

**MINUTES OF MEETING OF THE BOARD OF COMMISSIONERS OF
THE EL PASO COUNTY HOUSING AUTHORITY**

The Board of Commissioners of the El Paso County Housing Authority (the “Authority”) met on June 10, 2020, at 12:00 P.M., via telephonic conference.

Members of the Authority were present as follows:	Members Absent:
Jack Beuse	N/A
Steve Posey	
Greg Basham	
Beth Diana	
Martie Stott	

Also present were:

Crystal LaTier and Jennifer deGive, El Paso County Economic Development Department
John Bales, Kutak Rock
Fred Marienthal, Kutak Rock
Commissioner Cami Bremer, El Paso County
Justin Petersen, Hawkins Ash CPAs
Mark O’Brien, Raymond James
Ryan Kelly, TWG Development
Melissa Forster, Zimmerman Properties, LLC
Jeff Beckler, Zimmerman Properties, LLC

Commissioner Beuse called the meeting to order at 12:00 P.M.

I. Consideration of Meeting Minutes of May 13, 2020

Commissioner Posey moved approval of the minutes from May 13, 2020 and, upon a second by Commissioner Basham, the motion passed with Commissioner Stott recusing herself from voting due to being absent from the May meeting.

II. Financial Items

A. Financial Reports

Ms. LaTier presented the Statement of Revenues and Statement of Net Position to the Authority.

B. Housing Trust Fund Commitments

As of May 31, 2020, the Authority’s Housing Trust Fund cumulative balance is approximately \$5,522,876 with outstanding commitments of \$2,225,000, leaving an available balance of \$1,497,076 for future funding requests if a \$1.8M corpus is maintained. Outstanding conditional loan commitments currently include: Greccio’s Atrium at Austin Bluffs for \$575,000, Colorado Springs Housing Authority’s (CSHA) Shooks Run for \$500,000, Zimmerman Properties’ Villas at Mesa Ridge for \$350,000, and DBG Properties’ Academy Heights for \$300,000.

C. Report of Expenditures/Outstanding Payables

The report noted one expenditure for the 2019 El Paso County Housing Authority Financial Audit in the amount of \$5,300.

(12:12 P.M. Mr. Justin Petersen enters the meeting.)

III. Hawkins Ash – 2019 El Paso County Housing Authority Audit

Mr. Petersen of Hawkins Ash CPAs presented an overview of the 2019 Financial Audit, including the Independent Auditors Report and the Financial Statements Report. Overall, the audit went well and there were no negative findings or disagreements. As of December 31, 2019, the Authority had a net position of \$13,356,293, a total revenue of \$861,881, and total expense of \$219,968. Ms. LaTier noted that Commissioners will be given a hard copy of the audit once in-person meetings resume. The Authority thanked Mr. Petersen and Hawkins Ash for their efforts and assistance with this endeavor.

(12:30 Mr. Justin Petersen exits the meeting.)

IV. Turnkey Plus Discussion

Ms. LaTier shared with the Authority that due to a continued increase in demand for Down Payment Assistance (DPA) funds within the Turnkey Plus program, there will likely be an additional need for more funding before the summer 2020 buying season concludes. Ms. deGive shared relevant data regarding current and past program performance. In May 2020, there were 27 DPA loans totaling \$364,071.00 versus May 2019, only 6 DPA loans totaling \$52,572.00. The last time the program saw similar volume to April and May 2020 was in September and October 2017. Discussion was had concerning the importance of continuing to offer the program to the community.

Commissioner Basham moved approval of an additional \$500,000 investment in the Turnkey Plus program and, upon a second by Commissioner Stott, the motion passed unanimously. Staff shall email the Authority a notification once the aforementioned funds are needed and organize a transfer from the US Bank Custody account to the Escrow account.

(12:45 P.M. Mr. Ryan Kelly enters the meeting.)

V. HTF and PAB Request- TWG/ Ryan Kelly – Shadow Mountain Apartments

Mr. Kelly of TWG Development presented a concept for an acquisition and rehabilitation project of a 144-unit affordable housing project in Colorado Springs called Shadow Mountain Apartments. The income averaging technique will be utilized to keep these units affordable. Although no additional accessible units will be added, the current accessible units will be improved. The Housing Trust Fund request is \$800,000 and Private Activity Bond request is \$18.5 million.

(1:05 P.M. - Mr. Kelly exits the meeting.)

Discussion was had about the project.

Commissioner Diana moved denial of the Housing Trust Fund loan request, and, upon a second by Commissioner Stott, the motion passed unanimously. The Private Activity bond request shall be continued to the July board meeting.

VI. BCR Management/ Draper Commons – Additional Information for HTF Request

Ms. LaTier provided the email update from BCR Management concerning the two requested items for consideration. The Authority had previously requested a copy of the Letter of Intent and

details/status of the CHFA Risk Share financing. Discussion was had about these items and the status of the project.

Commissioner Stott moved denial of the Housing Trust Fund loan request at this time based on: site location, lack of details for permanent financing, and lack of resolution addressing the railroad concerns. Upon a second by Commissioner Diana, the motion to deny passed with Commissioner Posey opposing.

(1:28 P.M. – Mr. Beuse exits the meeting.)

VII. Approval of Resolution and Loan Documents

A. Shooks Run

Mr. Bales presented the substantially final loan documents and Resolution for the Shooks Run project.

Commissioner Posey moved approval of the loan documents and Resolution for Shooks Run as presented and, upon a second by Commissioner Basham, the motion passed unanimously.

B. Villas at Mesa Ridge

Mr. Bales and Ms. LaTier shared that the loan documents for The Villas at Mesa Ridge have been delayed due to a request of change in terms to the Authority's original commitment.

(1:30 P.M. - Ms. Melissa Forster and Mr. Jeff Beckler enter the meeting.)

Ms. Forster presented a request to alter the terms of the previously agreed upon loan commitment for the Villas at Mesa Ridge project. The original commitment stated, "The Authority's participation will take the form of a \$350,000 loan, secured by a second deed of trust, with interest at 1%. During the 30 year term, annual payments will be based on available net cash flow of the lesser of the amortizing payment or 25% of net cash flow after the deferred developer fee is paid back in full. The loan would be due on sale or change of use, or at maturity." Due to rising construction costs, Zimmerman Properties had to seek additional funding for the project. The Colorado Housing and Finance Authority (CHFA) has agreed to participate with a Risk Share loan and Healthy Housing loan, with the condition that the two loans be senior to the Authority's loan. Due to the conditions of the new financing, Zimmerman requested the Authority's loan be subordinate to all CHFA debt, versus the previously agreed upon second lien position.

(1:45 P.M. - Ms. Melissa Forster and Mr. Jeff Beckler exit the meeting.)

Discussion was had regarding the request and the Authority would like an updated proforma before making a decision. Staff will coordinate the request and a special meeting will be held a later date.

VIII. Other Business

A. CHFA 2020 Round 1 - LIHTC Award Report

IX. Adjournment

The meeting adjourned at 2:01 P.M.

Jack Beuse

Jack Beuse, Chair

Public notice for meeting posted online via the El Paso County Agenda Suite, June 9, 2020.