

YAMPA VALLEY HOUSING AUTHORITY BOARD MEETING
March 13, 2014

Kathi Meyer, Yampa Valley Housing Authority Board President, called the regular monthly meeting of the Yampa Valley Housing Authority to order at 12:00 p.m.

Board members present included: Catherine Carson, Scott Myller, Rich Lowe, Trish Sullivan, Kristi Brown and Doug Monger. Board members John Spezia, Patrick Welsh and Johnny Sawyer were absent.

Others present included: Jason Peasley, Yampa Valley Housing Authority Executive Director. Sarah Katherman recorded the meeting and prepared the minutes.

EN RE: PUBLIC COMMENT

There was no public comment.

EN RE: 2013 2ND SUPPLEMENTAL BUDGET AMENDMENT

Jason said that the audit of the 2013 financial statements revealed that General Administrative Fund expenses exceeded revenues by \$8,818.00. These expenses were associated with unanticipated legal fees. Jason stated that approval of the proposed resolution would bring the General Administrative Fund into compliance with CRS §29-1-110. Money to cover these expenses is available in the General Fund-Fund Balance.

MOTION

Rich moved to approve Resolution 2014-002 to adopt the second supplemental 2013 budget appropriations to defray expenditures in excess of amounts budgeted. Kristi seconded the motion. **The motion carried unanimously.**

EN RE: REVIEW AND APPROVAL OF 2013 AUDIT

Chris Catterson of Catterson & Company reviewed that the audit expresses an opinion regarding the compliance of the financial statements with U.S. Generally Accepted Accounting Principles (US GAAP). He reviewed the auditing process and the primary areas that were investigated, including revenues, expenditures, assets, accounts receivable and liabilities. He stated that the only question regarding revenues was where the proceeds from the deed restriction buy-outs should properly go. Regarding the assets, Chris stated that although the valuation of Elk River Village property may be slightly overstated, there is little exposure due to the lease-purchase agreement. The agreement itself is clarified in the notes. Chris stated that the accounts receivable may be somewhat overstated, and noted that an allowance against this amount was recommended. He stated that overall there were only minor adjustments.

Doug stated his support for maintaining an allowance against accounts receivable, adding that Board approval is required to actually write them off. He noted that the only issue with the change is that it will make year-to-year comparisons of 2012 to 2013 difficult. Catherine stated that making some modifications in the procedures for monitoring deed restrictions will be helpful. There was a discussion of the circumstances under which past due rents have been written off at Hillside.

Chris stated that the USDA loan at Hillside requires a single audit per OMB Circular A-133. He said that in order to ensure compliance with tenant eligibility requirements he would take a sample of the residents' files and

ensure that the eligibility requirements are being met. He noted that Kate does an excellent job and it has been many years since there was a finding in this area. In response to a question from Catherine, Chris said that the single audit of Hillside, without any findings, consumes approximately 20% of the overall time needed for the audit. Chris stated that the USDA forms must be submitted by March 31st; the single audit deadline is September 30th.

Catherine suggested that Jason's management letter include that the Sierra View loans would be brought into compliance with TABOR in 2014 (page v), and that better language be found to replace the term "holding pattern" (page i). She suggested that the letter should state that the YVHA continues to seek out the best opportunity for the property. Doug suggested that the Finance Committee should review the draft management letter prior its submittal, noting that the audit is a public document that represents the YVHA Board.

Chris stated that a final budget column would be added to the final statements documenting the second supplemental budget approved earlier in the meeting. The statement that the General Administrative Fund is over-extended will then be deleted.

Catherine commended the work of Jason, Sandy and Kate, noting how clean the audit was. In response to a question from Kristi, Catherine reviewed the comments and changes that the Finance Committee had made in its review of the audit.

MOTION

Kristi moved to accept the 2013 draft audit with the changes discussed at this meeting. Rich seconded the motion. Jason will notify the Board when the recommended changes have been made and the two documents have been submitted.

Under discussion Catherine recommended that Jason notify the Board when the audit documents are complete and have been submitted. This amendment was accepted, as indicated above.

The motion carried unanimously.

EN RE: CONSENT AGENDA

The following items were presented on the consent agenda:

- a. Review and approval of February 13, 2014 minutes
- b. Review and approval of January 2014 financial statements

Catherine requested the removal of the financial statements from the consent agenda.

MOTION

Doug moved to approve the February 13, 2014 meeting minutes. Trish seconded; **the motion carried 6 - 0, with Kristi abstaining.**

Regarding the financial statements, Catherine thanked Jason and Sandy for including the adjusted journal entries to allow for a clean beginning balance, and for the addition of the bad debt allowance.

MOTION

Catherine moved to approve the January 2014 financial statements. **Trish seconded; the motion carried unanimously.**

EN RE: STAFF REPORT

Fish Creek Mobile Home Park

Jason reported that Kate continues to work on aging accounts and developing payment plans. He added that she is also researching some accounts that were paid, but incorrectly recorded. He said that some tenants have documentation showing that they paid, which means that their payments may have been credited to the wrong account. He clarified that Kate is handling collections and Sandy is crediting the accounts. This arrangement is improving the coordination of operations. Scott asked if a column could be added to the collection reports to show whether progress is being made. There was a discussion of how best to identify if there is improvement in aging accounts. It was suggested that Kate could include a summary of this in her monthly report. Regarding the payment of past due accounts, Doug asked if new payments are credited to current accounts or to the past due portion of accounts (LIFO or FIFO). He suggested that past due accounts should be collected first. Jason said he would follow up on this issue and determine if an extra column can be added easily to the aging report.

Jason reported that there had been a water leak at Fish Creek Mobile Home Park, which cost \$3,500 to fix. He said that progress is being made in securing the financing for the much-needed infrastructure improvements. A term letter is expected soon from Alpine Bank for a 25-year, 4% loan; the City loan will also be restructured for 25 years at 0%. Jason said that the Colorado Water Resources and Power Development Authority (CWRPDA) financing is also expected to be at 0% based on the income survey results. All together the cash flow for the combined financing will be the same as is currently being paid to Wells Fargo, allowing the infrastructure project to be completed without significant lot rent increases for the next 25 years.

Jason stated that each of the three lenders needs to be reassured that the others are also on board. Doug offered that this could be accomplished through a simultaneous closing. He clarified that whether any principle forgiveness is granted depends on how much money the CWRPDA receives from the federal government and what other projects are applying for the funds. He said that the Colorado Department of Public Health and the Environment (CDPHE) has a procedure for ranking projects to determine principle forgiveness. Rich asked if providing CDPHE with a history of the failing system would help. Doug said that it might. Jason reviewed the results of the income survey, which qualified the project for 0% financing and determined that it is eligible to apply for principle forgiveness. The median income was determined to be just of \$29,000 per household, which is below 50% of AMI.

Scott noted that the rents at Fish Creek Mobile Home Park are well below average for mobile home lot rents elsewhere in the City. He asked if this information could be used in some way to the advantage of YVHA. There was a discussion other mobile home parks and the range of rents charged. Kristi asked if there are legacy tenants at Fish Creek who would not qualify for the lots based on income. She asked if it might be appropriate to charge these tenants market rate. Catherine suggested that some lots could be sold to those who can afford it. Kathi pointed out that the financing is based on a pledge of 100% of the lot rents, and Doug added that the master metering of the utilities is another obstacle to selling lots. Jason offered that once the infrastructure project is complete, other options for the property can be considered, including whether those able to pay market rates should do so. Jason said that he has assumed a 1% annual increase in lot rents over 25 years, which will go toward increased cost of operations and maintenance. Kathi noted that tenants must be notified of rent increases in May for implementation in July. No increase was approved for 2014, so no increases can be implemented until 2015.

Down Payment Assistance/Public Relations

Jason reported that the loan committee had met to review a potential loan and had discussed how this program might be better utilized. He said that he also met with Trish regarding how to increase awareness of the DPA program, as well as how best to publicize some "feel good" stories about current tenants. Jason attempted to solicit new members for the PR committee.

Barn Village Lot

Jason reviewed the acquisition by the City of Lot 63 of Barn Village, which had been pledged as collateral under the community housing requirement. He said that he has spoken with the City Manager to ensure that the community housing interest in this property is preserved. There was a discussion of the potential for the property, which was originally approved for 25 units, 11 to be designated as affordable and 14 to be transitional units for the hospital. The entitlements for that project have expired. Scott noted that the hospital had approached the City regarding the potential land swap. Following a discussion of the hospital's planned use of the parcel Jason said that he would monitor the discussion.

Fox Creek Village

Jason reported that he had received a complaint about a potential deed restriction violation at Fox Creek (the renting of a unit) and that he had received a request from an owner for a release of a deed restriction. He said that he will set up a meeting with the Fox Creek HOA Board to discuss the rental policy; the deed restriction issue will be included on next month's agenda. Kathi noted that enforcement of the rental policy is complaint driven. Catherine said that the following information would be needed for a thorough discussion of the deed restriction issue: the exact language of the deed restriction, the grants used to buy down the original value, the purchase history of the unit, the City's past policy regarding deed restrictions, and information on how other communities that use deed restrictions have handled such requests. Doug emphasized the need to establish a policy that will apply to all units at Fox Creek. Kristi said that information regarding the sales history of other units would be helpful. Doug added that there may be income tax implications similar to those that apply to debt forgiveness.

City Housing Policy

Jason announced that the City is scheduled to kick-off its discussion of affordable housing policy on June 13, 2014 with a panel discussion involving local developers, housing advocates, affordable housing developers and architects. Jason noted that a tax credit affordable housing project is underway in Crested Butte.

Other

Jason reviewed the agenda items planned for upcoming meetings. Doug asked why it is imperative that the Sierra View loans be refinanced and brought into compliance with TABOR if the lender is not making an issue of it. Jason said that the loan has a balloon payment coming up in a year, and will need to be refinanced anyway. Catherine added that it should be a concern to the Board that YVHA is violating state law.

EN RE: EXECUTIVE SESSION

Kathi stated that the Board would enter executive session pursuant to C. R. S. §24-6-402 (4)(f)(I) for the purpose of discussing a personnel matter.

MOTION

Doug moved to enter executive session pursuant to C. R. S. §24-6-402 (4)(f)(I) to discuss a personnel matter. Included in the executive session would be the Housing Authority Board members. Rich seconded; the motion carried unanimously.

MOTION

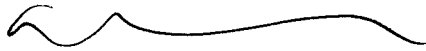
* moved to exit the executive session. * seconded; the motion carried unanimously.

The executive session adjourned at * p.m. Kathi stated that no minutes or formal actions were taken during the executive session, and only the performance review of the Executive Director was discussed during the executive session.

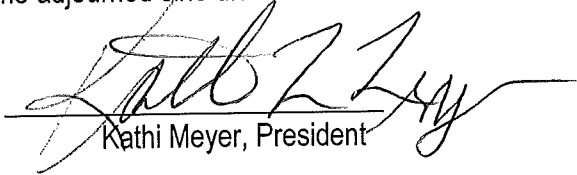
EN RE: ADJOURNMENT

* moved to adjourn the regular meeting of the Housing Authority. * seconded; the motion carried unanimously. The meeting was adjourned at * p.m.

No further business coming before the Board, same adjourned sine die.



Sarah Katherman, Minute Taker



Kathi Meyer, President