

MINUTES

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

Monday, March 26, 2018
8 Foresight Circle
5:00 p.m.

1. Call to Order

Grand Junction Housing Authority (GJHA) Board Chair Tim Hudner called the regular March Board Meeting to order at 5:09 p.m. on March 26, 2018. Board Members present represented a quorum and included John Howe, Tim Hudner, Chris Launer, Phyllis Norris, and Tami Beard. Others in attendance included GJHA Chief Executive Officer Jody Kole, Chief Operating Officer Scott Aker, Controller Amy Case, and members of the Leadership Team and staff that included Racquel Wertz, Suzy Keith, Krista Ubersox, Cheryl Gray, and Jane Hart. Guests included GJHA attorneys Rich Krohn and Chris McAnany.

2. Consent Agenda

The Consent Agenda consisted of a *Request to Adopt Minutes for December 19, 2017, January 22, 2018, January 29, 2018, February 14, 2018, and February 26, 2018.*

The Consent Agenda received approval with a motion by John Howe, a second by Chris Launer, and a unanimous vote.

3. Review of Grand Junction Housing Authority Procurement Policy

Scott Aker explained that until recently, GJHA's procurement practices had largely been tied to the City of Grand Junction's Procurement Policy, with City staff offering significant assistance for larger solicitations. Now, as GJHA handles its own procurement, it is necessary to have our own comprehensive policy in place.

Attorney Chris McAnany worked with Procurement Specialist Cheryl Gray and other GJHA staff members to define elements of the policy including detailed ethics provisions for staff and Board Members, clear procurement thresholds, and guidance for staff on when to use one process over another.

- Phyllis Norris asked for an example of when GJHA might waive or alter bonding requirements. Chris McAnany said a more common example would be for contractors who, while being very capable and responsible, may lack the credit necessary to secure a bond. These situations would require tighter oversight by GJHA or may allow the contractor to provide a letter of credit as an alternative to bonding.

- Tim Hudner brought up the prohibition of staff or the Board receiving any gifts valued over \$50. As \$50 is a relatively small amount, which is easy to exceed while doing “business as normal”, the group discussed how to handle these matters as they arise. After some discussion, the Board decided to keep the \$50 limit, as written in the policy, but to require any gifts exceeding that value to be reported, rather than denied. It was clarified that no gifts should be accepted from a bidder during open procurement processes. Note: The GJHA Employee Handbook also places a \$50 limit on gifts to staff.
- At the request of John Howe, Cooperative Purchases were also addressed. If an item is available through a Joint Purchasing Alliance, a new procurement will not be required. An example of this is when US Communities pre-negotiate with HD supply. As a member of that coop, GJHA is automatically entitled to take advantage of pricing. Another example would be GJHA “piggy-backing” the purchase of a vehicle with fleet pricing secured by the State of Colorado or City of Grand Junction.

It was decided to make a paragraph separate from cooperative purchases to state the GJHA will not be required to enter a second competitive process if they have recently acquired satisfactory bids for goods or service. The Board asked that the final policy include a temporal restriction of 6 months.

Chris Launer made a motion to approve *Resolution No. 2018-03-01 adopting changes to Grand Junction Housing Authority Procurement Policy* with changes to the policy requiring 1) gifts over \$50 be reported, 2) no gifts will be accepted during an open procurement process, 3) cooperative purchases and competitive process will be separated into two paragraphs in the policy, and 4) a 6-month temporal restriction on using bids received from a competitive process. A second by Tami Beard and unanimous vote approved Resolution No. 2018-03-01 with noted changes. The Board and staff agreed that Chris McAnany would make the approved changes, and that Jody Kole and Tim Hudner would sign the policy after the changes have been made.

4. Report from Finance Committee

Quarterly Financials and Tax Credit Properties Audits

Amy Case noted some anomalies in the Quarterly Financials for December 31, 2017. 1) General Ledger items were moved between the General Fund and the Acquisition and Development fund which net each other out. This was done to provide consistency in booking GJHA Developer Loans and Developer Interest. 2) The financials appeared to have a \$300K Housing Assistance Payments (HAP) over-expenditure. Amy Case clarified that it was a recapture by HUD from October and not the result of over spending. 3) Several funds showed GJHA compensation under budget. This was due to staff turn-over.

Tim Hudner added that the Finance Committee discussed Tax Credit Properties Audits which all came back clean. Hard copies of the audits and management letters were available for Board review.

Tami Beard made a motion to accept the December 31, 2017 Financials and Tax Credit Property Audits. With a second by Phyllis Norris, the motion passed unanimously.

Discussion of upcoming RFP for Audit Services

GJHA has used the same auditor for more than 5 years for Agency audits, and roughly 5 years for Tax Credit Properties audits. Tim Hudner first noted that there are no complaints with our current auditors, then Tami Beard explained that the Finance Committee believes it would be prudent to change auditors. There are several qualified firms available and the plan is to get an RFP for these auditing services out in April.

Amy Case pointed out that the final GJHA Agency audit will be completed after the Highlands audit. Staff are waiting for the Highlands audit because the permanent loan conversion isn't scheduled until the end of this week. Once that is done, it will roll up and the Agency audit can be completed.

5. Interim Financing for the Nellie Bechtel Project

Amy Case explained that several funding sources will be used in the Nellie Bechtel rehabilitation project including Federal Home Loan Bank of Topeka, State of Colorado CHIF (Colorado Housing Investment Fund) Loan, State of Colorado HDG (Housing Development Grant) Grant, and Energy Outreach Colorado Funding. These sources have varying restrictions and varying time lines for draws. GJHA needs to pay vendors promptly and the use of operating funds for this purpose is not allowed by the grant sources. To quickly pay vendor invoices as they come in, rather than waiting for draws from the various funding sources, staff recommends establishing a line of credit using the Courtyard Apartments as collateral. This line of credit will not be used as additional funds for the project but will be used as a cash flow management tool. Draws from the line of credit will be paid back promptly as funds from the primary sources are received.

With the recommendation by the Finance Committee, a motion by Chris Launer, and a second by Tami Beard, *Resolution 2018-03-02 authorizing certain interim borrowing (secured by 2910 Bunting Ave) to fund improvements and renovations to the Nellie Bechtel Apartments located at 3032 N. 15th Street and authorizing the execution of related documents*, passed with a unanimous vote.

6. Permanent Financing for The Highlands Development

GJHA has a standing resolution that the Board Chair and CEO are authorized, as a team, to execute and deliver documents that affect title to real property on behalf of the Housing Authority. Rich Krohn asked the Board to amend prior Resolutions to allow

documents related to closing the Bank of Colorado and CHFA permanent loans to be signed by the CEO or the COO and the Chair or Vice Chair of Board, because the CEO or Board Chair, or both, may be unavailable for the closing expected to occur during the week of March 26, 2018.

Chris Launer made a motion to approve *Resolution No. 2018-03-03 Concerning Actions Related to Closing the Permanent Financing Transaction for Development of the Highlands*. A second by Tami Beard and unanimous vote approved Resolution No. 2018-03-03.

The Board agreed with Rich Krohn's additional suggestion that a more permanent resolution, allowing flexibility in who may sign real estate documents on behalf of GJHA, should be drafted. Furthermore, the GJHA Bylaws do not provide for the Office of Assistant Secretary, which should be filled by the COO. Creating this office will provide administrative back up to the Board in the CEO's absence. This minor change can be made to the Bylaws in the next meeting.

Next, Rick Krohn proposed an oral resolution allowing Scott Aker and John Howe to sign Highlands 2 CDOH Housing Trust Fund Grant and associated documents in the absence of Jody Kole and Tim Hudner respectively. Jody Kole explained this resolution would simply broaden the signature authority for documents previously authorized by the Board. A Statement of Authority has been prepared for this purpose.

A motion by Phyllis Norris, a second by Chris Launer, and a unanimous vote approved *Resolution 2018-03-14 authorizing the execution of Colorado Department of Local Affairs Regulatory Agreement and other associated documents with CDOH Housing Trust Fund Grant, which will encumber Highlands 2, by the Chair or Vice Chair, in absence of the Chair, and the CEO or COO, in absence of the CEO*. Rich Krohn will prepare and provide documentation to ratify this motion at the next regular Board meeting.

7. Update on Housing Choice Voucher Programs

- Raquel Wertz, GJHA Voucher Team Supervisor, gave an update on leasing activity and utilization of vouchers. Raquel stated that the lease up number has increased to 1,120, which is higher than the 1,083 per month target, but we should be right at 100% as this lease number drops due to attrition over the year.

GJHA will be purging our waiting list in mid-April. A letter will be sent to everyone on the master list requesting updated information. Applicants will have a 30-day time line to respond. Close to 2,000 people are currently on list. Applicants will be removed from the wait list if GJHA receives no response from them in 30 days, if the letter is returned with no forwarding address, or if applicant is no longer requesting housing.

- Amy Case announced that Congress passed a budget that included a 24% overall increase in the T-HUD part of the budget. For the Section 8 Program, that means that HUD will have enough funding to fully fund HAP (Housing Assistance Payments) obligations – the rental assistance portion of our budget. There will be no proration for HAP and a 77% proration on Administrative Fees, which is slightly higher than last year.

Using these up-to-date estimates, assuming full base-line leasing for the calendar year, and assuming our per unit costs remain consistent, the outcome will be about a \$56,000 shortfall in HAP expenditure. While still a shortfall, this is considerably less than what was estimated in January (\$130K-400K).

GJHA currently has approximately \$600,000 in Administrative Fee Reserves. In response to Tim Hudner's question, Amy Case stated that we can only use those reserves for Voucher Program related expenses. Jody added that the definition of Voucher related expenses is a little broader than one might think, and can include, for example, an investment in real estate, if the property will serve Voucher-holder households. Such an investment would require Board authorization.

Tami Beard inquired as to whether that money, if not used, can be taken back. Jody Kole answered that we believe, and it is believed within our industry, that the Administrative Reserve Funds cannot be legally taken away because they have been earned. In the past, however, the Federal Government (HUD) has recaptured more than \$2M HAP reserve from GJHA. It is best to invest wisely in our own community rather than risk losing the funds.

- Scott Aker began the discussion of Project Basing of Vouchers with the following:

HUD has increased from 20% to 30% the percentage of Housing Choice Vouchers (HCV) which can be Project-Based. Certain tax-credit consultants and developers are looking to Housing Authorities to take advantage of this increased allowance to place more Project-Based Vouchers in new developments. While no specific requests of GJHA have been made to date, Staff anticipates such requests, and will discuss those with the Board, along with the pros and cons of project-basing more vouchers.

Scott Aker continued; fundamentally, the HCV Program is intended to allow choice in where recipients live. Project basing, as in projects such as Pathways Village, removes some choice and the Vouchers become the lifeblood of the development.

Racquel Wertz explained the constraints on 20% versus 30% Project-Based Vouchers. HUD allows housing authorities to Project-Base up to 20% of the total

Housing Choice Vouchers per year. The vouchers can be used by anyone who qualifies including families, homeless recipients, non-homeless, etc. A housing authority may designate an additional 10% of its vouchers as Project Based if HUD guidelines are met. This additional 10% must be used in a low-poverty census tract, reserved for homeless or for veterans, or supportive housing for elderly or disabled persons.

To Tim Hudner's question, Racquel Wertz continued that Vouchers can be pulled back from a property if the property management breaks the contract GJHA has with them. Amy Case added that GJHA enforces Housing Quality Standards requirements on any property accepting vouchers, including project based. The initial term on Project-Based Vouchers is usually 15 years and can be extended for another 20, potentially tying up the Vouchers for 35 to 40 years. Jody further explained that, as per HUD rules, while the Voucher stays with the project, an individual leaving the project after one year moves to the top of our waiting list and will be given the next voucher available even if they use it in another state.

In response to Chris Launer's question, asking if GJHA has any Project-Based Vouchers in properties in addition to our own, Jody Kole and Racquel Wertz answered that GJHA currently has 40 Project-Based Vouchers at Pathways Village, over 40 at Grand Valley Catholic Outreach, 6 with Homeward Bound and Housing Resources for Phoenix, and Hilltop's Capital Terrace has 10. Jody pointed out that while the term of the Vouchers will end, financing for these projects was written with the Voucher as part of the package. If Vouchers are pulled as the term's end, the properties may not be able to continue operating so we must assume an ongoing commitment. The total pool of Vouchers will decline over time so the number available for Project-Basing will diminish proportionately.

GJHA may like to use Project-Based Vouchers to redevelop Bookcliff Squire, in partnership with Hilltop, into 20 units for individuals dealing with domestic violence issues. Hilltop has additional development ideas for multi-family units. The House (Karis, Inc) may want to use vouchers with tax credit funding to develop permanent support housing for youth. Jody Kole suggested that some guidelines could be proactively developed to help the Board make decisions as project-based voucher requests are presented in the future. These guidelines may state, for example, that GJHA will never go above 25% Project-Based Vouchers. Criteria may also include that the project add a minimum number of units to the market or require a match for vouchers from the state. Jody also noted that any project with 8 vouchers or more triggers the Davis-Bacon Act which will increase the project cost.

This discussion wrapped up with a decision to require Board approval prior to opening a Project-Based RFP and requiring that anyone requesting this RFP make

a presentation to the Board for consideration. GJHA staff will put additional thoughts and suggestions for guiding principles together for Board consideration.

8. Update on Walnut Park Apartments Management and Occupancy Review (MOR)

Suzy Keith reviewed the MOR done at the end of February with the Board. The purpose of the MOR is to determine GJHA compliance with our Section 8 HAP contract. CHFA, our contract administrator, came out for a day to review management policies and procedures, maintenance and the physical condition of the property, and tenant files. Walnut Park was rated above average on most categories but received a satisfactory rating on maintenance and standard operating procedures and an unsatisfactory rating in leasing and occupancy. Leasing and occupancy is the most weighted category, which lead to a below-average over-all rating at this property. GJHA was given thirty days to submit corrections to CHFA.

Most findings were related to the EIV (Enterprise Income Verification) system. This system allows reports to be pulled on tenants at initial eligibility, at move in, and after move in. In 2016, GJHA lost access to the online EIV system. Despite efforts by GJHA and HUD to rectify the problem, access was not regained until 2 weeks prior to the MOR. While income was still verified in other ways, tenant files were lacking required EIV documentation and also had some documentation filled out incorrectly. These errors will be corrected by the April 13th deadline.

The turn-over of three property managers and one supervisor within the last year is noteworthy. The Property Manager position, filled today, had been vacant since December. GJHA now has a casual employee, with Quality Assurance and Compliance background, helping at Walnut Park. The MOR findings indicate a need to focus on compliance and training and to staff for Quality Control more permanently.

The below average rating will trigger another MOR within six to nine months. To Phyllis Norris' question, "What if we don't get a better score next time?" Suzy Keith replied that CHFA can withhold money from HAP payments. Specifically, with failure to use the EIV system, HUD can withhold up to 5% of HAP payments.

Ratekin, Little Bookcliff, Nellie Bechtel, and Walnut Park are the only GJHA properties subject to periodic MORs. There is a scheduled MOR later this week for Little Bookcliff.

9. Replacement for Resident Board Member for GJHA,

GJHA's current standard is to have one Board Member who is receiving services from the Housing Authority. When GJHA sold off the last of our "Public

Housing” we were no longer bound by the HUD requirement, but kept the standard in practice. Applicants to fill the Resident Board Seat have been rare when the position has come open and attendance has lacked when the seat has been filled. Serving on this Board is not easy; it takes a considerable time commitment and there is a large learning curve. The Board may want to open this up to family of individuals receiving services to eliminate any conflict of interest or consider eliminating the requirement of a tie to services altogether.

Racquel explained that GJHA currently has a Resident Advisory Board composed of residents from Walnut Park, Nellie Bechtel, and Ratekin which convenes January through May of each year. As a requirement of HUD, this group reviews voucher rules any time there are changes to our Administrative Plan for vouchers. Any comments or opposition from the group is brought to the Board. This Advisory Board provides feedback to the board but doesn't address things outside of HUD programs such as Tax Credit Development, Project-Based Voucher allocations, or other policy issues.

The Board contemplated methods used in the past and entertained suggestions on how to get resident input, short of having a resident board member, on an ongoing and structured basis in the future. This discussion was tabled, and recruitment put on hold, until the next meeting to allow staff and Board Members to explore and present ideas. Meanwhile, GJHA Bylaws will be reviewed to see how this is addressed.

10. Other Business

Supportive Services Update

In conversations regarding Social Determinants of Health, Scott Aker has found that Rocky Mountain Health Plans/United Healthcare (Rocky) has an interest in partnering with community organizations, particularly in housing, and may help support our service coordinators in some properties. Basically, Rocky would be investing in programs that improve outcomes for their clients. With an initial address match, they determined that approximately 75% of GJHA senior tenants have their healthcare managed by Rocky. In return for their investment, residents of those properties would participate in research that will eventually help Rocky keep costs down, with a focus on tracking the impact of services provided to GJHA tenants and resulting reductions in healthcare system expenditures. We have approval from HUD to share limited resident information (name/address/date of birth) if shared in a secured method. GJHA would sign a non-disclosure agreement with Rocky specifying that no information will be used for solicitation or for any purpose other than analytical. GJHA would not have access to any medical records. Legal advice about this topic from Jill Norris will be forthcoming. This partnership would be a win for GJHA as we will be able to make a business case that service-coordinated independent living is valuable

when a correlation can be made in reduced emergency room visits or better managed diabetes, reductions in placements in long-term care facilities, or other related healthcare system savings. The Board has questions about this and would like to devote more time to a discussion on the benefits and risks of information sharing. It was decided to make this a full agenda item in a future meeting.

Scheduling

April 17th 11:30 – 1pm. Lunch & Learn (in lieu of finance meeting)

GJHA is developing a compensation plan derived from a compensation study with Employer's Council. The Lunch & Learn will be held to discuss structural issues, processes, and outcomes with decisions to be woven into next year's budget.

Spring 2018 Board Retreat – Strategic Planning Session

Tabled until a later date.

Reschedule May 28, 2018 (Memorial Day) Monthly Board Meeting

Board meetings for May 28 and June 25th are both cancelled and rescheduled as a combined May/June board meeting to take place June 11, 2018.

11. Adjourn

With the business meeting complete, the meeting adjourned at 6:19 p.m. with a motion by Tim Hudner, a second by Chris Launer, and a unanimous vote.

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