staff is working through logistics such as flag pole locations, entry / exit control strategies, and electronic or keyed door locks, etc. Tim Spach answered Chris Launer’s question by saying the development is currently two - three weeks ahead of schedule and gaining ground. GJHA staff is impressed with the quality of construction, and the construction site staff is excellent to work with. Both Tim Spach and Scott Aker, speaking from a neighbor’s point of view, complimented the construction site team on the neatness of the site and how quiet construction activities are.

Tim Spach and Jody Kole answered Chris Launer’s question by stating that the property storm water drainage issues are resolved and the underground storm water drainage storage area is in place. Jody Kole said that GJHA received a homeowner / resident letter from the Grand Valley Drainage District indicating that an independent firm will complete an engineering study of the Buthorn Drain to assess how to improve its capacity to handle storm water runoff.

Tami Beard said that a local vendor asked if bids will be accepted for furnishings in the common areas, etc. of the building. Jody Kole said there will be a formal solicitation process. Barbara Traylor Smith asked if procurement support from the City of Grand Junction’s (City) Procurement Department will be utilized. Jody Kole said she received a letter from the City Procurement Department stating that due to staff reduction, support will be severely curtailed, so she is unsure of the level of available support.

The Highlands 2

The City Procurement Department led the formal process for solicitation of qualified bidders for a Design-Build Team for The Highlands 2. Tim Spach said that GJHA received one response to the Request for Proposals (RFP), from the team of Shaw Construction (Shaw) and Oz Architecture (Oz). Group dialogue regarding the possible reasons for limited bidder responses included:

- What few general contractors there are in the Grand Valley are working.
- There is a limited number of subcontractors in the Grand Valley now due to the economy decline.

- Competitors might choose to believe overall knowledge gained from The Highlands 1 development would be only known and more beneficial to The Highlands 1 Design-Build Team of Shaw / Oz.
- Because both buildings are connected, assuming responsibility for issues affecting both buildings might be difficult for another Design-Build Team.

Additionally, Jody Kole informed the Board that:

- With site-accommodating decisions made early in the development process of The Highlands 1, most of the site civil work is already done making the conceptual drawings ready.
- Last week the City Council approved GJHA's request to increase the apartment density up slightly from 68 to 72 units for The Highlands 2, using the same footprint. With the addition of the third and fourth floor amenity space, additional square footage and a redesign allowed for a few extra units while still maintaining adequate amenity space.
- With local funding participation a pre-requisite to receiving funding from the State Division of Housing (DOH), GJHA submitted a request to the City for assistance with the City's Development Impact Fees on behalf of GJHA. If this request becomes a challenge for the City to meet due to current City Budget constraints, a request for Community Development Block Grant funding might be submitted.

5. Request Authorization of Selection of Design-Build Team for The Highlands 2

An interview with the Shaw / Oz team occurred September 13, 2016. Confident in the ability of this team, the GJHA staff recommends Shaw / Oz as the Design-Build Team for The Highlands 2 and seeks Board authorization. With a motion from Scott Aker, a second from Jerry Schafer, and a unanimous vote, the Board authorized the selection of Shaw / Oz as the Design-Build Team for The Highlands 2.

With Shaw notified of its selection pending Board approval, a contract will be ready in the near future.

Jody Kole said that in the Consolidated Budget for FY 2016-2017 adopted today sufficient funds to cover this contract are found in the Acquisitions / Development Budget.

Board Members received a copy of the proposal submitted by Shaw / Oz, which is divided into the following two categories:

- Costs up to the pre-submittal of the Low Income Housing Tax Credit (LIHTC) Application to CHFA.
 - GJHA staff is requesting a full set of construction drawings at this point.

- **Costs for Construction Contract Administration.**
 - Construction Contract Administration costs are not included in the GJHA FY 2016-2017 Consolidated Budget but will be incorporated in The Highlands 2 Construction Budget. This Construction Budget will be submitted later for Board approval.

Jody Kole addressed Chris Launer's question regarding the projected timeframe for the submittal of the LIHTC Application to CHFA. Jody Kole confirmed with Mr. Mike Pacheco, Senior Tax Credit Officer of CHFA, that it is anticipated the Tax Credit schedule for allocating the 9% LIHTC for 2017 will remain the same as this year. Jody Kole said that two separate pricing exercises will be completed as part of the Tax Credit Application readiness process. One exercise will be done at the design development stage, and then a repricing effort will be prepared upon the completion of the construction drawings. Assistance from KD Housing will be contracted for the preparation of the Tax Credit Application.

6. Other Business

1011 North Tenth Street

Previously, Jody Kole notified Board Members of vandalism that occurred at the GJHA unoccupied office building at 1011 N. 10th Street. A security company is now assisting GJHA by conducting night monitoring of the building / property. There is exterior lighting on the building and parking lot lighting. Inactive phone lines in the building created an inactive alarm system. As a result, during the vandalism no Leadership Staff Member nor the Police Department received an alert of damage or intrusion. Research is being done to reactivate the alarm system with a wireless transmitter.

- **Note:** The alarm system is now activated.

Through a competitive procurement process, staff selected a realtor to market the 1011 N. 10th Street property. The realtor said the best likely purchaser at this point in time in Grand Junction might be an investor who would like to obtain a secured rate of return from a leased building. The realtor's recommendation to offer the property both "for lease and for sale" is acceptable to GJHA. It is anticipated that the property will be listed by the end of the week.

Tim Hudner said that the revenue generated as a result of the sale of 1011 N. 10th Street is not included in the FY 2016-2017 Consolidated Budget.

Leased Spare Office Space at Ratekin Tower

For years, GJHA leased the spare office space at Ratekin Tower to non-profit agencies. With the current lease expiring the end of September 2016, the realtor retained to market 1011 N. 10th Street will also be involved in marketing this vacant office space. Ratekin Tower's financing dictates that the space must be leased to only a non-profit tenant, which makes the marketing more of a challenge.

The FY 2016-2017 Consolidated Budget reflects six months of vacancy loss with a lowered expected rental revenue per square foot for this available office space.

Vacant COO Position

Jody Kole said that the deadline for applications for the vacant Chief Operating Officer (COO) position at GJHA is Monday, September 19, 2016. To answer Barbara Traylor Smith's question, Jody said the job description did not change, anticipating that a candidate would closely meet the requirements of the position. Should candidates not be suitable for the existing position, consideration is being given to dividing the job responsibilities into two separate positions.

Nellie Bechtel Apartments

Nellie Bechtel Apartments is a 96-unit senior complex purchased by GJHA in late 2015. With the award of Project-Based Vouchers for this property, qualifying lower-income residents realize savings in rent. Jody Kole shared the following recent statistics:

- For the first 20 households, the average savings for the tenant is \$232/month – ranging from the smallest amount of \$63/month to the largest amount of \$432/month.
- That is a savings of approximately \$56K/year to those 20 households.

Grant applications have been submitted and staff is hopeful grant funding will be awarded from the following entities:

- An Energy Outreach Colorado audit is slated for September 29, 2016, and any funding awarded will be used for energy efficiency improvements.
- Notice is expected to be received in October if grant funding will be awarded from The Federal Home Loan Bank of Topeka. The request is for the maximum amount of \$500K.
- Staff is working with Kathryn Grosscup on tweaking the grant application to the State of Colorado, Department of Local Affairs, Division of Housing (CDOH).

Payment Standards for the Housing Choice Voucher Program

Reviewing the September 7, 2016 memo requesting the approval of GJHA Payment Standards for FY 2016/2017 for the HCV Program, Chris Launer remarked on how expensive the current average rent / utilities at \$941 are for a two-bedroom housing unit in Mesa County. Dialogue continued with the group concurring that rental rates are high.

Jody Kole explained that the definition of Fair Market Rent (FMR) is 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 HCV Program from 90 to 110% of the FMRs.

Review of the HUD proposed FMRs for FY 2016-2017 versus the current actual rental rates / utilities for Mesa County shows a gap in all bedroom-unit categories but one. Because Voucher Holders will struggle to find units that fall within the HUD proposed FMRs, the proposed GJHA Payment Standard of 110% helps to reduce but not eliminate the gap.

Monthly Highlight – Student Statistics

Chris Launer commented on the September 7, 2016 Monthly Highlight memo and accompanying bookmark that focused on Mesa County School District No. 51 homeless student statistics. The memo restates that statistics prove that students do better if they have a warm, safe place to complete homework assignments, get a good night's sleep, and feel safe and secure. GJHA makes a significant impact in the lives of hundreds of students by providing housing in GJHA-owned units, through the HCV Program and / or the Next Step Program. Today, 710 students live in warm, safe homes provided by GJHA. While GJHA and its partners are working diligently to help house homeless children, there is still a substantial gap with much work to be done.

Additional bookmarks are available and will be provided to Board Members upon request.

Board Meetings, Upcoming Events, Schedules, and On-line Training

Board Meetings

The group decided the joint November / December Board Meeting will be December 14th, beginning at 4:00 p.m. at 8 Foresight Circle.

The GJHA Annual Meeting is scheduled for January 23, 2017, beginning at 11:30 a.m.

- Note: The venue for the event is the Hospitality Suite at Stocker Stadium.

Upcoming Events

GJHA fielded a team to compete in the Hilltop / Latimer House fundraiser, *Men in Heels Race*, in support of domestic violence victims. The *Race* is tomorrow September 15, 2016, at 5:30 p.m. Current donations raised by GJHA total \$1,910. The GJHA team participants are: Chris Mueller, Andrew Owens, Jerry Schafer, Kevin Sperle, and Robin Trump. Thank you to these men for their willingness to participate and represent GJHA.

- Note: The final GJHA donation tally is \$2,405.

Schedules

Barbara Traylor Smith notified the group that she will be unavailable for the October 24, 2016 Board Meeting.

Jody Kole informed Board Members of her out-of-the office business / personal schedule for the next three weeks.

On-Line Training

HTVN serves the affordable housing industry by providing on-line training courses. GJHA pays a yearly fee to access all the HTVN on-line training courses for the entire staff. This is far more economical than sending staff off-site and possibly out-of-state to necessary training, paying individual course fees, and travel costs. Mandatory safety training requirements and supervisor-chosen courses for staff are met through HTVN. Board Members are also eligible to enroll in courses, and received the HTVN Learners' Guide giving instructions on how to access the system, review, choose, and participate in the on-line training.

7. Adjourn

With business completed, the rescheduled September Board Meeting adjourned at 6:23 p.m.

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