



FINANCE COMMITTEE MEETING NOV. 19, 2020



BOARD OF COMMISSIONERS

Dr. Ana "Cha" Guzmán Chair	Jessica Weaver Vice Chair	Charles Clack Commissioner	Jo-Anne Kaplan Commissioner	Olga Kauffman Commissioner	Ignacio Perez Commissioner	Ruth Rodriguez Commissioner
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PRESIDENT & CEO
David Nisivoccia

**SAN ANTONIO HOUSING AUTHORITY
FINANCE COMMITTEE or
**SPECIAL BOARD MEETING
TELECONFERENCE**

**Call In Phone Number: (346) 248-7799
Meeting ID: 93839434337# Passcode: 654170#
1:30 p.m., Thursday, November 19, 2020**

The Board of Commissioners will convene for a Committee, or Special Board meeting, by teleconference, for discussion on the following matters:

MEETING CALLED TO ORDER

1. The Board of Commissioners or its Committee may hold a closed meeting pursuant to Texas Government Code § 551.071-076 for consultation concerning attorney-client matters, real estate, litigation, personnel, and security matters. The Board or Committee reserves the right to enter into closed meeting at any time, during the course of the meeting.

PUBLIC COMMENT

2. Public Comment - Citizens are provided up to three minutes each to speak to any agenda items. Citizens wishing to speak to items posted on the agenda should access Phone Number: **(346) 248-7799** and enter Meeting ID: **93839434337#** and Passcode: **654170#**, prior to 1:30 p.m.

Now is the time for public comments. The Board asks the public to address concerns related to SAHA matters and policy and not include statements that may be considered defamatory of any individual. The Board encourages members of the public to direct specific concerns or problems to SAHA staff for more prompt resolution.

INDIVIDUAL ITEM FOR CONSIDERATION

3. Consideration and appropriate action regarding Resolution 6091, authorizing the modification and extension of a revolving line of credit in the original face amount of \$3,000,000.00 from Frost Bank to the San Antonio Housing Facility Corporation and authorizing the execution and delivery of all required documents, certificates, and agreements (Ed Hinojosa, Chief Financial Officer; Diana Kollodziej Fiedler, Director of Finance and Accounting)

REPORTS PROVIDED TO THE BOARD

- Quarterly Financial report
- Quarterly Internal Audit Update

4. Adjournment

*Note: Whenever the Texas Open Meetings Act (Section 551.001 et seq. of the Texas Government Code) provides for a closed meeting in matters concerning legal advice, real estate, contracts, personnel matters, or security issues, the Board may find a closed

meeting to be necessary. For convenience of the citizens interested in an item preceded by an asterisk, notice is given that a closed meeting is contemplated. However, the Board reserves the right to go into a closed meeting on any other item, whether it has an asterisk, when the Board determines there is a need and a closed meeting is permitted.

****Note:** If a quorum of the Board of Commissioners attends the Committee Meeting, this meeting becomes a Special Meeting of the Board, but no Board action will be taken other than recommendations to the full Board, unless the full Board is present.

**BOARD OF COMMISSIONERS
Finance Committee**

RESOLUTION 6091, AUTHORIZING THE MODIFICATION AND EXTENSION OF A REVOLVING LINE OF CREDIT IN THE ORIGINAL FACE AMOUNT OF \$3,000,000.00 FROM FROST BANK TO THE SAN ANTONIO HOUSING FACILITY CORPORATION AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL REQUIRED DOCUMENTS, CERTIFICATES, AND AGREEMENTS

DocuSigned by:
David Nisivoccia
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David Nisivoccia
President and CEO

DocuSigned by:
Ed Hinojosa Jr
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Ed Hinojosa
Chief Financial Officer

REQUESTED ACTION:

Consideration and appropriate action regarding Resolution 6091, authorizing the modification and extension of a revolving line of credit in the original face amount of \$3,000,000.00 from Frost Bank to the San Antonio Housing Facility Corporation and authorizing the execution and delivery of all required documents, certificates, and agreements.

FINANCIAL IMPACT:

SAHA has received a Preliminary Discussion Sheet from Frost Bank to extend and modify the Facility Corporation's \$3,000,000.00 revolving line of credit. The loan term will be for a period of three (3) years at a rate equal to prime plus 0.25%. The all-in rate as of October 30, 2020, is 3.50%. A processing fee in the amount of \$3,000.00 will be payable by the Borrower in immediately available funds upon the closing of the Loan.

SUMMARY:

The term of the loan is for three (3) years collateralized by the Deed of Trust on land and improvements at 818 South Flores St., San Antonio Texas, 78204. Examples of activities the line of credit may be used for include providing funding for the development of future affordable housing projects and providing short-term funding for renovations and/or improvements at our Affordable Housing communities, as well as at our Central Office building.

STRATEGIC GOAL:

Transform core operations to be a high performing and financially strong organization.

ATTACHMENTS:

- Resolution 6091
- Resolution 20FAC-11-19
- Term Sheet
- Modification, Renewal and Extension Agreement

CERTIFICATE FOR RESOLUTION 6091

The undersigned officer of the Housing Authority of the City of San Antonio, Texas, a Texas housing authority created pursuant to the laws of the State of Texas ("SAHA"), hereby certifies as follows:

1. In accordance with Chapter 551, Texas Government Code, as amended (the "Open Meetings Act"), and the bylaws of SAHA, the Board of Commissioners of SAHA (the "Board") held a meeting on December 3, 2020, (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

RESOLUTION 6091, AUTHORIZING THE MODIFICATION AND EXTENSION OF A REVOLVING LINE OF CREDIT IN THE ORIGINAL FACE AMOUNT OF \$3,000,000.00 FROM FROST BANK TO THE SAN ANTONIO HOUSING FACILITY CORPORATION AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL REQUIRED DOCUMENTS, CERTIFICATES, AND AGREEMENTS

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Open Meetings Act and the Bylaws of SAHA.

SIGNED AND SEALED this 3rd day of December 2020.



David Nisivoccia
President and CEO

**San Antonio Housing Authority
Resolution 6091**

RESOLUTION 6091, AUTHORIZING THE MODIFICATION AND EXTENSION OF A REVOLVING LINE OF CREDIT IN THE ORIGINAL FACE AMOUNT OF \$3,000,000.00 FROM FROST BANK TO THE SAN ANTONIO HOUSING FACILITY CORPORATION AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL REQUIRED DOCUMENTS, CERTIFICATES, AND AGREEMENTS

WHEREAS, the Housing Authority of the City of San Antonio, Texas (“SAHA”), has, pursuant to the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “Act”), approved and created the San Antonio Housing Facility Corporation, a nonstock, nonprofit public facility corporation (“SAHFC”); and

WHEREAS, in 2008, SAHFC entered into a revolving line of credit with Frost Bank, a Texas state bank (then known as Frost National Bank) in the original face amount of \$3,000,000.00, which line of credit has expired; and

WHEREAS, SAHFC desires to modify and extend its revolving line of credit arrangement with Frost Bank in the original face amount of \$3,000,000.00 (the “Loan”), the proceeds of which Loan may be used for the short-term borrowing needs of either SAHFC or SAHA; and

WHEREAS, the Board of Commissioners of SAHA (the “Board”) has determined that it is in the public interest and to the benefit of the citizens and residents of San Antonio to authorize SAHFC to enter into the transaction described above so that SAHFC may modify and extend the Loan; and

WHEREAS, the Board has reviewed the foregoing and determined that the action authorized herein is in furtherance of the public purposes of SAHA.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of San Antonio Housing Authority:

Section 1. The modification and extension of the Loan by SAHFC and the contemplated actions of SAHFC regarding the transaction are hereby authorized and approved, and the President, any Vice President, the Secretary and/or Treasurer, or any of them, of SAHFC and SAHA, as appropriate, are hereby authorized to execute any and all documentation required for the modification and extension of the Loan. The President, any Vice President, the Secretary and/or Treasurer, or any of them, of SAHFC and SAHA, as appropriate, are authorized to negotiate and approve such changes in, or additions to, the terms any of the documents (prior to the execution and delivery thereof), including amendments, renewals, and extensions, as such officers shall deem necessary or appropriate upon the advice of counsel, and approval of the terms of any of the documents by such officers and this Board shall be conclusively evidenced by the execution and delivery of such documents.

Section 2. The officers of this Board, or any of them, are authorized to take any and all action

necessary to carry out and consummate the transactions described in or contemplated by the documents approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.

Section 3. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 4. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 5. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 6. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 7. This Resolution shall be in force and effect from and after its passage.

Passed and approved the 3rd day of December 2020.

Ana M. "Cha" Guzman
Chair, Board of Commissioners

Attested and approved as to form:

David Nisivoccia
President and CEO

CERTIFICATE FOR RESOLUTION 20FAC-11-19

The undersigned officer of the San Antonio Housing Facility Corporation, a Texas non profit corporation created pursuant to the laws of the State of Texas ("SAHFC") hereby certifies as follows:

1. In accordance with the bylaws of SAHFC, the Board of Directors of SAHFC (the "Board") held a meeting on December 3, 2020 (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

RESOLUTION 20FAC-11-19, AUTHORIZING THE MODIFICATION AND EXTENSION OF A REVOLVING LINE OF CREDIT IN THE ORIGINAL FACE AMOUNT OF \$3,000,000.00 FROM FROST BANK AND AUTHORIZING THE EXECUTION AND DELIVERY ON BEHALF OF SAHFC OF ALL REQUIRED DOCUMENTS, CERTIFICATES, AND AGREEMENTS

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the articles of incorporation and bylaws of SAHFC.

SIGNED AND SEALED this 3rd day of December 2020.



David Nisivoccia
Secretary/Treasurer

**San Antonio Housing Facility Corporation
Resolution 20FAC-11-19**

RESOLUTION 20FAC-11-19, AUTHORIZING THE MODIFICATION AND EXTENSION OF A REVOLVING LINE OF CREDIT IN THE ORIGINAL FACE AMOUNT OF \$3,000,000.00 FROM FROST BANK AND AUTHORIZING THE EXECUTION AND DELIVERY ON BEHALF OF SAHFC OF ALL REQUIRED DOCUMENTS, CERTIFICATES, AND AGREEMENTS

WHEREAS, the San Antonio Housing Facility Corporation (“SAHFC”) is a Texas non profit corporation created by the Housing Authority of the City of San Antonio, Texas, (“SAHA”) pursuant to the laws of the State of Texas; and

WHEREAS, in 2008, SAHFC entered into a revolving line of credit with Frost Bank, a Texas state bank (then known as Frost National Bank) in the original face amount of \$3,000,000.00, which line of credit has expired; and

WHEREAS, SAHFC desires to modify and extend its revolving line of credit arrangement with Frost Bank (“Lender”) in the original face amount of \$3,000,000.00 (the “Loan”), the proceeds of which Loan may be used for the short-term borrowing needs of either SAHFC or SAHA; and

WHEREAS, SAHFC is the fee simple owner of certain real property and improvements located at 818 South Flores, San Antonio, Texas 78204 (the “Corporate Office”), which Corporate Office is leased to SAHA pursuant to that certain Lease Agreement dated September 1, 1995, as amended by that certain First Amendment to Lease Agreement dated as of October 14, 2008, and as it may be amended to accommodate this modification and extension of the Loan (as amended, the “Lease”); and

WHEREAS, the Loan will be secured by, among other things, (i) a deed of trust, security agreement, financing statement pledging all of SAHFC’S right, title and interest in and to the Corporate Office for the benefit of Frost Bank, and (ii) the rent payable under the Lease; and

WHEREAS, the Board of Directors of SAHFC (the “Board”) has determined that it is in the public interest and to the benefit of the citizens and residents of San Antonio for the various entities to enter into the transactions described above; and

WHEREAS, the Board has reviewed the foregoing and determined that the action herein authorized is in furtherance of the corporate purposes of SAHFC.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the San Antonio Housing Facility Corporation hereby:

Section 1. The President, Vice President, Secretary/Treasurer, or any Assistant Secretary/Treasurer, or any of them, and, if required by the form of the document, the President, Vice President, Secretary/Treasurer, or any Assistant Secretary/Treasurer, or any of them, are hereby authorized and directed to modify and extend the revolving line of credit in the amount of \$3,000,000.00 from the Lender, upon such terms and conditions as the said officer shall in his or her sole discretion deem necessary or advisable; to execute and deliver on behalf of SAHFC all new, amended or modified and extended promissory notes, deeds of trust, security

instruments, documents, certificates and agreements (collectively, the “Loan Documents”) required by Lender, including without limitation new, amended or modified and extended versions of the following loan documents:

1. Revolving Promissory Note;
2. Deed of Trust, Security Agreement – Financing Statement;
3. Assignment of Leases and Rents;
4. Borrower’s Affidavit;
5. Arbitration and Notice of Final Agreement;
6. Environmental Indemnity Agreement;
7. Financing Statement Exhibit;
8. Subordination and Attornment Agreement;
9. Second Amendment to Lease Agreement;
10. Tenant Estoppel Certificate; and
11. Certificate for Resolutions.

and to do any and all things in connection with such line of credit or any renewal, extension or rearrangement thereof that such officer deems necessary or advisable and in the best interests of SAHFC.

Section 2. The President, Vice President, Secretary/Treasurer, or any Assistant Secretary/Treasurer, or any of them, and, if required by the form of the document, the President, Vice President, Secretary/Treasurer, or any Assistant Secretary/Treasurer, or any of them, of SAHFC are authorized and directed to modify, execute and deliver any of the documents to be signed by or consented to by SAHFC, and any and all certificates and other instruments necessary to carry out the intent thereof and hereof. The President, Vice President, Secretary/Treasurer, or any Assistant Secretary/Treasurer is authorized to negotiate and approve such changes in, or additions to, the terms of any of the documents (prior to the execution and delivery thereof), including amendments, renewals, and extensions, as such officers shall deem necessary or appropriate upon the advice of counsel to SAHFC, and approval of the terms of any of the documents by such officers shall be conclusively evidenced by the execution and delivery of such documents.

Section 3. All acts of the President, any Vice President, Secretary or Treasurer of SAHFC authorized and directed herein, including the execution and delivery of the Loan Documents and all other documents referenced herein relating to the line of credit herein referenced, are reasonably expected to benefit, directly or indirectly, SAHFC.

Section 4. All actions heretofore taken by the directors or the officers of SAHFC, and all things done by their authority, in connection with the transaction described herein, be and the same are hereby ratified, approved and adopted as the acts of SAHFC.

Section 5. Said officers are authorized and empowered to perform all acts and execute and deliver all instruments, documents and agreements required by Lender to carry out the purposes of these resolutions.

Section 6. If any section, paragraph, clause, or provision of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause,

or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 8. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 9. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 10. This Resolution shall be in force and effect from and after its passage.

Passed and approved the 3rd day of December 2020.

Ana M. "Cha" Guzman
Chair, Board of Directors

Attested and approved as to form:

David Nisivoccia
Secretary/Treasurer

**CONFIDENTIAL
TERM SHEET
FOR
SAN ANTONIO HOUSING FACILITY CORPORATION**

October 30, 2020

The following Term Sheet (this “Term Sheet”) is not a commitment to lend money; rather, it is intended to be a preliminary outline of possible loan terms only and does not purport to contain all of the terms, conditions, covenants, representations, warranties, and other provisions with respect to the subject credit facility, which will be contained in definitive loan documentation, if any, and which may differ from those contained herein. Other terms and provisions not contained in this Term Sheet may be considered and/or required by Lender, in its sole and absolute discretion, prior to final approval of the subject credit facility and the execution of definitive loan documentation, if any, with respect to the subject credit facility, based upon Lender’s due diligence and credit underwriting standards (as determined by Lender in its sole and absolute discretion). Further, Lender, in its sole and absolute discretion, will decide whether to approve the subject credit facility, commit to the subject credit facility, and enter into definitive loan documentation with respect to the subject credit facility. Final approval of the subject credit facility may be conditioned upon modification or adjustment of the terms contained herein. Neither Lender nor Borrower will have any liability to the other should either party elect, for any reason, (i) not to proceed forward with respect to the subject credit facility, or (ii) not to enter into definitive loan documentation with respect to the subject credit facility.

The terms and existence of this Term Sheet are confidential to Borrower and Guarantor, if any, and may not be disclosed by Borrower or Guarantor, if any, except as may be approved in writing by Lender.

This Term Sheet expires 60 days from the date hereof.



TERM SHEET

Borrower:	San Antonio Housing Facility Corporation (“ <u>Borrower</u> ”).
Lender:	Frost Bank (“ <u>Lender</u> ”).
Guarantor:	Not applicable.
Credit Facility:	\$3,000,000 revolving line of credit (the “ <u>Loan</u> ”). The Loan will be documented on Lender’s standard forms of Loan Documents (as defined below).
Availability and Purpose:	The Loan will be available on and after the Closing Date (as defined below) in multiple advances to finance the working capital needs and general corporate purposes of Borrower. The Loan may be borrowed, repaid, and re-borrowed up to but excluding the Maturity Date (as defined below).
Closing Date:	Not later than December 31, 2020 (the “ <u>Closing Date</u> ”).
Maturity:	The Loan will mature October 14, 2023 (the “ <u>Maturity Date</u> ”).
Interest Rate:	The “Latest” U.S. prime rate as quoted in <i>The Wall Street Journal (U.S. Edition)</i> , plus 0.25% per annum, with said rate to be adjusted to account for any changes in said prime rate; <i>provided, however</i> , in no event shall the resulting rate be less than 3.50%. The prime rate will be defined in the Loan Documents in accordance with Lender’s standard practices.
Swap Option:	Not applicable.
Payment Terms:	Interest only will be due and payable monthly as it accrues until the Maturity Date, when the entire amount of the Loan, principal and interest then remaining unpaid, will be then due and payable.
Loan Fees:	A processing fee in the amount of \$3,000 will be payable by Borrower in immediately available funds upon the closing of the Loan.
Voluntary Prepayments:	The Loan may be prepaid, in whole or in part, without premium or penalty.
Collateral:	<p>The Loan with Lender will be secured by a valid and perfected first priority lien (subject to liens permitted under the Loan Documents) on the following assets of Borrower whether owned on the Closing Date or thereafter acquired (collectively, the “Collateral”):</p> <ul style="list-style-type: none"> (a) Deed of Trust on the property and the underlying land acreage located at 818 S. Flores St. San Antonio TX 78204. (b) Assignment of Leases and Rents covering the Collateral. <p>All pledges, security interests, and liens covering the Collateral will be created on terms and pursuant to definitive loan documentation satisfactory to Lender in its sole and absolute discretion. The Collateral shall also secure all other indebtedness and obligations</p>

Reporting Requirements:	<p>Borrower, as applicable, will provide to Lender throughout the term of the Loan the following:</p> <ul style="list-style-type: none"> (a) <u>Annual Statements</u>. Audited financial statements of Borrower within 180 days after the end of each fiscal year. (b) <u>Interim Statements</u>. Internal financial statements of Borrower within 45 days after the end of each fiscal quarter. (c) <u>Additional Financial Information</u>. Additional financial information from time to time as may be requested by Lender. (d)
Closing Conditions:	<p>Closing of the Loan shall be conditioned upon Lender's receipt, approval, or completion of the following items, all in form and substance satisfactory to Lender:</p> <ul style="list-style-type: none"> (a) Final credit approval; (b) Delivery of definitive, executed Loan Documents and other third party agreements (e.g., subordination agreements, assignments, etc.), as applicable; (c) Delivery of documents such as legal opinions, organizational documents, and other customary instruments for a transaction of this type; (d) Verification of all equity spent; (e) Property, liability, and other insurance in such amounts and with such coverage required by Lender; (f) Other due diligence items relating to the Collateral; and <p>Payment of all fees required to be paid to Lender and all expenses for which invoices have been presented.</p>
Loan Documentation:	<p>The Loan will be subject to the execution and delivery by Borrower, Guarantor, if any, other applicable obligors, and Lender of definitive loan documentation on Lender's customary forms for commercial loan transactions of this type, as may be modified to reflect the terms in this Term Sheet and other agreed-upon terms, and which will include all or some of the following: loan agreement, promissory note(s), deed(s) of trust, security agreement(s), pledge agreement(s), guaranty(ies), UCC-1 financing statement(s), and other related documentation (collectively, the "<u>Loan Documents</u>"). The Loan Documents will contain representations, warranties, covenants (affirmative and negative), conditions, default provisions, and other provisions usual and customary for a transaction of this type and as agreed upon by Lender and Borrower and Guarantor, if any, or other applicable obligors.</p>
Expenses:	<p>Borrower shall pay all of the following out-of-pocket costs and expenses incurred by Lender (collectively, the "<u>Expenses</u>"): (a) expenses related to making credit and legal evaluations, evaluating collateral and the like, Lender's ongoing due diligence investigations, travel expenses, costs of appraisers, engineers, inspectors, consultants, and attorneys, and all other expenses incurred in connection with the evaluation and origination of the Loan (regardless of whether the Loan Documents are executed and delivered and the Loan actually closes); (b) expenses related to the preparation, execution, delivery, administration, amendment, or waiver of the Loan Documents (including the reasonable fees, disbursements, and other charges of counsel to Lender and, if necessary, of one special counsel and one local counsel in any relevant jurisdiction); and (c) expenses (including the fees, disbursements</p>

	and other charges of counsel to Lender and, if necessary, of one special counsel and one local counsel in any relevant jurisdiction) in connection with the enforcement of the Loan Documents, including in connection with workouts or restructurings. If for any reason the Loan contemplated by this Term Sheet does not close, Borrower shall immediately reimburse Lender for all of the applicable Expenses incurred with respect to same.
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TRANSACTION CONTACT INFORMATION:

Questions regarding this Term Sheet may be directed to:

Manuel Long	Tel. (210) 220-5372	manuel.long@frostbank.com
Anthony White	Tel. (210) 220-6996	awhite@frostbank.com

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When Recorded, Return To:
FROST BANK
P.O. Box 1600
San Antonio, Texas 78296
Loan Documentation Department, RB-2
Ref: 1204031-9008

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.



MODIFICATION, RENEWAL AND EXTENSION AGREEMENT

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

THIS MODIFICATION, RENEWAL AND EXTENSION AGREEMENT ("Agreement") to be effective as of October 14, 2020, ("Effective Date") is entered into by and between **FROST BANK**, a Texas state bank, formerly known as The Frost National Bank ("Lender"), and **SAN ANTONIO HOUSING FACILITY CORPORATION**, a Texas non-profit corporation ("Borrower").

RECITALS:

A. Lender is the sole owner and holder of that one certain Revolving Promissory Note (the "Note") dated October 14, 2008, executed by Borrower and payable to the order of Lender in the original principal amount of Three Million and No/100 Dollars (\$3,000,000.00).

B. The Note is secured by (i) a Deed of Trust, Security Agreement - Financing Statement executed by Borrower to Jimmy R. Locke, Trustee, dated October 14, 2008 (the "Deed of Trust"), filed for record at Volume 13741, Page 1514 of the Real Property Records of Bexar County, Texas, covering certain real property located in said county as more particularly described in Exhibit A attached hereto (the "Property"), and (ii) an Assignment of Leases and Rents covering the Property executed by Borrower, dated October 14, 2008 (the "Assignment"), filed for record at Volume 13741, Page 1501 of the Real Property Records of Bexar County, Texas. The Note, the Deed of Trust, the Assignment and such other documents, instruments and agreements evidencing, securing or pertaining to the Note and all modifications, renewals and extensions thereof are hereafter collectively referred to as the "Loan Documents."

C. The Note was modified, renewed and extended pursuant to (i) that certain Modification, Renewal and Extension Agreement executed by Borrower, dated October 14, 2011, and filed for record at Volume 15289, Page 276 of the Real Property Records of Bexar County, Texas, (ii) that certain Modification, Renewal and Extension Agreement executed by Borrower, dated October 14, 2014, and filed for record at Volume 17292, Page 909 of the Real Property Records of Bexar County, Texas, and (iii) that certain Modification, Renewal and Extension Agreement executed by Borrower, dated October 14, 2017, and filed for record at Volume 18918, Page 867 of the Real Property Records of Bexar County, Texas.

D. The Note matured in accordance with its terms on October 14, 2020, and Borrower has requested that Lender extend the maturity date of the Note.

E. Lender has agreed to such requests, subject to the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, Borrower and Lender hereby agree as follows:

1. Acknowledgment of Amount of Credit. The parties hereto acknowledge that (a) the total principal amount which Lender was originally obligated to advance to Borrower pursuant to the Note was THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00); (b) as of the Effective Date hereof, (i) the outstanding current principal balance of the Note is \$47,002.50 and which has been advanced by Lender to Borrower, and (ii) there remains a balance of \$2,952,997.50 to be advanced to Borrower pursuant to and in accordance with the terms and provisions of the Note.

2. Renewal and Extension of Maturity. Based upon Borrower's payment of \$3,000.00 to Lender as an origination fee, the Note is hereby renewed and the maturity of the Note is hereby extended to October 14, 2023 (the "Revised Maturity Date").

3. Required Payments. From and after the effective date of this Agreement, principal and interest under the Note shall be due and payable as follows:

Interest only shall be due and payable monthly as it accrues on the 1st day of each and every calendar month, beginning November 1, 2020, and continuing regularly and monthly thereafter until October 14, 2023, when the entire amount hereof, principal and interest then remaining unpaid, shall be then due and payable; interest being calculated on the unpaid principal each day principal is outstanding and all payments made credited to any collection costs and late charges, to the discharge of interest accrued and to the reduction of the principal, in such order as Lender shall determine.

4. Interest Rate. The annual interest rate provided for in the Note shall be amended such that interest shall be charged from and after the effective date of this Agreement as follows:

Interest on the outstanding and unpaid principal balance hereof shall be computed at a per annum rate equal to the lesser of (a) a rate equal to the Prime Rate, plus one-

quarter percent (0.25%) per annum, *provided, however*, in no event shall the resulting rate be less than 3.50%, or (b) the highest rate permitted by applicable law, but in no event shall interest contracted for, charged or received hereunder plus any other charges in connection herewith which constitute interest exceed the maximum interest permitted by applicable law, said rate to be effective prior to maturity (however such maturity is brought about). The term "Prime Rate," as used herein, shall mean the maximum "Latest" "U.S." prime rate of interest per annum published from time to time in the Money Rates section of The Wall Street Journal (US Edition) or in any successor publication to The Wall Street Journal. Borrower understands that the Prime Rate may not be the best, lowest, or most favored rate of Lender or The Wall Street Journal, and any representation or warranty in that regard is expressly disclaimed by Lender. Borrower acknowledges that (i) if more than one U.S. prime rate is published at any time by The Wall Street Journal, the highest of such prime rates shall constitute the Prime Rate hereunder, and (ii) if at any time The Wall Street Journal ceases to publish a U.S. prime rate, Lender shall have the right to select a substitute rate that Lender determines, in the exercise of its reasonable commercial discretion, to be comparable to such prime rate, and the substituted rate as so selected, upon the sending of written notice thereof to Borrower, shall constitute the Prime Rate hereunder. Upon each increase or decrease hereafter in the Prime Rate, the rate of interest upon the unpaid principal balance hereof shall be increased or decreased by the same amount as the increase or decrease in the Prime Rate, such increase or decrease to become effective as of the day of each such change in the Prime Rate and without notice to Borrower or any other person.

Interest shall be computed on a per annum basis of a year of 360 days and for the actual number of days elapsed, unless such calculation would result in a rate greater than the highest rate permitted by applicable law, in which case interest shall be computed on a per annum basis of a year of 365 days or 366 days in a leap year, as the case may be.

5. Controlling Agreement. No provisions of this Agreement or the Loan Documents shall require the payment or permit the collection, application or receipt of interest in excess of the maximum permitted by applicable state or federal law. If any excess of interest in such respect is herein or in any such other instrument provided for, or shall be adjudicated to be so provided for herein or in any such instrument, the provisions of this paragraph shall govern, and neither Borrower nor any endorsers of the Note nor their respective successors, assigns or personal representatives shall be obligated to pay the amount of such interest to the extent it is in excess of the amount permitted by applicable law. It is expressly stipulated and agreed to be the intent of Borrower and Lender to at all times comply with the usury and other laws relating to the Loan Documents and any subsequent revisions, repeals or judicial interpretations thereof, to the extent applicable thereto. In the event Lender or other holder of the Note ever receives, collects or applies as interest any such excess, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the Note and, if upon such application the principal balance of the Note is paid in full, any remaining excess shall be forthwith paid to Borrower and the provisions of the Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of execution of any new document, so as to comply with the then

applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. In determining whether or not the interest paid or payable under any specific contingency exceeds the maximum interest allowed to be charged by applicable law, Borrower and Lender or other holder hereof shall, to the maximum extent permitted under applicable law, amortize, prorate, allocate and spread the total amount of interest throughout the entire term of the Note so that the amount or rate of interest charged for any and all periods of time during the term of the Note is to the greatest extent possible less than the maximum amount or rate of interest allowed to be charged by law during the relevant period of time. Notwithstanding any of the foregoing, if at any time applicable laws shall be changed so as to permit a higher rate or amount of interest to be charged than that permitted prior to such change, then unless prohibited by law, references in the Note to "applicable law" for purposes of determining the maximum interest or rate of interest that can be charged shall be deemed to refer to such applicable law as so amended to allow the greater amount or rate of interest.

6. **Release and Waiver of Claims.** In consideration of (i) the modification of certain provisions of the Note, as herein provided, and (ii) the other benefits received by Borrower hereunder, Borrower hereby RELEASES, RELINQUISHES and forever DISCHARGES Lender, as well as its predecessors, successors, assigns, agents, officers, directors, employees and representatives, of and from any and all claims, demands, actions and causes of action of any and every kind or character, past or present, which Borrower may have against Lender and its predecessors, successors, assigns, agents, officers, directors, employees and representatives arising out of or with respect to (a) any right or power to bring any claim against Lender for usury or to pursue any cause of action against Lender based on any claim of usury, and (b) any and all transactions relating to the Loan Documents occurring prior to the date hereof, including any loss, cost or damage, of any kind or character, arising out of or in any way connected with or in any way resulting from the acts, actions or omissions of Lender, and its predecessors, successors, assigns, agents, officers, directors, employees and representatives, including any breach of fiduciary duty, breach of any duty of fair dealing, breach of confidence, breach of funding commitment, undue influence, duress, economic coercion, conflict of interest, negligence, bad faith, malpractice, intentional or negligent infliction of mental distress, tortious interference with contractual relations, tortious interference with corporate governance or prospective business advantage, breach of contract, deceptive trade practices, libel, slander or conspiracy, but in each case only to the extent permitted by applicable law.

7. **Reaffirmation of Representations, Etc.** Borrower hereby reaffirms to Lender each of the representations, warranties, covenants and agreements of Borrower set forth in the Loan Documents.

8. **Enforceable Obligations.** Borrower hereby ratifies, affirms, reaffirms, acknowledges, confirms and agrees that the Loan Documents represent valid and enforceable obligations of Borrower, and Borrower further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Note, and Borrower further acknowledges and represents that no event has occurred and no condition exists which would constitute a default under the Loan Documents or this Agreement, either with or without notice or lapse of time, or both.

9. No Release of Liens. This Agreement in no way acts as a release or relinquishment of the liens, security interests and rights (the "Liens") created or evidenced by the Loan Documents. The Liens are hereby ratified and confirmed by Borrower in all respects and are extended to secure (i) the indebtedness created or described in the Loan Documents, including without limitation, principal amount of the Note, (ii) all interest, charges and other sums payable with respect thereto, and (iii) the performance of all other obligations under the Loan Documents.

10. Additional Renewals and Extensions. Notwithstanding anything to the contrary contained herein or inferred hereby or in any other instrument executed by Borrower or in any other action or conduct undertaken by Borrower on or before the date hereof, the agreements, covenants and provisions contained herein shall constitute the only evidence of Lender's consent to extend the terms and provisions of the Loan Documents in the manner set forth herein. No express or implied consent to any further extensions and/or modifications involving any of the matters set forth in this Agreement or otherwise, shall be inferred or implied from Lender's execution of this Agreement. Further, Lender's execution of this Agreement shall not constitute a waiver (either express or implied) of the requirement that any further extensions and/or modifications of the Loan Documents shall require the express written approval of Lender, no such approval (either express or implied) having been given as of the date hereof.

11. Miscellaneous. Except as modified hereby, all provisions of the Loan Documents shall continue in full force and effect, and the Borrower acknowledges and reaffirms its liability to Lender thereunder. In the event of any inconsistency between this Agreement and the terms of the Loan Documents, this Agreement shall govern.

(a) Borrower hereby agrees to pay all costs and expenses incurred by Lender in connection with the execution and administration of this Agreement and the modification of the Loan Documents including, but not limited to, all appraisal costs, title insurance costs, legal fees incurred by Lender and filing fees.

(b) Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Loan Documents and shall allow Lender to exercise all of its remedies set forth in the Loan Documents.

(c) Lender does not, by its execution of this Agreement, waive any rights it may have against any person not a party to this Agreement.

(d) In case any of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(e) This Agreement is executed and delivered as an incident to a lending transaction negotiated and consummated in Bexar County, Texas, and shall be governed by and construed in accordance with the laws of the State of Texas. Borrower, for itself and its successors and assigns, hereby irrevocably (a) submits to the nonexclusive jurisdiction of the state and federal courts in Texas, (b) waives, to the fullest extent permitted by law, and objection that it may now or in the

future have to the laying of venue of any litigation arising out of or in connection with any Loan Document brought in the District Court of Bexar County, Texas, or in the United States District Court for the Western District of Texas, San Antonio, Division, (c) waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in such court or that such court is an inconvenient forum, and (d) agrees that any legal proceeding against any party to any Loan Document arising out of or in connection with any of the Loan Documents may be brought in one of the foregoing courts. Borrower agrees that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified herein. Nothing herein shall affect the right of Lender to serve process in any other manner permitted by law or shall limit the right of Lender to bring any action or proceeding against Borrower or with respect to any of Borrower's property in courts in other jurisdictions. The scope of each of the foregoing waivers is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. Borrower acknowledges that these waivers are a material inducement to Lender's agreement to enter into agreements and obligations evidenced by the Loan Documents, that Lender has already relied on these waivers and will continue to rely on each of these waivers in related future dealings. The waivers in this section are irrevocable, meaning that they may not be modified either orally or in writing, and these waivers apply to any future renewals, extensions, amendments, modifications, or replacements in respect of the applicable Loan Document. In connection with any litigation, this Agreement may be filed as a written consent to a trial by the court.

(f) This Agreement shall be binding upon and inure to the benefit of Lender, Borrower and their respective successors, assigns and legal representatives.

(g) Borrower hereby acknowledges and agrees that it has entered into this Agreement of its own free will and accord and in accordance with its own judgment after advice of its own legal counsel, and states that it has not been induced to enter into this Agreement by any statement, act or representation of any kind or character on the part of the parties hereto, except as expressly set forth in this Agreement.

(h) To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature and acknowledgment of, or on behalf of, each party, or that the signature and acknowledgment of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures and acknowledgment of, or on behalf of, each of the parties hereto. Any signature and acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures and acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature and acknowledgment pages.

[SIGNATURE PAGE FOLLOWS]

EXECUTED to be effective the Effective Date.

BORROWER:

SAN ANTONIO HOUSING FACILITY CORPORATION, a Texas non-profit corporation

By: _____
Ed Hinojosa, Assistant Secretary/Treasurer

LENDER:

FROST BANK, a Texas state bank

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on the _____ day of _____, 2020, by Ed Hinojosa, Assistant Secretary/Treasurer of SAN ANTONIO HOUSING FACILITY CORPORATION, a Texas non-profit corporation, on behalf of said corporation.

Notary Public in and for the State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on the _____ day of _____, 2020, by _____, _____ of FROST BANK, a Texas bank, on behalf of said bank.

Notary Public in and for the State of Texas

PREPARED IN THE LAW OFFICE OF:

Rosenthal Pauerstein Sandoloski Agather LLP
755 E. Mulberry Ave., Suite 200
San Antonio, Texas 78212

**EXHIBIT A
TO
MODIFICATION, RENEWAL AND EXTENSION AGREEMENT**

PROPERTY

**Metes and bounds description
(5.932 ACRE TRACT)**

A tract of land being all of Lot 15, Block 1, New City Block 2547, Flores Addition, Unit 1-C, San Antonio, Bexar County, Texas, as recorded in Volume 9532, Page. 90 of the Plat Records of Bexar County, Texas and being more particularly described as follows:

BEGINNING at a 1/2" iron rebar found on the southwesterly right-of-way line of Sheridan Street (55 foot R.O.W.) at the easterly end of a 15 foot radius curve return from the southeasterly right-of-way line of South Flores Street (60 foot R.O.W.);

THENCE S 63° 22' 19" E, 571.01 feet along said southwesterly right-of-way line of Sheridan Street to a set "X" on concrete at a point of curvature at the westerly end of a 15foot radius curve return into the northwesterly right-of-way line of South Main Avenue (60 foot R.O.W.);

THENCE 23.08 feet along a curve to the right having a radius of 15.00 feet, a central angle of 88° 10' 29", and a chord bearing and distance of S 19° 17' 04" E, 20.87 feet, leaving said southwesterly right-of-way line to a set "X" on concrete at a point of tangency on the southerly end of said 15 foot radius curve return;

THENCE along said northwesterly right-of-way line of South Main Avenue, the following calls;

S 24° 48' 10" W, 71.25 feet to a found "X" on concrete at a point of curvature;

247.90 feet along a curve to the left having a radius of 823.00 feet, a central angle of 17° 15' 30" and a chord bearing and distance of S 16° 10' 26" W, 246.96 feet to a 1/2" iron rebar found at a point of reverse curvature;

82.35 feet along a curve to the right having a radius of 1297.00 feet, a central angle of 03° 38' 17" and a chord bearing and distance of S 09° 21' 49" W, 82.34 feet to a 1/2" iron rebar found at the intersection with the northeasterly line of a so called 0.8797 acre tract being the abandoned West Johnson Street, as recorded in Volume 3473, Pages 1124-1129 of the Real Property Records of Bexar County, Texas, for the easternmost southeast corner of this tract;

THENCE N 64° 41' 08" W, 319.73 feet leaving the northwesterly right-of-way line of South Main Avenue and continuing along said northeasterly line of the abandoned West Johnson Street, to a 1/2" iron rebar found at the intersection with the extension of the former centerline of the abandoned and closed Nathan Street for an interior corner of this tract;

THENCE S 24° 48' 11" W, 390.81 feet partially along said former center line to a 1/2" spindle set on the northeasterly right-of-way line of West Guenther Street (55 foot

R.O.W.), said spindle being the southernmost, southeast corner of the tract herein described;

THENCE N 65° 41' 17" W, 324.87 feet along said northeasterly right-of-way line to a 1/2" iron rebar set at a point of curvature at the easterly end of a 15 foot radius curve return into the southeasterly right-of-way line of South Flores Street;

THENCE 23.69 feet along a curve to the right having a radius of 15.00 feet, a central angle of 90° 29' 28", and a chord bearing and distance of N 20° 26' 33" W, 21.30 feet leaving said northeasterly right-of-way line to a 1/2" iron rebar set at a point of tangency at the northerly end of said 15 foot radius curve return;

THENCE N 24° 48' 11" E, 788.72 feet along the southeasterly right-of-way line of South Flores Street to a 1/2" iron rebar set at a point of curvature at the southerly end of a 15 foot radius curve return into the southwesterly right-of-way line of Sheridan Street;

THENCE 24.04 feet along a curve to the right having a radius of 15.00 feet, a central angle of 91° 49' 30" and a chord bearing and distance of N 70° 42' 56" E, 21.55 feet; returning to the POINT OF BEGINNING and containing 8.959 acres (390,265 sq. ft.) of land, more or less.

SAVE and EXCEPT 3.027 acres (131,833 sq. ft.) of land more or less, restricted for Park and Recreation use only, pursuant to the Federal Property and Administrative Services Act of 1949 (63 Stat. 377), Section 203 (K)(2), as amended, as described in the following two (2) tracts; leaving 5.932 acres (258,432 sq. ft.) of land, more less.

TRACT I

Being that land formerly known as Lots 1 - 10; New City Block 2548, San Antonio, Bexar County, Texas, being the same land conveyed by the United States Government to the Housing Authority of the City of San Antonio as recorded in Volume 2530, Pages 805 - 812, of the Real Property Records of Bexar County, Texas, being more particularly described as follows:

BEGINNING at a Chiseled "X" set on the northwesterly right-of-way, line of South Main Avenue, at the southerly end of a 15 foot radius curve return coming from the southwesterly right-of-way line of Sheridan Street;

THENCE S 24° 48' 10" W, 71.25 feet along said northwesterly right-of-way line of South Main Avenue, to a found "X" on concrete at a point of curvature;

THENCE 155.61 feet continuing along said northwesterly right-of-way line with a curve to the left having a radius of 823.00 feet, central angle of 10° 50' 01", and a chord bearing and distance of S 19° 23' 11" W, 155.38 feet, to a 1/2" rebar set at the most southerly corner of the tract herein described;

THENCE N 63° 22' 19" W, 321.70 feet leaving said northwesterly right-of-way line to a 1/2" rebar set at the most westerly corner of the tract herein described;

THENCE N 24° 48' 11" E, 240.00 feet to a 1/2" rebar found on the southwesterly right-of-way line of Sheridan Street; said 1/2" rebar being the most northerly corner of the tract herein described;

THENCE S 63° 22' 19" E, 292.50 feet along said southwesterly right-of-way line to a chiseled "X" found at the westerly end of said 15 foot radius curve return into the northwesterly right-of-way line of South Main Avenue;

THENCE 23.08 feet along said curve to the right having a radius of 15.00 feet, a central angle of 88° 10' 29", and a chord bearing and distance of S 19° 17' 04" E, 20.87 feet, returning to the POINT OF BEGINNING of said Tract 1, captioning 1.707 acres (74,356 sq. ft.) of land, more or less.

TRACT II

Being that land formerly known as Lots 6 - 13, New City Block 2552, San Antonio, Bexar County, Texas, being the same land conveyed by the United States Government to the Housing Authority of the City of San Antonio as recorded in Volume 2530, Pages 805 - 812, of the Real Property Records of Bexar County, Texas, being more particularly described as follows:

Commencing at a Chiseled "X" set on the northwesterly right-of-way line of South Main Avenue, said point being at the southerly end of a 15 foot radius curve return coming from the southwesterly right-of-way line of Sheridan Street; thence the following calls along said northwesterly right-of-way line: S 24° 48' 10" W, 71.25 feet to set "X" on concrete found at a point of curvature; 172.87 feet along a curve to the left having a radius of 823.00, central angle of 12° 02' 05", and a chord bearing and distance of S 18° 47' 08" W, 172.55 feet to a 1/2" rebar set for the POINT OF BEGINNING;

THENCE 75.03 feet along a curve to the left having a radius of 823.00 feet, a central angle of 05° 13' 25", and a chord bearing and distance of S 10° 09' 23" W, 75.01 feet, to a 1/2" rebar found at a point of reverse curvature;

THENCE 82.35 feet along a curve to the right having a radius of 1297.00 feet, a central angle of 03° 38' 17", and a chord bearing and distance of S 09° 21' 49" W, 82.34 feet to a 1/2" iron rebar found at the intersection with the northeasterly line of a so-called 0.8797 acre tract being the abandoned West Johnson Street, as recorded in Volume 3473, Pages 1124-1129 of the Real Property Records of Bexar County, Texas; said 1/2" rebar being the easternmost southeast corner of the aforementioned Lot 15, Block 1, N.C.B. 2547, Flores Addition Unit 1-C; said 1/2" rebar also being the most southerly corner of the tract herein described;

THENCE leaving the northwesterly right-of-way line of South Main Avenue and continuing along a common line between said 0.8797 acre tract, said Lot 15, and the tract herein described, N 64° 41' 08" W, at 319.73 feet passing a 1/2" rebar set at an interior corner of said Lot 15, and continuing a total distance of 390.73 feet to a 1/2" rebar set at the most westerly corner of the tract herein described;

THENCE N 24° 48' 11" E, 159.60 feet leaving said common line to a 1/2" rebar set at the most northerly corner of the tract herein described;

THENCE S 63° 22' 19" E, 350.00 feet returning to the PONT OF BEGINNING, containing 1.320 acres (57,477 sq. ft.) of land, more or less.

SAN ANTONIO HOUSING AUTHORITY**November 19, 2020****MEMORANDUM**

To: Finance Committee

From: David Nisivoccia, President and CEO

Presented by: Ed Hinojosa, Chief Financial Officer
Diana Kollodziej Fiedler, Director of Finance and Accounting

RE: Update and discussion regarding the Quarterly Financial Report for the San Antonio Housing Authority

SUMMARY:**Financial Performance Highlights**

The Quarterly Financial Report for the San Antonio Housing Authority for the fiscal year ended September 30, 2020, is attached. The results of operations for the fiscal year ended September 30, 2020, reflect a Surplus Before Non-Cash Items of \$7.9 million, which was \$5.5 million above budgeted projections.

Total Operating Revenue was approximately \$3.9 million above budget due primarily to a favorable variance of \$7.7 million in Grants revenue and an unfavorable variance of \$3.1 million in Section 8 HAP Revenue. The \$7.7 million favorable variance in Grants revenue resulted predominantly from a favorable variance in the Capital Fund sector. Section 8 HAP Revenue was below budget of \$3.1 million, which was offset by HAP expense falling below budget by \$2.1 million. Additionally, miscellaneous revenue was \$799 thousand below budgeted due to an unfavorable variance in development fee revenue caused by the timing of the Labor Street property.

Total Operating Expenses ended the period \$3.1 million below budget, largely due to favorable variances of \$2.1 million in HAP expenses and \$1.1 million in Salaries and Benefits. The Authority had 110 full-time vacant positions at the end of the quarter, which led to the majority of segments reporting favorably for Salaries and Benefits.

The Comparative Balance Sheet reflects an overall increase in Total Net Position of \$25.5 million from September 30, 2019, to September 30, 2020. Total Assets increased by \$72.5 million due to the additions of \$65.5 million in Fixed Assets and \$18.2 million in Current Assets, offset partly by an \$11.2 million reduction in Other Non-Current Assets. The \$18.2 million increase in Current Assets resulted chiefly from the new EPC loan of \$7.9 million and \$4.7 million in Capital Fund administrative fee funds. Additionally, the increase stemmed from \$4.0 million in CARES Act funding for HCV administrative fees. The \$65.5 million surge in Fixed Assets was largely due to additions of buildings and land of \$78.1 million. The increase in buildings was attributable to Beacon purchasing the O'Connor, Science Park II, Refugio, and Highland Park properties. The

SAN ANTONIO HOUSING AUTHORITY**November 19, 2020**

increase in land was caused by the Authority acquiring ownership interests in several properties: Champion at Del Rio, Champion at Marshall Meadows, Champion at Port Royal, Majestic Ranch, Culebra Crossing, Arroyo Seco, Trader Flats, Artisan at Ruiz, and 1604 Lofts. The decrease of \$11.2 million in Other Non-Current Assets was largely due to the elimination of \$12.3 million in related party notes as a result of the purchase of the Refugio, Science Park and O'Connor properties. Total Liabilities increased by \$48.6 million due mainly to the acquisitions of the O'Connor, Science Park II, Refugio, and Highland Park properties. As a condition of becoming the owner, SAHA affiliates were required to assume the debt obligations of each partnership. The total mortgage debt for the four properties totaled \$21.4 million. Additionally, there was an \$11.4 million increase in deferred ground lease revenue, which arose from the Facility Corporation entering into ground leases with the Majestic Ranch, Culebra Crossing, Trader Flats, Artisan at Ruiz, and 1604 Lofts partnerships. Also impacting the increase in Total Liabilities was \$2.1 million increase in contract retainage.

Supplemental Information—Funding Environment

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provides supplemental funding to help cover increased costs and support administrative expenses. SAHA received an award of CARES Act funds for Public Housing of \$3.9 million, and in July drew approximately \$2.5 million of those funds for expenses incurred between March 27 and June 30, 2020. The Authority also received an additional \$1.8 million in Housing Choice Voucher Administrative Fees in May, and an additional \$2.3 million in August. As of the drafting of this memo, we have no information on any further CARES Act funding for Housing Authority programs.

PROPOSED ACTION:

None.

FINANCIAL IMPACT:

None.

STRATEGIC GOAL:

Transform core operations to be a high performing and financially strong organization.

ATTACHMENTS:

Financial Performance Report
Cash and Investment Summary
Grants Report

**San Antonio Housing Authority
Financial Performance Report
As of September 30, 2020
(UNAUDITED)**

**Condensed Statement of Revenue and Expenses
(For the Three Months Ended 09/30/2020)**

	ACTUAL 9/30/2020	BUDGET 9/30/2020	Variance	%	Highlights Section
Operating Revenue					
Tenant Revenue	\$ 9,372,237	\$ 9,248,862	\$ 123,375	1.33%	
Grants	19,150,435	11,459,781	7,690,655	67.11%	I(a)(1)
HAP Revenue	24,070,438	27,141,032	(3,070,594)	-11.31%	I(a)(2)
Miscellaneous Revenue	1,685,313	2,484,541	(799,228)	-32.17%	I(a)(3)
Total Operating Revenue	\$ 54,278,423	\$ 50,334,216	\$ 3,944,207	7.84%	
Operating Expenses					
Salaries and Benefits	\$ 8,577,904	\$ 9,693,698	\$ (1,115,794)	-11.51%	I(b)(1)
Ordinary Maintenance and Operations	3,494,259	3,755,714	(261,455)	-6.96%	I(b)(2)
Utilities	2,256,683	2,043,024	213,659	10.46%	I(b)(3)
Other Expenses	3,443,240	3,322,012	121,227	3.65%	
HAP Expense	25,335,401	27,413,582	(2,078,182)	-7.58%	I(a)(2)
Total Operating Expenses	\$ 43,107,486	\$ 46,228,030	\$ (3,120,544)	-6.75%	
Net Operating Income	\$ 11,170,937	\$ 4,106,186	\$ 7,064,751	172.05%	
Non-Operating Income (Expenses)					
Interest Expense	\$ (1,065,520)	\$ (1,098,045)	\$ 32,525	-2.96%	
Interest Income	290,598	550,219	(259,622)	-47.19%	
Other Income (Expenses)	(2,462,152)	(1,084,907)	(1,377,245)	126.95%	I(c)(1)
Total Non-Operating Income (Expenses)	\$ (3,237,075)	\$ (1,632,733)	\$ (1,604,342)	98.26%	
Surplus (Deficit) Before Non-Cash Items	\$ 7,933,862	\$ 2,473,453	\$ 5,460,409	220.76%	
Non-Cash Items					
Depreciation and Amortization	\$ (3,502,191)	\$ (3,486,408)	\$ (15,783)	0.45%	
Non-Operating Income (Expense)	2,286,982	1,262,592	1,024,390	81.13%	I(c)(1)
Total Non-Cash Items	\$ (1,215,208)	\$ (2,223,816)	\$ 1,008,607	-45.35%	
Change in Net Position	\$ 6,718,654	\$ 249,637	\$ 6,469,017	2591.37%	I(c)(1)

**San Antonio Housing Authority
Financial Performance Report
As of September 30, 2020
(UNAUDITED)**

Comparative Balance Sheet

	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>Increase (Decrease)</u>	<u>%</u>	<u>Highlights Section</u>
Assets					
Current Assets	\$ 111,103,089	\$ 92,928,443	\$ 18,174,646	19.56%	
Fixed Assets	263,471,554	198,010,405	65,461,149	33.06%	
Other Non-Current Assets	66,770,097	77,953,431	(11,183,334)	-14.35%	
Total Assets	<u>\$ 441,344,740</u>	<u>\$ 368,892,279</u>	<u>\$ 72,452,461</u>	<u>19.64%</u>	II(a)
Deferred Outflows of Resources					
Deferred Charges on Refunding	\$ 468,815	\$ 583,026	\$ (114,211)	-19.59%	
Deferred Swap Outflows	3,022,359	1,296,698	1,725,661	133.08%	
Total Deferred Outflows of Resources	<u>\$ 3,491,174</u>	<u>\$ 1,879,724</u>	<u>\$ 1,611,450</u>	<u>85.73%</u>	
Total Assets and Deferred Outflows of Resources	<u>\$ 444,835,914</u>	<u>\$ 370,772,003</u>	<u>\$ 74,063,911</u>	<u>19.98%</u>	
Liabilities					
Current Liabilities	\$ 22,030,595	\$ 14,067,546	\$ 7,963,049	56.61%	
Non-Current Liabilities	116,417,953	75,815,761	40,602,192	53.55%	
Total Liabilities	<u>\$ 138,448,548</u>	<u>\$ 89,883,307</u>	<u>\$ 48,565,241</u>	<u>54.03%</u>	II(b)
Deferred Inflows of Resources					
Deferred Swap Inflows	\$ -	\$ -	\$ -	-	
Total Liabilities and Deferred Inflows of Resources	<u>\$ 138,448,548</u>	<u>\$ 89,883,307</u>	<u>\$ 48,565,241</u>	<u>54.03%</u>	
Net Position					
Net Investment in Capital Assets	\$ 169,859,184	\$ 129,737,508	\$ 40,121,676	30.93%	
Restricted Net Position	42,098,323	39,676,781	2,421,542	6.10%	
Unrestricted Net Position	94,429,859	111,474,407	(17,044,548)	-15.29%	
Total Net Position	<u>\$ 306,387,366</u>	<u>\$ 280,888,696</u>	<u>\$ 25,498,670</u>	<u>9.08%</u>	II(c)
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 444,835,914</u>	<u>\$ 370,772,003</u>	<u>\$ 74,063,911</u>	<u>19.98%</u>	

**San Antonio Housing Authority
Financial Performance Report
As of September 30, 2020
(UNAUDITED)**

HIGHLIGHTS

The results of operations for the three months ended September 30, 2020 reflect a surplus before non-cash items of \$7.9 million, which was \$5.5 million above budget. Total Operating Revenue was above budget by \$3.9 million, or 7.84 percent, and Total Operating Expenses were below budget by \$3.1 million, or 6.75 percent.

Total Assets and Deferred Outflows of Resources increased by \$74.1 million, or 19.98%. Total Liabilities and Deferred Inflows of Resources increased by \$48.6 million, or 54.03%. Presented below are explanations which summarize the results of operations and changes in financial condition.

I. Income Statement

Total Operating Revenue was above budget by \$3.9 million and Total Operating Expenses were below budget by \$3.1 million.

(a) **Operating Revenue**

- (1) Grant revenue was above budget by \$7.7 million due to a favorable variance in the Capital Funds sector, which was affected by the timing of Capital Fund grant expenditures.
- (2) Section 8 Housing Assistance Payment Revenue ended the period below budget by \$3.1 million and was partially offset by Section 8 Housing Assistance Payment Expense, which ended the period below budget by \$2.1 million.
- (3) Miscellaneous Revenue was below budget by \$799 thousand due to an unfavorable variance of \$1.1 million in development fee revenue. Development fee revenue was budgeted for Labor Street Apartments, which is currently in the development stage pending closure. Partially offsetting the overall unfavorable variance is \$482 thousand in Compliance Monitoring Fees.

(b) **Operating Expenses**

- (1) The Salaries and Benefits expense line item ended the period \$1.1 million below budget with all segments reporting favorably. The Public Housing and Beacon segments were the primary contributors to the favorable variance.
- (2) The Ordinary Maintenance and Operations expense line item ended the period \$261 thousand below budget primarily due to favorable variances in Public Housing. Savings arose from unit make-ready services, other contract costs, and HVAC repairs.
- (3) Utilities expense ended the period \$214 thousand above budget due primarily to an unfavorable variance of \$123 thousand in water and \$80 thousand in electricity.

(c) **Summary of Changes in Net Position**

- (1) Change in Net Position ended the period with a \$6.5 million favorable variance. Net Operating Income was above budget by \$7.1 million. Offsetting this favorable variance

San Antonio Housing Authority
Financial Performance Report
As of September 30, 2020
(UNAUDITED)

was an increase in Other Income (Expenses) of \$1.4 million related to the timing of expensing the Capital Funds management fee. Non-Operating Income (Expense) had a favorable impact of \$2.3 million due to the sale of the Brazos warehouse building which at the time, was fully depreciated.

II. Balance Sheet

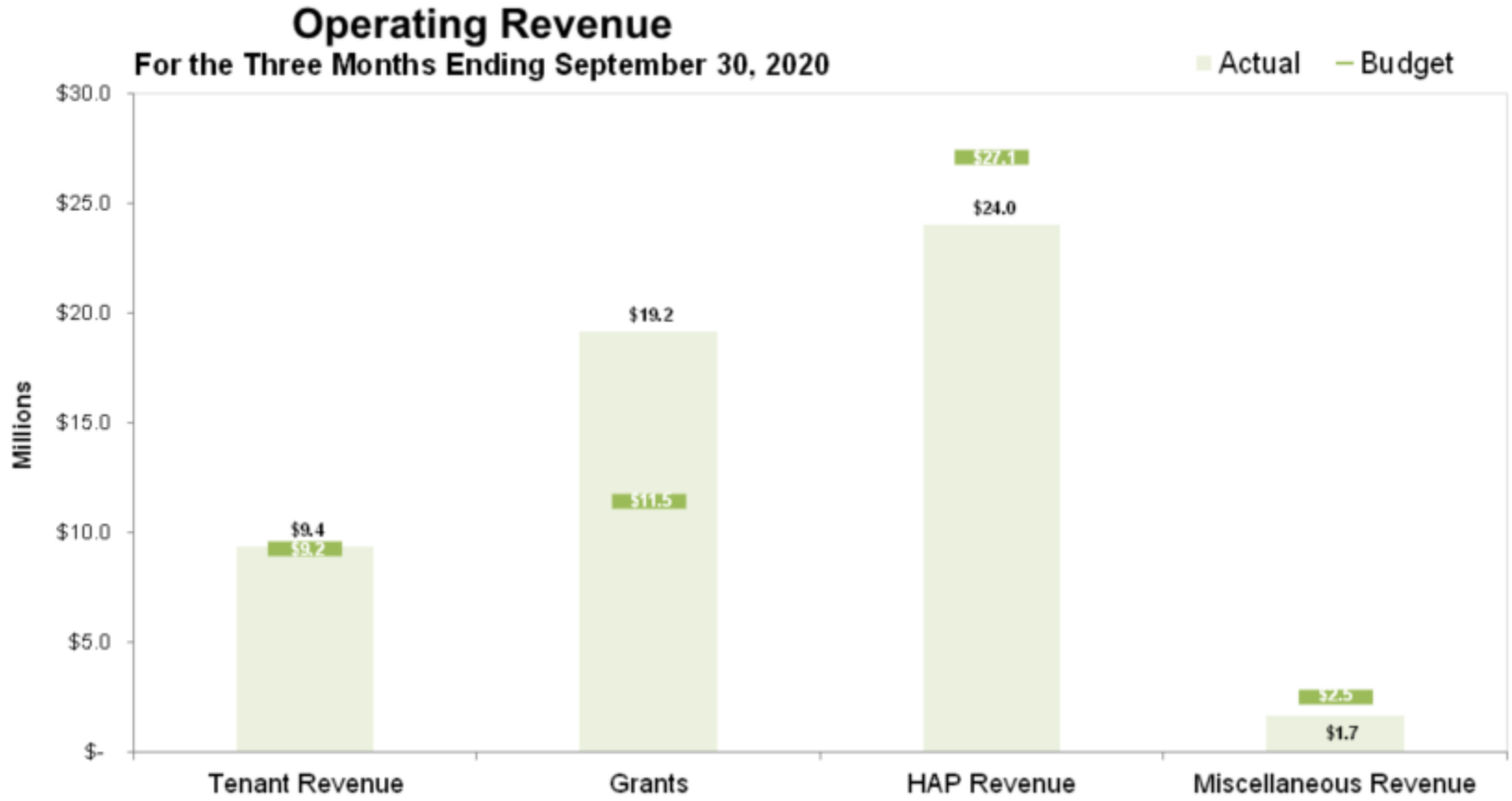
Total Assets and Deferred Outflows of Resources increased by \$74.1 million, Total Liabilities and Deferred Inflows of Resources increased by \$48.6 million, and Total Net Position increased by \$25.5 million.

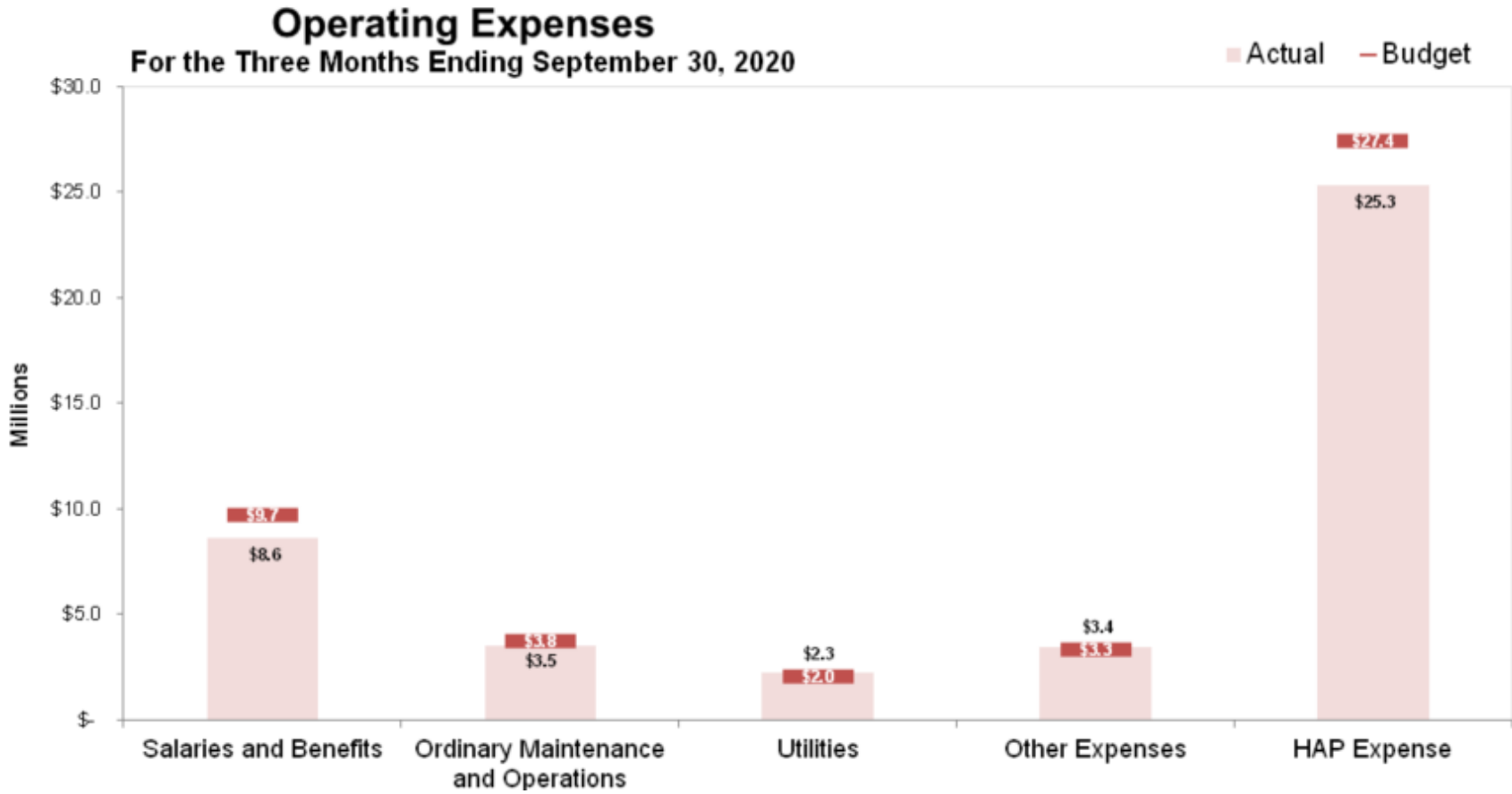
- (a) Total Assets increased by \$72.5 million, or 19.64%, due to increases of \$65.5 million in Fixed Assets and \$18.2 million in Current Assets, offset by a decrease of \$11.2 million in Other Non-Current Assets. The \$65.5 million increase in Fixed Assets resulted primarily from an increase of \$78.1 million in land, buildings and equipment, related to the purchase of four properties in the Beacon portfolio, as well as the acquisition of seven parcels of land related to partnerships which was offset by the routine recording of depreciation. Additionally, there were increases of \$22.4 million in construction in progress related to ongoing modernization projects. The \$18.2 million increase in Current Assets arose primarily from the receipt of \$7.9 million in loan funds for the new EPC loan. Other significant increases stemmed from the receipt of \$4.7 million in Capital Fund Administrative funds, \$4.0 million in CARES Act funding and a \$1.1 million increase in replacement reserves related to the acquisition of the Refugio, Science Park and O'Connor properties. Also, as a result of this acquisition, there was a decrease in Other Non-Current Assets of \$12.3 million related to the elimination of related party notes and general partner investments.
- (b) Total Liabilities increased by \$48.6 million, or 54.03%, due primarily to the addition of \$20.6 million in debt related to the acquisition of the Rosemont at Highland Park, Science Park II, O'Connor Road, and Refugio properties. Additionally, there were increases related to the new EPC loan of \$8.9 million. Also contributing were \$20.2 million in increased deferred revenue related to ground leases, Capital Fund fees, CARES Act funding, and contract retainage.
- (c) Total Net Position increased by \$25.5 million, or 9.08%, as a result of the changes described above.

**San Antonio Housing Authority
Financial Performance Report
As of September 30, 2020
(UNAUDITED)**

III. MTW Expenditures

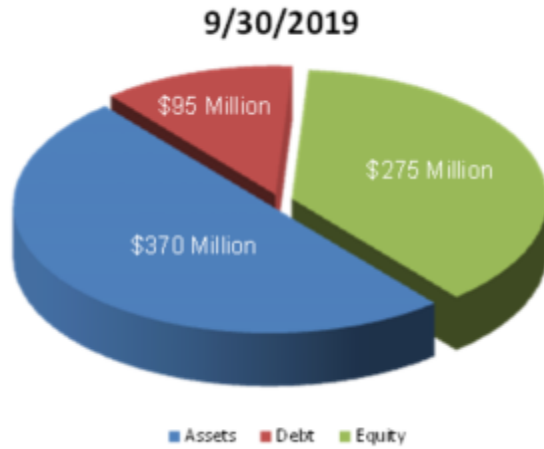
Projects	Cumulative Expenditure Balance as of 09/30/20
Community Development Initiatives	\$ 358,581.67
Capital Planning	99,609.43
East Meadows II Public Improvements III	295,556.88
Public Improvements-Phases I & II	35,973.28
Total	<u><u>\$ 789,721.26</u></u>





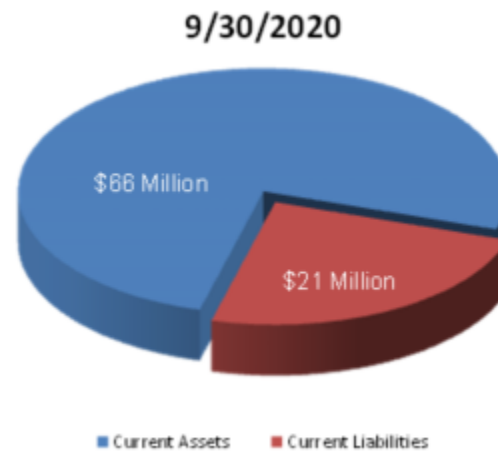
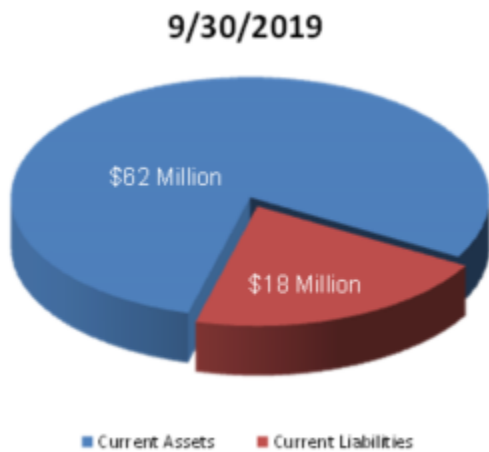
SAHA remains financially strong despite a small decrease in liquidity

Financial Strength



The debt-to-equity ratio increased from 0.32 to 0.45 due primarily to acquisitions of various partnerships.

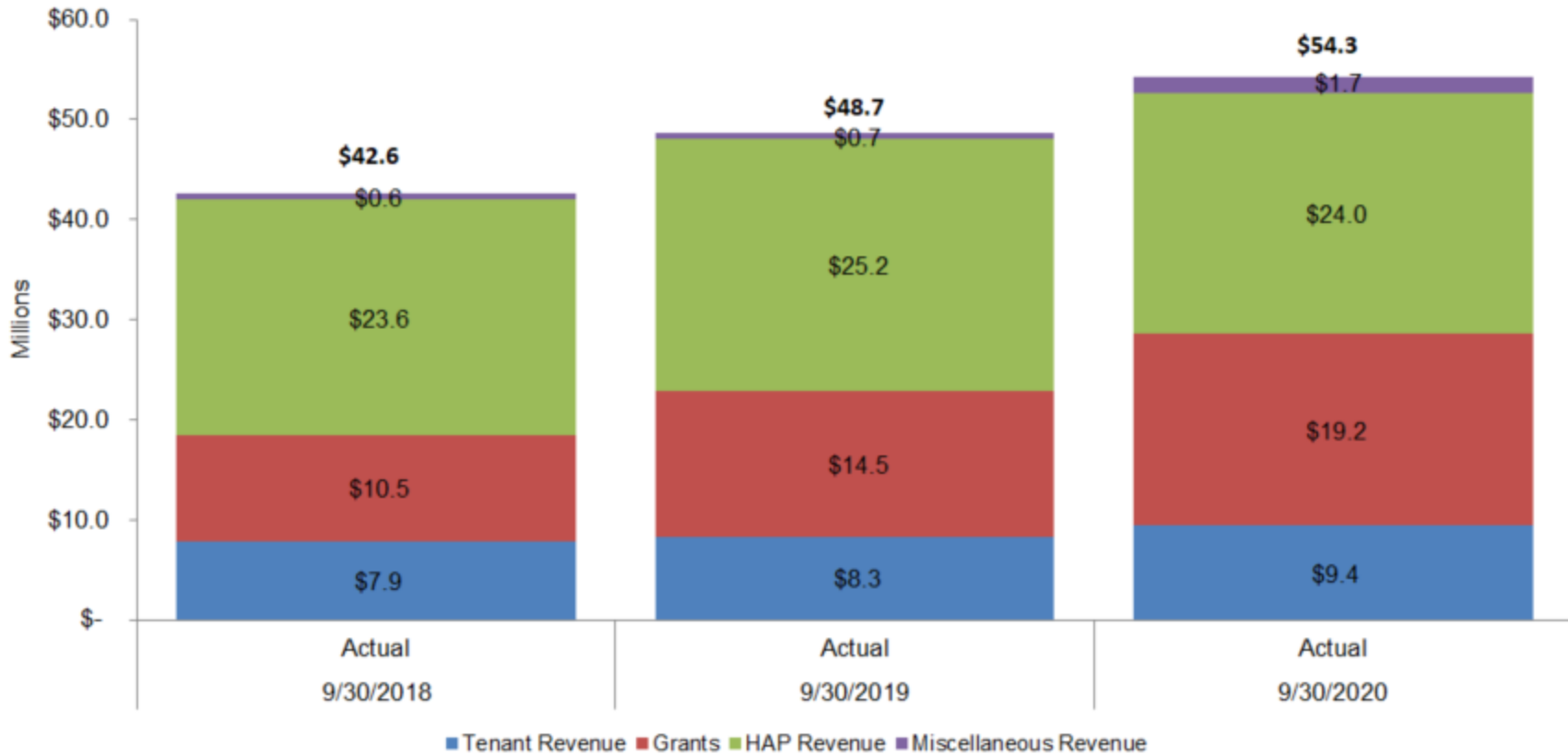
Financial Liquidity



The current ratio decreased from 3.79 to 3.14, but remains a strong indicator of SAHA's ability to pay short-term obligations.

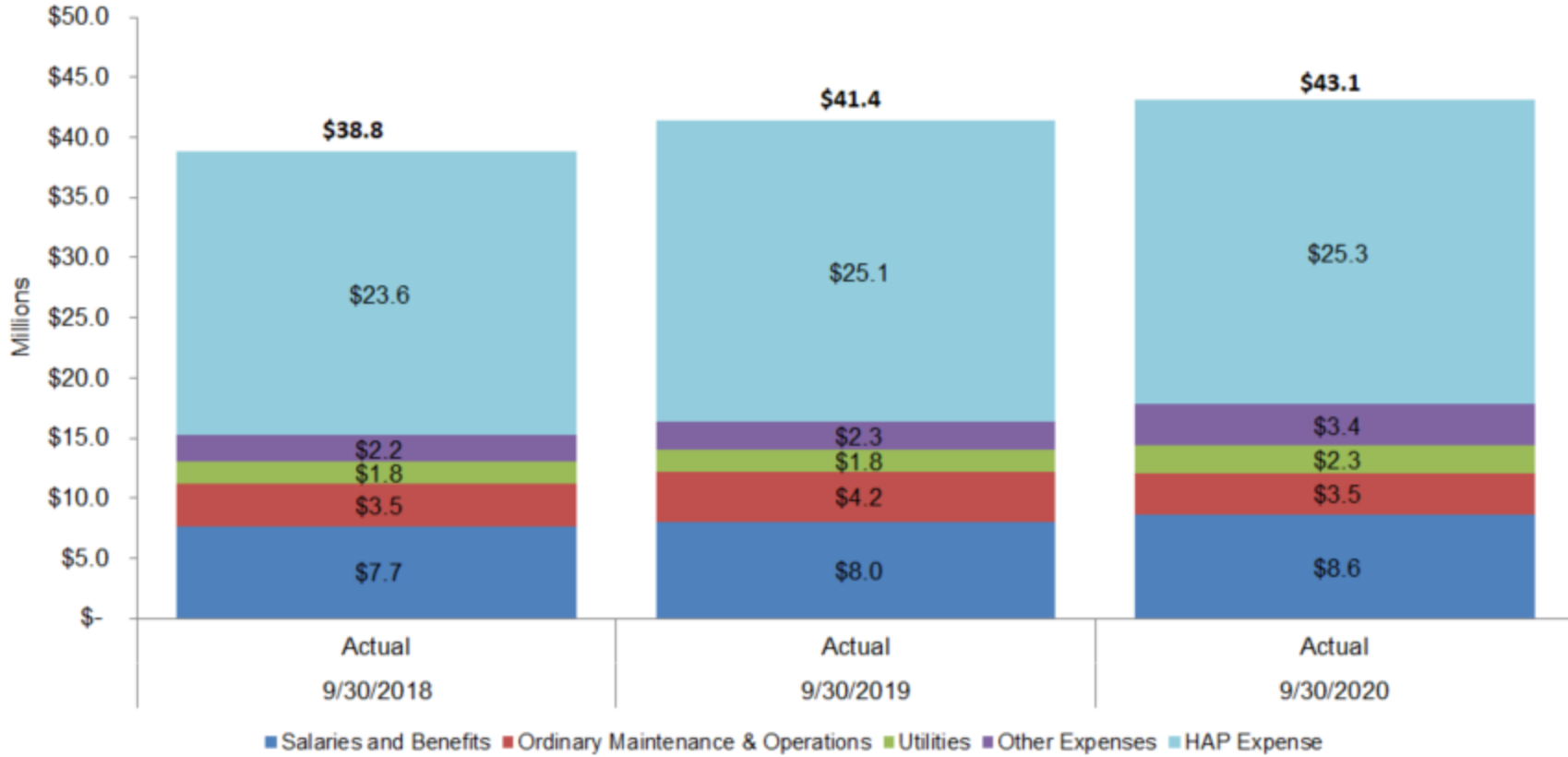
Total Revenue was approximately 10% higher compared to the previous year with Grants Revenue the primary contributor

Revenue - Fiscal Year Comparison



Total Expenses were 4% higher compared to the previous year chiefly caused by higher Other Expense

Expenses - Fiscal Year Comparison



Summary of Major Changes in Cash and Investment Balance

For the Quarterly Period Ending September 30, 2020

The overall cash and investment balance increased by \$14.4 million over the previous quarter primarily due to the receipt of \$7.9 million in net proceeds from the closing of an Energy Performance Contract loan with Bank of America and the receipt of \$4.7 million in Capital Fund Program (CFP) administrative fees. In addition to this, the agency also collected \$3.6 million from various property and land sales and \$530 thousand in bond issuer fees from tax credit partnerships. The increase in cash noted above was partially offset by a \$2 million reduction in Section 8 funding due to HUD's reconciliation of HAP disbursements versus expenses for the calendar year, as well as cash payments made to vendors in connection with capital projects at three Beacon communities.

Cash

Unrestricted Cash

- **Central Office Cost Center-** There is a net cash increase of approximately \$8.5 million over the previous quarter mainly due to the receipt of \$4.7 million in CFP administrative fees received for fiscal years 2018 through 2020 and \$3 million received from a mature T-Bill investment. **For information on the investment see Investments- Unrestricted Investments at Various Banks- Central Office Cost Center on the report.**
- **Public Housing-** There is a net cash increase of approximately \$3.5 million over the previous quarter primarily due to the maturity of a \$5 million T-Bill investment. In addition to this, the program also received \$3.4 million in CARES Act funds and \$1.3 million in proceeds from the sale of a property. The increase noted above was partially offset by the reclassification of \$1.7 million in internally restricted funds to restricted cash and the settlement of intercompany balances and fees due to affiliates. **For more information on the investment see Investments- Unrestricted Investments at Various Banks- Public Housing on the report.**
- **Section 8-** There is a net cash increase of approximately \$3 million over the previous quarter primarily due to the receipt of administrative fee CARES Act funds.
- **Properties under SAHFC-** There is a net cash increase of approximately \$2.5 million largely due to the receipt of \$2.6 million from a matured T-bill investment and \$2.3 million in net proceeds from the sale of a property. The increase mentioned above is reported net of the reclassification of \$1.4 million in internally restricted modernization and development funds to restricted cash and the settlement of intercompany balances owed to an affiliate. **For more information on the investment see Investments- Unrestricted Investments at Various Banks- Properties under SAHFC on the report.**

Restricted Cash

- **Public Housing-** There is a net cash increase of approximately \$7.7 million primarily due to the receipt of \$6 million from a matured T-Bill investment and the reclassification of \$1.7 million in internally restricted funds from unrestricted resources. **For more information on the investment see Investments- Restricted Investments at Various Banks- Public Housing on the report.**
- **Section 8-** There is a net cash decrease of approximately \$2.1 million due to the reduction infunding due to HUD's reconciliation of HAP disbursements versus expenses for the calendar year.
- **Properties under SAHFC-** There is a net cash increase of approximately \$1.7 million primarily due to the receipt of \$2 million from a matured T-Bill investment and the reclassification of \$1.4 million in internally restricted modernization and development funds to restricted cash. The increase noted above is reported net of \$1.7 million in outgoing transfers for payments to vendors in connection with ongoing capital projects at two Beacon communities.

- **Capital Fund Program-** There is a net cash increase of approximately \$8.8 million primarily due to the closing on the Energy Performance Contract Loan with Bank of America.

**San Antonio Housing Authority
Cash and Investment Summary
September 30, 2020**

	Balance 6/30/2020	Deposits	Withdrawals	Balance 9/30/2020
Cash				
Unrestricted Cash:				
Central Office Cost Center ⁽¹⁾	2,404,624	11,978,397	3,445,763	10,937,258
Public Housing ⁽¹⁾	1,499,357	20,006,970	16,509,663	4,996,664
Section 8 ⁽¹⁾	3,138,947	5,445,463	2,408,367	6,176,044
Community Development Initiatives	61,003	1,104,097	1,084,823	80,277
Central Office- Health Insurance ⁽²⁾	1,354,235	3,472,046	1,431,273	3,395,007
Homeownership	45,099	7,306	6,939	45,466
PBA Properties Cash ⁽¹⁾	1,217,316	4,615,241	2,614,870	3,217,687
Properties under SAHFC ^{(3) (4)}	5,536,728	10,670,518	8,142,794	8,064,452
Education Investment Foundation	501	283,990	284,492	-
Capital Fund Program ⁽¹⁾	-	9,592,437	9,592,437	-
Development Activities under SAHFC	1,164,024	827,565	805,457	1,186,131
Other Beacon Properties Cash ⁽⁵⁾	4,130,270	4,564,175	3,466,061	5,228,384
Other Unrestricted Cash	4,272,666	50,270,290	50,118,122	4,424,834
Sub-Total:	24,824,769	122,838,494	99,911,060	47,752,203
Restricted Cash:				
Central Office Cost Center	-	300,000	-	300,000
Public Housing	3,238,924	9,216,678	1,486,200	10,969,401
Section 8	3,885,031	29,640,665	31,766,053	1,759,643
Project Based Properties	812,600	20	-	812,620
Properties under SAHFC	5,377,498	3,457,756	1,795,982	7,039,272
Education Investment Foundation	144,330	38,816	28,453	154,692
Capital Fund Program	43,756	9,070,572	256,588	8,857,741
Development Activities under SAHFC	966,599	26	-	966,626
Non-Profit-Other Restricted	643,754	269,735	298,351	615,138
Other Restricted Cash	111,687	797,196	39,645	869,238
Endowment Trust	603,064	14	12,577	590,500
Sub-Total:	40,652,013	175,629,971	135,594,910	80,687,074
Investments				
Unrestricted Investments at Various Banks:				
Central Office Cost Center	4,999,125	875	5,000,000	-
Public Housing ⁽¹⁾	9,265,010	1,806,619	6,804,139	4,267,490
PBA Properties Unrestricted Investments	1,999,650	350	2,000,000	-
Properties under SAHFC	4,599,195	805	4,600,000	-
Development Activities under SAHFC	399,930	70	400,000	-
Other Beacon Properties Investments	3,798,589	1,172	1,800,000	1,999,761
Restricted Investments at Various Banks:				
Public Housing	8,729,453	2,221	6,000,000	2,731,674
Properties under SAHFC	4,997,260	2,143	-	4,999,403
Capital Fund Program	1,199,342	208	1,199,550	-
Other Restricted Investments	1,118,510	2,269,713	1,955,850	1,432,373
Sub-Total:	41,106,064	4,084,176	29,759,539	15,430,700
Total Cash & Investments:	\$ 81,758,077	\$ 179,714,147	\$ 165,354,449	\$ 96,117,775

⁽¹⁾ Cash and Investments related to federal programs

⁽²⁾ Cash and Investments related to self insurance program

⁽³⁾ Includes \$1 Million in funds earmarked for capital repairs at two Beacon communities

⁽⁴⁾ Includes \$1 Million in cash from acquired tax credit partnerships internally restricted by the Limited Partnership Agreements

⁽⁵⁾ Includes \$526 Thousand in funds earmarked for capital repairs at one Beacon community

**San Antonio Housing Authority
Investment Value
September 30, 2020**

Investment	Maturity Date	Book Value		Market Value	
		6/30/2020	9/30/2020	6/30/2020	9/30/2020
Fannie Mae DS - T-Bill 9127962Z1	November 12, 2020	1,199,342	-	1,199,342	-
PH - Restricted T-Bill 9127962Z1	November 12, 2020	6,996,164	6,999,164	6,996,164	6,999,286
SAHFC - MM Restricted T-Bill 9127962Z1	November 12, 2020	4,997,260	4,999,403	4,997,260	4,999,490
Sendero I PFC - T-Bill 9127962Z1	November 12, 2020	1,998,904	1,999,761	1,998,904	1,999,796

**San Antonio Housing Authority
Cash Held for Tax Credit Partnerships
September 30, 2020**

	6/30/2020	Deposits	Withdrawals	6/30/2020
Cash from Tax-Credit Partnerships	2,135,704	504,478	683,442	1,956,741
Total Cash Held for Properties Managed by SAHA:	\$ 2,135,704	\$ 504,478	\$ 683,442	\$ 1,956,741

**San Antonio Housing Authority
Collateralization
September 30, 2020**

	Total Deposits	Deposits Covered by FDIC	Deposits Covered by Collateral	Pledged Collateral
Frost National Bank	\$ 70,088	\$ 500,000	\$ 70,088	\$ 146,547,643
Orix Real Estate Capital, LLC	\$ 1,219,068	\$ 750,000	\$ -	\$ -
US Bank	\$ 966,626	\$ -	\$ -	\$ -
Bank of New York - Woodhill	\$ 886,050	\$ -	\$ -	\$ -
Bank of New York - Sendero	\$ 107,342	\$ -	\$ -	\$ -
Bank of New York - Converse Ranch II	\$ 249,445	\$ -	\$ -	\$ -
Wells Fargo - Rosemont at Highland Park	\$ 189,536	\$ -	\$ -	\$ -
Walker & Dunlop - Converse Ranch I	\$ 429,814	\$ 250,000	\$ -	\$ -
Walker & Dunlop - Bella Claire	\$ 40,907	\$ 40,907	\$ -	\$ -
Walker & Dunlop - SAHFC	\$ 394,128	\$ 314,441	\$ -	\$ -
Berkadia Commercial Mortgage, LLC	\$ 130,885	\$ 130,885	\$ -	\$ -
	\$ 4,683,887	\$ 1,986,232	\$ 70,088	\$ 146,547,643

FDIC has made permanent the standard coverage - all funds in noninterest-bearing accounts are fully insured up to \$250,000
The accompanying Cash and Investment Summary Report has been prepared in accordance with the compliance requirements of the Texas Public Funds Investment Act, Chapter 2256. As the Investment Officer for the San Antonio Housing Authority I certify that all investments in our portfolio comply with the investment strategy expressed in SAHA's Investment Policy dated April 14, 2016 and with the relevant provisions of the State of Texas, Government Code, Chapter 2256, Public Funds Investment.

DocuSigned by:
Diana Fiedler 11/2/2020

Diana K. Fiedler, CPA, CGMA
Investment Officer, Director of Finance and Accounting

DocuSigned by:
E Hinojosa Jr 11/2/2020

Ed Hinojosa Jr, CFA
CFO

Footnotes:

* Includes Mirasol Settlement Funds (Original Settlement Amount is \$12.7 million)

GRANTS REPORT AS OF September 30, 2020

Grant Number	Obligation End Date	Expenditure End Date	Amount to be Obligated by End Date	LOCCS Authorized	Cumulative PHA Obligated	Unobligated Amount	Obligation Percentage	Cumulative GL PHA Expended	Expended Percentage	LOCCS Disbursement	CAPITAL GRANTS			
											Unmet expenditure deadline approaching within 6 Months	Unmet obligation deadline approaching within 12 Months	Grant expenditure is not progressing as planned	
Capital Fund Program (CFP)														
Capital Projects at various PH Properties														
TX59P006501-10	07/14/12	07/14/14	\$ 8,770,114.80	\$ 9,744,572.00	\$ 9,744,572.00	\$ -	100%	\$ 9,744,572.00	100%	\$ 9,744,572.00	(1)			
*Major Project: Marie McGuire														
TX59P006501-11	08/02/13	08/02/15	\$ 7,336,199.70	\$ 8,151,333.00	\$ 8,151,333.00	\$ -	100%	\$ 8,151,333.00	100%	\$ 8,151,333.00	(1)			
*Major Projects: Blanco, Marie McGuire, Westway														
TX59P006501-12	03/11/14	03/11/16	\$ 6,669,297.00	\$ 7,410,330.00	\$ 7,410,330.00	\$ -	100%	\$ 7,410,330.00	100%	\$ 7,410,330.00	(1)			
*Major Projects: Fair Avenue, South San, Sun Park														
TX59P006501-13	09/08/15	09/08/17	\$ 6,472,918.80	\$ 7,192,132.00	\$ 7,192,132.00	\$ -	100%	\$ 7,192,132.00	100%	\$ 7,192,132.00	(1)			
*Major Projects: Lewis Chatham, Jewett Circle, Westway														
TX59P006501-14	05/12/16	05/12/18	\$ 6,564,698.10	\$ 7,294,109.00	\$ 7,294,109.00	\$ -	100%	\$ 7,294,109.00	100%	\$ 7,294,109.00	(1)			
*Major Projects: Westway, Charles Andrews, Cassiano Homes														
TX59P006501-15	04/12/17	04/12/19	\$ 6,785,826.30	\$ 7,539,807.00	\$ 7,539,807.00	\$ -	100%	\$ 7,539,807.00	100%	\$ 7,539,807.00	(1)			
*Major Projects: Charles Andrews, HB Gonzalez														
TX59P006501-16	04/12/18	04/12/20	\$ 7,024,842.00	\$ 7,805,380.00	\$ 7,805,380.00	\$ -	100%	\$ 7,805,380.00	100%	\$ 7,805,380.00	(1)(2)			
*Major Projects: Westway, WC White														
TX59P006501-17	08/15/19	08/15/21	\$ 7,176,040.20	\$ 7,973,378.00	\$ 7,973,378.00	\$ -	100%	\$ 7,973,378.00	100%	\$ 7,973,378.00	(1)(3)			
*Major Projects: Victoria Plaza, Villa Tranchese														
TX59P006501-18	05/28/21	05/28/23	\$ 11,098,890.00	\$ 12,332,100.00	\$ 12,332,100.00	\$ -	100%	\$ 12,332,100.00	100%	\$ 12,332,100.00	(1)(4)			
*Major Projects: Victoria Plaza, Fair Avenue														
TX59P006501-19	04/15/22	04/15/24	\$ 11,636,649.90	\$ 12,929,611.00	\$ 9,779,930.64	\$ 3,149,680.36	76%	\$ 9,334,669.15	72%	\$ 8,092,853.43	(5)			
*Major Projects: Victoria Plaza, Fair Avenue														
TX59P006501-20	03/25/23	03/25/25	\$ 11,827,386.00	\$ 13,141,540.00	\$ 4,802,001.42	\$ 8,339,538.58	37%	\$ 3,410,849.43	26%	\$ 3,033,217.16	(6)(7)			
*Major Projects: Madonna, L.C. Rutledge														
TX59E006501-18	08/12/21	08/12/22	\$ 225,000.00	\$ 250,000.00	\$ -	\$ 250,000.00	0%	\$ -	0%	\$ -				
*Major Projects: Riverside, Villa Veramendi														
Urban Revitalization Program (Hope 6) (URP)														
Choice Neighborhood Grant														
TX6J006CNG112	09/30/19	09/30/19		\$ 29,652,649.09	\$ 29,652,649.09	\$ -	100%	\$ 29,652,649.09	100%	\$ 29,652,649.09	(1)			
*Implementation grant for Wheatley Neighborhood														

(1) These grants are expended and disbursed at 100% however, HUD still requests monthly updates in eLOCCS.
 (2) A portion of the 2016 CFP grant contains DDTF funding of \$832,561. Total DDTF funding has been expended.
 (3) A portion of the 2017 CFP grant contains DDTF funding of \$854,061. Total DDTF funding has been expended.
 (4) A portion of the 2018 CFP grant contains DDTF funding of \$1,204,763. Total DDTF funding has been expended.
 (5) A portion of the 2019 CFP grant contains DDTF funding of \$1,269,432. Total DDTF funding has been expended.
 (6) A portion of the 2020 CFP grant contains DDTF funding of \$733,624. Total DDTF funding has been expended.
 (7) HUD distributed additional funds available to Capital Fund Programs on September 29, 2020. LOCCS Authorized has increased by \$94,786 for the 2020 CFP Grant.

GRANTS REPORT AS OF September 30, 2020

HUD - PROGRAM GRANTS								PROGRAM GRANTS Grant expenditure is not progressing as planned.	
Grant Number	Effective Date	Expenditure End Date	LOCCS Authorized	Cumulative Expended	Expended Percentage	Remaining to Expend	LOCCS Disbursement		
Resident Opportunities & Self Sufficiency (ROSS)									
Funding for Family Self Sufficiency (FSS) Coordinators									
ROSS191334	05/13/19	05/12/22	\$ 508,761.00	\$ 162,618.87	32%	\$ 346,142.13	\$ 143,610.30		
*2018 ROSS Service Coordinators									
FSS20TX3445	01/01/20	12/31/20	\$ 936,002.00	\$ 611,159.70	65%	\$ 324,842.30	\$ 529,189.66		
*PH & HCV Combined FSS 2019									
Jobs Plus									
Funding for PHAs to develop locally-based approaches to increase earnings and advance employment outcomes for Public Housing residents									
TX006FJP000815	06/06/16	09/30/22	\$ 2,700,000.00	\$ 2,691,474.79	100%	\$ 8,525.21	\$ 2,685,563.63		
*Jobs Plus - Cassiano									

NON-HUD - PROGRAM GRANTS							
Grant Number	Performance Date	Award Amount	Cumulative Expended	Expended Percentage	Remaining to Expend	Reimbursement Received	
Annie E. Casey Foundation							
Wheatley Courts Family Support Services Caseworker (Eastside Jobs Plus)							
SAHA 2020 Jobs Plus East	01/01/20 - 09/21/20	\$ 85,000.00	\$ 48,293.84	57%	\$ 36,706.16	\$ 37,307.52	(8)
Alamo Colleges							
Health Professions Opportunity Grant (HPOG)							
HPOG Grant 2019	09/30/19 - 09/29/20	\$ 64,711.00	\$ 62,367.97	96%	\$ 2,343.03	\$ 50,161.03	(9)
HPOG Grant 2020	09/30/20 - 09/29/21	\$ 62,046.00	\$ -	0%	\$ 62,046.00	\$ -	

(8) SAHA 2020 Jobs Plus East grant was terminated early effective September 21, 2020. The Remaining to Expend balance of \$36,706.16 will remain unexpended.
 (9) A contract amendment was executed on August 28, 2020 to increase the award amount by \$11,971 for a total of \$64,711. This grant ended on 09/29/2020 and \$2,343.03 of funds will remain unexpended.

GRANTS REPORT AS OF September 30, 2020

LIST OF GRANT APPLICATIONS						
Grant Name	Award Amount	Date Submitted	Match Amount	Term of the Grant	Application Status	Description
2020 San Antonio PK-12 Education Forum	\$2,500	09/21/20	N/A	N/A	Awarded	Connect Home 2020 San Antonio PK-12 Education Forum
BBVA Community Giving Program	\$5,500	09/30/20	N/A	N/A	Awarded	Connect Home Community Giving program
Mobile Beacon Wi-Fly Lending Kit	\$10,000	09/30/20	N/A	N/A	Pending	Connect Home Mobile Beacon Wi-Fly Lending Kit

SAN ANTONIO HOUSING AUTHORITY**November 19, 2020****MEMORANDUM**

To: Finance Committee

From: David Nisivoccia, President and CEO

Presented by: Aiyana Longoria, Director of Internal Audit

RE: Update and Discussion regarding Internal Audit

SUMMARY:

Internal Audit provides independent and objective assurance, auditing, and consulting services to add value, improve internal controls, and strengthen the Agency's operations. The function helps the Housing Authority accomplish its objectives by using a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In addition to its oversight activities, internal audit serves as a resource for identifying opportunities for best practices and efficiencies. The mission of the San Antonio Housing Authority Internal Audit Department is to:

- Ensure the Housing Authority remains a good steward of the public trust by working with all levels of management and staff, as well as the Board of Commissioners, to identify significant risk areas and the internal controls in place to mitigate those risks; and
- Provide continuous quality improvement through the review of processes and procedures to identify operational efficiencies and best practices; and
- Perform all assurance and consulting activities with the highest level of integrity and objectivity.

In accordance with the approved Internal Audit Charter, the Director of Internal Audit (i.e., the Chief Audit Executive), is required to communicate any significant deviation from the approved internal audit plan to the Audit Committee, the President and CEO, and the Legal and Compliance Officer, or equivalent, through periodic activity reports.

This update provides the required communication, as follows:

- Internal Audit Department Update
- Internal Audit Plan Status - FY 2020-2021 Quarter 2
- Summary and Status of Management Corrective Action Plans (related to Internal Audit reporting)

Management Corrective Action Plans resulting from internal audits are entered into a spreadsheet to allow for easier tracking of the status of open items. A copy of the spreadsheet is attached. Each of the action items are color-coded to indicate their status as follows: green indicates the action has a due date 30 days or more in the future; red indicates that the action is behind schedule; and yellow indicates the action has a due date less than 30 days in the future.

SAN ANTONIO HOUSING AUTHORITY

November 19, 2020

PROPOSED ACTION:

None at this time.

FINANCIAL IMPACT:

Not applicable.

STRATEGIC GOAL:

Transform core operations to be a high performing and financially strong organization.

ATTACHMENTS:

Slide presentation: Internal Audit Update – November 19, 2020

Summary and Status of Management Corrective Action Plans as of 10/30/2020



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Opportunity Lives Here

Internal Audit Update

Presentation to Finance Committee
November 19, 2020

Internal Audit Q2 Activities in Support of SAHA Strategic Goals

- ❑ **Strategic Goal 1: *Empower and equip families to improve their quality of life and achieve economic stability***
 - Working with CDI Family Self-Sufficiency program on escrow process and streamlining audit

- ❑ **Strategic Goal 5: *Transform core operations to be a high performing and financially strong organization***
 - Rent Calculation and Collection for Public Housing
 - Resident and Participant Termination Process
 - CSA for Disaster Preparedness
 - Audit of Vendor Quality and Dispute Resolution
 - Audit of Waitlist and Tenant Selection Plans for Third Party Managed Communities
 - Modified Operations Compliance Audits

Status of 2019-2020 Internal Audit Plan

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Internal Audits

- **Audit of Rent Calculation and Collection Process for Public Housing**
 - Final Report sent to the Finance Committee on October 30, 2020.
 - ❑ Four Significant Deficiencies and Two Observations.
 - ❑ Items pending correction will be monitored until completed.
- **Audit of Resident and Program Participant Termination Process in Federal Housing Programs**
 - Draft Report is pending finalization of Management Responses.
 - ❑ Anticipate this report to be finalized before December 2020.
 - The Audit of Resident and Program Participant Termination Process in Federal Housing Programs completes the audits on the approved Audit Plan for FY 2019-2020.

Status of 2020-2021 Audit Plan

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■ Control Self-Assessment (CSA) Disaster Preparedness

- CSA is led by Internal Audit, but working group consists of representation from:
 - ❑ Federal Housing Programs, Beacon Communities, Innovative Technology, Human Resources, Security, Risk, Construction Services, Public Affairs, Community Development Initiatives, and Regulatory Compliance
- Working group meets every two weeks and are on track to have a draft completed by the end of December 2020.

■ Audit of Waitlist and Tenant Selection Plans for Third Party Managed Communities

- Audit started with a review of East Meadows and Wheatley Senior, but has been expanded under the Internal Audit Plan 2020-2021.
- Full audit is currently under development and expected to kick off early November.

Status of 2020-2021 Audit Plan, cont.

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■ Audit of Vendor Quality and Dispute Resolution

- Announcement memo was sent out on October 21, 2020.
- Kick-off meeting scheduled for November 6, 2020.
 - ❑ Procurement processes and procedures for vendor quality and dispute resolution are adequate, effective, and efficient; and
 - ❑ Adequate and appropriate documentation of the procurement process, including the selection and evaluation of vendors; and
 - ❑ Properly authorized contracts are in place and executed in accordance with agreed upon terms; and
 - ❑ Recommendations included in prior procurement-related audit reports and third-party reviews have been appropriately followed-up and resolved in a timely manner.

Status of 2020-2021 Audit Plan, cont'd.

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Compliance Audits

▣ Assisted Housing Program (*Ongoing*)

- Final Report for the FY 2019-2020 Audit of Assisted Housing Program Compliance issued on October 30, 2020.
 - One Material Weaknesses identified, One Significant Deficiency, One Other Internal Control Deficiency
- Continued Modified operations compliance audits for AHP consist of:
 - New Admissions Income Targeting and Prorated Rent - audit verifies move-ins were not over the income limit at admission, and prorated rents were correct.
 - Over and Under Housed Report - audit to identify if the over/under is due to a Reasonable Accommodation or if the over or under housed has been addressed (via notes).
 - Certification Audit Report - the review will cover when certifications were open, approved and effective, and that the Housing Assistance Payment/Utilities Assistance Payment (HAP/UAP) differences are correct.
 - Review of Port Out billing - audit of HAP/UAP for clients that have ported out to other housing authorities.

Status of 2020-2021 Audit Plan, cont'd.

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Compliance Audits cont'd.

❑ Public Housing (*Ongoing*)

- Final Report for the FY 2019-2020 Audit of Public Housing Compliance issued on October 30, 2020.
 - Nine Significant Deficiencies
 - ❑ Items pending correction will be monitored until completed.
- Continued Modified operations compliance audits for PH consist of:
 - Certification Audit Report - audit of date certifications were open, approved, and effective. For certifications with an effective date less than 30 days out, but not approved, verification of what has been finalized or pending, and with any instances where a certification backdated, due to a decrease in rent, staff will check the rent roll for the tenant to verify that credit was applied to coincide with the certification.
 - Security deposit report - audit to verify what was charged and collected.
 - Transfer report - audit to verify that a valid certification was processed within 120 days of the transfer, or that a new one was completed if the last certification was older than 120 days.

Action Items

Status of Corrective Action Items resulting from Internal Audits

- Currently, there are sixteen (16) open action items.
- Thirteen (13) of the action items are expected to be completed this fiscal year.
- Three (3) of the action items are expected to be completed next fiscal year: 2021-2022.

Status of Third Party Audits

There are no Third Party Audits to report.

QUESTIONS?

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/28/20

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
<u>Fiscal Year 2013-2014</u>											
FY 13-14	10/5/2015	Audit of Records Retention	Internal Control Deficiency	Finding 1	Agency email communications are currently being retained indefinitely, and could be subject to e-discovery requirements.	<i>Emails have been retained since an incident arose where Commissioners lost emails that had been sent to their agency email accounts. At this point, we will work with the Interim President and CEO to ensure that the email record retention policy will hereinafter be followed.</i>	12/31/2015	12/30/2020	In Progress	EH	Google Unlimited has been procured; a Google Vault is included with this system that allows for automated email deletions based on recommended parameters. Pending executive approval to implement email retention policies.
<u>Fiscal Year 2016-2017</u>											
FY 16-17	8/20/18	Audit of CDI Grant Funds	Internal Control Deficiency	Finding 3 - BCJI - Delay in the Initial Execution of the Grant	The BCJI grant was awarded on September 25, 2012, to be effective October 1, 2012. Selection of the research partner, Trinity University, was not presented to the Board of Commissioners until June 21, 2013, almost nine months later. Recommendation To ensure compliance with grant provisions, CDI should develop a standard operating procedure for each grant. The procedure should address all grant provisions including, but not limited to, documentation, drawdown, and reporting requirements.	<i>[CDI] staff will review notes from Grants Committee meetings and complete a grants SOP for the Department.</i>	12/31/2018	12/30/2020	In Progress	BP	SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.
FY 16-17	8/20/18	Audit of CDI Grant Funds	Internal Control Deficiency	Finding 5 - BCJI - Missed Financial Reporting Deadlines	Of the 19 Federal Financial Reports reviewed for the BCJI grant, five were filed over one day after the due date as indicated on the electronic confirmation receipt. Recommendation A method for monitoring/confirming the report submission should be established to ensure timely reporting.	<i>a. [CDI] Staff will review notes from Grants Committee meetings and complete a grants SOP for the Department. The SOPs will create a system to ensure that important dates and deadlines are met, including grant performance and financial reports.</i>	12/31/2018	12/30/2020	In Progress	BP	SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/28/20

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
FY 16-17	8/20/18	Audit of CDI Grant Funds	Internal Control Deficiency	Finding 6 - BCJI - Late Submission of Expenses	The Federal Financial Report, submission 12 with a reporting period end date of September 30, 2015, included \$2,363.86 in expenses incurred during the previous quarter. These expenses were reported on line 10-e of the Federal Share of Expenditures report, in the column labeled This Period. Recommendation Ensure that all expenses and related reporting are completed in the required time frame, as listed in the BCJI Grant documentation.	<i>[CDI] staff will review notes from Grants Committee meetings and complete a grants SOP for the Department. The SOPs will create a system to ensure that important dates and deadlines are met, including grant performance and financial reports.</i> <i>The Director of CDI will review and analyze adding an analyst position to the CDI Department. CDI will work with Finance and Accounting to determine the scope of work for the proposed analyst position and determine, during next fiscal year's budget process, if the adding the position is financially feasible.</i>	7/1/2019	12/30/2020	In Progress	BP	SOP for Grant Procedures, Monitoring and Oversight has been drafted. It is pending review and approval from grant committee.
FY 16-17	4/16/19	Audit of Tenant Participation Funds at Parkview Apartments	Significant Deficiency	Finding 3 - Check Disbursements	Recommendation Internal Audit recommends that the Property Manager or Case Management Specialist assist the RC with establishing a bank account that will conform to the requirements set forth in the RC Manual. including the requirement for dual signatures, with the Treasurer being one of the signatories on each disbursement. Additionally, either the Property Manager or the Case Management Specialist should be on the bank account.	<i>CDI Management will meet with PH Management to determine best course of action for supporting RC with establishing bank accounts. An SOP will be developed to provide guidance for SAHA staff who have expressed concerns with adding their names to the RC bank account.</i>	5/8/2019	12/30/2020	In Progress	BP	
<i>Fiscal Year 2019-2020</i>											
FY 19-20	10/30/20	Audit of Rent Calculation and Collection Processes at Public Housing Communities	Significant Deficiency	Finding 1- Incorrect rent calculations, and incomplete corrections	Recommendation Management should reemphasize to staff the importance of accuracy in all aspects of calculating rent amounts, including correctly determining household income and allowances; and in obtaining and reviewing documentation for deductions, as well as the importance of complying with HUD regulations and SAHA policies and procedures for corrections. Management should also develop a monitoring plan to ensure complete corrections for files that have been returned with a rent determination error.	<i>Intensive Rent Calculation training was conducted June 29 and June 30 for all Public Housing Customer Service Specialists and Assistant Community Managers. The training included methods of verification, annual income calculation, adjusted income calculation, and rent calculation. Management is currently working with Internal Audit and Innovative Technology (IT) to create a quality control database for staff to utilize in correcting deficiencies. The database will enable staff to effectively monitor errors and corrections of files.</i>	7/31/2021		In Progress	BP	
FY 19-20	10/30/20	Audit of Rent Calculation and Collection Processes at Public Housing Communities	Significant Deficiency	Finding 2 - Incorrect collection or application of security deposits	Recommendation Management should reemphasize to staff the importance of collecting deposits and verifying that they have been appropriately accounted for in the tenant ledger.	<i>Monthly Quality control for Security deposit collection Reports has been occurring since July 2020 for Property manager review. Move Out SOP is being updated and training is scheduled for February 2021.</i>	2/28/2021		In Progress	BP	

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/28/20

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
FY 19-20	10/30/20	Audit of Rent Calculation and Collection Processes at Public Housing Communities	Significant Deficiency	Finding 3 - Incorrect Account Settlement in Elite	Recommendation Management should reemphasize to staff the importance of calculating prorated rent and verifying that they have been appropriately accounted for in the tenant ledger.	<i>Move Out SOP is being updated and training is scheduled for February 2021.</i>	2/28/2021		In Progress	BP	
FY 19-20	10/30/20	Audit of Rent Calculation and Collection Processes at Public Housing Communities	Significant Deficiency	Finding 4 - Inconsistent move-out procedures	Recommendation Written procedures should be established specifically for the move-out process that is separate from the eviction process. The procedures should address the processing time required to close-out tenant accounts, collections process, EIV module notification, as well as standardize usage of entering information into Elite for tenant ledgers, tenant notes, and entity alerts.	<i>The Move Out SOP is being updated and training is scheduled for February 2021.</i>	2/28/2021		In Progress	BP	
FY 19-20	10/30/20	Audit of Rent Calculation and Collection Processes at Public Housing Communities	Observation	Observation 1 - Electronic Documentation in Shared Google Drive.	Recommendation Tenant documents, to include forms and letters should be "backed up" or copied as a pdf to a shared Public Housing folder in the SAHA Google shared drive. This prevents the need to obtain the physical file when it is not possible, and allows for any SAHA staff person to access this document in the future if the creator of the document is no longer a SAHA employee.	<i>Management is not currently expecting to move to a digital file system. Move Out SOP is being updated and training is scheduled for February 2021</i>	2/28/2021		In Progress	BP	
FY 19-20	10/30/20	Audit of Rent Calculation and Collection Processes at Public Housing Communities	Observation	Observation 2 - Inconsistent application of automated late fees	Recommendation Management may need to evaluate the current late fee policy or process to determine if any improvements can be made to reduce the delay in application of late fees.	<i>Currently, late fees are not being assessed due to COVID-19; however, during this time, staff will be re-evaluating the process for implementation by July 1, 2021, dependent on policy update cycle.</i>	7/1/2021		In Progress	BP	
FY 19-20	10/30/20	Audit of Public Housing Compliance	Significant Deficiency	Finding 5 - Possible unreported income	Recommendation Management should reemphasize to staff that the EIV System and/or resident-provided documents must be carefully reviewed and all income verified, to make sure rent amounts are calculated correctly and are based on the resident's entire income.	<i>Unreported Income SOP will be updated and implemented with training for staff by March 1, 2021.</i>	3/1/2021		In Progress	BP	
FY 19-20	10/30/20	Audit of Public Housing Compliance	Significant Deficiency	Finding 6- Security deposit issues	Recommendation Management should reemphasize to staff that a security deposit must be charged and collected.	<i>Monthly Quality Control for Security deposit collection Reports have been occurring since July 2020 for Property manager review. Move Out SOP is being updated and training is scheduled for February 2021.</i>	2/28/2021		In Progress	BP	

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/28/20

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
FY 19-20	10/30/20	Audit of Public Housing Compliance	Significant Deficiency	Finding 7 - Annual reexamination not processed prior to a unit transfer	Recommendation Management should reemphasize to staff to ensure annual reexaminations are conducted prior to a family moving to a new unit.	<i>Management will be reevaluating policies and procedures for annual reexaminations at transfers and implement new policy by July 1, 2021.</i>	7/1/2021		In Progress	BP	
FY 19-20	10/30/20	Audit of Public Housing Compliance	Significant Deficiency	Finding 8 - Incorrect prorated rent charged at move-in	Recommendation Management should reemphasize to staff the importance of charging the correct prorated rent in conformance with HUD regulations and SAHA policies and procedures.	<i>Prorated rent procedures will be added to Eligibility SOP and calculation to Adjusted Income Worksheet. Directive will be sent out to staff.</i>	12/31/2020		In Progress	BP	
FY 19-20	10/30/20	Audit of Public Housing Compliance	Significant Deficiency	Finding 9 - Lack of adequate notification of a rent increase	Recommendation Management should reemphasize to staff the significance and the importance of complying with HUD and SAHA requirements.	<i>Management will issue a directive by November 1, 2020.</i>	11/1/2020		In Progress	BP	