



Strengthening our community by creating opportunities for diverse housing alternatives.

**Board of Commissioners
Minutes of Regular Meeting
August 13, 2020 at 6:00 p.m.**

The regular meeting of the South Metro Housing Options (SMHO) Board of Commissioners was held on Thursday, July 9, 2020 at 6:00 p.m. MDT remotely via Zoom Video Communications meeting link <https://us02web.zoom.us/j/89693579171?pwd=cThuSWJ4WGxyRDA1U1N5c1MyczYyQT09>, or dial-in number 346-248-7799.

Commissioners Present

Kyle Henderson, Chairman
Pat Cronenberger, Vice Chairperson
Aubrey Ebbs, Commissioner
Stewart Meagher, Commissioner
Sandra Petry, Resident
Commissioner

Commissioners Absent

Aaron Heumann, Commissioner
Mike Madrid, Commissioner

SMHO Leaders/Others Present

Corey Reitz, Executive Director
Lauren Money, Deputy Director &
Director of Finance
Iván Anaya, Director of Real Estate
Kelly Milliman, Littleton City
Council

Board Meeting Minutes

Call to Order

Chairman Henderson called the meeting to order on August 13, 2020 at 6:01 p.m. MDT. A quorum of members was present, and the meeting was ready to proceed with business. Upon the meeting being called to order, Chairman Henderson represented the Board of Commissioners by reading the SMHO mission statement.

Review of the Agenda

Chairman Henderson reviewed the agenda. The agenda was adopted by the Board.

Unscheduled Public Appearances

There were no unscheduled public appearances.

Scheduled Public Appearances

There were no scheduled public appearances.

VOTE: Approval of the Minutes of July 9, 2020 Regular Meeting

Upon motion duly made by VICE CHAIRPERSON CRONENBERGER and seconded by COMMISSIONER MEAGHER, THE BOARD UNANIMOUSLY VOTED TO APPROVE THE MINUTES OF THE JULY 9, 2020 REGULAR MEETING.

AYE: Chairman Henderson, Vice Chairperson Cronenberger, Commissioner Meagher, Commissioner Ebbs, and Commissioner Petry

NAY: None



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ABSTAIN: None

ABSENT: Commissioner Heumann and Commissioner Madrid

MOTION CARRIED: 5:0:0

Finance Committee Commissioner Report

The minutes from the August 10, 2020 Finance Committee meeting were provided to the Board for review.

VOTE: Financial Reports

Deputy Director & Director of Finance, Lauren Money, presented the financial reports. Project results were reported as of July 31, 2020, except for Libby Bortz Assisted Living Center (LBALC), which was reported as of June 30, 2020. A high-level overview was provided, and budget variances were examined. Variances in revenue resulting from vacancies have been offset by lower maintenance expenses on a consolidated basis, excluding LBALC and Powers Circle Apartments (PCALLLP). In general, there was improvement in the total occupancy rate from the prior month.

COVID-19 has certainly had an impact on maintenance expenses and the ability of SMHO to fill vacancies as the maintenance technicians were not working initially during the pandemic, and once they started working again, they were only focusing on emergency work orders. This created a backlog of work orders, including making vacant units ready to rent. Maintenance technicians are back to work full time and working through the backlog. Deferred environmental cleanup costs made up the majority of the budget variance for maintenance expenses. Habitat for Humanity of Metro Denver has begun the work on five of the properties in need of rehabilitation and the first payment application will be submitted in August. SMHO will use capital funds to pay for the costs on the four public housing properties.

Overall, SMHO on a consolidated basis remains in a strong financial position. The resident accounts receivable ratio, which reflects the ability to collect resident charges, needs some work. The SMHO finance team has been working closely with the housing department to help them understand the accounts receivable reports and the impact collection of those accounts has on the financial position of the organization. The finance team made it a goal of the department this quarter to improve communication between the finance and housing departments and they have been meeting weekly to achieve this goal in addition to conducting internal training sessions.

The financial position of LBALC was discussed next. While occupancy improved by five units when compared to last month, it is still a significant concern. The Board noted concerns pertaining to long-term sustainability of LBALC and the suitability for SMHO in terms of core competencies. Ms. Money pointed out the resident accounts receivable and accounts payable ratios, which are within the targets of SMHO.

From an earnings standpoint, PCALLLP looks good. While vacancies are impacting revenues, the deficit is offset by expenses as they were budgeted for conservatively. As such, the key performance ratios are within or near targets. The collection of rents needs improvement at PCALLLP, and it is driving lower liquidity and leverage ratios than expected.

Upon motion duly made by COMMISSIONER MEAGHER and seconded by COMMISSIONER EBBS, THE BOARD UNANIMOUSLY VOTED TO APPROVE THE FINANCIAL REPORTS AS OF JULY 31, 2020 FOR SMHO AND POWERS CIRCLE APARTMENTS AND AS OF JUNE 30, 2020 FOR LBALC.



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AYE: Chairman Henderson, Vice Chairperson Cronenberger, Commissioner Meagher, Commissioner Ebbs, and Commissioner Petry

NAY: None

ABSTAIN: None

ABSENT: Commissioner Heumann and Commissioner Madrid

MOTION CARRIED: 5:0:0

Presentation of the 2020-2021 Agency Budget Drafts

Ms. Money presented the draft 2020-2021 budget for LBALC. A projected gradual increase in occupancy and slight increase in rates are driving an increase in dwelling rents and assisted living fees. In turn, year-over-year operating revenues are expected to increase by about \$491 thousand. As staff stabilizes, administrative salaries are expected to decrease, and resident services salaries are expected to increase. Staff merit increases are anticipated to be consistent across the board as mentioned in the notes. Benefits are expected to increase due to a rise in health insurance costs. A decrease in interest expense is expected as a result of the potential refinance of LBALC that is currently in process, which is also driving a significant improvement in debt service and the debt service coverage ratio (DSCR). Most other expenses are based on historical averages. Overall, an annual net income of about \$185 thousand is projected.

The 2020-2021 SMHO consolidated budget draft (excluding LBALC and PCALLLP) was reviewed next by the Board. As discussed in previous meetings, SMHO intends to hold itself to the higher standard of occupancy that it has set for itself historically at a maximum of one to two units vacant per property. The anticipated increase in occupancy has been gradually built up in the budget and is driving increased revenues from rents, housing assistance payments (HAP), and management fees. The Section 22 conversion is driving a decrease in the public housing operating subsidy, an increase in professional services due to anticipated relocation and legal costs, an increase in environmental cleanup costs, and a decrease in capital grants. Stabilized staff and merit increases are pushing salaries and benefits expenses up and although no temporary administrative staff is expected, historical averages were used to be conservative. The increase in maintenance labor was more than offset by the termination in the temporary maintenance staff contract, which will end on September 30, 2020. The budget draft reflects adjusted net operating income of \$1.1 million for the year.

Ms. Money reminded the Board that these budgets are drafts and necessary changes will be made within the next month in order to finalize for Board review and approval in the September meeting. The drafts were prepared for and provided in this meeting to allow for ample time to digest the information and allow for stakeholder input.

Resolutions

VOTE: 20-09: Updated Agency Plans (Admin, ACOP, Tenant Selection)

Executive Director, Corey Reitz, presented and recommended the approval of Resolution 20-09, which describes and authorizes the revisions to the Housing Choice Voucher Administrative Plan for the Section 8 Housing Choice Voucher (HCV) Program, the Admissions and Continued Occupancy Policy (ACOP) for the Public Housing Program, and the Tenant Selection Plan for the Project-Based Rental Assistance (PBRA) programs. The plans are generally updated once a year unless needed more frequently. Once the Section 22 conversion takes place, the ACOP will be eliminated and the administrative burden will be reduced. SMHO management utilizes the annual updates provided by Nan McKay & Associates to update the plans every year,



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which allows for tracking of changes made the prior year and identification of what changes need to be made. The changes are generally fairly boiler plate.

Upon motion duly made by COMMISSIONER MEAGHER and seconded by COMMISSIONER PETRY, THE BOARD UNANIMOUSLY VOTED TO ADOPT RESOLUTION 20-09, APPROVING REVISIONS TO THE HOUSING CHOICE VOUCHER ADMINSTRATIVE PLAN FOR THE SECTION 8 HCV PROGRAM, THE ADMISSIONS AND CONTINUED OCCUPANCY POLICY (ACOP) FOR THE PUBLIC HOUSING PROGRAM, AND THE TENANT SELECTION PLAN FOR THE PBRA PROGAMS.

AYE: Chairman Henderson, Vice Chairperson Cronenberger, Commissioner Meagher, Commissioner Ebbs, and Commissioner Petry

NAY: None

ABSTAIN: None

ABSENT: Commissioner Heumann and Commissioner Madrid

MOTION CARRIED: 5:0:0

Staff Reports

Finance Department Update

Ms. Money gave an update on the Finance and Procurement Departments, including new staff. The main priority for the Finance Department currently is the budget. Budget preparation has been a collaborative effort with input from all departments. It is an organizational goal this quarter for all staff to participate as necessary in the budget preparation and completion. Other Department priorities were noted.

South Metro Property Corporation Formational Documents

Mr. Anaya reviewed the South Metro Property Corporation formational documents. South Metro Property Corporation will hold the proceeds from the sale of the residential homes and hold properties on behalf of SMHO. Concerns pertaining to Article II of the Bylaws of South Metro Property Corporation were addressed and updated to ensure SMHO can have some type of control over operations of the affiliate. The bylaws require an even number of board members totaling four. Two seats will be automatically filled by SMHO Director or his/her designee and the SMHO Board Chair or his/her designee. The other two board members cannot be currently connected to SMHO but can be a former board member. At Large Directors can serve a role that is somewhat advisory to SMHO and the real estate team. Individuals that have expertise in real estate and experience in community development, property management, property operations, and/or social or supportive services will be sought out. Mr. Anaya defined community development and noted the most important attribute will be an affordable housing advocate.

The Board discussed the potential removal of board members, director seat vacancies, potential candidates, and the staffing of the entity. South Metro Property Corporation will be 100% staffed by SMHO staff members. Mr. Anaya suggested inviting the entity board to SMHO Board meetings so that they are up-to-speed. The Board suggested removing the requirement for directors to be a resident of Colorado. A meeting with the attorney will be scheduled for August 17th or 18th and the Board was encouraged to send any additional feedback by then.



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Administrative Report

Mr. Reitz provided the Administrative Report to the Board for review. The Board did not have any discussion or questions.

Commissioner Reports

Vice Chairperson Cronenberger discussed the presentation about the Littleton Housing Taskforce progress to Littleton City Council. The Council members asked good questions and the general tenor of the meeting was really positive. Mr. Reitz did a great job with the presentation and Mr. Anaya added just the right points for enhancement. The infographic that Kim DeCero put together was a good document.

Vice Chairperson Cronenberger informed the Board that her son, Andrew Cronenberger, was hired by SMHO as a maintenance technician. The hiring managers were unaware of the affiliation and Mr. Reitz was not involved in the hiring process.

Commissioner Meagher mentioned the “I Found My Dream Home in Littleton” video. The focus on the presentation was how the City of Littleton was to work with in a housing project. Mr. Meagher suggested doing something on “I Found My Affordable Home in Littleton” and advised including both a testimonial and a story. The video could highlight a variety of affordable housing types. SMHO is excited to have the capacity on staff to do marketing and communications projects such as this.

Commissioners discussed doing a virtual tour of LBALC and posting on the website. This is on the radar but is currently on hold due to COVID. Mr. Reitz pointed out that Ms. DeCero did take photos and a video tour of PCALLP.

Kelly Milliman, Littleton City Council Liaison, spoke about the public comments on the Unified Land Use Code (ULUC), which they are compiling now. She encouraged everyone to fill out the census and will inquire about the sharing of information. Other Council members are starting to talk about affordable housing after the presentation from Mr. Reitz and Mr. Anaya along with Ms. Milliman’s advocacy.

Chairman Henderson mentioned the book club and noted that the next book will be assigned in October at the annual retreat. *Golden Gates* will need to be finished by then. The annual retreat will take place on October 6, 2020. The time is yet to be determined, but it will be a total of four hours on Zoom with breaks. Mr. Reitz and Mr. Henderson had a call with the facilitator and have started to put together a pretty good agenda. A lot has been accomplished over the past year, even with COVID.

Other Business

No other business was discussed.

Next Meeting

The next Board of Commissioners of South Metro Housing Options meeting is scheduled for September 10, 2020 at 6:00 p.m. MDT. The meeting will be held virtually on Zoom. The October meeting will be combined with the annual retreat.

Adjournment

Upon motion duly made by COMMISSIONER MEAGHER and seconded by VICE CHAIRPERSON CRONENBERGER, THE BOARD UNANIMOUSLY VOTED TO ADJOURN THE REGULAR BOARD MEETING ON AUGUST 13, 2020 AT 7:24 p.m. MDT. The motion carried.



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ATTEST:

X

Kyle Henderson
Chairman

X

Corey Reitz
Secretary