

REVISED MINUTES

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

Monday, September 25, 2017
8 Foresight Circle
5:00 p.m.

1. Call to Order

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Grand Junction Housing Authority (GJHA) Board Chair Tami Beard called the regular September Board Meeting to order at 5:00 p.m. on September 25, 2017. Board Members present represented a quorum and included Ivan Geer, John Howe, Tim Hudner, Chris Launer, and Phyllis Norris. Board Member Jerry Schafer arrived later. Others in attendance included GJHA Chief Executive Officer Jody Kole; Chief Operating Officer Scott Aker; Controller Amy Case; Executive Assistant Kristine Franz; Director of Construction and Development Tim Spach; and Voucher Supervisor Racquel Wertz. Guests included Mesa County School District 51 Board President John Williams and GJHA attorney Chris McAnany.

2. Welcome to Mr. John Williams, Mesa County School District 51 Board President

The group welcomed John Williams and introductions followed.

3. Request Adoption of Minutes for August 28, 2017

With no questions or changes, the Board adopted the minutes of the regular August 28, 2017 Board Meeting with a motion by Tim Hudner, a second by Phyllis Norris, and a unanimous vote.

4. Discuss Mesa County School District No. 51 Ballot Questions

John Williams presented information pertaining to the Mesa County School District 51 bond and mill levy override measures that will be on the upcoming election ballot. John explained how the Colorado public schools are funded, identified essential school needs, referenced the cost of \$118M for the bond and \$6.2M for the mill levy and explained how the money raised would be best utilized. Board Members expressed their appreciation for the time and presentation given by Mr. Williams.

Jerry Schafer joined the meeting at 5:22 p.m. and John Williams departed at 5:30 p.m.

The Board concurred with a previous decision of the Finance and Audit Committee not to endorse this effort on behalf of the GJHA as a government entity, but personal support is encouraged.

5. Presentation of Procurement Policy Updates and Request Adoption of Resolution No. 2017-09-01 Revising the GJHA Procurement Policy

With the new Uniform Guidance from the federal government Office of Management and Budget (OMB), staff determined the GJHA Procurement Policy dated November 2011 needed to be revised to bring GJHA in compliance with the new federal rules.

Amy Case and **Chris** McAnany co-presented the proposed updates to the GJHA Procurement Policy, and stated that the changes need to be in place and implemented prior to the GJHA audit scheduled for the third week of November 2017.

In summary, primary Policy revisions included: 1) all purchases in excess of \$3,500 shall be obtained by various competitive processes; and 2) guidelines for purchases between \$3,500 - \$25,000, \$25,000 - \$150,000 and over \$150,000.

It is anticipated that by year end, Board Members can expect a final more detailed Policy revision completing the objective of “top to bottom” updates as necessary to fit all the needs of GJHA long term. Chris McAnany said the existing practices should not change significantly as most GJHA current procedures are consistent with federal government directives.

Group questions addressed and answered regarding this revision and future revisions included: 1) a broad outreach for solicitations continues to be important and assurances that GJHA has broad access to vendors through the Bid Net system and its vendor relationships; 2) establish flexibility and provide staff direction if less than three qualified bids are received; 3) outline allowances for executive management discretionary decisions in emergency situations; 4) the dollar amount of \$3,500 for micro purchases is prescribed by the federal government OMB; 5) determine services utilized by GJHA that could be exempt from the formal procurement process and identify the factors guiding that decision; 6) the Procurement Policy section that covers procurement of professional services will be updated in a later revision; and 7) need new policies to address the GJHA General Contractor function and the purchasing of staff training services. Staff requested Board input on any concerns or issues.

With discussion complete, Chris Launer made a motion to adopt *Resolution No. 2017-09-01 Revising the GJHA Procurement Policy*. The motion passed unanimously with a second by Ivan Geer.

6. Report from the Finance and Audit Committee

Presentation of Proposed Budget Revision and Request Adoption of Resolution No. 2017-09-02 Adopting Revised Budgets for FY 2017

Finance and Audit Committee Chair Tim Hudner gave the Committee report saying that the primary emphasis focused on the budget revisions for Fiscal Year 2017. The Committee reviewed revised budgets for Acquisitions and Development (A&D), General Fund, Walnut Park Apartments, Nellie Bechtel, Courtyard Apartments, Houses, Housing Choice Vouchers (HCV), and Next Step/Tenant Based Rental Assistance (TBRA). Referencing the memo written by Amy Case dated September 14, 2017, Tim Hudner said that most of the revisions adjusted estimates to actual costs.

Amy Case highlighted the following two Programs:

- HCV Program - the Housing Assistance Payments (HAP) Operating Grant Income increased to reflect actual grant advances received on a front-loaded basis to bring the Budget dollars in line with actual expenditures. As discussed in prior Board Meetings, the Board previously approved use of Administrative Reserves that will cover the shortfall experienced at year end.
- Walnut Park Apartments – Repairs and maintenance expense increased by approximately \$117K due to roofing repairs, tenant unit flooding, the U.S. Department of Housing and Urban Development’s (HUD) Real Estate Assessment Center (REAC) inspection preparation, and turnovers related to tenant deaths.

Note: Scott Aker informed Board Members of a total REAC inspection score of 91 out of 100, and applauded the maintenance and property staff for the excellent effort.

Tim Hudner asked if it would be possible to change GJHA's fiscal year to a calendar year, so to match the Tax Credit properties' fiscal year – all GJHA programs and properties having the same budget year of January to December. Staff will research and update the Board.

The Board approved the adoption of *Resolution No. 2017-09-02 Adopting Revised Budgets for FY 2017 for the General Fund, A&D, Walnut Park Apartments, Nellie Bechtel Apartments, Consolidated Market Properties, Next Step/TBRA and Consolidated Vouchers* with a motion by Chris Launer, a second by Tim Hudner, and a unanimous vote.

Auditors Have Been Engaged for the FY 2016-2017 GJHA Agency Audit

Tim Hudner advised Board Members that the Agency Auditing firm of Hawkins, Ash CPAs, LLP will be on site the third week in November to conduct the GJHA Agency Audit. Amy Case said a Request for Proposal will go out next year for this auditing service.

7. Update on the Housing Choice Voucher Program and Request Approval of Resolution No. 2017-09-03 Approving Payment Standards for the Housing Choice Voucher Program Effective October 1, 2017

The definition of Fair Market Rent (FMR) is HUD's assessment, by geographic region, of the amount 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. GJHA proposed payment standards will be effective October 1, 2017.

With the prior distribution of the Board memo dated September 21, 2017 regarding Payment Standards, Racquel Wertz said staff is requesting that the Payment Standards remain the same as the previous year 2017. Racquel Wertz explained that: 1) it is not anticipated that clients will have lease-up difficulties; 2) this allows staff/Board flexibility to increase the Payment Standards if rents should increase mid-year 2018; and 3) this enables GJHA to stay within budget and work towards the goal of being fully leased at calendar year-end 2018 in an effort to receive full Administrative and HAP funding in calendar year 2019.

<u>Size</u>	<u>Proposed Payment Standard % and Proposed Payment Standard \$</u>
• 0 Bedroom	110% of the HUD FMRs for Mesa County = \$646
• 1 Bedroom	104% of the HUD FMRs for Mesa County = \$661
• 2 Bedrooms	104% of the HUD FMRs for Mesa County = \$878
• 3 Bedrooms	104% of the HUD FMRs for Mesa County = \$1,279
• 4 Bedrooms	104% of the HUD FMRs for Mesa County = \$1,548

Update on the Housing Choice Voucher Lease-up

With meeting distribution of the memo dated September 25, 2017, Racquel Wertz clarified the chart regarding the monthly lease-up number for the HCV Program ending September 20, 2017. Numbers are represented from January through September. Progress continues toward full baseline leasing. If staff leases up to 96.4% of the annual units available in 2017, the program will need approximately \$11K in Administrative Fees to cover the overage in HPA expenses for the year. Staff will continue to work on ending 2018 fully leased for the calendar year to acquire full Administrative and HAP funding in 2019.

Resolution No. 2017-09-03 Approving Payment Standards for the Housing Choice Voucher Program Effective October 1, 2017 received Board approval with a motion by Ivan Geer, a second by Jerry Schafer and a unanimous vote.

8. Discussion of the Use of Capital Terrace Sale Proceeds to Reduce Nellie Bechtel Apartments Acquisition Debt and Request Approval of Resolution No. 2017-09-04

Amy Case gave the presentation regarding utilizing Capital Terrace sale proceeds to reduce the Nellie Bechtel Apartments acquisition debt.

Referencing the September 20, 2017 Board memo, Amy Case recapped the history regarding HUD's approval and its requirements to dispose of its public housing property, Capital Terrace. HUD approved GJHA's proposal to use the proceeds of the sale to defray the cost of construction, rehabilitation and/or acquisition of affordable housing units and a supportive service facility. Earlier investments of these funds included creating and/or preserving to date 331 affordable units in the community at Courtyard Apartments, Arbor Vista, and Village Park Apartments. (An additional 72 units at The Highlands will increase the total to 403 units). Earlier investments of funds at a supportive service facility for the Housing Choice Voucher (HCV) Program included the properties at 1011 N. 10th Street and at 8 Foresight Circle.

In 2015, GJHA purchased 96 affordable senior units known as the Nellie Bechtel Apartments. Twelve units are available for occupancy to HCV holders and 37 units are project-based there to guarantee exclusive availability for HCV Program participants. Because of time constraints to assemble a traditional permanent financing package, a short-term bank debt for \$600,000 and an internally-financed gap loan for \$435,095 completed the acquisition financing structure.

With \$468,437.89 remaining in restricted proceeds from the Capital Terrace sale, staff proposed using \$435,095 to pay off the Nellie Bechtel Apartments' bridge loan acquisition debt financed by GJHA's General Fund. Approximately \$33,342 in remaining funds will be disbursed to the Bank of Colorado to reduce the outstanding balance of the primary mortgage. The Colorado Division of Housing grant will be used to eliminate the short-term bridge loan from the Bank of Colorado in the amount of \$600,000. Jody Kole said this was the original plan when GJHA acquired the property. Tim Hudner said that the Finance Committee supports this proposal.

Board Members unanimously approved *Resolution No. 2017-09-04 Authorizing the Expenditure of Capital Terrace Sale Proceeds to Reduce Nellie Bechtel Apartments Acquisition Debt* with a motion by John Howe and a second by Phyllis Norris.

9. Discussion of Proposed Restated Bylaws of Doors 2 Success and Request Approval of Resolution No. 2017-09-05

Prior to discussion, Scott Aker referenced the draft redline and proposed Amended and Restated Bylaws of Doors 2 Success (Doors) previously distributed to Board Members. Highlighting the three significant changes, Scott discussed justification supporting the requested changes:

- Article 2 – 2.2 Qualifications, Number and Term
 - Changes the number of Board Members from 9 to 11.
- Article 2 – 2.2 Qualifications, Number and Term
 - Eliminates the requirement that at least one Board Member shall be a GJHA Commissioner.
- Article 7 – 7.1 Amendment of Bylaws
 - Allows the Doors Board to make changes to the Bylaws, such as the number of members, calling a special meeting, and when meetings are held, but always with the ratification of the GJHA Board. Retained is the requirement that the GJHA Board appoints all members of the Doors Board.

Discussion ensued covering topics such as: 1) the purpose of establishing Doors; 2) the level of GJHA staff support to the Doors Board - there are no employees of the Doors; 3) the necessity of a GJHA Commissioner on the Doors Board; 4) the Doors Board provides supportive services' program and policy guidance; and 5) staff requested Doors Board Members to assist in fundraising efforts.

With discussion complete, *Resolution No. 2017-09-05 Approving the Amended and Restated Bylaws of Doors 2 Success* received unanimous approval with a motion by Tim Hudner and a second by Chris Launer.

10. Discuss and Request Authorization of Proposed Sale of the Grand Junction Housing Authority-owned House at 470 Santee Street, Grand Junction, Colorado, Authorize the CEO and Board Chair to Sign the Contract Documents, and Ratify and Approve Resolution No. 2017-09-06

GJHA owns three smaller properties, and staff previously expressed interest in selling these properties. Working with a local realtor, Scott Aker said an agreement is reached, and the contract is written for a full-price offer, less \$2200 in concessions, for the property at 470 Santee Street, Grand Junction, Colorado. Significant outstanding items/dates at this time include the appraisal, the inspection, and the inspection objection date. The closing date is scheduled for October 20, 2017, assuming that everything continues as anticipated. Proceeds from this sale will be transferred into the FY 2017-2018 General Fund Budget.

With a motion by Ivan Geer, a second by Chris Launer, and a unanimous vote, the Board approved *Resolution No. 2017-09-06 Ratifying and Approving a Contract for the Sale of Real Property Owned by the Authority Located at 470 Santee Street, Grand Junction, Colorado*.

Tami Beard commented that the GJHA Bylaws require that the Board Chair sign all documents regarding the sale of GJHA property. Tami Beard suggested revisiting and possibly amending the current Bylaws to allow staff to execute documents for smaller transactions, in order to expedite the process of the sale of the remaining small GJHA properties. The additional time needed to acquire signatures and approval during the negotiation of a sales contract could put the transaction in jeopardy. With brief discussion, Jody Kole said that staff will work on a proposal and present to the Board at a future Board Meeting.

11. Update on the Bookcliff Squire Property Design Charrette Held on September 22 and 23, 2017

At the August 28, 2017 Board Meeting, staff presented a proposal and the Board approved the demolition and redevelopment of the Bookcliff Squire property.

Reminding the group that this property was selected to participate in a design charrette sponsored by Housing Colorado, Jody Kole summarized the recent two-day event highlighting topics such as: 1) the participants and their expertise; 2) the partnership with Hilltop; 3) the need for safe housing for individuals/families leaving the Latimer House Domestic Violence Shelter; 4) the unit size; 5) the collaborative work during breakout sessions; 6) the evolving site plan development; 7) the possible funding sources; 8) the additional key partners; and 9) viewing the final product, which will be presented at the Housing Colorado NOW Conference in October. GJHA staff participating in the charrette process expressed positive remarks. Jody Kole answered Board questions by saying that this is the first step with many particulars yet to be finalized. The next step is exploring possible funding sources to determine if this project is financially viable.

12. Update on the Highlands 2

Jody Kole informed the Board that GJHA received Notice of Award of the Tax Credits given by the Colorado Housing and Finance Authority (CHFA) for The Highlands 2 on September 14, 2017.

The Requests for Proposals for Lenders and Equity investors were released on September 15, 2017 with a due date of September 29, 2017. Telephone calls received from lenders and equity investors are being addressed as well as acknowledging decisions by responders declining proposal submittal for various reasons.

Jody Kole confirmed that a special Board Meeting is scheduled for Monday, October 2, 2017 at 10:00 a.m. to review proposals and address key questions regarding uncertainties such as: 1) does GJHA move forward with this project this fall; 2) ramifications if the Board decision is to wait until spring to proceed; 3) inflation in material costs; and 4) higher interest rates.

13. Other Business

Scheduling

Because of the impending holidays, the group reviewed calendars to schedule the November, December, and January Board Meetings. The regular November Board Meeting will remain as

November 27, 2017 and the December Board Meeting is tentatively scheduled for December 19, 2017. The January 22, 2017 date will be the regular meeting date with the GJHA Annual Meeting following on January 29, 2017. The lunch format and last year's venue is the preferred choice for the Annual Meeting, if the date/location are available.

National NAHRO Poster Contest Winner

Scott Aker informed the Board that annually the National Association of Housing and Redevelopment Officials (NAHRO) sponsors a "What Home Means to Me" Poster Contest. Winning submissions are featured in the 2018 NAHRO calendar distributed nationwide. GJHA is proud of and congratulates Mr. Jaden Hollingshear who is the winner in the K-5th grade division. Jason will be honored at a later celebration.

14. Adjourn

With no additional business to discuss, the meeting adjourned at 7:15 p.m. with a motion by Ivan Geer, 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

Meeting corrections are in red.

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