

## MINUTES

Grand Junction Housing Authority  
Board of Commissioners' Meeting  
November Board Meeting

Monday, November 28, 2011  
1011 North 10<sup>th</sup> Street  
11:30 a.m.

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### 1. Call to Order

The regular Grand Junction Housing Authority (GJHA) November Board Meeting was called to order by Board Chair Tim Hudner at 11:35 a.m. with the following individuals in attendance: Board Members Scott Aker, Patti Hoff, C.B. McDaniel, and Christian Mueller; Staff members Executive Director Jody Kole, Executive Assistant Kristine Franz, Operations Director Lori Rosendahl, and Finance Director Cheryl Sweers; and guest Sue Bohline with Human Capital Connections.

### 2. Welcome to new Board Members Scott Aker

Scott Aker was appointed by the Grand Junction City Council as the new GJHA Board Member, replacing Ora Lee whose term expired in October. Welcome, Scott, we are glad to have you join our team.

### 3. Consent Calendar

Prior to Consent Calendar discussion, Chuck requested that Item B – *Adoption of GJHA Code of Conduct* be removed for further conversation.

With a motion by Patti and a second by Chris, the Consent Calendar, minus the *Adoption of GJHA Code of Conduct*, and now consisting of the *Adoption of Minutes of October 31, 2011, Resolution No. 2011-19 Approving Section 8 Management Assessment Program (SEMAP) Certification, and Resolution No. 2011-20 Approving the Ratekin Tower Apartments First Mortgage Refinancing*, was unanimously approved.

Lori explained that the language in the previous Code of Conduct was more restrictive than necessary. This revision meets the U.S. Department of Housing and Urban Development (HUD) requirements and includes other ethical considerations. Since a “pay for performance system” is being considered by the Board and Staff, this proposed revision includes employee bonuses and the acceptance of gift cards up to a \$50 limit. The changes are addressed in the Gifts and Gratuities portion of the Code.

Chuck suggested re-wording the language in the Gifts and Gratuities portion for better clarity. His recommendation was to state “GJHA prohibits the acceptance of gifts or gratuities greater than minimal value, and for the purpose of this Policy, “minimal” value is \$50. The group concurred and changes will be made accordingly.

Further discussion regarding the Gifts and Gratuities portion included Tim asking if Board Members should also be included in the clause “prohibiting acceptance of any gifts or gratuities by an officer, employee or agent of GJHA”, to which Jody answered yes. Jody further noted that Board Members are covered in and required to sign the City of Grand Junction’s (City) Ethical Standards for People Serving on Boards and Commissions. Scott commented on whether correct interpretation of this document was Board Members accepting gifts and gratuities while only acting in the capacity for an agency or is it accepted literally for a broader time frame. The Board Members will receive the City’s document for their reference.

Chuck also recommended that the GJHA Procurement Policy and the GJHA Code of Conduct be linked with the addition of specific language stating such. The group concurred and appropriate changes will be made.

**4. Resolution No. 2011-22 Approving the Grand Junction Housing Authority’s Revised Procurement Policy**

Agenda items were slightly rearranged to accommodate Procurement Policy discussion following the Code of Conduct conversation.

HUD’s Procurement Policy requires contractors to comply with multiple rules and regulations, which are not necessary for work outside of a Public Housing project. GJHA became exempt from HUD’s Public Housing Procurement Regulations when it sold its Public Housing. Staff is requesting Board approval of the revised Procurement Policy and Resolution No. 2011-22 Approving the Grand Junction Housing Authority’s Revised Procurement Policy.

With Scott’s question regarding clarification of purchasing authority of varying dollar amounts, Lori explained the proposed process. GJHA will adhere to the City’s Procurement Policy as follows:

- Authorization of purchases of materials, services or professional services in the open market is given to the Executive Director or designated representatives of other departments of the GJHA provided that no such purchase shall exceed the cost of \$4,999. Written quotes may be obtained but are not mandatory.
- The Executive Director or employees with delegated purchasing authority shall have the authority to purchase, without formal competition, materials, professional

services, services or construction amounting to \$5,000 but not to exceed a cost of \$25,000. Three written costs quotes will be obtained.

- The GJHA will adhere to the City's Procurement Policy when purchases or services are expected to cost \$25,000 or more. When available, the City's Procurement Department will be utilized to solicit bids for purchases.

Chuck mentioned that the Policy refers to GJHA officers, employees, or agents will not accept any gift valued at more than \$50 to which Lori stated the language will be added / corrected in accordance with the revised Code of Conduct.

Chuck asked "are there any tracking mechanisms in place to document conflicts of interest?" Lori stated there isn't a formal process but that all employees are required to abide by and sign the revised Code of Conflict. She also mentioned that conflicts of interest are also addressed in the GJHA's Employee's Handbook and that employees are required to sign that document as well.

A motion made by Chuck and seconded by Scott to adopt the revised GJHA Code of Conduct Policy as amended was unanimously approved.

*Resolution No. 2011-22 Approving the Grand Junction Housing Authority's Revised Procurement Policy as amended was approved unanimously with a motion by Chuck and a second by Scott.*

Board Members will receive both revised Policies.

## **5. Discussion of Incentive Compensation Plan Design**

About a year and a half ago, the Board approved the hiring of Sue Bohline of Human Capital Connection to do an executive compensation review and assessment, which was the direct result of the Board's goal to develop an improved method to evaluate the annual performance and establish a compensation range for the GJHA Executive Director's position.

As the next step in the process, the Board asked Ms. Bohline to assist with an Employee Incentive Compensation Program.

Ms. Bohline began her presentation by explaining that Incentive Compensation is a way to reward performance without increasing fixed salary costs, and is based on predefined measures of performance and predefined formulas that link performance with reward.

Incentive Compensation topics discussed included advantages as well as challenges, establishing principles/objectives, determining initial staff participation and target

awards, outlining performance factors, and addressing budgeting / funding / administration issues.

General discussion ensued. The group concurred with Patti's recommendation for the Board to meet separately to continue dialogue. A workshop date / time / location will be scheduled later.

Note: Two workshops have been held – December 6<sup>th</sup> and December 13<sup>th</sup>.

Ms. Bohline departed at 12:50 p.m.

**6. Resolution No. 2011-21 Authorizing the Implementation of New Procedures Relating to the Use of Automatic Check Signing Software**

GJHA Staff requested Board approval of a new procedure that will streamline the cash disbursement process while maintaining security and control over the cash disbursement process. The current procedure requires a live signature on the check from one of the signers on the cash account. Staff proposed to use software that enables a signature to be stored as a "pdf file" on the computer server and to be included on checks as the checks are printed, with only necessary personnel having access to the pre-numbered checks.

The *Policies & Procedures/Internal Controls for the Accounts Payable* outlined the proposed internal checks and balances. Upon Board review, Staff addressed Board questions as follows:

- Scott asked how the threshold of \$15K or more was established for checks that require a live signature, to which Jody said routine checks, other than mortgage checks, don't typically exceed that amount.
- Chuck asked if the auditors had reviewed the Procedures, to which Cheryl said they had. Lori mentioned that by year-end most Landlords will be participating in direct deposit so Policy language will be changed to state that payments will be made at the end of the month.
- Scott asked who / what is internal control and do the auditors verify the control process, to which Cheryl said the Policy is the internal control that ensures the procedures happen and that the auditors verify compliance.
- Chuck asked if the bank has been notified and if checks would be printed with a statement that checks over \$15K are not valid without a manual signature. Cheryl indicated that the bank has been informed of the signature change and will be consulted regarding the manual signature statement.
- Tim asked if this check policy was consistent with wire transactions, to which Cheryl stated it was.

With discussion complete, the amended *Policies & Procedures/Internal Controls for the Accounts Payable* and *Resolution No. 2011-21 Authorizing the Implementation of New Procedures Relating to the Use of Automatic Check Signing Software* was unanimously approved with a motion by Patti and a second by Scott.

**7. Report on GJHA Audit via a Noon Teleconference with Auditors**

The accounting firm of Hawkins, Ash, Baptie & Company conducted the 2011 GJHA Audit in November of 2011. The lead accountant on the audit, Joe Haas, reported to the Board via a conference call and followed the Exit Conference Agenda previously provided to Board Members. The following are items reviewed:

- GJHA received an unqualified opinion, which represents the best opinion given.
- The Audit is broken down into two separate audits – financial and compliance.
- Joe explained how to determine what Programs are reviewed for compliance testing; Home Grant and Housing Choice Voucher Program (HCVP) were chosen because grant income exceeded \$300K for each Program.
  - Test eligibility of tenant files – clean files.
  - Verbal comment – One Housing Quality Standards (HQS) test showed follow-up of failed test occurred 34 days after failure instead of 30 days.
- There were no Management Letter Comments. Verbal comments included:
  - Two minor income calculation errors and one minor asset error on new construction tenant files.
  - Consider documenting the process by which payroll allocation percentages are determined for all employees.
  - Make sure assets are being removed from the fixed asset list as they are replaced.
- Nine journal entries were made with the majority for fixed asset transfers for Crystal Brook Townhomes.
- Cheryl and Joe are working on Depository Agreements for HCVP banks.
- Because it is the responsibility of the audited client to prepare its own financial statements and review the auditors' statements, the Finance Director was reminded to stay current and knowledgeable of rules.
  - Note: The Finance Director stays current with training.
- GJHA staff will write a Management Discussion and Analysis (MD&A), which is a recap of yearly activities that will be included with the Audit.

Receiving a clean Audit, GJHA Staff received congratulatory remarks from the Board.

**8. Other Business**

*Dual Roles of New Board Member Scott Aker*

With the appointment to the GJHA Board, Scott addressed a possible conflict of interest concern for his dual roles – a GJHA Board Member and an employee of the Mesa County Department of Human Services, and the relationship between the two entities.

Board Members discussed the issue and expressed their appreciation for Scott's candor. Scott will write a letter acknowledging his dual responsibilities and agreeing to recuse himself from voting on matters in which an actual or perceived conflict of interest may arise.

*Resolution No. 2011-23*

With the meeting distribution of *Resolution No. 2011-23 Authorizing the Grand Junction Housing Authority to Change Retirement Plan Providers from Housing Agency Retirement Trust to ICMA-RC*, Cheryl explained this Resolution handout was the result of the Administrator of the Retirement Plan, ADP, requesting late language changes to the Resolution. Specific changes dealt with stating the type of retirement plan and identifying December 30, 2011 as the effective transfer date of all plan assets.

With a motion by Chris, a second by Patti, and a unanimous vote, *Resolution No. 2011-23 Authorizing the Grand Junction Housing Authority to Change Retirement Plan Providers from Housing Agency Retirement Trust to ICMA-RC* was approved as amended.

Scott left the meeting at 1:15 p.m.

*December 12<sup>th</sup> Workshop Between GJHA Board and Resident Advisory Board*

With the upcoming workshop between the GJHA Resident Advisory Board (RAB) and Board Members, Jody asked if there were specific items the Board would like to discuss. Group suggestions included:

- HUD's reduction in the Housing Choice Voucher Administrative Fees in Fiscal Year 2012, and GJHA's possible responses to those cutbacks.
- Being good ambassadors for GJHA; assisting clients to understand the necessity in the recent change in office hours at the main office.
- How can Board Members be more responsive to residents' needs; promote a constant presence with the RAB.

Annual Meeting – January 23<sup>rd</sup>

The Annual Meeting will be January 23, 2012 and will be held at the Courtyard by Marriott. Formal recognition will be given to Past Board Member Ora Lee for her five years of service to the Housing Authority.

Village Park Development

The Colorado Housing and Finance Authority (CHFA) normally conducts two rounds of Tax Credit Allocations in a year.

Jody informed the Board if Tax Credits for the Village Park Development are going to be applied for in the first round, the complete Application must be submitted to CHFA by March 1, 2012. The “Letter of Intent to Apply” must be submitted by February 1, 2012.

With those approaching deadlines, Jody suggested scheduling a special Board Meeting early in January to consult on this vast effort, as the regular January Board Meeting on January 23<sup>rd</sup> is the Annual Meeting with a setting less conducive for discussion of substantive matters.

Tim also suggested that the election of officers for the 2012 GJHA Board be held during this special meeting. The group agreed.

A tentative meeting date was scheduled for January 9<sup>th</sup> at 11:30 a.m. at the 1011 North Tenth Street facility. Confirmation will be forthcoming.

**9. Adjourn**

With business complete, the regular November Board Meeting concluded at 1:26 p.m.