

Estes Park Housing Authority
Minutes of The Board of Commissioners Meeting
May 13, 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

Guests Present: John Cutler, Tracie Thompson, Rita Kurelja, Sam Betteres

1. **Call to Order:** Phil Frank called the Estes Park Housing Authority Board of Commissioners meeting to order at 8:36 am on May 13, 2020.
2. **Approval of Board Chair:** Smith made a motion to appoint Eric Blackhurst as Chair of the Board of Commissioners. Pinkham Seconded. The vote passed unanimously.
3. **Reading and Approval of Meeting Minutes for April 8, 2020 and April 23, 2020:** Minutes stand approved as submitted.
4. **2019 Audit:** John Cutler and Tracie Thompson reporting (Information included in Board packet)
 - a) Cutler reported that the audit went well and an unmodified report was issued. The net position for EPHA increased about \$200,000. Hawf inquired to Cutler if there is any action he would suggest EPHA take this year in preparation for next year's audit as it relates to the development of Peak View. For any development costs that come through, Cutler suggested and Thompson concurred that those items should be capitalized. Thompson explained they have been set up as such on the Peak View books and will show up as an asset. Some items may be charged to EPHA (meetings, food, etc).
 - b) Blackhurst requested a motion to receive the 2019 Audit as presented by John Cutler and Cutler & Assoc; Motion made by Pinkham; Seconded by Smith; Motion passes unanimously.
5. **1st Quarter Financials:** Hawf reporting (Included in Board packet)
 - a) Hawf provided a comprehensive update on the quarterly financials, highlighting areas where discrepancies between the budget and year-to-date actuals have occurred. Some changes highlighted include the movement of a portion of Moulton's and Hawf's salaries from EPHA to Falcon Ridge.
 - i. Cleave St: Loan balance is \$17k currently, the \$4k represents long term debt (>1yr). Reserve withdrawal occurred in 2020 versus 2019, as billing on renovation of Unit 1 had not come in, allowing interest on reserve funds to continue to accrue.
 - ii. Lone Tree: Hawf pointed out that the "Other Income" figure represents money received from an insurance claim generated as a result of a vehicle running into the building in 2019.
 - iii. Peak View: Hawf noted that this is the final set of statements for the rental property. The cash balance reflected on the quarterly statements will be added to funds for use in the development. Questions were raised regarding the benefits of using a portion of the reserves to pay off the existing loan on Peak View. The Board decided that with the uncertainty of COVID and its impact, it would be better to hold the reserves in place and thus not move forward in paying off the loan.
 - iv. Rent Deferrals and Forgiveness: Expounding on the impact of rent deferrals and rent forgiveness on the property financials, Hawf provided a few examples of what measures are being taken to ensure the bottom line remains as close to what was budgeted as possible. Frank suggested setting up a separate line items specifically targeted for tracking the deferrals and rent forgiveness. Thompson responded by noting that steps are already in place to help facilitate that end; two line items were added on the EPHA statements for COVID: one to track EPHA's contribution and the other to track the Town's contribution.
 - v. Pines: The Administration expense of \$5,000 that has historically been paid to EPHA each quarter, will only be paid once in the first quarter for 2020 and moving forward in anticipation of Pines taking on the debt of a mortgage.
 - b) Blackhurst requested a motion to accept the first quarter financials as presented. Motion made by Smith; motion seconded by Abel; motion passed unanimously.
6. **Peak View Update:** Hawf, Betteres, and Kurelja reporting
 - a) Hawf provided an overview of where we stand to date: the estimated construction costs of the project is \$7.7 million with \$5.7 coming from Bank of Colorado, \$500,000 from CHFA, and remainder from EPHA

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and The Pines. However, given the appraised value of \$6.2 million, the project is now left with a funding gap of \$1.1 million.

- b) Discussion: Betters presented to the Board several areas that could be explored with the Bank of Colorado and CHFA loans that would help bridge the funding gap. Regarding the CHFA loan, the biggest challenge will be with their underwriting criteria that requires the maximum loan to value to not exceed 90%. If CHFA holds to that restriction, then the maximum loan we could obtain would be six to seven hundred thousand, which then leaves a \$500,000 gap. The consensus of the Board was for the Development Team to continue exploring options with the Bank of Colorado and to approach CHFA for more funds.

7. **Complex Updates and Reports:** Moulton reporting (Reports included in Board packet)

- a) Update on property delinquency and Turnover

- 1. Property Delinquency Reports

- i. Pines: no vacancy no vacancy loss, \$831 in delinquencies.
 - ii. Cleave: 1 Vacancy, \$485 vacancy loss, \$2,050 in delinquencies
 - iii. Talons Pointe: 1 vacancy, \$1,820 vacancy loss, \$2,920 in delinquencies
 - iv. Lone Tree: 3 vacancies, \$2,397 vacancy loss, \$15,061 in delinquencies
 - v. Falcon Ridge:: 2 vacancies, \$1,032 vacancy loss, \$15,014 in delinquencies

- 2. Unit Turnover Report:

- i. Cleave: 0 turnover
 - ii. Lone Tree: 1 turnover, 81 days from move-out to move-in
 - iii. Talons Pointe: 1 turnover, 70 days from move-out to move-in
 - iv. Falcon Ridge: 0 turnover

- b) Update on Current Delinquencies/Requests due to COVID-19: Moulton reporting (Reports included in Board packet)

- 1. Rent Forgiveness: Moulton reporting. The Board offered a \$25,000 match to the Town's offer of \$25,000. Applications for rent forgiveness were distributed to all tenants with a deadline of May 4th. First round of application reviews allowed forgiveness rates of 75% forgiveness for April, 50% for May, 25% for June. Due to large influx of applications being submitted at the deadline, those rates had to be adjusted so relief could be offered to each applicant who showed financial hardship due to COVID, effectively giving relief of 75% for April and 3% for May. Broken down, round one yielded an average of \$1,159 in rent forgiveness per applicant; round two yielded an average of \$680 per applicant. Blackhurst inquired if we anticipate the need to expend any additional funds for supplementing rent due to COVID. Moulton recommended and all agreed to wait before taking any further action until we have a better feel for how far-reaching the effects of COVID will be.

- c) 2020 Rent and Income Limits: Moulton reporting.

- 1. The new income limits from HUD and by extension, through CHFA have been released. There was a significant increase in those income limits which have to be in place by May 15th so all new qualifications and recertifications will be done based on those new income tables. With that, there also has to be the discussion regarding on rent increases. Included in the Board packet is a breakdown of rent increase options between 3% - 5% along with what the rent ranges will be. Additionally included is the maximum rents put forth by CHFA.

- i. Blackhurst recommended that we not pursue increasing rent at this time, especially when coming on the heels of offering rent deferments and forgiveness. Instead, to revisit this in 60 to 90 days or at least until we see what congress will do. The Board decided to revisit this in August.

8. **Old Business/Additional Business:** Blackhurst

9. **Adjourn:** Meeting was adjourned at 10:39am.

Minutes submitted by Nancy McLemore on May 15, 2020.