

SOUTH METRO HOUSING OPTIONS BOARD OF COMMISSIONERS

Minutes of Regular Meeting December 12, 2019

The regular meeting of the South Metro Housing Options (SMHO) Board of Commissioners was held on Thursday, December 12, 2019 at 5808 S. Rapp Street, Suite 100, Littleton, Colorado 80120.

THOSE PRESENT: Chairman Kyle Henderson, Vice Chairperson Pat Cronenberger, Commissioners Aubrey Ebbs, Aaron Heumann, Stewart Meagher, and Sandra Petry.

THOSE ABSENT: Commissioner Mike Madrid.

ALSO PRESENT: Corey Reitz, Executive Director; Ivan Anaya, Director of Real Estate; Lauran Money, Director of Finance; Catherine Roberts, Executive Assistant.

Citizens Jerry Hill, Jeanie Erickson and Mohamed Abdi

Chairman Henderson called the meeting to order 6:03 pm.

The agenda was reviewed and accepted.

There were 2 unscheduled public appearance.

Mohamed Abdi

Mr. Abdi believes that some jurisdictions give misinformation regarding what vouchers are accepted there. He shared some concerns regarding his experiences with landlords. Mr. Abdi stated that he had a long wait time when dropping into the main office. He believes that his Housing Specialist has miscommunicated with him on several occasions and believes that he has been treated without respect.

Jeannie Erickson

Ms. Erickson's only comment was on behalf of Mr. Abdi. She said that she spoke to Mr. Abdi in the hall and believes that he needs more time than the allotted three minutes to speak to someone about his problems. She thinks he needs to have a meeting with SMHO staff to take care of his problems.

There were no scheduled appearances.

Chairman Henderson closed the Unscheduled Public Appearances section of the meeting.

The minutes of the November 14, 2019 regular meeting were reviewed.

It was moved by COMMISSIONER HEUMANN and seconded by COMMISSIONER MEAGHER THAT THE MINUTES OF THE NOVEMBER 14, 2019 REGULAR MEETING BE APPROVED.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, Meagher, and Petry

Nays: None

Absent: Commissioner Madrid

Motion Carried: 6:0:1

Item #6 Financial Reports

Finance Director Money presented the highlights and notes of significance for the November 2019 SMHO Financial Statements.

- Current agency year-to-date (YTD) total revenue is \$2,287,319, which is 3% below projections.
- Current agency YTD total expenses are \$2,069,204, which is 11% under budget YTD.
- YTD net income, (change in net position) is \$218,115.
- YTD net operating income-cash flow from operations, before depreciation, is \$332,822.

Following are the highlights and notes of significance for the November 2019 Powers Circle Financial Statements.

- Current Partnership YTD total revenue is \$650,535, which is 9.6% below budget.
- Current Partnership YTD total expenses are \$894,453, which is 1% below budget.
- YTD net income **including** depreciation & amortization (non-cash/operating items) is (\$243,918).
- YTD Net Income **excluding** depreciation, amortization and the accrued interest on the SMHO notes is \$52,384.
- Debt Service Coverage Ratio is 1.00.
- 60 of 69 Units Occupied/Billed Rent (87%).

Following are the highlights and notes of significance for the October 2019 Libby Bortz Assisted Living Center (LBALC) Financial Statements.

- YTD total revenue is \$248,204, which is 13.41% below YTD projections.
- YTD total expenses are \$264,385, which is 16.41% below YTD projections.
- YTD net income is (\$16,181).

- YTD net operating income-cash being generation from operations (before depreciation) is \$21.
- Debt service coverage ratio: 0.62.

It was moved by COMMISSIONER EBBS and seconded by COMMISSIONER MEAGHER THAT THE NOVEMBER 2019 SMHO AND POWERS CIRCLE FINANCIALS, AND THE OCTOBER 2019 LBALC FINANCIALS BE APPROVED.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, Meagher, and Petry

Nays: None

Absent: Commissioner Madrid

Motion Carried: 6:0:1

Item #7 - Resolutions

Resolution 19-33: 2020 Powers Circle Apartments Operating Budget

Budget Highlights

Income:

We are budgeting for a 7% (5 units) monthly vacancy rate. This is a conservative number and the expected vacancy rate should be lower. All of the rents will be increased to the maximum allowable rent according to the Colorado Housing and Finance Authority (CHFA) guidelines. Rent increases will be gradually implemented with lease renewals and new move-ins. Total revenue is expected to increase approximately \$41,446 (8.5%) in comparison to 2019. We will also be utilizing referral services to increase occupancy.

Expenses:

- Total Administrative Expenses are anticipated to increase \$6,668 (2.5%).
- This is due to decreases in the following:
 - Administration Salaries-\$3,653 (3.5%)
 - Temp Admin. Labor. Fully staffed in property management-\$8,904
- Increases in the following:
 - Staff Incentive/Bonus Plan-\$7,718
 - Management fees paid to SMHO based on total revenue-\$4,813
- Resident Services expenses are anticipated to decrease \$1,316 (11%). This is due to staffing & time allocation changes.

- Utilities are anticipated to decrease \$9,898 (13%). This is due doing snow removal with our current maintenance staff and not sub-contracting out.
- Total Maintenance & Operations costs are anticipated to increase \$6,824 (5%).
 - Maintenance Salaries are anticipated to decrease \$5,258 (11%).
 - We anticipate out-sourcing some maintenance duties due to continued difficulties in finding staff. This additional cost is expected to be \$21,218 (567%) above 2019.
 - HVAC costs are expected to decrease \$8,529 (77%). This is due to installing 3 new Boilers in late Spring 2020. Less repairs to existing units.
- Total General Expenses are anticipated to remain the same at 2019 levels.
 - Employee Benefit Contributions: \$42,300 (14%). 2020 Healthcare cost increase.
 - Insurance costs are anticipated to increase \$6,027 (16%). Estimating continued trend of higher Property coverage due to hail claims.
 - Bad Debt is anticipated to decrease \$9,412 (47%). Current property management staff is managing delinquent rent better than in 2019.

Net Loss after depreciation & amortization is expected to decrease \$41,547 to \$390. This is mostly due to the increase in rental occupancy & rental rates.

Anticipated Debt Service Coverage at December 31, 2020 is 1.11. Cash after all expenses is \$206,990, debt payments are \$187,248.

It was moved by VICE CHAIRPERSON CRONENBERGER and seconded by COMMISSIONER EBBS TO ADOPT RESOLUTION 19-33, APPROVING the 2020 OPERATING BUDGET FOR POWERS CIRCLE APARTMENTS.

Ayes: Chairman Henderson, Vice Chairperson Cronenberger, Commissioners Ebbs, Heumann, Meagher, and Petry

Nays: None

Absent: Commissioner Madrid

Motion Carried: 6:0:1

Item # 8 – Staff Reports

- Website
 - A demonstration of the new website was given
 - Some suggestions for changes to the website were discussed and will be implemented before the final design goes live

- Maintenance staff strategy
 - Due the consistent challenges in finding and retaining quality maintenance staff, the decision has been made to contract out a portion of the maintenance duties
 - The contractor will initially allocate one dedicated maintenance staff person for 32 hours per week
- Resident Services evaluation
 - Consultant is reviewing current programming and meeting with residents to determine satisfaction with services and potential gaps in programming
- Housing Study Task Force
 - SMHO will lead a committee, similar to the former task force that worked on the BBC Housing Study and related recommendations
 - The committee will resume work related to the recommendations, as well as new tasks
 - City staff will assist with the process
- City Council liaison
 - The Mayor will be appointing our board liaison very soon

Item #9 Commissioner Reports

- Chairman Henderson welcomed Sandra Petry, the new Resident Board Member, and invited her to introduce herself. Ms. Petry thanked the Board for the position and hopes that she can fulfill the need of representing the residents voice and view to the Board. Ms. Petry said that she has already seen positive things happening. Ms. Petry will also head the Resident Advisory Board.
- Committee job descriptions
 - Real Estate committee sent out their job description
 - Finance committee finished theirs today
- Annual calendar
 - The idea behind the calendar is to identify certain resolutions, events, etc. that consistently occur at or near the same time each year
 - The calendar also sets a schedule for different staff to present updates each month
- Update of bylaws
 - These have not been updated for quite some time, so they need to be reviewed and edited as needed

Item #10 Other Business—None

Item #11 – Next Meeting: January 9, 2020 @ 6:00 p.m.

Item #12 – Executive Session

It was moved by COMMISSIONER EBBS and seconded by COMMISSIONER HEUMANN THAT THE MEETING BE MOVED INTO EXECUTIVE SESSION. At 7:47 p.m. the Board of Commissioners of South Metro Housing Options was called into Executive Session as provided in Title 24, Article 6 (Colorado Sunshine Law), Part 4 (Open Meeting Law): Sub-section 24-6-402(4)(a), CRS to discuss the purchase, acquisition, lease, transfer or sale of any real, personal, or other property interest; Sub-section 24-6-402(4)(f), to discuss personnel matters

Item #13 - Adjourn

It was moved by COMMISSIONER HEUMANN and seconded by COMMISSIONER EBBS THAT THE MEETING BE ADJOURNED. The motion carried. There being no further business, CHAIRMAN HENDERSON adjourned the meeting at 8:39 p.m.

ATTEST:

Kyle Henderson
Chairman

Corey Reitz
Secretary