

REPORT OF THE PRESIDENT

August 27, 2020

**RESOLUTION APPROVING AND ADOPTING THE FISCAL YEAR 2020 OPERATING BUDGET
MIDYEAR MODIFICATION AND AUTHORIZING THE PRESIDENT TO EXECUTE ANY
REQUIRED BUDGET DOCUMENTS AND TO ADMINISTER THE BUDGET FOR THE
LOS ANGELES LOMOD CORPORATION**



Digitally signed by Connie Loyola
DN: cn=Connie Loyola, o=L.A. LOMOD
Corporation, ou=President/Director,
email=connie.loyola@lacla.org, c=US
Date: 2020.08.13 15:58:43 -0700'

 Connie Loyola-Calumnag, President



Digitally signed by Armine
Petrosyan
Date: 2020.08.13 16:07:37 -07'00'

 Armine Petrosyan, Secretary

Purpose: The Los Angeles LOMOD Corporation's ("L.A. LOMOD") Operating Budget Policy allows for bi-annual budget modifications. This modification is required to adjust both revenue and expenses as well as changes to staffing based on an increased allocation from the U.S. Department of Housing and Urban Development ("HUD").

Regarding: On December 19, 2019, the Board of Directors passed resolution LOC-2019-03 approving the Fiscal Year 2020 budget.

Issues: On March 13, 2020, HUD ordered the suspension of all Management and Occupancy Reviews ("MORs"), conducted on-site, due to the COVID-19 Coronavirus pandemic until further notice. On May 22, 2020, HUD lifted the suspension of MORs in locations where there are no restrictions by state or local law or ordinance. Although HUD gave PBCAs discretion on when to resume MORs, it still required on-site visits and file reviews whenever an MOR was performed. Based on this guidance, L.A. LOMOD resumed on-site MORs in June as stay-at-home orders were lifted in the region. However, on July 14, 2020, L.A. LOMOD once again suspended on-site MORs to ensure staff safety as the coronavirus positivity rate in the region continued to rise significantly. On July 31, 2020, HUD issued revised guidance allowing PBCAs to conduct MOR file reviews remotely. With this guidance, L.A. LOMOD was able to restart MORs in mid-August.

Moreover, on July 13, 2020, HUD sent the Ninth Amendment to the Annual Contributions Contract ("ACC"), entitled the "COVID-19 Supplemental Payments ('CSP') Amendment," to Project Based Contract Administrators ("PBCA"). The Ninth Amendment provided an additional funding opportunity to PBCAs, allowing PBCAs to collect, analyze and verify CSP requests from owners of Section 8 projects in accordance with a HUD housing notice and requirements set forth in a question & answer document. Compensation for the task was set at \$150 per request processed.

The proposed budget modification includes an annualized HAP projection and an overall \$1.5 million decrease in administrative fees resulting from the suspension of MORs, despite the addition of the CSP task. L.A. LOMOD has also included a separate budget modification for E3 Housing Solutions ("E3") which re-directs several line items to advertising and system design to fund its digital advertising campaign and production of its training videos, respectively. The projected income was also updated to reflect the current pace of webinar revenues.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: L.A. LOMOD receives Section 8 administrative fees under the PBCA ACC for administering Housing Assistance Payments to owners of Section 8 project-based buildings.

Budget and Program Impact: The administrative fees received cover all expenditures in the proposed FY 2020 mid-year budget modification. The projected total surplus is \$12.5 million.

Attachments:

1. Proposed Revised FY 2020 Budgets for LOMOD and E3 Housing Solutions
2. Resolution

2020 Midyear Budget

LA LOMOD is HACLA's largest non-profit instrumentality; its primary function is the Performance-Based Contract Administration (PBCA) agreement with HUD, wherein it administers Housing Assistance Payments to owners of project-based buildings. The Administrative Fees generated by LA LOMOD are a critical revenue source for HACLA's core programs. In 2020, LA LOMOD will continue to operate on a contract-extension basis, pending HUD's issuance of a national RFP, which has been the subject of years-long delays. LA LOMOD will also add a significant number of properties to its portfolio, due to HUD's transfer of contracts it directly administered, and due to the conversion of the Section 8 New Construction program to the PBCA platform.

FUND	26001		2020			2020 MY		
COST CTR	*		2020 MOD 6	YTD June	% Used	ADJ	Budget	Notes
ACCOUNT	OBJECT	Account Name						
REVENUE								
70600	*	HUD Grants	696,183,708	340,941,486	49%	1,457,958	697,641,666	
70600	340010	HAP Income	672,000,000	329,930,408	49%	3,000,000	675,000,000	increase in MUTM and/or reverts
70600	341210	Administrative Fee - S8 Special Allo	24,183,708	11,011,078	46%	(1,542,042)	22,641,666	MORs postponed; additional ACC task \$90k
71100	*	Investment Income - Unrestricted	850,000	270,071	32%	-	850,000	
71100	361020	Interest Earned on Investments	850,000	270,071	32%	-	850,000	
71500	*	Other Revenue	131,410	66,803	51%	(0)	131,410	
71500	369050	Other Income	131,410	66,803	51%	(0)	131,410	301 units out of 1,607 still with New Construction
TOTAL REVENUE			697,165,118	341,278,360	49%	1,457,958	698,623,076	0.2%
EXPENSES								
[91100,91500]	*	Administrative Salaries & Benefits	4,546,412	1,625,044	36%	(5,445)	4,540,967	
91100	[411010,4110]	Salary	3,529,791	1,313,380	37%	(4,880)	3,524,911	
91100	411200	Overtime	36,000	7,070	20%	-	36,000	
91500	413010	FICA	221,079	86,238	39%	(303)	220,776	
91500	413020	Medicare Tax	51,704	20,168	39%	(71)	51,633	
91500	413030	Federal Unemployment	6,912	1,098	16%	-	6,912	
91500	413040	State Unemployment	35,658	9,215	26%	(49)	35,609	
91500	413050	Life	32,096	7,813	24%	-	32,096	
91500	413060	Medical	490,467	163,118	33%	-	490,467	
91500	413070	Dental	36,108	16,945	47%	-	36,108	
91500	413081	Defined Contribution Pension Plan	106,597	-	0%	(143)	106,455	(no YTD because annual contribution at year-end)
96210	*	Compensated Absences	385,465	167,959		(519)	384,946	
96210	412190	General Leave	222,551	96,931		(293)	222,258	
96210	[412200,4120]	Other Compensated Absences	162,913	71,028		(225)	162,688	
Subtotal Personnel			4,931,877	1,793,003	36%	(5,964)	4,925,913	
91200	423120	Auditing & Tax Prep Fees	13,396	-	0%	-	13,396	Tax prep only
91300	801010	Management Fee	2,418,371	1,101,108	46%	(154,204)	2,264,167	10% of Admin fee
91400	423450	Advertising & Marketing	12,000	-	0%	(12,000)	-	Annual Landlord Meet and Greet - cancelled
91600	*	Office Expenses	632,462	182,634	29%	(133,400)	499,062	
91600	426275	Computer Equipment - Expensed	41,400	4,799	12%	38,600	80,000	computer refresh; laptops and surfacepros
91600	426430	Duplicating & Copying	7,000	2,144	31%	(3,000)	4,000	
91600	426060	Form, Stationery, Office Supplies	16,000	2,666	17%	(10,000)	6,000	
91600	426460	Meeting	30,000	15	0%	(30,000)	-	Annual Landlord Meet and Greet - cancelled
91600	426211	Mobile Devices	20,000	11,372		16,000	36,000	38 devices for telework
91600	426320	Off Site Storage	8,000	2,976	37%	-	8,000	
91600	426270	Office Equipment/Furniture	5,000	660	13%	-	5,000	
91600	426260	Office Space	260,062	130,031	50%	-	260,062	
91600	426295	Parking	50,000	5,671	11%	(42,000)	8,000	staff working from home
91600	426220	Postage / Mail	3,000	1,440	48%	-	3,000	
91600	426433	Shredding Services	1,000	96	10%	-	1,000	

COST CTR		*	2020			2020 MY		
ACCOUNT	OBJECT	Account Name	2020 MOD 6	YTD June	% Used	ADJ	Budget	Notes
91600	426420	Software/Software Maintenance	173,000	14,203	8%	(98,000)	75,000	OnBase \$35K, Calypso \$18K, DocuSign \$10K, Office365 \$12K, AppRiver, GoToMeeting
91600	426210	Telephone	10,000	4,184	42%	-	10,000	new VOIP system
91600	426296	Transportation	8,000	2,376	30%	(5,000)	3,000	staffworking from home
91700	*	Legal Expenses	400,000	857	0%	-	400,000	
91700	423210	Attorney Fees	400,000	857	0%	-	400,000	as needed for rebid process
91800	*	Travel	41,200	9,828	24%	(16,000)	25,200	
91800	425200	Local Travel	200	-	-	-	200	
91800	425300	Mileage Reimbursement	9,000	3,286	37%	-	9,000	
91800	425100	Out-of-Town Travel	32,000	6,542	20%	(16,000)	16,000	travel for MORs reimbursed by HUD
91900	*	Other Administrative Expenses	2,475,631	105,344	4%	54,000	2,529,631	
91900	423110	Accounting	32,000	13,100	41%	-	32,000	payroll service
91900	423060	Administrative Services	1,000	15	1%	-	1,000	
91900	426580	Awards and Indemnities	7,000	271	4%	(5,000)	2,000	
91900	426510	Bank Charges	500	2	0%	-	500	earnings credits offset charges
91900	423050	Business Consulting	193,281	14,250	7%	-	193,281	Rent Comparability studies
91900	423051	IT Support Services	160,000	25,227	16%	-	160,000	
91900	423052	IT Support Services - Special Project	25,000	34,815	139%	45,000	70,000	Telework deployment support
91900	426570	Licenses and Fees	5,000	-	0%	(4,000)	1,000	
91900	426374	Media Services	1,350	227	17%	-	1,350	
91900	426500	Membership Dues & Fees	10,000	4,718	47%	-	10,000	
91900	426520	Other Miscellaneous	2,000,000	-	0%	-	2,000,000	Contingency for rebid transition
91900	423090	System Design/Programming	11,000	-	0%	-	11,000	Calypso and Owner portal
91900	424200	Training	29,000	8,278	29%	-	29,000	Tax credit \$4K, COS Cert \$4K, Voucher Specialist Cert \$8K, Fred Pryor \$3K, OnBase \$10K
91900	423070	Translation	500	63	13%	-	500	
91900	426213	TW Stipend - Telephone	-	1,816	-	5,000	5,000	New for Telework during COVID-19
91900	426214	TW Stipend - Data	-	2,563	-	13,000	13,000	New for Telework during COVID-19
94200	*	Ordinary Maintenance - Materials	1,000	173	17%	-	1,000	
94200	521200	Motor Fuels/Fluids	1,000	173	17%	-	1,000	
94300	*	Ordinary Maintenance - Contracts	7,000	15	0%	-	7,000	
94300	522790	Auto / Truck Repair	7,000	15	0%	-	7,000	
961*	*	Insurance	359,500	43,015	12%	14,500	374,000	additional vehicles
97300	*	Housing Assistance Payments	672,000,000	329,930,408	49%	3,000,000	675,000,000	increase in MUTM
Subtotal Non-Personnel			678,360,560	331,373,382	49%	2,752,896	681,113,456	
TOTAL EXPENSES			683,292,437	333,166,385	49%	2,746,932	686,039,369	0.4%
Revenue over Expenses			13,872,681	8,111,975		(1,288,974)	12,583,707	
NON-OPERATING								
51110	*	(To)/From Reserves	(5,078,032)	-		1,111,796	(3,966,236)	
51110	*	Transfer (To)/From Reserves	(5,078,032)	-	0%	1,111,796	(3,966,236)	
509*	*	Transfers btw Programs In/(Out)	(8,794,649)	(1,546,530)	18%	177,179	(8,617,470)	See detail below
50994	281000	Transfers Out	(8,794,649)	(1,546,530)	18%	177,179	(8,617,470)	
TOTAL REVENUE			(13,872,681)	(1,546,530)	11%	1,288,974	(12,583,707)	
Net Revenue over Expenses			0			-	(0)	

COST CTR		*	2020			2020 MY		
ACCOUNT	OBJECT	Account Name	2020 MOD 6	YTD June	% Used	ADJ	Budget	Notes
Transfers out to other Programs/Initiatives			2020	YTD June	% Used	Inc/(Dec)	2020 MY	Notes
05002.0395		Fleet Replacement	360,000	164,339	46%	-	360,000	9 vehicles for COCC - Support Services
05017		CSP Expanded sites	1,750,000	208,554	12%	18,573	1,768,573	Carried costs for Assessment
06103		KPI - Wifi	145,080	25,824	18%	36,400	181,480	Jordan Downs, Mar Vista Gardens, San Fernando Gardens
06047		PH site events	10,000	-	0%	-	10,000	
06047		SFG Rec Ctr	50,000	-	0%	-	50,000	
05580		Program Partnerships Unit	737,207	245,469	33%	153,334	890,541	Transfer of Section 3 Coordinator
		WFD Unbillable	150,000	6,410	4%	-	150,000	
24999		PRRAC		(475)		15,000	15,000	Mobility Works
26002		E3 Solutions	148,583	40,205	27%	13,950	162,533	
20101		FSS unbillable	81,324	-	0%	(76,161)	5,163	
05002.0350		VOIP Implementation	500,000	-	0%	-	500,000	Implementation of new Voice-Over IP systems
05002.0350		Computer Replacement	338,100	-	0%	(338,100)	-	Cost shifted to CARES Act
06053		Worksource Center Modular	2,224,355	797,920	36%	(175)	2,224,180	for the construction of the WSC Office
		Imperial - Unit Conversions	800,000	322	0%	-	800,000	convert WSC back to residential units
Multiple		HACLA Retirement Incentive	1,500,000	53,825	4%	-	1,500,000	One-time
		Other	-	4,137		-	-	One-time
		Total	8,794,649	1,546,529		(177,179)	8,617,470	

2020 Midyear Budget

E3 Solutions is LA LOMOD's business enterprise aimed at expanding LOMOD's revenue stream beyond the PBCA program and increasing its footprint outside of Southern California. E3 develops training and consulting services for HUD multifamily owners and management agents. In 2020, E3 will continue to market its services in the southeast and western U.S. in an effort to expand its existing clientele in these areas.

FUND		26002	2020			2020 MY		
COST CTR		*	2020 MOD 6	YTD June	% Used	Inc/(Dec)	Adj Budget	Notes
ACCOUNT	OBJECT	Account Name						
REVENUE								
71500	*	Other Revenue	131,150	29,061	22%	(65,150)	66,000	
71500	369050	Other Income	131,150	29,061	22%	(65,150)	66,000	Anticipated client services
TOTAL REVENUE			131,150	29,061	22%	(65,150)	66,000	
EXPENSES								
91100,9150	*	Administrative Salaries & Benefits	141,980	44,759	32%	(0)	141,980	
96210	*	Compensated Absences	13,443	4,495		(0)	13,443	
Subtotal Personnel			155,423	49,255	32%	(0)	155,423	
91400	423450	Advertising & Marketing	54,000	-	0%	(36,000)	18,000	
91400	423450	Marketing & Leasing	54,000	-	0%	(36,000)	18,000	E3 Google Ads
91600	*	Office Expenses	15,100	726	5%	(11,200)	3,900	
91600	426275	Computer Equipment - Expensed	3,000	-	0%	(3,000)	-	
91600	426430	Duplicating & Copying	1,500	-	0%	(1,300)	200	
91600	426060	Form, Stationery, Office Supplies	500	101	20%	-	500	
91600	426460	Meeting	2,500	-	0%	(2,000)	500	
91600	426211	Mobile Devices	-	443		1,000	1,000	
91600	426295	Parking	100	-	0%	-	100	
91600	426220	Postage / Mail	2,500	-	0%	(2,400)	100	
91600	426420	Software/Software Maintenance	3,000	140	5%	(2,000)	1,000	
91600	426210	Telephone	2,000	42	2%	(1,500)	500	
91800	*	Travel	2,500	131	5%	(1,500)	1,000	
91800	425100	Out-of-Town Travel	2,500	115	5%	(1,500)	1,000	
91900	*	Other Administrative Expenses	52,560	19,154	36%	(2,500)	50,060	
91900	426510	Bank Charges	500	120	24%	-	500	
91900	423050	Business Consulting	10,000	-	0%	(5,000)	5,000	
91900	426570	Licenses and Fees	1,000	-	0%	(500)	500	
91900	426500	Membership Dues & Fees	2,000	125	6%	-	2,000	
91900	423090	System Design/Programming	39,060	18,006		-	39,060	For development of online training videos and E3 website
91900	424200	Training	-	829		1,000	1,000	
91900	426213	TW Stipend - Telephone	-	-		1,000	1,000	
91900	426214	TW Stipend - Data	-	75		1,000	1,000	
94200	*	Ordinary Maintenance - Materials	150	-	0%	-	150	
94200	521200	Motor Fuels/Fluids	150	-	0%	-	150	
Subtotal Non-Personnel			124,310	20,012	16%	(51,200)	73,110	
TOTAL EXPENSES			279,733	69,266	25%	(51,200)	228,533	
Revenue over Expenses			(148,583)			(13,950)	(162,533)	
NON-OPERATING								
5*	*	Transfers and Surplus	148,583	40,205	27%	13,950	162,533	
50993	281000	Transfers In from LA LOMOD	148,583	40,205	27%	13,950	162,533	
TOTAL NON-OPERATING			148,583	40,205	27%	13,950	162,533	
Net Revenue over Expenses			(0)			-	(0)	

RESOLUTION NO. _____

**RESOLUTION APPROVING AND ADOPTING THE FISCAL YEAR 2020 OPERATING BUDGET
MIDYEAR MODIFICATION AND AUTHORIZING THE PRESIDENT TO EXECUTE ANY
REQUIRED BUDGET DOCUMENTS AND TO ADMINISTER THE BUDGET FOR THE
LOS ANGELES LOMOD CORPORATION**

WHEREAS, in 1973, the Housing Authority of the City of Los Angeles ("Housing Authority") created the Los Angeles LOMOD Corporation ("L.A. LOMOD"), a nonprofit corporation, to increase affordable housing in the City of Los Angeles; and

WHEREAS, on December 1, 2003, U.S. Department of Housing and Urban Development ("HUD") and L.A. LOMOD entered into an Annual Contributions Contract ("ACC") whereby L.A. LOMOD operated as the contract administrator for providing contract administration services for Project-Based Section 8 HAP contracts in ten Southern California counties; and

WHEREAS, on March 13, 2020, HUD ordered the suspension of all Management and Occupancy Reviews ("MORs"), which are conducted in-person, due to the COVID-19 Coronavirus pandemic. On May 22, 2020, HUD lifted the suspension of MORs in locations where stay-at-home orders were lifted. L.A. LOMOD resumed on-site MORs in June as stay-at-home orders were lifted in the region. However, on July 14, 2020, L.A. LOMOD again suspended on-site MORs to ensure staff safety as the coronavirus positivity rate in the region rose again. Following HUD's issuance of revised guidance allowing Performance Based Contract Administrators ("PBCA") to conduct MORs remotely, L.A. LOMOD was able to restart MORs remotely in mid-August; and

WHEREAS, on July 13, 2020, HUD sent the Ninth Amendment to the ACC, entitled the "COVID-19 Supplemental Payments ('CSP') Amendment," to PBCAs to temporarily perform a new task; and

WHEREAS, L.A. LOMOD is proposing a midyear budget modification to adjust projected revenue and expenses for L.A. LOMOD and E3, its affiliated business enterprise.

NOW THEREFORE BE IT RESOLVED that the L.A. LOMOD Board of Directors approves and adopts the fiscal year 2020 operating budget midyear modification and authorizes the President to execute any required budget documents and to administer the budgets for L.A. LOMOD and E3 Housing Solutions.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:

LOS ANGELES LOMOD CORPORATION

BY: _____
General Counsel

BY: _____
Chairperson

DATE ADOPTED: _____