

Gunnison Valley Regional Housing Authority

Regular Board Meeting Minutes

December 13, 2018

400 E. Tomichi Avenue, Gunnison, CO

1. Call to Order

Kelly McKinnis called the meeting to order at 9:04 am.

Members Present

Michael Yerman, Crested Butte

Jim Schmidt (Secretary) Crested Butte

John Messner, Gunnison County

Ellen Harriman, City of Gunnison Representative

Carlos Velado (Vice-Chair) Mt. Crested Butte

Matt Feier (Treasurer) Member-at-Large

Kelly McKinnis (Chairperson) County Representative

Todd Barnes, Mt. Crested Butte

Jim Gelwicks, City of Gunnison

Staff Present

Jennifer Kermode, Executive Director

Public Present

None present.

2. Public Comment

There were no public comments.

3. Consent Agenda

Due to the limited time for this meeting, the Consent Agenda items were moved to the end of this meeting or put it on the next meeting agenda. John asked for an opportunity to discuss the GV-HEAT update if time allows at the end of the meeting.

4. Administrative Items

a. Member Updates

Kelly asked about the new Community Development Director position with the City and if it has been filled. It was announced that the candidate from Houston, Anton Sinkewich, was offered the position and accepted. Jim G. provided some updates to housing in the City: City staff along with Willa Williford hosted a site visit to interested developers on December 7th and at least five were in attendance; Western is looking to build up to 24 housing units on property owned by either the University or the Western Foundation (three possible sites) to be restricted to time of tenure – possibly two years as transitional housing – and have put this as a priority on their facilities work plan.

Matt informed the Board that the RMBL project is no longer under his position with Vail Resorts, Todd said that it's possible that some changes may be forthcoming with the upcoming purchase of the North Village acreage.

b. Update to GVRHA Fiscal Control Policy

Jennifer reminded the Board that the reason for the amendment to the Policy was from Board direction to address the use of the \$55,472 Unrestricted Reserves in the 2019 Operating Budget. She felt the most appropriate manner to do so was through amendment to the Policy versus a new, separate policy. Page 10 of the Policy contains an additional policy and an additional procedure for handling Unrestricted Reserves. John asked for clarification on if the Unrestricted Reserves cannot be used to coverage shortages of the general fund line-items expenditures. Matt (Treasurer) confirmed that the Unrestricted Reserves cannot be used to cover such shortages without following the approval process as defined in the Policy. Jim G. reiterated that shortfalls in one line-item expenditure can be covered with excess funds in another, already approved, expenditure.

Jim Gelwicks moved to adopt the amendments to the GVRHA Fiscal Control Policy as presented. Jim S. seconded. The motion passed unanimously.

c. Upcoming Partnership with Belmont Development

Kelly informed the Board that the sale of the property is moving forward with an expected closing date of December 31, 2018. Todd asked about development completion, Kelly stated probably sometime in 2020 for lease-up. Jennifer provided background on how the creation of the partnership will occur and the possibility of providing a soft loan of \$100,000 to the project.

The partnership itself means the GVRHA will have a very small ownership interest in the project which, by state statute is sufficient to provide property tax and construction sales/use tax exemption to the developer. Jim G. stated that the City did some rough calculations and estimated that, based on the previous year's sales/use tax revenues would provide a savings to the project of approximately \$55,000.

John asked about why the proposed loan is called a "soft loan" – Jennifer stated that it is a common term used when identifying the financial stack. "Soft loans" may or may not have their security instrument recorded at the time of closing, they typically carry lower interest rates to increase the affordability of the project and there are generally less-institutionalized repayment structures. John asked about the two-year exemption on interest from the soft loan (as stated in the email from Ryan Jones included in the packet) – Jennifer stated this is typical so that during the first two years the property would meet its minimum debt coverage ratio (DCR). John asked for clarification on the reasoning behind the GVRHA providing soft money to the project – Jennifer replied that it is an excellent question, by doing so we are meeting part of our mission to financially assist such a project, the interest earned on this loan certainly exceeds what we are earning at the bank and that it holds the developer accountable to us with this investment into the project. The security instrument will provide us the opportunity to foreclose should the borrower/developer default.

Jennifer explained that we will have legal representation from Jon Peterson of Winthrop & Weinstine out of Milwaukee, WI, whose fees will be paid by the developer; the attorney will also draft all necessary documentation on our behalf. A sample term sheet is in the packet to give the Board an idea of what would be in the actual term sheet.

Kelly asked if the Housing Foundation will be providing a soft loan as well and Jennifer replied that she does not have confirmation from the Housing Foundation on that. Belmont will need to work directly with the Foundation on that. The Division of Housing will provide a grant to the project of up to \$12,500/unit.

The term of the affordability period shown on the sample term sheet is for an initial 15-year period with another 15-year period immediately following. Jennifer will confirm that Belmont committed to a 40-year affordability term in their application to CHFA. The term of the restrictive covenant on the property should also be 40 years.

Jim S. asked for clarification about first right of refusal – Jennifer said we will negotiate for that in the term sheet at the end of the 30-year compliance period, or if the property goes into default. He asked if the price would be set in the term sheet – Jennifer will confirm with Jon Peterson what the price would be and how it would be determined. At the end of the compliance period the owner/manager Belmont would most likely continue the project as low-income housing as this is their mission. The underlying restrictive covenant (LUR) could be drafted to maintain permanent affordability.

The next actions for this partnership will be to review an applicable term sheet before the 12.31.18 scheduled closing and approve it via special meeting format, then adopt a Resolution of Participation at the January Board meeting.

Jim G. made a motion giving Jennifer authority to have Jon Peterson draft the term sheet according to our discussion today and allow for an email vote of approval by the Board. Ellen seconded. The motion passed unanimously.

5. Other Business

No other discussions.

6. Consent Agenda – GV-HEAT Staff Report

John questioned CARE's desire to have the federal Weatherization Assistance Program (WAP) complete all CARE work on our HEAT-client homes and the rationale behind it. Jennifer explained that this is not staff's preference, but Michael Harris' choice (ED of CARE). Michael is trying to move towards this happening around the state because they know the WAP contractors are certified to meet the contractor/scope of work requirements of CARE. Additionally, the struggles we had earlier this year in getting contractors to work on our program are worrisome to him. Some of the challenges we have in the valley are: contractor qualifications, availability of and willingness of contractors to get the CARE work done. Working with our local contractor, Insuseal, brings in a connection to our local immigrant community that the WAP agencies won't have and this is critical to meeting the needs in our valley. Our preference is to keep as much work local as we can. The Gunnison valley has not experienced success with bringing outside contractors in to do this type of small-scale, low-revenue work in the past. This will require additional conversations with Michael to figure this out.

7. Adjourn

The meeting was adjourned at 9:52 am.

Minutes prepared by:



Jennifer Kermode, Executive Director

Approved on 1.9.19



Kelly McKinnis, Chair

2018 Budget Review YTD 11.30.18

	A	B	D	F	G
1					
2	INCOME	2018 Actual	2018 YTD Budget	Under Budget	% of Budget
3	Community Contributions				
4	County	\$93,500	\$93,500	-\$7,792	100.00%
5	City	\$53,000	\$53,000	-\$4,417	100.00%
6	Crested Butte	\$58,752	\$58,750	-\$4,894	100.00%
7	Mt. Crested Butte	\$43,500	\$43,500	\$7,250	100.00%
8	Total Community Contributions	\$248,752	\$248,750	-\$2	100.00%
9	Management Fees				
10	Anthracite Place Apts	\$13,717	\$13,717	\$0	100.00%
11	Salary Reimbursement	\$20,768	\$20,768	\$0	100.00%
12	Mountain View Apts	\$15,400	\$15,400	\$0	100.00%
13	Mtn View Ops Subsidy	\$22,924	\$22,924	\$0	100.00%
14	Performance Incentive	\$7,390	\$7,390	\$0	100.00%
15	Stallion Park Condos	\$6,037	\$6,886	\$849	87.67%
16	Other:				
17	Total Management Fees	\$86,236	\$87,085	\$849	99.03%
18	Interest Income	\$1,173	\$0	-\$1,173	
19	Grants				
20	Administration Fees				
21	Section 8	\$12,840	\$15,400	\$2,560	83.38%
22	Other:				
23	Total Administration Fees	\$12,840	\$15,400	\$2,560	83.38%
24	Real Estate Commissions	\$3,853	\$4,167	-\$313	92.46%
25	Application Fees	\$0	\$917	-\$833	0.00%
26	TOTAL INCOME	\$352,854	\$356,319	\$3,465	99.03%
27					
28					
29	EXPENSES	2018 Actual	2018 YTD Budget	Over Budget	% of Budget
30	Accounting	\$7,637	\$10,651	-\$3,014	71.70%
31	Advertising & Marketing	\$1,917	\$2,750	-\$833	69.71%
32	Administrative Expense	\$4,156	\$3,667	\$489	113.34%
33	Bank Fees	\$30	\$0	\$30	
34	Computers			\$0	
35	Hardware	\$2,200	\$1,558	\$642	141.21%
36	Software Programs	\$0	\$458	-\$458	0.00%
37	Technical Support	\$375	\$917	-\$542	40.89%

2018 Budget Review YTD 11.30.18

	A	B	D	F	G
38	Contracted Services			\$0	
39	Copier Lease	\$1,911	\$1,617	\$294	118.18%
40	Copier Service	\$863	\$596	\$267	144.80%
41	Telephones	\$767	\$853	-\$86	89.92%
42	Dues & Memberships	\$1,025	\$1,100	-\$75	93.18%
43	Education & Training	\$880	\$5,958	-\$5,078	14.77%
44	Insurance	\$5,317	\$4,125	\$1,192	128.90%
45	Internet Provider	\$1,785	\$853	\$932	209.26%
46	Internet Subscriptions	\$1,695	\$2,292	-\$597	73.95%
47	Legal Services	\$3,688	\$12,833	-\$9,145	28.74%
48	Office Supplies	\$3,352	\$3,392	-\$40	98.82%
49	Postage	\$427	\$825	-\$398	51.76%
50	Meter	\$0	\$416	-\$416	0.00%
51	Professional Services	\$7,783	\$23,833	-\$16,050	32.66%
52	Rent	\$8,120	\$8,932	-\$812	90.91%
53	Jail Rent	\$1,200	\$0	\$1,200	
54	Salaries	\$181,258	\$185,701	-\$4,443	97.61%
55	Benefits	\$46,918	\$26,502	\$20,416	177.04%
56	Travel			\$0	
57	Meals	\$239	\$1,604	-\$1,365	14.90%
58	Mileage	\$3,320	\$9,121	-\$5,801	36.40%
59	Lodging	\$1,718	\$5,179	-\$3,461	33.17%
60	Auto Expense	\$1,771	\$1,375	\$396	128.80%
61	Website	\$0	\$1,100	-\$1,100	0.00%
62				\$0	
63	TOTAL EXPENSES	\$290,352	\$318,208	-\$27,856	91.25%
64					
65	NET INCOME/(LOSS)	\$62,502	\$38,111	\$31,321	

GVRHA
BALANCE SHEET
As of November 30, 2018

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Development fund	89,756.60
Money Market	403,017.33
Operational Fund	305,974.60
Total Bank Accounts	798,748.53
Accounts Receivable	
11000 Accounts Receivable	-22,675.00
Total Accounts Receivable	-\$22,675.00
Other Current Assets	
12000 Undeposited Funds	0.00
Total Other Current Assets	\$0.00
Total Current Assets	776,073.53
TOTAL ASSETS	776,073.53
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	1,292.20
Accounts Payable (A/P)	0.00
Total Accounts Payable	1,292.20
Other Current Liabilities	
Payroll Liabilities	-5,459.24
Total Other Current Liabilities	-\$5,459.24
Total Current Liabilities	-\$4,167.04
Total Liabilities	-\$4,167.04
Equity	
30000 Opening Balance Equity	20,474.73
32000 Retained Earnings	739,706.32
Net Income	20,059.52
Total Equity	780,240.57
TOTAL LIABILITIES AND EQUITY	776,073.53

