

Minutes

Grand Junction Housing Authority
April Board Meeting

April 23, 2018 5:00 p.m.
8 Foresight Circle

1. Call to Order

Grand Junction Housing Authority (GJHA) Board Chair Tim Hudner called the regular April Board Meeting to order at 5:07 p.m. on April 23, 2018. Board Members present represented a quorum and included Tim Hudner, Chris Launer, Tami Beard, John Howe, and Ivan Geer. Others in attendance included GJHA Chief Executive Officer Jody Kole, Chief Operating Officer Scott Aker, and members of the Leadership Team and staff that included Amy Case, Suzy Keith, Krista Ubersox, Tim Spach, and Jane Hart. GJHA attorney Rich Krohn was also in attendance.

2. Request Adoption of Minutes for March 26, 2018

With no questions or discussion, the Minutes for the regular March 26, 2018 Board Meeting received Board approval with a motion by Tami Beard, a second by Ivan Geer, and a unanimous vote.

3. GJHA Restated Bylaws

A red-lined version of GJHA Bylaws was distributed to the Board with suggested edits. Rich Krohn explained the Restated Bylaws would 1) create the office of Assistant Secretary to the Board to be filled by GJHA COO and would 2) allow the COO and Vice Chair, respectively, to act on behalf of the CEO and Chair when they are unavailable. Further, the Restated Bylaws would memorialize the Board's decision to allow one of the four: CEO, COO, Chair, or Vice-Chair, to sign individually, on behalf of the organization, for certain limited property and real estate transactions. This would provide flexibility to expedite and authorize contracts without prior Board ratification, as was approved by Resolution 2017-10-03 specific to the "Townhome" and "Elm Street" properties.

John Howe made a motion to approve *Resolution 2018-04-01 Adopting Amended and Restated Bylaws*. With a second by Ivan Geer and a unanimous vote, the motion passed.

4. Results of 2017 Agency Audit and Highlands Audit and RFP for Audit Services

Amy Case reported no changes from previously distributed draft financial statements other than: 1) the Management Discussion & Analysis and 2) The Highlands LLLP is now included in the agency audit. The Audit has been finalized and distributed to HUD, the Federal Audit Clearinghouse, and the Colorado State Auditor's Office as

required. An exit interview with The Highlands Auditor was completed at the last Finance and Audit Committee meeting. There were no findings and no disagreements with management. GJHA has now fulfilled its commitment to have this audit done with the firm currently under contract. John Howe stated the Finance Committee's recommendation is to accept the audit as presented.

Chris Launer made a motion to accept the agency audit and Tami Beard seconded the motion. With all in favor and none opposed, the motion passed.

John Howe recapped the RFP discussion and recommendation from the Finance Committee to seek a new audit firm. GJHA has been with Hawkins Ash for roughly 6 years for general audit services and 3 to 4 years for tax credit property audits. As per HUD recommendation, the RFP process will be conducted with notice to Hawkins Ash that GJHA will select a different audit firm for 2018 and forward. GJHA will broaden the RFP to accept proposals for tax credit and/or general agency audits and include a stated preference for a firm which can do both. The RFP will request a discount from a firm if awarded all GJHA business.

The solicitation will be for audit services, tax services, full partnership returns and K-1s, and a separate engagement for filing audited financial statements to HUD through REAC (Real Estate Assessment Center) system. The price will not be the only factor for the evaluation committee; experience and qualifications will be strongly considered. Staff will take a first look at proposals then provide board members a summary to review. Ideally, selection of the new firm(s) can be made in June 2018.

5. Proposed process for replacing Resident Board Member,

Continuing the discussion from the March meeting, Jody reported that Colorado Statute requires that any time the Board has a Resident Member vacancy, the Resident Advisory Board (RAB) must be notified and given reasonable time to solicit interest from individuals receiving GJHA services (whether residents, voucher holders or other program participants) regarding service on the GJHA Board. Currently, RAB members are primarily residents and voucher holders at two GJHA properties. Jody recommended that the notice for the vacant Board seat be placed at all properties in attempts to secure broader interest. Ultimately the Grand Junction City Council is not required to select a resident member, because GJHA does not have public housing units. Because Board Member seats vacate on a rotating basis, the notice of Resident Board Member preference will need to be posted with every term expiration, for any open seat, until the resident position is filled.

Tim Hudner suggested Racquel and the voucher staff make recommendations to the Board for potential resident members. The vacancy notice will be posted Wednesday at all properties. GJHA staff will check the schedule of upcoming board vacancies.

6. GJHA subscription to Oak Leaf Energy Solar Garden

Suzy Keith began by providing basic information about community solar gardens. Community solar gardens generate electricity which is sold to Xcel Energy. Xcel provides a bill credit to the garden's subscribers per a subscription agreement between the solar garden owner/operator and subscriber. Subscribers pay a subscription rate to the solar garden owner for each kilowatt hour (kWh) generated per the subscription agreement, which rate escalates at a fixed rate per year. The subscriber is then credited the market rate for that kWh on their monthly Xcel bill. The spread between the subscription rate, plus the annual escalator, and the credit on the Xcel bill constitutes the savings realized by the subscriber.

Under current rules of the Colorado Public Utilities Commission (PUC) Community Solar Gardens operate under the following conditions: 1) each garden must have at least 5% of subscribers classified as low-income; 2) A single subscriber can have no more than 40% of the garden's capacity; and 3) Subscription agreements are for 20 years. GJHA and its properties meet the low-income test.

GJHA staff has vetted numerous offers from solar garden developers. In 2014, GJHA entered into an agreement with EcoPlexus for 178,000 kWh benefitting a portion of Walnut Park Apartments. This agreement with Oak Leaf would be for 600,000 kWh (5% of the garden's output) and the spreads on this garden are better: A first year rate of 4 cents per kWh was negotiated with Oak Leaf. Currently the credit from Xcel is approximately 6.7 cents per kWh. The savings from the 2.7 cent spread will be shared among 4 properties: all of Nellie Bechtel, the remaining Walnut Park units, the Courtyard apartments, and the Foresight building.

The annual accelerator on the 4-cent rate fixed at 1.35% per year. In comparison, the contract with EcoPlexus includes a 1% accelerator, but the spread is significantly less than the potential contract with Oak Leaf. GJHA has benefitted approximately \$10,800 per year over the last 3 years from the EcoPlexus contract.

Substantial savings are expected and there will be opportunities for more solar garden agreements in the future. Oak Leaf has already entered into agreements with the City of Fruita, Town of Palisade, and an identical agreement with City of Grand Junction.

There is no signing fee and no capital contribution required to enter an agreement with Oak Leaf. While reviewing the contract, Scott Aker reached out to GJHA attorney Rich Krohn who referred him to speak with John Shaver, the Attorney for the City of Grand Junction. John Shaver conveyed confidence in the agreement and noted that it has the same language, apart from GJHA's more favorable price, as the contract executed by the City of Grand Junction. GJHA also received consultation from Energy Outreach Colorado.

The risk, which is very low, is that the bill credit offered by Xcel would drop below the rate charged by Oak Leaf. This is unlikely because energy costs over time trend upward. In its analysis, Oak Leaf estimated a 3.1% increase in electricity prices,

which is an average of rate fluctuations from 2005 – 2016. Also, the contract has the added security of a non-appropriation clause, which has been interpreted by staff to provide protection to GJHA should GJHA wish to exit the agreement. This would apply in the event that GJHA cannot afford the agreement's prices in the future. (NOTE: Further investigation revealed that this is not accurate. Therefore, based on Board direction, staff reopened discussions with Oakleaf. See future Board Meeting minutes regarding this issue.)

Tim Hudner asked if the contract is restricted to certain identified properties. Tim Spach's understanding, and Scott Aker agreed, is that the contract is not property specific. The savings can be applied wherever the housing authority chooses to apply them, with appropriate notice of any changes given to Oak Leaf.

Oak Leaf has over a decade of experience developing solar gardens and has completed over 55 projects, with over 75 million watts of installed capacity.

To Chris Launer's question of how much power is being used by GJHA properties, Amy Case stated that Ratekin Tower uses about 600,000 kWh. Further opportunities may be available for additional Housing Authority properties as Oak Leaf has requested the Housing Authority enter into a preliminary agreement to subscribe, at up to 40%, to a future garden. This would be mutually beneficial as GJHA could extend energy savings to the Highlands campus and other properties, benefitting tenants directly, and Oak Leaf would have a competitive edge in the next RFP process.

Tim Hudner suggested that Rich Krohn review the language in the non-appropriation clause, without review of the entire contract, and share his opinion with staff.

John Howe made a Motion to move forward with the subscription agreement with Oak Leaf Energy, conditioned upon GJHA attorney review of the non-appropriation language and subsequent recommendations to GJHA staff. Ivan Geer seconded the motion. With no further discussion, the motion passed with all in favor, none opposed.

While all details are unknown at this time, there will be an RFP coming out in June for which Oak Leaf has asked GJHA to commit to subscribe to 25% of the next garden. Staff recommends taking this offer for use at The Highlands and The Highlands 2. Oak Leaf has asked for a soft commitment from the Housing Authority prior to June 1. No contract is required at this point. The Board had no objections to GJHA making this soft commitment. No formal action was taken.

7. Update on The Highlands 2

Tim Spach gave a construction update stating that crews were forming the second half of the foundation slab this morning. The weather conditions have been perfect for pouring concrete and construction is going well. Contractors are using a post

tensioning technique, which is very cost effective and neighbor friendly, for the foundation. The wood framing on wall panels is almost 100% complete, taking place at a pre-fabrication site. Progress is on schedule and GJHA can anticipate pre-leasing for April 1st, 2019 occupancy. There is already a wait list of over 150 names.

A “Foundation Celebration” is scheduled for noon on May 1. The concrete will be freshly poured and soft enough to allow guests to sign or stamp it.

8. Other Business

New Oak Leaf Solar Garden Discussion

Discussed above

Combined May/June Board Meeting

The Regular May meeting was cancelled since it would fall on Memorial Day. Staff and the Board previously discussed combining May and June meetings into one on June 11. This constrains time for some items such as the Audit RFP. A decision was made to schedule the next meeting Wednesday June 27, 2018 instead with agenda items including:

- Audit RFP
- Quarterly Financial with any early budget issues
- Procurement revisions.

Schedule Board Retreat/ Strategic Planning

Chris Mueller has agreed to facilitate the Board Retreat, which will include discussion about:

- Compensation Study
- Social Determinates of Health and partnership with Rocky Mountain Health Plans and United Healthcare
- Project-Based Vouchers
- Other

The group scheduled this as an all-day event to be held on June 14, location to be determined. Background reading materials will be distributed to the Board for topics to be covered at the retreat.

CHFA handout featuring The Highlands

Jody Kole distributed the handout to the Board and will forward a 2018 Economic Profile of Colorado’s 3rd Congressional District that CHFA put together with an

update on legislative priorities. The 3rd District utilizes between 10% and 19% of state and CHFA funding sources available for affordable housing.

Voucher Financial Update

Amy Case provided a Voucher Financial Update reporting the following:

- HUD representatives confirmed that for federal fiscal year 2018-2019, GJHA will face no proration on Housing Assistance Payment funding. This is due to the recent Omnibus Appropriations Act passed by the U.S. Congress and signed into law. GJHA can still expect an approximate \$55,000 use of Administrative Reserve funding as per last month's projection before the end of the calendar year. A formal resolution will be prepared in the coming months for Board authorization of the use of Administrative Fee Reserves.
- GJHA received Administrative Fee reconciliation for the 2017 calendar year showing GJHA will receive an additional \$27,000 in Voucher Administrative funds.

Senate Confirmation

Jody Kole will attend the Colorado Senate Confirmation Hearing tomorrow for her service on the State CHFA Board and CHFA Finance Committee

Bookcliff Squire

Jody Kole met with Rich Krohn and Mike Stahl last week to begin outlining parameters for the Bookcliff Squire project. More information will be provided at the Board retreat.

GJHA's Clifton Lot

The closing for the sale of the Clifton lot was completed yesterday.

9. With business complete, the meeting adjourned at 6:43 p.m. with a motion by Chris Launer, a second by Iva Geer, and a unanimous vote.

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