

## MINUTES

Grand Junction Housing Authority  
**June Board Meeting**

June 27, 2018 5:00 p.m.  
8 Foresight Circle

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### 1. Call to Order

Grand Junction Housing Authority (GJHA) Board Chair Tim Hudner called the regular June Board Meeting to order at 5:00 p.m. on June 27, 2018. Board Members present represented a quorum and included John Howe, Tim Hudner, Chris Launer, Phyllis Norris, Ivan Geer, 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, Krista Ubersox, and Jane Hart. Guests included GJHA attorney Jill Norris and Mike McCabe with Oak Leaf Energy Partners.

### 2. Consent Agenda

The Consent Agenda consisted of a Request to Adopt Minutes for April 23, 2018 and June 1, 2018 and a Request for Approval of *Resolution 2018-06-05* to Appoint Angeline Roles and Bruce Penny as Doors 2 Success Board Members. The Consent Agenda received approval with a motion by John Howe, a second by Tami Beard, and a unanimous vote.

### 3. Oak Leaf Community Solar Garden

Scott Aker introduced Mike McCabe, who attended the meeting to provide information regarding the Community Solar Garden agreement which GJHA is considering, and to answer questions from the Board and staff. Scott explained that the proposed agreement with Oak Leaf had potential to deliver energy cost savings in excess of \$500,000, utilizing 600,000 kilowatt hours (kWh) per year over a 20-year term. The savings would be realized at Nellie Bechtel Apartments, Courtyard Apartments, Walnut Park Apartments, and the GJHA Main Office Building. These properties were chosen for the initial Community Solar Garden agreement with Oak Leaf to maximize savings for the GJHA General Fund.

Mike provided a brief background of Oak Leaf and its relationship with Xcel Energy. Having done business for just over a decade, Oak Leaf is one of the oldest community solar garden companies in Colorado and has been awarded 13 solar gardens through Xcel's Request For Proposal process. The State of Colorado requires Oak Leaf to contract a minimum of 5% of each solar garden's production to low income homes or low-income housing providers. This obligation can be met by partnering with a local Housing Authority.

As has been explained to the Board in prior meetings and memoranda, GJHA benefits from a community solar garden subscription by negotiating a per-kWh price which is lower than what GJHA would otherwise pay to Xcel. The current rates charged by Xcel are between 6.8 – 6.9 cents per kWh. GJHA staff negotiated a beginning rate of 4 cents per kWh to be paid to Oak Leaf, which constitutes an initial savings between 2.6 and 2.9 cents per kWh. The rate paid to Oak Leaf includes a fixed 1.35% accelerator per year.

Scott presented an Excel spreadsheet in which rates per kWh can be adjusted, with an accelerator for every year as per the contract, showing what savings could be over time. Two analyses were provided: The first was a fixed rate assumption reflecting per year growth in energy rates, and the second is based on the same rate cycle the Grand Junction market has seen in the past 11 years. The spreadsheet was adjusted to illustrate overall savings given different scenarios. Only with very large, sustained decreases in Xcel rates over time would the Housing Authority become concerned about paying more to Oak Leaf than to Xcel. Amy Case pointed out that even if such unexpected changes occurred, a substantial amount of savings would already be accumulated which would mitigate any losses in the last years of the 20-year agreement.

Jill Norris addressed language in the agreement pertaining to GJHA risk and liability. Jill stated that in the original draft of the agreement, if it no longer made financial sense, or the Housing Authority decided to terminate the agreement for any reason, the Authority would have been in default and thereby triggered damages payable to Oak Leaf. The revised agreement was negotiated to remove the definition of agreement termination as default, with the Housing Authority still obligated to pay the rate per the agreement until another subscriber is found, plus only those damages to Oak Leaf as a direct result of GJHA's termination. Mike McCabe acknowledged the Board's concerns regarding early termination and indicated to the Board that if market conditions presented themselves so as to concern GJHA to the point of possibly terminating the agreement, Oak Leaf would first work to renegotiate the GJHA agreement to retain GJHA as a subscriber. If those efforts failed, Oak Leaf and GJHA would work together to find an alternative subscriber.

The agreement with Oak Leaf involves three solar gardens. One garden is located at the old Cameo complex in Palisade, one is near I-70 in Rifle, and one is on private land in Clifton. The GJHA Resolution authorizing the Oak Leaf agreement is written to contract with each garden separately, as each is set up as a special purpose entity. The agreements allocate 1/3 (200,000kwh) from each garden. If one solar garden goes down, GJHA would lose 1/3 of the savings. As the contracts do not specify which properties the credits will be assigned to, GJHA can choose to split the energy credits between individual properties, within each contract, and/or change them from time to time as needed.

While another project with Oak Leaf is under consideration, GJHA has made no commitments. Mike McCabe stated the pricing would be identical on the larger future project of 1M kWh. In total, GJHA currently uses approximately 1.65M kWh for properties managed by the Authority.

The discussion concluded with a motion by Chris Launer to approve *Resolution 2018-06-08* authorizing a 20-year subscription to the Oak Leaf Community Solar Garden. With a 2<sup>nd</sup> by Ivan Geer and a unanimous vote, the motion passed.

#### **4. Annual Administrative Plan Review**

An annual review of the Administrative Plan must be submitted to HUD each July. This Administrative Plan is the vehicle GJHA uses to change Housing Choice Voucher policy if needed. Racquel Wertz explained that the only changes this year were to the Family Support Services (FSS) plan - updating the plan with statistical information such as the name of the new program coordinator and updated names and addresses of agencies. The GJHA Resident Advisory Board reviewed the plan and had no comments. No comments were received at Public Hearing.

Tami Beard made a motion, with a 2<sup>nd</sup> by John Howe, to approve *Resolution 2018-06-06, accepting changes to the Administrative Plan*. The motion passed with all in favor and none opposed.

#### **5. Total Compensation Model and Compensation Structure**

Krista Ubersox provided a proposed pay structure showing a total budget impact and stated that in addition, GJHA plans to hire two people which will further increase the budget impact. Krista referred to the Market Analysis and Total Compensation Philosophy Compensation Structure presented at the June Board Retreat. With approval, phase one will be implemented immediately bringing all staff to the minimum wage for the salary grade which contains their position. Beginning January 1, 2019, phase two will deliver equity adjustments (2% per year in seat) to address wage compression. For staff ineligible for pay increases due to new minimums, and for those who will not receive equity adjustments, up to 3% performance-based increases will be available, which has been the standard practice for several years. These changes are meant to bring GJHA to a pay structure that is representative of, and competitive in, the current local market. A communication plan has been discussed with leadership and meetings will be held, first at the team level, then with individuals, to explain the changes.

The new wage structure, in combination with the GJHA Total Compensation Package (includes insurance options, flexible schedules, professional development, etc.) will allow GJHA to be more competitive in recruiting and retaining qualified staff. Going forward, staff will be provided a Total Compensation statement each year so each individual can see the total value of their wages and benefits.

Chris Launer made a motion, with a second by Ivan Geer, to approve *Resolution 2018-06-07 Adopting Total Compensation Model to Include Compensation Structure Adjustments for Fiscal Year 2018*. The motion passed with unanimous approval.

## 6. Early Budget Items

Amy Case discussed items the Board will see in the upcoming budget cycle. Foremost, there will be a one-time 15-month cycle (October 1, 2018– December 31, 2019) as conversion to a new fiscal year, based on the calendar year, begins. Some expected changes were outlined as follows:

- Elimination of fund categories for Bookcliff Squire and the stand-alone houses.
  - The Bookcliff Squire fund will be tracked going forward as part of A&D; Redevelopment and In-Progress.
- Additional transparency in operations of programs that are not cash-flow positive will be provided to allow the Board to make well-informed decisions about the associated internal subsidies.
  - An example is the Family Support Services (FSS) Program which receives an internal subsidy from the Vouchers Program.
- The board-approved new compensation structure will be incorporated, and GJHA will publish a solicitation for an Employee Benefits Broker.
  - Some increased compensation expense will be driven by increased Full Time Employee (FTE) count.
  - The employee benefit broker solicitation may result in a change of benefits and/or different pricing for benefits provided to staff. (The board engaged in a brief discussion about the cost of insurance, insurance options, and the importance of educating staff on how to use their benefits.)
- Pre-development expenses for the second phase of the Village Park Development will be included.
- Establishment of scholarship opportunities for GJHA residents and/or clients.
  - The intention is to help clients gain skills they may need for employment (GED testing, CNA certification, etc.) so they are more likely to stabilize.
  - There are groups that provide scholarship oversight. GJHA staff may want to consider setting aside scholarship funds and allowing others to screen applicants and make awards. (The Board suggested a discussion with the Colorado Mesa University Foundation.)
- Mortgage rate re-sets are coming up in October for Monument Business Center and Crystal Brook which will result in significant increased interest expense, from 3% to 5.2% - 5.5% or more.
  - Staff has started talking with Bank of Colorado regarding options for mortgage note modifications.

With changes, the proposed budget will be presented at the September 24<sup>th</sup> regular Board Meeting, with documents sent out to the Board for review by September 14<sup>th</sup>.

The budget will be presented to Finance Committee in September, and the entire Board will be invited to that meeting as well.

## **7. Audit Vendor Selection**

John Howe reported that the Finance & Audit committee unanimously recommends the Board accept the proposal of, and move forward with, Novogradac & Company to provide agency, tax credit, and Doors 2 Success audit services.

GJHA received nine proposals which were scored on a variety of factors including price, experience, qualifications, etc.. The evaluation committee unanimously recommended Novogradac to the Finance Committee for a three-year term to start.

Tami Beard made a motion to accept Resolution *2018-06-09 Approving Agreement with Novogradac & Company*. The motion passed with a 2<sup>nd</sup> by Chris Launer and a unanimous vote.

## **8. Retreat Follow-Up**

Jody Kole announced that in response to direction received at the Board Retreat, GJHA staff has had conversations with VA representatives, potential partners for Bookcliff Squire, and a potential Courtyard buyer. A Realtor has been engaged to look for vacant land and there is a plan to get the Real Estate Committee together soon. A pre-application meeting is set for the first week of July with the City of Grand Junction regarding development of the second phase of Village Park.

The group did a brief review of the retreat, pending notes, and agreed that this retreat was more actionable than many, with more energy focused on progress rather than traditional analyses of strengths, weakness, opportunities and threats and discussions of mission and vision. Overall, the group deemed the retreat a success.

## **9. Other Business**

- Jody answered additional questions from the Board regarding Highlands 2, stating that fourth floor trusses and the roof should be on by July 23. Also, the Walnut Park renovation will continue, shifting to a different countertop, to overcome any further delays due to tariffs on the counter top material initially selected. Apart from the 100 Building, tenant relocation and countertop installation has been delayed until late winter/early spring 2019.
- The townhome has received a purchase offer which has been countered, and the Elm house is being prepared for listing.

## **10. Adjourn**

With nothing further, the meeting adjourned at 6:56pm.