

Estes Park Housing Authority
Minutes of The Board of Commissioners Meeting
July 8, 2020 via Teleconference Call

Staff Present: Naomi Hawf, Scott Moulton, Nancy McLemore, Joe Switzer

Members Present: Eric Blackhurst, Phil Frank, Pete Smith, Julie Abel, Bill Pinkham

Member Elect Present: Dan Centurione

Guests Present: Cory Kalanick, Sam Betters, Rita Kurelja

1. **Call to Order:** Eric Blackhurst called the Estes Park Housing Authority Board of Commissioners meeting to order at 8:30 am on July 8, 2020.
2. **Reading and Approval of Meeting Minutes for June 10, 2020:** Minutes stand approved as submitted.
3. **Complex Updates and Reports:** Moulton reporting (Reports included in Board packet)
 - a) Update on property delinquency and turnover
 1. Property Delinquency Reports: Moulton reported that EPHA is taking steps to post notices in accordance with the State Mandates. July will be a litmus test of where we stand on the whole. An analysis of our delinquencies in relation to deferments, most residents are in line with their repayment schedule. Frank requested a written report of the delinquencies for tracking purposes – in an effort to identify a rent-loss reserve.
 - i. Pines: 0 vacancy, \$0 vacancy loss, \$728 in delinquencies.
 - ii. Cleave: 1 vacancy, \$485 vacancy loss, \$4,099 in delinquencies
 - iii. Talons Pointe: 1 vacancy, \$396 vacancy loss, \$4,626 in delinquencies
 - iv. Lone Tree: 1 vacancy, \$1,486 vacancy loss, \$21,986 in delinquencies
 - v. Falcon Ridge: 2 vacancies, \$1,392 vacancy loss, \$18,211 in delinquencies
 2. Unit Turnover Report:
 - i. Cleave: 0 turnovers
 - ii. Lone Tree: 0 turnovers
 - iii. Talons Pointe: 0 turnovers
 - iv. Falcon Ridge: 0 turnoversMoulton provided additional information to the Board of the changes being implemented to expedite the turn-around time for top of list notifications.
4. **Peak View Update:** Hawf, Betters, and Kurelja reporting (Documents included in Board packet)
 - a) Summary of where the project stands as of July 8th: Hawf reporting
 1. Loans: CHFA loan application process has been completed. The development committee has arranged for weekly meetings with CHFA and the Bank of Colorado (BOC) in order to best facilitate a same-day closing on both loans. Anticipated draw schedules are being drawn up and accounting requirements were discussed.
 2. Town Waivers: The Town required formal waiver requests documents: 1) Formal request for permit and plan review fees; 2) Reviewing the amortization agreement on the water tap fees which is still in progress.
 3. Site: The site is cleared of all structures and debris removed. Saunders-Heath has received the bids from the sub-contractors. The results of the bids will be submitted this week and reviewed by the committee on Tuesday, July 14th.
 4. Timeline and Schedule: (refer to schedule provided in Board packet)
 - i. Hawf proposed a special Board meeting to be scheduled once contractor bids are reviewed and final loan commitments are received. Estimated timeframe is after July 23rd.
 - b) Changes in Funding Proposals:
 1. Bank of Colorado – BOC shortened the amortization period on both the Peak View and Pines loans from 40 years to 30 years. This change impacts the bottom line on both projects. For Peak View, it decreased the loan amount by \$160,000; this impacts the debt service ratio and the cash flow projections.

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2. CHFA – To help offset the impact from the shortened loan period, Hawf approached CHFA with a request for an increase on the loan amount. CHFA proposed the following changes – decreasing the interest rate ½%; increasing the amortization period from 35 years to 40 years; and increasing the loan amount from \$890,000 to \$975,000.
 3. Sources and Uses of Funds: The Sources and Uses were discussed per the documentation included the Board meeting. Total Project costs sit at \$7.6 million leaving a gap of \$967,000 that would be filled by EPHA cash contribution.
 4. Expenditures and EPHA cash: Expenditures to date are \$314,000; EPHA cash on hand is \$1.3 million.
- c) Impact of changes to cash flow and profitability:
1. Betters presented to the Board an analysis of the key financial areas for Peak View and Pines that will be affected by the shortened amortization period. Regarding Peak View specifically, while the return on investment may be marginal when viewed in monetary terms, there is also an intangible value realized through the housing being created on behalf of the community. Where the challenge lies is in the change in cash flow to The Pines when considering the higher debt service due to the tightened timeframe for repayment.
 2. Kurelja presented that although taking on this debt increases the expenses The Pines has to carry, the end result reflects a more realistic financial business model than what has been traditionally experienced. The situation that enabled EPHA to operate The Pines with no debt for so many years stemmed from paying off what was owed to the Town as each condominium was sold in buildings 1, 2, & 3.
 3. Hawf concluded the discussion by outlining where the project stands to date, presenting the risks and rewards in moving forward. One risk is the exposure to EPHA involved in these being recourse loans. Betters explained that in previous loans, the damage was limited solely to the project, whereas in a recourse loan, EPHA would be fully responsible for the loan and not just the project. Hawf re-emphasized this project will be contributing to the community through 1) helping to close the current housing gap and 2) helping to fill the workforce housing need.
- d) Peak View Resolution: Attorney Cory Kalanick with Sherman & Howard presenting (Included in the Board packet)
1. Kalanick explained that the resolution which has been prepared for the Board is called a Parameters Resolution pursuant to the Supplemental Public Securities Act. What this resolution does is it permits authorization of the loan and delegates the final pieces of the loan to the Executive Director, the Chair, or the Vice-Chair subject to certain parameters set forth in the resolution. Those parameters include 1) a maximum principle amount for the promissory note to not exceed \$6 million; 2) it includes a maximum maturity date of December 31, 2023; 3) it includes a not to exceed fixed rate on the promissory note of 4%.
 2. Frank explained his position as Vice-Chair while also being employed by the Bank of Colorado. To avoid a possible conflict of interest, Frank suggested the Vice-Chair be substituted with “any other member” verbiage. Kalanick will make those revisions and have it prepared for the Board’s next meeting.
- e) Blackhurst inquired about EDC and their access to funding. Hawf stated EDC is currently working on a grant on the Federal level that will help with our community’s resiliency, future resiliencies within communities, but that grant is still a work-in-progress and the timeline is unknown at this point.
1. Action Item – Hawf is to follow up with EDC to gather more information on whether they have any funding sources or know of any funding source they could recommend that facilitates housing for workforce.
- f) Hawf proposed, like the resolution, that if CHFA’s terms come in favorably and Saunders-Heath sub-contractors’ bids come in at or below budgeted, then EPHA would approve moving forward with overlot

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grading and excavating. Furthermore, costs are not to exceed \$115,000. If approval granted, this is work that can be accomplished within the next few weeks while we await for the closing on the loans.

1. Smith made the motion as described. Pinkham seconded the motion. All were in favor. The motion passed unanimously.

5. **Old Business/Additional Business:** Hawf reporting

- a) Down Payment Assistance Loan Changes: Hawf met with the Estes Valley Board of Realtors (EVBOR) who were in agreement to increase the maximum loan amount to \$15,000. This change will take effect beginning October 2020, allowing time to update website and application documents. Blackhurst added that the documentation for the agreement established between EPHA and EVBOR regarding this program needs to be updated to reflect this change.

1. Action Item: Hawf is to draft a new agreement documenting this change.

- b) Workforce Housing Committee: Hawf has reinstated the Workforce Housing Committee meetings beginning Monday, July 13th and will meet monthly to continue their discussion on housing in our community.
- c) 2021 Base Funding Request with the Town of Estes Park was submitted, requesting \$30,000 for EPHA and an additional \$10,000 for the Down Payment Assistance program. Blackhurst expressed concern over the Town's ability to grant EPHA's funding request this year given the economic state of the community. Blackhurst suggested that in anticipation of this end, we should budget accordingly.
- d) Special Limited Partnership Interest (Chrisman & SB Clark): Hawf presented the highlights on the proposal submitted by Chrisman & SB Clark for a Special Limited Partnership Interest. Based on the concerns raised during the discussion, the Board decided more research is needed before any agreement could be made with this partnership.

6. **Adjourn:** Meeting was Adjourned at 9:53 am.

Minutes submitted by Nancy McLemore on July 13, 2020.