

MINUTES

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

Friday, January 13, 2017
8 Foresight Circle
11:30 a.m.

1. **Call to Order**

Grand Junction Housing Authority (GJHA) Board Chair Chris Launer called the special GJHA January Board Meeting to order at 11:38 a.m. on Friday, January 13, 2017 with the following individuals present: Board Members Tami Beard, Ivan Geer, John Howe, Tim Hudner, Jerry Schafer, and Barbara Traylor Smith; Staff Members Chief Executive Office Jody Kole, Chief Operating Officer Scott Aker, Controller Amy Case, and Executive Assistant Kristine Franz. Board Members present represented a quorum.

2. **Welcome New Board Member Ivan Geer and Recognize Outgoing Board Member Scott Aker**

The group congratulated former Board Member Scott Aker on his new position as COO for GJHA and expressed appreciation for his service to GJHA as a Board Member. The group welcomed Ivan Geer as the new Board Member. Ivan shared some career and public service history, and introductions around the table followed.

3. **Consent Calendar**

With no additional questions or comments, the Board approved the Consent Calendar with a motion by Barbara Traylor Smith, a second by Jerry Schafer, and a unanimous vote. The Consent Calendar consisted of the following items: *Request Adoption of Minutes for October 24, 2016 and Resolution No. 2017-01-01 Designating the Location for the Posting of The Notice of Meetings and Establishing a Meeting Schedule for 2017 for The Board of Commissioners of the Grand Junction Housing Authority.*

4. **Board Organization**

Election of Officers of the Board of Commissioners for 2017 Board Chairperson and Vice Chairperson

The Chairperson and Vice Chairperson of the Board of Commissioners of GJHA are elected each year for a one-year term.

Chris Launer recommended that Vice Chair Tami Beard be elected as Chair and Tim Hudner be elected as Vice Chair. Board Members concurred. Barbara Traylor Smith moved to approve that slate. The motion passed with a second by John Howe and a unanimous vote.

Committee Assignments: Finance and Audit Committee, Incentive Compensation Committee, and Real Estate Committee

Chris Launer reminded everyone that any and all Board Members are welcome to participate on any Committee.

Tim Hudner briefed the group on responsibilities of the *Finance and Audit Committee*. Due to Board Meeting time constraints and lengthy agendas, this Committee formed to allow sufficient time to discuss financial issues and to examine monthly and quarterly financials with the Executive Staff. The Committee meets monthly, prior to the scheduled Board Meeting. Summation of financial topics is provided at monthly Board Meetings with quarterly financials reviewed in detail by all Board Members. Audit tasks include participating in pre-audit and exit interview discussions with the auditors and executive staff.

Chris Launer recommended that the newly elected Board Chair and Vice Chair, Tami Beard and Tim Hudner, continue to serve on this Committee. Barbara Traylor Smith suggested consideration might be given for a Board Member to rotate possibly on a quarterly or semiannual basis rather than committing for a year, allowing personal schedule flexibility for that one Board Member. John Howe and Barbara Traylor Smith said it is important to keep a continuity perspective. John Howe and Jerry Schafer both expressed interest in participating on this Committee.

Chris Launer said the *Incentive Compensation Committee* meets once a year to review the performance of the CEO and to determine the incentive compensation dollar amount, as appropriate. Chris Launer said a continuity perspective is important for this Committee also. The Committee is usually comprised of the current Chair, Vice Chair, and the immediate past Chair. Tami Beard, Tim Hudner, and Chris Launer will serve for FY 2017.

The *Real Estate Committee* meets on an as needed basis to discuss issues covering the selection of properties, evaluations, negotiations, etc. Jody Kole estimated a possibility of three to four meetings a year. Barbara Traylor Smith, John Howe, Ivan Geer, Chris Launer, and Jerry Schafer all expressed interest in serving on this Committee.

5. Update on Risk Management

Board Members received the 2016 Board Summary Property and Casualty Insurance information as part of the Board Packet material. Amy Case said this presentation is prepared by the GJHA insurance broker, HUB International, and illustrates how GJHA is

addressing risks. The document shows what insurance entity is providing coverage, what category, level of liability, limits, deductible amounts, and premium costs.

Jody Kole and Amy Case clarified questions and comments from Chris Launer, Tim Hudner, Barbara Traylor Smith, and Ivan Geer. Topics covered included:

- Management Liability – Directors & Officers
 - Individual Board Members and/or Officers are not responsible for the deductible amount. GJHA is responsible.
 - Does the GJHA Bylaws reflect this statement?
 - Colorado nonprofit Board Members are indemnified, unless there is some type of financial gain involved associated with that Board membership.
 - Is this indemnification applicable to Board Members of governmental agencies as well?
 - Is the cyber liability dollar amount adequate for present day and/or in the future?
 - The information technology system utilized by GJHA is a separate system and is not connected with the City of Grand Junction in any way.
 - Jody Kole and Amy Case will research these questions and report to the Board.
- The loss summary general liability category shows an outstanding reserve amount of approximately \$11K in 2016 and represents minor flood damage at Ratekin Tower. The loss summary property liability category shows a claim for approximately \$18K. The claim is settled and reserves are expected to be released.
- The workers' compensation category shows premiums have been reducing year-over-year. This speaks well for the safety within the organization, especially given the increasing number of employees.
 - Most claims are from the Maintenance Department.
- The business automobile category reflects a premium increase due to vehicles added to the fleet over the years.
- The property insurance category reflects an increase in premiums due to the addition of real estate to the GJHA portfolio.
- The inland marine coverage represents the all-terrain vehicles used to plow snow at GJHA properties.
- As the broker, HUB shops insurance for GJHA and meets annually with staff to discuss opportunities.
 - Repricing efforts are occurring now as February 15, 2017 is the renewal date for GJHA.

6. Update on Strategic Plan

For the benefit of the newest Board Member, Jody Kole and Chris Launer outlined the Strategic Planning process. Jody Kole said that Board Members and Executive Staff meet together at least every other year and establish goals with benchmarks and accomplishment deadlines using the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. The bubble diagram on the cover of the Strategic Plan 4th Quarter Report represents the four SWOT areas. The size of the individual bubbles and the proximity to the center of the diagram represents how the Board and staff perceives the size of the threat or opportunity and how much control GJHA will have over those.

Chris Launer said that traditionally, more than six goals have been established. However, at the suggestion of the facilitator last year, the Board and staff agreed to reduce that number and include one “wildly important goal”. That goal is the real estate development of The Highlands 1 and 2.

Jody Kole addressed the Strategic Plan Quarterly Update of November 2016. She said that great strides are being made in all areas with the exception of *Goal VI – Objective: Succession Planning*. With the recent departure of the COO, efforts focused on replacing the COO and reorganizing the staff leadership team.

Other goal updates included a summary of efforts at the Nellie Bechtel property, the appraisal price of 1011 N. 10th Street property, and the contract for the online payment system for tenant payments.

7. Update on The Highlands

Highlands 1

Jody reported that construction on The Highlands 1 is 70% complete. Installation of the kitchen cabinets on the first floor is in process. The Certificate of Occupancy is scheduled for May. Prior to any advertising, there are currently 50 tenant applications on file. Applications need to be 90 days or newer prior to the tenant move-in date so the application process will ramp up in February to be ready for occupancy in May. The Highlands 1 will have 64 units.

Group discussion topics included:

- Anticipated impacts on the tax credit equity investments based on the predicted changes on the federal tax reform are being considered. Rumors are circulating that equity investors are paying anywhere from \$.10-\$.15/dollar to 20% less than

a year ago. Reasons discussed included economic uncertainty and cautious reaction to the Presidential election results.

- Jody Kole's calculations show a substantial gap in the budget for The Highlands 2 if the equity investments decrease from that of The Highlands 1. Multiple sources will be needed to fill the gap and options might include:
 - Raising tenant rents to better cash flow a larger mortgage. However, that would serve fewer low-income seniors and be less competitive in the tax credit allocation process, so it becomes a balancing act.
 - Obtaining other sources of soft money.
 - Requesting additional funding from the State.
 - Identifying cost containment options in the construction budget without sacrificing quality.

The Highlands 2

Jody Kole reported that Oz Architects completed the Design Development drawings for The Highlands 2, and the drawings are in the review process. Shaw Construction is starting the construction pricing exercise to obtain preliminary estimates. Architects and engineers continue working which will help GJHA to demonstrate its "shovel ready" position when applying for the tax credit allocation from the Colorado Housing and Finance Authority (CHFA). GJHA committed approximately \$657K to complete the design work, which will be repaid when the transaction closes. The Highlands 2 will have a total of 72 units.

At the request of Chris Launer and Tami Beard, Amy Case prepared and distributed the Anticipated 2017 Cash Flow document. Amy Case explained this document illustrates figures beginning January 2017 for the Operating Account balance of the Acquisitions & Development and General Funds, operating results in terms of income and expenses, and extraordinary payments/receipts.

Jody Kole answered Ivan Geer's question regarding options for GJHA to cover the financial risk if tax credits are not allocated to The Highlands 2 this year. The majority of the \$657K spent pertains to the architect and engineering efforts, such as the design and drawings which have a long shelf life. There are, however, a few aspects that must be new within 60-90 days of the Application, such as the Market Study and an updated Phase 1 Environmental Assessment. Chris Launer said the Board believes spending these funds is a reasonable risk to take. If The Highlands 2 is not successful in receiving the tax credit allocation this year, then reapplication can be made at a future date.

To demonstrate additional “readiness” of the development, GJHA hopes to be able to seek proposals from lenders and equity investors this spring, prior to submittal of the Tax Credit Application. The Letter of Intent to apply for tax credits to CHFA is due May 1, 2017 with the complete Application due to CHFA on June 1, 2017.

8. Other Business

Update on the Annual Meeting Scheduled for January 23, 2017

Scott Aker gave details regarding the Annual Meeting scheduled for January 23, 2017 at 11:30 a.m. at the Stocker Stadium Hospitality Suite.

The focus for the Annual Meeting is on the properties and services provided to GJHA’s senior clients. Scott Aker said that with much discussion occurring around the state on how the State of Colorado plans to prepare to serve its seniors, the Executive Staff invited Mr. Jim Riesberg, Chairman of the State of Colorado’s Strategic Action Planning Group on Aging, to be the keynote speaker. Mr. Riesberg and several staff will tour The Highlands development prior to the Annual Meeting.

During the Meeting a video of senior client testimonials will be shared, and presentations of several awards will be given to service partners for support to seniors. Special recognition will be given to Attorney Rich Krohn for his 30 years of support and service to GJHA.

After brief discussion, the group decided a press release might be a good way to inform the media of The Highlands development.

Photographs will be taken of Board Members and Executive Staff prior to the start of the Meeting for use on the GJHA website.

Reschedule March 27, 2017 Board Meeting

Because of a conflict with the date of the 2017 Legislative Conference of the National Association of Housing and Redevelopment Officials, the March Board Meeting is rescheduled for March 20, 2017 at 5:00 p.m.

Schedule a “Lunch and Learn” – Topic: Vouchers

Chris Launer said that during the last Finance/Audit Committee Meeting the group discussed the idea of staff providing an educational session on Vouchers to benefit new Board Members and act as a refresher for the other Board Members.

Kristine Franz will poll Board Members on their availability.

9. Roll Call to Move into Executive Session to Discuss Personnel Issues – Specifically the Performance Level of the CEO

Jody Kole, Scott Aker, Amy Case, and Kristine Franz left the meeting. At approximately 12:53 p.m., the Board entered into an Executive Session with a roll call vote to discuss personnel issues, specifically the performance level of Jody Kole.

10. Roll Call to Move out of Executive Session and Return to the Open Meeting

With a roll call vote at 1:01 p.m., Board Members exited the Executive Session, returned to the Open Meeting, and Jody Kole joined the Meeting.

11. Request Approval of Recommendations from the Executive Compensation Committee Regarding the Performance of the CEO

Chris Launer entertained a motion to approve the recommendations of the Executive Compensation Committee regarding the performance of Jody Kole. With a motion by Tami Beard, and a second by Tim, a unanimous vote approved the motion. Barbara Traylor Smith thanked Jody Kole for her hard work and commitment to GJHA and the community. Board Members concurred.

12. Adjourn

With business concluded, the special January Board Meeting adjourned at 1:03 p.m.

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