

**Logan County Commissioners Work Session
October 2, 2018**

Present: Byron Pelton, Dave Donaldson, Joe McBride, Alan Samber, Rob Quint, Valerie Richards, Lindsey Reeves, Peggy Michaels, Brad Hofmeister, Marilee Johnson, Jeff Rice and Jennifer Crow.

Chairman Pelton called the meeting to order at 8:30 a.m.

REVIEW OF BUSINESS MEETING AGENDA - The Board reviewed the Business Meeting Agenda for the October 2, 2018 meeting.

The Board agreed to add the Veterans Service Officer report to the Consent Agenda, and the Second Addendum to Motor Vehicle Lease with the City of Sterling as concerns the new Dodge 5500 Ambulance under New Business.

Resolution 2018-37 will be postponed definitely to October 16 as the title work on the property is not completed.

The meeting recessed at 8:56 a.m. and reconvened at 9:30 a.m.

APPROVAL OF MINUTES FROM PREVIOUS SESSION - Commissioner Donaldson moved to approve the minutes of the September 25, 2018 work session as written. Commissioner McBride seconded and the motion carried.

REVIEW DEPARTMENT OF HUMAN SERVICES (DHS) SCHEDULE OF BILLS - Valerie Richards met with the Board to review the DHS schedule of bills dated October 2, 2018. The Board approved all bills as presented.

EXEMPTIONS - Logan County Assessor Peggy Michaels and Assessment Brad Hofmeister met with the Board to discuss a letter from the attorney representing Overland Trails LLC which owns an apartment complex with several low-income housing units. Overland Trails is claiming that the property should be statutorily exempt from property taxes because .1 percent now belongs to Sterling Housing Authority (SHA). By statute, anything that belongs to SHA is exempt. SHA does not share in the management or any of the profits of the property. They are asking for 100% exemption. County Attorney Alan Samber and Assistant County Attorney Drew Lyman have reviewed the issue and feel that just the units that are low income are exempt which would be approximately 20 of the 48 units.

The Board feels that the exemption should be proportionate to the percentage owned. However this is not the way the statute reads. The SHA's purpose in acquiring the small interest in the company is not known. The issue could potentially have statewide impact. It appears that the SHA was given .1 percent ownership only on paper to achieve a complete property tax exemption on the project.

The legislation in question was adopted in 2016. The apartment complex project was previously owned and funded by SHA and was fully exempt. When it was no longer owned by the SHA, it became taxable. The current owners bought the property in foreclosure. The tax loss to Logan County will be \$11,494.00.

There is no question that part of the property is rented to low-income persons. The statute doesn't define what low-income is, but according to the Colorado Division of Housing the property qualifies as low-income housing if it provides rental units to persons whose income is less than 80% of the average median income (AMI) of the area. Some of the units do not qualify, they are earmarked for persons who earn less than 120% of the AMI.

There is no case law to look at as the statute has not been on the books for very long. It appears that the legislation was purposely written to create large exemption opportunities for projects providing low income housing. There is no disagreement that the project qualifies, just what percent of the property qualifies is being questioned due to the AMI and the number of units provided to persons who are low income.

It appears that the housing authority's involvement is only on paper, and is a fractional interest of the ownership of the limited liability company that holds title to the property. It appears that it was done on paper to create the exemption.

The Assessor has statutory authority to determine if the property is exempt. The property owner has the right of appeal. Michaels agrees that some of it should be exempt but they do not look at it as 100% exempt.

The Board agreed to invite SHA to the meeting next Tuesday.

REVIEW LOGAN COUNTY SCHEDULE OF BILLS - Lindsey Reeves met with the Board to review the Logan County schedule of bills dated October 2, 2018. The Board approved all bills as presented.

LOGAN COUNTY AMBULANCE COLLECTION ASSIGNMENTS - Commissioner McBride moved to approve the assignment of a Logan County Ambulance debt collections account to Wakefield and Associates, the account number ending in 4001 and allow the Chairman to sign. Commissioner Donaldson seconded and the motion carried 3-0.

There being no further business to come before the Board, the meeting adjourned at 9:54 a.m.