

October Special Board of Commissioners Meeting Minutes

Grand Junction Housing Authority ("GJHA")

8 Foresight Circle, Grand Junction, CO 81505

October 23, 2024, at 5:00 p.m.

1. Call to Order and Roll Call

GJHA's Board of Commissioners Regular Meeting was called to order at 5:07 p.m. by Rich Krohn, Board Chair. Attendance was taken by roll call with the following present:

Board of Commissioners:

Rich Krohn, Chair

Bernie Buescher, Vice Chair

John Howe

Bill Johnson

Ivan Geer (Virtually)

Leora Ruzin (Virtually)

GJHA Staff:

Jody Kole, CEO

Sheila Brubacher, Controller

Jill Norris, General Counsel

Krista Ubersox, Asset Manager

Ashleigh O'Leary, HR Director

Kate Schaneman, Business Operations Assistant

Karen Massey, a member of the public and resident at Ratekin Tower Apartments attended the meeting in person.

Heather Nara with the Mesa County Workforce Center attended the meeting in person.

Ivan Geer left the meeting at 6:25 p.m.

2. Disclosure of Direct or Indirect Conflict of Interest

None mentioned.

3. Consent Agenda

The Consent Agenda consisted of the Minutes of the September 10, 2024, Board of Commissioners Regular Board Meeting.

With a motion by Leora Ruzin, a second by John Howe and a unanimous vote, the Consent Agenda was approved.

4. Finance Items

Sheila Brubacher began by discussing GJHA's overall consolidated budget. Development activity for The Current was not included in this budget due to the fact that expenses will most likely be reimbursed as a part of the closing process. The Current will have its own budget and will be presented to the Board at a later date.

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In 2025, GJHA is budgeting consolidated operating revenues of \$17,240,797 and consolidated operating expenses of \$17,415,664 for a total net operating income of -\$174,867. For the Tax Credit budgets, the operating revenues are set at \$3,722,620 and operating expenses of \$2,960,271 for a total net operating income of \$762,349.

Cash projections, including capital projects that GJHA is looking at completing by December 2024, is \$10,314,066 and by December 2025 is \$9,000,895. GJHA's operating cash flow for 2025 has an overall change of \$1,680,571. Staff included the capital improvement budgets which cover the larger projects that are anticipated to be completed next year. This list included decking and railing at Crystal Brook Townhomes, bike storage at McMahon, network equipment upgrades at Highlands 1, and the parking lots at Foresight and Walnut Park Apartments.

GJHA's investment accounts have been doing well and are earning interest. Staff has decreased their estimated interest rates to 4% for next year. Staff has also planned to move some money from the General Fund CD to reimburse Acquisition and Development for some of the costs that have been incurred this year for The Current. GJHA's largest budget increases for 2025 are in salaries, utilities, insurance, and bad debt. GJHA is also looking at decreased revenue due to the lack of availability of grants and what they are covering as well as a decreased amount of money from the Voucher program to help support the Supportive Services Programs.

Jody Kole reviewed the revenue that GJHA anticipates receiving out of a cash flow waterfall from the Tax Credit developments. These numbers are staff's best estimate and actual numbers are not determinable until after the tax credit audits, which will be in late February of 2025. GJHA expects to have a \$174,867 shortfall, but that will be offset by the \$257,000 of additional bottom line net income coming out of the Tax Credit waterfall.

Staff budgeted for 60 full time equivalent employees, which is a net decrease of two from the 2024 budget. Staff also budgeted a salary and health insurance increase of 3.2% based on the national cost of living increase. GJHA has budgeted for the CFO position, a Development and Legal Assistant and one new maintenance position. Staff has adjusted their salary splits to make them more aligned with how employees spend their time. GJHA hopes to see better voucher funding going forward. Administrative fees will continue to trend downward due to the increased cost of housing in the valley. GJHA budgeted a flat 5% for all properties for utilities. For insurance, staff met with its broker, Mountain West Insurance, and included estimated increases between 5-10%.

For the General Fund and Acquisition and Development, Staff did not budget for receipt of developer fee payments as it is unknown when or how much the developer fees will pay out. GJHA's management fee income for the General fund is an approved percentage of the property revenue which typically lands around 6%-9% for GJHA's Tax Credit properties.

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In the Voucher program, the expenses are outpacing GJHA's revenues for 2024 and that will likely continue into 2025. It is expected to have a shortfall of administrative funds for the operating expenses in the Vouchers program as well as the services they support. Salary splits have been adjusted to take some pressure off of the Voucher program.

Overall, the properties are all expected to have favorable operating results. Staff budgeted a 10% increase for property insurance and a utility increase of 5%. Cash balances are projected to remain strong. The debt service coverage ratios are all meeting the 1.5 ratio as expected. GJHA did not budget for meth expenses because it is too difficult to estimate where and how much will be needed. Instead, if a situation arises with meth, staff has decided that operating cash and replacement reserves will be utilized to cover these expenses.

Crystal Brook's mortgage matures on October 25, 2025.

Rich Krohn and Ivan Geer are in favor of leaving the Foresight parking lot in the 2025 budget but recommend having a safety assessment done to determine how urgent it is. A motion was made by John Howe to approve Resolution No. 2024-10-01 – Adopting Operating Budgets for Fiscal Year 2025 for Arbor Vista LLLP, Village Park LLLP, The Highlands LLLP, The Highlands 2 LLLP, and 2814 LLLP. Ivan Geer seconded the motion. A roll call vote was taken and the motion approved unanimously. A motion was made by Leora Ruzin to approve Resolution No. 2024-10-02 – Adopting Consolidated Budget for Fiscal Year 2025. With a second by Ivan Geer and a roll call vote, the motion was unanimously approved.

Rich Krohn called for a short break in the meeting at 6:26 p.m. The meeting resumed at 6:33 p.m.

5. Development Update

GJHA received their 9% Federal Tax Credits from CHFA and Staff intended to apply to the Division of Housing for grant funding. Before this application was complete and submitted, staff was notified by CHFA that the Division of Housing no longer had grant money available and the entities that received the allocation of the 9% Federal Tax Credits would also receive an allocation of State Tax Credits. GJHA would be able to apply for up to \$700,000 of State Tax Credits to replace the CDOH grant funding, but CHFA then reduced the amount of Federal Tax Credits that GJHA will receive. The Federal Tax Credit runs for ten years. State Tax Credit runs for six years so the State Tax Credits are worth less. GJHA issued a Request for Proposal for both debt and equity lenders and investors for The Current. GJHA received three offers for equity lenders. Only one of those offers was for Federal and State Tax Credits. The Federal Tax Credits were proposed at a higher price per credit, so this proposal is the best offer that GJHA has received. Jody Kole believes GJHA has a hole in the budget. It could either be a financial hole or it could hole in the timing. One of the lending offers included HUD financing which

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would bring on its own specific requirements. Staff will need time to review the budget in conjunction with the offers which will then be reviewed and discussed with the Board. Staff would like to request a Special Board Meeting the end of next week. Staff discussed with the Board different schedule options for this Special Board Meeting.

6. Other business, if any

Staff requested to receive a list of Board Members who will be attending the City of Grand Junction Volunteer Appreciation Dinner scheduled for December 9, 2024, at 5:00 p.m. at the CMU Ballroom. Leora Ruzin, John Howe, and Karen Massey indicated that they would be attending. Bernie Buescher and Rich Krohn stated that they will not be able to attend. Kate Schaneman will check with Randall Reitz and Ivan Geer.

Rich Krohn and staff expressed a special 'thank you' to Bill Johnson for serving on the Grand Junction Housing Authority Board for the last five years.

7. Adjourn

With no further business or discussion, Bill Johnson made a motion to adjourn. With a second by Bernie Buescher, and unanimous roll call vote, the meeting was adjourned at 6:57 p.m.

All Board packet documents and documents distributed
during the Board Meeting are retained at GJHA.