

MINUTES

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

Monday, July 23, 2012
Housing Authority Offices
1011 North Tenth Street
11:30 a.m.

1. Call to Order

Board Chair Chuck McDaniel called the July Grand Junction Housing Authority (GJHA) Board Meeting to order at 11:33 a.m. with the following individuals in attendance: Board Members Scott Aker, Patti Hoff, Tim Hudner, Paul Marx, and Christian Mueller; Staff Members Chief Executive Officer Jody Kole, Chief Operating Officer Lori Rosendahl, and Executive Assistant Kristine Franz; and GJHA Attorney Rich Krohn of Dufford, Waldeck, Milburn, and Krohn.

Agenda Items were slightly rearranged so matters requiring participation from Rich Krohn could be addressed first. Jody Kole advised the group that since an Executive Session isn't a part of this July Meeting, conversation needs to be curtailed to non-Executive Session dialogue.

2. Village Park Development

Jody Kole said that in response to the Request for Proposals for Equity Investors for the Village Park Development, five submittals were received from the following companies:

<u>Company</u>	<u>Equity Offer</u>	<u>Cents - Dollar</u>
• WNC	\$ 9,658,363	\$ 0.88 / \$ 1.00
• Redstone Capital	\$10,207,133	\$ 0.93 / \$ 1.00
• Boston Capital	\$10,536,396	\$ 0.96 / \$ 1.00
• The Richman Group	\$11,085,116	\$ 1.01 / \$ 1.00
• Enterprise	\$11,141,000	\$ 1.015/ \$ 1.00

The Board Sub-Committee, consisting of Scott Aker, Tim Hudner, and Chuck McDaniel, met with Jody Kole and Rich Krohn to review and analyze the offers. Evaluation showed that two of the offers, Enterprise and The Richmond Group, were superior and very competitive. With a thorough evaluation, the Sub-Committee's recommendation to the Board was to accept the offer from Enterprise.

Committee members explained their recommendation, discussing such topics as: critical partnership agreement deal points, investor's proposed total investment amount, timing of

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receipt of funding, paying GJHA's Developer Fee earlier, substantial time/money savings expected in negotiating with Enterprise due to a prior working relationship in the Arbor Vista Development, and the possibility of using the Arbor Vista Development documents as a boilerplate, thereby eliminating time and costs to recreate documents.

With discussion complete, Patti made a motion to accept the Sub-Committee's recommendation selecting Enterprise's offer as the Equity Investor for the Village Park Development. A second by Paul and a unanimous vote passed the motion.

Jody Kole gave a project status noting that with the submittal of the Site Plan Application to the City of Grand Junction (City) Staff, final City comments have been received and are being addressed by GJHA staff with a re-submittal target date of July 25th.

Rich Krohn spoke to the timetable going forward. Upon GJHA's re-submittal of the Site Plan, there is a 20-day City staff review period. It is anticipated that only internal staff responses from City Departments will be needed, and it is hoped that responses will take less than the maximum time period. Once a final Site Plan has been agreed upon, the City Planning Department Director renders a decision approving or disapproving the Application. From the date of that decision, and within ten business days, any interested party can file an appeal of that decision to the City Planning Commission. The week of September 17th is being considered for the groundbreaking event, assuming time for resolution of City concerns and finalization of Enterprise Partnership Agreement documents and the closing process.

Jody Kole stated that the meeting with the Village Park Residential Homeowners Association (ROA) occurred on July 13th at the Shaw Construction offices with seven people representing the ROA in attendance. The ROA group seemed favorably impressed with the presentation and pleased with the opportunity for input on the exterior color choice of the buildings. OZ Architect presented display boards, as well as three-ring binders for the ROA members, illustrating a combination of stucco and stone with two different color schemes to choose from. The ROA has 30 days to respond.

An office at the Monument Business Center has also been set aside to house the display boards for a brief period for anyone interested in viewing the Development boards. The group was encouraged to invite associates to view the Project.

Rich Krohn spoke of Site Plan changes that are being re-worked. Key changes deal with landscaping issues because of conflicts between proposed tree placement and existing utility lines and easements; parking lot striping, bus stop access on Patterson Road, elevation issues from Patterson Road down into the site and height reduction of a retaining wall, and a secondary traffic ingress/egress point onto Patterson Road.

The Request for Proposal (RFP) for Construction and Permanent Financing for the Village Park Development will be released shortly. The Board Sub-Committee reviewing the Equity Investor submittals expressed a strong preference for proposals with construction-to-permanent financing with the same lender.

The due diligence process is underway, acquiring all requested documents by Enterprise.

Note: Enterprise personnel will tour the site on August 24th.

3. Library Property

Prior to discussion, Rich Krohn again reminded the group that this Meeting is in Open Session with a record.

At last month's Board Meeting, the Board discussed the Library Board's desire to sell surplus property in the block immediately north of the main Library, and concurred that the first step would be to obtain an appraisal on the property.

The property is listed at \$1,200,000 and includes a 8,000 square foot building and vacant land. Upon GJHA staff acquiring the appraisal and subsequently submitting a purchase offer, the Library Board's response was considered by GJHA staff as a restatement of its initial asking price. No counter-offer was made by the Library.

Jody informed the GJHA Board that the Library Board asked for a copy of GJHA's appraisal. The Board discussed whether to release the appraisal, but made no formal decision.

The Board agreed for Jody to express to the Library Board Director its disinterest in the property if there is no movement by the Library on price. This topic will be revisited at the Special Board Meeting recommended for early-mid August.

Note: A GJHA Board Executive Session was held on August 8th.

Rich Krohn departed at 12:22 p.m.

4. Consent Calendar

With a motion by Patti, a second by Tim, and a unanimous vote, the Consent Calendar, consisting of the *Adoption of Minutes of June 25, 2012* and the *Adoption of Minutes of July 9, 2012* was approved.

5. Dashboard Presentation of Quarterly Financial Statements Ended June 30, 2012 for all GJHA Programs

Jody began the presentation by noting there are not any substantial swings to any of the Programs. Those Programs that have been doing well continue to do so and in many of the smaller Programs, the metrics will be changed in the next fiscal year to reflect more realistic expectations and indicators.

General Fund

The General Fund is in very favorable condition.

Acquisitions and Development

Acquisitions and Development is operating at a loss, due to the funds invested to initiate the Village Park Development. It has cash due to receipt of \$59K+ from Arbor Vista to pay down accrued interest on the deferred Developer Fee. Costs for the Village Park Development continue to accrue.

Monument Business Center

Vacancy loss remains over budget, and technical upgrades to services were required at the Monument Business Center. Marketing efforts have been increased. Currently there are five vacant offices.

Lincoln Apartments

Lincoln Apartments reflect a healthy performance due to a low vacancy rate and a lack of a mortgage.

Bookcliff Squire

A higher than anticipated vacancy loss and high costs to rehab vacated units contribute to the lower than anticipated income for Bookcliff Squire.

Courtyard Apartments

With the bed bug issues eliminated at Courtyard Apartments, the vacancy loss is expected to reduce. The Net Operating Income is very close to budget.

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Houses

The higher vacancy loss and per unit costs for the Houses are credited to the Santee house that was vacated and required more rehab than normal.

Ratekin Tower

Ratekin Tower is showing a comfortable Operating Cash Balance. Bed bugs have been an issue, earlier this year, but are now under control. Replacement Reserves are being drawn down by \$75K to cover the elevator repair. The anticipated July 23rd work date for the elevator repair has been pushed back due to waiting on a State Building Permit. Lori Rosendahl noted additional costs were incurred to cover repair of the second elevator when it stopped functioning on a weekend night. There are no issues with tenants regarding the no-smoking policy. The refinancing for the property is complete.

Walnut Park

Walnut Park is doing very well compared to budget. Very few move outs have resulted in fewer than anticipated maintenance expenses.

Crystal Brook

Crystal Brook is operating very close to budget. Maintenance costs are lower due to lower vacancies. Exterior painting of the buildings is being completed.

Linden Pointe

Linden Pointe is having moderate vacancy issues. A client survey showed economic issues are contributing to the move outs. Jody Kole reiterated particulars of the unusual plumbing problem, explaining that copper water pipes in five units had developed leaks. Repairs were handled promptly, and staff is investigating this systemic problem.

Arbor Vista

Arbor Vista is doing slightly better than budget. The Operating Cash Balance is lower than usual because of the 2011 Surplus Cash payment of \$73K+ in March 2012, which paid down the interest on the deferred Developer Fee. The vacancy rate has remained low but maintenance costs are up per unit due to move-outs with significant damage.

Housing Choice Vouchers

The Housing Choice Vouchers Program is doing very well with the Cumulative Fiscal Year Dollar Utilization at 110%, the Cumulative Calendar Year Dollar Utilization at 107.3%, and the Calendar Unit Utilization at 101.4%. The Housing Choice Voucher Waiting List is still closed and may not reopen in October, as previously thought. Responses to a recent purge identified approximately 1,700 names currently on the Waiting List. Upon receipt of referrals from the U.S. Department of Veterans Affairs' Grand Junction office, work will begin on leasing up the 40 most recently awarded Veterans Affairs Supportive Service (VASH) Vouchers.

Home Ownership Services

Intercompany support for the Home Ownership Services Program shows as negative due to its reimbursement of prior-year loans to the General Fund. The Program has several outstanding receivables, and funding hasn't been received from the State Attorney General's Office for foreclosure counseling. Foreclosure counseling support to homeowners in the Delta/Montrose area will begin next week in Delta, with support to Moffat County homeowners anticipated in the near future.

Next Step Program

The Next Step Program has not required any intercompany support this fiscal year. A supplemental request to the Department of Human Services has been approved and received in the amount of \$12K+. A grant from the Division of Housing has been approved in the amount of \$600K for the next two years.

Family Self Sufficiency

A grant request was submitted to Excel Energy in the amount of \$10K and is still pending.

Ratekin Service Coordinator

The Ratekin Service Coordinator is a self-supporting program through Ratekin Tower and is operating very close to budget.

Housing Advocate

The Housing Advocate Program has been granted supplemental funding from The Department of Human Services for \$11K+.

Smoke-Free Coordinator

The State of Colorado has extended the contract for the Smoke-Free Coordinator through the end of the fiscal year. Staff hours have been reduced to 30 hours per week.

Walnut Park Service Coordinator

The Walnut Park Service Coordinator Program is in good shape.

Summary of Cash Activity/Cash Balances

The Summary of Cash Activity/Cash Balances finalized the presentation. The metrics for the smaller programs will be updated in the 2012-2013 Budget to reflect more realistic levels.

Tim Hudner suggested the addition of an Appreciation Line to the Summary Dashboard Reports would help clarify the Cash and Non-Cash figures.

Scott Aker left the Meeting at 12:48 p.m.

6. Discussion of Incentive Compensation Plan

Approximately two years ago, the Board approved the hiring of the firm, Human Capital Connection, to do an Executive Compensation Review and Assessment in line with the Board's goal to develop an improved method to evaluate the annual performance and establish a compensation range for the Agency's Executive Director Position.

Note: In a recent Agency internal alignment effort, the title of this position has been changed to Chief Executive Officer (CEO).

Upon the completion of the Executive Compensation Review and Assessment process, an Employee Incentive Compensation Program was considered. With the Board's decision that Agency strategic objectives be defined first, the Employee Incentive Compensation Program was deferred. At the GJHA Annual Strategic Planning Retreat held in January, general themes were identified and became part of the Strategic Plan. As the process continued, result-oriented objectives have since been defined with measures and target numbers assigned allowing for accountability. With this progress, the Employee Incentive Compensation Program is now being revisited.

The Board Incentive Compensation Sub-Committee, consisting of Patti Hoff, Tim Hudner, Chuck McDaniel and Paul Marx, met and expressed a desire to initiate this

Program prior to the end of the 2012 Fiscal Year, budget permitting. Existing objectives/targets are being evaluated, the budget is being reviewed for funding available for incentive compensation use, and Jody Kole and Lori Rosendahl will prepare a Performance Report for evaluation. Compensation of 15% of base salary for Jody Kole and 10% of base salary for Lori Rosendahl is being considered. Documentation complying with the U.S. Department of Housing and Urban Development (HUD) Salary Guidelines will be incorporated as part of the record upon any Incentive Compensation Award. Jody stated that henceforth, the Board will have to certify annually that a market analysis has been done and that any salary decisions made are based on the analysis. Further discussion is planned for an Executive Session at the August or September Board Meeting.

Chris Mueller suggested that a brief workshop be held to revisit the Agency's Strategic Five-Year Plan and "tune up" the identified themes and objectives.

Patti Hoff departed at 12:59 p.m.

7. Other Business

Update on Colorado West Regional Mental Health Collaboration

A status update on the Colorado West Regional Mental Health Collaboration pertaining to the management of the 20-unit Little Bookcliff property was given by Lori Rosendahl. She stated that GJHA will assume the management of the property on July 27th. Staff time has been spent obtaining HUD's approval, fixing issues such as rent calculation, getting client files in compliance, and building relationships with clients. GJHA maintenance staff support has been on-going for a couple of weeks. The Board will be presented with a Budget for consideration and approval at a future Board Meeting.

Developing a rehab plan for this property and aiding with the refinance process of the mortgage are tasks planned for the future.

New Board Member Recruitment

Because Patti Hoff will not seek reappointment to the GJHA Board, she will step off the Board at the end of September. The group identified several individuals who might be interested in serving on the GJHA Board and will contact them regarding such. Chuck McDaniel will forward to Board Members the formal letter from the City Clerk's Office notifying the group of Patti's expiring term, and will also respond to the City Clerk identifying the skills and expertise the Board is seeking in an applicant.

Special August Board Meeting

Jody asked for a special August Board Meeting to consider the Design/Build Team Contract for Village Park with Shaw Construction Company. Schedules will be reviewed and the Board will be polled for availability. Notification of the meeting date/time will be given at a later time.

8. Adjourn

With business completed, the regular July Board Meeting was adjourned at 1:18 p.m.