



BOARD MEETING

December 11, 2019

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?



Board of Commissioners Meeting

Location: 4800 Broadway, Boulder, CO 80304
December 11, 2019 ▪ 9:00 a.m. - 11:30 a. m.

AGENDA

		Page #
9:00-9:15	Standing Agenda and Meeting Items	
	1. Call to Order and Determination of a Quorum	
	2. Public Participation	
	3. Approval of Minutes from November 13, 2019	2
	4. Finance and Operations Update	6
9:15-10:30	Meeting Agenda	
	1. 2020 Budget Adoption – Resolution #19-17	15
	2. 2020 Board Calendar	39
	3. Strategic Priorities Update*	
	4. Real Estate Matters Pursuant to C.R.S. 24-6-402(4)(a)* [Executive Session]	
10:30-11:00	Board Matters	
	1. Resident Representative Council Update	
	2. Board Announcements	
	3. Additions to this Agenda	
	4. Future Board Items and Board Calendar	40
11:00	Adjournment	

[End of the Year Reception to Follow]

***Distributed Under Separate Cover**

BOULDER HOUSING PARTNERS
Meeting of the Board of Commissioners
November 13, 2019 9:00 a.m.
4800 Broadway, Boulder, CO 80304

Commissioner Soraci	Jeremy Durham	Others Present:
Commissioner Levy	Penny Hannegan	
Commissioner Adams	Jodi Bogen	
Commissioner Klerman (ABSENT)	René Brodeur	
Commissioner Walker	Laura Sheinbaum	
Commissioner Harris	Tim Beal	
Commissioner Griffin	Karen Kreutzberg	
Commissioner McCord	Karin Stayton	
Commissioner Yates	Jason Acuña	

I. Call to order and Determination of a Quorum

Commissioner Soraci called the meeting of the Board of Commissioners to order at 9:04 a.m. A quorum was declared.

II. Public Participation

There was no public participation.

III. Approval of the Meeting Minutes

Consent agenda items approved:

1. Minutes from 10-16-2019

COMMISSIONER LEVY MOVED TO APPROVE THE MINUTES FROM 10-16-2019.

COMMISSIONER WALKER SECONDED THE MOTION. The motion to approve the minutes passed unanimously.

IV. Finance and Operations Update

Financial Report

Jodi Bogen gave an overview of the September financial dashboard and answered questions from the Board.

Jodi said that there are no significant changes to operations, our income is exceeding our budget, our expenses are lower than our budget, and our Quick Ratio (ability to pay bills) is extremely strong. Jodi mentioned that the occupancy rates continue to hover at 97%.

For the Housing Choice Voucher Program, the occupancy rates for mainstream voucher holders went from 72% to 92% since June 2019. Our biggest issue has been reaching the applicants after they apply to the HCV lottery. From the last lottery pull, out of 25

individuals, only nine made it to the briefing. In order to improve contact, instead of sending packets and hoping applicants come back with completed paperwork, now we schedule intake interviews with each applicant. We are now able to get their necessary paperwork and meet with them within two weeks in order to issue their voucher, if eligible.

V. Meeting Agenda

2020 Budget Draft

Jodi Bogen and Jeremy Durham presented and answered questions regarding the proposed 2020 draft budget. The final reading of the budget will be at the December Commissioners' meeting along with a budget resolution.

Jodi gave an overview of the 2020 budget draft, the possible budget risks, review of revenue and expenses, reserves, and Board Policy decisions. The Commissioners discussed the idea of having an overview of the LIHTC process, especially for new board members.

Jodi mentioned that there is a \$2.7M increase in net income compared to past years due to grants and the sale of the Cornell House. We anticipate that two of our properties, Madison and Woodlands, will transition to be tax credit entities.

The Commissioners mentioned that the City of Boulder is entering into partnerships with organizations that work to convert properties from using gas to electric. The Commissioners mentioned that BHP could volunteer for these programs.

The Commissioners discussed having a tour of the different BHP properties.

Mt. Calvary Land Purchase – Resolution #19-16

Jeremy Durham presented on the Mt. Calvary Land Purchase and answered questions from the Board.

Jeremy mentioned that the church that is currently at the site will be exiting the property at the end of November 2019. Laura Sheinbaum mentioned that we will continue to have groups using some of that space. Since acquiring this property, BHP has been taking care of any and all maintenance obligations.

COMMISSIONER HARRIS MADE A MOTION TO APPROVE RESOLUTION #19-16, COMMISSIONER GRIFFIN SECONDED THE MOTION. The motion passed unanimously.

Consideration of Strategic Framework for Adoption

Jeremy went over the Strategic Framework and answered questions from the Board.

The Commissioners discussed changing the wording of “Keeping our environmental *footprint* small” to “Keeping our *impact* on the environment small.” The Commissioners also discussed changing the “Power of home” to the “Power of *having a home.*”

COMMISSIONER YATES MADE A MOTION TO ADOPT THE STRATEGIC FRAMEWORK, COMMISSIONER HARRIS SECONDED THE MOTION. The motion passed unanimously.

VI. Board Matters

Resident Representative Council Update

Commissioner Griffin reported for the Resident Representative Council.

Commissioner Griffin said that Lyndall Ellingson updated everyone about CPR training and the Healthy Together Fund will provide the classes to interested participants. The RRC will provide daycare while parents attend the training.

The Commissioners mentioned that the RRC is made up by properties that have a resident council. Currently, there are active councils at Walnut Place and Canyon Pointe. Anyone from the other properties is welcome to participate. There is a representative from resident services, and they direct them to someone in BHP that can help them.

Board Announcements

Commissioner Levy mentioned that she will not be able to make the December Board meeting.

Commissioner Soraci mentioned that Attention Homes, which is an organization that focuses on youth facing homelessness, had their annual Sleep Out event. This event was created to raise awareness and funds. People can still donate through the end of November; the organization is close to reaching their \$150,000 goal.

Additions to the Agenda

There were no additions to the agenda.

Future Board Items

The Commissioners discussed the ways in which BHP can help tenants to connect them with different services or providers that serve low-income individuals.

Commissioner Yates asked if Kurt Firnhaber, the Director of Housing and Human Services for the City of Boulder, could present on where the city is in terms of homelessness.

VII. Adjourn

COMMISSIONER WALKER MADE A MOTION TO ADJOURN THE MEETING OF THE BOARD OF COMMISSIONERS. COMMISSIONER LEVY SECONDED THE MOTION. The motion passed unanimously.

The meeting of the Board of Commissioners adjourned at 11:48 a.m.

Seal
DATE: 11/13/2019

Valerie Soraci
Chairperson, Board of Commissioners
Boulder Housing Partners

Jeremy Durham
Executive Director

Jason Acuña
Recording Secretary

FINANCE SUMMARY

As of October 2019

BHP
Statement of Activities

Year to date - October 31, 2019

Note; Red type reflects new or updated information from prior reports

	YTD Actual	YTD Revised budget	Variance \$	% Var	Ref	Variance Explanation
REVENUE						
Operations Revenue						
Tenant Dwelling Rental	\$ 9,543,598	\$ 9,173,891	\$ 369,707	4%	A	\$192K due to Trout Farms not in budget
Non Dwelling Rental Income	92,112	75,297	16,815	22%		
HUD-Operating Subsidy	11,275	45,000	(33,725)	-75%	B	Public Housing Operating Subsidy funding reduced in 2019 compared to prior years
Total Operations Revenue	9,646,985	9,294,188	352,798	4%		
Fee Revenue						
Property Mgmt & Asset Mgmt Fees	619,992	600,630	19,363	3%		
Development Fees	1,354,349	1,140,000	214,349	19%	C	West End / Canopy LIHTC closing; higher Dev fees compared to budget
Mgmt Fees - Tax Credits & S8	606,106	591,306	14,800	3%		
Res Svc Income	342,897	336,403	6,495	2%		
Total Fee Revenue	2,923,345	2,668,338	255,007	10%		
Grants and Subsidies						
HCV-HAP/Admin Revenue	8,599,301	9,818,801	(1,219,500)	-12%	D	Lower lease up on vouchers continue from prior year
Non Federal Grants and Donations	336,948	293,151	43,797	15%		
Non Federal Capital Grants and Donations	6,292,205	3,100,000	3,192,205	103%	E	Relates to COB prefunding of 30Pearl predevelopment costs, and \$3.9MM received from COB for Canopy not budgeted, passes thru to LIHTC as a loan
Federal Capital Grants	0	0	0	0%		
Federal Service Grants	458,907	455,823	3,084	1%		
Total Grants and Subsidies	15,687,362	13,667,776	2,019,586	15%		
Other Revenue						
Tenant Fees and Utility Reimbursements	390,829	269,699	121,130	45%	F	Utility billing; change in process, record revenue instead of netting against expense; \$35K YTD, plus \$48K fav variance of Admin fees at Market rate properties
Interest Income	1,485,158	1,333,462	151,696	11%	G	Soft Debt interest; West End; \$129K not in budget, Bank interest favorable \$35K due to investing Development equity funds.
Laundry Vending	60,817	67,544	(6,728)	-10%		
Maint Charges to Prop	1,291,813	1,481,010	(189,197)	-13%	H	Timing - anticipate increased workorder billing in Nov and Dec to reduce variance
Miscellaneous Revenue	33,138	24,798	8,340	34%		
Total Other Revenue	3,261,754	3,176,513	85,241	3%		
Total Revenue	31,519,446	28,806,814	2,712,632	9%		
EXPENSES						
Salaries and Benefits						
Salaries and Benefits	5,079,902	5,275,797	195,895	4%		
Total Salaries and Benefits	5,079,902	5,275,797	195,895	4%		

BHP
Statement of Activities

Year to date - October 31, 2019

Note: Red type reflects new or updated information from prior reports

	YTD Actual	YTD Revised budget	Variance \$	% Var	Ref	Variance Explanation
Property Costs						
Management Fees	228,004	215,351	(12,653)	-6%		
Maintenance Materials	289,299	273,410	(15,890)	-6%		
Contract Labor & Repairs	1,315,241	1,144,914	(170,327)	-15%	I	Includes \$174K expenditures paid by Reserves for Tantra, not in budget, but other set aside funding used.
BHP Contract Labor	751,086	884,405	133,319	15%	J	Timing; directly related to E above; partially offsetting
Extraordinary Expense	44,695	0	(44,695)	0%		
Garbage and Trash Removal	156,732	159,406	2,674	2%		
Water and Sewer	328,525	319,094	(9,431)	-3%		
Electricity	105,752	110,709	4,957	4%		
Gas	137,042	138,079	1,037	1%		
Utility Billing	15,597	16,135	538	3%		
PILOT	18,340	18,837	497	3%		
HOA Fees	175,935	125,484	(50,451)	-40%	K	Trout Farms; \$45K not in budget
Total Property Costs	3,566,249	3,405,824	(160,425)	-5%		
Operating Expenses						
Audit Fees	53,625	53,030	(595)	-1%		
Bad Debt Expense - Tenants	62,724	67,397	4,673	7%		
Board Expense	9,128	16,717	7,589	45%		
Consultants & Contract Labor	121,900	210,593	88,694	42%	L	Timing, plus actual savings expected; approx \$50K
Depreciation & Amortization	3,850,475	3,948,366	97,891	2%		
Dues and Fees	67,411	72,722	5,311	7%		
Expendable Equipment	160,294	214,623	54,329	25%	M	Timing, plus actual savings expected; approx \$25K
HCV-HAP Expense	7,942,590	9,111,689	1,169,099	13%	N	Relates to continued lower HAP voucher lease up mentioned for HAP revenue Ref A above
Insurance Expense	422,448	421,746	(702)	0%		
Interest Expense	135,194	77,595	(57,598)	-74%	O	LOC interest; \$55K due to delayed payoff related to Canyon Pointe and 2037 Walnut
Legal Expense	70,454	64,885	(5,570)	-9%		
Mileage & Vehicle Expense	53,045	71,220	18,175	26%		
Miscellaneous - Expense	63,587	94,821	31,234	33%		
Mortgage Interest Expense	2,149,908	2,080,444	(69,463)	-3%	P	Trout Farms; \$55K not budgeted
Bond Fees	102,936	69,435	(33,501)	-48%	Q	Includes \$36K non cash interest on Bway East Bond Swap, intentionally not budgeted since
Advertising/Marketing	47,477	29,037	(18,439)	-64%		
Office Supplies	28,947	37,967	9,020	24%		
Other Administrative Expenses	28,510	28,703	193	1%		
Phone Expense	68,433	84,690	16,257	19%		
Printing & Postage Expense	46,029	54,686	8,656	16%		
Property Mgmt & Asset Mgmt Fees	619,992	600,629	(19,363)	-3%		
Resident Services Fees	92,502	86,812	(5,690)	-7%		
Staff Training	102,932	134,053	31,121	23%		
Service Grant Expense	639,737	575,875	(63,862)	-11%	R	\$55k over on COB PSH grant program; offset by additional funding
Total Operating Costs	16,985,246	18,207,734	1,222,488	7%		
Total Expenses	25,631,397	26,889,355	1,257,958	5%		
Income before Gain on Acq./Disp. Of Assets	\$ 5,888,049	\$ 1,917,459	\$ 3,970,590	207%		
Gain (Loss) on Acq./Disp. of Assets	24,731,729	3,000,000	21,731,729	100%	S	book value
TOTAL NET INCOME (LOSS)	\$ 30,619,778	\$ 4,917,459	\$ 25,702,319	523%		

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

BHP
Balance Sheet
October 31, 2019 and December 31, 2018

	Actual October-19	Actual December-18	Net Change YTD	Ref	Comments
ASSETS					
Current Assets					
Unrestricted Cash and Cash Equivalents	\$ 5,901,375	\$ 5,060,907	\$ 840,467	T	Includes Development Equity funds which have increased \$950K due to Development Fees received.
Reserved Cash - Replacements and Other	3,335,865	2,765,781	570,084	U	Normal funding plus one time additions; \$33K from Bway East, \$93K Trout Farms and \$170K Tantra Lake released from Restricted Funds.
Accounts Receivable	302,401	361,017	(58,617)		
Accounts Receivable-Tax Credits	105,664	926,143	(820,478)	V	Receipt of 2018 Cash Flow waterfalls
Accounts Receivable - BHP Intercompany	0	0	0		
Notes Receivable – Current	150,000	234,163	(84,163)		
Prepaid Expenses	405,229	336,156	69,073		
Supplies-Inventory	0	1,595	(1,595)		
Total Current Assets	10,200,533	9,685,763	514,770		
Restricted Cash					
Restricted Cash - Other	2,209,374	829,025	1,380,349	W	\$1.3MM future funding of Canopy at construction completion, \$700K net Cornell House proceeds less \$170K released to Unrestricted Funds; Tantra Lake
Restricted Cash - Section 8	156,995	48,583	108,412	X	Mainstream voucher program excess revenue over expense; \$140K; funding increased
Restricted Cash - Tenant Security Deposits	512,700	487,951	24,749		
Total Restricted Cash	2,879,069	1,365,559	1,513,510		
Capital Assets					
Construction in Progress	2,240,625	1,519,791	720,834	Y	Pre-development costs for 30Pearl remain until reimbursement at Nov closing
Furniture Fixtures and Equipment	907,857	944,016	(36,160)		
Real Estate Assets-Land and Buildings	143,480,110	137,740,877	5,739,233	Z	\$4.6MM addition of Broadway East assets, \$8.5MM purchase of Trout Farms, less sale of assets; Canyon Pointe / Glen Willow sale of assets; \$6MM, Cornell House Sale; \$330K, Orchard House Sale; \$375K, and land to Canopy \$925K
Less: Accum Depreciation Real Estate Assets	(36,483,308)	(38,107,177)	1,623,870	AA	Large reduction, mainly due to sale of Canyon Pointe / Glen Willow
Total Capital Assets	110,145,284	102,097,507	8,047,777		
Other Assets					
Notes Receivable	72,124,909	56,990,243	15,134,666	AB	New Seller Carryback loans; \$13MM West End, \$4.8MM Canopy offset by \$2.7MM Forgiveness of Broadway East soft debt as part of Broadway East Tax credit exit
Development Fees Receivable	3,053,034	3,071,546	(18,512)		
Interest Receivable Notes	6,297,789	5,036,044	1,261,745	AC	Normal interest accrual; Tax Credit notes
Partnership Investments	408,793	408,150	643		
Net Amortized Costs	2,402,329	2,411,260	(8,931)		
Total Other Assets	84,286,855	67,917,245	16,369,610		
TOTAL ASSETS	207,511,740	181,066,073	\$ 26,445,667		

BHP
Balance Sheet
October 31, 2019 and December 31, 2018

	Actual October-19	Actual December-18	Net Change YTD	Ref	Comments
LIABILITIES & EQUITY					
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 346,731	\$ 723,182	\$ (376,451)	AD	Normal decrease due to year end accruals
Accrued Payroll	91,354	149,835	\$ (58,481)		
Accrued Payroll Taxes and Benefits	121,965	39,505	\$ 82,460		
Accrued Compensated Absences	296,744	258,181	\$ 38,562		
Other Accrued Expenses	210,542	203,107	\$ 7,436		
Deferred Revenue	427,389	223,946	\$ 203,443	AE	Unspent COB 30Pearl prefunding of entitlement cost
Current Portion of Long Term Debt	1,353,569	1,296,976	\$ 56,593		
Current Port Bonds Payable	55,000	0	\$ 55,000		
Prepaid Rent	37,418	27,662	\$ 9,756		
Security Deposits	512,872	492,067	\$ 20,804		
Total Current Liabilities	3,453,584	3,414,461	39,123		
Long-Term Liabilities					
Notes Payable	3,000,000	9,720,695	\$ (6,720,695)	AF	Paid off entire LOC related to Canyon Pointe and 2037 Walnut
Accrued Interest Payable	(0)	20,028	\$ (20,028)		
Mortgages Payable	71,164,994	69,548,520	\$ 1,616,474	AG	New Mortgage; \$4.2MM Trout Farms less \$1.2MM HUD loan payoff (Canyon Pointe) and normal principal payments
Bonds Payable	1,827,196	0	\$ 1,827,196	AH	\$1.8MM addition of Bond payable related to Broadway East exit from Tax Credit to BHP
Net Pension Liability	11,325,569	11,325,569	\$ -		
Total Long-Term Liabilities	87,317,759	90,614,812	(3,297,054)		
TOTAL LIABILITIES	90,771,342	94,029,273	(3,257,931)		
EQUITY					
Total Equity	116,740,398	87,036,800	29,703,598	AI	Relates to aforementioned increase in Notes Receivable, Building acquisitions and Cash from sale of assets, less new mortgage for Trout Farms
TOTAL LIABILITIES AND EQUITY	\$ 207,511,740	\$ 181,066,073	\$ 26,445,667		

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

Note (2): BHP has a Line of Credit available for borrowing of up to \$9.6 Million.

BHP
Statement of Cash Flows
Year to date - October 31, 2019

Note; Red type reflects new or updated information from prior reports

	For the month of October 31, 2019	Year to Date	Ref	Current Month Comments
Reconciliation of Net Income to Net Cash Provided				
(Used) by Operating Activities				
Net Income (Deficit)	\$ 389,836	\$ 30,619,778		
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities				
Increase (Decrease) in Accum. Depreciation	205,645	(1,614,939)	AJ	Large reduction due to sale of assets; Canyon Pt, Glen Willow, Cornell House, Orchard House
(Increase) Decrease in Accounts Receivable	33,561	1,009,781	AK	\$950K Cash flow from tax credits received Q2
(Increase) Decrease in Prepaid Expenses	47,682	(69,073)		
Increase (Decrease) in Prepaid Rent and Security Deposits	(4,140)	30,560		
(Increase) Decrease in Supplies/Inventory	3,750	1,595		
(Increase) Decrease in Reserved Cash	(522,767)	(570,084)	AL	Established new Insurance Reserve; \$500K
				\$1.3M restricted funds held for equity contribution to Canopy when construction is completed, plus COB funds for 30Pearl; \$251K, plus COB PSH restricted voucher funds \$200, less \$170K transferred to replacement reserves
(Increase) Decrease in Restricted Cash	347,889	(1,513,510)	AM	
Increase (Decrease) in Payables and Accrued Expenses	(92,135)	(437,159)		
Increase (Decrease) in Deferred Revenue	(666,586)	203,443	AN	COB prefunding of 30Pearl entitlement costs
Increase (Decrease) in Deferred Inflows	0	0		
Increase (Decrease) in Pension Liability	0	0		
Total Adjustments	(647,102)	(2,959,386)		
Net Cash Provided (Used) by Operating Activities	(257,266)	27,660,393		
Cash Flows from Investing Activities				
(Increase) Decrease in Construction in Process	(407,261)	(720,834)	AO	Pre development costs, \$335K reimbursed at 30Pearl November closing
(Increase) Decrease in Furniture Fixtures and Equipment	0	36,160		
				\$4.6MM addition of Broadway East assets, \$8.5MM purchase of Trout Farms, less sale of assets; Canyon Pointe / Glen Willow sale of assets; \$6MM, Cornell House Sale; \$330K, Orchard House Sale; \$375k, and land to Canopy \$925K
(Increase) Decrease in Real Estate Assets	340,287	(5,739,233)	AP	
(Increase) Decrease in Notes and Interest Receivable	(328,274)	(16,294,577)	AQ	New Seller Carryback loans; \$13MM West End, \$4.8MM Canopy offset by \$2.7MM Forgiveness of Broadway East Soft debt as part of Broadway East Tax credit exit
Net Cash Provided (Used) by Investing Activities	(395,248)	(22,718,485)		
Cash Flows from Financing Activities				
Increase (Decrease) in Current Portion of Long Term Debt	0	111,593		
Increase (Decrease) in Notes Payable	0	(6,720,695)	AR	payoff outstanding Line of Credit in June
				\$4.2MM new Mortgage; Trout Farms, \$1.6M Bond; Bway East, less \$1.2MM HUD loan payoff
Increase (Decrease) in Mortgages and Bonds Payable	(136,084)	3,423,642	AS	
Increase (Decrease) in GP contributions	0	980		
Net Cash Provided (Used) by Financing Activities	(136,084)	(3,184,481)		
GP contributions to LLLP	0	(908,000)	AT	Land contributed to Canopy valued at \$908K
Net Increase (Decrease) in Cash and Cash Equivalents				
Net Increase (Decrease) in Cash and Cash Equivalents	(779,638)	1,757,427	AU	Sale of Canyon Pointe/Glen Willow in June
Unrestricted Cash and Cash Equivalents - Beginning	6,681,012	5,051,947		
Unrestricted Cash and Cash Equivalents - Ending	5,901,375	5,901,375		

BHP CASH Report

December-18

July-19

August-19

September-19

October-19

<u>Unrestricted Cash Available for Operations</u>	Balance	Balance	Balance	Balance	Balance	Board Target	Surplus (Deficit)
BHP Operating Reserves	2,603,438	3,361,695	3,423,442	3,812,703	3,810,872	3,000,000	812,703
BHP Replacement Reserves	2,765,781	3,084,115	3,036,073	2,813,098	2,835,865	2,506,000	307,098
Total Unrestricted BHP Cash	5,369,219	6,445,810	6,459,515	6,625,800	6,646,737	5,506,000	1,119,800

Notes

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

<u>Development Resources, Including LOC</u>	Balance	Balance	Balance	Balance	Balance
BHP Equity Fund	1,136,194	2,396,814	2,525,595	2,952,242	2,337,473
City of Boulder; 30Pearl Entitlement Project Funds			891,177	529,687	251,631
Line of Credit - Available	2,870,999	9,592,000	9,592,000	9,592,000	9,592,000

\$727K Cornell House proceeds moved from unrestricted funds in Aug.
began split out on Aug. report to provide clarity

<u>Unrestricted Cash - Restricted by Property/Program</u>	Balance	Balance	Balance	Balance	Balance
MTW Reserves ⁽¹⁾	841,230	670,018	595,256	510,010	504,660
Total Unrestricted Cash Restricted by Program	1,321,276	670,018	595,256	510,010	504,660

⁽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

<u>Replacement Reserved - Restricted by Bank or HUD</u>	Balance	Balance	Balance	Balance	Balance
<u>Other Restricted Funds</u>					
Tantra Rehab Funds ⁽²⁾	301,186	125,000	125,000	125,000	125,000
Habitat Funds	107,774	101,994	101,994	101,994	75,504
Broadway East Bond Restricted Funds		51,104	51,250	51,270	51,514
COB PSH Program Funds	90,359	156,867	131,215	291,574	290,158
Canopy Contribution being held		1,328,013	1,329,322	1,330,677	1,325,973
Cornell House Escrow; July 1 Sale		726,844	0	0	0
S8/FSS Escrow	76,845	74,062	79,754	86,196	89,595
Section 8 NED NRA(HAP)	48,583	113,256	126,599	142,633	156,995
Total Restricted Cash Other	877,608	2,677,140	1,945,135	2,129,345	2,114,739

Set aside for new boiler

Received \$220K tranche in September
Funds to be contributed to Canopy at end of Construction; Spring 2020
Funds moved to Development Equity Funds in Aug.

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

November 2018 - October 2019

Property	Address	Units	Adjusted DSCR	PUPA EGI	PUPA OpEx	Reserves	PUPA Net of Reserves	PUPA Debt	Adjusted DSCR (1)
Arapahoe Court	951,953 Arapahoe	14	0.00	\$ 4,122	\$ (7,023)	\$ -	\$ (2,901)	\$ -	-
Madison	1130-1190 35th St.	33	0.00	\$ 7,461	\$ (8,817)	\$ -	\$ (1,356)	\$ -	-
Public Housing I Sub Total:		47	X	\$ 6,466	\$ (8,283)	\$ -	\$ (1,816)	\$ -	-
Arapahoe East	4610 Arapahoe	11	12.00	\$ 13,101	\$ (7,616)	\$ (300)	\$ 5,185	\$ 1,747	2.97
Dakota Ridge	4900 10th St.	13	12.00	\$ 18,292	\$ (5,657)	\$ (300)	\$ 12,335	\$ 7,511	1.64
Sanitas Place	3640 Broadway	12	12.00	\$ 12,737	\$ (6,870)	\$ (300)	\$ 5,567	\$ 3,019	1.84
Twin Pines	1700 22nd St.	22	12.00	\$ 12,207	\$ (5,767)	\$ (300)	\$ 6,140	\$ 3,083	1.99
Combine Loan One Subtotal		58		\$ 13,850	\$ (6,321)	\$ (300)	\$ 7,229	\$ 3,809	1.90
101 Canyon	101-103 Canyon	6	12.00	\$ 23,521	\$ (10,578)	\$ (300)	\$ 12,643	\$ 8,308	1.52
Hayden Place	34th & Hayden Place	24	12.00	\$ 11,292	\$ (5,826)	\$ (300)	\$ 5,166	\$ 3,306	1.56
Whittier	1946 Walnut St.	10	12.00	\$ 12,971	\$ (6,845)	\$ (300)	\$ 5,826	\$ 2,621	2.22
Woodlands	2600 Block of Mapleton	35	12.00	\$ 14,072	\$ (8,035)	\$ (300)	\$ 5,738	\$ 5,116	1.12
Combine Loan Two Subtotal		75		\$ 13,792	\$ (7,373)	\$ (300)	\$ 6,119	\$ 4,460	1.37
Twenty37 Walnut (2)	2037 Walnut	26	0.00	\$ 22,180	\$ (6,829)	\$ (300)	\$ 13,092	\$ -	-
Bridgewalk	602-698 Walden Circle	123	1.40	\$ 20,874	\$ (6,362)	\$ (550)	\$ 13,963	\$ 9,949	1.40
Broadway East	3160 Broadway	44	0.00	\$ 12,001	\$ (7,725)	\$ (330)	\$ 3,946	\$ 2,009	1.96
Casey	2453 Broadway	6	0.00	\$ 18,309	\$ (6,301)	\$ (300)	\$ 11,708	\$ 8,636	1.36
Cedar	1240 Cedar	13	0.00	\$ 17,024	\$ (6,519)	\$ (300)	\$ 10,204	\$ 5,073	2.01
Foothills	4500 block of 7th/8th	74	1.37	\$ 14,664	\$ (7,590)	\$ (300)	\$ 6,774	\$ 4,958	1.37
Hayden Place 2 (3)	3480 Hayden Place	6	0.00	\$ 13,238	\$ (5,114)	\$ (300)	\$ 7,824	\$ 5,914	1.32
Tantra Lakes	807-999 Moorhead	185	0.00	\$ 18,424	\$ (8,507)	\$ (300)	\$ 9,617	\$ 7,928	1.21
Trout Farms	2727 Folsom	31	0.00	\$ 6,335	\$ (5,364)	\$ (125)	\$ -	\$ -	-
Midtown (2)	837 20th St.	13	0.00	\$ 12,478	\$ (8,288)	\$ (300)	\$ 3,890	\$ -	-
Vistoso	4500 Baseline	15	0.00	\$ 11,419	\$ (7,390)	\$ (300)	\$ 3,729	\$ 2,547	1.46
Workforce Sub Total:		668	\$ 1	\$ 16,348	\$ (7,309)	\$ (340)	\$ 8,583	\$ 5,815	1.48
Portfolio Totals:		715	1.03	\$ 15,698	\$ (7,373)	\$ (318)	\$ 7,900	\$ 5,433	1.45

November 2018 - October 2019

Annualized ...

Tax Credit Properties	Address	Units	DSCR	PUPA EGI	PUPA OpEx	Reserves	PUPA Net of Reserves	PUPA Debt	Adjusted DSCR (1)
Broadway West	3120 Broadway	26	12.00	\$ 11,726	\$ (7,064)	\$ (330)	\$ 4,332	\$ 2,463	1.76
High Mar	4990 Moorhead Ave	59	12.00	\$ 11,875	\$ (6,915)	\$ (288)	\$ 4,671	\$ 3,894	1.20
Holiday	1500 Lee Hill	49	12.00	\$ 10,945	\$ (6,676)	\$ (200)	\$ 4,069	\$ 3,278	1.24
Lee Hill (5)	1175 Lee Hill	31	12.00	\$ 14,073	\$ (8,963)	\$ (375)	\$ 2,213	\$ -	-
Palo Park	3295 Palo Pkwy	35		\$ 12,564	\$ (7,881)	\$ (308)	\$ 4,376	\$ 4,131	1.06
Red Oak Park	27th & Valmont	59	12.00	\$ 11,920	\$ (6,468)	\$ (367)	\$ 5,085	\$ 4,334	1.17
WestView	4600 Broadway	34	12.00	\$ 13,118	\$ (5,174)	\$ (330)	\$ 7,615	\$ 5,567	1.37
Tax Credit Properties excluding Boulder Comm & West End Comm.		293		12174.4	\$ (6,928)	\$ (309)	\$ 4,670	\$ 3,563	1.31
West End Communities	Various	116	-	\$ 5,367	\$ (2,306)	\$ (256)	\$ 2,805	\$ -	-
Boulder Communities	Various	279	-	\$ 11,643	\$ (7,075)	\$ (520)	\$ 4,048	\$ 2,916	1.39
Tax Credit Sub Total:		804	(1.59)	10025.7	\$ (5,645)	\$ (367)	\$ 3,916	\$ 2,310	1.70

Properties in Transition	Address
Canopy at Red Oak Park	2625 Valmont Rd.
Orchard Grove	Valmont and 34th
Palo Park	4525 Palo Parkway
Twenty37 Walnut	2037 Walnut
Trout Farms	2727 Folsom
West End Communities (4)	700 Walnut; 301 Pearl St

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: 1.15 DSCR is the Minimum Benchmark for all properties
 (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) Midtown & 2037 Walnut 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) Previously was Project Based BHP Properties (Canyon Pointe & Glen Willow)
 (5) Lee Hill does not have permanent debt so DSCR does not apply.

Boulder Housing Partners Benchmark Report as of October-2019

Net Income

	YTD Actual	YTD Budget	% Diff
Income	31,519,446	28,806,814	9%
Expense	(25,631,397)	(26,889,355)	5%
Asset Sales	24,731,729	\$ 3,000,000	
Net Income	30,619,778	4,917,459	

Debt Service Coverage Ratio

1.45

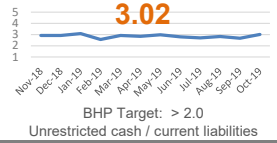
BHP Target 1.15

Balance Sheet Summary

	Actual Oct-19	Actual Dec-18	Net Change YTD
Assets	207,511,740	181,066,073	26,445,667
Liabilities	(90,771,342)	(94,029,273)	3,257,931
Equity	116,740,398	87,036,800	29,703,598

BHP Quick Ratio

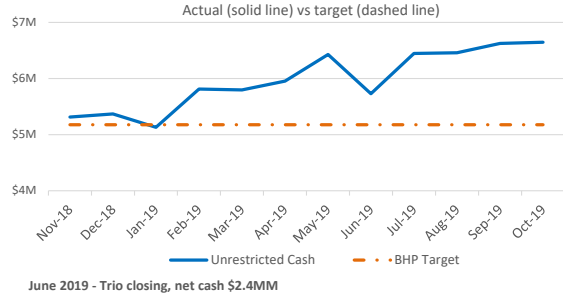
3.02



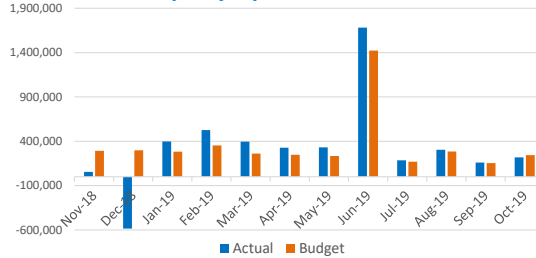
Maintenance

Metrics are pending from new work order system.

BHP Unrestricted Cash, Last 12 Month



BHP Property Operational Income



PUPA

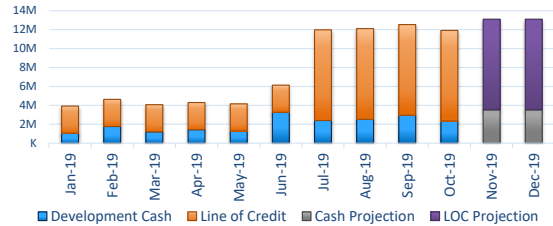
\$6283

BHP & TC Units

Unit Mix

AMI	BHP	LIHTC
PH/PB	47	395
30%	12	48
40%	38	65
45%	0	17
50%	158	142
60%	149	21
Market	312	0
Total	716	688
All Units	1404	

BHP Development Equity



Operating Reserves

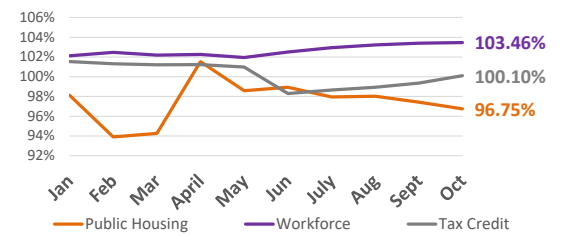
Current Operating Reserves
3,812,703

2019 Annual Expenses
14,927,544

3.1 Months

of annual operating expenses are covered by the current operating reserves.
BHP Target is 2 Months

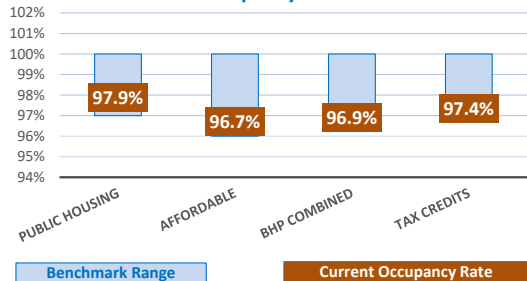
% of Budgeted Net Tenant Rental Income Received



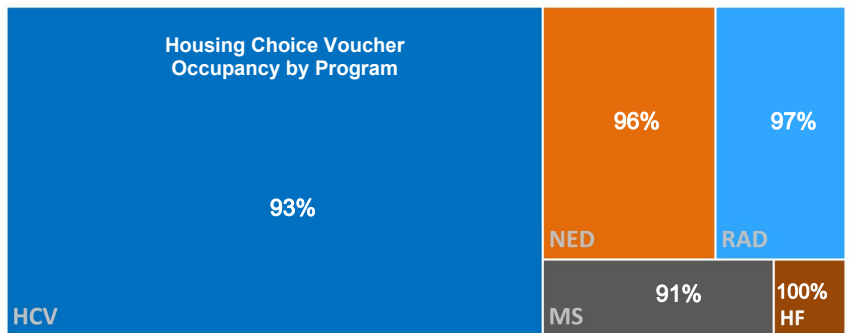
Development Equity Notes

- Feb '19 - Received \$1MM from COB for 30 Pearl
- Jun '19 - Closing on Trout Farms, West End and Conopy
- Jul '19 - Pay off \$6M Line of Credit with closing proceeds from West End

BHP Occupancy Rates YTD



Housing Choice Voucher Occupancy by Program



Housing Choice Voucher Notes

- HCV - 756 Housing Choice Vouchers
 - RAD - 135 Rental Assistance Demonstration Vouchers
 - NED - 181 Non-Elderly Disabled Vouchers
 - MS - Mainstream 50 + 28 Vouchers
 - HFP - 22 Housing First Vouchers
 - **COB - City of Boulder Voucher Funding - not shown in graph
- As of 9/30, this program has funded 19 vouchers.



MEMO

To: Board of Commissioners
From: Jeremy Durham and Jodi Bogen
Date: December 11, 2019
Re: **2020 Final Operations Budget**

Summary

We present our 2020 budget for final budget adoption after a review of two items that have changed from the draft budget presented and reviewed during the November 13 board meeting.

Highlights of the two changes are as follows;

1. HUD award of an additional funding for 39 Mainstream vouchers; Grant award \$408,000.
All funds will pass through as voucher payments to landlords, hence not increasing net income nor operating cash. There will be nominal admin revenue, however the admin fees have not been added to the budget due to timing and the undetermined amount at this time. The Mainstream voucher program has seen growth from 50 vouchers to an additional 28 awarded in 2019. Adding this incremental 39 vouchers will bring the total to 117. Mainstream vouchers assist families with a person with disabilities under the age of 62.
2. City of Boulder additional award of funding for 18 permanently supportive housing vouchers; Grant award \$360,000.
The majority of funding will also pass through as voucher payments to landlords. BHP has requested to begin taking a small admin fee to administer these vouchers now that the number of vouchers has grown from 12 to 30, and the latest tranche, bringing the total to 48 beginning 2020. The admin fee of \$15,000 is significantly less than the admin fee charged to the HUD voucher programs.

The overall impact of the above changes is an increase of \$15,000 revenue for the aforementioned admin fee. Impact to net income and operating cash for both changes discussed above compared to the draft budget presented on November 13.

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 operating cash presentation.

The consolidated BHP budget for calendar year 2020 shown below is compared to a Rolling 12 Months Actual; October 2018 through September 2019, in lieu of the prior year budget due to significant property dispositions of Canyon Pointe and Glen Willow, sold to LIHTC ownership during 2019. The Rolling 12 Months Actuals reflected below excludes Canyon Pointe and Glen Willow's financial activity to provide a comparable analysis to the 2020 Budget.

BHP Consolidated Budget	2020 BUDGET	Rolling 12 months actuals; Oct 2018-Sept 2019	Change in Income Increase (Decrease)	%
Operating Revenue	\$ 16,288,395	\$ 15,535,519	\$ 752,876	5%
Operating Expenses	\$ (13,072,573)	\$ (12,446,126)	\$ (626,447)	-5%
Net Operating Income	\$ 3,215,822	\$ 3,089,393	\$ 126,429	4%
Voucher Revenue - Federal / Local	\$ 11,871,985	\$ 9,839,343	\$ 2,032,642	21%
Voucher Expense - Federal / Local	\$ (11,871,625)	\$ (9,839,343)	\$ (2,032,282)	21%
Capital Grants	\$ 6,002,707	\$ 8,141,091	\$ (2,138,384)	-26%
Development Fees	\$ 1,854,349	\$ 1,427,349	\$ 427,000	30%
Interest Income	\$ 1,952,514	\$ 1,707,679	\$ 244,835	14%
Depreciation Expense	\$ (4,554,428)	\$ (4,443,095)	\$ (111,333)	-3%
Non Capital Reserve Spending	\$ (141,600)	\$ (353,601)	\$ 212,001	60%
Mortgage and Other Interest Expense	\$ (2,687,637)	\$ (2,782,955)	\$ 95,318	3%
Gain (Loss) on Sale of Capital Assets	\$ -	\$ 1,545,215	\$ (1,545,215)	-100%
Total Non-Operating Rev/Exp	\$ 2,426,265	\$ 5,241,683	\$ (2,815,418)	-54%
Net Income	\$ 5,642,087	\$ 8,331,076	\$ (2,688,989)	-32%
Debt Principal	\$ (1,438,706)	\$ (1,299,662)	\$ (139,044)	11%
Tax Credits cash flow; reduces soft debt	\$ 999,706	\$ 925,094	\$ 74,612	-8%
Development Equity funding to Operations	\$ 250,000	\$ -	\$ 250,000	-100%
Replacement Reserves Funding	\$ (371,171)	\$ (351,413)	\$ (19,758)	-6%
Other Adjustments to Operating Cash Basis Reporting	\$ (5,055,303)	\$ (7,436,814)	\$ 2,381,511	-32%
Contribution to Operating Cash	\$ 26,614	\$ 168,282	\$ (141,668)	-84%

The 2020 column, darker highlighted items shown above, are the main contributors to deriving the 2020 Contribution to Operating Cash.

Development Equity funds have been separated from Operating Cash as of 2018. Developer Fees and Capital Grants funds are significant sources of revenue, \$7,087,056 and \$10,051,147 for 2020 and 2019 respectively that are transferred to the Development Equity fund and are used to fund gap financing for LIHTC closings or the acquisition of real estate.

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

Adjustments to Operating Cash Basis Reporting	2020 BUDGET	Rolling 12 months actuals; Oct 2018-Sept	Difference	%
Net Income	\$ 5,642,087	\$ 8,331,076	\$ (2,688,989)	-32%
Adjustments to Net Income				
Plus:				
Amortization & Depreciation	\$ 4,554,428	\$ 4,443,095	\$ 111,333	3%
Predevelopment expense paid in prior years	\$ -	\$ 132,787	\$ (132,787)	-100%
Tax Credits cash flow; pay down of soft debt	\$ 999,706	\$ 925,094	\$ 74,612	8%
Development Equity funding to Operations	\$ 250,000		\$ 250,000	100%
Non Capital Expenditures funded by Reserves	\$ 141,600	\$ 353,601	\$ (212,001)	-60%
Less:				
Soft Debt interest from Tax Credits	\$ (1,894,275)	\$ (1,642,886)	\$ (251,390)	15%
Mortgage prepayment; Trout Farms	\$ (770,000)	\$ -	\$ (770,000)	100%
Gain (Loss) on Sale of Assets; non cash	\$ -	\$ (672,264)	\$ 672,264	-100%
Replacement Reserves Funding	\$ (371,171)	\$ (351,413)	\$ (19,758)	6%
Debt Principal	\$ (1,438,706)	\$ (1,299,662)	\$ (139,044)	11%
Total Transfers to Development Equity Fund	\$ (7,087,056)	\$ (10,051,147)	\$ 2,964,091	-29%
BHP net change in OPERATING Cash	\$ 26,614	\$ 168,282	\$ (141,668)	-84%

We are pleased to report that our 2020 Budget shows a projected Net Income of \$5,642,087 and a net positive Operating Cash of \$26,614. This compares to the Rolling 12 Month Actuals net income of \$8,331,076 and an increase in Operating Cash of \$168,282. We are currently developing the financial details for the conversion of Madison and Woodlands to a tax credit ownership in 2020 and project an \$11 million gain on sale of those assets.

This gain will not result in cash flow to BHP, as seller carryback loans will be factored into the financing after payoff of the Woodlands mortgage of approximately \$2.5 million. Since the Gain on Sale of Assets is a noncash transaction and applications to DOLA are still pending, this transaction is not included in the 2020 budget.

The significant \$2,688,989 decrease of Net Income vs. the Rolling 12 Months Actuals are mainly attributed to a \$2,000,000 reduction in Capital Grants, the 2019 \$850,000 cash Gain on Sale from the Cornell House, offset by a \$427,000 increase in developer fees.

Summary

This budget will meet our needs in 2020. The work ahead is to 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.

- 2020 Budgeted BHP operating expenses level of \$24,944,198 including Housing Assistance Payments (before depreciation) – Exhibit 1
- 2020 Mortgage Interest Expense of \$2,687,637

- Reserve funding and target levels – described in Section 10
- 2020 Tax credit budgets with operating expense level in aggregate of \$5,816,519 - Exhibit 2

1. Section 1 – Design and Process Overview

1.1. 2020 Budget Design

A 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. While each area will be discussed separately in this document, we are providing color coding for ease of understanding. The columns with gold headings represent MTW programs. Non-MTW voucher programs are columns with blue headings. BHP owned properties are columns with purple heading, BHP cost centers are in pink and the total BHP budget is in green. The tax credit properties are separate legal entities and have individual budgets that are not included in the BHP budget. The individual tax credit budgets are attached as exhibit 2 for your consideration.

The following chart provides the details of what is included in each program using the color coordination described above.

Moving to Work		Non MTW Programs		BHP Properties	
Program	Units/Vouchers	Program	Units/Vouchers	Program	Units/Vouchers
Public Housing		Non MTW Vouchers		Workforce	
Arapahoe Court	14	Mainstream; added 28 & 39	117	101 Canyon	5
Madison -9 mos 2020	25	NED	181	2037 Walnut	26
Total PH:	39	RAD	135	Arapahoe East	11
Section 8 (HCVP)		Housing First	22	Cedar / Casey	19
HCVP	756	City of Boulder	48	Bridgewalk	123
		Total Non MTW:	503	Broadway East	44
				Dakota Ridge	13
				Foothills	74
				Hayden Place 1&2	30
				Midtown	13
				Sanitas Place	12
				Tantra Lake	185
				Twin Pines	22
				Trout Farms	31
				Vistoso	15
				Whittier Apts	10
				Woodlands -9 mos 2020	26
				Total Workforce Units	659
				Central Office Cost Center	
				Administration/IT	Property Management
				Finance	Resident Services
				Development	Maintenance
				Human Resources	Sustainability
				Asset Management	4800 Broadway Building

Tax Credit Properties not included in BHP budget		
Boulder Communities	279	
Broadway West	26	
Canopy -6 mos 2020	41	<<new units
Ciclo; 9 mos	38	<<new units
HighMar	59	
Holiday	49	
Lee Hill	31	
Palo Park	35	
Red Oak Park	59	
West End	116	
Westview	34	
Madison -3 mos 2020	8	
Woodlands -3 mos 2020	9	
Total Tax Credit:	784	
30 Pearl	120	<<under construction until 2021
Total Tax Credit:	904	

SUMMARY	BHP Owned Units	Tax Credit Units (excl 30 Pearl)	Total Units	Vouchers	Total Units and Vouchers
Total Portfolio 2020	698	784	1482	1259	2741
Total Portfolio 2019	730	673	1403	1182	2585
Increase (decrease)	-32	111	79	77	156

1.2. Assumption Relating to New Units

Unit changes included in 2020:

- Conversion from BHP to Tax Credit ownership; 69 units at Madison and Woodlands; quarter 4, 2020.
- 38 new construction Tax Credit units at Ciclo, quarter 1, 2020.
- 41 new construction Tax Credit units at Canopy @ Red Oak Park, quarter 2, 2020
- 36 additional vouchers for City of Boulder programs
- 39 additional Mainstream Vouchers

1.3. Budget Process

The 2020 budget was prepared property by property using the assumptions outlined in each program discussion below. The budget includes:

- 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 reserves plan, and
- Eleven Tax Credit Budgets (not included in the BHP consolidated budget).
Though we project conversion of 69 BHP units to a new tax credit, no budget will be prepared at this time. Once an investor is determined, we will finalize that new tax credit budget.

The Board's approval of the 2020 Budget will adopt all documents by reference.

1.4. BHP Financial Management Policies

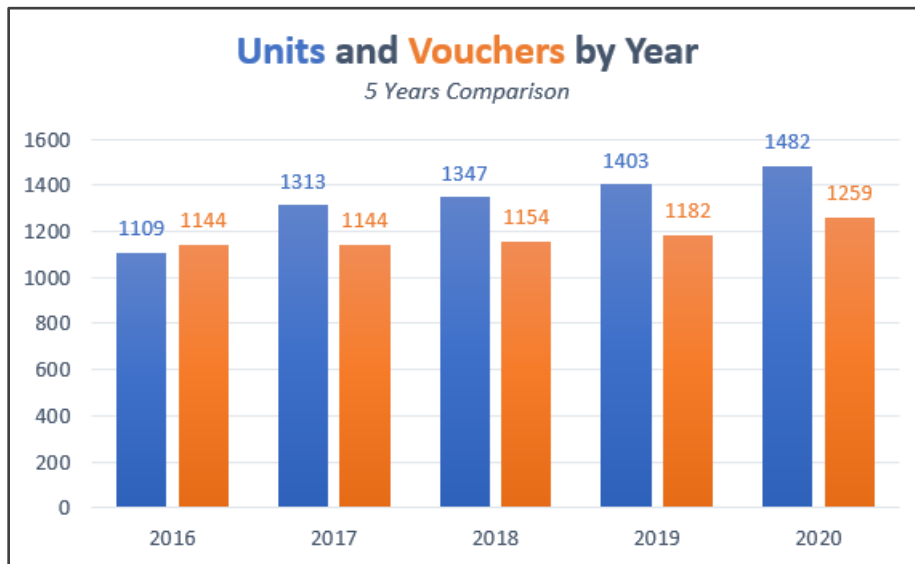
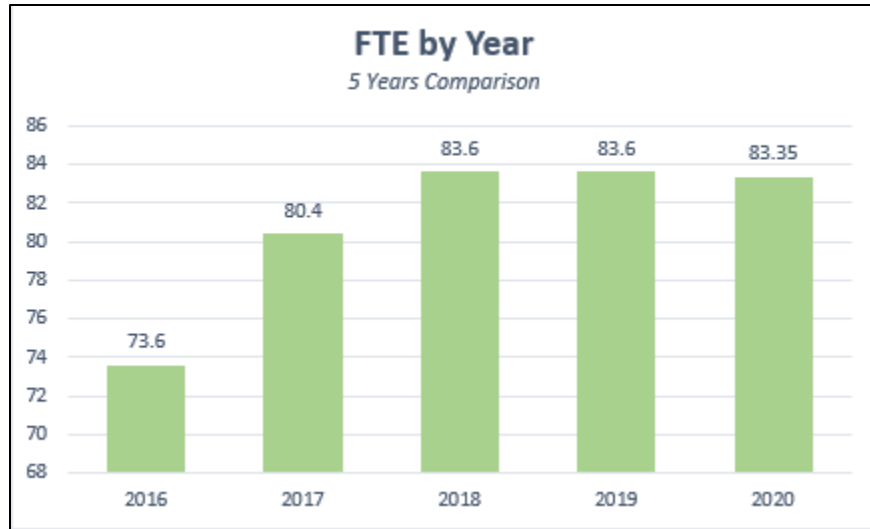
The financial policies that govern the creation of the budget including Revenues, Fixed Assets, Reserves, Debt and Investments. The following terms and provisions of BHP's Financial Management Policies are applicable to this budget. BHP's staff will work to update BHP's Financials Management Policies in the first and second quarter of 2020, following adoption of BHP's updated Strategic Framework.

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

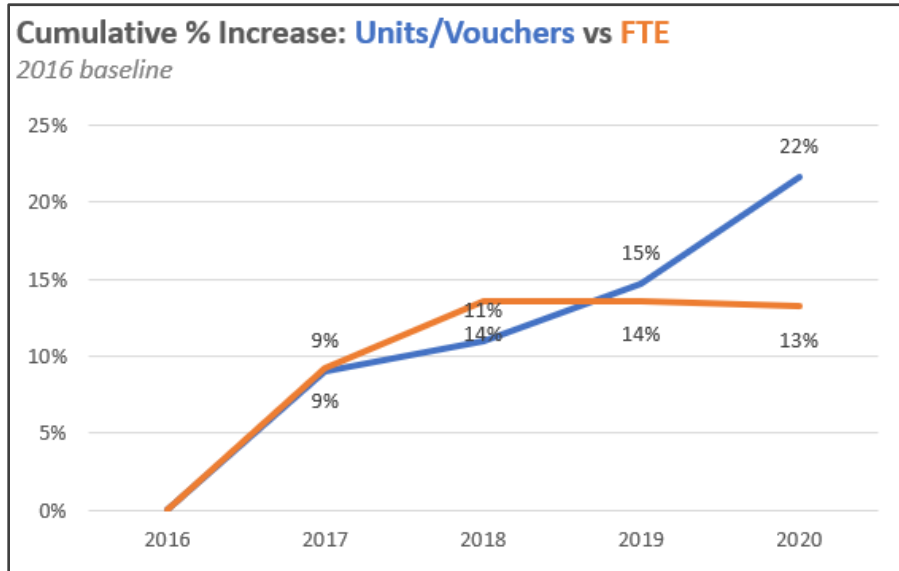
Commissioners (“Board”) no later than the November meeting of the Board and a second and final reading and presentation of a resolution of acceptance and approval is presented at the December meeting of the Board. Board approval of the budget is deemed approval of the associated expenses. No specific appropriation of funds is required for specific programs or budget line items.

- 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.
- 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.
- 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.
- 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.

2. Section 2 - Overview of Staffing Related to Number of Units & Vouchers



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



	2016	2017	2018	2019	2020
Full Time Employees	73.6	80.4	83.6	83.6	83.35
Cumulative % Increase	0%	9%	14%	14%	13%
Total Units/Vouchers	2253	2457	2501	2585	2741
Cumulative % Increase	0%	9%	11%	15%	22%
Units per FTE	30.6	30.6	29.9	30.9	32.9

We have been able to increase the services we provide to our families and seniors over the last five years while managing the FTE growth in line with the portfolio growth. Projecting forward for the next three years we would expect growth in FTE to be directly related to growth in our portfolio.

As a rule of thumb, for each 90-100 units added we project 2.5 additional FTE; 1 property manager, 1 maintenance support and .5 resident services coordinator (or approximately \$170,000 of salary and benefits). This ratio will be affected by the number of units per property, geographic area of the property and the population served. These additional FTE will have revenue sources from the property operations to offset the additional expense.

3. Section 3 –Moving To Work

3.1. General Description

Moving to Work	
Program	Units/Vouchers
Public Housing	
Arapahoe Court	14
Madison -9 mos 2020	25
Total PH:	39
Section 8 (HCVP)	
HCVP	756

MTW is currently composed of 756 Housing Choice Vouchers, 39 units of Public Housing factoring conversion of 33 units in Quarter 4 of 2020, the Public Housing Capital Fund Program (CFP), and administrative costs of MTW. These programs are each funded by HUD, but once we receive the funds, they can be spent on any of the MTW programs. The unfunded administrative costs of certain MTW activities can be paid for with revenues from the other MTW programs (e.g., CFP can pay for unfunded administrative costs) to bring the total to net zero cash flow.

3.2. Financial Summary

MOVING TO WORK PROGRAMS	Public Housing/CFP	S8 HCVP	MTW Admin	2020 Total Budget	12 Month Rolling	Diff
Total Rental/HAP Income	\$ 413,029	\$ 7,552,200	\$ 912	\$ 7,966,141	\$ 8,918,133	\$ (951,992)
Total Expenses	\$ 379,051	\$ 7,538,497	\$ 93,018	\$ 8,010,566	\$ 7,737,614	\$ 272,952
Net Income (Loss)	\$ 33,978	\$ 13,703	\$ (92,106)	\$ (44,425)	\$ 1,180,519	\$ (1,224,945)
Adjustments for Cash Basis						\$ -
Plus:						\$ -
Amortization & Depreciation	\$ 55,310	\$ -	\$ -	\$ 55,310	\$ 65,770	\$ (10,460)
Capital Grant Income	\$ 482,707	\$ 1,200,000	\$ -	\$ 1,682,707	\$ 410,727	\$ 1,271,980
Less:						\$ -
Net Operating Transfers	\$ (574,707)	\$ (1,200,000)	\$ 97,037	\$ (1,677,670)	\$ (1,380,661)	\$ (297,009)
Net Increase (Decrease) to Cash	\$ (2,712)	\$ 13,703	\$ 4,931	\$ 15,922	\$ 276,355	\$ (260,433)

3.3. Budget Assumptions:

- Operating Subsidy for Public Housing is assumed to be consistent with the prior year reduced by the conversion of Madison units toward the end of 2020.
- Housing Choice Voucher - Housing Assistance Payments (HAP) funding based on 2019 budget authority and forecasted HAP expense.
- Housing Choice Voucher administrative fee funding based on estimated unit months leased and an assumption of 75% proration of published rates based on NAHRO estimates.
- HUD Capital Fund Program (CFP) anticipates available 2020 CFP of \$662,000;
 - \$180,000 is planned for Operating grant to fund operating deficit at both Public Housing and MTW administrative costs.

- \$242,000 remaining will be drawn for a potential acquisition.
- \$240,000 carryover of 2019 CFP funds will also be drawn for a potential acquisition.

4. Section 4 – Non-MTW Voucher Programs

4.1. General Description

Non MTW Voucher Programs	Vouchers
City of Boulder	48
Housing First	22
Mainstream	117
NED	181
RAD	135
Total Non-MTW Vouchers:	503
Non MTW Grants	Grant \$
SNAP Holiday	\$ 36,223
Lee Hill grant for services - McKinney	\$ 180,082

The Non-MTW Voucher Programs consists of vouchers and grant programs funded by HUD and more recently, the City of Boulder, that are outside the MTW program and required to be reported separately from the MTW program. We have included 48 permanently supportive housing vouchers which the 2020 budget includes a total of \$920,000 from the City of Boulder. Post the November draft budget review, we've added the new award of a third \$360,000 tranche for the additional 18 vouchers in 2020. These funds support housing vouchers, supportive services from Boulder Shelter for the Homeless and administrative costs.

The Mainstream Voucher program also received an incremental award post the November draft budget review. This new award has been added to begin February 2020, amounting to a funding increase of \$407,900, representing 39 new vouchers. The total Mainstream program funding for 2020 amounts to \$1,247,900 and 117 vouchers.

4.2. Financial Summary

NON-MTW VOUCHER AND GRANT PROGRAMS	2020 Total	12 Month Actuals	Diff
Total Revenue	\$ 5,014,495	\$ 3,591,424	\$ 1,423,070
Total Expenses	\$ 5,014,497	\$ 3,713,365	\$ 1,301,132
Net Income (Loss)	\$ (2)	\$ (121,940)	\$ 121,938
Net Increase (Decrease) to Cash	\$ (2)	\$ (121,940)	\$ 121,938

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 2020. 2019’s actuals reflect a negative \$121,940 impact on cash. This was due to HUD reducing revenue to utilize use of reserves to fund that ‘shortfall.’
- HCV-HAP Non MTW funding increased over the actuals presented due to additional voucher awards for both Mainstream/HUD program and City of Boulder funding.
- HCV administrative fees consistent with 2019’s actuals at 75% proration of published rates.
- Service grant funding consistent with 2019’s actuals for SNAP grants.

5. Section 5 – BHP Workforce Properties

5.1. General Description:

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

- 31 units at Trout Farms were acquired June 2019, hence 2020 is the first full year of operations.
- 44 units at Broadway East were converted from Tax Credit ownership January 2019, hence 2020 is the first full year of operations.
- 2 single family houses were sold in 2019: Cornell House and Orchard House.
- 35 units at Woodlands are planned to convert from BHP ownership to Tax Credit ownership October 2020.

Workforce Properties			
Program	Units	Program	Units
101 Canyon	5	Midtown	13
2037 Walnut	26	Sanitas Place	12
Arapahoe East	11	Tantra Lake	185
Cedar / Casey	19	Twin Pines	22
Bridgewalk	123	Trout Farms	31
Broadway East	44	Vistoso	15
Dakota Ridge	13	Whittier Apts	10
Foothills	74	Woodlands -9 mos	26
Hayden Place 1&2	30	TOTAL:	659

5.2. Financial Summary

BHP Workforce Budget	2020 BUDGET Workforce	Rolling 12 months actuals; Oct 2018-Sept 2019	Change in Income Increase (Decrease)	%
Operating Revenue	\$ 10,948,878	\$ 10,626,519	\$ 322,359	3%
Operating Expenses	\$ (5,172,479)	\$ (4,724,082)	\$ (448,397)	9%
Operating Transfers to COCC	\$ (3,150,000)	\$ (1,250,000)	\$ (1,900,000)	152%
Net Operating Income	\$ 2,626,399	\$ 4,652,438	\$ (2,026,039)	-44%
Capital Grants	\$ 3,920,000	\$ 1,250,000	\$ 2,670,000	214%
Interest Income	\$ 25,479	\$ 28,668	\$ (3,189)	-11%
Depreciation Expense	\$ (4,224,988)	\$ (4,094,221)	\$ (130,767)	3%
Non Capital Reserve Spending	\$ (47,600)	\$ (328,288)	\$ 280,688	-86%
Mortgage and Other Interest Expense	\$ (2,687,562)	\$ (2,819,656)	\$ 132,094	-5%
Gain (Loss) on Sale of Capital Assets	\$ -	\$ 872,951	\$ (872,951)	-100%
Total Non-Operating Rev/Exp	\$ (3,014,671)	\$ (5,090,547)	\$ 2,075,876	\$ (0)
Net Income	\$ (388,272)	\$ (438,109)	\$ 49,837	-11%
Adjustments to Operating Cash				
Plus:				
Amortization & Depreciation	\$ 4,224,988	\$ 4,094,221	\$ 130,767	3%
Non Capital Expenditures funded by Reserves	\$ 47,600	\$ 328,288	\$ (280,688)	100%
Less:			\$ -	
Mortgage prepayment; Trout Farms	\$ (770,000)	\$ -	\$ (770,000)	-100%
Replacement Reserves Funding	\$ (268,591)	\$ (248,417)	\$ (20,174)	8%
Debt Principal	\$ (1,438,706)	\$ (1,312,312)	\$ (126,394)	10%
Contribution to Operating Cash	\$ 1,407,019	\$ 2,423,671	\$ (1,016,652)	-42%

The Workforce portfolio is showing a net loss of (\$388,272) and a positive cash contribution after adjustments for depreciation, debt principal payments and reserve funding from cash flow of \$1,407,019.

5.3. Budget Assumptions

- The Rolling 12 Months Actuals includes a partial year of revenue and expense due to aforementioned changes in units. No new acquisitions of units are identified at this time.
- Most affordable units are near or at maximum allowable amounts under City of Boulder covenants. Where rents at specific units are significantly lower than the allowable covenant, we have projected up to 4% increases at renewal. Units with tenant-based vouchers are assumed to have an increase of 5% to more closely align with market rents. These rents are capped at the voucher payment standard for each bedroom size.

- **Market Rate Rents**
Currently, Boulder Housing Partners operates 290 market rate rental units spread over 7 properties. Our rent increase policy for BHP's market rate units is to cap increases at 5% for existing tenants. Each 1% increase produces approximately \$56,000 in revenue. Accordingly, a 5% increase produces approximately \$280,000.

When a unit turns over, we will rent a market rate unit at the same monthly price or a little lower than comparable market rate units and we usually lease the units in less than a month of them becoming vacant.

Our practice of capping market rate increases to 5% means that our market rate portfolio, as a whole, currently operates significantly below achievable market rents. If the cap were eliminated and all market rate units were rented at full market rate, approximately \$566,000 in additional revenue would be generated. This would equate to an approximately 10% increase to current market rate rents. However, we don't believe this large of an increase fits within BHP values. Furthermore, taking rents fully to market could result in higher unit turnover which would divert BHP's property management resources away from the primary focus of providing attentive customer service to all of our sites, whether affordable or market rate.

- **Vacancy Loss:**
 - Market Rate units and units that rely on referral programs are projected at 5% to reflect current market conditions and the potential for longer vacancy period when units turn.
 - All affordable units are projected at 3% vacancy.
- **\$3,900,000 Grant Revenue in 2020 include:**
 - \$770,000, the first tranche of three, from the City of Boulder, Inclusionary Housing funds for the purchase of Trout Farms.
 - \$2,600,000 from the City of Boulder, funds towards the acquisition of the 2037 Walnut.
 - \$550,000 from Boulder County, last of 3 tranches of Inclusionary Housing funds towards the acquisition of the 2037 Walnut.
- **Property and operating costs as a whole remain proportional to the increase in units with the following exception:**
 - Tantra reflects lower maintenance contracts due to planned prior year upgrades done that are not expected at the same level in 2020.

6. Section 6 – Central Office Cost Center

6.1. General Description

The Central Office Departments consist of:

Central Office Cost Center	
Administration/IT	Property Management
Finance	Resident Services
Development	Maintenance
Human Resources	Sustainability
Asset Management	4800 Broadway Building

7. Section 7 – Central Office Cost Center

7.1. Financial Summary

BHP Central Office Cost Center Budget	2020 BUDGET; COCC	Rolling 12 months actuals; Oct 2018-Sept 2019	Change in Income Increase (Decrease)	%
Operating Revenue	\$ 4,015,473	\$ 3,836,989	\$ 178,484	5%
Operating Expenses	\$ (6,585,736)	\$ (6,524,770)	\$ (60,965)	1%
Operating Transfers In (from WF/MTW)	\$ 4,827,670	\$ 1,250,000	\$ 3,577,670	286%
Net Operating Income	\$ 2,257,407	\$ (1,437,781)	\$ 3,695,189	-257%
SNAP Grant Revenue	\$ 216,305	\$ 140,090	\$ 76,215	54%
SNAP Grant Expense	\$ (216,305)	\$ (154,003)	\$ (62,302)	40%
Capital Grants	\$ 400,000	\$ 5,293,595	\$ (4,893,595)	-92%
Development Fees	\$ 1,854,349	\$ 1,427,349	\$ 427,000	30%
Interest Income	\$ 1,926,123	\$ 1,642,885	\$ 283,238	17%
Depreciation Expense	\$ (274,131)	\$ (272,368)	\$ (1,763)	1%
Non Capital Reserve Spending	\$ (94,000)	\$ (25,312)	\$ (68,687)	271%
Total Non-Operating Rev/Exp	\$ 3,812,342	\$ 8,066,149	\$ (4,253,807)	-53%
Net Income	\$ 6,069,749	\$ 6,628,367	\$ (558,618)	-8%
Adjustments to Operating Cash				
Plus:				
Amortization & Depreciation	\$ 274,131	\$ 272,368	\$ 1,763	1%
Tax Credits cash flow; reduces soft debt	\$ 999,706	\$ 925,094	\$ 74,612	8%
Development Equity funding to Operations	\$ 250,000		\$ 250,000	100%
Non Capital Expenditures funded by Reserves	\$ 94,000	\$ 25,312	\$ 68,687	271%
Predevelopment expense paid in prior years		\$ 132,787	\$ (132,787)	-100%
Gain (Loss) on Sale of Assets; non cash	\$ -	\$ (672,264)	\$ 672,264	-100%
Soft Debt Interest From Tax Credits	\$ (1,894,275)	\$ (1,642,885)	\$ (251,390)	15%
Replacement Reserves Funding	\$ (102,580)	\$ (102,996)	\$ 416	0%
Transfers to Development Equity Fund	\$ (7,087,056)	\$ (7,821,588)	\$ 734,532	-9%
BHP net change in OPERATING Cash	\$ (1,396,326)	\$ (2,255,805)	\$ 859,480	-38%

The central office departments combined show a 2020 net income of \$6,069,749 and negative cash flow of (\$1,396,326). Income for the Rolling 12 Month Actuals is higher than 2020 as a result of a large decrease in Capital Grants awarded in 2019 to provide gap financing for the closing of 2 tax credit entities. This was offset by 2020 Capital Grant funds flowing from the Workforce properties to repay BHP for bridging the City and County grant funding for prior acquisitions: Cedar/Casey, 2037 Walnut and Trout Farms.

Expenses are in line with 2019 with only a small increase in Salary and Benefits and Depreciation offset by savings in Other Operating Costs.

7.2. Budget Assumptions

- Development fee income of \$1,854,349, consists of \$1,354,349 from West End and Canopy earned at construction completion with \$500,000 projected upon closing of Woodlands/Madison tax credit closing, quarter 4 of 2020.
- Grant revenue of \$92,000 from the BHP foundation and Boulder County to fund two term positions for Bringing School Home.
- Continuation of the fee-for-service approach to maintenance billing, resulting in 100% recapture of Maintenance Department costs from the properties.
- Employee benefit costs nominally decreased based on exiting City of Boulder health benefits and joining Humana's health plan.
- Employee benefit split 70/30; the same split as 2019.
- Resident Services department supported by property fees based on the level of service provided to each property.
- Contributions to replacement reserves for 4800 Broadway and vehicles of \$103,000 based on estimated replacement schedules, offset by spending on 2 new maintenance vehicles, technology improvements to continue efforts for a paperless environment and necessary computer hardware and software upgrades.

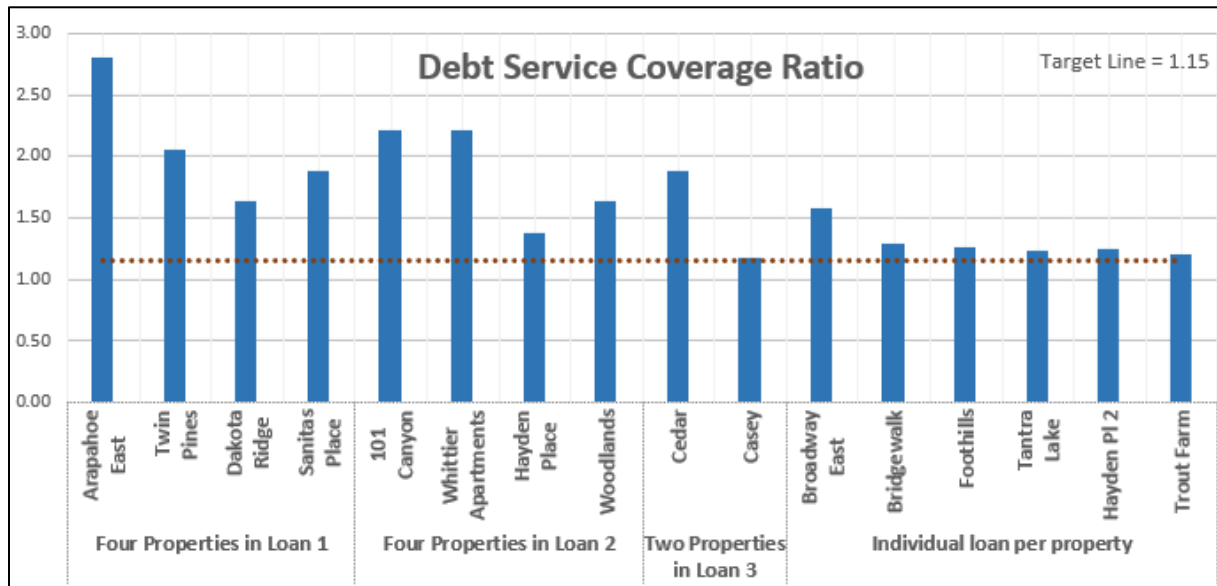
8. Section 8 – Organizational Debt

Below is a summary of the existing BHP debt in order of loan maturity. The next loan to mature is April 2021; Arapahoe East, Dakota Ridge, Sanitas Place and Twin Pines are jointly collateralized. Woodlands, part of another four property jointly collateralized loan, is currently planned to exit BHP ownership in 2020 to take advantage of LIHTC equity.

BHP Mortgage / Bond Summary Schedule					
Property	Interest Rate	Maturity	Loan amt	Balance projected @ 12/31/2019	Annual Debt service 2020
Arap East, Dak Ridge, Sanitas Pl, Twin Pines	3.50%	4/1/2021	\$ 3,572,476	\$ 2,741,230	\$ 221,286
Tantra Lake	3.42%	4/1/2027	\$ 29,705,000	\$ 28,515,270	\$ 1,468,140
101 Canyon, Hayden Pl, Whittier, Woodlands	3.85%	7/1/2027	\$ 5,815,000	\$ 4,672,095	\$ 328,965
Hayden Place 2	4.20%	8/1/2027	\$ 600,000	\$ 565,641	\$ 35,524
Cedar & Casey	3.25%	2/1/2028	\$ 2,449,358	\$ 2,375,858	\$ 117,888
Foothills	3.25%	8/31/2028	\$ 7,000,000	\$ 6,043,972	\$ 367,345
Trout Farms	3.97%	6/1/2029	\$ 4,197,000	\$ 4,168,625	\$ 223,812
Bridgewalk	3.86%	4/1/2032	\$ 23,460,000	\$ 22,606,394	\$ 1,233,888
Vistoso	4.79%	11/1/2047	\$ 600,000	\$ 582,545	\$ 38,088
Broadway East	Variable	9/1/2037	\$ 1,715,000	\$ 1,665,000	\$ 142,218
		Totals	\$ 79,113,834	\$ 73,936,630	\$ 4,177,154

* BHP also has a line of Credit with First National Bank for \$9.6 million at a rate of 3.45% collateralized by the office building at 4800 Broadway, Midtown and 2037 Walnut

Debt Service Coverage Ratio measures the net operating income (NOI) divided by the amount of the debt payment for each property. A ratio of 1:1 means that the NOI can just support the debt. These properties are all projected to perform with a debt service coverage ratio of 1.15:1 or better as required by our lenders. The weighted average debt service coverage ratio for these properties is 1.4:1 The additional NOI in excess of the 1:1 ratio provides income which is used to (1) fund replacement reserves, (2) support the Central Office Cost Center (COCC), and (3) fund operating reserves.



9. Section 9 – Consolidated Financial Statements

We have worked diligently to present a budget for 2020 that produces positive net income of \$5,642,087 with a nominal \$26,614 increase in cash. The Rolling 12 Months Actuals presented had higher net income by \$2,688,989 due to \$2,138,384 increased capital grant funding and \$1,545,215 gain on sale of assets related to Cornell House and the land for Canopy, however net cash contribution is lower by \$141,668. We are projecting \$250,000 funded by Development Equity reserves to provide a balanced cash budget. It is important to note that this budget includes full employment. Over the past three years, BHP experienced employment turnover rates that are favorable from those budgets averaging 2.5% or approximately \$175,000. In addition, we project to maintain an operating reserve of \$3,000,000 and the replacement reserve at \$3,500 per unit.

The consolidated statements with a comparison to 2019 Rolling 12 Month Actuals (October 2018 through September 2019) are attached as **Exhibit 1**. Using actuals vs prior year budget provides the reader a comparable comparison due to the significant conversion of 116 units at Canyon Pointe and Glen Willow to a tax credit ownership in 2019. The 2019 Budget partially included those 116 units.

- Net increase in operations revenue of \$752,876 relating to a full year of 31 units at Trout Farms which was acquired mid-2019, the inclusion of 44 units at Broadway East in the BHP budget now that it has been purchased out of the tax credit.
- Increase in Development Fee income of \$427,000 reflecting the earning of 1,354,349 fee at completion of construction at West End and Canopy, plus \$500,000 anticipated at the closing of the Madison/Woodlands conversion of BHP units to Tax Credit Ownership September 2020.
- Increase in HCV-HAP/Admin revenue and expense of \$2,032,624 based on 2019 budget authority and 99% proration and strategic plans to increase lease up of vouchers. This increase also reflects the following additional funding:
 - \$337,000 funding 20 vouchers from the City of Boulder
 - \$360,000 expected for 18 new vouchers from the City of Boulder in 2020
 - \$408,000 for 39 new Mainstream vouchers
- An increase in salaries and benefits of \$234,000 related to no additional FTE, an overall 4% average performance-based merit increases offset by a nominal reduction in employee benefit cost.
- Increase in Property Costs of \$218,528 related to the increase in number of units operating for a full year under management and increases in utility and insurance costs.
- Decrease of \$165,218 in Legal and Predevelopment Expenses. \$132,787 of expense reflected in the 12 Months Actuals represents write offs of prior year Predevelopment expenditures, which were a non-cash expense in the prior 12 months. Removing this amount nets a \$32,431 decrease in budget, reflecting funding any development related costs by the Development Equity Fund.
- A decrease in Capital Grants of \$2,138,384. 2020 combined budgeted \$6,002,707 from City of Boulder, Worthy Cause and MTW capital funds support 2037 Walnut, the third/last tranche for Cedar/Casey, 30 Pearl and \$1,682,707 from MTW funds

available for potential acquisition. 2019’s actuals of \$8,141,091 included \$3,900,000 funding for the Canopy LIHTC closing, \$550,000 for the second Cedar/Casey tranche, \$350,000 for the acquisition of Trout Farms, \$1,907,253 MTW funds for 2037 Walnut and \$1,393,594 funding for entitlement costs for 30 Pearl.

- A decrease in Mortgage and Other Interest Expense related to 2019 non-recurring \$96,000 interest on outstanding line of credit related to 2037 Walnut which is mortgage free and the \$44,970 one-time financing charge to procure a new mortgage for Trout Farms. Excluding those non-recurring items from the actuals, derives \$45,682 increase for 2020 budget interest expense primarily due to a full year of the new mortgage for Trout Farms.
- Debt Principal increased in 2020 by \$139,044, primarily due to a full year of new mortgage for Trout Farms and the expected increase of principal versus interest of mortgage payments over the life of each loan.

10. Section 10 - Five Year Capital Plan and Reserves

The Five-Year Capital Budget has been analyzed with the current and planned status of our reserves in five areas:

10.1. BHP Operating Reserves

BHP anticipates maintaining \$3,000,000 reserves based on the 2020 operating budget. Based on HUD’s “cash management” experience, the Board approved an increase in 2016 to 2 months of operating cash for BHP or \$3,000,000 as a designated reserve to reflect the reduction in cash reserves allowed by HUD for federal programs. We are proposing that we maintain this target at \$3,000,000 for 2020.

BHP Operating Reserves - Unrestricted	2020 Budget	2021 Projected	2022 Projected	2023 Projected	2024 Projected
Operating Reserves - Projected Beginning Balance	\$ 3,423,442	\$ 3,450,056	\$ 3,475,056	\$ 3,500,056	\$ 3,525,056
Sources:					
Cash Surplus/Deficit from Operations	\$ 26,614	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Total Sources	\$ 26,614	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Uses:					
Total Uses	\$ -	\$ -	\$ -	\$ -	\$ -
Balance - End of Year	\$ 3,450,056	\$ 3,475,056	\$ 3,500,056	\$ 3,525,056	\$ 3,550,056
Designations:					
Board Designated Reserve	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Surplus /(Deficit) vs Reserve Goal	\$ 450,056	\$ 475,056	\$ 500,056	\$ 525,056	\$ 550,056

10.2. Development Equity Fund

During the year as Development opportunities arise, the Finance Committee and Board of Commissioners review and approve activity for utilizing those funds.

We anticipate beginning 2020 with \$1,270,000 in Development Equity funds after buying out Frasier Meadows' interest in Mt Calvary Church.

The Development equity fund is mainly used to fund:

- Pre-development expenditures for new acquisitions or LIHTC deals.
- Acquisition of real estate
- The projected source of funds over the next 5 years are:

2020	\$5,550,000
2021	\$4,083,000
2022	\$2,255,000
2023	\$2,000,000
2024	\$2,000,000

10.3. Replacement Reserves

BHP Replacement Reserves - Unrestricted	2020 Budget	2021 Projected	2022 Projected	2023 Projected	2024 Projected
Projected Beginning Balance	\$ 2,735,766	\$ 2,758,697	\$ 2,711,112	\$ 2,673,115	\$ 2,643,878
Sources:					
Replacement Reserves - Workforce Properties	\$ 268,587	\$ 324,359	\$ 330,846	\$ 337,463	\$ 344,212
Replacement Reserves - COCC	\$ 102,996	\$ 105,056	\$ 107,157	\$ 109,300	\$ 111,486
Total Sources	\$ 371,583	\$ 429,415	\$ 438,003	\$ 446,763	\$ 455,698
Uses:					
Capital Needs - Workforce Properties (estimate)	\$ 335,260	\$ 326,000	\$ 326,000	\$ 326,000	\$ 326,000
Capital Needs - COCC (estimate)	\$ 145,000	\$ 151,000	\$ 150,000	\$ 150,000	\$ 150,000
Total Uses	\$ 480,260	\$ 477,000	\$ 476,000	\$ 476,000	\$ 476,000
Balance - End of Year	\$ 2,627,089	\$ 2,711,112	\$ 2,673,115	\$ 2,643,878	\$ 2,623,576
Designations:					
Board Designated Reserve	\$ 2,307,375	\$ 2,307,375	\$ 2,307,375	\$ 2,307,375	\$ 2,307,375
Surplus /(Deficit) vs Reserve Goal	\$ 319,714	\$ 403,737	\$ 365,740	\$ 336,503	\$ 316,201

With our current funding levels averaging \$409/per unit per year we will be able to accommodate expected repairs while continuing to maintain a target balance of \$3,500 per unit. We believe this level of funding and balances are appropriate for these units. We recommend a board target of \$3,500 per unit for 2020.

10.4. MTW Operating Reserves

Moving to Work Reserves are fungible within MTW, but not available for the central office departments or other properties. These reserves are available for any MTW

activity including funding Public Housing operations, Housing Choice Voucher HAP and administrative needs or other unfunded MTW activities which include the acquisition or development of affordable units. We are projecting to start the year with an MTW reserve balance of \$470,325. No significant changes are projected over the next 5 years.

10.5. Externally Restricted Reserves

These fund balances vary depending on the nature of the restrictions and designated timelines. Below summarizes the composition of restricted reserves as of September 2019.

- \$1,315,973 funds held until mid-2020; represents BHP equity contribution to Canopy LLLP at construction completion.
- \$500,282 Tenant Security deposits, fluctuates per resident tenant move ins or move outs and property acquisitions.
- \$368,750 for non MTW voucher program (NED/RAD/COB) funds which can only be used for housing assistance payments:
 - The COB prepaid a full year of funds; \$440,000 in 2 tranches during 2019 and anticipates the same to occur in 2020. As of September 2019, \$260,285 funds remain from the prepayment.
 - NED (non-Elderly Disabled) and RAD (Rental Assistance Demonstration) HUD programs; BHP holds \$108,465 excess HAP revenue in excess of expenses.

10.6. Insurance Reserve: 2020 - \$500,000

Due to natural disasters driving insurance industry economics, BHP was unable to renew insurance policies with our previous \$10,000 deductible limits. Policies that renewed the later part of 2019 were at \$25,000 deductible limits except for wind/hail at 1% of replacement values. To mitigate this risk, in September 2019, BHP funded \$500,000 in a separate insurance reserve. Operating Cash and Development Equity funds equally established this new reserve.

The exposure across the entire portfolio for 1% wind/hail deductible is \$1,580,000, comprised of BHP units; \$781,000 and Tax Credit Units; \$798,000. It would take an extraordinary event to impact every property BHP manages. The \$500,000 reserves at 1/3 of total higher deductible exposure provides an adequate safety net in addition to our operating and replacement reserves.

11. Section 11 – Tax Credit Budgets

At the end of 2020, BHP will be the general partner and .01% owner of the following twelve tax credit entities:

Tax Credit Properties not included in BHP budget		
Boulder Communities	279	
Broadway West	26	
Canopy -6 mos 2020	41	<<new units
Ciclo; 9 mos	38	<<new units
HighMar	59	
Holiday	49	
Lee Hill	31	
Palo Park	35	
Red Oak Park	59	
West End	116	
Westview	34	
Madison -3 mos 2020	8	
Woodlands -3 mos 2020	9	
Total Tax Credit:	784	
30 Pearl	120	<<under construction until 2021
Total Tax Credit:	904	

Each of these properties is managed by BHP in accordance with the requirements of the Limited Partnership Agreement. Annual budgets for the properties are provided and approved by the Investor Limited Partner. The budgets must meet the required debt service coverage limit. The assumptions for these budgets match the BHP affordable properties:

- Rental income increases of 0-4% depending on the relation of the existing rent to the AMI rent limit.
- Vacancy Loss projected at 3%
- Insurance expense based on our umbrella insurance policy actual cost through renewal in September and a 7% increase for the fourth quarter.

A detailed budget for each property is included as **Exhibit 2**. These properties are separate legal entities and therefore never consolidated into the financial statements of BHP.

12. Section 12 –Organizational Summary

Below is a summary to show the scale of the whole organization. The financial statements of the tax credits are not consolidated with BHP.

Total Organization Summary	Total Tax Credits	% of Total All	BHP	% of Total All	Total ALL
Total Operating Revenue	9,835,428	38%	16,288,395	62%	26,123,824
Salaries and Benefits	927,860	12%	6,566,021	88%	7,493,881
Total Property Costs	3,763,268	50%	3,826,969	50%	7,590,238
Total Operating Costs	1,125,391	30%	2,659,583	70%	3,784,973
Total Operating Expense	5,816,519	31%	13,052,573	69%	18,869,092
Net Operating Income	4,018,909	56%	3,215,822	44%	7,234,732
Non Operating Income and (Expense)	(9,188,927)	136%	2,425,905	-36%	(6,763,022)
Total NET INCOME (LOSS)	(5,170,018)	-1096%	5,641,727	1196%	471,710
Net Increase (Decrease) to Cash	2,141,631	99%	26,614	1%	2,168,244
Units	784	53%	698	47%	1,482
Vouchers	-	0%	1,259	100%	1,259

Attachments:

Exhibit 1- BHP Summary Budget

Exhibit 2 - Tax Credit Budget Summary

RESOLUTION #19-17

APPROVAL OF THE 2020 COMBINED OPERATING AND CAPITAL BUDGETS FOR BOULDER HOUSING PARTNERS

WHEREAS, the Executive Director has submitted to the Board an Operating and Capital Budget for the fiscal year ending December 31, 2020 a copy of which is included in the Board packet for the December 11, 2019 meeting of the Board; and

WHEREAS, the Board has determined that the proposed expenditures in the 2020 Operating Budget are necessary for the efficient and economical operation of the Housing Authority for the purpose of serving low income family households; and

WHEREAS, the Board has determined that adequate resources are available to cover the proposed expenditures reflected in the proposed budget; and

WHEREAS, all proposed rental charges and expenditures will be consistent with current provision of law and comply with the terms of the Annual Contributions Contract; and

WHEREAS, the Board has determined that sufficient cash flow is being invested in replacement reserves to meet current and expected future needs; and

WHEREAS, the Board has reviewed the expected contributions to and uses of BHP Cash Reserves; and

WHEREAS, major capital projects require approval of the Board; and

WHEREAS, the Capital Budget includes long term projections of expenditures on potential capital projects and approval of the Capital Budget is not an authorization to proceed on any one project; and

WHEREAS, Boulder Housing Partners is a Moving-to-Work (“MTW”) agency; and

WHEREAS, MTW agencies have the authority to utilize MTW funds for any MTW activity.

NOW, THEREFORE, be it resolved that the Board of Commissioners does hereby approve the Operating and Capital Budgets and related documents as presented on December 11th, 2019 and adopts the following minimum reserve targets for the fiscal year ending December 31, 2020:

Operations cash reserve balance	\$ 3,000,000
Workforce replacement reserve balance	\$ 3,500/Unit
Home office and vehicle reserve funding contribution	\$ 103,000
Insurance Reserve Funding	\$500,000

Adopted this 11th day of December, 2019

(SEAL)

Valerie Soraci,
Chair, Board of Commissioners
Boulder Housing Partners

ATTEST:

Jeremy Durham
Executive Secretary

<h1 style="margin: 0;">2020</h1> <h2 style="margin: 0;">Boulder Housing Partners Commissioner's Calendar</h2>		
Date	Group	Time
JANUARY	BOARD RECESS	N/A
Mon. February 10	Development Committee (as needed)	4:00-5:00
Wed. February 12	Board Meeting	9:00-11:30
Mon. March 16	Finance Committee – 2019 Review	3:00-4:00
Mon. March 16	Development Committee (as needed)	4:00-5:00
Wed. March 18	Board Meeting	9:00-11:30
Mon. April 6	Development Committee (as needed)	4:00-5:00
Wed. April 8	Annual Board Meeting	9:00-11:30
Mon. May 11	Development Committee (as needed)	4:00-5:00
Wed. May 13	Board Meeting	9:00-11:30
Tues. June 8	Finance Committee – Audit Review	3:00-4:00
Tues. June 8	Development Committee (as needed)	4:00-5:00
Wed. June 10	Board Meeting	9:00-11:30
Mon. July 6	Development Committee (as needed)	4:00-5:00
Wed. July 8	Board Meeting	9:00-11:30
AUGUST	BOARD RECESS	N/A
Tues. September 8	Finance Committee	3:00-4:00
Tues. September 8	Development Committee (as needed)	4:00-5:00
Wed. September 9	Board Meeting	9:00-11:30
Mon. October 12	Development Committee (as needed)	4:00-5:00
Wed. October 14	Board Meeting	9:00-11:30
Tues. November 16	Finance Committee – Draft and Budget	3:00-4:00
Tues. November 16	Development Committee (as needed)	4:00-5:00
Wed. November 18	Board Meeting	9:00-11:30
Mon. November 30	Finance Committee – Final Budget	3:00-4:00
Mon. November 30	Development Committee (as needed)	4:00-5:00
Wed. December 9	Board Meeting	9:00-11:30

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>
• Solar Garden	1 st Quarter 2020
• HCV Admin Plan – draft annual updates for public review	1 st Quarter 2020
• HCV Admin Plan – draft annual updates back for final approval	2 nd Quarter 2020
• MTW Proposed Activities	2 nd Quarter 2020
• MTW Annual Report	2 nd Quarter 2020
• MTW Annual Plan Draft	3 rd Quarter 2020
• MTW Annual Plan Final Approval	4 th Quarter 2020
• MTW Program Overview Presentation	As Time Allows
• LIHTC Overview	As Time Allows
• LIHTC Income Averaging and Middle-Income Housing	Pending Development Committee Discussion