



**SPECIAL MEETING
A G E N D A
January 26, 2016**

**SECOND FLOOR CONFERENCE ROOM
4:00 P.M.**

- A. Call Meeting to Order**
- B. Roll Call**
- C. Approval of Minutes:**
 - 1. January 12, 2016**
- D. Officers Reports**
- E. Public Forum**
- F. New Business**
 - 1. Resolution 01-2016: Establishing a designated public place for the posting of meeting notices as required by the Colorado Open Meetings Law**
 - 2. Resolution 02-2016: Enacting a budget and appropriation for the year 2016**
- G. Old Business**
 - 1. Fruitdale School – Update and Next Steps**
- H. Other**
 - 1. Election of Officers**
- I. Adjournment**

Individuals with disabilities are encouraged to participate in all public meetings sponsored by the City of Wheat Ridge. Call Heather Geyer, Public Information Officer at 303-235-2826 at least one week in advance of a meeting if you are interested in participating and need inclusion assistance.



**Minutes of Special Meeting
January 12, 2016**

A. CALL THE MEETING TO ORDER

The meeting was called to order at 4:06 p.m. by Chair Thompson in the Second Floor Conference Room of the Municipal Building, 7500 West 29th Avenue, Wheat Ridge, Colorado.

B. ROLL CALL OF MEMBERS

Authority Members Present: Thomas Abbott
Tim Fitzgerald
Chad Harr – arrived at 4:15 p.m.
Janice Thompson
Jennifer Walter

Authority Members Absent: None

Also Present: Kenneth Johnstone, Community Development Director
Jim Hartman, Hartman Ely Investments (HEI)
Susan Ely, Hartman Ely Investments (HEI)
Tammy Odean, Recording Secretary

C. APPROVAL OF MINUTES:

1. November 24, 2015

It was moved by Mr. Fitzgerald and seconded by Mr. Abbott to approve the minutes of November 24, 2015 as amended.

Motion approved 4-0. Mr. Harr did not vote because he was late.

D. OFFICERS REPORTS

Ms. Thomson stated that the City Council meeting on January 11, 2016 was very interesting and we will hear more about it later in the meeting.

E. PUBLIC FORUM

There was nobody present from the public to speak.

F. NEW BUSINESS

Mr. Johnstone stated that Ms. Lauren Mikulak is back from maternity leave and there will be a regular scheduled Housing Authority meeting on Tuesday, January 26 to discuss the budget.

G. OLD BUSINESS

1. Fruitdale School - Update and Next Steps

Mr. Johnstone gave a brief overview of the City Council meeting which was held on January 11, 2016 including the past process for the public to submit proposals for Fruitdale. Wheat Ridge Housing Authority (WRHA) did a Request for Information (RFI) back in 2014 to allow any type of application to come forward and we received three submittals: one from the WR Cultural Group, one from Mountain Phoenix Charter School and one from HEI. There was a mandatory pre-meeting which HEI missed; WRHA wanted organizations to know what they were getting into before a proposal was submitted. HEI still submitted their proposal even though WRHA didn't entertain it at that time. WRHA looked at the other two proposals and felt Mountain Phoenix had a stronger submittal with clear, potential capital funding sources which they had identified through grants and private loans. They also had a funding source on the backend and showed how they would pay back their equity partners. Conceptually they had everything covered.

Mr. Abbott added that Mountain Phoenix had an outstanding team in the background.

Mr. Johnstone stated that the second proposal was submitted by the WR Cultural Group and supported by Paul Fiorino. He was in attendance at the January 11 City Council Meeting and spoke his disapproval of the process taken to reach the agreement between the WRHA and HEI. The WR Cultural Group's proposal had content that relied on conceptual ideas and did not show strong backup for getting grants. When Mountain Phoenix backed out of the agreement then the WRHA had a few legal directions to go, one of them being to look at HEI's proposal. So the WRHA gave them a four month window to prove their application's worth. Their application had been much more specific in terms of uses and funding sources and proven performance record in funding source projects. To put on the record that Mr. Fiorino's claims to the City Council about his proposal being "skipped over" is not true. His proposal was looked at, but not parallel with the RFI. The WRHA should not be required to accept every proposal that is put forth. The WRHA has a defensible process on how the decision to accept HEI's proposal was made.

Mr. Johnstone gave a brief but significant update on Fruitdale. The artisanal meat company is no longer a part of the proposal. They would have had a lot of rent to pay which made it a risky venture. Avoiding the risk is probably good for all. The development program now is entirely housing, including 16 units, market rate and affordable housing. This should prove to be more stable which HEI is comfortable with and is in line with the WRHA mission. The basic structure of the proforma has stayed the same: \$300,000 in developer equity, about \$1.6 million in a conventional loan. Home funds have increased to \$640,000, \$440,000 could come in year one. This is good for the project and the risk factor; it is money that could be allocated soon. Capital long term grant investment remains the same, \$640,000; \$470,000 from the City and \$170,000 from the WRHA. Repayment is the same; the City needs to be paid back sooner than later with the bridge loan being paid in years two and three. Home Funds are firm, in the process of securing bank financing and meeting with tax credit investors. Progress is being made on both fronts. There is still risk exposure, but sources will be more firmed up in the next six months. We hope to close on the property with HEI in August of 2016. City council met last night (January 11) and the WRHA proposal was received favorably and they had a good discussion of the risk.

Ms. Thompson shared that City Council brought up two questions: one was with regards to property tax and the other is what happens if HEI decides to sell their business; both of which Mr. Hartman and Ms. Ely can respond to. She also stated that there was only one councilperson who voted against the proposal.

Mr. Harr was unclear on public access to the community space.

Mr. Fitzgerald brought up the tax issue especially relative to the voters passing Issue 300. It would be nice to mitigate this if possible.

Mr. Hartman stated that most of the property taxes go to the county and Mr. Johnstone added it would be less than \$10,000. Mr. Hartman also added that one of the ways to address the property tax issue is when the deed restriction goes away and we were to sell the building then the property tax would be triggered.

Mr. Fitzgerald stated then the city would probably also sell their portion.

Ms. Thompson added that to this point there have been no property taxes on the building because it is a school and has been since the 1890's.

Mr. Abbott asked when the time limit is up on affordable housing.

Mr. Hartman stated that the contract we sign with the county for the Home Funding is 20 years. Ms. Ely added that is for whoever owns the building. If there is a transition out of the deed restricted units, then Property taxes will be triggered.

Mr. Johnstone wanted the members to know that the City and WRHA won't pay anything until closing on the sale of the property with HEI and then upon completion

of the building the remainder will be paid and there will be 16 beautiful new housing units to rent.

Mr. Hartman added that HEI will personally guarantee the loan and unless there is another 9/11 we should be able to rent the 16 units without any problems, even if we have to rent them for half of the amount we have projected.

Mr. Fitzgerald asked about the amount the units will be rented for.

Mr. Hartman stated the 2-Bedroom Affordable Apartment will run for \$700-\$955/month, the 3-Bedroom Affordable Apartment will run for \$1,100/month. The 2-Bedroom Workforce Apartment will run for \$1,250- \$1,350/month and the 3-bedroom Workforce Apartments will run for \$1,550-\$1,600/month.

Mr. Fitzgerald and Mr. Harr thought these were priced at the low end of the market.

Mr. Abbott asked if there are going to be 5 affordable units and 11 market rate units and why there are no one bedrooms.

Mr. Hartman replied that the numbers are correct and stated that Wheat Ridge doesn't have many 2-3 bedroom apartments and the 3-bedroom units were a recommendation, not a requirement, from the County.

There was some basic discussion and explanation about entrances to units, laundry areas, Temple Buell Terrace Garden area, different public access and also discussion of a playground for children which would cater to families wanting to live at Fruitdale.

Mr. Hartman also explained the three exterior vestibules that the public can look in to view the building. There will be a plack to explain the history of Fruitdale and how the building got to where it is today. HEI also plans to have a property manager for the site managed by Pinnacle Real Estate Management. They have a great internal team and will address tenant issues and will take care of the grounds as well.

Ms. Thompson thinks having a property manager is key element to having a well-run development. She also had questions regarding the property behind Fruitdale.

Mr. Hartman stated HEI is still interested in having a Hydroponic Fish Farm and it would be a great part of phase 2.

Mr. Fitzgerald asked about the property to the west of Fruitdale and wondered if HEI was still interested in it.

Mr. Hartman stated HEI would like to make that Phase 3 and work with that group in the future to help their property transition. It would help the Fruitdale property as well as that part of 44th Avenue.

Mr. Harr asked what the average rent is in the area.

Ms. Thompson stated a 2-bedroom house can rent for \$1700-\$1800.

Mr. Hartman added Fruitdale will be a one-of-a-kind facility because there are no lofts in Wheat Ridge yet and will add to the WRHA resume.

Mr. Harr would like see the market rate units higher.

Mr. Hartman explained the cash flow now is year one after the renovation is finished; there is a \$20,000 payment from the Home Funds which is principal that comes back. Then, \$19,000/year happens from year seven to fourteen. HEI would like to refinance in year six and we can repay the WRHA.

Mr. Fitzgerald asked about the ROI what period of time is that.

Mr. Hartman stated the ROI is a 15-year model with a 17-18% return.

Mr. Abbott stated he is glad to see HEI going this way to payback the WRHA.

Mr. Hartman said we are definitely more conservative now without the meat company. If HEI gets the green light from City Council on February 8 then we will first make sure we have the tax credits set up. After 45 days of the tax credit applications being approved then the detailed design will begin once the risk is reduced.

Ms. Thompson likes the idea of public tours of the Fruitdale building so people can see what is being offered.

Mr. Abbott asked Mr. Fitzgerald if there is a way to make the property tax issue more acceptable.

Mr. Fitzgerald said that we will state we won't get the property tax right away, but as the project goes on, the property tax will be received. He also stated that he believed a majority of City Council will move forward with the Fruitdale proposal.

Ms. Thompson asked if City Council needs a super majority to move forward.

Mr. Johnstone stated there is a likelihood they might; we have to look into the numbers deeper.

Mr. Hartman stated that if a super majority is ever needed then he would want it to happen on February 8 not four or five month later if City Council decides to change their mind.

Mr. Fitzgerald assured the WRHA that he felt there is nothing to worry about. City Council is aware of the risk and is aware there is money that has been spent and money that will be spent.

Mr. Johnstone stated what needs to be done in the next couple of weeks before the February 8 City Council meeting is to look at the term sheet and firm up the commitments on both sides.

Mr. Hartman stated it is important for all to know that the \$5.3 million for the project is accurate, but is still an estimate. The numbers could be plus or minus 5 or 10% between now and when we close in September.

Ms. Thompson asked if there will be a cap on the numbers.

Mr. Johnstone and Mr. Hartman replied yes and stated that concept is already in the draft term sheet.

Mr. Johnstone added that if there are more grants received by the WRHA then the numbers will change.

Mr. Abbott asked if the Hydroponic Fish Farm and if it is a plus for Phase 2.

Mr. Hartman stated the Fish farm would be a part of the refinance and would help the WRHA get paid back.

Mr. Johnstone added a brief update on the reverter clause and quiet title stating, Susan Baker at the attorney's office, said that once all the noticing is done she will then file the paper work and there should be a court ordered vacation the first part of February. He also stated there is progress being made on other fronts as well such as the subdivision plat, land exchange agreement and title work; which the school has agreed to pay 50%.

Ms. Thompson stated a thank you letter needs to be written from the City's staff to the school to thank them for all they have done to help the WRHA and the Fruitdale project.

It was moved by Mr. Abbott and seconded by Mr. Harr to authorize staff to negotiate and execute a Development Agreement between Fruitdale School Partners and the WRHA which authorizes a WRHA contribution of \$170, 000 in cash grant funds and \$400,000 in cash loan funds for the purpose of redevelopment of the Fruitdale School property at 10803 W. 44th Avenue for a mix of affordable and market rate housing. I further move to authorize the Board Chair to execute said Development Agreement on behalf of the full board.

Motion carried 5-0.

H. OTHER

Ms. Thompson asked what the name of the project will be.

Mr. Hartman said it will be called Fruitdale Lofts.

I. ADJOURNMENT

It was moved by Mr. Harr and seconded by Mr. Fitzgerald to adjourn the meeting at 5:30 p.m.

Motion carried 5-0

Janice Thompson, Chair

Tammy Odean, Recording Secretary

**WHEAT RIDGE HOUSING AUTHORITY
RESOLUTION NO. 01
Series of 2016**

TITLE: A RESOLUTION ESTABLISHING A DESIGNATED PUBLIC PLACE FOR THE POSTING OF MEETING NOTICES AS REQUIRED BY THE COLORADO OPEN MEETINGS LAW

WHEREAS, the Housing Authority of the City of Wheat Ridge, Colorado, deems it in the public interest to provide full and timely notice of all of its meetings; and

WHEREAS, the Colorado state legislature amended the Colorado Open Meetings Laws, Section 24-6-401, *et seq.*, C.R.S. to require all “local public bodies” subject to the requirements of the law to annually designate at the local public body’s first regular meeting of each calendar year, the place for posting notices of public hearings no less than twenty-four hours prior to the holding of the meeting; and

WHEREAS, “local public body” is defined by Section 24-6-402(1)(a) to include “any board, committee, commission, authority, or other advisory, policy-making, rule-making, or formally constituted body of any political subdivision of the state and any public or private entity to which a political subdivision, or an official thereof, has delegated a governmental decision-making function but does not include persons on the administrative staff of the local public body”.

NOW, THEREFORE, BE IT RESOLVED by the Wheat Ridge Housing Authority as follows:

Section 1. The lobby of the Municipal Building and the City’s website shall constitute the designated public place for the posting of meeting notices as required by the Colorado Open Meetings Law.

Section 2. The Community Development Director or his designee shall be responsible for posting the required notices no later than twenty-four (24) hours prior to the holding of the meeting.

Section 3. All meeting notices shall include specific agenda information, where possible.

ADOPTED this _____ day of _____, 2016.

Chair, Housing Authority

ATTEST:

Secretary to the Housing Authority



To: Chair and Members of Wheat Ridge Housing Authority
From: Lauren Mikulak, WRHA Staff Liaison
Subject: 2016 Budget
Date: January 21, 2016 (for January 26 WRHA meeting)

Attached for your review is the 2016 proposed budget, as well as a profit/loss statement and balance sheet. The WRHA Accountant, Ann Wang, CPA, will be in attendance at Tuesday's meeting to answer any questions you may have.

Staff recognizes that the sale and redevelopment terms of Fruitdale are pending, so the budget reflects the income and expenses as they are currently anticipated:

- Income: \$10 reflects the purchase price
- Cost of Goods Sold: \$570,000 reflects a \$170,000 grant and \$400,000 loan
- Expenses: Reflects the previously approved budgets of \$5,000 for EPS services and \$15,000 for land use entitlements

For those expense accounts which are not self-explanatory, notes on the current or historic purposes are provided below.

700 · Selling Costs	Historically used for single family rehab program
702 · Advertising	Historically used for consultant or development RFQ/RFPs
704 · Buyer Incentives	Historically used for single family rehab program
705 · Closing Costs	Historically used for single family rehab program
710 · Commissions	Historically used for single family realtor commissions
750 · Acctng & Legal	Fees associated with auditor, accountant, attorney, etc
762 · Bank Charges	Fees associated with bank accounts
771 · City Reimburse	Covers staff time for admin (Tammy) and liaison (Lauren)
775 · Conf & Meeting	Can be used for trainings, dinner meetings, etc
787 · Dues, Books	Historically used for WRHA membership in housing associations
802 · Garden& Maint	Used for fencing, trash removal, shoveling, etc at Fruitdale

The balance sheet indicates the total cash amounts in the Housing Authority's bank accounts. As of December 31, 2015 this total was \$641,482. Based on the proposed budget and anticipated Fruitdale transactions, the ending 2016 balance will be less than \$27,000. This will likely cover several years of operating expenses assuming the Authority reduces its workload until the Fruitdale loan is repaid or other revenue sources are identified.

Recommended Motion:

I move to approve Resolution No. 02, a resolution enacting a budget and appropriation for the year 2016.

Wheat Ridge Housing Authority Proposed Budget

2016

	Actual 2014	Unaudited Actual 2015	2015 Budget	Proposed 2016 Budget
Ordinary Income/Expense				
Income				
500 - Sale of Units	208,071	230,000	227,000	10
535 - Interest Income	1,074	766	1,000	680
545 - Historic Grant	15,712	0	0	0
Total Income	<u>224,857</u>	<u>230,766</u>	<u>228,000</u>	<u>690</u>
Cost of Goods Sold				
551 - Beginning Cost of Units	0	0	217,809	0
555 - Purchase of Units	397,743	0	0	266,747
Summary Rehabilitation Costs	27,962	3,242	52,500	570,000
599 - Ending Cost of Units	-242,706	217,809	0	0
Total COGS	<u>182,999</u>	<u>221,051</u>	<u>270,309</u>	<u>836,747</u>
Gross Profit	41,858	9,715	-42,309	-836,057
Expense				
702 - Advertising			100	100
704 - Buyer Incentives		4,000	0	0
705 - Closing Costs		991	3,000	5,000
710 - Commissions		11,040	11,000	0
750 - Accounting & Legal	9,180	6,200	8,000	8,000
750 - Fruitdate Survey/entitleme				15,000
751 - Fruitdate EPS (Ecnomic &				5,000
762 - Bank Charges	667	73	700	100
771 - City Reimbursement	3,411		8,000	8,000
775 - Conference & Meeting Exp			500	200
787 - Dues, Books & Subscripti	100		200	200
802 - Gardening & Maintenance	1,948	3,093	2,400	2,000
820 - Miscellaneous			500	500
825 - Office Supplies			100	100
832 - Postage			100	100
843 - Repairs	50	200	1,000	1,000
857 - Taxes - Real Estate	508		250	0
872 - Utilities	548	532	1,000	0
Total Expense	<u>16,413</u>	<u>26,129</u>	<u>36,850</u>	<u>45,300</u>
Net Ordinary Income	25,445	-16,414	-79,159	-881,357
Other Income/Expense				
Other Income				
564 - CDBG Grant (refund)	394,000	542	75,617	
Other (Expense)				
930 - CDBG Funds Return	0	448,642	0	
Total Other Expense	<u>0</u>	<u>448,642</u>	<u>0</u>	<u>0</u>
Net Other Income/Expense	394,000	-448,100	75,617	0
Net Income	<u>419,445</u>	<u>-464,514</u>	<u>-3,542</u>	<u>-881,357</u>
Beginning Fund Balance	950,096	1,369,541	1,376,153	905,027
Ending Fund Balance	<u><u>1,369,541</u></u>	<u><u>905,027</u></u>	<u><u>1,372,611</u></u>	<u><u>23,670</u></u>

Wheat Ridge Housing Authority Balance Sheet

As of December 31, 2015

	Dec 31, 15	2016 Budget
ASSETS		
Current Assets		
Checking/Savings		
113 - Operating Account - 7191	44,101	18,801
120 - Investment Account Bank - 5321	595,577	6,267
121 - Program Income Savings - 5934	1,804	1,804
Total Checking/Savings	641,482	26,872
Other Current Assets		-
157 - Fruitdale Project	266,747	-
Total Other Current Assets	266,747	-
Total Current Assets	908,228	26,872
TOTAL ASSETS	908,228	26,872
LIABILITIES & EQUITY		-
Liabilities		-
Current Liabilities		-
Accounts Payable		-
300 - Accounts Payable	3,200	3,200
Total Accounts Payable	3,200	3,200
Total Current Liabilities	3,200	3,200
Total Liabilities	3,200	3,200
Equity		-
465 - Fund Balance	1,369,542	905,028
Net Income	(464,513)	(881,357)
Total Equity	905,028	23,671
TOTAL LIABILITIES & EQUITY	908,228	26,871

Wheat Ridge Housing Authority Profit & Loss by Class January through December 2015

	<u>6605 W 44th</u>	<u>Fruitdale</u>	<u>General</u>	<u>TOTAL</u>
Ordinary Income/Expense				
Income				
500 · Sale of Units	230,000.00	0.00	0.00	230,000.00
535 · Interest Income	0.00	0.00	766.16	766.16
Total Income	<u>230,000.00</u>	<u>0.00</u>	<u>766.16</u>	<u>230,766.16</u>
Cost of Goods Sold				
568 · Construction Management	2,114.00	0.00	0.00	2,114.00
580 · Rehabilitation - Various	45,185.51	0.00	0.00	45,185.51
585 · Title Searches	0.00	500.00	0.00	500.00
587 · Market Research	0.00	4,850.00	0.00	4,850.00
598 · Reimbursement	-49,407.37	0.00	0.00	-49,407.37
599 · End Cost of Units	217,808.84	0.00	0.00	217,808.84
Total COGS	<u>215,700.98</u>	<u>5,350.00</u>	<u>0.00</u>	<u>221,050.98</u>
Gross Profit	14,299.02	-5,350.00	766.16	9,715.18
Expense				
750 · Accounting & Legal	0.00	0.00	6,200.00	6,200.00
762 · Bank Charges	0.00	0.00	73.38	73.38
704 · Buyer Incentives	4,000.00	0.00	0.00	4,000.00
705 · Closing Costs	991.00	0.00	0.00	991.00
710 · Commissions	11,040.00	0.00	0.00	11,040.00
802 · Gardening & Maintenance	1,739.87	1,352.85	0.00	3,092.72
843 · Repairs	0.00	200.00	0.00	200.00
872 · Utilities	531.87	0.00	0.00	531.87
Total Expense	<u>18,302.74</u>	<u>1,552.85</u>	<u>6,273.38</u>	<u>26,128.97</u>
Net Ordinary Income	-4,003.72	-6,902.85	-5,507.22	-16,413.79
Other Income/Expense				
Other Income				
564 · CDBG Grant	0.00	542.22	0.00	542.22
Total Other Income	<u>0.00</u>	<u>542.22</u>	<u>0.00</u>	<u>542.22</u>
Other Expense				
930 · CDBG Funds Return	0.00	0.00	448,641.60	448,641.60
Total Other Expense	<u>0.00</u>	<u>0.00</u>	<u>448,641.60</u>	<u>448,641.60</u>
Net Other Income	0.00	542.22	-448,641.60	-448,099.38
Net Income	<u><u>-4,003.72</u></u>	<u><u>-6,360.63</u></u>	<u><u>-454,148.82</u></u>	<u><u>-464,513.17</u></u>

**WHEAT RIDGE HOUSING AUTHORITY
RESOLUTION NO. 02
Series of 2016**

**TITLE: A RESOLUTION ENACTING A BUDGET AND
APPROPRIATION FOR THE YEAR 2016**

WHEREAS, C.R.S. 29-1-103 (1) of the Local Government Budget Law of Colorado requires certain local governmental entities to prepare and adopt an annual budget; and

WHEREAS, the City Attorney has opined that the provisions of the Budget Law apply to the Authority; and

WHEREAS, notice of adoption of this 2016 budget and appropriation was given by the Housing Authority in compliance with C.R.S. 29-1-106; and

WHEREAS, in compliance with the provisions of the Budget Law regarding notice, objections, and hearing, a public hearing was held on this Budget and Appropriation for 2016 by the Authority on January 26, 2016.

NOW, THEREFORE, BE IT RESOLVED by the Wheat Ridge Housing Authority as follows:

Section 1. The year 2016 budget as shown on **Exhibit 1** attached hereto is hereby approved.

Section 2. Total expenditures of the Authority do not exceed available revenues and beginning fund balance.

Section 3. A certified copy of this resolution shall be filed with the Division of Local Government.

ADOPTED this _____ day of _____, 2016.

Chair, Housing Authority

ATTEST:

Secretary to the Authority