

**SOUTH METRO HOUSING OPTIONS  
BOARD OF COMMISSIONERS**

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**Minutes of Regular Meeting  
February 6, 2014**

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The regular meeting of the South Metro Housing Options (SMHO) Board of Commissioners was held on Thursday, February 6, 2014 at 5745 South Bannock Street, Littleton, Colorado 80120.

THOSE PRESENT: Chairman Andrew Hancock, Vice Chairman Stewart Meagher, Commissioners Aaron Heumann, John Ostermiller, Brad Uhlig, and Esther Varela

THOSE ABSENT: Commissioner Libby Bortz

ALSO PRESENT: Dan Burnham, Executive Director; Jo Hamit, Assistant Director; Gerald Humphries, Operations Manager; Kimberly Kingston, Rehab Manager; Wendy Swanhorst and Austin Bump, Swanhorst and Company, LLC; Mimi Perko, 123 W. Powers Circle and Jerry Hill 5444 South Prince Street, citizens.

Chairman Hancock called the meeting to order at 6:46 p.m. and declared a quorum present. There were no changes to the proposed agenda which was reviewed and accepted as presented.

Ms. Mimi Perko addressed the Board to express her appreciation to them for enacting the Smoke-Free Housing Policy at the Powers Circle Apartments. She requested that the policy be reviewed to possibly shorten the length of the “grandfathering in” period. At the present time, the policy allows for current residents to continue to smoke through November 1, 2014. She expressed concern that the wrong message will be sent to all of the new residents moving into the renovated buildings. Ms. Perko suggested that the period be shortened to May 2014.

The minutes of the January 9, 2014 regular meeting were reviewed.

It was moved by COMMISSIONER HEUMANN and seconded by COMMISSIONER OSTERMILLER THAT THE MINUTES OF THE JANUARY 6, 2014 REGULAR MEETING BE APPROVED AS PRESENTED.

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

Nays: None

Absent: Commissioner Bortz

Motion Carried: 6:0:1

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

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

Several suggestions were presented to strengthen internal controls as a result of the audit.

- Establish an ongoing process for requesting grant reimbursements on a more timely basis for the housing rehabilitation program. The method for returning program income to Arapahoe County should also be reviewed.
- Reconcile port-ins for the Section 8 Housing Choice Voucher Program (HCV) on a more timely basis to collect the receivables or write off any uncollectible amounts.
- Correct minor errors in depreciation to correct the capital asset records.
- Several voided checks are still showing in the accounting system due to a change in software programs. These checks need to be voided in the new system.
- Rent Reasonableness forms were missing in several Section 8 HCV original move-in files due to a change in personnel in the department.

Issuance costs for projects such as Powers Circle Apartments are no longer able to be capitalized under GASB accounting procedures.

Chairman Hancock asked if the Section 8 errors were a result of process or human error. Director Burnham replied the process is in place but an error was made when a new staff person discarded the rent reasonableness form rather than filing it.

Vice Chairman Meagher asked why the policy for returning program income for the housing rehabilitation program to Arapahoe County had changed. Rehab Manager Kingston replied that Arapahoe County requires that all program income be returned on a monthly basis rather than waiting for the submittal of a reimbursement, as was previously done.

Chairman Hancock asked about the negative balance in the Development Account. Operations Manager Humphries replied that the balance is a result of the negative balance Powers Circle Apartments had been carrying prior to the sale of the property. At the time of the sale, their negative balance share of the General Fund was \$569,000. This balance was handled through the closing and settlement and is now recorded as part of the loan receivable due from the Powers Circle sale.

It was moved by VICE CHAIRMAN MEAGHER and seconded by COMMISSIONER VARELA TO ACCEPT THE 2013 DRAFT AUDIT AS PRESENTED AND DISCUSSED.

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

Nays: None

Absent: Commissioner Bortz

Motion Carried: 6:0:1

Gerald Humphries, Operations Manager, presented the December 2013 financial reports, representing 33% of the 2014 fiscal year. Through December, the agency year-to-date (YTD) total revenue is \$2,727,847, which is 3% above projections. YTD expenses are \$2,467,635, which is approximately 6.7% under projections.

Manager Humphries informed the Board that staff has been working with Feldhake and Associates to complete the first audit and tax return for the Powers Circle Apartments LLLP partnership. Both items should be completed and mailed to Michel Associates, the tax credit partner, for review by February 15.

SMHO received the annual lease payment for the cell tower at Amity Plaza from AT&T in December.

Chairman Hancock asked if Powers Circle Apartments represented the financial override approved by the Board. Director Burnham replied that, while the Board approved up to \$200,000 of the deferred development fee to be used to complete the project, none of the money has been spent to date. The project is currently using construction loan dollars. Upon depletion of those funds, the override funds will be utilized.

Chairman Hancock also asked about the scholarship that was returned. Director Burnham explained that one of the scholarship award winners did not use the scholarship and the amount (\$800) was redistributed among the other four winners.

It was moved by COMMISSIONER UHLIG and seconded by COMMISSIONER VARELA TO APPROVE THE DECEMBER 2013 FINANCIAL REPORTS AS PRESENTED.

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

Nays: None

Absent: Commissioner Bortz

Motion Carried: 6:0:1

Director Burnham presented the following administrative items:

a) ***Kickoff for Smoke Free Housing***

A mini-health fair was conducted at Bradley House and Alyson Court during the month to kick off the smoke free housing policy. Residents were able to meet with representatives from Tri County Health Department, Littleton Fire Rescue, the American Lung Association and National Jewish Hospital to obtain more information on second and third-hand smoke. Lung function tests were also conducted at no charge.

Similar events will be held at Amity Plaza and Powers Circle Apartments later in the year.

b) ***Amity Plaza – 35<sup>th</sup> Anniversary***

Amity Plaza opened on February 15, 1979 and will celebrate its 35<sup>th</sup> anniversary later this spring upon completion of the new community room. Target completion date is mid-March.

c) ***LBALC – 20<sup>th</sup> Anniversary***

The Libby Bortz Assisted Living Center opened in January 1994. The Center will host a 20<sup>th</sup> anniversary open house celebration on June 26, 2014. A re-dedication of the Memory Walk and the laying of new bricks to commemorate deceased residents, staff, and family members will be held during the open house. Bricks are available for \$50.

d) ***Omnibus Fund Raiser***

The second annual Omnibus Fund Raiser will be held on July 24, 2014. A spaghetti supper and silent auction will be held with all proceeds going to support the Omnibus. In 2013, SMHO raised \$8,000 to support the Omnibus.

e) ***PHAS score for Public Housing***

As a small public housing agency, SMHO is not required to submit information to the Department of Housing and Urban Development (HUD) this year. However, based on electronic information received by HUD, a score was generated based on the data submitted. Had SMHO been required to submit in 2013, the score for management operations would have been 94%, which designates a high performer status.

f) ***February 25, 2014 City Council Study Session***

On February 25, 2014, City Council will hold a study session at 6:30 p.m. featuring several developers and investors. They will be providing input on the development process from a developer's point of view. Littleton's Economic Development Department has coordinated the agenda for the evening.

In addition, the LIFT (Littleton Invests for Tomorrow) Committee, formerly the Riverfront Authority will be on hand to discuss urban renewal possibilities.

Rehab Manager Kimberly Kingston presented the following loan:

- ***Loan C019***

The household consists of a single female and her son. The townhome, which was built in 1984, was purchased by the client in 2013. The current balance of the first mortgage is approximately \$159,000, and the Arapahoe County assessed value of the property is approximately \$175,000. The homeowner is at 77% of the Area Median Income (AMI) and has a 68% debt-to-income ratio.

Proposed rehab work includes replacement of the back deck that has weathered and pulled away from the house. The new deck will be built to the same dimensions as the existing one with composite decking material and dimensional lumber for the frame. The total cost of the proposed work is \$11,940.

Chairman Hancock expressed concern about the high debt to income ratio. He asked if the deck is a safety issue. Rehab Manager replied that the deck has deteriorated to a point that it is considered a safety and code issue.

Commissioner Uhlig expressed concern that there is very little equity after renovation. Manager Kingston replied that the valuation used for SMHO analysis is typically below the actual appraised value of the home as it is the county's assessed valuation of the home.

Commissioner Ostermiller expressed concern that the homeowner will be able to afford the proposed payment due to her lack of disposable income.

Commissioner Uhlig asked what the procedure is when a client misses a payment. Manager Kingston replied that a letter is sent and a phone call to the client is made. If the client misses three payments, the matter is turned over to legal counsel and could ultimately result in foreclosure. Typically, SMHO works with the homeowner to catch up the loan.

Vice Chairman Meagher asked if the deck is deeded with the townhome. Manager Kingston replied that the deck is not considered a common area by the Homeowner's Association and is not maintained through HOA dues. It is the responsibility of the homeowner to maintain the individual decks in the complex.

Chairman Hancock suggested that if the homeowner experiences a problem in making the payment that the Board be informed and possibly make the loan deferred at a later date. Due to the safety factor associated with the replacement, it is necessary to work with the client.

It was moved by COMMISSIONER HEUMANN and seconded by COMMISSIONER VARELA TO APPROVE LOAN C019.

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

Nays: Commissioner Uhlig

Absent: Commissioner Bortz

Motion Carried: 5:1:1

Commissioner Uhlig stated that he opposed the use of materials for the deck (TREX vs. pressure-treated lumber), but not the loan itself.

It was moved by COMMISSIONER HEUMANN and seconded by COMMISSIONER VARELA to recess the regular meeting into Executive Session at 7:38 p.m. Those present at the Executive Session were: Chairman Hancock, Vice Chairman Meagher, Commissioners Heumann, Ostermiller, Uhlig and Varela; Executive Director Burnham; and Assistant Director Hamit.

Executive Director Burnham and Assistant Director Hamit left the Executive Session at 8:01 p.m.

The regular meeting was reconvened at 8:40 p.m.

The next regular meeting will be held on Thursday, March 6, 2014 at 6:30 p.m.

It was moved by COMMISSIONER HEUMANN and seconded by VICE CHAIRMAN MEAGHER TO ADJOURN THE MEETING. There being no further business, CHAIRMAN HANCOCK adjourned the meeting at 8:42 p.m.

ATTEST:

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Andrew Hancock  
Chairman

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Dan Burnham  
Secretary