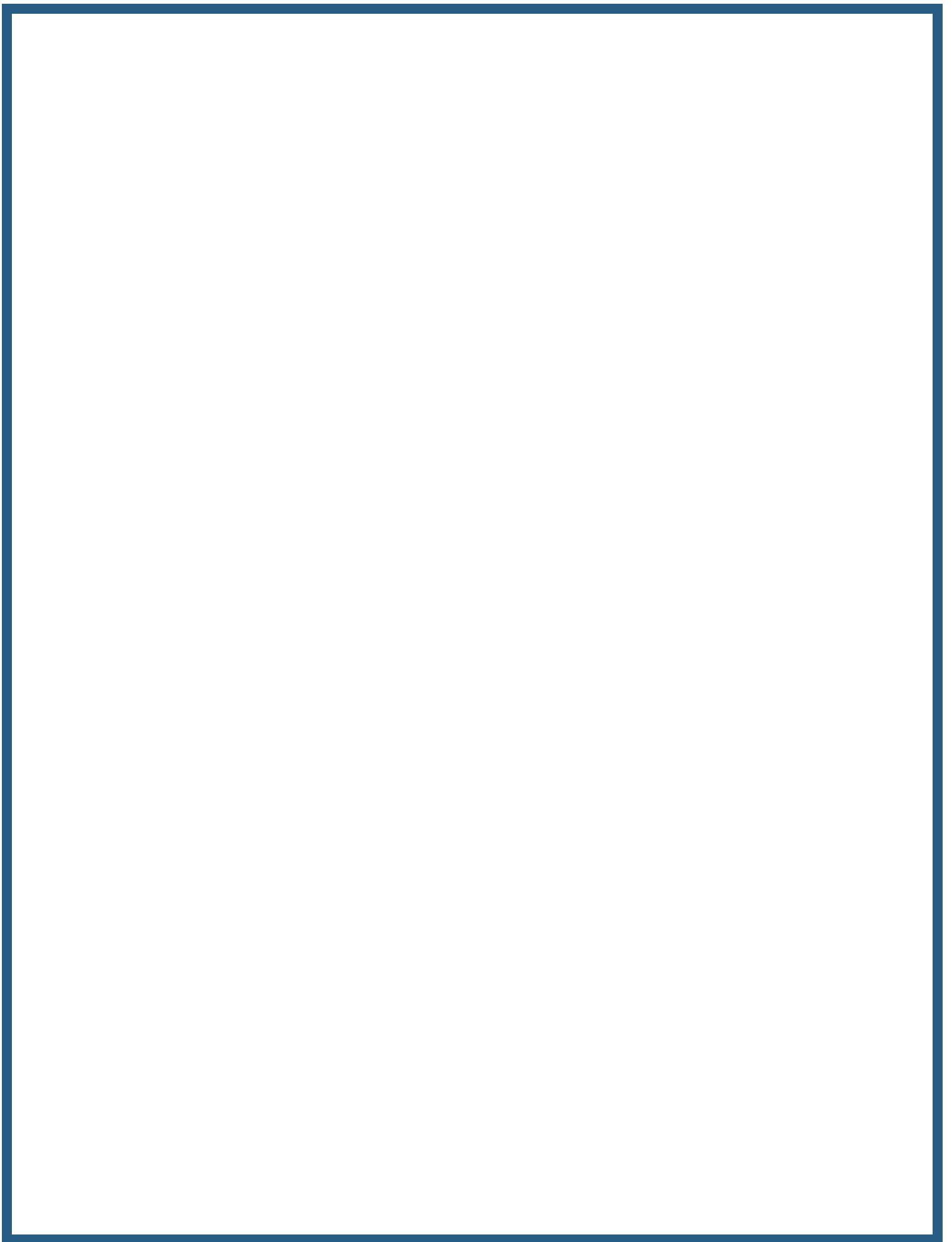




BOARD
BUSINESS MEETING

November 14, 2018





Board of Commissioners Business Meeting

Location: 4800 Broadway, Boulder, CO

November 14, 2018 ▪ 9:00 am-11:00 am

AGENDA

		Page #
9:00-9:15	Standing Agenda	
	1. Call to Order and Determination of a Quorum	
	2. Public Participation	
	3. Approval of Minutes from October 10, 2018	3
	4. Finance and Operations Update	6
9:15 -10:30	Business Meeting Agenda	
	1. Housing Choice Voucher Administrative Plan – Resolution #21	15
	2. Housing Choice Voucher Payment Standards – Resolution #22	17
	3. Line of Credit to Retire Canyon Pointe Debt – Resolution #23	21
	4. 2019 Budget	24
10:30-11:00	Board Matters	
	1. Commissioner Recruitment	
	2. Resident Representative Council Update	
	3. Board Announcements	
	4. Additions to this Agenda	
	5. Future Board Items	47
11:00	Adjournment	

FRAMEWORK FOR DECISION MAKING

When evaluating decisions or determining what matters BHP should spend time on, in accordance with our fiduciary duties to always act in the best interest of the organization, we consider the following questions:

1. Does this idea/action item further the goals of the organization?
2. Is this relevant and helpful for our constituents/customers?
3. What is the impact on staff?
4. What is the impact on budgets?
5. Is it strategic or operational?
6. Is this within our span of control?

**BOULDER HOUSING PARTNERS
BUSINESS MEETING OF THE BOARD OF COMMISSIONERS
OCTOBER 10, 2018 9:00 AM
4800 BROADWAY, BOULDER COLORADO**

Commissioner Soraci(absent)	Jeremy Durham	Others Present:
Commissioner Levy(absent)	Penny Hannegan	
Commissioner Ruzzin	John Sarah	
Commissioner Klerman	Rene Brodeur	
Commissioner Walker	Laura Sheinbaum	
Commissioner Harris	Karin Stayton	
Commissioner Griffin	Karen Kreutzberg	
Commissioner McCord	Tim Beal	
Commissioner Yates	Jodi Bogen	
	Daniel Nunez	
	Daniel McCracken	

I. Call to order and Determination of a Quorum

Commissioner Harris called the meeting of the Board of Commissioners to order at 9:00am. A quorum was declared.

II. Public Participation

There were no members of the public who wished to speak.

III. Approval of the Minutes Agenda

Consent agenda items approved:

1. Minutes from 9-12-2018

COMMISSIONER YATES MOVED TO REAPPROVE THE CORRECTED MINUTES FROM AUGUST 8, 2018 AS AMENDED AND APPROVE THE MEETING MINUTES FROM 9-12-2018 AS AMENDED.

COMMISSIONER WALKER SECONDED THE MOTION. Commissioner Klerman abstained from the vote to approve the amended minutes from August 8, 2018 as she was not in attendance at the meeting. The motion to approve the amended minutes from 9-12-2018 passed unanimously.

IV. Finance and Operations Update

Financial Report

John H. Sarah, CFO, gave an overview of the August financial statements and answered questions from the Board.

V. Business Agenda

Resolution #17: Signing Authority for John H. Sarah, CFO

Jeremy explained the necessity of having a backup person authorized to conduct BHP business at all of

BHP's banks and the ability to approve outgoing wires and transfers between BHP accounts.

COMMISSIONER KLERMAN MADE A MOTION TO APPROVE RESOLUTION #17 AUTHORIZING JEREMY DURHAM AND JOHN SARAH, CFO, AS SIGNATORIES FOR ALL BANK ACCOUNTS NECESSARY FOR THE ORDERLY AND EFFECTIVE CONDUCT OF OPERATIONAL MANAGEMENT AT BHP. COMMISSIONER GRIFFIN SECONDED THE MOTION. The motion passed unanimously.

Resolution #18, #19: Broadway East Partnership Exit

COMMISSIONER KLERMAN MADE A MOTION TO APPROVE RESOLUTION #18 AUTHORIZING THE ACQUISITION OF A LIMITED PARTNERS INTEREST IN BROADWAY EAST COMMUNITY, LLLP AND RESOLUTION #19 RATIFYING AND APPROVING THE FORMATION OF BROADWAY EAST COMMUNITY LLC, FOR THE PURPOSE OF ACQUIRING A LIMITED PARTNER INTEREST IN BROADWAY EAST COMMUNITY, LLLP. COMMISSIONER GRIFFIN SECONDED THE MOTION. The motion passed unanimously.

Housing Choice Voucher and Moving to Work Overview

Karen Kreutzberg presented an overview of the Housing Choice Voucher Program which currently has 1182 vouchers.

Waitlists and Preferences Overview

Karen Kreutzberg and Rene Brodeur presented and answered questions regarding the various waitlists and admission preferences for BHP properties and voucher programs.

Resolution #20: Moving to Work Annual Plan Approval

Karen Kreutzberg presented Resolution #20 for the Board's approval. Per the Board's decision earlier in the summer, the 2019 Moving to Work Annual Plan proposes no new activities in 2019.

COMMISSIONER KLERMAN MADE A MOTION TO APPROVE RESOLUTION #20, APPROVING THE SUBMISSION OF THE 2019 MOVING TO WORK ANNUAL PLAN TO HUD. COMMISSIONER GRIFFIN SECONDED. The motion passed unanimously.

VI. Board Matters

Resident Representative Council Report

Commissioner Griffin reported for the Resident Representative Council. She stated that the Council had a presentation by Karen Kreutzberg about the voucher program. The Council will be reviewing their By-laws in the next month.

2019 Board meeting Calendar

There were no changes to the proposed calendar.

Board Announcements

Commissioner Yates, speaking for the NPG Committee stated that the Committee would be meeting to

discuss Jeremy's goals and objectives for 2019. The NPG Committee will also begin the process to identify potential applicants to fill the Board seat vacated by Commissioner Mark Ruzzin in 2019.

Commissioner Yates also reported that City Council is engaged a number of "chats with Council" which are open to the public. The next one will be November 14, 5:30-7:30 pm at BHP's Palo Community Center.

Commissioner Harris stated that he and Commissioner Levy had attended the Housing Now conference.

Additions to the Agenda

There were no additions to the agenda

VII. Adjourn

COMMISSIONER KLERMAN MADE A MOTION TO ADJOURN THE BUSINESS MEETING OF THE BOARD OF COMMISSIONERS. COMMISSIONER GRIFFIN SECONDED THE MOTION. The motion passed unanimously.

The meeting of the Board of Commissioners adjourned at 11:30 AM

Seal
DATE: 10/10/18

Valerie Soraci,
Chairperson, Board of Commissioners
Boulder Housing Partners

JEREMY DURHAM
Executive Director

Penny Hannegan
Recording Secretary



FINANCE SUMMARY

November 2018

BHP

Statement of Activities

Year to Date - September 30, 2018

	YTD	YTD						
	Actual	Revised budget	Variance \$	% Var	Ref			Variance Explanation
REVENUE								
Operations Revenue								
Tenant Dwelling Rental	\$ 8,010,346	\$ 7,747,632	\$ 262,713	3%				
Non Dwelling Rental Income	67,811	57,000	10,811	19%				
HUD-Operating Subsidy	11,612	60,885	(49,273)	-81%	A			Reflects one time adjustment for repayment of \$42K to HUD of previously authorized funds HUD paid to BHP as revenue in 2017.
Total Operations Revenue	8,089,768	7,865,517	224,251	3%				
Fee Revenue								
Property Mgmt & Asset Mgmt Fees	537,708	536,861	847	0%				
Development Fees	1,281,290	1,331,290	(50,000)	-4%				
Mgmt Fees - Tax Credits & S8	533,471	499,096	34,375	7%				
Res Svc Income	296,218	289,568	6,651	2%				
Total Fee Revenue	2,648,687	2,656,815	(8,128)	0%				
Grants and Subsidies								
HCV-HAP/Admin Revenue	7,827,679	7,652,665	175,014	2%				\$70K City funds for PSH vouchers and forgiveness of \$58K remaining FHLB debt on Boulder Mobile Manor land
Non Federal Grants and Donations	225,440	90,181	135,259	150%	B			
Non Federal Capital Grants and Donations	710,000	500,000	210,000	42%	C			Worthy Cause grant for Cedar/Casey \$200K favorable to budget
Federal Capital Grants	535,912	693,912	(158,000)	-23%				
Federal Service Grants	404,830	407,802	(2,972)	-1%				
Total Grants and Subsidies	9,703,861	9,344,561	359,300	4%				
Other Revenue								
Tenant Fees and Utility Reimbursements	312,279	220,855	91,424	41%	D			Utility payments \$25K, remainder is admin fees, pet rent, legal fee charges primarily at market rate units
Interest Income	1,220,485	1,188,660	31,825	3%				
Laundry Vending	58,915	53,617	5,298	10%				
Maint Charges to Prop	1,227,463	1,270,796	(43,333)	-3%				
Miscellaneous Revenue	58,698	17,850	40,848	229%	E			Unbudgeted insurance dividend -\$5.2K, BHP Foundation fees - \$4K, fraud recoveries -\$7.7K, solar rebates -\$3.3K, expense reimbursement from Frasier Meadows - \$7.1K, property tax adjustment \$1K
Total Other Revenue	2,877,840	2,751,778	126,062	5%				
Total Revenue	23,320,156	22,618,671	701,485	3%				
EXPENSES								
Salaries and Benefits								
Salaries and Benefits	4,446,585	4,678,302	231,717	5%				
Total Salaries and Benefits	4,446,585	4,678,302	231,717	5%				
Property Costs								
Management Fees	218,774	190,347	(28,427)	-15%	F			Includes correcting adjustment of \$20K for HCV admin fees
Maintenance Materials	185,770	335,816	150,045	45%	G			Combination of budget timing differences and savings on materials based on first year budget for Tantra
Contract Labor & Repairs	674,436	1,000,157	325,722	33%	H			Combination of budget timing differences and savings from unit turns at Tantra which are capitalized as one large project rather than expensed.

BHP

Statement of Activities

Year to Date - September 30, 2018

	YTD		YTD		YTD		YTD		YTD	
	Actual	Revised budget	Variance \$	% Var	Ref	Variance Explanation				
BHP Contract Labor	684,741	748,837	64,096	9%						
Garbage and Trash Removal	131,914	131,022	(892)	-1%						
Water and Sewer	252,988	244,069	(8,920)	-4%						
Electricity	110,448	116,515	6,068	5%						
Gas	118,269	118,583	314	0%						
Utility Billing	8,700	9,900	1,200	12%						
PILOT	16,451	14,179	(2,272)	-16%						
HOA Fees	109,557	107,598	(1,959)	-2%						
Total Property Costs	2,547,707	3,017,022	469,315	16%						
Operating Expenses										
Audit Fees	39,694	46,860	7,166	15%						
Bad Debt Expense - Tenants	58,705	24,666	(34,039)	-138%	I	Represents <1% of Dwelling Rent Income, below industry's average of 5%				
Board Expense	15,558	12,200	(3,358)	-28%						
Consultants & Contract Labor	143,725	183,135	39,410	22%						
Depreciation & Amortization	3,167,595	3,140,656	(26,939)	-1%						
Dues and Fees	66,199	58,894	(7,305)	-12%						
Expendable Equipment	150,273	206,751	56,478	27%						
Financing Costs	45,994	0	(45,994)	100%	J	Cedar/Casey loan costs				
HCV-HAP Expense	6,746,717	7,055,238	308,521	4%						
Insurance Expense	287,675	266,106	(21,570)	-8%						
Interest Expense	51,348	546	(50,802)	-9304%	K	LOC expense for 2037 Walnut; \$33K and \$17K prior to permanent financing of Cedar/Casey				
Legal Expense	25,028	34,036	9,009	26%						
Mileage & Vehicle Expense	61,600	73,397	11,797	16%						
Miscellaneous - Expense	71,659	81,683	10,023	12%						
Mortgage Interest Expense	2,027,119	2,024,513	(2,606)	0%						
Advertising/Marketing	25,256	38,335	13,079	34%						
Office Supplies	26,279	40,136	13,856	35%						
Other Administrative Expenses	25,713	23,288	(2,425)	-10%						
Phone Expense	66,451	68,272	1,821	3%						
Printing & Postage Expense	48,702	46,275	(2,427)	-5%						
Property Mgmt & Asset Mgmt Fees	537,708	536,861	(847)	0%						
Resident Services Fees	86,666	80,757	(5,909)	-7%						
Staff Training	104,088	134,180	30,092	22%						
Service Grant Expense	431,755	367,461	(64,294)	-17%	L	Includes \$70K for City PSH Voucher program not included in budget				
Total Operating Costs	14,311,508	14,544,245	232,737	2%						
Total Expenses	21,305,801	22,239,570	933,769	4%						
Income before Gain on Acq./Disp. Of Assets	\$ 2,014,355	\$ 379,101	\$ 1,635,254	431%						
Gain (Loss) on Acq./Disp. of Assets	4,149	0	4,149	100%						
TOTAL NET INCOME (LOSS)	\$ 2,018,504	\$ 379,101	\$ 1,639,402	432%						

Note: Explanations provided for positive variances >\$50,000 and 5% and for negative variances >-\$25,000 and 5%

BHP
Balance Sheet
September 30, 2018 and December 31, 2017

	Actual September-18	Actual December-17	Net Change YTD	Ref Comments
ASSETS				
Current Assets				
Unrestricted Cash and Cash Equivalents	\$ 7,088,600	\$ 7,496,983	\$ (408,383)	
Reserved Cash - Replacements and Other	2,737,825	2,302,114	435,711	M Includes net deposit of \$403K for Cedar/Casey capital improvements
Accounts Receivable	427,234	376,429	50,805	
Accounts Receivable-Tax Credits	614,042	656,965	(42,923)	N Decrease reflects; \$282K Deferred Developers fee received from 2017 waterfall for TC properties plus \$274K reclass (offset by "V"). Offset by recognition of Palo Park developer fee of \$512K to be received in the next year from equity contributions.
Notes Receivable – Current	(0)	178,258	(178,258)	O Notes and interest received from TC waterfalls cash flow for 2017
Prepaid Expenses	448,953	246,428	202,525	P Prepaid insurance. Balance will decline monthly until Sept 2019 renewal
Supplies-Inventory	6,414	3,741	2,673	
Total Current Assets	11,323,067	11,260,919	62,149	
Restricted Cash				
Restricted Cash - Other	883,043	1,448,693	(565,650)	Q Spending of \$768K on Tantra roof and wiring projects as planned offset by \$130K received for COB voucher program and normal reserve deposits
Restricted Cash - Section 8	253,754	13,007	240,748	R Excess HAP funds received NED/RAD; \$253K
Restricted Cash - Tenant Security Deposits	507,121	460,604	46,517	
Total Restricted Cash	1,643,919	1,922,304	(278,385)	
Capital Assets				
Construction in Progress	1,037,182	508,006	529,176	S Predevelopment costs for Canopy at ROP, Glen Willow & Canyon Pointe
Furniture Fixtures and Equipment	904,825	830,693	74,133	
Real Estate Assets-Land and Buildings	137,555,450	129,230,203	8,325,247	T Acquisition of 2037 Walnut \$7.6MM plus capitalized solar battery backup at 4800 Broadway and capital improvements at Tantra Lake and Cedar/Casey
Less: Accum Depreciation Real Estate Assets	(37,020,377)	(33,860,820)	(3,159,558)	U Normal Activity
Total Capital Assets	102,477,080	96,708,082	5,768,998	
Other Assets				
Notes Receivable	57,245,602	57,242,187	3,415	
Development Fees Receivable	3,622,522	3,027,530	594,992	V Increase reflects long term portion of Developer fee for Palo Park.
Interest Receivable Notes	4,757,504	3,573,739	1,183,765	W Normal Activity
Partnership Investments	408,318	398,754	9,564	
Net Amortized Costs	3,289,633	3,297,671	(8,038)	
Total Other Assets	69,323,578	67,539,881	1,783,697	
TOTAL ASSETS	184,767,645	177,431,186	\$ 7,336,459	

BHP
Balance Sheet
September 30, 2018 and December 31, 2017

	Actual September-18	Actual December-17	Net Change YTD	Ref Comments
LIABILITIES & EQUITY				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 365,124	\$ 762,922	\$ (397,798)	X Reduction includes payment of \$249K accrued for Tantra roof replacement and other normal activity.
Accrued Payroll	136,092	109,719	26,374	
Accrued Payroll Taxes and Benefits	185,464	122,387	63,077	
Accrued Compensated Absences	239,968	249,325	(9,357)	
Other Accrued Expenses	196,925	247,139	(50,214)	
Deferred Revenue	237,465	0	237,465	Y Reclass of City voucher funds and Habitat funds to unearned revenue at advice of auditors
Current Portion of Long Term Debt	12,103,452	7,930,673	4,172,779	Z Year end balance included adjustment of \$3.4M for Canyon Pointe loan with 12/18 maturity that is now classified as current and the outstanding LOC balance YTD net increase issue to \$7.44MM to 2037 Walnut purchase.
Prepaid Rent	30,867	25,012	5,855	
Security Deposits	508,055	461,295	46,759	
Total Current Liabilities	14,003,412	9,908,472	4,094,940	
Long-Term Liabilities				
Notes Payable	3,000,000	3,058,340	(58,340)	
Accrued Interest Payable	17,111	39,446	(22,335)	
Mortgages Payable	69,919,634	68,402,442	1,517,191	AA Increase from new Cedar/Casey loan of \$2.4M offset by normal amortization
Net Pension Liability	9,533,111	9,533,111	-	
Deferred Inflows	(0)	213,502	(213,502)	AB Reclass of City funds for vouchers and habitat to unearned revenue at advice of auditors
Total Long-Term Liabilities	82,469,856	81,246,841	1,223,015	
TOTAL LIABILITIES	96,473,268	91,155,313	5,317,956	
EQUITY				
Total Equity	88,294,376	86,275,873	2,018,504	
TOTAL LIABILITIES AND EQUITY	\$ 184,767,645	\$ 177,431,186	\$ 7,336,459	

Note (1) : Explanations provided for balance sheet changes > \$100,000.

Note (2): BHP has a Line of Credit available for borrowing of up to \$8.1 Million.

BHP
Statement of Cash Flows
Year to Date - September 30, 2018

	For the month of September 30, 2018	Year to Date	Ref	Current Month Comments
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities				
Net Income (Deficit)	\$ 37,347	\$ 2,018,504		
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities				
Increase (Decrease) in Accum. Depreciation	358,805	3,167,595		
(Increase) Decrease in Accounts Receivable	36,652	108,926		
(Increase) Decrease in Prepaid Expenses	(424,419)	(202,525)		
Increase (Decrease) in Prepaid Rent and Security Deposits	(7,275)	52,614		
(Increase) Decrease in Supplies/Inventory	(1,831)	(2,673)		
(Increase) Decrease in Reserved Cash	(29,809)	(435,711)		
(Increase) Decrease in Restricted Cash	(32,228)	278,385		
Increase (Decrease) in Payables and Accrued Expenses	(74,973)	(484,726)		
Increase (Decrease) in Deferred Revenue	(14,302)	237,465		
Increase (Decrease) in Deferred Inflows	0	(213,502)		
Increase (Decrease) in Pension Liability	0	0		
Total Adjustments	(189,381)	2,505,850		
Net Cash Provided (Used) by Operating Activities	(152,035)	4,524,354		
Cash Flows from Investing Activities				
(Increase) Decrease in Construction in Progress	(93,376)	(529,176)		
(Increase) Decrease in Furniture Fixtures and Equipment	(9,932)	(74,133)		
(Increase) Decrease in Real Estate Assets	(59,885)	(8,325,247)	AC	Purchase of 2037 Walnut; \$7.6MM
(Increase) Decrease in Notes and Interest Receivable	(132,619)	(1,613,477)	AD	Includes developer fee receivable for Palo Park and interest on notes.
Net Cash Provided (Used) by Investing Activities	(295,812)	(10,542,033)		
Cash Flows from Financing Activities				
Increase (Decrease) in Current Portion of Long Term Debt	(13,135)	4,172,779	AE	Increase of LOC to purchase 2037 Walnut
Increase (Decrease) in Notes Payable	0	(58,340)		
Increase (Decrease) in Mortgages and Bonds Payable	(77,987)	1,494,856	AF	YTD new loan for Cedar/Casey
Net Cash Provided (Used) by Financing Activities	(91,121)	5,609,296		
Net Increase (Decrease) in Cash and Cash Equivalents	(538,968)	(408,383)		
Unrestricted Cash and Cash Equivalents - Beginning	7,627,567	7,496,983		
Unrestricted Cash and Cash Equivalents - Ending	7,088,600	7,088,600		

BHP CASH Report

December-17

July-18

August-18

September-18

Unrestricted Cash Available for Operations	Balance	Balance	Balance	Balance	Board Target	Surplus (Deficit)
BHP Operating Reserves	2,826,509	3,267,017	3,223,895	5,515,244	3,000,000	2,515,244
BHP Replacement Reserves	2,302,114	2,693,629	2,708,015	2,737,825	2,176,500	561,325
BHP Development Reserve	2,486,623	1,990,484	2,184,287	594,578	1,500,000	-905,422
Total Unrestricted BHP Cash	7,615,246	7,951,130	8,116,197	8,847,647	6,676,500	2,171,147

Board Target

2 Months of operating expenses (including HAP)
\$3,500 per Workforce Unit

Unrestricted Cash - Restricted by Property/Program	Balance	Balance	Balance	Balance	Board Target	Surplus (Deficit)
Project Based Operating Reserve	402,984	325,654	384,505	481,150	165,000	316,150
MTW Reserves ⁽¹⁾	1,677,117	1,786,359	1,834,881	497,627	0	497,627
Total Unrestricted Cash Restricted by Program	2,080,101	2,112,013	2,219,385	978,778	165,000	813,778

Board Target

2 Months of operating exp
HUD expects to hold all reserves so target reduced to zero

⁽¹⁾ Note MTW target changed to \$0 in 2017 budget due to change in HUD Cash Management which requires excess funds to be held at HUD rather than PHA

Replacement Reserved - Restricted by Bank or HUD	Balance	Balance	Balance	Balance
Canyon Pointe	183,478	223,695	229,509	235,308
Other Restricted Funds			0	0
Tantra Rehab Funds ⁽²⁾	1,094,332	377,516	373,400	325,675
Habitat Funds	213,502	107,774	107,774	107,774
S8/FSS Escrow	61,131	156,224	144,474	129,668
Section 8 NED NRA(HAP)	13,006	88,791	92,787	84,619
Total Restricted Cash Other	1,565,449	1,094,637	1,143,494	1,136,798

⁽²⁾ Amount held for specific capital items at Tantra as required by bank. Work is underway.

October 2017 - September 2018

Property	Address	Units	PUPA EGI	PUPA OpEx	Reserves	PUPA NOI Net of Reserves	PUPA Debt	Adjusted DSCR (1)
Arapahoe Court	951,953 Arapahoe	14	\$ 5,056	\$ (7,081)	\$ -	\$ (2,024)	\$ -	-
Madison	1130-1190 35th St.	33	\$ 8,960	\$ (8,348)	\$ -	\$ 612	\$ -	-
Public Housing I Sub Total:		47	\$ 7,797	\$ (7,971)	\$ -	\$ (173)	\$ -	-
Canyon Pointe	700 Walnut	82	\$ 13,450	\$ (5,883)	\$ (745)	\$ 6,821	\$ 3,598	1.90
Glen Willow (2)	301-333 Pearl St.	34	\$ 13,574	\$ (8,282)	\$ (300)	\$ 4,992	\$ -	-
Project Based Sub Total:		116	\$ 13,486	\$ (6,586)	\$ (615)	\$ 6,285	\$ 3,598	1.90
Arapahoe East	4610 Arapahoe	11	\$ 12,606	\$ (8,498)	\$ (300)	\$ 3,808	\$ 1,748	2.18
Dakota Ridge	4900 10th St.	13	\$ 17,812	\$ (4,334)	\$ (300)	\$ 13,178	\$ 7,512	1.75
Sanitas Place	3640 Broadway	12	\$ 10,818	\$ (7,762)	\$ (300)	\$ 2,756	\$ 3,020	0.91
Twin Pines	1700 22nd St.	22	\$ 11,845	\$ (5,127)	\$ (300)	\$ 6,418	\$ 3,083	2.08
Combine Loan One Subtotal		58	\$ 13,114	\$ (6,134)	\$ (300)	\$ 6,681	\$ 3,809	1.75
101 Canyon	101-103 Canyon	6	\$ 26,279	\$ (8,048)	\$ (300)	\$ 17,931	\$ 7,666	2.34
Hayden Place	34th & Hayden Place	24	\$ 10,307	\$ (6,513)	\$ (300)	\$ 3,494	\$ 3,286	1.06
Whittier	1946 Walnut St.	10	\$ 12,540	\$ (7,445)	\$ (300)	\$ 4,795	\$ 2,628	1.82
Woodlands (4)	2600 Block of Mapleton	35	\$ 13,189	\$ (8,220)	\$ (300)	\$ 4,669	\$ 5,069	0.92
Combine Loan Two Subtotal		75	\$ 13,227	\$ (7,556)	\$ (300)	\$ 5,371	\$ 4,381	1.23
Bridgewalk	602-698 Walden Circle	123	\$ 19,632	\$ (5,522)	\$ (550)	\$ 13,561	\$ 9,950	1.36
Foothills	4500 block of 7th/8th	74	\$ 14,345	\$ (6,934)	\$ (300)	\$ 7,112	\$ 4,958	1.43
Hayden Place 2 (3)	3480 Hayden Place	6	\$ 11,575	\$ (8,616)	\$ (300)	\$ 2,659	\$ 5,915	0.45
Tantra Lakes	807-999 Moorhead	185	\$ 17,650	\$ (7,394)	\$ (300)	\$ 9,956	\$ 7,929	1.26
Midtown (2)	837 20th St.	13	\$ 12,316	\$ (7,180)	\$ (300)	\$ 4,836	\$ -	-
Vistoso	4500 Baseline	15	\$ 10,918	\$ (8,679)	\$ (300)	\$ 1,939	\$ 2,047	0.95
Workforce Sub Total:		534	\$ 16,644	\$ (7,037)	\$ (366)	\$ 9,240	\$ 6,879	1.34
Portfolio Totals:		697	\$ 15,522	\$ (7,025)	\$ (383)	\$ 8,114	\$ 5,869	1.38

October 2017 - September 2018

Tax Credit Properties	Address	Units	PUPA EGI	PUPA OpEx	Reserves	PUPA Net of Reserves	PUPA Debt	Adjusted DSCR (1)
Broadway East	3160 Broadway	44	\$ 11,544	\$ (6,894)	\$ (330)	\$ 4,320	\$ 2,834	1.52
Broadway West	3120 Broadway	49	\$ 11,253	\$ (7,115)	\$ (330)	\$ 3,808	\$ 2,464	1.55
High Mar	4990 Moorhead Ave	59	\$ 11,672	\$ (6,106)	\$ (258)	\$ 5,309	\$ 3,864	1.37
Holiday	1500 Lee Hill	49	\$ 10,792	\$ (5,850)	\$ (200)	\$ 4,742	\$ 3,254	1.46
Lee Hill (5)	1175 Lee Hill	31	\$ 13,400	\$ (11,366)	\$ (375)	\$ 1,658	\$ -	-
Red Oak Park	27th & Valmont	59	\$ 11,538	\$ (6,450)	\$ (338)	\$ 4,751	\$ 3,884	1.22
WestView	4600 Broadway	34	\$ 12,613	\$ (5,444)	\$ (300)	\$ 6,870	\$ 5,567	1.23
Tax Credit Properties excluding Boulder Communities		325	\$ 12,188	\$ (7,166)	\$ (318)	\$ 4,577	\$ 3,244	1.41
Boulder Communities	Various	279	\$ 11,732	\$ (6,799)	\$ (297)	\$ 4,636	\$ 3,293	1.41
Tax Credit Sub Total:		604	\$ 11,714	\$ (6,811)	\$ (299)	\$ 4,604	\$ 3,262	1.41

Properties in Transition	Address
Orchard House (2)	1603 Orchard St.
Valmont/Wallace	2625 Valmont Rd.
Orchard Grove	Valmont and 34th
Palo Park	4525 Palo Parkway
Tantra Lakes	

Index of terms
PUPA - Per Unit Per Annum
EGI - Effective Gross Income = (Total Revenue - Grant Revenue)
Op Ex - Operating Expenses = (Total Expenses-Capital Expenses-Extraordinary Maintenance and Non-Op Ex)
NOI - Net Operating Income = (Net Income + Non OpEx)
DSCR - Debt Service Coverage Ratio = NOI/Debt
ADJUSTED - For Capital Grants, Capital Exp. and Extraordinary Maint.

NOTES: (1) DSCR is calculated after required reserve contributions. Portfolio totals include NOI from properties with no debt. All excess cash from properties is used in BHP operations.

(2) Glen Willow, Midtown and Orchard House are pledged as collateral for BHP Line of Credit

(3) Hayden Place 2 does not have DSC requirement given the small number of units. One vacant can have substantial affect on ratio

(4) Woodlands affected by \$23K roof and gutter repairs between Nov-Mar.

(5) Lee Hill does not have permanent debt so DSCR does not apply.

MEMO

To: Board of Commissioners
From: Karen Kreutzberg
Date: November 14, 2018
Re: **Housing Choice Voucher Administrative Plan Updates – Resolution #21**

Background:

The Administrative Plan for the Housing Choice Voucher Program (Admin Plan) contains the policies that govern how BHP administers the Housing Choice Voucher Program. Changes are brought to the Board annually for approval.

The proposed changes were brought in September 2018. The Admin Plan was released for public review for the required 45-day review period. Public hearings were held on October 23, 24, and 30, 2018. There were 24 people who attended and below are the comments that were received:

- The majority were in favor of expanding the preference to Boulder County, as they felt that was more equitable than the City of Boulder limit.
- One person, who is currently an applicant from the 2018 lottery, requested that BHP provide a higher priority preference for persons with disabilities.

Currently our preference is for:

- Elderly;
- persons with disabilities;
- or families with children.

All three groups have equal preference (provided they live and/or work within Boulder). Prior to changing this preference, we would need to analyze the impact this would have on the demographic of people we serve. As an MTW agency, we are required to continue to serve the same demographic of people as if we were not participating in the MTW demonstration program. If the Board would like staff to consider changing the preference to put persons with disabilities ahead of elderly or families with children, direction to do this analysis is needed.

A copy of the proposed plan is being sent via email.

Action Requested:

Staff is requesting that the Board approve Resolution #21 which adopts the changes as there were proposed.

**RESOLUTION #21
SERIES OF 2018**

**A RESOLUTION FOR THE PURPOSE OF ADOPTING THE REVISED ADMINISTRATIVE PLAN
THAT GOVERNS THE HOUSING CHOICE VOUCHER PROGRAM**

WHEREAS, the Housing Choice Administrative Plan (Admin Plan) is a HUD-required plan that governs how the Housing Choice Voucher Program is operated by a housing authority; and

WHEREAS, the Housing Choice staff has reviewed and updated the Admin Plan to include HUD changes, revisions for MTW activities, and policy clarifications; and

WHEREAS, participants and the general public were given a chance to comment on the proposed changes at a public meeting; and

WHEREAS, the Board is required by policy to review and approve the document annually.

NOW, THEREFORE, be it resolved that the Board of Commissioners adopts the revised Boulder Housing Partner's Housing Choice Voucher Program Administrative Plan for and authorizes the Executive Director to approve minor administrative changes in the interim, reporting those changes to the Board annually.

Adopted this 14th day of November, 2018.

(SEAL)

Valerie Soraci
Chairperson, Board of Commissioners
Boulder Housing Partners

ATTEST:

JEREMY DURHAM
Executive Secretary

MEMO

To: Board of Commissioners
From: Karen Kreutzberg
Date: November 14, 2018
Re: **Housing Choice Voucher Payment Standards – Resolution #22**

Background:

Each year, HUD issues a new set of data describing the Fair Market Rents (FMR) by geographic area. The FMR establishes the basis for how much assistance is paid in the Housing Choice Voucher Program. FMRs are set at the 40th percentile rent based upon data that are 2+ years old. As a result, in a market with rising rents the increase in FMRs lags behind the market rent increase.

The local “payment standard” is a program innovation that allows each housing authority to establish a rent limit that is no less than 90% and no more than 110% of FMR for their local jurisdiction. The limiting factor becomes our ability to balance program funding while maximizing the number of families we can assist.

Based on the annual HUD FMR, staff brings the Board a proposal for our voucher program. We have for the last few years attempted to align our payment standard with the Boulder County and Longmont Housing Authorities. Based upon our conversations, we expect the County to follow this proposal. Longmont is expected to set their payment standard at 105% of FMRs.

Analysis:

In November 2017, the Board approved our 2018 payment standards to be set between 92 – 100% of FMRs based on number of bedrooms. This small increase was based on our estimate of funding for 2018. In May 2018, HUD provided us with our 2018 budget authority which included a much larger than expected funding increase. This unexpectedly large increase allowed us to revisit the 2018 payment standard in July. Payment standards were increased to between 100 and 105% of the 2018 FMRs.

The 2019 FMRs were published by HUD in October. The following chart shows the current payment standards compared to 100% of the 2019 FMRs and the projected 2019 60% Tax Credit Rent:

	0 bed	1 bed	2 beds	3 beds	4 beds
2018 Payment Standards	\$ 1,141	\$ 1,222	\$ 1,467	\$ 2,056	\$ 2,355
2019 60% Tax Credit rent	\$ 1,195	\$ 1,281	\$ 1,537	\$ 1,776	\$ 1,981
100% 2019 Fair Market Rents	\$ 1,130	\$ 1,242	\$ 1,516	\$ 2,126	\$ 2,384

We look at several different factors when setting the payment standards for the year. Each are detailed below:

Funding availability: We are currently under a Federal Budget Continuing Resolution through December 2018. Budget authority for 2019 depends on Congressional approval of a final budget. HUD provides notice of budget authority within 60-90 days of Congress approving a budget. Therefore, if Congress approves a budget in December, we should be notified of our 2019 budget authority in March.

While we are not clear what our funding level will be for 2019, budget authority increased by 18% from 2018, which will be the baseline for 2019. This number is then adjusted for inflation, and then pro-rated based on HUD's total funding. While we do not know what the inflation and pro-ration factors are, we are expecting our funding to be close to the 2018 level.

Rent burden: Payment standard only affects those voucher holders who have a tenant-based voucher and are renting in the market place (the payment standard is not used when calculating the participant portion of rent for project-based vouchers). Data analysis shows that we currently have 199 of 689 households whose gross rent exceeds the payment standard, and would, therefore, benefit from an increase in the payment standard. Of those 199 households, 75 are renting a unit that is larger than their voucher size (as an example, they have a one-bedroom voucher and are renting a two-bedroom unit). The current average rent burden for these 199 households is 35.3%.

Lease up rate and rent increases: Staff recently processed the remaining 2016 lottery winners and opened the lottery in September. Our current utilization rate calls for vouchers to be issued, as attrition has increased slightly. Since August, 43 applicants have been issued vouchers, of which 17 have not yet leased up. We have begun processing the 2018 lottery winners and will begin issuing vouchers for this group within the next 4 – 6 weeks.

Based on all these factors, we are proposing that we increase the 2019 payment standards to be set between 100 – 106% of FMRs based on number of bedrooms, effective January 1. These increases result in rents at no less than 60% AMI equivalent rents, ensuring that voucher holders can rent in LIHTC and other affordable properties in the Boulder community. The rent burden for the 199 affected households would decrease to 27% from 35.3%.

Recommendation:

Staff recommends that the 2019 payment standards be adjusted to the following amounts effective January 1, 2019:

	0 bed	1 bed	2 beds	3 beds	4 beds
2018 Payment Standards	\$ 1,141	\$ 1,222	\$ 1,467	\$ 2,056	\$ 2,355
100% 2019 Fair Market Rents	\$ 1,130	\$ 1,242	\$ 1,516	\$ 2,126	\$ 2,384
Proposed Payment Standard	\$ 1,195	\$ 1,281	\$ 1,537	\$ 2,126	\$ 2,384
Percent of FMR	106%	103%	101%	100%	100%
Increase amount	\$ 54	\$ 59	\$ 70	\$ 70	\$ 29

Action Requested:

Approval of Resolution #22 2019 Payment Standards.

**RESOLUTION #22
SERIES OF 2018**

A RESOLUTION FOR THE PURPOSE OF INCREASING THE 2019 PAYMENT STANDARDS

WHEREAS, the Department of Housing and Urban Development (HUD) establishes the Fair Market Rents (FMR) to be used by housing agencies for the establishment of Payment Standards; and

WHEREAS, Boulder Housing Partners (BHP) uses the Payment Standard in the administration of the Housing Choice Voucher Program; and

WHEREAS, HUD allows housing authorities to establish their Payment Standard anywhere between 90% and 110% of the HUD published FMR; and

WHEREAS, the Payment Standards were set at 100-105% of the FMR for 2018; and

WHEREAS, the 2019 FMR are higher than the 2018 FMR; and

WHEREAS, the 2019 FMR for the Boulder area have been established by HUD by bedroom size: 0 Bedroom - \$1,130, 1 Bedroom - \$1,242, 2 Bedroom - \$1,516, 3 Bedroom - \$2,126, and 4 Bedroom - \$2,384; and

WHEREAS, Boulder Housing Partners recommends that the Payment Standards be set to the following:

	0 bedroom	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Payment Standard	\$ 1,195	\$ 1,281	\$ 1,537	\$ 2,126	\$ 2,384

NOW, THEREFORE, be it resolved that the Board of Commissioners adopts the above-listed Payment Standards for the Housing Choice Voucher Program effective January 1, 2019.

Adopted this 14th day of November 2018.

(SEAL)

Valerie Soraci,
Chairperson, Board of Commissioners
Boulder Housing Partners

ATTEST:

JEREMY DURHAM
Executive Secretary

MEMO

To: Board of Commissioners
From: John Sarah
Date: November 14, 2018
Re: **Use of Line of Credit to Retire Canyon Pointe Debt – Resolution #23**

Background:

Boulder Housing Partners has a loan on the Canyon Pointe property that matures on December 1, 2018. The Balance on the loan will be approximately \$3,375.389. We need a financing mechanism to bridge the period between the December 1, loan maturity and the planned sale of the Canyon Pointe property to a LIHTC partnership sometime in the 2nd quarter of 2019. Using the line of credit will allow us to bridge this period at the most effective cost combining a lower rate of interest with zero closing costs. We considered both a new financing of the property and an extension of the existing loan but either of these options resulted in a substantial increased interest, legal and other closing costs to BHP.

We have available capacity on the line of credit to allow for the payment in full of the Canyon Pointe loan. We will use the proceeds of the sale of the property to repay the amount borrowed.

Staff Recommendation

Staff recommends approval of resolutions 2018 - #23.

Action requested at this meeting:

Approval of resolution 2018 -#23 authorizing the use of the line of credit at First National Bank to retire the existing mortgage on Canyon Pointe.

**RESOLUTION NUMBER #23
SERIES OF 2018**

A RESOLUTION BY THE HOUSING AUTHORITY OF THE CITY OF BOULDER, COLORADO, A COLORADO HOUSING AUTHORITY, D/B/A BOULDER HOUSING PARTNERS TO BORROW THE FUNDS NECESSARY TO RETIRE EXISTING MORTGAGE LOAN ON CANYON POINTE FROM BHP'S EXISTING LINE OF CREDIT

WHEREAS, the Housing Authority of the City of Boulder, Colorado, a public body corporate and politic of the State of Colorado d/b/a Boulder Housing Partners (the "Authority") is authorized and empowered by the provisions of Part 2, Article 4, Title 29 of Colorado Revised Statutes (the "Act"), to acquire property and incur debt for the purpose of providing multifamily residential housing;and

WHEREAS, the Authority is the Borrower on a Promissory Note with FirstBank of Boulder collateralized by the Canyon Pointe property; and

WHEREAS, the Note has a maturity date of December 1, 2018 at which time the remaining loan balance will be approximately \$3,375,289; and

WHEREAS, the Authority has a Line of Credit with First National Bank (LOC) which allows the Authority to borrow up to \$8,112,000 for a period of up to one year or May 29, 2020 whichever is later at a rate of 3.45%, and

WHEREAS, the Authority expects to close on a sale of Canyon Pointe to a Low Income Housing Tax Credit Partnership during the first half of 2019 which will provide for repayment of the amount borrowed on the Line of Credit;

NOW, THEREFORE, BE IT RESOLVED, the Board hereby approves borrowing from the existing Line of Credit with First National Bank to retire the first mortgage on Canyon Pointe.

RESOLVED FURTHER, that Jeremy Durham, or his designate, in his capacity as the Executive Director of the Authority is authorized, ratified and directed to cause the Authority to execute, deliver and perform any agreements, contracts or writings as he may deem to be appropriate to facilitate drawing on the LOC in an amount equal to the outstanding balance on the Canyon Pointe first mortgage.

PASSED, ADOPTED AND APPROVED this 14th day of November 2018.

(SEAL)

Attested to this 14th day of November, 2018 by:

Valerie Soraci,
Chairperson, Board of Commissioners
Boulder Housing Partners

Jeremy Durham
Executive Director

MEMO

To: Board of Commissioners
From: Jeremy Durham, John Sarah
Date: November 14, 2018
Re: 2019 BHP Budget

2019 Draft Budget

Summary

We present our draft 2019 Budget for discussion and direction at this November meeting, with final budget adoption scheduled for the December 12, 2018 meeting. We encourage and welcome any and all questions you may have.

BHP uses a Generally Accepted Accounting Principles-presentation format with both property specific and consolidated financial statements ending with Net Income (Loss). Supplemental information is provided “below the line” to provide the Board and management with a more complete real estate/cash presentation.

The consolidated BHP Budget for 2019 shows the following:

BHP Consolidated Budget	2019 BUDGET	2018 BUDGET	Difference	%
Operating Revenue	\$ 29,456,620	\$ 26,630,195	\$ 2,826,425	11%
Operating Expenses	\$ 24,479,027	\$ 22,598,591	\$ 1,880,436	8%
Net Operating Income	\$ 4,977,594	\$ 4,031,604	\$ 945,990	23%
Capital Grants	\$ 3,900,000	\$ 1,743,912	\$ 2,156,088	124%
Interest Income	\$ 1,603,346	\$ 1,595,190	\$ 8,156	1%
Depreciation Expense	\$ (4,735,884)	\$ (4,206,307)	\$ (529,578)	13%
Mortgage and Other Interest Expense	\$ (2,658,928)	\$ (2,691,749)	\$ 32,821	-1%
Gain (Loss) on Sale of Capital Assets	\$ 3,000,000	\$ -	\$ 3,000,000	100%
Total Non-Operating Rev/Exp	\$ 1,108,534	\$ (3,558,953)	\$ 4,667,487	-131%
Net Income	\$ 6,086,128	\$ 472,651	\$ 5,613,477	1188%
Other Adjustments to Cash Basis Reporting	\$ (2,605,867)	\$ (613,254)	\$ (1,992,613)	325%
Contribution to Operating Cash (1)	\$ 3,480,261	\$ (140,603)	\$ 3,620,864	-2575%

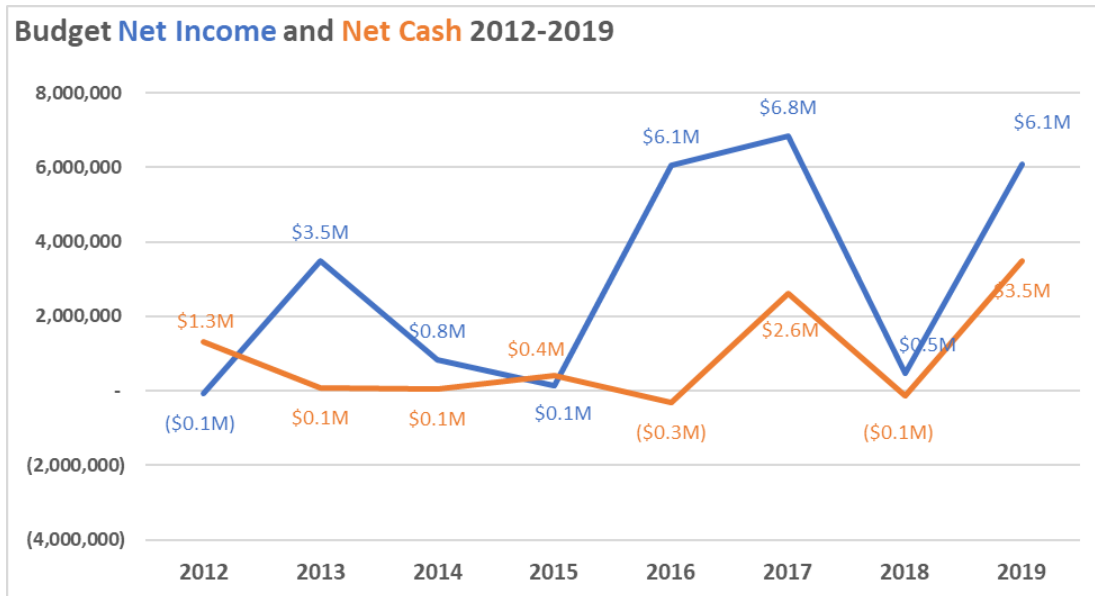
With the breakdown of Adjustments to Cash Basis Reporting as follows:

Adjustments to Cash Basis Reporting	2019 BUDGET	2018 BUDGET	Difference	%
Net Income	\$ 6,086,128	\$ 472,651	\$ 5,613,477	1188%
Adjustments for Cash Basis				
Plus:				
Amortization & Depreciation	\$ 4,735,884	\$ 4,206,307	\$ 529,578	13%
CIP - Rehab	\$ (1,550,000)	\$ -	\$ (1,550,000)	-100%
Contribution from Repl. Res. for expense items	\$ -	\$ 125,000	\$ (125,000)	-100%
Deferred Development Fees Received	\$ 433,139	\$ 349,512	\$ 83,627	24%
Less:				
Interest/Principal on GP notes net of payments	\$ (1,498,947)	\$ (1,467,865)	\$ (31,082)	2%
Predevelopment costs	\$ -	\$ -	\$ -	0%
Development Fee Deferred	\$ -	\$ (455,686)	\$ 455,686	-100%
Debt Principal	\$ (4,441,569)	\$ (2,957,437)	\$ (1,484,131)	50%
Replacement Reserves Funding	\$ (284,375)	\$ (413,084)	\$ 128,709	-31%
Net Increase (Decrease) Operating Cash (1)	\$ 3,480,261	\$ (140,603)	\$ 3,620,864	-2575%

We are pleased to report that our 2019 Budget shows a projected positive Net Income of \$6,086,128 and a net increase in Operating Cash of \$3,480,261. This compares to the 2018 Budget net income of \$472,651 and a net decrease in Operating Cash of (\$140,603).

This significant increase over last year's budget can be attributed to the projected developer fees of \$1,140,000 from the Glen Willow/Canyon Pointe/Red Oak Park 2 conversion to Low Income Housing Tax Credit (LIHTC) and \$480,000 from the 30 Pearl Street paid at closing; for a total of \$1,620,000 in projected developer fees in 2019. We are also projecting that BHP will receive \$2,000,000 in proceeds from the Glen Willow/Canyon Pointe/Red Oak Park 2 conversion as a down-payment of the seller's note at closing; as well as a \$1,000,000 in net proceeds for the sale of the Cornell House, for a total of \$3,000,000 in Gain on Sale of Capital Assets.

Net Income and Cash Flow



BHP's Net Income and Cash Flow can fluctuate significantly depending on the type of development activity undertaken. As you can see in the chart above, Net Income is greatly affected when a revenue is recognized, regardless whether that revenue is translated into a cash payment or not, like grants that are passed through as loans to tax credit entities or developer fees that are earned. On the other side, Cash Flow is only affected when cash payments for such earned revenue are made.

In the chart, the Net Income spike in 2013 relates to capital grants for High Mar as well as the gain on sale for North Haven. The 2016 spike relates to earning the full developer fee for Boulder Communities. The 2017 spike is the capital grants received for the acquisition of Tantra.

The Cash Flow shows a small fluctuation until 2016 which shows a negative (\$313,129) followed by a large jump in 2017 from the receipt of significant developer fees for Boulder Communities from the equity installments.

Section 1 – Design and Process Overview

1.1 2019 Budget design

The dominant design characteristic of the BHP budget continues to be the challenge of reflecting the impact of Moving to Work (MTW). HUD requires us to account for all MTW programs and related net assets separately from Non-MTW HUD programs and BHP programs. The tax credit properties are separate legal entities and have individual budgets that are not included in the BHP budget.

The following chart provides the details of what is included in each program:

MTW Programs		BHP Properties		Tax Credit Properties	
Public Housing	Units	Workforce	Units	Boulder Communities	Units
Arapahoe Court	14	101 Canyon	5	Diagonal Court	30
Madison	33	2037 Walnut	26	Iris Hawthorn	14
Total PH:	47	Arapahoe East	11	Kalmia	49
		Boulders	19	Manhattan	41
Section 8 (HCV)	Vouchers	Bridgewalk	123	North Port	50
HCV	756	Dakota Ridge	13	Walnut Place	95
		Foothills	74	Total BC:	279
		Hayden Place 1&2	30		
Non MTW Programs		Midtown	13	LIHTC Properties	Units
Non MTW Vouchers	Vouchers	Orchard House	1	Broadway East	44
Mainstream	78	Sanitas Place	12	Broadway West	26
NED	181	Tantra Lake	185	HighMar	59
RAD	135	Twin Pines	22	Holiday	49
Housing First	22	Vistoso	15	Lee Hill	31
City of Boulder	10	Whitties Apts	10	Palo Park	35
ROSS Grant		Woodlands	35	Red Oak Park	59
SNAP Grant		Total Workforce:	594	Westview	34
Total Non MTW:	426			Total LIHTC:	337
		Project Based Contract	Units		
		Canyon Pointe	82	Total Tax Credit:	616
		Glen Willow	34		
		Total PB:	116		
		Total BHP Properties:	710		

1.2 Budget process

The 2019 budget was prepared property by property using the assumptions outlined in each program discussion below. The budget includes:

- Detailed 2019 Work Plan,
- BHP Financial Management Policies which govern the creation of this budget,
- Detailed budgets for each HUD program segregated into Moving to Work (MTW) programs and Non-MTW voucher programs,
- Detailed budgets for each BHP-owned property,
- Central Office Cost Center budgets including administration, human resources, technology, finance, asset management, property management, maintenance, resident services, sustainability, development projects and development administration,
- Five-year capital spending and reserves plan, and
- Tax Credit Budgets (not included in the BHP consolidated budget).

The Board's approval of the 2019 Budget will adopt all documents by reference.

It is important to note when reviewing the proposed budget that our strategic plan includes growth through acquisition of existing units. Given the difficulty in predicting; if there is more certainty as to the likelihood and timing of any new acquisition opportunity in time for the December meeting of the Board, we will bring a supplement to this budget for that project and a description of the projects impact on the budget.

1.3 BHP Financial Management Policies

BHP continues to use the same financial policies that govern the creation of the budget including Revenues, Fixed Assets, Reserves, Debt and Investments from prior years.

The specific provisions related to the annual budget process are as follows:

2.1 Fiscal Year – Boulder Housing Partners has adopted the calendar year ending December 31, for its fiscal year.

2.2 Annual Budget Process - The preparation process shall be established by the Executive Director and Chief Financial Officer. The budget process for the next fiscal year shall be timed such that a first reading is presented to the Board of Commissioners ("Board") no later than the November meeting of the Board and a second and final reading and presentation of a resolution of acceptance and approval is presented at the December meeting of the Board. Board approval of the budget is deemed approval of the associated

expenses. No specific appropriation of funds is required for specific programs or budget line items.

2.3 Budget Submittal –Net income will be adjusted to a cash basis by excluding non-cash revenues and expenses and including cash receipts and disbursements not affecting revenue or expense. After adjustment to cash basis, the Annual Budget shall be balanced. That is, budgeted operating cash expenditures will not exceed the reasonable projection of current year cash receipts.

2.4 Management authority to act – Management has the authority to act within the overall spending limits of the operating budget. Management is not constrained by individual line items, only by the overall budgeted operating expenditures.

2.5 Capital Budget – The Board approves a five-year capital projection as part of the annual budget process. This approval is only approval of general reserve levels and not specific authorization to proceed on any specific project. Any capital project expected to cost more than \$100,000 must come back to the Board for specific approval. Smaller capital items costing less than \$100,000 can proceed at the discretion of the Executive Director.

2.6 Changes to Adopted Budget - Changes to the adopted budget should be rare and limited to material changes in direction or focus of the organization rather than line item adjustments unless a material error in the budget process is discovered after approval by the Board or the Board approves a material additional use of operating reserves for unbudgeted operating expense in the current year. “Material” as used in this Section 2.6 is defined as \$100,000. Any proposed change will be clearly documented and brought to the Finance Committee of the Board for discussion prior to presentation to the Board for approval. Upon approval, a revised submission to HUD of form 52574 is required in the event there is a material change to the Public Housing budget.

Section 2 – BHP Strategic Priorities

In 2014 BHP adopted a 10 Year Strategic Plan. A summary of the goals is presented here for reference:

- Goal 1 Preserving and Increasing Affordable Housing**
Ensure the promise of a diverse community by preserving existing affordable housing and increasing inventory and housing choice for Boulder residents.

- Goal 2 Partnerships and Community Engagement**
Engage as a leader in housing policy discussions and pursue a wide range of partnerships and policy changes needed to increase housing choice and diversity in Boulder, reduce land cost per unit, and preserve the city’s current affordable units.

- Goal 3 Resident Achievement and Quality of Life**
Invest in focused service and educational programming to improve the economic futures of children in BHP households. Develop successful partnerships to provide service coordination to work-abled adults, seniors, and people living with disabilities in order to improve or preserve independence and quality of life.

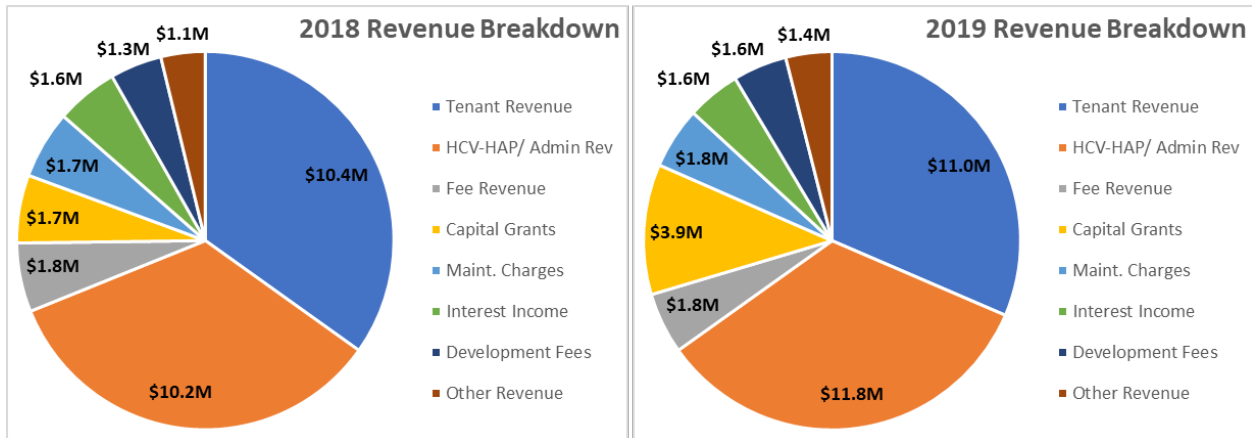
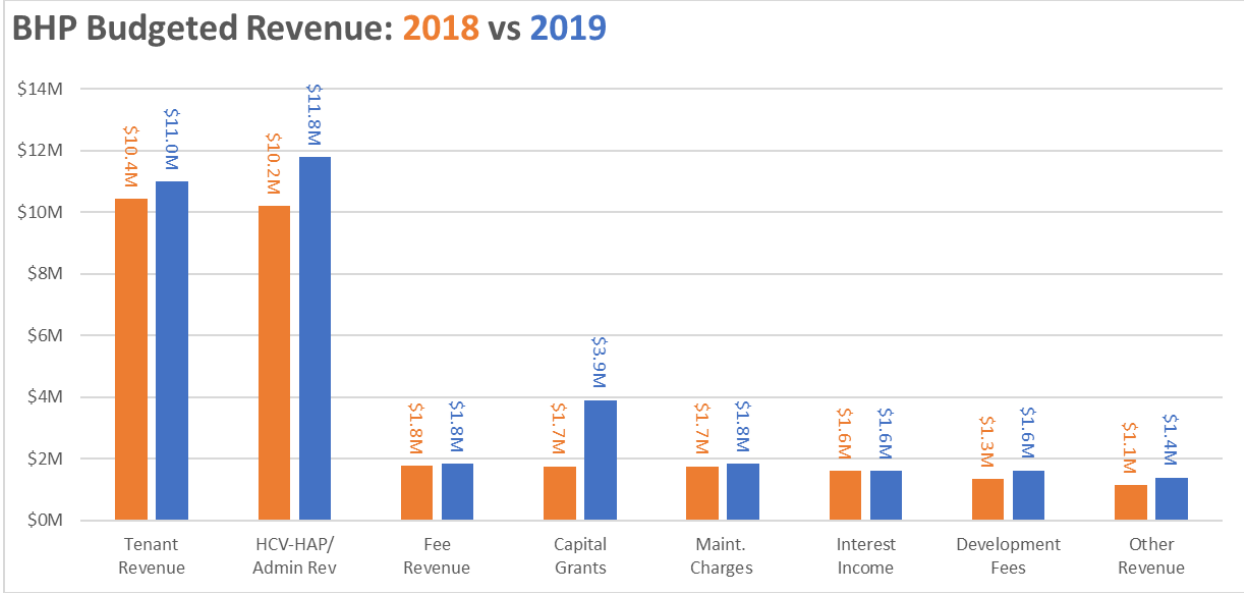
- Goal 4 Maximizing Sustainability**
Pursue consistent and innovative improvement of portfolio and practices regarding environmental impacts to the maximum extent that is economically feasible while not reducing the number of units that can be produced.

- Goal 5 Organizational Stewardship**
Continuously improve BHP’s organizational sustainability, structure, and strategic outreach by stewarding a strong financial core, efficient internal operations and active community outreach.

BHP Management is currently in the process of evaluating the progress and updating the Strategic Priorities.

Section 3 - Overview of Key Financial Metrics

3.1 Revenue sources

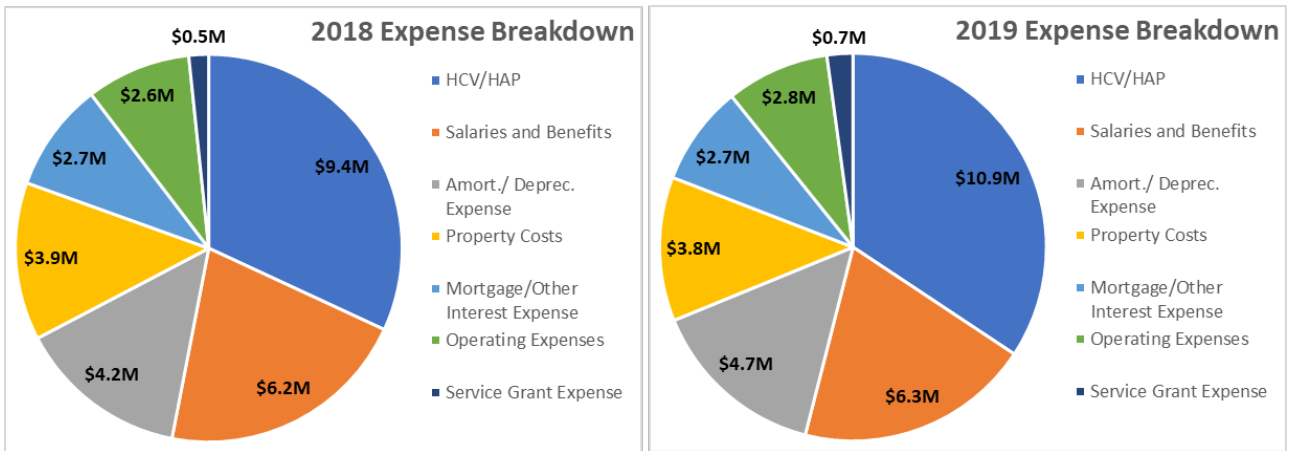
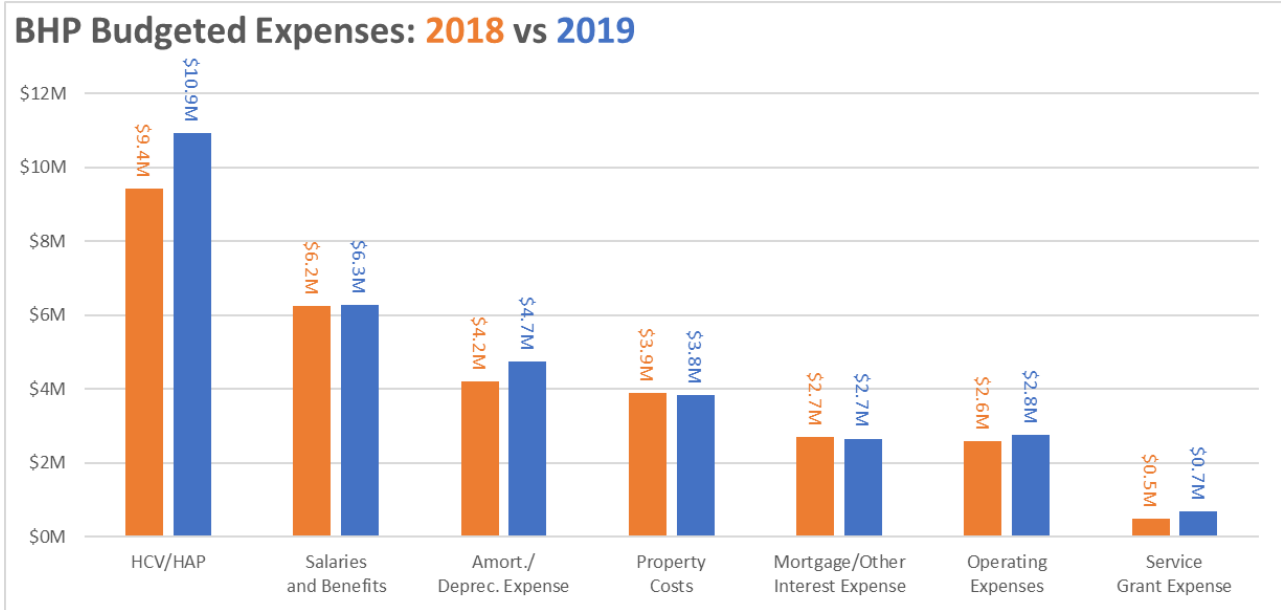


Our 2019 Budget shows an increase in revenue over last year of \$4.99M or 16.6%; the main factors that contributed to this increase are:

- 1- Increase in Tenant Dwelling Rent of \$549,549 which represents an overall 5%, resulting from a 3%-5% rent adjustment for our existing residents/participants and the remaining increase is due to rent adjustments for our future residents/participants.
- 2- Increase in projected Developer Fees of \$288,710 or 22% over previous year, due to the anticipated closings of Glen Willow/Canyon Pointe/Red Oak Park 2 in the first half of 2019; and 30 Pearl in the second half of the year.
- 3- Increase in HCV-HAP/Admin Revenue of \$1,580,065 which represents 15% over previous year, due to an increase in HAP subsidy by HUD to reflect the continued increase in rents on a nation-wide scale.
- 4- Increase in Gain on Sale of Capital Assets of \$3,000,000 which is attributed to the Sale of Cornell House and the Conversion of Glen Willow/Canyon Pointe/Red Oak Park 2.
- 5- Increase in Capital Grants of \$2,156,088 or 124% over previous year, due to City of Boulder and Boulder County Grants for 2037 Walnut and 30 Pearl projects.

Grant Income		2019 Budget	2018 Budget
Capital Grants			
City of Boulder	30 Pearl - Reimbursement of Entitlement costs	\$ 1,500,000	
Boulder County	2037 Walnut - Worthy Cause	\$ 700,000	
City of Boulder	2037 Walnut - Affordable Housing Fund	\$ 900,000	
Boulder County	Boulders - Worthy Cause	\$ -	\$ 500,000
City of Boulder	Boulders - Affordable Housing Fund	\$ 550,000	\$ 550,000
City of Boulder	Sustainability efforts	\$ -	\$ -
HUD	PH Capital Fund for Arapahoe Ct	\$ -	\$ 50,000
HUD	CFP /RHFF	\$ 250,000	\$ 643,912
Total Capital Grants		\$ 3,900,000	\$ 1,743,912

3.2 Expenses

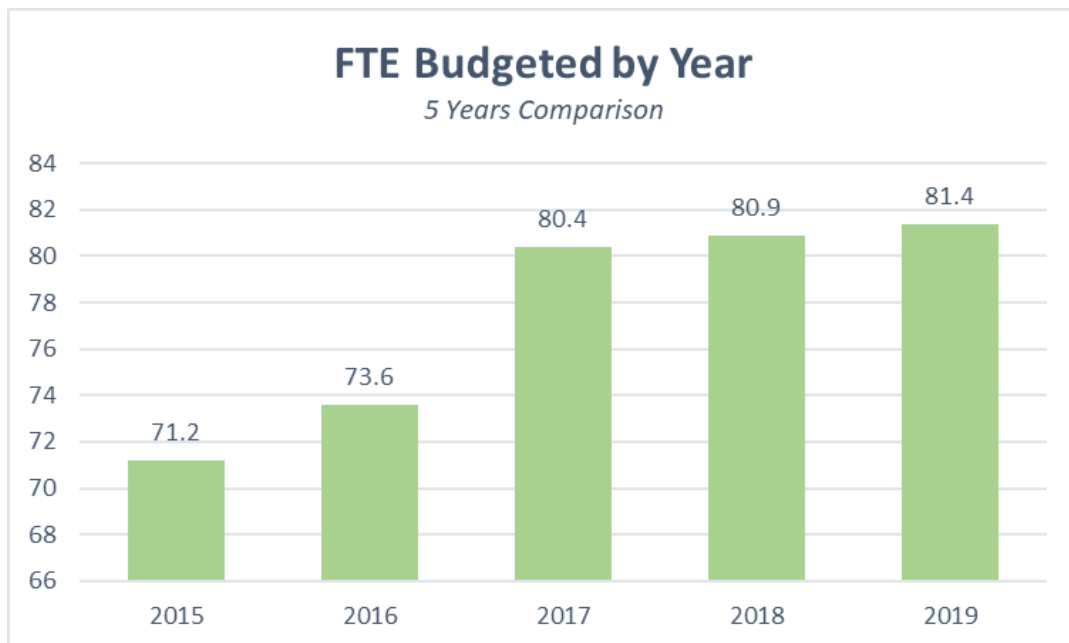


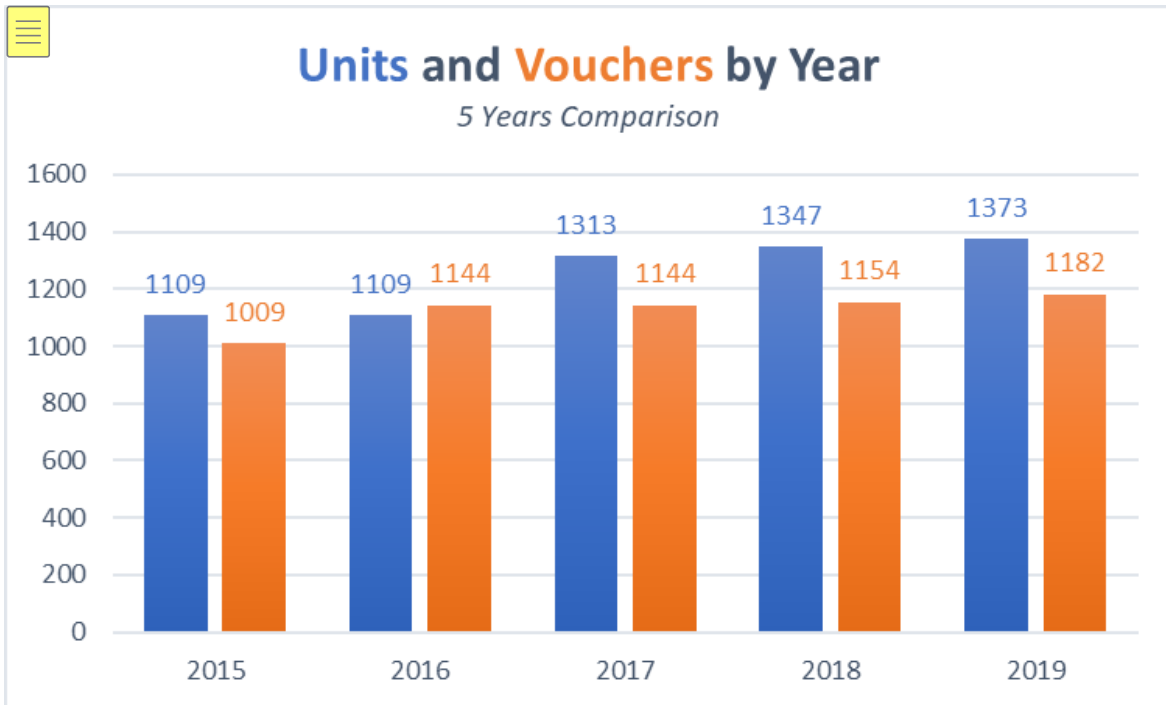
The 2019 Budget also shows an increase in expenses over last year of \$2.38M or 8% which can be attributed largely to the \$1,527,043 or 16% projected increase in HAP expense to adjust for the utilization of HAP subsidy which was increased by HUD as mentioned in the revenue section.

3.3 Proposed staffing levels

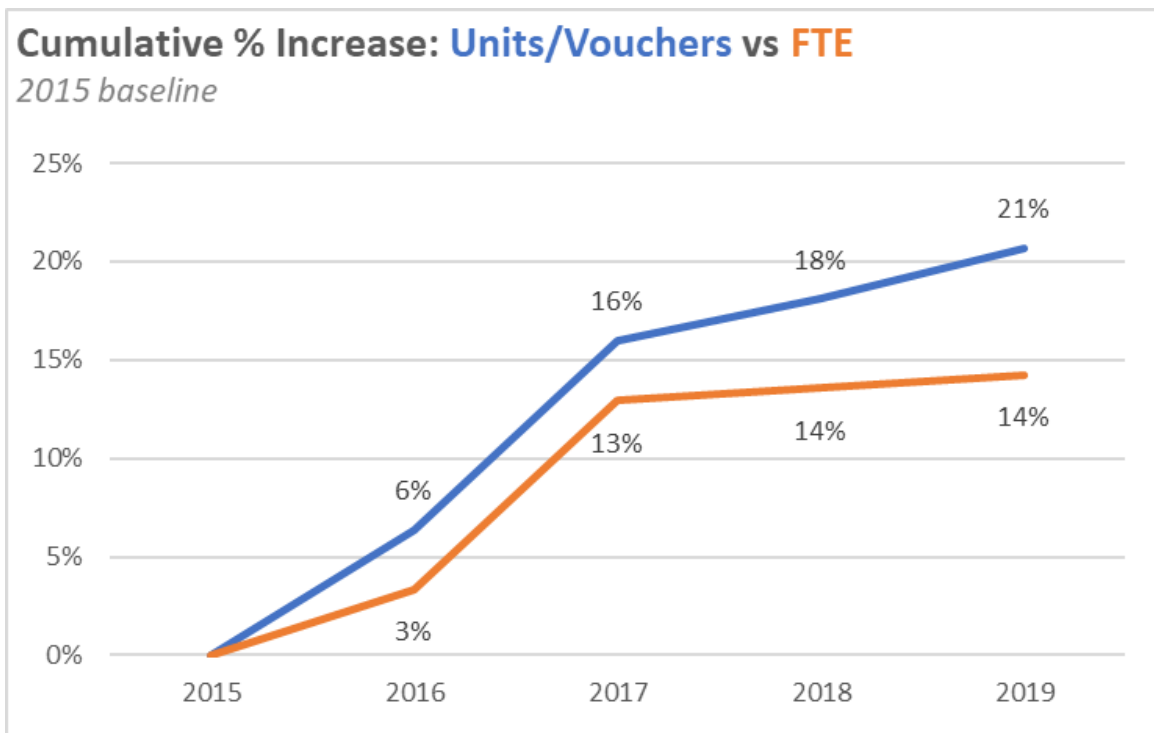
As BHP fulfills its mission to support more families, we expand our portfolio by acquiring new properties and operating more communities, which requires adjusting our staffing levels to operate properly. We are proposing the net increase of 0.5 FTE to BHP staffing which resulted from the addition of 1.5 FTEs due to the reasons above and reducing an FTE through our continuous efforts to find more efficiencies.

2019 vs 2018 FTE by Department				
Department	Description	2019	2018	Change
Maintenance	No Change	20.0	20.0	0.0
S8/MTW	No Change	7.0	7.0	0.0
PM	Acquiring & Operating new properties	20.0	18.5	1.5
Development	No Change	5.0	5.0	0.0
Asset Mgmt	Reduction of one FTE through efficiencies	0.0	1.0	-1.0
Administrative Support	No Change	3.0	3.0	0.0
Overhead Mgmt	No Change	3.5	3.5	0.0
Human Resources	No Change	3.0	3.0	0.0
Sustainability	No Change	1.0	1.0	0.0
IT	No Change	3.0	3.0	0.0
Finance	No Change	9.8	9.8	0.0
Resident Services	No Change	6.1	6.1	0.0
ALL FTE		81.4	80.9	0.5





The following chart shows the cumulative percentage increase in staff and the percentage increase in Units and Vouchers over the last 5 years.



The chart shows that we have been able to increase our service levels by 21% in the last five years while managing an FTE growth of 14% only.

Section 4 – Moving to Work (MTW)

4.1 General description

MTW is currently composed of 756 Housing Choice Vouchers, 47 units of Public Housing, the Public Housing Capital Fund Program (CFP), and administrative costs of MTW. These programs are each funded by HUD, but through MTW’s fungibility; BHP can transfer funds between programs or for any MTW qualified purpose.

The exception to this fungibility is our Madison Property. Since it is in a designated flood plain making it ineligible for disposition under RAD. Additionally, under HUD rules, the property is no longer eligible for any federal funding beyond the minimal amount of operating subsidy provided by HUD.

4.2 Financial summary

MOVING TO WORK PROGRAMS	Public Housing/CFP	S8 HCVP	MTW Admin	2019 Total	2018 Total	Diff
Total Rental/HAP Income	\$ 345,527	\$ 8,937,804	\$ 1,574	\$ 9,284,906	\$ 8,237,002	\$ 1,047,904
Total Expenses	\$ 464,602	\$ 8,924,451	\$ 104,776	\$ 9,493,829	\$ 8,501,496	\$ 992,333
Net Income (Loss)	\$ (119,074)	\$ 13,353	\$ (103,202)	\$ (208,923)	\$ (264,494)	\$ 55,571
Adjustments for Cash Basis						
Plus:						
Amortization & Depreciation	\$ 67,849	\$ -	\$ -	\$ 67,849	\$ 67,068	\$ 782
Capital Grant Income	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ 693,912	\$ (443,912)
Payment on LOC for the Boulders	\$ -	\$ -	\$ -	\$ -	\$ (485,912)	\$ 485,912
Less:						
Net Operating Transfers	\$ (173,606)	\$ -	\$ (76,394)	\$ (250,000)	\$ -	\$ (250,000)
Net Increase (Decrease) to Cash	\$ 25,169	\$ 13,353	\$ (179,596)	\$ (141,074)	\$ 10,574	\$ (151,647)

4.3 Budget assumptions:

- Operating Subsidy for public housing is assumed to be consistent with 2018.
- Housing Choice Voucher - Housing Assistance Payments (HAP) funding based on 2018 budget authority with the additional funding that HUD adjusted our HAP for; and the forecasted HAP expense for 2019.
- HUD Capital Fund Program (CFP) grant income of \$250,000 projected for 2019

Section 5 – Non MTW

5.1 General description

The Non-MTW Voucher Programs consists of vouchers and grant programs funded by HUD or the City of Boulder that are outside the MTW program and required to be reported separately from the MTW program. All of the funding will pass through as either HAP payments to landlord or to the Boulder Shelter for the Homeless as our partner providing support services.

Non MTW Voucher Programs	Vouchers
Mainstream Vouchers	78
Non-Elderly Disables (NED) Vouchers	181
Rental Assistance Demonstration (RAD) Vouchers	135
Housing First Program - vouchers with services	22
City of Boulder Funded PSH vouchers ⁽¹⁾	10
Total Non-MTW Voucher	426

5.2 Financial summary

NON-MTW VOUCHER AND GRANT PROGRAMS	2019 Total	2018 Total	Diff
Total Revenue	\$ 4,021,822	\$ 2,859,560	\$ 1,162,262
Total Expenses	\$ 4,021,822	\$ 2,859,516	\$ 1,162,306
Net Income (Loss)	\$ 0	\$ 44	\$ (44)
Net Increase (Decrease) to Cash	\$ 0	\$ 44	\$ (44)

5.3 Budget assumptions:

- All HAP revenue is spent on HAP, and administrative costs are allocated to each of these Non-MTW voucher programs from the HCV team to offset administrative fees earned so they are projected to operate at net zero income and cash flow for 2019.
- HCV-HAP funding consistent with 2018 estimated revenue.

Section 6 – BHP Owned Properties

This Section 6 of the budget relates to BHP owned properties and is divided into two subsections, Workforce properties and Project Based properties. Each subsection contains its own description, assumptions and financial summary.

6.1 Workforce Properties:

6.1.1 General description

The Workforce portfolio includes BHP owned affordable units and our market rate units:

Workforce	Units	Workforce	Units
101 Canyon	5	Midtown	13
2037 Walnut	26	Orchard House	1
Arapahoe East	11	Sanitas Place	12
Boulders	19	Tantra Lake	185
Bridgewalk	123	Twin Pines	22
Dakota Ridge	13	Vistoso	15
Foothills	74	Whitties Apts	10
Hayden Place 1&2	30	Woodlands	35
Total Workforce:			594

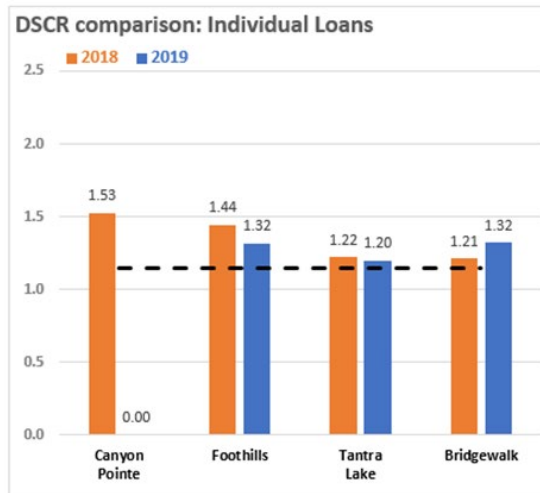
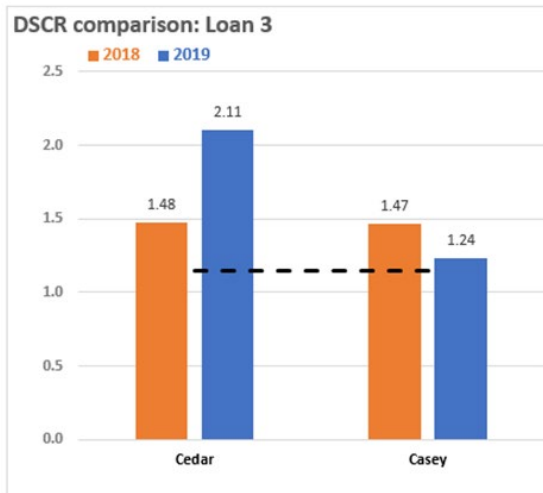
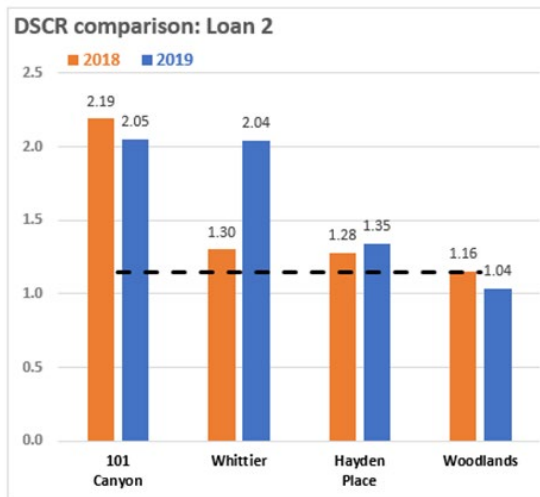
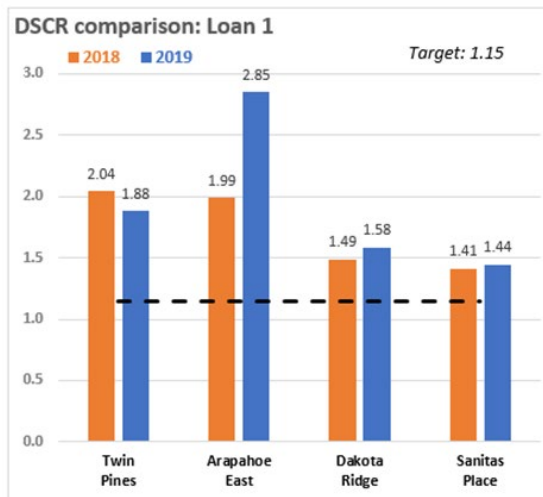
6.1.2 Financial summary

BHP Workforce Budget	2019 Workforce	2018 Workforce	Difference
Operating Revenue	\$ 10,385,458	\$ 9,163,983	\$ 1,221,475
Operating Expenses	\$ 5,007,253	\$ 4,195,963	\$ 811,290
Net Operating Income	\$ 5,336,205	\$ 4,968,020	\$ 368,185
Capital Grants	\$ 2,150,000	\$ 1,050,000	\$ 1,100,000
Interest Income	\$ 9,240	\$ 1,068	\$ 8,172
Depreciation Expense	\$ (4,297,864)	\$ (3,678,652)	\$ (619,212)
Mortgage and Other Interest Expense	\$ (2,605,507)	\$ (2,567,740)	\$ (37,767)
Gain (Loss) on Sale of Capital Assets	\$ 1,000,000	\$ -	\$ 1,000,000
Total Non-Operating Rev/Exp	\$ (3,744,130)	\$ (5,195,324)	\$ 1,451,194
Net Income	\$ 1,592,075	\$ (227,304)	\$ 1,819,379
Adjustments for Cash Basis			
Plus:			
Amortization & Depreciation	\$ 4,297,864	\$ 3,678,652	\$ 619,212
Contribution from Repl. Res. for expense items	\$ -	\$ 125,000	\$ (125,000)
Less:			
Debt Principal	\$ (4,446,429)	\$ (2,312,249)	\$ (2,134,180)
Replacement Reserves Funding	\$ (151,585)	\$ (232,444)	\$ 80,859
Net Increase (Decrease) Operating Cash (1)	\$ 1,291,925	\$ 1,031,655	\$ 260,269

The Workforce portfolio is showing a net income of \$1,592,075 and a positive cash contribution after adjustments for depreciation, debt principal payments and reserve funding from cash flow of \$1,291,925.

6.1.3 Budget assumptions

- Rents at affordable units are projected per unit with 3-5% increases depending on whether the unit is near the maximum allowable amounts under City of Boulder covenants and whether it is a renewal or a new lease.
- Rents in our market rate portfolio are projected to increase 3-5%.
- Vacancy loss is projected at 5% for market rate units and 3% for affordable.
- Grant revenue includes City of Boulder grants of \$700,000 and \$550,000 for 2037 Walnut and Boulders respectively. As well as \$900,000 grant from Boulder County for 2037.
- Fees charged to properties are consistent with HUD allowable fees: Property management fee of \$58.82; Bookkeeping fee of \$7.50; and Asset management fee of \$10 per eligible unit month.



6.2 Project Based Contract Properties

6.2.1 General description

Project Based Contract	Units
Canyon Pointe	82
Glen Willow	34
Total PB:	116

The Project Based portfolio includes Canyon Pointe and Glen Willow. These properties are funded with tenant rents and HUD project based contract subsidies.

6.2.2 Financial summary

Project Based Contract Budget	2019 BUDGET	2018 BUDGET	Difference
Operating Revenue	\$ 737,359	\$ 1,405,545	\$ (668,186)
Operating Expenses	\$ 375,295	\$ 864,318	\$ (489,023)
Net Operating Income	\$ 362,064	\$ 541,227	\$ (179,163)
Capital Grants	\$ -	\$ -	\$ -
Interest Income	\$ 535	\$ 360	\$ 175
Depreciation Expense	\$ (68,871)	\$ (173,995)	\$ 105,124
Mortgage and Other Interest Expense	\$ (53,397)	\$ (123,985)	\$ 70,588
Gain (Loss) on Sale of Capital Assets	\$ 2,000,000	\$ -	\$ 2,000,000
Total Non-Operating Rev/Exp	\$ 1,878,267	\$ (297,620)	\$ 2,175,887
Net Income	\$ 2,240,331	\$ 243,607	\$ 1,996,724
Adjustments for Cash Basis			
Plus:			
Amortization & Depreciation	\$ 68,871	\$ 173,995	\$ (105,124)
Less:			
Debt Principal	\$ 4,861	\$ (159,276)	\$ 164,137
Replacement Reserves Funding	\$ (33,750)	\$ (77,640)	\$ 43,890
Net Increase (Decrease) Operating Cash (1)	\$ 2,280,313	\$ 180,686	\$ 2,099,627

The Project Based portfolio shows a net income of \$2,240,331 and a positive cash contribution after adjustments for depreciation, debt principal payments and reserve funding from cash flow of \$2,280,313.

6.2.3 Budget assumptions:

- Both Glen Willow and Canyon Pointe were budgeted for five months in 2019, in anticipation of their LIHTC closing by June 1st, 2019.
- We project that BHP will recognize a \$2,000,000 gain on the sale of capital assets from the Glen Willow and Canyon Pointe LIHTC closing. That gain will be used as a down payment on the Seller's Note at closing.

Section 7 - Central Office Cost Center (COCC):

7.1 General description

The Central Office Cost Center represents the various departments in BHP: Executive, Finance, Development, Admin, Human Resources, IT, Property Management, Asset Management, Resident Services, Maintenance and the COCC building.

7.2 Financial summary

Project Based Contract Budget	2019 BUDGET	2018 BUDGET	Difference
Operating Revenue	\$ 737,359	\$ 1,405,545	\$ (668,186)
Operating Expenses	\$ 375,295	\$ 864,318	\$ (489,023)
Net Operating Income	\$ 362,064	\$ 541,227	\$ (179,163)
Capital Grants	\$ -	\$ -	\$ -
Interest Income	\$ 535	\$ 360	\$ 175
Depreciation Expense	\$ (68,871)	\$ (173,995)	\$ 105,124
Mortgage and Other Interest Expense	\$ (53,397)	\$ (123,985)	\$ 70,588
Gain (Loss) on Sale of Capital Assets	\$ 2,000,000	\$ -	\$ 2,000,000
Total Non-Operating Rev/Exp	\$ 1,878,267	\$ (297,620)	\$ 2,175,887
Net Income	\$ 2,240,331	\$ 243,607	\$ 1,996,724
Adjustments for Cash Basis			
Plus:			
Amortization & Depreciation	\$ 68,871	\$ 173,995	\$ (105,124)
Less:			
Debt Principal	\$ 4,861	\$ (159,276)	\$ 164,137
Replacement Reserves Funding	\$ (33,750)	\$ (77,640)	\$ 43,890
Net Increase (Decrease) Operating Cash (1)	\$ 2,280,313	\$ 180,686	\$ 2,099,627

Central Office Cost Center (COCC) show a net income of \$2,462,644 and a positive cash contribution after adjustments for depreciation, debt principal payments and reserve funding from cash flow of \$49,097.

7.3 *Budget Assumptions*

- Projected Development Fee Income of \$1,620,000 from Glen Willow/Canyon Pointe/Red Oak Park 2 (\$1,140,000) and 30 Pearl (\$480,000)
- Projected Grant Revenue from the City of Boulder of \$1,500,000 to cover the entitlement costs for the affordable quadrants of 30 Pearl.
- Continuation of the fee-for-service approach to maintenance billing, resulting in 100% recapture of Maintenance Department costs from the properties.
- Employee Medical Benefits costs not changed from last year based on rates provided by the City of Boulder for 2019 with a 70/30 split similar to 2018.
- The Resident Services department continues to be partially supported by grants and resident services fees; the outstanding deficit is supported by revenue-generating departments at BHP.
- Contributions to replacement reserves for 4800 Broadway and vehicles of \$99,040.

Section 8 – Strategic Overview and Five-Year Capital Projections

Despite the limited resources; the management at Boulder Housing Partners continues its efforts based on the Board of Commissioners directions to increase the service levels by strategically expanding our portfolio and improving the quality of our current inventory.

This strategic expansion and improvement of quality is achieved through efficiently allocating our limited resources to assets that require attention, constantly finding new opportunities to acquire and operate new projects and through the repositioning of assets in BHP’s portfolio to be aligned with the mission of Boulder Housing Partners and the vision of its Board of Commissioners and management.

The Five-Year Capital Projections shows the current and planned status of reserves in five areas:

- BHP Operating Reserves,
- BHP Equity Fund
- BHP Replacement Reserves,
- MTW Operating Reserves, and
- Externally Restricted Reserves.

8.1 BHP operating reserves

Managing our operating reserves is becoming a priority as HUD continues to recapture excess in funding. BHP continues to maintain the Board target of \$3,000,000 in operating reserves which we believe is still a reasonable balance for operating reserves.

BHP Operating Reserves - Unrestricted	2019 Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Operating Reserves - Projected Beginning Balance	\$ 2,802,244	\$ 4,662,505	\$ 4,022,766	\$ 3,683,027	\$ 3,543,289
Sources:					
Cash Surplus/Deficit from Operations	\$ 1,860,261	\$ (639,739)	\$ (339,739)	\$ (139,739)	\$ 10,261
Transfer from Development Fund	\$ -				
Total Sources	\$ 1,860,261	\$ (639,739)	\$ (339,739)	\$ (139,739)	\$ 10,261
Uses:					
Transfer to Development Equity Fund		\$ -	\$ -	\$ -	\$ -
Total Uses	\$ -	\$ -	\$ -	\$ -	\$ -
Balance - End of Year	\$ 4,662,505	\$ 4,022,766	\$ 3,683,027	\$ 3,543,289	\$ 3,553,550
Designations:					
Board Designated Reserve	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Surplus /(Deficit) vs Reserve Goal	\$ 1,662,505	\$ 1,022,766	\$ 683,027	\$ 543,289	\$ 553,550

8.2 Development Equity Fund

The Development Equity Fund is a new concept for BHP, it comprises of earned Developer Fees which will be used to acquire new properties and help achieve our goal in expanding our service levels and supporting more families.

BHP Development Equity Fund - Unrestricted	2019 Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Projected Beginning Balance	\$ 594,578	\$ 2,214,578	\$ 4,564,578	\$ 4,564,578	\$ 4,564,578
Sources:					
Budgeted cash from unrestricted operating reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Budgeted cash from MTW operating reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Glen Willow/Canyon Point/ROP2 Developer Fees	\$ 1,140,000	\$ 2,350,000			
30 Pearl Developer Fees	\$ 480,000		\$ 4,000,000		
Total Sources	\$ 1,620,000	\$ 2,350,000	\$ 4,000,000	\$ -	\$ -
Uses:					
Transfer to Operations for current development costs	\$ -	\$ -	\$ -	\$ -	\$ -
Strategic acquisition - opportunity gap financing	\$ -	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000
Total Uses	\$ -	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000
Balance - End of Year	\$ 2,214,578	\$ 4,564,578	\$ 4,564,578	\$ 4,564,578	\$ 564,578

8.3 MTW operating reserves

Moving to Work (MTW) Reserves are not available for funding COCC departments or other properties but they are fungible within the MTW programs. The MTW Reserves can be used for the acquisition or development of affordable units.

MTW Operating Reserves (restricted to MTW)	2019 Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected
MTW Operating Reserve - Beginning Balance	\$ 497,627	\$ 356,554	\$ 356,554	\$ 356,554	\$ 356,554
Sources:					
Net 2017 Operating budget	\$ (141,073)	\$ -	\$ -	\$ -	\$ -
HUD Held Reserve Contribution	\$ -	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000
Total Sources	\$ (141,073)	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000
Uses:					
Contribution to Development Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Funding Landlord Initiatives	\$ -	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)
Other MTW activities	\$ -	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (150,000)
Total Uses	\$ -	\$ (170,000)	\$ (170,000)	\$ (170,000)	\$ (170,000)
Balance - End of Year	\$ 356,554	\$ 356,554	\$ 356,554	\$ 356,554	\$ 356,554

8.4 BHP replacement reserves (unrestricted)

We are continuing to fund replacement reserves from cash flow at a pace appropriate for emergency use and minor repairs and replacements. Large renovations would be funded from a recapitalization action.

BHP Replacement Reserves - Unrestricted	2019 Budget	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Projected Beginning Balance	\$ 2,737,825	\$ 2,522,200	\$ 2,462,262	\$ 2,408,126	\$ 2,359,907
Sources:					
Replacement Reserves - Workforce Properties	\$ 185,335	\$ 189,042	\$ 192,822	\$ 196,679	\$ 200,613
Replacement Reserves - COCC	\$ 99,040	\$ 101,021	\$ 103,041	\$ 105,102	\$ 107,204
Total Sources	\$ 284,375	\$ 290,062	\$ 295,864	\$ 301,781	\$ 307,817
Uses:					
Capital Needs - Workforce Properties (estimate)	\$ 350,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Capital Needs - COCC (estimate)	\$ 150,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total Uses	\$ 500,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Balance - End of Year	\$ 2,522,200	\$ 2,462,262	\$ 2,408,126	\$ 2,359,907	\$ 2,317,724
Designations:					
Board Designated Reserve	\$ 2,229,000	\$ 2,229,000	\$ 2,229,000	\$ 2,229,000	\$ 2,229,000
Surplus /(Deficit) vs Reserve Goal	\$ 293,200	\$ 233,262	\$ 179,126	\$ 130,907	\$ 88,724

Section 9 - Compensation and Benefits

It is our practice to continuously review our compensations/benefits program to assure industry, market and internal equity and to stay competitive in the recruitment and retention of highly motivated, values-aligned productive employees.

In 2016 we completed an analysis of our pay ranges and salary structure and we made some significant adjustments to our salary ranges for 2016. We are proposing no changes to the ranges for 2019.

We continue to purchase our health benefits through the City of Boulder on a full reimbursement basis. As part of this larger pool, we receive a substantial reduction from what an organization our size would pay independently. For 2019 the cost of medical benefits remained the same.

The existing budget assumes we continue sharing the cost of medical benefits with our employees with BHP paying 70% of the cost and the employee paying 30%.

Summary and Questions for the Board

The 2019 Budget shows an overall positive net income and positive cash flow, the earned developer fees and gains on sale of capital assets contributed significantly in achieving these results. The BHP staff will continue to manage expenses, increase revenue, monitor cash position, look for new development or acquisition opportunities and continue to reposition assets to be able to sustain our mission over the long term.

With this budget we are asking the Board to approve the following:

- 2018 Budgeted BHP operating expenses level of \$24,479,027
- 2018 Mortgage Interest Expense of \$2,658,928
- Reserve funding and target levels – described above
- Five-Year capital budgets and use of operating reserves – described above

FUTURE BOARD ITEMS

We've gathered the requested informational items the Board has asked to either learn more about or discuss. This is our current list and approximate timeline.

	<u>Anticipated Date</u>
• BHP Strategic Priorities	December 2018
• 2019 Budget Adoption	December 2018
• Project Basing Vouchers	December 2018
• Walnut Place Homeless Preference	December 2018
• Foundation Update and Board Get Together	1st Quarter 2019
• Services for Families / Bringing School Home	1 st Quarter 2019
• Meeting Recording Retention Policy	1 st Quarter 2019
• LIHTC and 80% Area Media Income Averaging	1 st Quarter 2019
• Lee Hill Annual Update	1 st Quarter 2019
• Regional Housing Partnership	2 nd Quarter 2019
• Property Tax Exemption Policy	2 nd Quarter 2019
• Kurt Firnhaber	2 nd Quarter 2019
• Strategic Planning Retreat	2 nd Quarter 2019
• Services for Seniors and People with Disabilities	As Time Allows