





A COMMUNITY OF POSSIBILITIES

**JOIN MEETING**  
818 S. Flores St.  
San Antonio, TX 78204

**BOARD OF COMMISSIONERS**

Gabriel Lopez  
Chair

Gilbert Casillas  
Vice Chair

Dalia Contreras  
Commissioner

Estrellita Garcia-Diaz  
Commissioner

Janet Garcia  
Commissioner

Leilah Powell  
Commissioner

**ACTING PRESIDENT & CEO**

Michael Reyes

**SPECIAL BOARD MEETING****9:00 a.m. | Thursday | July 11, 2024**

At least four Commissioners will be physically present at this location, and up to three other Commissioners may attend by videoconferencing, as permitted by Tex. Gov't Code Section 551.127, and the Presiding Officer will also be present at this location.

**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.

**CITIZENS TO BE HEARD**

2. **Citizens to be Heard** at approximately 9:00 a.m. (may be heard after this time) Citizens wishing to speak on any issues, including ones not related to items posted on the agenda, should personally request to be placed on the Citizens to be Heard roster prior to 8:45 a.m. Citizens will be given up to three minutes to speak. Each citizen will be permitted to speak only once.

Now is the time for Citizens to be Heard. The Board asks the public to address concerns related to Opportunity Home 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 Opportunity Home staff for more prompt resolution. The Board will not discuss the comments of speakers or respond to speakers during the Citizens to be Heard portion of the agenda.

**MINUTES**

3. Minutes
  - Approval of the June 12, 2024, Regular Board meeting minutes

**CONSENT ITEM**

4. Consideration and approval regarding Resolution 6503, certifying that Opportunity Home's Investment Policy and investment strategies have been reviewed in accordance with the requirements set forth in Section 2256.005 (E) of the Texas Public Funds Investment Act (Diana Kollodziej Fiedler, Chief Financial Officer)

**CLOSED SESSION**

5. Closed Session
 

**Personnel/Consultation with Attorney**

Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee and



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obtain legal advice regarding legal issues pursuant to Texas Government Code Sec. 551.074 (personnel) and Texas Government Code Sec. 551.071 (consultation with attorney).

- Discussion and consultation with attorney regarding compensation review for the President and CEO and Executive Leadership Team
- Discussion and consultation with attorney regarding Acting President and CEO's Performance Goals and Appraisal for 2024-2025 and Contract

## 6. Adjournment

*Posted on: 7/8/2024 9:00 AM*

\*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.

"Pursuant to § 30.06, Penal Code, (trespass by holder license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a concealed handgun."

"Pursuant to § 30.07, Penal Code, (trespass by holder license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly."



## **MINUTES OF OPPORTUNITY HOME SAN ANTONIO REGULAR BOARD MEETING**

### **Meeting Called to Order**

#### **I. Call to Order**

Chair Lopez called the Regular Board Meeting of Opportunity Home San Antonio to order at 1:06 PM CDT on June 12, 2024. The meeting was held at the Opportunity Home San Antonio Central Office at 818 S. Flores St., San Antonio, TX 78204.

#### **Board Members Present:**

Chair Gabriel Lopez, Vice Chair Gilbert Casillas, Dalia Contreras, Janet Garcia, Estrellita Garcia-Diaz, and Leilah Powell.

#### **Adviser Present:**

Doug Poneck, General Counsel.

#### **Guests Present:**

President and CEO Ed Hinojosa, Jr.; Miranda Castro, Director of Asset Management; Allison Schlegel, Director of Internal Audit; Diana Kollodziej Fiedler, Chief Financial Officer; Aaron Sladek, Director of Finance and Accounting; Susan Ramos-Sossaman, Interim Director of Development Services and Neighborhood Revitalization; Joel Tabar, Director of Resident Services; George Ayala, Director of Procurement; Hector Martinez, Director of Construction Services and Sustainability; Melissa Garza, Director of Beacon Communities; Brandee Perez, Chief Real Estate and Development Officer; Michael Reyes, Public Affairs Officer, Muriel Rhoder, Chief Administrative Officer, Richard Milk, Planning Officer.

Interpreter, BCC Languages LLC.

#### **Board Members Absent:**

None.

#### **Quorum:**

A quorum was established with six (6) voting members present.

### **Citizens to be Heard**

#### **II. Citizens to be Heard**

Citizens wishing to speak on any issues, including those unrelated to items posted on the agenda, were given three minutes to speak. There were five (5) citizens who signed up to speak. Three (3) citizens spoke. No citizens ceded their time.

### **Presentation**

#### **III. Presentation**



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Recognition of Vincent Robinson, former Commissioner of Opportunity Home San Antonio (Gabriel Lopez, Board Chair, Opportunity Home San Antonio)

## **Public Hearings**

- IV. Public Hearing** regarding Resolution 6528, authorizing (i) the issuance of the Las Varas Public Facility Corporation Tax-Exempt Multifamily Housing Revenue Notes (Union Park Apartments) Series 2024 (the "Notes") in an amount not to exceed \$22,000,000; (ii) Las Varas Public Facility Corporation (the "Issuer" or "LVPFC") to approve Resolution 24LVPFC-05-15 authorizing the issuance of the Notes; and (iii) other matters in connection therewith (Miranda Castro, Director of Asset Management)

There were no citizens who signed up to speak, no citizens spoke, and no citizens ceded their time.

- V. Public Hearing** regarding Resolution 6529, authorizing (i) the issuance of the Las Varas Public Facility Corporation Tax-Exempt Multifamily Housing Revenue Notes (Union Pines Apartments) Series 2024 (the "Notes") in an amount not to exceed \$30,000,000; (ii) Las Varas Public Facility Corporation (the "Issuer" or "LVPFC") to approve Resolution 24LVPFC-05-16 authorizing the issuance of the Notes; and (iii) other matters in connection therewith (Miranda Castro, Director of Asset Management)

There were no citizens who signed up to speak, no citizens spoke, and no citizens ceded their time.

## **Minutes**

### **VI. Minutes**

Vice-Chair Casillas moved to approve the May 1, 2024, Regular Board meeting; May 8, 2024, Special Board meeting; May 15, 2024, Finance Committee meeting; and May 15, 2024, Operations and Real Estate Committee meeting minutes. Commissioner Contreras seconded the motion. The motion carried with six (6) in favor and none against by a voice vote.

## **Consent Items**

### **VII. Resolution 6527**

Consideration and approval regarding Resolution 6527, adopting the Opportunity Home San Antonio Internal Audit Plan for Fiscal Year 2024-2025 (Allison Schlegel, Director of Internal Audit)

### **VIII. Resolution 6512**

Consideration and approval regarding Resolution 6512, authorizing the President and CEO to renew or place insurance policies covering property, liability, cyber liability, excess, directors and officers, employment practices, workers' compensation, automobile fleet, fiduciary, fidelity, flood, and boiler and machinery for Opportunity Home San Antonio and its affiliated



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entities, for fiscal year 2024-2025, for an estimated amount of \$5,880,443 (Diana Kollodziej Fiedler, Chief Financial Officer)

**IX. Resolution 6528**

Consideration and approval regarding Resolution 6528, authorizing (i) the issuance of the Las Varas Public Facility Corporation Tax-Exempt Multifamily Housing Revenue Notes (Union Park Apartments) Series 2024 (the "Notes") in an amount not to exceed \$22,000,000; (ii) Las Varas Public Facility Corporation (the "Issuer" or "LVPFC") to approve Resolution 24LVPFC-05-15 authorizing the issuance of the Notes; and (iii) other matters in connection therewith (Miranda Castro, Director of Asset Management)

**X. Resolution 6529**

Consideration and approval regarding Resolution 6529, authorizing (i) the issuance of the Las Varas Public Facility Corporation Tax-Exempt Multifamily Housing Revenue Notes (Union Pines Apartments) Series 2024 (the "Notes") in an amount not to exceed \$30,000,000; (ii) Las Varas Public Facility Corporation (the "Issuer" or "LVPFC") to approve Resolution 24LVPFC-05-16 authorizing the issuance of the Notes; and (iii) other matters in connection therewith (Miranda Castro, Director of Asset Management)

**XI. Resolution 6532**

Consideration and approval regarding Resolution 6532, authorizing the Las Varas Public Facility Corporation to approve an inducement resolution for the proposed tax-exempt bond financing of the Riverbreeze Apartments Project (Susan Ramos-Sossaman, Interim Director of Development Services and Neighborhood Revitalization)

**XII. Resolution 6533**

Consideration and approval regarding Amended and Restated Resolution 6533, authorizing the submission of a disposition application to the U.S. Department of Housing and Urban Development ("HUD") for portions of the Alazan Apache Courts to include the Valero baseball field site and the adjacent block west within the Apache Courts; the sale of such property and any improvements located thereon; the formation of a single-member limited liability company by Opportunity Home or San Antonio Housing Facility Corporation to acquire such property, or, in the alternative, the acquisition of such property directly by San Antonio Housing Facility Corporation or Opportunity Home; and the execution of documents and applications necessary to consummate such actions; and other matters in connection therewith (Susan Ramos-Sossaman, Interim Director of Development Services and Neighborhood Revitalization)

**XIII. Resolution 6534**

Consideration and approval regarding Resolution 6534, authorizing (i) the formation of SAHFC Josephine Lender LLC; (ii) a capital contribution from San Antonio Housing Facility Corporation to SAHFC Josephine Lender LLC for the purposes of making a loan to 120 Josephine Investors LLC for the Josephine Apartments; and (iii) other matters in connection



therewith (Susan Ramos-Sossaman, Interim Director of Development Services and Neighborhood Revitalization)

**XIV. Resolution 6536**

Consideration and approval regarding Resolution 6536, authorizing the revision of Resident-Paid Utility Allowances in accordance with HUD regulations to capture utility cost savings generated from energy and water conservation measures installed through Opportunity Home's Energy Performance Contract (Joel Tabar, Director of Resident Services)

**XV. Resolution 6531**

Consideration and approval regarding Resolution 6531, authorizing the ratification of an emergency procurement for lead removal at Lincoln Heights Courts and Riverside Apartments to Gerloff Company, Inc. for an amount not to exceed \$1,442,723 (George Ayala, Director of Procurement; Joel Tabar, Director of Resident Services)

**XVI. Resolution 6525**

Consideration and approval regarding Resolution 6525, authorizing the award of a contract for Cottage Creek Apartments Rebuild Project to Geofill Construction (SBE, VBE) for an amount not to exceed \$1,894,835 (George Ayala, Director of Procurement; Hector Martinez, Director of Construction Services and Sustainability; Melissa Garza, Director of Beacon Communities)

**Main Motion Regarding Items 7-16**

Moved by Commissioner Contreras. Seconded by Commissioners Garcia-Diaz and Powell. The motion carried with six (6) in favor and none against by a voice vote.

**Individual Items**

**XVII. Resolution 6520**

Consideration and approval regarding Resolution 6520, approving the Consolidated Operating and Related Capital Budgets for Opportunity Home San Antonio and its affiliated nonprofit entities for the fiscal year ending June 30, 2025 (Diana Kollodziej Fiedler, Chief Financial Officer)

**Main Motion Regarding Resolution 6520**

Moved by Commissioner Powell. Seconded by Commissioner Contreras. The motion carried with six (6) in favor and none against by a voice vote.

**XVIII. Resolution 6538**

Consideration and approval regarding Resolution 6538, to enter into a contract with the City of San Antonio for general funds for Maintenance up to \$1,000,000 (Brandee Perez, Chief Real Estate and Development Officer)

**Main Motion Regarding Resolution 6538**



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Moved by Commissioner Powell. Seconded by Vice Chair Casillas. The motion carried with six (6) in favor and none against by a voice vote.

#### **XIX. Resolution 6539**

Consideration and approval regarding Resolution 6539, authorizing the award of a contract for Window Replacement at Cassiano Homes to Gerloff Company, Inc. for an amount not to exceed \$5,793,547 (George Ayala, Director of Procurement; Hector Martinez, Director of Construction Services and Sustainability; Joel Tabar, Director of Resident Services)

#### **Main Motion Regarding Resolution 6539**

Moved by Commissioner Powell. Seconded by Commissioner Garcia-Diaz. The motion carried with six (6) in favor and none against by a voice vote.

#### **XX. Five Priorities and Other Related Topics**

Discussion and possible action regarding Five Priorities and Other Related Topics:

- a. Development Partnerships including Voucher Strategies
- b. Maintenance, Resident Safety and Feedback
- c. Outstanding Rent Balances
- d. Waitlist Review
- e. Communication Strategy
- f. Other Related Topics

(Brandee Perez, Chief Real Estate and Development Officer, Diana Fiedler, Chief Financial Officer, Michael Reyes, Public Affairs Officer, Muriel Rhoder, Chief Administrative Officer, Richard Milk, Planning Officer)

No action taken.

#### **Discussion Items**

#### **XXI. President's Report**

- Mother's Day Celebration Recap
- International Internal Audit Month
- Fiesta Fundraisers Recap
- Congressman Casar Press Conference
- San Antonio Apartment Association Leadership Lyceum
- EPA Funding to Close Solar Equity Gap
- Director of Finance and Accounting Update
- SAAA and Opportunity Home Meet and Greet
- 2024 PHADA Annual Convention
- District 5 Housing Resource Fair
- Opportunity Home Family Night at the DoSeum
- Catellus and Opportunity Home Announce Homebuilders for Victoria Commons
- Vista at Reed Groundbreaking

**COMING UP**



- Father's Day Celebration

#### **Action Regarding Recess**

With no objections, Chair Lopez recessed the Regular Board meeting at 2:57 PM CDT to enter into the Las Varas Public Facility Corporation and San Antonio Housing Facility Corporation meetings.

The Board returned to the Regular Board meeting from recess at 2:59 PM CDT.

#### **Action Regarding Closed Session**

Attorney Doug Poneck read the Board into Closed Session.

Chair Lopez recessed the Regular Board meeting and entered into Closed Session at 3:00 PM CDT.

### **XXII. Closed Session**

#### **Real Estate/Consultation with Attorney**

Deliberate the management, purchase, exchange, lease or value of certain real properties and obtain legal advice regarding related legal issues pursuant to Texas Government Code Sec. 551.072 (real property) and Texas Government Code Sec. 551.071 (consultation with attorney).

- Discussion and consultation with attorney regarding the Alazan disposition and expansion project
- Discussion and consultation with attorney regarding real estate and development updates

#### **Personnel/Consultation with Attorney**

Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee and obtain legal advice regarding legal issues pursuant to Texas Government Code Sec. 551.074 (personnel) and Texas Government Code Sec. 551.071 (consultation with attorney).

- Discussion and consultation with attorney regarding compensation review for the President and CEO and Executive Leadership Team
- Discussion and consultation with attorney regarding President and CEO's Performance Goals and Appraisal for 2024-2025 and Contract

#### **Action Regarding Closed Session**

The Board returned from Closed Session and Chair Lopez called the meeting to order at 6:11 PM CDT.

#### **Main Motion Regarding Closed Session**



Main motion regarding Closed Session item "Discussion and consultation with attorney regarding President and CEO's Performance Goals and Appraisal for 2024-2025 and Contract"

Vice Chair Casillas moved that the Board exercise its right under the CEO's contract to terminate the CEO's contract for convenience effective immediately and to authorize the Chair to execute any documents in support thereof. Seconded by Commissioner Garcia. The motion carried with six (6) in favor and none against by a voice vote.

**Main Motion Regarding Acting CEO Appointment**

Chair Lopez moved that the Board appoint Michael Reyes to serve as Acting President and Chief Executive Office effective immediately and that the Board's officers be authorized to negotiate additional compensation commensurate with this appointment. Seconded by Vice Chair Casillas. The motion carried with six (6) in favor and none against by a voice vote.

**XXIII. Adjournment**

**Main Motion Regarding Adjournment**

Moved by Vice-Chair Casillas. Seconded by Commissioner Contreras. The motion carried with six (6) in favor and none against by a voice vote.

The meeting adjourned at 6:13 PM CDT.

**ATTEST:**

\_\_\_\_\_  
**Gabriel Lopez**  
**Chair, Board of Commissioners**


\_\_\_\_\_  
**Date**


\_\_\_\_\_  
**Michael Reyes**  
**Acting President and CEO**

\_\_\_\_\_  
**Date**

**BOARD OF COMMISSIONERS  
Special Board Meeting**

**RESOLUTION 6503, CERTIFYING THAT OPPORTUNITY HOME'S INVESTMENT POLICY  
AND INVESTMENT STRATEGIES HAVE BEEN REVIEWED IN ACCORDANCE WITH THE  
REQUIREMENTS SET FORTH IN SECTION 2256.005 (E) OF THE TEXAS PUBLIC FUNDS  
INVESTMENT ACT**

DocuSigned by:  
  
-----  
**Michael Reyes**  
Acting President and CEO

DocuSigned by:  
  
-----  
**Diana Fiedler**  
Chief Financial Officer

**REQUESTED ACTION:**

Consideration and approval regarding Resolution 6503, certifying that Opportunity Home's Investment Policy and investment strategies have been reviewed in accordance with the requirements set forth in Section 2256.005 (E) of the Texas Public Funds Investment Act.

**SUMMARY:**

Section 2256.005 (E) of the Texas Public Funds Investment Act requires that the governing body of each covered entity review its Investment Policy and investment strategies not less than annually and adopt a written instrument by rule, order, ordinance, or resolution stating such.

The Investment Policy denotes the allowed investment activities, which must conform to all federal, state, and local statutes governing the investment of public and non-public funds. The policy contains relevant information to guide responsible personnel regarding authorized investment activities.

There are no proposed changes to the Investment Policy at this time.

**STRATEGIC OUTCOMES:**

Supports all strategic outcomes.

**ATTACHMENTS:**

Resolution 6503  
2024 Investment Policy

**CERTIFICATE FOR RESOLUTION  
RESOLUTION 6503**

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 ("Opportunity Home"), hereby certifies as follows:

1. In accordance with Chapter 551, Texas Government Code, as amended (the "Open Meetings Act"), and the bylaws of Opportunity Home San Antonio, the Board of Commissioners of Opportunity Home San Antonio (the "Board") held a meeting on July 11, 2024, (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 6503, CERTIFYING THAT OPPORTUNITY HOME'S  
INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN  
REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN  
SECTION 2256.005 (E) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT**

(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 Opportunity Home San Antonio.

**SIGNED AND SEALED this 11th day of July 2024.**



\_\_\_\_\_  
Michael Reyes  
Acting President and CEO

**Opportunity Home San Antonio  
Resolution 6503**

**RESOLUTION 6503, CERTIFYING THAT OPPORTUNITY HOME'S INVESTMENT POLICY AND INVESTMENT STRATEGIES HAVE BEEN REVIEWED IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH IN SECTION 2256.005 (E) OF THE TEXAS PUBLIC FUNDS INVESTMENT ACT**

**WHEREAS**, the State of Texas has passed legislation requiring written Investment Policies for all public agencies; and

**WHEREAS**, the State requires the governing body of an investing entity review its Investment Policy and investment strategies not less than annually and adopt a resolution stating such; and

**WHEREAS**, staff of Opportunity Home has previously prepared the Investment Policy to meet the requirements of the State of Texas Law; and

**WHEREAS**, there are no proposed changes to the Investment Policy at this time.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Commissioners of Opportunity Home San Antonio hereby:

- 1) Approves Resolution **6503**.
- 2) Authorizes the President and CEO or designee to execute all necessary documents and extensions.

**Passed and approved this 11th day of July 2024.**

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**Gabriel Lopez**

Chair, Board of Commissioners

**Attested and approved as to form:**

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**Michael Reyes**

Acting President and CEO

## **INVESTMENT POLICY**

### **July 11, 2024**

#### **1.0 POLICY:**

It is the policy of the Housing Authority of the City of San Antonio, Texas (known as “Opportunity Home”) to invest all funds in a manner that will provide the highest investment return with the maximum security while ensuring sufficient liquidity to meet the daily cash flow demands of Opportunity Home. Investment activities must conform to all federal, state and local statutes governing the investment of public and non-public funds.

#### **2.0 SCOPE:**

This investment policy applies to all financial assets of Opportunity Home and related entities. These funds are accounted for in Opportunity Home’s annual audit reports and include:

- 2.1 Operating Funds and Reserves for Public Housing, Section 8, and all programs
- 2.2 Development Reserves, Bond Proceeds, and Escrow Accounts
- 2.3 Any newly acquired or special funds
- 2.4 Non-Profit and Partnership Funds

#### **3.0 OBJECTIVE:**

As required by the Act, the investment of funds shall be governed by the following investment objectives, in order of preference:

- 3.1 Preservation and safety of principal: Investment decisions of Opportunity Home shall be undertaken in a manner that seeks to ensure the preservation and safety of capital in the overall portfolio. To obtain this goal, adequate diversification is required to assure that potential losses on individual investments do not exceed the income generated from the remainder of the portfolio. There shall be a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis.
- 3.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable Opportunity Home to meet all operating requirements that might be reasonably anticipated. Investment in securities with an active secondary market are preferred investments.

- 3.3 Yield and Return on Investment: Opportunity Home's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with Opportunity Home's investment risk constraints and cash flow characteristics of the portfolio.
- 3.4 Legal Limitations: Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code and the U. S. Department of Housing and Urban Development Public and Indian Housing Notice 95-27 issued May 11, 1995.
- 3.5 Administrative Cost: In choosing an investment, Opportunity Home shall consider the administrative work involved, particularly with regards to investments of short duration.

#### 4.0 PRUDENCE:

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. Prudence shall be measured by considering the investment of all funds or funds under the entity's control over which the officer had responsibility rather than a consideration as to the prudence of a single investment.

This standard states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived." The investment officer and those delegated with investment authority under this policy, when acting in accordance with the written procedures and this policy in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio, provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

#### 5.0 DELEGATION OF AUTHORITY:

The Board of Commissioners of Opportunity Home retains the ultimate responsibility as fiduciaries over the assets of the organization. The Board hereby delegates to the CEO and the CEO's designated staff the day-to-day responsibility of managing Opportunity Home's investment activities. The CEO will report the investment activities to the Board of Commissioners on at least a quarterly basis as required by the Public Funds Investment Act.

The CEO, with assistance from the CEO's designated staff, will establish the system of procedures and controls to regulate the investment activities. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established and approved by the President and CEO. The CEO designates

the Chief Financial Officer as responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. The Chief Financial Officer will also oversee all investment activities and assure that appropriate internal controls are in place and being followed.

The CEO also designates the Chief Financial Officer as the Investment Officer of Opportunity Home to be responsible for the day-to-day operating decisions related to investment decisions and activities. In addition, the Investment Officer shall be responsible for all transactions undertaken and together with the CEO, shall establish a system of procedures and controls to regulate the activities of subordinate officials and staff. The CEO and Chief Financial Officer shall be authorized to make investment decisions and place investment orders. All participants in the investment process shall act responsibly as custodians of the public trust.

## 6.0 ETHICS AND CONFLICTS OF INTEREST:

Officers, employees, board members, and investment officials involved in the investment process shall refrain from personal business activity that could conflict, or could reasonably be perceived as a conflict, with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Officers, employees, board members, and investment officials shall disclose to the President and CEO, in writing, any material financial interests in financial institutions that conduct business with Opportunity Home. Officers, employees, board members, and investment officials shall further disclose any large personal financial investment positions that could be related to the investment activities of Opportunity Home, particularly with regard to the time of purchases and sale of investments. All Federal, State of Texas, and Opportunity Home Ethics Policies shall be strictly followed.

## 7.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS:

The Investment Officer shall maintain a list of all financial institutions authorized to provide investment services for Opportunity Home.

- 7.1 All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Investment Officer with annual financial statements and certification in writing that the financial institution or the broker/dealer has read and will follow all Federal and State of Texas laws and regulations regarding investments made by Opportunity Home.
- 7.2 An annual review of the financial statements will be completed by the Investment Officer.
- 7.3 A current audited financial statement is required to be on file for each financial institution and broker/dealer with which Opportunity Home transacts business.

- 7.4 The board or designated investment committee of Opportunity Home shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with Opportunity Home.

#### 8.0 AUTHORIZED AND SUITABLE INVESTMENTS:

- 8.1 HUD Funds: Opportunity Home is required to invest HUD sourced funds in investments approved by the U.S. Department of Housing and Urban Development. These investments must be fully collateralized. ATTACHMENT A is applicable to HUD funds and contains a listing and description of approved investments.
- 8.2 Non-HUD Funds: Funds in excess of HUD funds, unrestricted funds, reserves, partnership funds, bond proceeds, foundation funds, and other funds are not subject to ATTACHMENT A; however, these funds shall be invested in accordance with the Public Funds Investment Act.

#### 9.0 COLLATERALIZATION:

Full collateralization is required for all of Opportunity Home's investments. In order to protect Opportunity Home's assets, collateralization of one-hundred percent (100%) is required at all times. All collateral shall conform to those investment instruments listed in ATTACHMENT A of the Public Funds Investment Act.

Collateral will always be held by an independent third party with whom the financial institution or broker/dealer has a current custodial agreement. A clearly marked evidence of ownership or safekeeping receipt must be available to Opportunity Home.

Collateral substitution may be allowed when the substituted collateral is on the approved list of investments listed in ATTACHMENT A or the Public Funds Investment Act.

#### 10.0 DIVERSIFICATION:

Opportunity Home will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized investment pools, no more than 50% of Opportunity Home's total investment portfolio will be invested in a single security type or in securities issued by a single financial institution or broker/dealer.

#### 11.0 MAXIMUM MATURITIES:

- 11.1 Operating Funds: To the extent possible, Opportunity Home will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Opportunity Home will not directly invest in securities maturing more than three years (3) from the date of purchase. This maximum maturity policy applies to all operating funds.

11.2 Non-operating or excess funds: Funds in excess of operating needs, unrestricted funds, foundation funds, bond proceeds, reserves, escrow funds, and other funds not required for operations may be held in securities without regard to the three year (3) limitation referenced in Section 11.1. The Investment Officer shall assure that sufficient liquidity exists at all times to meeting operating commitments.

12.0 INTERNAL CONTROL:

The Investment Officer shall establish an annual process of independent review as part of the annual audit. This review will provide internal control by assuring compliance with policies and procedures.

13.0 PERFORMANCE STANDARDS AND REPORTING:

As required by Section 2256 of the Public Funds Act, at least quarterly, the Investment Officer or designee will prepare an investment report for Opportunity Home's Board of Commissioners. The report shall contain the name of the financial institution or broker/dealer holding the investment, the investment position, the cost of the investment, the fair market value, the purchase date, maturity date, and any interest accrued. Investment performance will be measured by standards set by the U.S. Department of Housing and Urban Development.

14.0 INVESTMENT POLICY ADOPTION:

Opportunity Home's investment policy shall be adopted by resolution of the Board of Commissioners. The policy shall be reviewed on a periodic basis and revised by the Investment Officer as necessary. It is the intent of Opportunity Home that if any changes of federal or State of Texas laws affect this policy, the new law or change becomes effective as stated and this policy is automatically conformed to existing law.

15.0 EXEMPTION:

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements contained herein. At maturity or liquidation, such funds shall be reinvested only as provided by this policy.

## ATTACHMENT A

### INVESTMENT INSTRUMENTS APPROVED BY HUD

1. DIRECT OBLIGATION OF THE FEDERAL GOVERNMENT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES
  - a. U.S. Treasury Bills
  - b. U. S. Treasury Notes and Bonds
    - (1) U.S. Treasury Notes
    - (2) U.S. Treasury Bonds
2. OBLIGATIONS OF FEDERAL GOVERNMENT AGENCIES
  - a. Federal Financing Bank (FFB)
  - b. Government National Mortgage Association (GNMA). Mortgage-Backed Securities (GNMA I and GNMA II)
  - c. GNMA Participation Certifies
  - d. Maritime Administration Merchant Marine Bonds, Notes, and Obligations
  - e. Small Business Administration (SBA). Small Business Investment Corporation (SBIC) Debentures
  - f. Tennessee Valley Authority (TVA) Power Bonds and Notes

3. SECURITIES OF GOVERNMENT-SPONSORED AGENCIES

- a. Farm Credit Consolidated System-Wide Discount Notes
- b. Federal Farm Credit Banks Consolidated System-Wide Bonds
- c. Federal Home Loan Banks Consolidated Obligations

These securities are the secured joint and several obligations of the Federal Home Loan Banks comprised of:

  - (1) Bonds
  - (2) Notes
  - (3) Discount Notes
- d. FHLMC Mortgage Participation Certificates (PC) (Guaranteed)
- e. FHLMC Collateralized Mortgage Obligations (CMOs)
- f. Federal National Mortgage Association (FNMA) Debentures
- g. FNMA Notes
- h. FNMA Short-Term Discount Notes
- i. FNMA Capital Debentures
- j. Student Loan Marketing Associations (SLMA) Obligations

SLMA issues obligations comprises of guaranteed student loans as follows:

- (1) Floating Rate and Master Notes

(2) The Series E and F Floating Rate Notes

(3) Zero Coupon Notes

4. DEMAND AND SAVINGS DEPOSITS

5. MONEY-MARKET DEPOSIT ACCOUNT

6. MUNICIPAL DEPOSITORY FUND

7. SUPER NOW ACCOUNTS

8. CERTIFICATES OF DEPOSIT

- a. Certificates of Deposit are permitted at depository institutions that are insured by an agency of the Federal Government. Caution must be exercised for certificates exceeding the \$250,000 insurance limit or when the term is longer than 30-90 days. The new FDIC limit of \$250,000 is in effect through December 2013. Although the certificates' rate of return may be attractive for larger amounts and longer terms, U. S. treasury Securities offer superior safety and liquidity for the same amounts and terms. Certificates shall be in the HA's name. In addition a General Depository Agreement must be executed by each financial institution that issues a Certificate of Deposit.
- b. Certificate amounts above \$250,000 are permitted provided that the excess is 100 percent collateralized by clearly identified (not pooled) U.S. Government securities. Possession of the collateral securities and a continuous perfected security interest may be the only sure protection against loss in case of bank failure.
- c. Brokered deposits should be avoided because it is impossible to get \$100,000 federal insurance on a number of deposits placed by brokers.

9. REPURCHASE AGREEMENTS

Repurchase (repos) agreements for a term not to exceed 30 days may be entered into with Federally insured depository institution to purchase and sale of securities identified under subparagraphs b, c and d. A repurchase agreement is an agreement negotiated with a bank usually for a short period (1 to 7 days) wherein securities approved for investment are purchased from that bank at a stated price with the bank agreeing to repurchase them on a

specified date for a specified amount. The minimum may vary, although it is usually \$100,000. There are three main types: (1) fixed term, where both parties are bound to the negotiated time period; (2) demand, where the agreement stays in effect until terminated by either party, and; (3) day-to-day, where daily renewal is by mutual consent and 24-hour notice is required for termination. The HA should review existing and future repos for compliance with the following certifications. Prior approval by HUD is not necessary, however, the repos seller depository or its agency must provide a written certification to HUD, Assistant Secretary for Public and Indian Housing (Office of Finance and Budget), the Area Office, and to the HA.

- a. that the depository's repo program complies with applicable Federal and State statutes and regulations and that the program does not involve sales or loans of Federal securities by securities dealer that are not regulated or that report to the Federal Reserve Board;
- b. that the depository owns the underlying Federal securities (approved for repurchase under HUD guidelines) when the repo interest is sold and that the value of the securities is equal to or greater than the amount the HA pays for the repo;
- c. that the HA has possession of the securities (or the HA will take possession of the securities on behalf of the HA) as a bailee (evidenced by a safe keeping receipt and a written bailment for hire contract), from the time the repo interest is sold to the HA and will be (or is expected to be) maintained for the full term of the repo;
- d. that the repo agreement and any related documents identify specific Federal securities related to the specific repo purchased by the HA;
- e. that the repo interest does not represent any interest in a pool or fund of Federal securities for which registration under the Investment Company Act of 1940 may be required;
- f. that the HA will have a continuous perfected security interest in the underlying Federal securities under State or Federal law for the full term of the repo (disclosing the method by which perfection has or will be accomplished, i.e., by possession, filing, registration of book-entry securities) and/or Federal preemption of State law by Federal regulation;
- g. that the depository or a reporting dealer selling the repo has not received any adverse financial report from a credit reporting agency, State or Federal regulatory agency; and
- h. that the depository will not substitute other securities as collateral, except to increase the value of the repo security to match the repo's purchase price.

#### 10. SWEEP ACCOUNTS

11. SEPARATE TRADING OF REGISTERED INTEREST AND PRINCIPAL OF SECURITIES (STRIPS)

12. MUTUAL FUNDS

A Mutual Fund (Fund) is an investment company that makes investments on behalf of individuals and institutions. The Fund pools the money of the investors and buys various securities that are consistent with the Fund's objective.

- a. Mutual Fund Criteria: The Fund shall be organized as a no-load, open-end, diversified management company and its shares shall be registered under the Securities Act of 1993. The Fund shall be under the control of the Securities Exchange Act of 1934, Investment Adviser Act of 1940 and the Investment Company Act of 1940. The investment objective of the Fund shall be to obtain as much income as possible consistent with the preservation, conservation and stability of capital. The mutual fund objective cannot be changed without the prior approval of fund shareholders.
- b. The securities purchased by the Fund shall be on the HUD-approved list of investment securities. The fund will not engage in options or financial futures. The HA shall limit the amount of funds invested in the Fund to no more than 20 percent of the HA's available investment funds. The Fund shall disclose clearly the basis of earnings and how they are distributed. The HA shall obtain a statement of potential default and risk. The HA's invested funds shall be accessible to the HA daily. It shall be demonstrated that any limitations on withdrawals will not impair the HA's day-to-day cash management needs.
- c. The management fee shall be fixed at a reasonable amount. The Fund shall disclose the relationships of the investment advisor, manager, trustee, custodian and transfer agent. The Fund shall clearly state all services (such as wire transfers and check writing privileges) and charges.
- d. Investment in the Fund shall be authorized by a Board Resolution. A certified copy of the resolution shall accompany the initial application for the Fund.

13. EFFECT OF LOSS OF REQUIRED RATING

An investment that requires a minimum rating under this section does not qualify as an authorized investment during the period the investment does not have the minimum rating. Management has the authority to waive the minimum portfolio credit quality if the quality decline is due to a downgrade or default of U.S. Government securities. Opportunity Home shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.