

## MINUTES

Grand Junction Housing Authority  
Board of Commissioners' Meeting  
**August Regular Meeting**

Monday, August 28, 2017  
8 Foresight Circle  
5:00 p.m.

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### 1. **Call to Order**

Grand Junction Housing Authority (GJHA) Board Chair Tami Beard called the regular August Board Meeting to order at 5:12 p.m. on August 28, 2017. Board Members present represented a quorum and included John Howe, Tim Hudner, Chris Launer, Phyllis Norris, and Jerry Schafer. Board Member Ivan Geer did not attend. Others in attendance included GJHA Chief Executive Officer Jody Kole, Chief Operating Officer Scott Aker, Controller Amy Case, Executive Assistant Kristine Franz, and members of the Leadership Team that included Jamie Dickey, Margaret Ellrick, Andrew Owens, Tim Spach, Kevin Sperle, and Racquel Wertz. Guests included Colorado Housing and Finance Authority (CHFA) Executive Director and CEO Cris White and GJHA attorneys Rich Krohn, Chris McAnany, and Jill Norris.

### 2. **Introduction and Welcome to Mr. Cris White**

After a welcome to guest Cris White, group introductions occurred.

The mission of CHFA is to strengthen Colorado by investing in affordable housing and community development.

Jody Kole referenced the document distributed at the meeting titled *Household, Population and CHFA Production – Mesa County and Colorado*, and said this chart helps illustrate how instrumental CHFA has been and is in partnership with GJHA. Scott Aker said this document illustrates CHFA's commitment to Mesa County across all product lines.

Cris White spoke on CHFA's effort to allocate assets where the demand is most needed. Focusing on the single-family arena, Cris spoke about the importance of the down payment assistance program and the homebuyer education program, and mortgage credit certificates. Jody Kole explained that with the flexibility of CHFA's loan products/terms, GJHA benefited from the use of CHFA's multi-family loan products in making GJHA developments viable. Cris concluded by emphasizing that the partnership with GJHA is valued greatly and fulfills the missions of both CHFA and GJHA.

### 3. **Request Adoption of Minutes for July 17, 2017**

With no questions or discussion, the Minutes of the July 17, 2017 Board Meeting received unanimous approval with a motion by John Howe and a second by Chris Launer.

### 4. **Discussion of Proposed Restated Bylaws of the Grand Junction Housing Authority and Request Adoption of Resolution No. 2017-08-01**

As a result of an earlier request by the Board to incorporate indemnification language in the current Restated Bylaws, a committee comprised of Jody Kole, Ivan Geer, John Howe, and GJHA

attorney Jill Norris met twice to review and propose edits to the Restated Bylaws dated and adopted September 24, 2012.

Board Members previously received both the red-lined version and the proposed updated version of the Restated Bylaws. Jody Kole gave examples of minor changes that reflected updates. Jill Norris summarized the significant proposed changes as referenced below.

*Note: This summary is not meant to be representative of the all-inclusive Bylaw language. For thorough review of the Bylaw language and/or further clarification on changes, deletions, or additions, a copy of both the red-line and proposed Restated Bylaws is retained in the permanent file.*

- Article V – Meetings
  - Section 4 – Emergency Meetings
    - Any action taken at such emergency meeting shall be effective only until the next posted meeting, at which time, the Board may ratify the emergency action taken. If the emergency action is not ratified, then it is deemed rescinded as of the date of such subsequent meeting.
  - Section 8 – Meetings by Telecommunication
    - Through the use of telecommunication devices, one or more Commissioners may participate in GJHA meetings and may vote on any matters. Commissioners attending a meeting via any form of telecommunication may not participate in an executive session.#
- Article VII – Indemnification#
  - Section 1 – All Actions#
    - The Authority shall indemnify to the fullest extent permitted under the laws of the State of Colorado a Commissioner, officer, employee or agent of the Authority of any liability as a result of the connection with the Authority.#
  - Section 3 – Payment in Advance#
    - Expenses incurred in defending a proceeding may be paid by the Authority in advance of the final disposition.#
  - Section 4 – Insurance#
    - The Board may exercise the Authority’s power to purchase and maintain insurance on behalf of the Commissioners, director, officer, employee or agent of the Authority.#
  - Section 5 – No Waiver#
    - The indemnification shall not be deemed a waiver of any rights or defenses nor exclusive of any other rights to which those seeking indemnification may be entitled.#
- Article VIII – Conflict of Interest#
  - No Commissioner or employee of the Authority shall acquire any interest in any project or in any property included or planned to be included in any project, nor shall he or she have any direct or indirect interest in any contract or proposed contract for materials or services to be furnished or used in connection with any project. #
    - Language used is directly from the Colorado State Statutes and is incorporated into the Bylaws.#

Jill Norris responded to Board questions stating: 1) four commissioners constitutes a quorum; 2) a quorum applies to an emergency meeting; and 3) there is no Colorado state law that protects an individual involved in non-profit work.

With no further discussion, Phyllis Norris made the motion to adopt *Resolution No. 2017-08-01 Restated Bylaws of the Grand Junction Housing Authority*. With a second by Jerry Schafer, the Board approved the Resolution unanimously.

## **5. Discussion of GJHA Project Management**

In reference to the Board memo dated August 28, 2017 by Scott Aker and Tim Spach, Scott Aker presented and discussed a proposal for internal project management of renovation/rehabilitation projects only on properties owned and/or managed by GJHA, including the tax credit properties. Scott stated that presently an external General Contractor (GC) is hired for all new GJHA construction projects, and staff recommends this practice continue as it is not the intent of GJHA to compete with the GC community.

Following are reasons supporting the recommendation of internal project management:

- Projects to be managed internally include ongoing maintenance/rehabilitation of GJHA properties and may include the use of GJHA maintenance staff and subcontractors.
- Currently, GJHA staff oversees or manages subcontractors.
- Recently, the Mesa County Building Department informed GJHA staff that, depending on the scope of work, an application for a building permit by a licensed GC may be required. GJHA Director of Construction and Development Tim Spach currently maintains a GC license. GJHA staff is proposing that Tim Spach become the qualifier for the benefit of GJHA when it is necessary to pull a building permit for GJHA-managed projects. Tim Spach shared a recent smaller project example of needing to pull a building permit.
- Grant sources for larger projects may allow for a reasonable project management fee. GJHA is about to undertake a large rehabilitation project at the Nellie Bechtel Apartments (Nellie Bechtel). If the grant is awarded by the Colorado Division of Housing, a sizable management fee will be approved and will be increased revenue to GJHA.

Additional considerations given in this recommendation include research on insurance implications and the addition of a new full time Contract/Procurement Specialist. According to the GJHA insurance broker, existing GJHA coverage will be adequate for any project less than \$1M. Project-specific policies could be purchased for amounts above the \$1M threshold, and this cost can be included in the project. The addition of a Procurement/Contracting Specialist position will be a much needed resource to support procurement and contract management functions throughout the organization. These responsibilities are currently being handled by several staff members, but with the new revenue source of project management fees this position's salary would be covered.

Staff sought legal advice from GJHA counsel pertaining to whether or not there are any legal problems that would preclude GJHA from assuming the responsibility as a GC for

renovation/rehabilitation projects on all properties owned and/or managed by GJHA. In reference to the Board memo dated August 17, 2017 written by Chris McAnany, Chris informed the group that GJHA may act as a general contractor, accepting the overall responsibility of all oversight of the projects. Chris McAnany addressed and thoroughly explained several specific concerns that should be given careful consideration: 1) local licensing; 2) procurement; 3) contracts; 4) bonding and insurance; 5) personnel policies.

Staff reiterated that the intent is to assume this GC role only on properties owned or managed by GJHA and its tax credit properties. Staff will not undertake any design or engineering work.

Contract documents for a grant and loan terms are under review with the Colorado Division of Housing for a renovation/rehabilitation project at Nellie Bechtel so the estimated time frame for a construction start on Nellie Bechtel is 60 – 90 days from now.

Staff is requesting the Board's approval to: 1) move forward as the GC and project manager for renovation/rehabilitation on Nellie Bechtel, and 2) direct staff to work to develop guidelines and policies for internal project management by GJHA as a GC.

John Howe made a motion to approve GJHA to act as the GC for the Nellie Bechtel renovation/rehabilitation project, and to further develop policies and procedures acting as a GC in other projects involving GJHA-owned and or managed properties. A second by Phyllis Norris and a unanimous vote approved the motion.

**6. Discussion of Bookcliff Squire Property and Request Adoption of Resolution No. 2017-08-02 for Demolition of Bookcliff Squire.**

Referencing the memo to Board Members from Asset Manager Suzy Keith dated August 28, 2017 pertaining to the Bookcliff Squire Apartments, Scott Aker addressed the following topics: 1) the history of the property and the original intent to redevelop the property; 2) financial position; 3) significant needed repairs and costs; 4) redevelopment strategies and associated costs; 5) determining what population to serve; 6) identifying community partners, and funding sources; and 7) staff recommendations that also included staff assisting the four current households with finding/relocating to new homes.

Housing Colorado sponsors “design charrettes” prior to the Housing Colorado NOW Conference. A design charrette is a pre-development process exploring architectural and development options for a site, utilizing the expertise of a number of individuals. GJHA submitted the site of the Bookcliff Squire Apartments and was selected to participate in a design charrette on September 22 and 23, 2017 at the GJHA office. The design of this site created during this process will be presented at the Housing Colorado NOW Conference in October of 2017.

Dialogue continued covering: 1) conversations are occurring with Hilltop to consider re-purposing that property for individuals/families leaving the Latimer House Domestic Violence Shelter; 2) costs projected in the FY 2017-2018 Budget documents for continued operation and rehabilitation of the property; 3) the property operated at a loss for the last several years due to

vacancies and rehabilitation caused by flooding issues; and 4) supporting the recommendation to redevelop the property which would serve up to 20 affordable units instead of only 5 units.

With no further discussion, a motion made by Chris Launer to approve *Resolution No. 2017-08-02 for Demolition of Bookcliff Squire* and seconded by Jerry Schafer, passed unanimously.

#### **7. Report from the Finance and Audit Committee**

The Finance and Audit Committee Chair Tim Hudner reported on the Third Quarter Financial Statements for the Period Ending June 30, 2017. The only real issue continues to be the uncertainty of the federal Housing Choice Voucher (HCV) Administrative funding, as previously addressed in prior meetings.

With the Committee's recommendation to approve the Third Quarter Financial Statements, the motion made by Chris Launer and seconded by Jerry Schafer received unanimous approval.

#### **8. Presentation and Discussion on FYE 09-30-18 Annual Budget and Request Approval of Resolution No. 2017-08-03 Adopting Consolidated Budget for FY 2017-2018**

To allow for ample review time, Board Members received FY 2017-2018 Budget documents in advance of this meeting. Amy Case provided explanation of the handouts distributed at the meeting that included: 1) Consolidated Budget, All GJHA-owned Properties and Agency Programs; 2) a new Budget Summary for Nellie Bechtel; 3) a revised Property Reserve Budget; 4) Properties with Operating Cash Only; and) Tax Credit Reserve Budgets (Calendar Year). Referencing the August 16, 2017 Board FY 2017-2018 proposed Budget memo, Amy Case gave specific attention to several of the Budget highlights/assumptions as follows:

- Staffing changes include four additional positions: 1) Director of Human Resources (HR); 2) Procurement/Contracting Specialist; 3) Maintenance Technician; 4) IT Support Technician.
  - Jody Kole explained the priority to include two positions, Director of HR and a Procurement/Contracting Specialist. To answer the question by Phyllis Norris, the HR responsibilities are currently being handled by staff, with legal assistance from GJHA Attorney Michael Santo as needed. The Employee Handbook will be reviewed for any pertinent changes.
- Reliance on federal funds as a source of revenue is decreasing from 77% in 2008 to 70% currently.
- Proposed performance-based compensation adjustment at 3% for all eligible employees.
- Modest rent increases at the properties.
- Reservation of 9% tax credits for The Highlands 2.

Additional remarks made by Jody Kole, Amy Case, Scott Aker, and Rich Krohn include:

- Thoroughly explaining the difference of Option A and Option B for the Market Property Consolidated Budget and Option A and Option B for Bookcliff Squire Budget.

- There is a placeholder in the Budget for the cost of a full analysis of the wage and salary structure. Tim Hudner suggested the entire compensation package be reviewed, including not only wages but other benefits such as health care, time off, etc.
- Discussing the Supportive Services Programs and its funding challenges. With the Supportive Services Programs being vital to the success of clients, the General Fund in the Budget allows for around \$50K to fund the gap in grant revenue. Efforts are underway to find additional funding sources, identify fundraising projects, and re-establish community relationships.
- The HCV Budget and its negative Operating Cash Flow represents the need for the transfer of the Voucher Program Administrative Fee Reserves, as discussed in the July meeting.
- Answering Chris Launer's question regarding the accrued interest on the Tax Credit soft loans by stating that Generally Accepted Accounting Principles (GAAP) and GJHA auditors allow for the process GJHA uses to record these transactions.

With an extensive review of the FY 2017-2018 Budget, the Finance and Audit Committee recommended Budget approval with Option A for the Market Property Consolidated Budget and Option A for Bookcliff Squire Budget.

With a motion by Chris Launer and a second by John Howe, the Board unanimously approved the *Resolution No. 2017-08-03 Adopting the Consolidated Budget for FY 2017-2018*.

Board Members congratulated Amy Case and the Finance Department staff for comprehensive, understandable, and easy-to-read Budget documents.

## **9. Update on The Highlands 2**

The GJHA presentation to the CHFA Tax Credit Allocation Committee (Committee) occurred August 22, 2017 with Jody Kole, Rich Krohn, and Steve Meyer of Shaw Construction as co-presenters. Jody Kole distributed to the group the handout used in the Committee presentation. The handout illustrated a current photograph of The Highlands 1 complex as it is today along with a rendering of the entire Highlands Campus upon the completion of The Highlands 2. The group also viewed the two poster boards used in the presentation. Jody Kole and Rich Krohn gave highlights of the presentation that included: 1) explaining the poster boards illustrating residents enjoying the wellness services provided and community living; 2) sharing tenant stories; 3) acknowledging Steve Meyer as a tremendous asset to the team; and 4) stating to the Committee that the "Building Permit is in hand so GJHA just needs the money".

Jody Kole explained that the Requests for Proposals to both the lenders and equity investors will be released as soon as the Notice of Award of the tax credits is given by CHFA. The hope is to start construction this fall.

*Note: With the Notice of Award of Tax Credits received on September 14, 2017, the Requests for Proposals were released on September 15, 2017 with a due date of September 29, 2017.*

**10. Other Business**

1011 N. 10<sup>th</sup> Street Property

The sale of the 1011 N. 10<sup>th</sup> Street property closed successfully. The net proceeds are not earmarked for anything specific at this time. The Finance and Audit Committee recommended deferring the investment decision of these funds until a later date.

Invitation to Attend Upcoming Events

Board Members received invitations to attend several upcoming events: 1) a team of 5 men representing GJHA is participating in the “Men in Heels Race” fundraising event for the Latimer House Domestic Violence Shelter on September 7, 2017; 2) the Nellie Bechtel Tenant Appreciation Luncheon will be September 8, 2017; and 3) the All Staff Lunch will be September 15, 2017.

HUD Real Estate Assessment Center Property Inspection

GJHA manages the Little Bookcliff Property for Mind Springs Health. Scott Aker commended the maintenance and property staff for acquiring a score of 93 out of a possible 100 points on the recent HUD Real Estate Assessment Center physical inspection.

Presentation by Mesa County School District No. 51 Regarding Ballot Question

A committee interested in acquiring support for the Mesa County School District No. 51 Bond issues is making presentations to local organizations on how the money raised would be used. Scott Aker asked the Board if they would be interested in listening to the presentation at the September Board Meeting. Upon brief discussion, Rich Krohn will contact the Grand Junction City Attorney for legal direction on this matter.

HCV Program Lease-up Monthly Report

At the July 17, 2017 Board Meeting, the Board authorized staff to work toward full baseline leasing of 12,996 unit months in the HCV Program and authorized the expenditure of Voucher Program Administrative Fee Reserves to support the leasing expense (Housing Assistance Payments) on behalf of HCV Program participants. Referencing the August 28, 2017 Board Meeting handout, Jody Kole and Racquel Wertz briefed the group on progress toward full baseline leasing. Lease-up numbers for the HCV Program:

- June 1, 2017 = 1,014
- July 1, 2017 = 1,041
- August 1, 2017 = 1,029 due to tenant variables (notice to move/port; in process; searching for housing; mid-month lease-up)
- August 31, 2017 = 1,133 projected

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Staff will be pulling another 150 names from the HCV Waiting List, and will do a mass eligibility and issuance on September 14, 2017.

This update will be given to Board Members on a monthly basis.

**11. Adjourn**

With the business meeting complete, the meeting adjourned at 7:12 p.m. with a motion by Tim Hudner, a second by Jerry Schafer, and a unanimous vote.

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



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