

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 February 10, 2021, at 1:00 P.M., via the virtual Teams Meeting platform.

Members of the Authority were present as follows:

Jack Beuse
Martie Stott
Steve Posey
Greg Basham

Members Absent:

Beth Diana

Also present were:

Crystal LaTier and Eric Leonard, El Paso County Economic Development Department
Fred Marienthal, Kutak Rock
Mark O’Brien, Robert Coleman and Stacy Houston, Raymond James
Nikki Simmons, El Paso County Financial Services Department
Lisa Sorenson, Cohen Esrey
Mary Stegner, Partners in Housing

Commissioner Beuse called the meeting to order at 1:03 P.M.

I. Consideration of Meeting Minutes of December 9, 2020

Commissioner Stott moved approval of the minutes from December 9, 2020 and, upon a second by Commissioner Posey, the motion passed unanimously.

II. Financial Items

A. Financial Reports

Ms. Simmons presented the December Statement of Net Position to the Authority. The report noted total assets for the Housing Authority of \$15,280,973 with \$3,515,469 coming in the form of cash. EPCHA has seen \$2,632,968.46 in income, although most of this comes from Turnkey “profit” which is the return of the assistance beyond the 1.75% investment into the program. Ms. Simmons also noted that the amount listed as Bad Debt Expense (\$495,823) is not half a million dollars of bad debt. It is a calculated amount based on the amount of loans that were made by EPCHA in 2020.

B. 2021 EPCHA Admin Fee

On an annual basis, the El Paso County Housing Authority receives a recommendation for the increase in the administration fee paid by the Authority for staffing costs in the Economic Development and Finance departments. Ms. Simmons requested a 3% increase to that fee. The increase would bring the total paid to El Paso County to \$87,733.00 or \$21,933.25 per quarter. Ms. Simmons explained that the 3% increase is a typical one for personnel increases and that the increase will not be an annual standard, but rather revisited on a yearly basis.

Commissioner Posey moved approval of a 3% increase to the admin fee paid by the Housing Authority to the County totaling \$87,733.00 in 2021 and, upon a second by Commissioner Stott, the motion passed unanimously.

III. Almagre HTF and PAB Application Presentation

(Ms. Sorenson joined the meeting at 1:15 p.m.)

Ms. Sorenson of Cohen Esrey presented a concept for a 137-unit affordable housing project in southeast Colorado Springs called Almagre. The project is proposing to utilize 4% Low Income Housing Tax credits, tax-exempt private activity bonds in the amount of \$18,300,000 from El Paso County, \$1,000,000 in gap funding from the Colorado Division of Housing, and \$400,000 in gap funding from the El Paso County Housing Authority's Housing Trust Fund. There will be one new four-story buildings when construction is finished. The current income targeting for the project has 5% at 30% AMI, 48% at 50% AMI and 47% at 70% AMI. The hope would be for the unusual income targeting to allow the property to reach untapped income groups.

The request to the Authority is to allocate and induce \$18,300,000 in El Paso County Private Activity Bond cap and provide soft funding from the Housing Trust Fund in the form of a loan of \$400,000 with 3% interest amortized over 17 years. However, interest would be paid through remaining cash flow, although the interest would accumulate if left unpaid.

The Authority posed questions concerning the sources of funding for the project, how repayment to the Authority would work and what the financial situation of the project was. Discussion was had about what updates the Authority would need from Cohen Esrey in order to make a thoroughly vetted decision with the main focus around the financial stack needing to be clarified. Ms. Sorenson will return at the March 10th meeting with updated information about the Almagre financials and an updated proforma.

(Ms. Sorenson exited the meeting at 1:39 p.m.)

IV. Trailside Update

(Ms. Stegner joined the meeting at 1:37)

Ms. Stegner shared the news with the Authority that the Trailside View property received a land acquisition contract on February 10th. This property was originally purchased with an EPCHA HTF loan in 2017, but then the project was unable to secure financing for the construction and development, meaning the HTF funds were not in compliance with the original loan agreement and EPCHA had notified Trailside of their notice of default and need to repay the original HTF loan. The potential buyer is the same party that was referenced in the December 2020 EPCHA meeting. The original listing price on the listing was lowered, but the Authority will be paid back in full if the sale goes through. Housing Authority staff will be in touch with Partners in Housing over the coming 90 days regarding the status of the sale and to ensure that all documentation and payment is completed.

(Ms. Stegner exited the meeting at 1:44 p.m.)

V. Turnkey Renewal Fees

On an annual basis, the El Paso County Housing Authority reviews their fee structure for the lenders in the Turnkey Plus program. Ms. Houston explained how the industry standard for programs like Turnkey Plus do not have any annual fees attached to them. The Authority currently has a \$1,000 fee to join the program but has chosen to waive the \$1,000 renewal fee for the past two years. Raymond James recommended not having a fee or at least waiving it for 2021. They also added that there is an option to institute an origination floor, a minimum number of Turnkey loans that need to be made within the year to be a participating lender for Turnkey.

The Board decided to review the Turnkey Renewal Fees in greater detail at the March 10th meeting.

VI. Financial Items

C. Housing Trust Fund Commitments

Housing Trust Fund Commitments and Loan Status will be discussed at the March 10th meeting. Additional strategic funding discussions will also be had at the March meeting to ensure program sustainability.

D. Monthly Turnkey Plus Update

The EPCHA Board will be updated on the current state of the Turnkey Plus Program at the March 10th meeting.

VII. Adjournment

The meeting adjourned at 2:04 P.M.

Jack Beuse, Chair

Public notice for meeting posted online via the El Paso County Agenda Suite, February 4, 2021.