

**SOUTH METRO HOUSING OPTIONS
BOARD OF COMMISSIONERS**

**Minutes of Regular Meeting
April 7, 2015**

The regular meeting of the South Metro Housing Options (SMHO) Board of Commissioners was held on Tuesday, April 7, 2015 at 5745 South Bannock Street, Littleton, Colorado 80120.

THOSE PRESENT: Chairman Andrew Hancock, Vice Chairman Stewart Meagher, Commissioners Libby Bortz, Kyle Henderson, Aaron Heumann, John Ostermiller, and Esther Varela

THOSE ABSENT: None

ALSO PRESENT: Jo Hamit, Acting Executive Director; Gerald Humphries, Finance Manager; Wendy Swanhorst, Swanhorst and Company.

Chairman Hancock called the meeting to order at 6:45 p.m. and declared a quorum present. The revised agenda was reviewed and accepted.

There were no unscheduled visitors.

The minutes of the March 4, 2015 regular meeting were reviewed.

It was moved by VICE CHAIRMAN MEAGHER and seconded by COMMISSIONER BORTZ THAT THE MINUTES OF THE MARCH 4, 2015 REGULAR MEETING BE APPROVED AS WRITTEN.

Ayes: Chairman Hancock, Vice Chairman Meagher, Commissioners Bortz, Henderson, Heumann, Ostermiller and Varela

Nays: None

Absent: None

Motion Carried: 7:0:0

Commissioner Henderson left the meeting at 6:55 p.m.

Chairman Hancock requested that Item 6 (a) be moved ahead to allow Swanhorst and Company staff to present the draft agency audit.

Wendy Swanhorst presented the draft audit and addressed the following items:

- Aside from several adjustments that were necessary as a result of certain information not being available on the Powers Circle Apartments (PCA) Project when the audit began, the accounting records looked good. The most significant issue with the PCA Project was the developer fee agreement. The agreement states that future developer fees are dependent on cash flows. Ms. Swanhorst stated that, while this was an unusual arrangement, she is seeing more agreements structured this way.
- The loan on the Libby Bortz Assisted Living Center required only 1:1 debt service coverage, instead of 1:4 coverage, as shown in the loan agreement. A letter was provided by First Bank, stating that the requirement for SMHO is 1:1 debt service coverage.
- Section 8 voucher funding has been reduced significantly, since reserves have been removed from the financials of housing authorities by the Department of Housing and Urban Development (HUD) in the last several years, and are now held by HUD.

Finance Manager Humphries pointed out that, if there is excess cash flow for the PCA Project, the developer fee will be paid. Staff agreed to contact SB Clark and Associates staff to obtain additional information on the developer fee agreement and how it will impact the agency in future years.

Chairman Hancock asked for clarification on the “forgivable loan” on the PCA Project. Finance Manager Humphries stated that this is a reference to the \$450,000 Federal Home Loan Bank grant that will be forgivable if the project is maintained as affordable.

Chairman Hancock asked if SMHO financials differ from other housing authorities. Ms. Swanhorst stated that she did not see a great deal of difference. She said that all housing authorities are experiencing reduced federal funding, and many are exploring outside sources of funding.

It was moved by COMMISSIONER BORTZ and seconded by COMMISSIONER OSTERMILLER THAT THE 2014 SMHO AUDITED FINANCIAL STATEMENTS BE APPROVED AS PRESENTED.

Ayes: Chairman Hancock, Vice Chairman Meagher, Commissioners Bortz, Heumann, Ostermiller and Varela

Nays: None

Absent: Commissioner Henderson

Motion Carried: 6:0:1

Finance Manager Humphries presented the February 2015 financial reports, representing the first five months of Fiscal Year 2015. Through February, the agency year-to-date (YTD) total revenue is \$3,499,121, which is 4% below projections. Revenues are below projections as a result of the delay in receiving developer fees on the PCA Project.

Expenses are \$3,339,135, which is 5% above year-to-date projections. A number of public housing capital fund grant expenses have been incurred but not reimbursed by the Department of Housing and Urban Development (HUD), which we expect to be drawn down on the 2015 capital fund budget. The 2015 Capital Fund allocation is expected to be made available to SMHO during April.

Financial Manager Humphries stated that, with reference to the PCA Project, SMHO will receive \$130,000 in deferred developer fees, \$252,000 in cost overruns and \$182,000 in cash. Acting Executive Director Hamit mentioned that staff is currently considering moderate rent increases for the project.

Finance Manager Humphries stated that the agency and PCA Project audit drafts are complete. Staff will include PCA Project financials in the board packet starting next month.

Finance Manager Humphries stated that he is beginning the budgeting process for 2016. He also stated that staff has begun utilizing more components of the Yardi software system.

Chairman Hancock asked if most residents make their rent payments manually. Finance Manager Humphries responded that approximately 50% pay manually. While residents are encouraged to pay rents electronically, some are reluctant to do so and others don't have checking or savings accounts. Finance Manager Humphries stated that some tenants have requested paying rent with debit cards. Staff will investigate the feasibility of setting up a system that will accommodate such payments.

It was moved by COMMISSIONER VARELA and seconded by COMMISSIONER HEUMANN THAT THE FEBRUARY 2015 FINANCIAL REPORTS BE APPROVED AS PRESENTED.

Ayes: Chairman Hancock, Vice Chairman Meagher, Commissioners Bortz, Heumann, Ostermiller and Varela

Nays: None

Absent: Commissioner Henderson

Motion Carried: 6:0:1

Acting Executive Director Hamit presented the following administrative items:

- a) ***Resolution 15-03 -- Uncollectible Accounts – Section 8***

In addition to resident accounts, staff invoices and tracks funds that are owed to the agency from housing authorities across the country for SMHO-administered vouchers. Ledgers from five housing authorities from the period October 2011 through September 2013 have been deemed uncollectible, despite ongoing efforts to collect funds owed.

Staff is recommending that the five accounts, in the total amount of \$4,916.55 be written off as uncollectible.

Vice Chairman Meagher asked if there was a “clearinghouse” for collections such as these among housing authorities. Acting Executive Director Hamit responded that HUD does not provide a mechanism for assistance in collecting from other housing authorities.

Chairman Hancock suggested that staff examine implementing a policy dictating that when an account exceeds a certain amount or timeline, the account be written off, but efforts to collect continue. Staff agreed to draft policies to this effect.

IT WAS MOVED BY COMMISSIONER BORTZ AND SECONDED BY VICE CHAIRMAN MEAGHER THAT RESOLUTION 15-03, AUTHORIZING THE WRITE-OFF OF ACCOUNTS FOR SECTION 8 ADMINISTERED VOUCHERS FROM FIVE HOUSING AUTHORITIES DEEMED UNCOLLECTIBLE IN THE AMOUNT OF \$4,916.55, BE APPROVED, AND THAT STAFF CONTINUE TO MAKE EFFORTS TO COLLECT FUNDS OWED.

Ayes: Chairman Hancock, Vice Chairman Meagher, Commissioners Bortz, Heumann, Ostermiller and Varela

Nays: None

Absent: Commissioner Henderson

Motion Carried: 6:0:1

b) Resolution 15-04 -- Acceptance of 2015 Capital Fund Program Grant

Each year, SMHO receives an allocation of funds from HUD to be utilized for the public housing program, known as the Capital Fund Program (CFP). On March 18, 2015, SMHO received notification from HUD that the CFP allocation for Fiscal Year 2015 will be \$183,905. The funding for 2015 is approximately \$4,460 higher than in 2014.

The proposed budget for these funds includes kitchen and bathroom renovation, landscaping, concrete and asphalt repair, a new swamp cooler and door replacement at Bradley House, new sheds for the family units, and new maintenance equipment. Approximately 25% of the funds will be utilized for normal operations and 16% have been earmarked for management improvements.

IT WAS MOVED BY COMMISSIONER HEUMANN AND SECONDED BY COMMISSIONER OSTERMILLER THAT RESOLUTION 15-04, ACCEPTING THE 2015 CAPITAL FUND PROGRAM BUDGET, BE APPROVED.

Ayes: Chairman Hancock, Vice Chairman Meagher, Commissioners Bortz, Heumann, Ostermiller and Varela

Nays: None

Absent: Commissioner Henderson

Motion Carried: 6:0:1

c) Resolutions 15-05 through 15-10 – Removal of Signatory Authority for Christopher Shaffner

With the resignation of Christopher Shaffner as Executive Director of SMHO effective April 1 2015, it is necessary to remove his signatory authority on all agency bank accounts.

IT WAS MOVED BY COMMISSIONER OSTERMILLER AND SECONDED BY COMMISSIONER HEUMANN THAT RESOLUTIONS 15-05 THROUGH 15-10, REMOVING SIGNATORY AUTHORITY OF CHRISTOPHER SHAFFNER ON ALL AGENCY BANK ACCOUNTS, BE APPROVED.

Ayes: Chairman Hancock, Vice Chairman Meagher, Commissioners Bortz, Heumann, Ostermiller and Varela

Nays: None

Absent: Commissioner Henderson

Motion Carried: 6:0:1

d) Resolution 15-11 – Approval of 2015-2016 Public Housing Utility Allowances

The Department of Housing and Urban Development (HUD) requires that housing authorities establish utility allowances for the various sizes and types of units in public housing and review them annually to determine that they reasonably reflect the current average costs. The utility allowance schedule is determined based on the typical cost of utilities and services paid by energy-conservation households that occupy housing of similar size and type in the same locality.

Staff obtained the actual utility usage for each of the duplexes and single family homes in public housing for the period covering March 2014 to March 2015. Each individual

electricity and gas usage/cost was compiled and averaged for each unit size. There was relatively little change in the averages from the previous review. The largest change was in the 5-bedroom allowance.

At each reexamination, SMHO will apply the utility allowance from the most current utility allowance schedule. The net effect of the new allowances will be that three-bedroom and four-bedroom single family homes will have higher utility allowances.

HUD requires that residents are provided with a 30-day comment period for the change in utility allowances. The proposed effective date for the 2015 utility allowance schedule is June 1, 2015.

Number of Bedrooms	Type of Unit	Current Allowance	Actual Usage (Avg.)	Change
2	Duplex	\$ 82	\$ 79	(\$ 3)
3	Duplex	\$ 97	\$ 97	\$ 0
3	Single Family	\$ 98	\$101	\$ 3
4	Single Family	\$113	\$116	\$ 3
5	Single Family	\$147	\$128	(\$ 19)

It was moved by COMMISSIONER BORTZ and seconded by COMMISSIONER HEUMANN that RESOLUTION 15-11, ADOPTING THE 2015-2016 UTILITY ALLOWANCES FOR THE FAMILY PUBLIC HOUSING PROGRAM, BE APPROVED.

Ayes: Chairman Hancock, Vice Chairman Meagher, Commissioners Bortz, Heumann, Ostermiller and Varela

Nays: None

Absent: Commissioner Henderson

Motion Carried: 6:0:1

e) PHAS Score

HUD released the Public Housing Assessment System (PHAS) score for the SMHO Public Housing Program. The agency scored 94%, designating SMHO as a high performer.

f) Labor Standards Compliance Review

HUD's local Labor Standards Department conducted a compliance review on March 12. The agency attained 100% compliance on its procurement procedures.

g) Littleton Community Retreat

The Littleton Community Retreat will be held on April 17 at the Buck Center from 1:00 p.m. to 8:00 p.m. Staff will participate on a panel discussion and will lead a break-out session on Housing. An SMHO information table will be provided at the Retreat.

IT WAS MOVED BY COMMISSIONER OSTERMILLER AND SECONDED BY COMMISSIONER VARELA TO RECESS THE REGULAR MEETING INTO EXECUTIVE SESSION AT 8:25 P.M. TO DISCUSS A LEGAL MATTER AND A PERSONNEL MATTER. Those present at the Executive Session were: Chairman Hancock, Vice Chairman Meagher, Commissioners Bortz, Heumann, Ostermiller, and Varela; Acting Executive Director Hamit.

The regular meeting was reconvened at 8:55 p.m.

The next regular meeting will be held on Thursday, May 7, 2015 at 6:30 p.m.

By a unanimous vote, the Board appointed Jo Hamit as Executive Director of the agency, effective April 8, 2015.

It was moved by COMMISSIONER HEUMANN and seconded by COMMISSIONER OSTERMILLER TO ADJOURN THE MEETING. The motion carried. There being no further business, CHAIRMAN HANCOCK adjourned the meeting at 9:00 p.m.

ATTEST:

Andrew Hancock
Chairman

Jo Hamit
Acting Secretary