



Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

IF YOU WISH TO ADDRESS THE BOARD:

1. Please file a speaker's slip with the Executive Director, and upon recognition by the Chair, approach the rostrum and state your name; speakers are limited to 5 minutes per item.
2. If you need special assistance to participate in the meetings of the City of Alameda Housing Authority Board of Commissioners, please contact (510) 747-4325 (TDD: 510 522-8467) or dconnors@alamedahsg.org. Notification 48 hours prior to the meeting will enable the City of Alameda Housing Authority Board of Commissioners to make reasonable arrangements to ensure accessibility.

AGENDA

REGULAR MEETING OF THE BOARD OF COMMISSIONERS

DATE & TIME

Wednesday January 20, 2016 7:00 p.m.

LOCATION

Independence Plaza, 703 Atlantic Avenue, Alameda, CA

Welcome to the Board of Commissioners of the Housing Authority of the City of Alameda meeting. Regular Board of Commissioners meetings are held on the third Wednesday of each month in the Ruth Rambeau Memorial Community Room at Independence Plaza.

Public Participation

Anyone wishing to address the Board on agenda items or business introduced by Commissioners may speak for a maximum of three minutes per agenda item when the subject is before the Board. Please file a speaker's slip with the Housing Authority Executive Director if you wish to address the Board of Commissioners.

PLEDGE OF ALLEGIANCE

1. ROLL CALL - Board of Commissioners

2. CONSENT CALENDAR

- Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Commissioners or a member of the public.



- 2-A. Approve Minutes of the Board of Commissioners Regular Meeting held December 16, 2015. Acceptance is recommended
- 2-B. Accept the Monthly Overview Report
- 2-C. Accept the Budget Variance Report

3. AGENDA

- 3-A. Accept the Audit Report for Fiscal Year Ending June 30, 2015
- 3-B. Accept the Annual Review of Investment Policy
- 3-C. Authorize the Executive Director to Transfer \$15 Million of Housing Authority Reserve Funds from the Local Agency Investment Fund (LAIF) to an Initial Investment Up to \$2 Million in Certificates of Deposit and Up to \$13 Million to Specified Investment Accounts Managed by PFM Asset Management
- 3-D. Del Monte Project Update; Authorize the Executive Director to Execute Documents Necessary for the Submission of a Tax Credit Application including Authorization to Negotiate and Execute Contracts Related to the Del Monte Project
- 3-E. Discussion Regarding Possible Amendment to the Services Agreement between the Housing Authority and the City of Alameda to Provide Housing Services for the City and Additional Policing Services for the Housing Authority to Include an Expanded Role to Support the Rent Review Advisory Committee
- 3-F. Approval of the Revisions to the Procurement Policy to Conform to New Legislation
- 3-G. Amend the Administrative Plan Chapters 3 and 16 to Comply with PIH Notice 2015-19, to Update the Approval Granted by HUD to Inspect for Carbon Monoxide Detectors, to Add a Missing Smoke Detector to the List of Life Threatening Fail Items, to Clarify the Definition of "Normal Wear and Tear", to Allow for Self-Certification on HQS Failed Items and Provide Conditions Under Which Self-Certification can be Used, to Clarify Some Biennial Policies, and to Revise Coding of "No-Show" Inspections – (Amendment 2016-01)
- 3-H. Amendment to the Property Management Policy
- 3-I. Award a Contract to ABG Group in the Amount of \$350,000 and Authorize the Executive Director to Execute a Contract for Section 504 and Uniform Federal Accessibility Standards (UFAS) Upgrades for four (4) Units at the residential senior complex known as Anne B. Diamant Plaza; Authorize an increase in the Project Budget of \$80,000 to a total Amount of \$505,000
- 3-J. Proposed Stipend to Board Members to Purchase a Tablet or Other Portable Device In Order to Provide Electronic Access to the Board Packet

4. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)

5. COMMISSIONER COMMUNICATIONS, (Communications from the Commissioners)



6. ADJOURNMENT

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Note

- Documents related to this agenda are available for public inspection and copying at the Office of the Housing Authority, 701 Atlantic Avenue, during normal business hours.
- KNOW YOUR RIGHTS UNDER THE Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Commissioners exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review.
- In order to assist the Housing Authority's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the Housing Authority accommodate these individuals.





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DRAFT MINUTES

REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF ALAMEDA HELD WEDNESDAY, December 16, 2015

The Board of Commissioners meeting was called to order at 7:00 p.m.

1. ROLL CALL

Present: Commissioners Jones, McCahan, Rickard, Tamaoki and Chair Kurrasch

Absent: Commissioner Shipe and Commissioner Allen.

2. CLOSED SESSION - 6:45 p.m. - Adjournment to Closed Session to Consider:

2-A. Real Property Negotiations – Government Code Section 54956.8

3. Announcement of Action Taken in Closed Session, if any.

Chair Kurrasch announced in Closed Session: There was discussion and no action.

4. Adjournment of Closed Session.

5. RECONVENE REGULAR MEETING - 7:00P.M.

Announcement of Action Taken in Closed Session, if any.

Chair Kurrasch announced in Closed Session: There was discussion and no action.

PLEDGE OF ALLEGIANCE

6. CONSENT CALENDAR

- Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Commissioners or a member of the public.

Commissioner McCahan moved acceptance of the Consent Calendar and Commissioner Rickard seconded. The motion carried unanimously. Items accepted or adopted are indicated by an asterisk.

*6-A. Approve Minutes of the Board of Commissioners Regular Meeting held November 18, 2015. Acceptance is recommended.

*6-B. Accept the Budget Variance Report

*6-C. Accept Housing Successor Agency Annual Report (Information Only)



7. AGENDA

7-A. Verbal Update on City's Rent Control and Just Cause Measures

Executive Director Vanessa Cooper gave the Board an overview of the November 5, 2015 City Council Meeting where the City Council enacted an emergency moratorium in the City of Alameda. With the guidance of City Council and City Attorney's Office, the Housing Authority has been busy implementing and responding to calls. Ms. Cooper talked about the administrative steps the Housing Authority has taken. Ms. Cooper talked about the questions that Housing Authority is receiving from the public and invited questions from the Board.

Speaker John Klein was introduced. He informed that Board that he was recording the meeting. Mr. Klein talked about rent control issues and provided his input on various aspects of rent control.

Speaker Monty Heying asked if Housing Authority is negotiating the purchase of the property at 470 Central. Chair Kurrasch said no and that this was a discussion in closed session and no action was taken.

7-B. Update on Eagle Avenue Project; Authorize the Executive Director to Execute Documents Necessary for the Submission of a Tax Credit Application; Authorize a Housing Authority Loan of Up to \$2 Million for Project Development; Adopt Resolution Authorizing Submission of an Application for Alameda County Affordable Housing Funds

Chair Kurrasch introduced Victoria Johnson, Director of Housing and Community Development. Ms. Johnson said that staff have been working on two new development projects. This month she is bringing the 2437 Eagle Avenue Project for approvals and in January 2016 she will bring the DelMonte Senior Project.

Ms. Johnson talked about the development budget and necessary steps for funding and the progress that has been made on the Project.

Ms. Johnson said the action for the Board tonight is to approve the funding, authorize the submission of the application and a Resolution to submit the funding application to Alameda County.

At Commissioner Tamaoki's request, Ms. Johnson gave some background on the parcel of land which will be leased to the tax credit partnership. Ms. Johnson answered questions from the Board.

Commissioner Rickard moved acceptance of the staff recommendations on page 27 of the packet and Commissioner Jones seconded.



Roll call vote: Chair Kurrasch, yes, Commissioner Rickard yes, Commissioner Jones yes, Commissioner McCahan yes, Commissioner Tamaoki yes.

8. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)

One speaker commented that he thought having two police officers at the Board meetings is not necessary. Vice Chair Rickard commented that the police are not here for security, but are part of our staff. Ms. Cooper said that it is the Housing Authority practice to have senior staff and the assigned police officer attend Board meetings.

Speaker Richard Neveln commented on rent increases.

9. COMMISSIONER COMMUNICATIONS, (Communications from the Commissioners)

Chair Kurrasch thanked staff and Executive Director for inviting the Board to the holiday luncheon. He also commented that our police officers and tenants have a good relationship.

Commissioner Tamaoki said his son volunteered eight hours at the Reading Room. He said the Reading Room is very nice. Ms. Cooper said the Reading Room is open Tuesdays 3:00-5:00pm

10. ADJOURNMENT

There being no further business, Chair Kurrasch adjourned the meeting at 7:47 p.m.

Arthur Kurrasch, Chair

Vanessa M. Cooper
Executive Director/Secretary



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To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 20, 2016

Re: Monthly Overview Report to the Board

BACKGROUND

This memo provides a high level overview of agency activities in the prior month. Data is submitted by each of the departments – Operations and HR, Property Management, Facilities, Housing Programs, Housing and Community Development and Finance.

OPERATIONS/HR/IT

The website upgrade project is underway, including a proposal for a new logo. Feedback has been sought from staff, participants/tenants and board members and will continue to be received and included during the project.

Two positions are currently being recruited for:

- Resident Manager at Rosefield - Applications are in process
- Maintenance Supervisor (Temporary) – Open until filled. Staff may tweak the job description to attract a wider range of applicants.

All staff training was held in December on time management and a further session on fair housing will be held this month. Individual staff also attended training on tax credits, HCV management and Yardi.

The Housing Authority hired Clancy Priest, a consultant, to evaluate its information technology (IT) systems and IT organization the early part of 2015. The report made specific recommendations on which staff has been working to make or evaluate the recommended changes including:

1. Training for staff to use the systems in place, including the MircoSoft Office Suite. The Director of Human Resources and Operations is working with staff to identify areas needing additional training and providing online training that can be completed as time permits. (Status: ongoing)
2. Evaluation of e-mail system and possible replacement. The current e-mail system does not allow a distinction to be made between exempt and non-exempt staff.

- Staff is evaluating a proposal to change the e-mail provider from G-mail to another platform that allows additional access restrictions after hours. Also, G-mail does not work well with the industry standard of MicroSoft Outlook. All other systems used by the Housing Authority including Yardi and Laserfiche allow for greater functionality with the use of Outlook, so by changing platforms, staff's efficiency will ultimately be improved. The approximate cost for the one time transition is \$17,000. It includes storage of old emails under the Gmail system. (Status: ongoing)
3. Evaluation of contracts relating to IT. Staff has gradually been reviewing contracts. The Board approved a new contract with Techordia last year, and staff is looking to enter into a new contract with Yardi to allow the addition of the Affordable module to the existing system. (Status: ongoing)
 4. Evaluation of IT structure. The Housing Authority's size is at the border of whether a 3rd party IT consultant or an in-house IT staff needs to be evaluated. At this time, the internal demand for IT assistance is not steady enough to have a full-time employee dedicated just to IT. A Management Analyst was hired in December to assist the Senior Management Analyst in this area. (Status: closed)
 5. Ensure internet connectivity back-up. As most of the Housing Authority's systems are in the cloud, the consultant recommended an internet back-up system to be put in place. This was put in place in 2015. (Status: closed)
 6. Update website. This is a current project being overseen by the Director of Human Resources and Operations.

Staff has made great strides in implementing the changes recommended by the consultant and continue to look for ways to use technology to increase staff efficiency. Front desk scanning of all documents has been implemented. The most recent improvement being considered is the addition of dual screens at employee's desks to assist with the process of becoming a "paperless" agency. These will be included in the upcoming budget.

Staff issued a number of Requests for Proposals for services including:

- LIHTC/Tax Credit Certified Public Accountant
- Social Services Provider/s for affordable housing properties and section 8 programs
- LIHTC certifications
- Eviction Attorney
- Labor Compliance Monitor
- Property Management for LIHTC projects

PROPERTY MANAGEMENT

We ended 2015 with only 9 vacant apartments (1.5%). Having completed massive task of relocating household due to the "Right-Sizing" Housing Choice Voucher project during the summer and fall of 2015, we have gotten back to a reasonable level of vacancy in a short period of time.

Rent collections continue to show improvement. Unpaid rent for December is less than 1% and all are either small amounts under \$100, under a Court approved Stipulated agreement

or had their rents adjusted in the middle of the month. We are awaiting a Court date for one household for non-payment of rent. We have extended our collection efforts to include help from the resident managers for rent amounts owed under \$100.

While there has been a slight uptick in police activity at some of our properties over the past few weeks, there is no overall trend of concerns. The incidents are isolated and do not present a risk to the broader community. Staff remains in regular communication with the Alameda Police Department.

FACILITIES AND MAINTENANCE

Capital Improvements Projects – During the month of December, the Esperanza Site Improvements Project continued with project closeout activities. The remaining item to be completed on this Project is the renovations for two playground areas.

Capital Projects Update	
December 2015 Update	ESP - Site Improvements Project ESP-C2-15
BOC Approval	\$ 1,600,400
Original Contract Amount	\$ 1,292,000
Approved Change Orders	\$ 227,948
Current Contract Amount	\$ 1,519,948
Project Cost To Date	\$ 1,489,549
% Complete	98%
Pending Change Orders	\$70,000
Original Substantial Completion	6/30/2015
Current Substantial Completion	7/31/2015

Design concepts for the Esperanza Landscaping Improvements Project are moving forward and artificial turf products are being considered for several areas of the site.

Our Facilities Department also administered the Invitation for Bid (IFB) for the Section 504 Compliance and Uniform Federal Accessibility Standards (UFAS) Project for four (4) units at the Anne B. Diamant Senior Complex.

Maintenance Work Orders

Maintenance Work Order Statistics for the first six months of Fiscal Year 2016 are as follows:

Maintenance Work Order Update				
December 2015 Update	FY 2015 Ave:	Jul - Nov - 15	Dec-15	FY 2016 Ave:
Total Monthly WOs	265	1257	223	247
Preventative Maintenance WOs	37	119	18	23
Vacancy Turnovers	6	45	3	8

HOUSING PROGRAMS

In November 2015, AHA hosted Housing Choice Voucher Rent Calculation training offered by NAHRO, at our Shinsei Gardens property. Housing specialists from AHA as well as many surrounding Housing Authorities attended the week long training classes. In December 2015, AHA received notification from NAHRO that AHA staff had a 100% pass rate on the Housing Choice Voucher certification exam. Congratulations was sent out to all staff in recognition of their hard work.

HPD completed right sizing all Project Based (PBV) families by either relocating the family into the appropriate sized unit, or issuing a voucher for families who accepted the offer to relocate.

Currently, AHA is in the process of opening all PBV waitlist. We are viewing demos from perspective vendors who offer waitlist management services. Our goal is to select a vendor who allows for the most efficient waitlist opening and closing that is user friendly for all ages, and groups. We are interviewing vendors who have worked with the online-application software and who can offer us the smoothest transition of the data into our current Yardi database. Our timeline is to complete the selection process in January and make our recommendation to our Executive Director in January, and begin the waitlist opening process sometime in the first half of 2016.

HPD implemented Laserfiche scanning at the front reception desk which will allow staff to begin processing work in a more efficient manner. Scanning documents at the point of entry into the department will allow staff to view documents in the Laserfiche system and eliminate the need to work from paper documents which is the ultimate goal of this process. In the first week of implementation 1248 documents were scanned into the reception folder. We know this new scanning process will further enhance our efficiency efforts.

AHA received official notification in December 2015 from HUD regarding FY2016 Family Self Sufficiency Program Grant (FSS). HUD will make \$69,000.00 available in total grant funds for AHA for continued administration of the FSS program. The agreement was effective upon signature by the Executive Director on December 14, 2015.

Also, in December AHA was pleased to assist a family in our FSS program reach her goal of purchasing an automobile. AHA approved and released \$9,000 from her escrow account for the down payment on a new Honda that will allow this FSS participant to continue attending school and completing her goals. We are pleased to continue administering this worthwhile family self- sufficiency program.

Although December was a short month for the HPD department with many staff on vacation, we were still able to process the following work.

Statistics	December 2015
Annual Re-examinations Processed	144
Rent Increases Processed	33
Interim Re-examinations Processed	15
HQS Inspections Conducted	34
Jack Capon	98% 1st time pass

Due to the tight housing market, we currently have approximately 40 movers looking for housing. A further 39 individuals are new issuances, mainly from the new waitlist. Approximately 10 households are looking to port in to Alameda. We saw some small softening of the market in December and early January, with more private market vacancies being listed, although the number still remains below 5. We will not be issuing new vouchers except for our Family Reunification Program (FUP).

The 2016 Fair Market Rents (FMRs) were finalized by HUD in late December. However AHA was authorized to remain with the 2015 Success Rate Payment Standards at 110% at the 50th percentile until new rents are approved.

AHA completed the rent survey for HUD on behalf of the East Bay PHAs and other non-profits. The total cost was \$110,000 of which the final charge to AHA will be less than \$5,000. The data and report was submitted to HUD in late December and concluded:

"The weighted estimated 40th percentile gross rent for eligible units was \$2,119.50 for the Oakland-Fremont MSA for data collected in November and December, 2015. The 2015 published two-bedroom FMR for Oakland-Fremont MSA is \$1,585."

HUD has requested additional information and is not expected to respond until at least February. In the event that higher FMRs are approved, AHA will need to revise its payment standards, assess the potential exhaustion of the HUD held reserves over the calendar year and accept that fewer participants may be served overall, leading to less administrative fee but at a higher rate of subsidy per unit. At the same time, however, a higher payment standard could attract new landlords for our movers and seekers and help retain current landlords.

The President also approved changes to all owe for triennial recertifications for those participants on fixed income (these are currently done annually). HUD has yet to issuance guidance on these changes. We expect that these would provide significant administrative savings for the Section 8 program overtime which could offset lower administrative fees if fully implemented.

HOUSING AND COMMUNITY DEVELOPMENT

CDBG/HOME Programs –

The federal budget approved in December 2015 included approximately flat funding for the CDBG and HOME programs for the next two years. This will allow the city to continue a similar level of service for all programs. Staff conducted a Community Stakeholder Survey which was made available online between October 28, 2015 and November 30, 2015. This outreach provided additional feedback on the needs prioritization. The survey received 62 responses and identified the top three needs as follows: 1. Housing; 2. Public facilities/Infrastructure; and 3. Economic Development. A Public Hearing to adopt the Annual Needs Objectives for the CDBG Notice of Funding Availability and Request for Proposals is scheduled for February 2, 2016.

Rent Review Advisory Committee (RRAC)

The RRAC received several applications for vacant Committee positions. An interview panel comprised of the Mayor a committee member met with applicants. The Mayor nominated new RRAC members to the landlord, tenant and homeowner seats. The committee members received and introductory training on the Brown Act and Sunshine Ordinance. In addition the prior chairs of the Committee provided background and history that would be helpful to the new members. The RRAC had three cases for the month of December. All three cases were mediated outside of the RRAC process and were resolved prior to the Dec. 14 Special Meeting.

Housing Rehabilitation Programs

- A new Housing Rehab project is under review to provide a loan on behalf of a three generational household of seven. There are wiring deficiencies, plumbing leaks and the owner has requested a new furnace. There are also broken panes on dual glazed windows and other HQS items that will need to be addressed in this single family residence. An EBL child under 6 years of age allows joint participation and grants for lead-hazard reduction from the County's Healthy Housing Department.
- Water Conservation: Staff made a presentation for the residents at Independence Plaza. They have reduced their usage by 5% but still need another 30% reduction to meet EBMUD's goals of 40 gallons/person/day water use.
- Responses to the RFQ for Labor Compliance firms was received last week. Evaluations will be done for the proposals and the top three firms will be added to a list for future bid requests for construction and development projects with Davis Bacon and State prevailing wage requirements.
- An Invitation for Bid was issued for the replacement of doors at Woodstock Recreation Center. Bids are due on January 26, 2016

Inclusionary and Below Market Rate Programs

A Request for Proposals for the City's First-time Homebuyer Programs was published in mid-October and one response was received from Hello Housing. Hello Housing has provided housing services for the past two years and has performed well. In both years the cost for billed services was less than the contract amount. The scope includes the Below Market Rate Program, Down Payment Assistance Program and a new service has been added to help

administer and manage the Residential Rehabilitation Program. Staff is recommending a two-year contract which is based on a not to exceed amount of \$200,000 and fees paid on a per-unit/per-service basis.

Real Estate Development

Staff will attend a Tax Credit Allocation Committee workshop to review revised 2016 regulations and funding applications on January 25th. Staff is actively working on applications for the Eagle and Del Monte projects. A separate report for the Del Monte project is attached.

Eagle Project – The Project received Planning Board approval on November 9th. Staff will work with the architect and planning staff to satisfy the conditional approvals from the Planning Board. The project has also received final HUD environmental approval as required by the National Environmental Policy Act (NEPA). This will allow the project to move forward for state and federal funding. An application for Boomerang and HOPWA funds was submitted on December 10th. In Addition, an application requesting PBV assistance was submitted on December 21st for approval. Staff continues to work on the Tax Credit funding application to be submitted in March 2016.

Stargell Commons - See the separate Board item included within today's agenda. The first draw meeting was held in December. Staff was in attendance and will attend future draw meetings. Staff will also periodically review labor compliance. Draw funding packages will be made available around the 10th of the month for staff to review and comment on.

North Housing – Staff is now working with a survey firm and an environmental consulting firm to prepare for transfer of the 13 acre property. Staff has received the Phase I and the Hazardous Materials Building Study of the existing structures on our proposed site. The Navy is still expecting to transfer the site in the first half of 2016.

Portfolio Projects - The pre-qualified list of architects has been finalized with the addition of Dahlin Group, K2A Architecture & Interiors, and MWA Architects. The previously approved firms are Anne Phillips Architecture, BAR, SGPA and YHLA. There are now a total of seven firms included in a pre-qualified pool for the next 3-5 years.

An RFP for CPA Tax Credit Services for Island City Development (ICD) was issued in December and we received proposals from the following five firms:

CohnReznick LLP
Holthouse Carlin & Van Trigt, LLP
Lindquist, Von Husen and Joyce, LLP
Novogradac & Company LLP
Propp Christensen Caniglia LLP

Staff is reviewing the proposals and expects to make a recommendation to the ICD Board in February 2016.

Finance

Please see the Budget Variance Report


Honorable Chair and
Members of the Board of Commissioners

January 20, 2016
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RECOMMENDATION

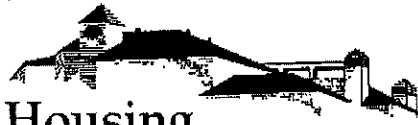
For information only.

Respectfully submitted,

A handwritten signature in cursive script that reads "Vanessa Cooper".

Vanessa M. Cooper
Executive Director

VMC/



Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa Cooper
Executive Director

Prepared
By: Marie Wang, Director of Finance

Date: January 20, 2016

RE: Budget Variance Report

BACKGROUND

On April 16, 2014 the Board of Commissioners passed and approved a two-year operating budget for all programs covering the fiscal years July 1, 2014 through June 30, 2016. On April 15, 2015, the Board of Commissioner approved the budget update for FY 2016 revision of the original budget for the Fiscal Year starting July 1, 2015 and ending June 30, 2016. This Budget Variance Report covers preliminary unaudited financial operating results compared to the budget revision approved on April 15, 2015, for the six month period of July 1, 2015 to December 31, 2015.

DISCUSSION

Overall operating income is over budget by \$1,273,290, mainly due to the higher amount of HAP grant we received. Our year-to-date HAP Subsidy is \$933,787 over budget. The year-to-date Administrative Fee is \$184,735 over budget. The year-to-date dwelling rent is \$103,860 over budget. Agency wide expenses are below budget by \$88,177. This is mainly due to the higher training expenses; earlier audit progress payment; and higher postage fees. This results in an operating surplus of \$2,018,487, compared to budgeted surplus of \$657,020.

We have received \$100,000 from Island City Development (ICD) for the annual professional services performed for the ICD.

In addition, we have also received \$400,099 for the capitalized lease payment on the land and \$41,300 for the reimbursement of the pre-development expenses incurred for the Stargell Commons Development Project for the past 3 years.

The year to date Extraordinary Maintenance Projects (EMPs) expenses for our Owned and Managed Complexes and Units totaled \$72,177 compared with the year-to-date budget of \$430,266, resulting in a variance of \$358,089. We anticipate more progress for the Maintenance Projects as the fiscal year continues. Some projects are on hold pending review of a capital needs assessment.

GASB-68

As a local government agency, AHA has to maintain its books by standards set by the Government Accounting Standards Board (GASB). Each year the GASB sets guidelines for accounting practices and sets them by number. In FY 2016, AHA will have to operate by GASB rule 68, which is commonly known as GASB-68. This new rule, GASB-68, requires all government agencies (States, Counties, Cities and Special Purpose Local Governments) to report pension liabilities which have historically been reported on a pay as you go basis by all government entities. Since AHA is a member of the CalPERS retirement system, AHA will be required to report each year on any unfunded pension liability.

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

According to the GASB 68 Accounting Valuation Report, the Authority's proportionate share of miscellaneous risk pool collective net pension liability of \$1,874,684 is measured as the proportionate share of the net pension liability of \$2,471,487,278 (or .076%). The net pension liability is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Authority's proportion of the net pension liability, which has not been paid yet, was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

GASB-45/OPEB

The Government Accounting Standards Board (GASB) has mandated disclosure of other post-employment benefit (OPEB) liabilities for all government employers beginning in 2009. During fiscal years prior to 2012 the Authority's employees were actually employees of the City of Alameda and not employees of the Authority itself, therefore there was no OPEB obligation or expense recognized in fiscal years prior to 2012. During fiscal year 2015 the Authority administered this program on a pay-as-you-go basis and actual costs were expensed as incurred. To comply with GASB 45, the Authority estimated it's the present value of the projected benefits of the OPEB program using the Alternative Measurement Method as permitted by GASB Statements Numbers 43 and 45.

The goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned. The entry age normal cost method

effectively meets this goal in most circumstances. The Authority has adopted an entry age normal cost method to determine the present value of benefits and the actuarial accrued liability. The plan currently has no assets. The amortization method is a level percent of payroll. The amortization period is thirty years. The Authority has adopted a pay-as-you-go policy and is not currently funding this liability above the monthly requirement. The Authority made actual monthly payments for its portion of the retirees' premiums. The payments for 2015 totaled \$2,416. The Authority accrued a management determined estimate of \$9,838 at the end of the prior fiscal year. In 2016, AHA will commission an independent assessment of OPEB liabilities.

GENERAL FUND

General Fund has included the revenue of Shelter Plus Care Program and some other miscellaneous income items. It has also included the expenses of pre-development cost and EMP's. The operating income is over budget by \$123,033. This is mainly due to the \$100,000 that we have received from Island City Development (ICD) for the annual professional services performed for the ICD. Operating expenses are over budget by \$72,804. This is mainly due to the training expenses, which will be reviewed for proper cost reallocation to different cost centers. It is also due to Boys' and Girls' Club we sponsored, which were not budgeted. Therefore, it resulted in a year-to-date deficit of \$6,771, compared with the budgeted deficit of \$57,000.

EMP activity for the year to date totaled \$0.

CIP's for the year to date is \$14,999 due to the replacement of gutter for the office building

AHA/CDBG/HCD/OTHER MANAGED PROGRAMS

The reimbursement programs are under contract with the City for CDBG, HOME and other affordable housing programs. All staff currently are on AHA payroll and the billings are processed for reimbursement from City. Operating income is under budget by \$153,343, mainly due to the time lag of billing and payment process. Operating expenses are under budget by \$53,383. Therefore, it resulted in a deficit of \$100,550.

PARROT VILLAGE AND EAGLE VILLAGE

Total operating revenue for Parrot Village and Eagle Village properties came in over budget by \$117,666 due to increased income starting September and increased HAP Subsidy. Operating expenses continue to remain under budget by \$195,229, resulting in a surplus of \$559,689 versus a budgeted surplus of \$246,795.

EMP expenses total \$14,619. Fiscal Year CIP's totaled \$22,091 for the project of Resurface and Stripe 2 parking lots.

HOUSING AUTHORITY OWNED

Operating income finished this month over budget and expenses are under budget, resulting in a surplus for Housing Authority Owned properties of \$785,672 compared to the budgeted year-to-date surplus of \$220,750.

EMP activity year to date is \$53,808. This is mainly due to the China Clipper's painting project. (\$48,450)

CIP's totaled \$658,406 for the fiscal year. \$53,074 is for Anne B Diament's Siding project; and \$605,332 is for the Site Improvement and Kitchen and Bathroom remodeling Projects for Esperanza.

INDEPENDENCE PLAZA

Operating income is slightly under budget for this fiscal six month period due to the time lag of accruing the December's tax increment. The operating expenses are also under budget. Therefore, IP operations resulted in a surplus of \$652,168 compared to the year-to-date budgeted surplus of \$423,799.

EMP expenses total \$3,750 and CIP totaled \$56,251 for replacing gutters:

HOUSING CHOICE VOUCHER PROGRAM

Our December lease rate is at 84 percent due to the tight housing market. The year-to-date lease rate is at 86.4 percent for the fiscal year ending December 31, 2015, and 88.3 percent for the HUD calendar year 2015 annual funding cycle, which began in January. The year-to-date utilization rate of actual HAP expense is 102.5% of the HUD Budget Amount for the fiscal year ending December 31, 2015, and 101.4% for the HUD calendar year 2015 annual funding cycle.

A project reserve (or HAP funds Held by HUD reserve) whereby AHA can draw additional HAP funds if our HAP costs exceed any year's HAP budget has been established by HUD in lieu of significant RNP (Restricted Net Position) cash reserves held by AHA in the past. Currently this HUD held HAP reserve has a balance in excess of \$2.2 million dollars as of December 31, 2015.

The operating (or administrative) portion of the Housing Choice Voucher program has an operating surplus of \$128,279 compared to the year-to-date budgeted deficit of \$177,306 based on income from actual units leased for the fiscal year as required by HUD accounting brief number 19. The operating income is over budget by \$821,671. This is mainly due to \$639,183 over budgeted HAP Subsidy and \$184,735 over budgeted Administrative Fees. The Operating expenses are under budget by \$46,617 and the HAP payment is under budget by \$562,702. The operating surplus, therefore, is over budget by \$305,585.

Administrative fee proration was reported at 79% effective January 1 2015. HUD has subsequently identified additional, available funds to augment the administrative fee appropriation, and has notified PHAs that the pro-ration for the year will likely be approximately 81 percent. As a result, effective with billings for

October 1, 2015 and later, AHA would use a pro-ration of 81 percent of 80 percent of the Column B rate to calculate fees for portable vouchers.

BUDGET CONSIDERATION/FINANCIAL IMPACT

At the bottom of each budget variance report, the balance is shown by either a surplus or deficit. An adjustment for any deficit is made by transferring from accumulated operating reserves at the end of the fiscal year. Generally, surpluses are added to operating reserves while deficits are reductions to operating reserves.

RECOMMENDATION

For information only.

Respectfully submitted,



Vanessa M. Cooper
Executive Director

VC/MW

Attachments: 1. Budget Variance Report

Unaudited Budget Variance Report
General Fund
For the Six Months Ending December 31, 2015

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	Y-T-D Budget	Y-T-D Actuals	YTD Variance	S/B 50% USED
OPERATING INCOME:								
HAP	230,280	19,190	28,823	9,633	115,140	138,178	23,038	60%
Interest	7,000	583	863	280	3,500	6,249	2,749	89%
Other Income	18,200	1,517	100,419	98,902	9,100	100,807	91,707	554%
Management Fee	0	0	1,109	1,109	0	5,539	5,539	
Total Operating Income	255,480	21,290	131,214	109,924	127,740	250,773	123,033	98%
OPERATING EXPENSES:								
Administrative:								
Salaries	0	0	0	0	0	(218)	(218)	0%
Legal	0	0	0	0	0	750	750	0%
Travel/Training	0	0	36,775	36,775	0	36,908	36,908	0%
Publications	0	0	0	0	0	0	0	0%
Telephone	0	0	10	10	0	33	33	0%
Audit Fees	0	0	0	0	0	0	0	0%
Office Supplies	0	0	0	0	0	0	0	0%
Contract Costs	0	0	0	0	0	0	0	0%
Sundry	0	0	0	0	0	51	(51)	0%
Total	0	0	36,785	36,785	0	37,524	37,422	0%
Tenant Services:								
Tenant Activities	0	0	0	0	0	10,000	(10,000)	0%
Total	0	0	0	0	0	10,000	(10,000)	0%
Utilities:								
Water and Sewer	0	0	0	0	0	0	0	0%
Electricity	0	0	0	0	0	0	0	0%
Gas	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	0%
Maintenance:								
Salaries	0	0	0	0	0	0	0	
Materials	0	0	0	0	0	0	0	0%
Contract Costs	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	
General:								
Police Services	0	0	0	0	0	0	0	
Insurance	0	0	0	0	0	0	0	0%
Claims Benefits	0	0	0	0	0	0	0	0%
Employee Benefits	0	0	176	(176)	0	271	(271)	0%
Collection Losses	0	0	0	0	0	0	0	0%
Transfers out	0	0	0	0	0	0	0	0%
Total	0	0	176	(176)	0	271	(271)	0%
Total Operating Expenses	0	0	36,961	36,609	0	47,795	27,151	0%
Mortgage/HAP Payments:								
Hap Payments	230,280	19,190	25,850	(6,660)	115,140	138,178	(23,038)	60%
Mortgage Interest								
Total	230,280	19,190	25,850	(6,660)	115,140	138,178	(23,038)	60%
Other Expenses:								
Extraordinary Maintenance	12,500	1,042	0	1,042	6,250	0	6,250	
Pre-development Costs	126,700	10,558	7,513	3,045	63,350	71,571	(8,221)	0%
Total	139,200	11,600	7,513	4,087	69,600	71,571	(1,971)	0%
Total Expenses	369,480	30,790	70,324	34,036	184,740	257,544	(72,804)	70%
Operating Income before Dep	(114,000)	(9,500)	60,890	70,390	(57,000)	(6,771)	50,229	6%
Depreciation (paper expense)	107,525	8,960	9,699	(739)	53,763	58,194	(4,432)	54%
Operating Income after Depr	(221,525)	(18,460)	51,191	69,651	(110,763)	(64,965)	45,798	29%

Unaudited Internal Budget Variance Report
Independence Plaza
For the Six Fiscal Months Ending December 31, 2015

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	Y-T-D Budget	Y-T-D Actuals	YTD Variance	S/B 50% USED
OPERATING INCOME:								
Dwelling Rents	1,425,960	118,830	124,959	6,129	712,980	740,438	27,458	52%
Deficit Adjustment (City)	1,500,633	125,053	0	(125,053)	750,317	624,073	(126,244)	42%
Interest	2,000	167	0	(167)	1,000	695	(305)	35%
Other Income	21,600	1,800	77,536	75,736	10,800	88,051	77,251	408%
Total Income	2,950,193	245,849	202,495	(43,354)	1,475,097	1,453,257	(21,840)	49%
OPERATING EXPENSES:								
Administrative:								
Salaries	305,019	25,418	31,768	(6,350)	152,510	140,050	12,460	46%
Legal	18,075	1,506	480	1,026	9,038	2,069	6,969	11%
Travel/Training	8,800	733	633	100	4,400	3,754	646	43%
Publications	700	58	14	44	350	87	263	12%
Telephone	8,000	667	536	131	4,000	3,860	140	48%
Audit Fees	3,700	308	0	308	1,850	6,916	(5,066)	187%
Office Supplies	8,000	667	515	152	4,000	2,678	1,322	33%
Contract Costs	81,622	6,802	1,632	5,170	40,811	15,982	24,829	20%
Sundry	4,700	392	633	(241)	2,350	4,264	(1,914)	91%
Total	438,616	36,551	36,211	340	219,308	179,660	39,648	41%
Tenant Services:								
Salaries	23,764	1,980	2,944	(964)	11,882	12,691	(809)	53%
Tenant Activities	26,600	2,217	40	2,177	13,300	4,258	9,042	
Total	50,364	4,197	2,984	1,213	25,182	16,949	8,233	34%
Utilities:								
Water and Sewer	141,484	11,790	0	11,790	70,742	24,748	45,994	17%
Electricity	49,897	4,158	3,670	488	24,949	18,603	6,346	37%
Gas	21,463	1,789	1,833	(44)	10,732	8,835	1,897	41%
Total	212,844	17,737	5,503	12,234	106,422	52,186	54,236	25%
Maintenance:								
Salaries	356,730	29,728	37,098	(7,371)	178,365	157,049	21,316	44%
Materials	47,338	3,945	5,111	(1,166)	23,669	25,354	(1,685)	54%
Contract Costs	263,780	21,982	27,260	(5,278)	131,890	100,856	31,034	38%
Total	667,848	55,654	69,469	(13,815)	333,924	283,259	50,665	42%
General:								
Police Services	37,590	3,133	3,028	105	18,795	18,165	630	48%
Insurance	30,027	2,502	2,711	(209)	15,014	15,797	(784)	53%
Employee Benefits	249,144	20,762	18,771	1,991	124,572	101,368	23,204	41%
Collection Losses	0	0	0	0	0	0	0	
Total	316,761	26,397	24,510	1,887	158,381	135,330	23,051	43%
Total Operating Expenses	1,686,433	140,536	138,677	1,859	843,217	667,384	175,833	40%
Mortgage Interest								
Mortgage Interest	255,030	21,253	21,322	(70)	127,515	129,955	(2,440)	51%
Total	255,030	21,253	21,322	(70)	127,515	129,955	(2,440)	51%
Other Expenses:								
Extraordinary Maintenance	161,132	13,428	0	13,428	80,566	3,750	76,816	2%
Total	161,132	13,428	0	13,428	80,566	3,750	76,816	2%
Total Expenses	2,102,595	175,216	159,999	15,217	1,051,298	801,089	250,209	38%
Operating Income before Dep	847,598	70,633	42,496	(28,137)	423,799	652,168	228,369	77%
Depreciation (paper expense)	342,964	28,580	31,777	(3,197)	171,482	190,662	(19,180)	56%
Operating Income after Depr	504,634	42,053	10,719	(31,334)	252,317	461,506	209,189	91%

Unaudited Budget Variance Report
AHA/CDBG/Other Managed Programs
For the Six Months Ending December 31, 2015

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	Y-T-D Budget	Y-T-D Actuals	YTD Variance	S/B 50% USED
OPERATING INCOME:								
HAP	0	0	0	0	0	0	0	
Interest	0	0	0	0	0	0	0	
Other Income	815,440	67,953	50,892	(17,061)	407,720	254,377	(153,343)	31%
Management Fee	0	0	0	0	0	0	0	
Total Operating Income	815,440	67,953	50,892	(17,061)	407,720	254,377	(153,343)	31%
OPERATING EXPENSES:								
Administrative:								
Salaries	539,400	44,950	56,309	11,359	269,700	256,774	12,926	48%
Legal	0	0	1,178	1,178	0	5,393	(5,393)	0%
Travel/Training	6,531	544	136	(408)	3,266	1,531	1,735	23%
Publications	297	25	0	(25)	149	0	149	0%
Telephone	3,052	254	1	(253)	1,526	6	1,520	0%
Audit Fees	4,806	401	0	(401)	2,403	0	2,403	0%
Office Supplies	6,756	563	442	(121)	3,378	1,755	1,623	26%
Contract Costs	58,558	4,880	1,260	(3,620)	29,279	5,544	23,735	9%
Sundry	0	0	799	(799)	0	3,364	(3,364)	0%
Total	619,400	51,617	60,125	6,910	309,700	274,367	35,333	44%
Tenant Services:								
Tenant Activities	0	0	0	0	0	295	295	0%
Work Experience	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	295	295	0%
Utilities:								
Water and Sewer	0	0	0	0	0	0	0	0%
Electricity	0	0	0	0	0	0	0	0%
Gas	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	0%
Maintenance:								
Salaries	0	0	0	0	0	0	0	
Materials	0	0	0	0	0	0	0	0%
Contract Costs	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	
General:								
Police Services	0	0	0	0	0	0	0	
Insurance	0	0	0	0	0	0	0	0%
Claims Benefits	0	0	0	0	0	0	0	0%
Employee Benefits	196,040	16,337	12,371	3,966	98,020	76,768	21,252	39%
Collection Losses	0	0	0	0	0	0	0	0%
Transfers out	0	0	0	0	0	0	0	0%
Total	196,040	16,337	12,371	3,966	98,020	76,768	21,252	39%
Total Operating Expenses	815,440	67,953	72,496	10,876	407,720	351,430	56,880	43%
Mortgage/HAP Payments:								
Hap Payments	0	0	0	0	0	0	0	
Mortgage Interest	0	0	0	0	0	0	0	
Total	0	0	0	0	0	0	0	
Other Expenses:								
Extraordinary Maintenance	0	0	0	0	0	0	0	
CDBG/Other Programs	0	0	0	0	0	0	0	
Pre-development Costs	0	0	3,497	(3,497)	0	3,497	(3,497)	0%
Total	0	0	3,497	(3,497)	0	3,497	(3,497)	0%
Total Expenses	815,440	67,953	75,993	7,379	407,720	354,927	53,383	44%
Operating Income before Dep	0	0	(25,101)	(25,101)	0	(100,550)	(100,550)	
Depreciation (paper expense)	0	0	0	0	0	0	0	
Operating Income after Depr	0	0	(25,101)	(25,101)	0	(100,550)	(100,550)	

Unaudited Budget Variance Report
Parrot Village and Eagle Village
For the Six Fiscal Months Ending December 31, 2015

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	Y-T-D Budget	Y-T-D Actuals	YTD Variance	50% USED
OPERATING INCOME:								
HAP	1,514,205	126,184	146,944	20,760	757,103	850,257	93,155	56%
Dwelling Rents	480,315	40,026	48,654	8,628	240,158	266,845	26,688	56%
NonDwelling Rents	0	0	0	0	0	0	0	
Interest	12,000	1,000	0	(1,000)	6,000	3,677	(2,323)	31%
Other Income	15,240	1,270	660	(610)	7,620	7,767	147	51%
Total Income	2,021,760	168,480	196,258	27,778	1,010,880	1,128,546	117,666	56%
OPERATING EXPENSES:								
Administrative:								
Salaries	261,732	21,811	25,536	(3,725)	130,866	108,099	22,767	41%
Legal	9,840	820	315	505	4,920	1,509	3,411	15%
Travel/Training	5,830	486	458	28	2,915	3,182	(267)	55%
Publications	500	42	10	32	250	79	171	16%
Telephone	3,000	250	333	(83)	1,500	1,723	(223)	57%
Audit Fees	4,800	400	0	400	2,400	4,056	(1,656)	85%
Office Supplies	5,600	467	362	105	2,800	2,057	743	37%
Contract Costs	57,076	4,756	1,128	3,628	28,538	16,016	12,522	28%
Sundry	4,400	367	468	(101)	2,200	3,146	(946)	72%
Total	352,778	29,398	28,610	788	176,389	139,867	36,522	40%
Tenant Services:								
Salaries	23,483	1,957	1,617	340	11,742	9,426	2,316	40%
Tenant Activities	14,000	1,167	0	1,167	7,000	100	6,900	1%
Total	37,483	3,124	1,617	1,507	18,742	9,526	9,216	25%
Utilities:								
Water and Sewer	108,900	7,683	0	7,683	54,450	28,485	25,965	26%
Electricity	16,540	1,378	2,266	(888)	8,270	6,943	1,327	42%
Gas	6,463	539	34	505	3,232	240	2,992	4%
Total	131,903	9,600	2,300	7,300	65,952	35,668	30,284	27%
Maintenance:								
Salaries	210,799	17,567	20,951	(3,384)	105,400	91,499	13,901	43%
Materials	49,700	4,142	4,079	63	24,850	22,247	2,603	45%
Contract Costs	233,120	19,427	21,789	(2,362)	116,560	119,890	(3,330)	51%
Total	493,619	41,135	46,819	(5,684)	246,810	233,636	13,174	47%
General:								
Police Services	49,770	4,148	3,220	928	24,885	19,820	5,065	40%
Insurance	23,246	1,937	1,647	290	11,623	11,322	301	49%
Employee Benefits	180,272	15,023	12,553	2,470	90,136	69,877	20,259	39%
Claims Account			0	0		0	0	
Collection Losses	13,600	1,133	(77)	1,210	6,800	(77)	6,877	-1%
Total	266,888	22,241	17,343	4,898	133,444	100,942	32,502	38%
Total Operating Expenses	1,282,671	105,498	96,689	8,809	641,336	519,639	121,697	41%
Mortgage Interest								
Mortgage Interest	70,500	5,875	5,625	250	35,250	34,599	651	49%
Total	70,500	5,875	5,625	250	35,250	34,599	651	49%
Other Expenses:								
Extraordinary Maintenance	175,000	14,583	0	14,583	87,500	14,619	72,881	8%
Total	175,000	14,583	0	14,583	87,500	14,619	72,881	8%
Total Operating Expenses	1,528,171	125,956	102,314	23,642	764,086	568,857	195,229	37%
Operating Income before Dep	493,589	42,524	93,944	51,420	246,795	559,689	312,895	113%
Depreciation (paper expense)	276,528	23,044	25,427	(2,383)	138,264	152,562	(14,298)	55%
Operating Income after Depr	217,061	18,088	68,517	86,605	108,531	407,127	298,597	188%

Housing Authority of the City of Alameda Unaudited Budget Variance Report For the Six Month Fiscal Period Ending December 31, 2015

Description	Year to Date Budget	Year to Date (YTD) Actual Income and Expenditures							YTD Variance	S/B 50%	Annual Budget
		General Fund	AHA/CDBG/Other Managed	Parrot & Eagle Village	HA Owned	Independence Plaza	Section 8	Total Actual			
Operating Income											
HAP/Subsidy/Tax Increment	\$ 14,555,896	\$ 138,178	\$ -	\$ 850,257	\$ 1,984,567	\$ 624,073	\$ 11,892,607	\$ 15,489,682	\$ 933,787	53%	\$ 29,111,791
Dwelling Rent	1,642,205	-	-	266,845	738,782	740,438	-	1,746,065	103,860	53%	3,284,410
Administrative Fees	716,966	-	-	-	-	-	901,700	901,700	184,735	63%	1,433,931
Interest	35,500	6,249	-	3,677	22,810	695	243	33,674	(1,826)	47%	71,000
Other Income	480,330	106,346	254,377	7,767	76,224	88,051	300	533,065	52,735	55%	960,660
Total Operating Income	17,430,896	250,773	254,377	1,128,546	2,822,383	1,453,257	12,794,850	18,704,186	1,273,290	54%	34,861,792
Operating Expenses											
Administrative:											
Salaries	1,338,787	(218)	256,774	108,099	310,790	140,050	512,081	1,327,576	11,211	50%	2,677,573
Legal	37,851	750	5,393	1,509	18,255	2,069	6,930	34,906	2,945	46%	75,701
Travel/Training	23,916	36,908	1,531	3,182	9,433	3,754	20,956	75,764	(51,849)	158%	47,831
Publications	2,299	-	-	79	239	87	293	698	1,601	15%	4,597
Telephone	16,976	33	6	1,723	6,058	3,860	4,494	16,174	802	48%	33,952
Audit Fees	17,903	-	-	4,056	11,050	6,916	3,978	26,000	(8,097)	73%	35,806
Office Supplies	28,128	-	1,755	2,057	6,292	2,678	11,194	23,976	4,152	43%	56,256
Contract Costs	281,629	-	5,544	16,016	57,826	15,982	71,045	166,413	115,216	30%	563,258
Sundry	11,250	51	3,364	3,146	9,406	4,264	11,772	32,003	(20,753)	142%	22,500
Subtotal	1,758,737	37,524	274,367	139,867	429,349	179,660	642,743	1,703,510	55,227	48%	3,517,474
Tenant Services:											
Salaries	47,951	-	-	9,426	22,410	12,691	-	44,527	3,424	46%	95,902
Tenant Activities	50,050	10,000	295	100	4,084	4,258	512	19,249	30,801	19%	100,100
Relocation Cost	-	-	-	-	15,100	-	-	15,100	(15,100)	0%	0
Subtotal	98,001	10,000	295	9,526	41,594	16,949	512	78,876	19,125	40%	196,002
Utilities:											
Water and Sewer	266,235	-	-	28,485	79,791	24,748	452	133,476	132,759	25%	532,470
Electricity	74,502	-	-	6,943	25,707	18,603	3,257	54,510	19,992	37%	149,004
Gas	37,529	-	-	240	13,982	8,835	175	23,232	14,297	31%	75,058
Subtotal	378,266	-	-	35,668	119,480	52,186	3,884	211,218	167,048	28%	756,532
Maintenance:											
Salaries	557,235	-	-	91,499	246,474	157,049	-	495,022	62,213	44%	1,114,470
Materials	109,799	-	-	22,247	59,880	25,354	463	107,944	1,855	49%	219,597
Contract Costs	572,380	-	-	119,890	400,072	100,856	16,250	637,068	(64,688)	56%	1,144,760
Subtotal	1,239,414	-	-	233,636	706,426	283,259	16,713	1,240,034	(621)	50%	2,478,827
General:											
Police Services	105,000	-	-	19,820	62,280	18,165	5,985	106,250	(1,250)	51%	210,000
Insurance	52,425	-	-	11,322	29,988	15,797	1,940	59,047	(6,622)	56%	104,850
Employee Benefits	706,520	271	76,768	69,877	191,374	101,368	178,668	618,326	88,194	44%	1,413,040
Collection Losses	15,644	-	-	(77)	(100)	-	-	(177)	15,821	-1%	31,287
Subtotal	879,589	271	76,768	100,942	283,542	135,330	186,593	783,446	96,143	45%	1,759,177

**Housing Authority of the City of Alameda
 Unaudited Budget Variance Report
 For the Six Month Fiscal Period Ending December 31, 2015**

Description	Year to Date Budget	Year to Date (YTD) Actual Income and Expenditures							YTD Variance	S/B 50%	Annual Budget
		General Fund	AHA/CDBG/Other Managed	Parrot & Eagle Village	HA Owned	Independence Plaza	Section 8	Total Actual			
Total Operating Exp.	4,354,006	47,795	351,430	519,639	1,580,391	667,384	850,445	4,017,084	336,922	46%	8,708,012
Mortgage/HAP Payments:											
HAP Payments	11,368,564	138,178	-	-	-	-	11,816,126	11,954,304	(585,740)	53%	22,737,128
Mortgage Interest	557,690	-	-	34,599	402,512	129,955	-	567,066	(9,376)	51%	1,115,380
Interest-City Loan	-	-	-	-	-	-	-	-	0		0
Subtotal	11,926,254	138,178	-	34,599	402,512	129,955	11,816,126	12,521,370	(595,116)	52%	23,852,508
Other Expenses:											
Extraordinary Maint.	430,266	-	-	14,619	53,808	3,750	-	72,177	358,089	8%	860,532
CDBG/Other Programs	-	-	-	-	-	-	-	-	0	0%	0
Pre-Development Costs	63,350	71,571	3,497	-	-	-	-	75,068	(11,718)	59%	126,700
Subtotal	493,616	71,571	3,497	14,619	53,808	3,750	-	147,245	346,371	15%	987,232
Total Expenses	16,773,876	257,544	354,927	568,857	2,036,711	801,089	12,666,571	16,685,699	88,177	50%	33,547,752
Operating Income before Depr.	657,020	(6,771)	(100,550)	559,689	785,672	652,168	128,279	2,018,487	1,361,467	154%	1,314,040
Depreciation	652,643	58,194	-	152,562	332,334	190,662	-	733,752	(81,109)	56%	1,305,286
Operating Income after Depr.	4,377	(64,965)	(100,550)	407,127	453,338	461,506	128,279	1,284,735	1,280,358		8,754

**Housing Authority of the City of Alameda
 Unaudited Budget Variance Report
 For the Six Month Fiscal Period Ending December 31, 2015**

Description	Year to Date Budget	Year to Date (YTD) Actual Income and Expenditures							YTD Variance	S/B 50%	Annual Budget
		General Fund	AHA/CDBG/ Other Managed	Parrot & Eagle Village	HA Owned	Independence Plaza	Section 8	Total Actual			
GAAP to Cash Adjustments:											
Operating Income after Depr.		(64,965)	(100,550)	407,127	453,338	461,506	128,279	1,284,735			
<u>Cash Adjustments</u>											
Addback Depreciation		58,194	-	152,562	332,334	190,662	-	733,752			
Subtract Mig Prin Paymts		-	-	(76,306)	(101,219)	(258,593)	-	(436,118)			
Subtract Replacement Res		-	-	(16,127)	(18,300)	(32,088)	-	(66,515)			
Total Adjustments		58,194	-	60,129	212,815	(100,019)	-	231,119			
Adjusted Net Cash		(6,771)	(100,550)	467,256	666,153	361,487	128,279	1,515,854			
<u>Reserve Transfers, Loans, Prior Period Adj</u>											
Operating Reserve Transfers		-	-	-	-	-	-	-			
Payoff US Bank Loans		-	-	-	-	-	-	-			
Replacement Reserves-Voluntary		-	-	-	-	-	-	-			
Equipment Reserves-Voluntary		-	-	-	-	-	-	-			
Total Reserve Transfers		-	-	-	-	-	-	-			
<u>Capital Assets</u>											
Capital Asset Additions		14,999	-	(22,091)	(658,406)	(56,251)	-	(721,749)			
Net Capital Assets		14,999	-	(22,091)	(658,406)	(56,251)	-	(721,749)			
Net GAAP to Cash Adj's		8,228	(100,550)	445,165	7,747	305,236	128,279	794,105			

Unaudited Budget Variance Report
Section 8 Voucher Program
For the Six Months Ending December 31, 2015

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	YTD Budget	Y-T-D Actuals	YTD Variance	S/B 50% USED
OPERATING INCOME:								
HAP	22,506,848	1,875,571	2,002,176	126,605	11,253,424	11,892,607	639,183	53%
Dwelling Rents	0	0	0	0	0	0	0	0%
Administrative Fees	1,433,931	119,494	142,304	22,810	716,966	901,700	184,735	63%
Interest	0	0	0	0	0	243	243	0%
Other Income	5,580	465	0	(465)	2,790	300	(2,490)	5%
Total Income	23,946,359	1,995,530	2,144,480	148,950	11,973,180	12,794,850	821,671	53%
OPERATING EXPENSES:								
Administrative:								
Salaries	1,102,525	91,877	121,119	(29,242)	551,263	512,081	39,182	46%
Legal	11,030	919	1,449	(530)	5,515	6,930	(1,415)	63%
Travel/Training	13,000	1,083	13,869	(12,786)	6,500	20,956	(14,456)	161%
Publications	1,300	108	43	65	650	293	357	23%
Telephone	10,900	908	844	64	5,450	4,494	956	41%
Audit Fees	11,000	917	0	917	5,500	3,978	1,522	36%
Office Supplies	20,000	1,667	2,293	(626)	10,000	11,194	(1,194)	56%
Contract Costs	171,882	14,324	9,469	4,855	85,941	71,045	14,896	41%
Sundry	0	0	1,762	(1,762)	0	11,772	(11,772)	0%
Total	1,341,637	111,803	150,848	(39,045)	670,819	642,743	28,076	48%
Tenant Services:								
Salaries	0	0	0	0	0	0	0	
Tenant Activities	100	8	345	(337)	50	512	(462)	0%
Total	100	8	345	(337)	50	512	(462)	0%
Utilities:								
Water and Sewer	371	31	0	31	186	452	(267)	122%
Electricity	8,823	735	515	220	4,412	3,257	1,155	37%
Gas	516	43	35	8	258	175	83	34%
Total	9,710	809	550	259	4,855	3,884	971	40%
Maintenance:								
Salaries	0	0	0	0	0	0	0	
Materials	4,578	382	47	335	2,289	463	1,826	0%
Contract Costs	17,250	1,438	5,210	(3,773)	8,625	16,250	(7,625)	0%
Total	21,828	1,819	5,257	(3,438)	10,914	16,713	(5,799)	77%
General:								
Police Services	15,960	1,330	998	332	7,980	5,985	1,995	38%
Insurance	4,185	349	322	27	2,093	1,940	153	46%
Employee Benefits	400,703	33,392	33,195	197	200,352	178,668	21,684	45%
Claim Costs	0	0	0	0	0	0	0	0%
Total	420,848	35,071	34,515	556	210,424	186,593	23,831	44%
Total Operating Expenses	1,794,123	149,510	191,515	(42,005)	897,062	850,445	46,617	47%
HAP Payments:								
HAP	22,506,848	1,875,571	1,958,276	(82,705)	11,253,424	11,816,126	(562,702)	53%
Total	22,506,848	1,875,571	1,958,276	(82,705)	11,253,424	11,816,126	(562,702)	53%
Other Expenses:								
Extraordinary Maintenance	0	0	0	0	0	0	0	0%
Total	0	0	0	0	0	0	0	0%
Total Expenses	24,300,971	2,025,081	2,149,791	(124,710)	12,150,486	12,666,571	(516,086)	52%
Operating Income before Dep	(354,612)	(29,551)	(5,311)	(34,862)	(177,306)	128,279	305,585	-36%
Depreciation (paper expense)	0	0	0	0	0	0	0	
Operating Income after Depr	(354,612)	(29,551)	(5,311)	(34,862)	(177,306)	128,279	305,585	-36%

Unaudited Internal Budget Variance Report
Housing Authority-Owned Properties
For the Six Month Fiscal Period Ending December 31, 2015

Account Description	Annual Budget	Monthly Budget	Monthly Actuals	Monthly Variance	YTD Budget	Y-T-D Actuals	YTD Variance	50% USED
OPERATING INCOME:								
HAP	3,359,861	279,988	329,447	49,459	1,679,931	1,984,567	304,637	59%
Dwelling Rents	1,378,135	114,845	122,182	7,337	689,068	738,782	49,715	54%
Interest	50,000	4,167	1,028	(3,139)	25,000	22,810	(2,190)	46%
Other Income	84,600	7,050	3,316	(3,734)	42,300	76,224	33,924	90%
Total Income	4,872,596	406,050	455,973	49,923	2,436,298	2,822,383	386,085	58%
OPERATING EXPENSES:								
Administrative:								
Salaries	468,897	39,075	75,392	(36,317)	234,449	310,790	(76,342)	66%
Legal	36,756	3,063	4,452	(1,389)	18,378	18,255	123	50%
Travel/Training	13,670	1,139	1,512	(373)	6,835	9,433	(2,598)	69%
Publications	1,800	150	31	119	900	239	661	13%
Telephone	9,000	750	1,039	(289)	4,500	6,058	(1,558)	67%
Audit Fees	11,500	958	0	958	5,750	11,050	(5,300)	96%
Office Supplies	15,900	1,325	1,118	207	7,950	6,292	1,658	40%
Contract Costs	194,121	16,177	5,778	10,399	97,061	57,826	39,235	30%
Sundry	13,400	1,117	1,526	(409)	6,700	9,406	(2,706)	70%
Total	765,044	63,754	90,848	(27,094)	382,522	429,349	(46,827)	56%
Tenant Services:								
Salaries	48,656	4,055	5,657	(1,602)	24,328	22,410	1,918	46%
Tenant Activities	59,400	4,950	327	4,623	29,700	4,084	25,616	7%
Relocation Cost	0	0	0	0	0	15,100	(15,100)	0%
Total	108,056	9,005	5,984	3,021	54,028	41,594	12,434	38%
Utilities:								
Water and Sewer	281,715	22,176	20,699	1,477	140,858	79,791	61,067	28%
Electricity	73,744	6,145	6,424	(279)	36,872	25,707	11,165	35%
Gas	46,616	3,885	2,485	1,400	23,308	13,982	9,326	30%
Total	402,075	32,206	29,608	2,598	201,038	119,480	81,558	30%
Maintenance:								
Salaries	546,941	45,578	55,994	(10,416)	273,471	246,474	26,997	45%
Materials	117,981	9,832	10,150	(318)	58,991	59,880	(890)	51%
Contract Costs	630,610	52,551	83,030	(30,479)	315,305	400,072	(84,767)	63%
Total	1,295,532	107,961	149,174	(41,213)	647,766	706,426	(58,660)	55%
General:								
Police Services	106,680	8,890	10,255	(1,365)	53,340	62,280	(8,940)	58%
Insurance	47,392	3,949	5,143	(1,194)	23,696	29,988	(6,292)	63%
Employee Benefits	386,881	32,240	35,914	(3,674)	193,441	191,374	2,067	49%
Claim Costs	0	0	0	0	0	0	0	
Collection Loss	17,687	1,474	0	1,474	8,844	(100)	8,944	
Total	558,640	46,553	51,312	(4,759)	279,320	283,542	(4,222)	51%
Total Operating Expenses	3,129,347	259,479	326,926	(67,447)	1,564,674	1,580,391	(15,718)	51%
Mortgage/HAP Payments:								
Mortgage Interest	789,850	65,821	66,890	(1,069)	394,925	402,512	(7,587)	51%
Interest to City Loan	0	0	0	0	0	0	0	
Total	789,850	65,821	66,890	(1,069)	394,925	402,512	(7,587)	51%
Other Expenses:								
Extraordinary Maintenance	511,900	42,658	2,616	40,042	255,950	53,808	202,142	11%
Total	511,900	42,658	2,616	40,042	255,950	53,808	202,142	
Total Expenses	4,431,097	367,958	396,432	(28,474)	2,215,549	2,036,711	178,838	46%
Operating Income before Dep	441,499	38,092	59,541	21,449	220,750	785,672	564,923	178%
Depreciation (paper expense)	578,269	48,189	55,389	(7,200)	289,135	332,334	(43,200)	57%
Operating Income after Depr	(136,770)	(11,398)	4,152	15,550	(68,385)	453,338	521,723	



Housing Authority of the City of Alameda

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To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 20, 2016

RE: Accept the Audit Report for Fiscal Year Ending June 30, 2015

BACKGROUND

The financial statements of the Housing Authority of the City of Alameda for the fiscal year ending June 30, 2015, were prepared in the format prescribed by the requirements of Government Accounting Standards Board Statement 34 (GASB 34). Updates in GASB through statements number 66 have been implemented.

The firm of Cropper Rowe, LLP, Certified Public Accountants, has certified the audited financial statements of the Housing Authority for the fiscal year ending June 30, 2015.

DISCUSSION

This report submits the annual Financial Statements for the fiscal year ending June 30, 2015. The auditors, Cropper Rowe, LLP, opined that the financial statements present fairly, in all material respects, the financial position of the Housing Authority of the City of Alameda as of June 30, 2015. The respective changes in financial position and cash flows for the year ended are in conformity with accounting principles generally accepted (GAAP) in the United States of America.

BUDGET CONSIDERATION/FINANCIAL IMPACT

For information only.

RECOMMENDATION

Accept the audit report for fiscal year ending June 30, 2015.

Respectfully submitted,

Vanessa Cooper
Executive Director

VMC/MMW

1. Annual Audit Report for Fiscal June 30, 2015

CROPPER ROWE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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December 16, 2015

To the Board of Commissioners
Housing Authority of the City of Alameda

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Alameda for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Housing Authority of the City of Alameda are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Housing Authority of the City of Alameda during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates affecting the Housing Authority of the City of Alameda's financial statements was management's estimate of the methods used to calculate and record depreciation expense and accumulated depreciation. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

As usual we are pleased to report that we encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no noted material misstatements noted during our audit of the Authority for 2015.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 16, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Housing Authority of the City of Alameda's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Housing Authority of the City of Alameda's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of the Authority's Proportionate Share of Net Pension Liability, the Schedule of the Authority's Pension Plan Contributions, and the Schedule of Funding Progress for OPEB, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the Housing Authority of the City of Alameda and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Cropper Rowe, LLP

Cropper Rowe, LLP

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015
(Including Auditors' Report Thereon)**

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
FINANCIAL STATEMENTS
JUNE 30, 2015**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the City of Alameda
Alameda, California

Report on the financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Alameda, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Alameda, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the Schedule of Funding Progress for OPEB, the Schedule of the Authority's Proportionate Share of the Net Pension Liability, and the Schedule of the Authority's Pension Plan Contribution on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Alameda, California's basic financial statements. The Schedule of Expenditures of Federal Awards on page 42 is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Financial Data Schedule on pages 44 through 50 required by the U.S. Department of Housing and Urban Development is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Expenditures of Federal Awards and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 67*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015 on our consideration of the Housing Authority of the City of Alameda, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Alameda, California's internal control over financial reporting and compliance.

Cropper Rowe, LLP

Walnut Creek, California
December 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Alameda's annual financial report presents a discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we furnished in our letter to the Board of Commissioners.

The following management discussion and analysis (MD&A) will discuss the results of the Authority's operations. Key financial information for the current fiscal year will be compared with those of the prior year.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of fiscal year 2015 resulting in a Net Position of \$31,066,682 at June 30, 2015 as opposed to \$31,458,226 at June 30, 2014.
- Total assets and deferred outflows of resources at June 30, 2015 were \$82,358,760. Of this, \$34,600,453 represents current assets, \$47,367,700 represents non-current assets, and \$390,607 represents deferred outflows of resources. Total assets and deferred outflows of resources at June 30, 2014 were \$81,999,564.
- Capital assets, net of accumulated depreciation at June 30, 2015 increased by \$2,240,433 from \$31,568,347 at June 30, 2014 to \$33,808,780 at June 30, 2015. Capital assets are reflected at cost, less accumulated depreciation for all purchased capital assets.
- Total liabilities and deferred inflows of resources at June 30, 2015 were \$51,292,078. Of this, \$20,542,071 represents current liabilities, \$30,060,103 represents non-current liabilities, and \$689,904 represents deferred inflows of resources. Total liabilities and deferred inflows of resources increased from \$50,541,338 at June 30, 2014 to \$51,292,078 at June 30, 2015, an increase of \$750,740.
- Total revenues for the Authority for fiscal year 2015 were \$36,868,548 versus \$32,980,525 for fiscal year 2014; an increase of \$3,888,023. The primary sources of revenue are governmental grants and rents collected from the Authority's owned units. These combined amounts totaled \$34,292,436 for fiscal year 2015, as compared to \$32,275,610 for fiscal year 2014; an increase of \$2,016,826.
- Total expenses for the Authority for fiscal year 2015 were \$34,972,481 versus \$32,958,524 for fiscal year 2014; an increase of \$2,013,957. The major program expenditure, as reflected on the Combined Statement of Revenues, Expenses, and Changes in Net Position, was for housing assistance payments. There was \$22,981,870 of housing assistance payment expenses for fiscal year 2015. This represents a decrease of \$211,689 of the \$23,193,559 amount for fiscal year 2014.
- Operating revenues for the Authority for fiscal year 2015 were \$36,656,551 and operating expenses were \$33,804,868. Operating revenues and expenses for fiscal year 2014 were \$32,925,004 and \$32,352,060 respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and Notes to the Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements report information of the Authority as a whole, net of inter-program activity.

The *Statement of Net Position* presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* presents the change in the Housing Authority's cash and cash equivalents during the most recent fiscal year.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some programs are required to be established by the United States Department of Housing and Urban Development (HUD). However, the Authority also administers other programs to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other moneys. All of the funds of the Authority are classified as an enterprise housing fund as a result of GASB 34.

Enterprise funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which together with the maintenance of equity, is an important financial indication.

Notes to the Basic Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Component Unit

As is more fully described in Note 1.A. the government-wide financial statements includes the financial information of the Island City Development (a California Nonprofit Corporation) a discrete component unit of the Housing Authority of the City of Alameda.

Supplementary Information

The schedule of expenditures of federal awards, the schedule of funding progress for OPEB, the Schedule of Funding Progress for PERS, and the financial data schedule are presented for purposes of additional analysis as required by the and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, Governmental Accounting Standards Board Statements, and the requirements of the U.S Department of Housing and Urban Development. These schedules can be found in the Supplementary Information sections of this report.

Financial Analysis

The Authority uses funds to help it control and manage money for particular purposes. A portion of the Authority's net position reflects the investment in capital assets (e.g. land, buildings and improvements, furniture, equipment and machinery). The Authority uses these capital assets to provide services to clients; consequently, these assets are not available for future spending.

New Significant Accounting Standards Implemented

In fiscal year 2014-2015, the Authority adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board ("GASB) that relate to the Authority's pension plan. The Statements are:

1. Statement No. 68, *Accounting and Financial Reporting for pensions – an amendment of GASB Statement No. 27.*
2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

The significance of the Authority implementing Statement No. 68 is the reporting of the Authority's unfunded pension liability on the full accrual basis of accounting on the Authority's financial statements. There are new footnote disclosure requirements and supplementary schedules required by the Statement.

The measurement date for the pension liability is June 30, 2014. This date reflects a one year lag and was used so that these financial statements could be issued in a timely manner. Contributions made during fiscal year 2014 – 2015 are reported as deferred outflows of resources in accordance with Statement No. 71.

The implementation of these statements required that a prior period adjustment be made to the Authority's June 30, 2014 previously reported net position. This prior period adjustment decreased the Authority's reported net position at June 30, 2014 by \$2,287,611 from \$31,458,226 to \$29,170,615. Please refer to Notes 7 and 8 for more information regarding the Authority's pension plan and prior period adjustment.

Budgetary Highlights

An agency-wide budget was prepared for the fiscal year ended June 30, 2015. The budget was primarily used as a management tool. Budgets are prepared in accordance with the accounting procedures prescribed by the applicable funding agency and revised during the year as appropriate.

Comparative Statement of Net Position

The following table reflects the Statement of Net Position at June 30, 2015 compared to the prior fiscal year. The Authority is engaged only in Business-Type Activities.

Housing Authority of the City of Alameda Comparative Statement of Net Position June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Assets and Deferred Outflows:				
Current Assets	\$ 34,600,453	\$ 36,099,416	\$(1,498,963)	(3.9)%
Notes receivable	13,558,920	14,331,801	(772,881)	(5.4)%
Capital Assets (net of accumulated depreciation)	33,808,780	31,568,347	2,240,433	7.1%
Deferred outflows	<u>390,607</u>	<u>-</u>	<u>390,607</u>	
 Total Assets and Deferred Outflows	 <u>\$ 82,358,760</u>	 <u>\$ 81,999,564</u>	 <u>\$ 359,196</u>	 0.4%
Liabilities and Deferred Inflows:				
Current Liabilities	\$ 20,542,071	\$ 21,231,412	\$ (689,341)	(3.2)%
Non-current Liabilities	30,060,103	29,309,926	750,177	2.6%
Deferred inflows	<u>689,904</u>	<u>-</u>	<u>689,904</u>	
 Total Liabilities and Deferred Inflows	 <u>51,292,078</u>	 <u>50,541,338</u>	 <u>750,740</u>	 1.5%
Net Position				
Net investment in Capital Assets	4,977,820	1,624,610	3,353,210	206.4%
Restricted	445,217	979,720	(534,503)	(54.6)%
Unrestricted	<u>25,643,645</u>	<u>28,853,896</u>	<u>(3,210,251)</u>	(11.1)%
 Total Net Position	 <u>\$ 31,066,682</u>	 <u>\$ 31,458,226</u>	 <u>\$ (391,544)</u>	 (1.2)%

Comparative Statement of Revenues, Expenses, and Changes in Net Position

The following table presents the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2015 compared to the prior fiscal year.

Housing Authority of the City of Alameda Comparative Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Operating Revenues</u>				
Grants	\$ 30,931,166	\$ 29,016,779	\$ 1,914,387	6.6%
Rents	3,361,270	3,258,831	102,439	3.1%
Other	<u>2,364,115</u>	<u>649,394</u>	<u>1,714,721</u>	264.0%
Total operating revenues	<u>36,656,551</u>	<u>32,925,004</u>	<u>3,731,547</u>	11.3%
<u>Operating Expenses</u>				
Administration	4,588,565	3,300,289	1,288,276	39.0%
Utilities	626,539	662,898	(36,359)	(5.5)%
Maintenance	3,418,456	2,836,956	581,500	20.5%
Tenant services	218,421	209,909	8,512	4.1%
Protective services	210,120	210,000	120	0.1%
General	426,812	709,523	(282,711)	(39.8)%
Housing Assistance Payments	22,981,870	23,193,559	(211,689)	(0.9)%
Depreciation	<u>1,334,085</u>	<u>1,228,926</u>	<u>105,159</u>	8.6%
Total operating expenses	<u>33,804,868</u>	<u>32,352,060</u>	<u>1,452,808</u>	4.5%
Operating Income (Loss)	<u>2,851,683</u>	<u>572,944</u>	<u>2,278,739</u>	397.7%
<u>Non-Operating Revenue (Expenses)</u>				
Interest Income	98,367	55,521	42,846	77.2%
Interest Expense	(1,167,613)	(606,464)	(561,149)	92.5%
Pension Income	<u>113,630</u>	<u>-</u>	<u>113,630</u>	
Net Non-Operating Revenue (Loss)	<u>(955,616)</u>	<u>(550,943)</u>	<u>(404,673)</u>	73.5%
Change in Net Position	<u>1,896,067</u>	<u>22,001</u>	<u>1,874,066</u>	8,518.1%
Net Position, Beginning of Year, as previously stated	31,458,226	31,641,142	(182,916)	(0.6)%
Prior period adjustment (Note 8)	<u>(2,287,611)</u>	<u>(204,917)</u>	<u>(2,082,694)</u>	1016.4%
Net Position, Beginning of Year, as restated	<u>29,170,615</u>	<u>31,436,225</u>	<u>(2,265,610)</u>	(7.2)%
Net Position, End of Year	<u>\$ 31,066,682</u>	<u>\$ 31,458,226</u>	<u>\$ (391,544)</u>	(1.2)%

Analysis of the Authority's Overall Financial Position and Results of Operations

As indicated in the above comparative statements the Authority's Net Position at June 30, 2015 decreased by \$391,544 from the June 30, 2014 balance.

Changes in Capital Assets

The following presents the changes in fixed assets (net of accumulated depreciation) at June 30, 2015 versus the prior fiscal year.

Housing Authority of the City of Alameda
Changes in Capital Assets
(Net of Accumulated Depreciation)
June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Land	\$ 14,612,054	\$ 13,443,808	\$ 1,168,246	8.7%
Buildings and Improvements	19,138,681	18,068,158	1,070,523	5.9%
Equipment	<u>58,045</u>	<u>56,381</u>	<u>1,664</u>	3.0%
Total	<u>\$ 33,808,780</u>	<u>\$ 31,568,347</u>	<u>\$ 2,240,433</u>	7.1%

Additional information pertaining to capital assets is found in Note 3 to the financial statements.

Changes in Long-Term Debt

The following presents the changes in long-term debt at June 30, 2015 versus the prior fiscal year.

Housing Authority of the City of Alameda
Changes in Long-term Debt
June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Bonds Payable	\$ 5,652,847	\$ 5,798,955	\$ (146,108)	(2.5)%
Notes Payable	<u>23,178,113</u>	<u>24,144,782</u>	<u>(966,669)</u>	(4.0)%
Total	<u>\$ 28,830,960</u>	<u>\$ 29,943,737</u>	<u>\$ (1,112,777)</u>	(3.7)%

Additional information pertaining to long-term debt is found in Note 4 to the financial statements.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations. Therefore, the Housing Authority is affected more by the federal budget than by state or local economic conditions. Changes in HUD grants affect the number of households that can be assisted under these federally funded programs on an ongoing basis.

The Authority's annual revenues for the Housing Choice Voucher Program is based primarily upon the amounts received each year from the U.S. Department of Housing and Urban Development, which does not correlate directly to the amounts expended each year for administrative costs and housing assistance payments expenses associated with the Housing Choice Voucher Program. Therefore, for any given fiscal year the Authority's revenues for the Housing Choice Voucher Program may be more or less than the expenses for the program. For the fiscal year ended June 30, 2015 the Authority's expenses associated with the Housing Choice Voucher Program exceeded its revenues by \$261,064. For the previous 2014 fiscal year the Authority's expenses for the Housing Choice Voucher Program exceeded its revenues by \$1,130,356. These excess of expenses over revenues were funded by a reduction in the Authority's Net Position for the Housing Choice Voucher Program.

Requests for information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director at the Housing Authority of the City of Alameda, 701 Atlantic Avenue, Alameda, California 94501.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Enterprise Fund</u>	<u>Component</u>	<u>Combined</u>
	<u>Housing</u>	<u>Unit</u>	<u>Totals</u>
<u>ASSETS</u>			
Current Assets:			
Cash and investments (Note 2)	\$ 34,096,472	\$ -	\$ 34,096,472
Due from other agencies	110,244	-	110,244
Tenant accounts receivable	53,179	-	53,179
Accounts receivable - other	268,519	-	268,519
Interest receivable	23,364	-	23,364
Prepaid expenses	32,835	-	32,835
Inventory	15,840	-	15,840
Total current assets	34,600,453		34,600,453
Noncurrent assets:			
Notes receivable	13,558,920	-	13,558,920
Capital assets, net of accumulated depreciation of \$22,415,362 (Note 3)	33,808,780	-	33,808,780
Total non-current assets	47,367,700	-	47,367,700
Total assets	81,968,153		81,968,153
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Plan (Note 8)	390,607	-	390,607
Total assets and deferred outflows of resources	\$ 82,358,760	\$ -	\$ 82,358,760
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable - other	\$ 629,891	\$ 10,080	\$ 639,971
Accounts payable - other agencies	2,345	-	2,345
Tenant security deposits	516,838	-	516,838
Prepaid rents	31,637	-	31,637
Unearned revenue (Note 5)	17,492,110	-	17,492,110
Interest payable	882,769	-	882,769
Compensated absences (Note 6)	110,210	-	110,210
Notes and bonds payable (Note 4)	876,271	-	876,271
Total current liabilities	20,542,071	10,080	20,552,151
Noncurrent liabilities:			
Compensated absences (Note 6)	83,141	-	83,141
OPEB payable (Note 9)	3,825	-	3,825
Other noncurrent liabilities	143,764	-	143,764
Accrued pension liability (note 8)	1,874,684	-	1,874,684
Notes and bonds payable (Note 4)	27,954,689	-	27,954,689
Total noncurrent liabilities	30,060,103	-	30,060,103
Total liabilities	50,602,174	10,080	50,612,254
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Plan (Note 8)	689,904	-	689,904
Total liabilities and deferred inflows of resources	51,292,078	10,080	51,302,158
<u>NET POSITION</u>			
Net Investment in capital assets	4,977,820	-	4,977,820
Restricted	445,217	-	445,217
Unrestricted	25,643,645	(10,080)	25,633,565
Total Net Position	\$ 31,066,682	\$ (10,080)	\$ 31,056,602

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION -
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Enterprise Fund</u> <u>Housing</u>	<u>Component</u> <u>Unit</u>	<u>Combined</u> <u>Totals</u>
<u>Operating Revenues</u>			
Grants	\$ 30,931,166	\$ -	\$ 30,931,166
Rents	3,361,270	-	3,361,270
Other	<u>2,364,115</u>	-	<u>2,364,115</u>
Total operating revenues	<u>36,656,551</u>	-	<u>36,656,551</u>
<u>Operating Expenses</u>			
Administrative	4,588,565	10,080	4,598,645
Utilities	626,539	-	626,539
Maintenance	3,418,456	-	3,418,456
Tenant services	218,421	-	218,421
Protective services	210,120	-	210,120
General	426,812	-	426,812
Housing assistance payments	22,981,870	-	22,981,870
Depreciation	<u>1,334,085</u>	-	<u>1,334,085</u>
Total operating expenditures	<u>33,804,868</u>	<u>10,080</u>	<u>33,814,948</u>
Operating income (loss)	<u>2,851,683</u>	<u>(10,080)</u>	<u>2,841,603</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest income	98,367	-	98,367
Interest expense	(1,167,613)	-	(1,167,613)
Pension income (Note 8)	<u>113,630</u>	-	<u>113,630</u>
Net non-operating revenue	<u>(955,616)</u>	-	<u>(955,616)</u>
Change in net position	<u>1,896,067</u>	<u>(10,080)</u>	<u>1,885,987</u>
Beginning net position, as previously stated	31,458,226	-	31,458,226
Prior period adjustment (Note 7)	<u>(2,287,611)</u>	-	<u>(2,287,611)</u>
Beginning net position, as restated	<u>29,170,615</u>	-	<u>29,170,615</u>
Total net position, ending	<u>\$ 31,066,682</u>	<u>\$ (10,080)</u>	<u>\$ 31,056,602</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Enterprise Fund</u> <u>Housing</u>	<u>Component</u> <u>Unit</u>	<u>Combined</u> <u>Totals</u>
<u>Cash flows from operating activities:</u>			
Cash received from grants	\$ 30,888,244	\$ -	\$ 30,888,244
Cash received from rents	3,374,365	-	3,374,365
Other miscellaneous cash receipts	1,356,007	-	1,356,007
Cash payments to suppliers and landlords	(28,240,501)	-	(28,240,501)
Cash payments to employees	(3,864,190)	-	(3,864,190)
Net cash provided (used) in operating activities	<u>3,513,925</u>	<u>-</u>	<u>3,513,925</u>
<u>Cash flows from capital and related financing activities:</u>			
Interest paid on long-term debt	(1,112,120)	-	(1,112,120)
Acquisition and construction of capital assets	(3,573,848)	-	(3,573,848)
Principal payments of debt	(1,112,777)	-	(1,112,777)
Net cash (used) by capital and related financing activities	<u>(5,798,745)</u>	<u>-</u>	<u>(5,798,745)</u>
<u>Cash flows from investing activities:</u>			
Cash received from loans	772,881	-	772,881
Interest received	87,489	-	87,489
Net cash provided by investing activities	<u>860,370</u>	<u>-</u>	<u>860,370</u>
Net increase (decrease) in cash	(1,424,450)	-	(1,424,450)
Cash, beginning of year	35,520,922	-	35,520,922
Cash, end of year	<u>\$ 34,096,472</u>	<u>\$ -</u>	<u>\$ 34,096,472</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ 2,851,683	\$ (10,080)	\$ 2,841,603
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,334,085	-	1,334,085
Changes in assets and liabilities:			
Decrease in accounts receivable	17,663	-	17,663
Increase in accounts receivable -- other agencies	(42,922)	-	(42,922)
Decrease in tenants' accounts receivable	19,393	-	19,393
Decrease in prepaid expenses	88,453	-	88,453
Decrease in inventory	2,804	-	2,804
Increase in accounts payable	178,495	10,080	188,575
Increase in amounts due other governments	2,345	-	2,345
Increase in security deposits payable	25,605	-	25,605
Decrease in unearned revenues	(1,025,771)	-	(1,025,771)
Increase in compensated absences	8,288	-	8,288
Increase in other liabilities	59,817	-	59,817
Decrease in OPEB payable	(6,013)	-	(6,013)
Net cash provided by operating activities	<u>\$ 3,513,925</u>	<u>\$ -</u>	<u>\$ 3,513,925</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority of the City of Alameda (the Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the more significant policies:

A. Definition of Reporting Entity

The Housing Authority of the City of Alameda (the Authority) was established on August 8, 1940 by a resolution of the City of Alameda City Council. The Authority is governed by a seven member Board of Commissioners which is appointed by the Alameda, California City Council. However, the Housing Authority is not considered to be a component unit of the City or any other primary government. Two members of the Board of Commissioners are participants in programs administered by the Commission. The members of the Commission are selected to serve for either two or four year terms.

The basic financial statements include both the financial activities of the Housing Authority of the City of Alameda and its discretely presented component unit.

Discretely Presented Component Unit

Island City Development (a California Nonprofit Corporation) was established in 2014 primarily to engage in acquiring, developing, rehabilitating, owning, and managing affordable housing for low and moderate income individuals and families in the City of Alameda, California. The Executive Director of the Housing Authority of the City of Alameda appoints the members of the Nonprofit Corporation's Board of Directors. The financial activity of the Nonprofit Corporation is reported as a separate column on the government-wide financial statements.

A complete audited financial statement is separately issued for Island City Development and may be obtained at the Housing Authority of the City of Alameda's administrative offices located at 701 Atlantic Avenue, Alameda, California.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows) report the financial information of the Authority's operations as a whole.

For financial reporting purposes, the Authority reports all of its operations as a single business type activity in a single enterprise housing fund. Therefore, for the Authority the government-wide and fund financial statements are the same. These basic financial statements are presented in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements and the Schedule of Expenditures of Federal Awards are reported using the *economic resources measurement focus* and the *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. Nonexchange transactions are those in which the Authority receives value without directly giving equal value in exchange. These transactions include revenues from federal, state, and local assistance programs. Revenues from these sources are recognized in the fiscal year in which all eligibility requirements have been met.

When the Authority incurs an expense for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first and then unrestricted resources as needed.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* activities. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise housing fund are grants from federal funding agencies for housing assistance payments earned, administrative and developer fees, and rental income from its owned housing units. Operating expenses include employee services and supplies, administrative expenses, management fees, utilities, housing assistance payments to landlords, and depreciation of its capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting and reporting for its proprietary operations.

D. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows all highly liquid cash and investments with a maturity of three months or less when purchased and cash restricted by federal governmental requirements are considered cash and cash equivalents.

Cash and cash equivalents include amounts in demand deposits and savings accounts. All of the Authority's investments can be converted to cash in a relatively short amount of time. Therefore, all cash and investments and amounts of restricted are reported in the Statement of Cash Flows.

2. Restricted Assets

Restricted cash, cash equivalents, and investments, represent deposits that are used for replacement reserves, security deposit payable amounts to tenants and amounts that are required by grants from HUD to be used only to provide housing assistance for individuals and families that meet various income, age, and employment standards.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 (continued)

3. Receivables

All receivables are reported at their gross value and are reduced by an allowance for doubtful accounts if such an amount is considered applicable.

4. Inventories and prepaid assets

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items the financial statements.

5. Capital Assets

Capital assets which include land, buildings, improvements, and furniture and equipment, are reported at historical cost. Contributed capital assets are recorded at fair value at the time received. Interest expense during any development periods is capitalized.

Maintenance, minor repairs and replacements are recorded as expenses; extraordinary replacements of property resulting in property betterments are charged to the property accounts.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful lives of the various asset categories are as follows:

Buildings	40 years
Improvements	15 years
Furniture and Equipment	5 to 10 years

6. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred.

7. Taxes

The Authority is exempt from federal and state income taxes.

8. Encumbrances

Encumbrance accounting is not employed by the Authority.

9. Net Position

Net position represents the differences between assets and liabilities. Net position consists of investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Net position invested in capital assets, net of related debt, consists of capital assets, net of depreciation, reduced by the outstanding balances of borrowings used for the construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 (continued)

10. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position includes separate sections for deferred outflows and inflows of resources. These separate sections represent a consumption or acquisition of net position that applies to future periods and will not be recognized as outflows (revenues) or inflows (expenses) until that time.

11. Pensions

For purposes of measuring the net pension liability (NPL) and deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) of the Authority's California Public Employees' Retirement System (CalPERS) Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. New GASB Pronouncements

During fiscal year 2015 the Authority adopted the following GASB Statements:

Statement No. 68 - *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68.*

F. Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare the financial statements. Actual results may differ from those estimates.

G. Budgets and Budgetary Accounting

Each year the Authority's Board of Commissioners adopts an operating budget. This budget may be revised during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of the adoption of the annual budget.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2 - CASH AND INVESTMENTS

A. Policies

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Authority's name and places the authority ahead of general creditors of the institution.

The Authority and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the Authority employs the Trust Department of a bank as the custodian of certain managed investments, regardless of their form.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of those adjustments in income for that fiscal year.

Cash and cash equivalents are considered to be liquid assets for purposes of measuring cash flows.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Authority debt instruments or agency agreements. Cash and investments as of June 30, 2015 are as follows:

Unrestricted		\$ 29,568,732
Restricted		<u>4,527,740</u>
Total cash and investments		<u>\$ 34,096,472</u>

The \$34,096,472 of cash and investments consists of \$911,549 maintained on deposit in banks, \$445,231 maintained by loan servicing agencies, \$32,739,442 deposited in the State of California Local Agency Investment Fund (LAIF), and \$250 in petty cash. Of the amounts deposited into banks, \$250,000 is covered by federal deposit insurance. The remaining \$661,649 as previously stated is required by California law to be collateralized by governmental securities with a market value of 110% of the deposit or with first trust deed mortgages with a value of 150% of the uninsured amount.

The \$445,231 of investments maintained by loan servicing agencies reflects amounts held by trust departments of two lending agencies. These amounts will be used for future rehabilitation and operating costs for some of the Authority's housing complexes.

HOUSING AUTHORITY OF THE CITY OF ALAMDEA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2 (Continued)

C. Investments Authorized by the California Government Code and the Authority's Investment Policy

The Authority's investment policy and the California Government Code allow the Authority to invest in the following, provided rating of the issuers are acceptable to the Authority; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Authority's investment policy where the Authority's Investment Policy is more restrictive.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum in Portfolio</u>	<u>Maximum Investment One Issuer</u>
Repurchase Agreements	N/A	N/A	N/A	N/A
California Local Agency Investment Fund (LAIF)	On Demand	N/A	N/A	N/A
U.S. Treasury Bonds, Notes & Bills	N/A	N/A	N/A	N/A
U.S. Agency & U.S. Government Bankers acceptances	N/A	N/A	N/A	N/A
Negotiable Certificates of Deposit	270 Days	N/A	40%	30%
Time Certificates of Deposit	N/A	AA	30%	N/A
Medium Term Corporate Notes	N/A	N/A	30%	N/A
Money Market Mutual Funds	5 Years	N/A	30%	N/A
County Agency Investment fund	N/A	AAA	20%	N/A
Reverse Repurchase Agreements	On Demand	N/A	30%	N/A
	N/A	N/A	N/A	N/A

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2 (continued)

D. Investments authorized by Debt Agreements and Governmental Grants

The Authority must maintain required amounts of cash and investments or fiscal agents under terms of certain debt issues and governmental grants. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Authority fails to meet its obligations under these debt issuances or governmental grants. The California Government Code requires these funds to be invested in accordance with Authority policies, bond indentures or State Statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum in Investment In One Issuer</u>
<u>For U.S. Department of Housing and Urban Development Funds</u>				
Repurchase Agreements	N/A	N/A	No Limit	No Limit
U.S. Government Obligations & Agencies	No Limit	N/A	No Limit	No Limit
State Obligations	N/A	N/A	No Limit	No Limit
Commercial Paper	N/A	N/A	No Limit	No Limit
Bankers acceptances	270 Days	N/A	40%	30%
Certificates of Deposit	N/A	N/A	30%	No Limit
Time Deposits	N/A	N/A	No Limit	No Limit
Qualified Financial Institution General Obligations	Upon Demand	AAA	No Limit	No Limit
Money Market Mutual Funds	N/A	AAA	20%	No Limit
U.S. Treasury Bills, Notes and Bonds	No Limit	N/A	No Limit	No Limit

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2 (continued)

For Non U.S. Department of
Housing and Urban
Development Funds

Prime Commercial Paper	180 Days	Highest Rating	15%	30%
Medium Term Notes	5 Years	A	30%	N/A
City of Alameda Bonds	N/A	N/A	No Limit	No Limit
State of California Obligations	N/A	N/A	No Limit	No Limit
U.S. Government Obligations and Agencies	N/A	N/A	No Limit	No Limit
Bankers Acceptances	270 Days	N/A	40%	30%
Certificates of Deposit	N/A	N/A	30%	No Limit
Repurchase Agreements	N/A	N/A	No Limit	No Limit
Money Market Mutual Funds	N/A	N/A	No Limit	No Limit
Trust Indentures	N/A	N/A	No Limit	No Limit
Mortgage & Equipment Lease Obligations	5 Years	AA	30%	No Limit

E. Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

<u>Investment Type</u>	<u>12 Months or Less</u>	<u>One to Five Years</u>	<u>More Than Five Years</u>	<u>Total</u>
Local Agency Investment Fund	<u>\$ 32,739,442</u>	<u>-</u>	<u>-</u>	<u>\$ 32,739,442</u>
Total Investments	<u>\$ 32,739,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,739,442</u>

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 2 (continued)

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2015 for each Authority investment type as provided by Standard and Poor's except as noted:

<u>Investment Type</u>	
Not Rated:	
Local Agency Investment Fund	\$ 32,739,442

G. Concentration of Credit Risk

The Authority is required to disclose investments that represent a concentration of five percent or more of investments in any issuer, held by individual Authority Funds in the securities of issuers other than U.S. Treasury securities, mutual funds and external investment pools. At June 30, 2015 there were no investments of this type.

H. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or brokerage failure, the Authority's deposits may not be returned. As previously stated the Authority's bank deposits are either covered by FDIC insurance or are collateralized.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 3 - CAPITAL ASSETS

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2015:

	Balance <u>6/30/14</u>	<u>Additions</u>	Adjustments <u>And Deletions</u>	Balance <u>6/30/15</u>
Land	\$ 13,443,808	\$ 1,200,000	\$ (31,754)	\$ 14,612,054
Buildings and improvements	38,842,573	2,426,784	(48,246)	41,221,111
Equipment	<u>363,913</u>	<u>27,064</u>	<u>-</u>	<u>390,977</u>
	<u>52,650,294</u>	<u>3,653,848</u>	<u>(80,000)</u>	<u>56,224,142</u>
Less accumulated Depreciation for: Buildings and Improvements	(20,774,415)	(1,308,685)	670	(22,082,430)
Equipment	<u>(307,532)</u>	<u>(25,400)</u>	<u>-</u>	<u>(332,932)</u>
	<u>(21,081,947)</u>	<u>(1,334,085)</u>	<u>670</u>	<u>(22,415,362)</u>
Capital assets, net	<u>\$ 31,568,347</u>	<u>\$ 2,319,763</u>	<u>\$ (79,330)</u>	<u>\$ 33,808,780</u>

Note 4 - LONG-TERM DEBT

Following is a summary changes in long-term debt for the year ended June 30, 2015:

	Balance <u>6/30/14</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/15</u>	Current <u>Portion</u>
Bonds Payable:					
PNC Bank	\$ 5,798,955	\$ -	\$ (146,108)	\$ 5,652,847	\$ 154,865
Notes Payable:					
Northmarq Capital LLC	14,291,000	-	(171,894)	14,119,106	197,895
Northmarq Capital LLC	7,500,000	-	(461,695)	7,038,305	522,072
City of Alameda	1,079,477	-	(1,425)	1,078,052	1,439
County of Alameda	942,650	-	-	942,650	-
US Bank	331,655	-	(331,655)	-	-
Compensated Absences (Note 6)	<u>185,063</u>	<u>8,288</u>	<u>-</u>	<u>193,351</u>	<u>110,210</u>
	<u>\$ 30,128,800</u>	<u>\$ 8,288</u>	<u>\$(1,112,777)</u>	<u>\$ 29,024,311</u>	<u>\$ 986,481</u>

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 4 (continued)

The following is a schedule of debt payment requirements to maturity for long-term obligations other than compensated absences:

Year Ending June 30,	Principal Payments	Interest Payments	Total Payments
2016	\$ 876,271	\$ 1,211,902	\$ 2,088,173
2017	916,929	1,177,269	2,094,198
2018	959,563	1,140,994	2,100,557
2019	1,004,273	1,102,997	2,107,270
2020	1,051,163	1,063,193	2,114,356
2021-2025	6,043,647	4,649,107	10,692,754
2026-2030	4,374,206	3,555,306	7,929,512
2031-2035	4,681,074	2,704,910	7,385,984
2036-2040	3,463,956	1,762,626	5,226,582
2041-2045	3,639,446	708,593	4,348,039
2046-2050	36,934	307,125	344,059
2051-2055	213,150	347,985	561,135
2056-2060	627,698	151,830	779,528
2061-2065	-	-	-
2066-2070	942,650	1,933,741	2,876,391
	<u>\$ 28,830,960</u>	<u>\$ 21,817,578</u>	<u>\$ 50,648,538</u>

A description of the debt recorded at June 30, 2015 for the housing authority is as follows:

Bonds Payable:

A deed of trust bond payable was issued on April 1, 2005 totaling \$6,800,000 for the Parrot village and Eagle Village Apartments. The bonds payable are administered by PNC Bank. The bonds accrue interest at a variable rate based upon the weekly short term bond rest rate. The bonds require annual payments of principal and interest at least totaling \$340,016. The bonds mature April 15, 2035. The outstanding balance on the bonds total \$5,652,847 at June 30, 2015.

Notes Payable:

Two loans were issued during the fiscal year ended June 30, 1997 from the City of Alameda. These are non-interest bearing loans originally issued in the combined amount of \$518,600. They are secured by deeds of trust on nine properties located in Alameda, California. One of the notes is deferred until January 1, 2027. The combined balances outstanding on these notes at June 30, 2015 were \$508,052.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 4 (continued)

A promissory note agreement for \$570,000 was entered into with the City of Alameda on June 18, 1998. This note bears interest at 3% per annum. Both interest and principal payments on this loan are deferred until the note's due date of June 30, 2057. The outstanding balance on this note at June 30, 2015 was \$570,000.

The Authority entered into two separate note payable agreements with the County of Alameda. One of the notes for \$536,400 was entered into on March 15, 2011 and the other note for \$380,000 was entered into on September 1, 2009. Both of these notes bear interest at 3% per annum. Principal and interest are payable throughout the term of these loans if there are "Residual Receipts" as defined by the loan agreements. A final payment is due on the outstanding loans principal and accrued interest on the earlier of (1) the date of transfer of the properties, (2) the date of any defaults on the loans, (3) July 30, 2067. The combined outstanding balances on these loans at June 30, 2015 were \$916,400.

The Authority assumed a loan payable originally entered into by the Filipino American Community Services Agency payable to the County of Alameda. The principal balance assumed and outstanding at June 30, 2014 is \$26,250. This note bears no interest. However, if this note is not paid when due the note will bear interest at 7% per annum for each day the note is not paid in full. The note is payable upon sale or transfer of the property whose deed of trust secures the note. The outstanding balance on this loan at June 30, 2015 was \$26,250.

On June 30, 2014 the Authority entered into a mortgage note totaling \$14,291,000 with Northmarq Capital, LLC. The note is secured by the property referred to as the Esperanza Apartments. The note bears interest at 5.63% per annum and requires combined monthly principal and interest payments totaling \$82,312. The note matures and is payable in full on July 1, 2044. The outstanding balance on the note at June 30, 2015 was \$14,119,106.

On June 30, 2014 the Authority entered into a mortgage note totaling \$7,500,000 with Northmarq Capital, LLC. The note is secured by the property referred to as the Independence Plaza Apartments. The note bears interest at 3.75% per annum and requires combined monthly principal and interest payments totaling \$64,758. The note matures and is payable in full on July 1, 2026. The outstanding balance on the note at June 30, 2015 was \$7,038,305.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 5 – UNEARNED REVENUES

On January 4, 2014 the Authority became the “Successor Agency” for the Low and Moderate Income Housing Assets of the former Community Improvement Commission of the City of Alameda. As a condition of becoming the “Successor Agency” the Authority received cash and notes receivable to pay the enforceable obligations of the prior Community Improvement Commission of the City of Alameda. The amounts received to pay these enforceable obligations are recorded as “unearned revenues”. At June 30, 2015 there was \$17,492,110 remaining to pay these enforceable obligations.

Note 6 - COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave up to a maximum of their annual accrual rate plus 10 days. This leave will be used in future periods or paid to employees upon separation from the Authority. Accrued vacation leave has been valued by the Authority and has been recorded at \$193,351 as of June 30, 2015.

It is the Authority's policy to permit employees to accumulate earned but unused sick leave, however, the value of unused sick leave is not payable upon separation from the Authority.

Note 7 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$2,287,611 was made to decrease the beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

The restatement of the beginning net position is summarized as follows:

Net position at June 30, 2014, as previously stated	\$ 31,458,226
Net pension liability adjustment	<u>(2,287,611)</u>
Net position at June 30, 2014, as restated	<u>\$ 29,170,615</u>

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications. All qualified permanent and probationary employees are eligible to participate in the Authority’s separate cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority’s resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits for Benefit Plan 23150; and members with five years of total service are eligible to retire at 52 with statutorily reduced benefits for Benefit Plan 27473. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous Plans</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2.0% @ 55	2% at 62
Benefit Vesting Formula	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.419%	1.0% to 2.5%
Required employee contribution rates	7%	6.5%
Required employer contribution rates	9.353%	6.73%

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 (continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. The Plan’s actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2014 (the measurement date), the active employee’s contribution rates are 7.0 and 6.5 percent of annual pay, and the average employer’s rates are 13.01 and 6.70 percent of annual payroll.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions – employer	\$	390,155
Contributions – employee	\$	236,198

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The following table shows the Plan’s proportionate share of the miscellaneous risk pool collective net pension liability over the measurement period:

	Proportionate Share of Pension Liability	
Balance at 6/30/13 – Valuation date	\$ 2,733,997	.083%
Balance at 6/30/14 – Measurement date	1,874,684	.076%
Total net changes during 2013 - 2014	\$ (859,313)	.107%

The Authority’s net pension liability of \$1,874,684 is measured as the proportionate share of the net pension liability of \$2,471,487,278 (or .076%). The net pension liability is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 (continued)

For the year ended June 30, 2015, the Authority recognized pension expense of \$(113,630) based on the Plan's measurement period ended June 30, 2014.

At June 30, 2014, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 390,155	\$ 0
Differences between actual and expected experience	0	0
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	0	(613,356)
Adjustment due to differences in proportions	<u>452</u>	<u>(76,548)</u>
Total	<u>\$ 390,607</u>	<u>\$ (689,904)</u>

At June 30, 2014, the Authority reported \$390,155 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016 (measurement period ended June 30, 2015). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2015	\$ 209,640
2016	(180,515)
2017	(175,083)
2018	(153,339)
2019	0
Thereafter	0

The amounts above are the net of outflows and inflows recognized in the fiscal 2014 measurement period.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability – For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were determined using the following actuarial methods and assumptions:

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% – 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies. 2.75% thereafter

- (1) Depending on age, service, and type of employment
- (2) Net of pension plan investment and administrative expenses; including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. The experience study can be found on CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 8 (continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	.99%	2.43%
Inflation Sensitive	6.0%	.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-.055%	-1.05%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the Authority's proportionate share of the net pension liability/ (asset), calculated using the discount rate of 7.50 percent, as well as what the Authority's proportionate share of the net pension liability/ (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	<u>Discount Rate less 1% (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>Discount Rate Plus 1% (8.5%)</u>
Plan's Net Pension Liability/ (Asset)	\$ 3,335,184	\$ 1,874,684	\$ 662,606

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the Authority reported a payable of \$24,204 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Note 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description:

The Authority provides post-employment medical health care benefits to its retired employees and, in some instances, their spouses. Benefits include coverage in the CALCALPERS health plan. The Authority pays a portion of the premiums for the medical insurance for retirees. Monthly benefit amounts for 2015 were \$122 for eligible retirees. The majority of costs for medical insurance are the responsibility of each retiree.

Eligibility:

The Authority's retirees are eligible for membership in the plan upon retirement. Employees are eligible for retirement at age 50 and with 5 years of service or upon disability. As of June 30, 2015, the Authority had two retirees who were eligible for the program and receiving benefits. The Authority had another 31 active employees, who are eligible for the program, but are not receiving benefits as they have not yet retired from the Authority.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9 (continued)

Requirements of GASB 45:

The government Accounting Standards Board (GASB) has mandated disclosure of other post employment benefit (OPEB) liabilities for all government employers beginning in 2009. During fiscal years prior to 2012 the Authority's employees were actually employees of the City of Alameda and not employees of the Authority itself, therefore there was no OPEB obligation or expense recognized in fiscal years prior to 2012. During fiscal year 2015 the Authority administered this program on a pay-as-you-go basis and actual costs were expensed as incurred. To comply with GASB 45, the Authority estimated it's the present value of the projected benefits of the OPEB program using the *Alternative Measurement Method* as permitted by GASB Statements Numbers 43 and 45.

Funding Policy:

The goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned. The entry age normal cost method effectively meets this goal in most circumstances. The Authority has adopted an entry age normal cost method to determine the present value of benefits and the actuarial accrued liability. The plan currently has no assets. The amortization method is a level percent of payroll. The amortization period is thirty years. The Authority has adopted a pay-as-you-go policy and is not currently funding this liability above the monthly requirement. The Authority makes actual monthly payments for its portion of the retirees' premiums. The payments for 2015 totaled \$2,416. The Authority accrued a management determined estimate of \$9,838 at the end of the current fiscal year.

Annual OPEB Cost and Net OPEB Obligation:

The Authority's annual OPEB costs (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Interest on net OPEB obligation is based on the actuarial interest rate of 2% and is computed on the unfunded amount. There was no interest on the net OPEB obligation for fiscal year 2015.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9 (continued)

The following table shows the components of the annual OPEB cost, the amount actually contributed to the plan, and any changes in the net OPEB obligation.

Annual required contribution	\$ 1,247
Interest on net OPEB obligation	84
Adjustment of annual required contribution	-
Annual OPEB cost	<u>\$ 1,331</u>
Annual OPEB Cost	\$ 1,331
Contributions made	2,416
Change in net OPEB obligation (asset)	(9,760)
Net OPEB obligation (asset), beginning of year	<u>9,838</u>
Net OPEB obligation (asset), end of year	<u>\$ 3,825</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Obligation (Asset)</u>
6/30/13	\$ 1,598	\$ 230	14.4%	\$ 1,368
6/30/14	\$ 9,874	\$ 1,404	14.2%	\$ 9,838
6/30/15	\$ 1,331	\$ 2,416	181.5%	\$ 3,825

Funded Status and Funding Progress:

The funded status of the plan based on an actuarial valuation as of June 30, 2015, was as follow:

Actuarial accrued liability (AAL)	\$ 37,416
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 37,416</u>
Funded ratio (actuarial value of plan Assets/AAL)	0%
Covered payroll	\$ 1,874,689
UAAL as percentage of covered payroll	2.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9 (continued)

Actuarial Methods and Assumptions:

For the actuarial valuation, the entry age normal cost, level percent of pay; closed group method was used. The actuarial assumptions include a 2% discount rate. A long-term inflation assumption of 2% was used in developing level percent amortization. The healthcare trend rate assumption is 9% for 2015 grading down to 6% by 2018. The actuarial value of assets is equal to the market value. The unfunded actuarial accrued liability is being amortized over a period of 30 years as a level percentage of projected payroll. The amortization period at June 30, 2015 is 30 years reflecting the Authority's use of an open amortization period.

The schedule of funding progress, presented as required supplementary information following the *Notes to the Financial Statements*, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL benefits.

Note 10 - OPERATING LEASE

The Authority on March 14, 2003 entered into a lease agreement with Resources for Community Development (RCD) to lease land to RCD until March 14, 2078. On October 14, 2004 the lease was assigned to Breakers at Bayport, LP. Total rental income for the year ended June 30, 2015 under the lease agreement was \$1.

The Authority on October 4, 2006 entered into an amended lease agreement with Resources for Community Development (RCD) to lease land to RCD until March 31, 2081. On March 24, 2008 the lease was assigned to Shinsei Gardens Apartments, LP. Total rental income for the year ended June 30, 2015 under the lease agreement was \$1.

The Authority on May 25, 2012 entered into a lease agreement with Housing Consortium of the East Bay (HCEB) and Satellite Housing, Inc. to lease land to HCEB and Satellite Housing until May 25, 2087 for \$100 lump sum payment. In November 2012 the lease was assigned to Jack Capon Villas, LP.

At June 30, 2015, the future rental income required under the lease for the land is as follows:

Fiscal Year Ending	
2016	\$ 2
2017	2
2018	2
2019	2
2020	2
Thereafter	<u>117</u>
	<u>\$ 127</u>

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 11 - JOINT POWERS AGREEMENTS

Workers' Compensation Insurance

The Authority participates in a joint venture under a joint powers agreement (JPA) with the California Housing Workers' Compensation Authority (CHWCA). CHWCA was formed to provide workers' compensation insurance coverage for member housing authorities. At December 31, 2014, there were thirty-three members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information for the year ended December 31, 2014, is as follows:

Total assets	\$ 24,496,334
Total liabilities	<u>(16,484,222)</u>
Total net assets	<u>\$ 8,012,112</u>
Total revenues	\$ 4,702,889
Total expenses	<u>(3,894,815)</u>
Net decrease in net assets	<u>\$ 808,074</u>

CHWCA had \$15,709,514 of unpaid claims and claim adjustment expenses outstanding at December 31, 2014. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated.

Property and Liability Insurance

The Authority participates in a joint venture under a joint powers agreement (JPA) with the Housing Authorities Risk Retention Pool (HARRP). HARRP was formed to provide property and liability insurance coverage for member housing authorities. At December 31, 2014 there were 87 members. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information for the year ended December 31, 2014 is as follows:

Total assets	\$ 29,370,151
Total liabilities	<u>(8,843,451)</u>
Total net assets	<u>\$ 20,526,700</u>
Total revenues	\$ 9,618,533
Total expenses	<u>(9,025,225)</u>
Net increase (decrease) in net assets	<u>\$ 593,308</u>

HARRP had \$3,764,659 in outstanding claims liabilities at December 31, 2014. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 12 - CONTINGENT LIABILITIES

Federal Grants

The Authority has received funds from various federal, state, and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

Note 13 – SUBSEQUENT EVENTS

Management evaluated all activity of the Authority through December 16, 2015, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than The MD&A)

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, 2015**

Schedule of Funding Progress for OPEB

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of covered Payroll</u>
June 30, 2013	June 1, 2013	\$ 0	\$ 41,033	\$ 41,033	0.0%	\$ 2,620,894	1.6%
June 30, 2014	June 1, 2014	\$ 0	\$ 41,033	\$ 41,033	0.0%	\$ 2,735,657	1.5%
June 30, 2015	June 1, 2015	\$ 0	\$ 37,416	\$ 37,416	0.0%	\$ 1,874,689	2.0%

Note – Prior to April 22, 2012 the employees working at the Authority were actually employees of the City of Alameda. Effective April 22, 2012, these former city employees officially became employees of the Housing Authority of the City of Alameda. The Authority’s OPEB information prior to April 22, 2012 was included as a part of the OPEB valuation information for the City of Alameda as a whole and the Authority’s portion could not be determined individually.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, 2015**

Schedule of the Authority's Proportionate Share of the Net Pension Liability

	<u>Plan No. 1</u> <u>6/30/14</u>		<u>Plan No. 2</u> <u>6/30/14</u>
Plans' Proportion of the Net Pension Liability/(Asset)	0.0301%	(1)	.00003%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,873,089	(2)	\$ 1,595
Plan's Covered-Employee Payroll	\$ 2,594,763		\$ 112,824
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	72.19%		1.41%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.97%		83.02%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 446,175	(3/4)	\$ 211

Notes to Schedule:

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (2) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.
- (3) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above.
- (4) This data is not required to be displayed by GASB 68 for employer's participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the plan's pension expense.

Schedule of the Authority's Pension Plan Contributions

	<u>Plan No. 1</u> <u>6/30/14</u>		<u>Plan No. 2</u> <u>6/30/14</u>
Actuarially Determined Contribution	\$ 283,501	(2)	\$ 16,815
Contributions in Relation to the Actuarially Determined Contribution	<u>(488,418)</u>		<u>(16,815)</u>
Contribution Deficiency (Excess)	<u>\$ (204,917)</u>		<u>\$ 0</u>
Covered Payroll	\$ 2,594,763	(3/4)	\$ 112,824
Contributions as a Percentage of Covered-Employee Payroll	18.82%	(3)	14.90%

Notes to Schedule:

*Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (2) Employers are assumed to make contributions equal to the actuarially determined contributions.
- (3) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.
- (4) Payroll from prior year (\$2,519,187 and \$109,538) was assumed to increase by the 3.00 percent payroll growth assumption.

OTHER SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>Department of Housing and Urban Development (HUD):</u>		
Direct Programs:		
Section 8 Moderate Rehabilitation – Single Room Occupancy	14.249	\$ 197,442
Section 8 Housing Choice Vouchers	14.871	24,795,486
Family Self-Sufficiency	14.896	<u>32,522</u>
Total U.S. Department of Housing and Urban Development		<u>25,025,450</u>
Total Federal Expenditures		<u>\$ 25,025,450</u>

See Notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE CITY OF ALAMEDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Housing Authority of the City of Alameda. The Housing Authority of the City of Alameda's reporting entity is defined in Note 1 to the financial statements.
2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Alameda Housing Authority under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of NRHA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the NRHA.
3. The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. This is the same method of accounting as was used in the preparation of the Authority's basic financial statements.
4. The Housing Authority of the City of Alameda did not pass-through any federal awards to subrecipients during the fiscal year ended June 30, 2015.

CITY OF ALAMEDA HOUSING AUTHORITY (CA062)
ALAMEDA, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14,671 Housing Choice Vouchers	14,249 Section 8 Moderate Rehabilitation Single Room Occupancy	2 State/Local	14,896 PIH Family Self-Sufficiency Program	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$119,860	\$73,621	\$648,197			\$1,041,698		\$1,041,698
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$0		\$445,217			\$445,217		\$445,217
114 Cash - Tenant Security Deposits			\$521,193			\$521,193		\$521,193
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$119,860	\$73,621	\$1,814,607	\$0	\$0	\$2,008,108		\$2,008,108
121 Accounts Receivable - PHA Projects	\$6,019					\$6,019		\$6,019
122 Accounts Receivable - HUD Other Projects	\$10,982					\$10,982		\$10,982
124 Accounts Receivable - Other Government			\$93,243			\$93,243		\$93,243
125 Accounts Receivable - Miscellaneous	\$2,765		\$255,064			\$257,839		\$257,839
126 Accounts Receivable - Tenants			\$66,279			\$66,279		\$66,279
126.1 Allowance for Doubtful Accounts - Tenants								
126.2 Allowance for Doubtful Accounts - Other	\$0		-\$13,100			-\$13,100		-\$13,100
127 Notes, Loans, & Mortgages Receivable - Current			\$0			\$0		\$0
128 Fraud Recovery	\$165,963					\$165,963		\$165,963
128.1 Allowance for Doubtful Accounts - Fraud	-\$155,283					-\$155,283		-\$155,283
129 Accrued Interest Receivable	\$371		\$22,993			\$23,364		\$23,364
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$30,837	\$0	\$424,469	\$0	\$0	\$455,306		\$455,306
131 Investments - Unrestricted	\$375,078		\$28,151,955			\$28,527,034		\$28,527,034
132 Investments - Restricted	\$143,764		\$3,417,566			\$3,561,330		\$3,561,330
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$207		\$32,628			\$32,835		\$32,835
143 Inventories			\$15,840			\$15,840		\$15,840
143.1 Allowance for Obsolete Inventories			\$0			\$0		\$0
144 Inter Program Due From								
145 Assets Held for Sale								
150 Total Current Assets	\$669,767	\$73,621	\$3,657,065	\$0	\$0	\$34,600,453		\$34,600,453

161 Land					\$14,612,054			\$14,612,054		\$14,612,054
162 Buildings					\$31,645,009			\$31,645,009		\$31,645,009
163 Furniture, Equipment & Machinery - Dwellings	\$40,125				\$390,977			\$390,977		\$390,977
164 Furniture, Equipment & Machinery - Administration										
165 Leasehold Improvements					\$9,576,102			\$9,576,102		\$9,576,102
166 Accumulated Depreciation	-\$40,125				-\$22,415,362			-\$22,415,362		-\$22,415,362
167 Construction In Progress										
168 Infrastructure										
169 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$33,808,780	\$0	\$0	\$33,808,780		\$33,808,780
171 Notes, Loans and Mortgages Receivable - Non-Current										
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due					\$13,558,920			\$13,558,920		\$13,558,920
173 Grants Receivable - Non Current										
174 Other Assets										
176 Investments in Joint Ventures										
180 Total Non-Current Assets	\$0	\$0	\$0	\$0	\$47,367,700	\$0	\$0	\$47,367,700		\$47,367,700
200 Deferred Outflow of Resources	\$111,195				\$276,563	\$2,849		\$390,607		\$390,607
260 Total Assets and Deferred Outflow of Resources	\$780,962	\$73,621	\$73,621	\$81,501,328	\$82,358,760	\$2,849	\$0	\$82,358,760		\$82,358,760
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$4,831				\$1,220	\$2,785	\$10,080	\$18,916		\$18,916
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable										
322 Accrued Compensated Absences - Current Portion	\$24,886				\$85,324			\$110,210		\$110,210
324 Accrued Contingency Liability										
325 Accrued Interest Payable					\$882,769			\$882,769		\$882,769
331 Accounts Payable - HUD PHA Programs					\$2,345			\$2,345		\$2,345
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government										
341 Tenant Security Deposits					\$516,838			\$516,838		\$516,838
342 Unearned Revenue	\$0				\$17,523,747			\$17,523,747		\$17,523,747
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					\$876,271			\$876,271		\$876,271
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities										
346 Accrued Liabilities - Other	\$65,365				\$554,453	\$1,237		\$621,055		\$621,055
347 Inter Program - Due To										

CITY OF ALAMEDA HOUSING AUTHORITY (CA062)
ALAMEDA, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	2 State/Local	14.896 PIH Family Self-Sufficiency Program	6.1 Component Unit - Discretely Presented	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$3,361,270			\$3,361,270		\$3,361,270
70400 Tenant Revenue - Other	\$0	\$0	\$57,262			\$57,262		\$57,262
70500 Total Tenant Revenue			\$3,418,532	\$0	\$0	\$3,418,532		\$3,418,532
70600 HUD PHA Operating Grants	\$24,361,186	\$197,442		\$28,500		\$24,587,128		\$24,587,128
70610 Capital Grants								
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue								
70800 Other Government Grants			\$6,344,038			\$6,344,038		\$6,344,038
71100 Investment Income - Unrestricted	\$1,404		\$96,963			\$98,367		\$98,367
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery	\$15,686					\$15,686		\$15,686
71500 Other Revenue	\$156,146		\$2,138,663	\$0		\$2,294,809		\$2,294,809
71600 Gain or Loss on Sale of Capital Assets			\$109,988			\$109,988		\$109,988
72000 Investment Income - Restricted	\$0		\$0			\$0		\$0
70000 Total Revenue	\$24,534,422	\$197,442	\$12,108,184	\$28,500	\$0	\$36,868,548		\$36,868,548
91100 Administrative Salaries	\$962,664	\$39,429	\$1,656,774	\$23,307		\$2,702,374		\$2,702,374
91200 Auditing Fees	\$6,921	\$300	\$25,079			\$31,300		\$31,300
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$370,011		\$641,177	\$6,764		\$1,017,952		\$1,017,952

91600 Office Expenses	\$300,025	\$357,503	\$132	\$657,660	\$657,660
91700 Legal Expense	\$17,667	\$113,066	\$10,060	\$140,833	\$140,833
91800 Travel	\$13,395	\$33,502	\$1,629	\$48,526	\$48,526
91810 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$1,669,863	\$2,827,121	\$31,832	\$4,598,645	\$4,598,645
92000 Asset Management Fee					
92100 Tenant Services - Salaries	\$22,572	\$99,901		\$122,473	\$122,473
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$475	\$26,180	\$192	\$26,372	\$26,372
92400 Tenant Services - Other	\$23,047	\$69,101		\$89,576	\$89,576
92500 Total Tenant Services	\$1,642	\$185,125	\$192	\$218,421	\$218,421
93100 Water	\$6,768	\$117,510		\$124,278	\$124,278
93200 Electricity	\$582	\$76,321		\$76,903	\$76,903
93300 Gas					
93400 Fuel					
93500 Labor	\$441	\$237,693		\$238,134	\$238,134
93600 Sewer					
93700 Employee Benefit Contributions - Utilities	\$193	\$264		\$457	\$457
93800 Other Utilities Expense	\$9,626	\$616,913	\$0	\$626,539	\$626,539
93000 Total Utilities	\$1,047,631	\$1,047,631		\$1,047,631	\$1,047,631
94100 Ordinary Maintenance and Operations - Labor	\$3,660	\$219,091		\$222,751	\$222,751
94200 Ordinary Maintenance and Operations - Materials and Other	\$24,652	\$1,398,183		\$1,422,835	\$1,422,835
94300 Ordinary Maintenance and Operations Contracts		\$205,301		\$205,301	\$205,301
94500 Employee Benefit Contributions - Ordinary Maintenance	\$28,312	\$2,870,206	\$0	\$2,898,518	\$2,898,518
94000 Total Maintenance	\$12,965	\$197,155	\$0	\$210,120	\$210,120
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services	\$12,965	\$197,155	\$0	\$210,120	\$210,120
95000 Total Protective Services	\$5,338	\$67,245		\$67,245	\$67,245
96110 Property Insurance		\$37,336		\$42,676	\$42,676
96120 Liability Insurance					

96130	Workmen's Compensation	\$16,343	\$58,547	\$498	\$75,388	\$75,388
96140	All Other Insurance	\$489	\$7,146		\$7,617	\$7,617
96100	Total Insurance Premiums	\$22,150	\$170,278	\$498	\$192,926	\$192,926
96200	Other General Expenses	\$176,316	\$34,937		\$211,223	\$211,223
96210	Compensated Absences					
96300	Payments in Lieu of Taxes	\$9,030	\$13,633		\$22,663	\$22,663
96400	Bad debt - Tenant Rents					
96500	Bad debt - Mortgages					
96600	Bad debt - Other					
96800	Severance Expense					
96000	Total Other General Expenses	\$185,346	\$48,540	\$0	\$233,886	\$233,886
96710	Interest of Mortgage (or Bonds) Payable		\$1,167,613		\$1,167,613	\$1,167,613
96720	Interest on Notes Payable (Short and Long Term)					
96730	Amortization of Bond Issue Costs	\$0	\$1,167,613	\$0	\$1,167,613	\$1,167,613
96700	Total Interest Expense and Amortization Cost	\$0	\$1,167,613	\$0	\$1,167,613	\$1,167,613
96900	Total Operating Expenses	\$1,971,329	\$8,093,038	\$32,522	\$10,146,668	\$10,146,668
97000	Excess of Operating Revenue over Operating Expenses	\$22,563,093	\$4,015,176	-\$4,022	\$26,721,880	\$26,721,880
97100	Extraordinary Maintenance		\$519,938		\$519,938	\$519,938
97200	Casualty Losses - Non-capitalized					
97300	Housing Assistance Payments	\$22,756,702	\$157,713		\$22,914,415	\$22,914,415
97350	HAP Portability-In	\$67,455			\$67,455	\$67,455
97400	Depreciation Expense		\$1,334,085		\$1,334,085	\$1,334,085
97500	Fraud Losses					
97600	Capital Outlays - Governmental Funds					
97700	Debt Principal Payment - Governmental Funds					
97800	Dwelling Units Rent Expense	\$24,795,466	\$197,442	\$32,522	\$34,982,561	\$34,982,561
90000	Total Expenses	\$24,795,466	\$197,442	\$32,522	\$34,982,561	\$34,982,561
10010	Operating Transfer In					
10020	Operating transfer Out					
10030	Operating Transfers from/to Primary Government					
10040	Operating Transfers from/to Component Unit					
10050	Proceeds from Notes, Loans and Bonds					

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Commissioners
Housing Authority of the City of Alameda
Alameda, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Alameda, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Alameda, California's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Alameda, California's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Alameda, California's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist and not have been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Alameda, California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chopper Rowe, LLP

Walnut Creek, California
December 16, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Independent Auditors' Report

To the Board of Commissioners
Housing Authority of the City of Alameda
Alameda, California

Report on Compliance for Each Major Program

We have audited the Housing Authority of the City of Alameda, California's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Alameda, California's major federal programs for the year ended June 30, 2015. The Housing Authority of the City of Alameda, California's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Alameda, California's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Alameda, California's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Alameda, California's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Alameda, California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Alameda, California is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Alameda's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Alameda, California's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities, the one major fund, and the aggregate remaining fund information of the Housing Authority of the City of Alameda, California as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Alameda's basic financial statements. We issued our report thereon dated December 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Choppen Rowe, LLP

Walnut Creek, California
December 16, 2015

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

The previous audit report for the year ended June 30, 2014 contained no audit findings.

**HOUSING AUTHORITY OF THE CITY OF ALAMEDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements?	no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major programs:	
Section 8 Housing Choice Vouchers	14.871
Dollar threshold to distinguish between Type A and Type B programs	\$750,763
Auditee qualified as low risk auditee?	yes



Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-846;

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 20, 2016

RE: Annual Review of Investment Policy

BACKGROUND

In February 1996 the Housing Commission adopted by resolution a revised Investment Policy for the investment of program funds provided by the U. S. Department of Housing and Urban Development (HUD) and to allow for less restrictive investment of non-HUD program funds.

Because of legislation, passed by the Federal and State governments during 1995 and 1996, all government agencies are required to review the investment policy at a public meeting of their officials once each year.

DISCUSSION

The State Legislature passed the following legislation, in 1995 SB 564 (Chapter 783) and SB 866 (Chapter 784) followed in July of 1996, two statutes modifying provisions of SB 564 and SB 866, SB 864 (Chapter 156) and AB 2845 (Chapter 81). The Federal Government through HUD issued Notice PIH 95-27 May 11, 1995 revised by Notice 96-33 June 4, 1996, reinstated by PIH 2002-13.

State legislation requires that the Authority Finance Director file an annual investment policy with the Board of Commissioners. It also requires that the Finance Director file a quarterly report with the Board of Commissioners on the status of all investments, compliance with the adopted investment policy and a certificate that the expenditure requirements for the next six months can be met.

California Government Code provides that each person or governing body investing public funds is a Trustee and, therefore, is a fiduciary subject to the Prudent Investor Standard. It further provides that the primary objectives when investing public funds are the safety of principal, preservation of liquidity and the return of an acceptable yield, in that order. The bill also prohibits the use of specific investment vehicles and limits the use of others, including reverse repurchase agreements.

The types of investments permitted under the State and Federal legislation are not different from the types of investments currently held by the Housing Authority. All Housing Authority investments are insured, government backed or fully collateralized securities that ensure the safety of the principal, preserve liquidity and provide an acceptable yield.

The attached Investment Policy follows a model investment policy provided by the Municipal Treasurers Association of the United States and Canada (as noted in Local Agency Investment Guidelines booklet prepared by the California Debt Advisory Commission approved by Matt Fong, when he was State Treasurer and Chairman).

FISCAL IMPACT

Does not apply.

RECOMMENDATION

It is recommended that the Board of Commissioners accept the report on the Investment Policy.

Respectfully submitted,



Vanessa M. Cooper
Executive Director

VC:MW

Attachment

INVESTMENT POLICY

SCOPE:

This investment policy applies to all liquid assets of the Housing Authority of the City of Alameda. These funds are accounted for in the Consolidated Annual Financial Statements, which includes the Housing Choice Voucher program and SRO Program.

PRUDENCE:

Investments shall be made with good judgment and care, under prevailing circumstances, 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 probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent person" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

OBJECTIVE:

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities, shall be:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Housing Authority investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. **Liquidity.** The investment portfolio will remain sufficiently liquid to enable the Housing Authority to meet all operating requirements which might be reasonably anticipated.
3. **Return on Investments.** The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. (California Government Code 53600.5)

DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from Section 401(E) of the HUD/PHA Annual Contributions Contract and California Government Code Sections 53601, et seq. Management responsibility for the investment program is hereby delegated to the Executive Director, who shall establish written procedures for the operation of the

INVESTMENT POLICY

investment program consistent with this investment policy.

Procedures should include references to safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements, banking services contracts, as appropriate. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Executive Director.

The Executive Director is responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinate officials. The Executive Director is a trustee and a fiduciary subject to the prudent investor standard. (California Government Code 53600.3)

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process will refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Executive Director will select financial institutions on the basis of credit worthiness, financial strength, experience and minimal capitalization, that are authorized to provide investment services. No public deposit shall be made except in a qualified public depository as established by State laws.

For brokers/dealers of government securities and other investments, the Executive Director will select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Executive Director will have received from said firm a signed Certification Form. This form will attest that the individual responsible for the Housing Authority's account with that firm has reviewed the Authority's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the Housing Authority that are appropriate under the terms and conditions of the Investment Policy.

AUTHORIZED AND SUITABLE INVESTMENTS:

1. The Housing Authority is empowered by HUD Notice PIH 96-33 (reinstated by PIH 2002-13) to invest HUD funds in the following:
 - a. United States Treasury Bills, Notes and Bonds;

INVESTMENT POLICY

- b. Obligations issued by Agencies or Instrumentalities of the U. S. Government;
 - c. State or Municipal Depository Funds, such as the Local Agency Investment Fund (LAIF) or pooled cash investment funds managed by County treasuries;
 - d. Insured Demand and Savings Deposits, provided that deposits in excess of the insured amounts must be 100 percent collateralized by securities listed in "a" and "b" above;
 - e. Insured Money Market Deposit Accounts, provided that deposits in excess of the insured amount must be 100 percent collateralized by securities listed in "a" and "b" above;
 - f. Insured Super NOW Accounts, provided that deposits in excess of the insured amount must be 100 percent collateralized by securities listed in "a" and "b" above;
 - g. Negotiable Certificates of Deposit (CDs) issued by federally- or state-chartered banks or associations. Not more than 30 percent of surplus funds can be invested in CDs;
 - h. Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section. Securities purchased under these agreements will be no more than 102 percent of market value; (See special limits in HUD Notice 96-33 and CGC 53601.0.)
 - i. Sweep Accounts that are 100 percent collateralized by securities listed in "a" and "b" above;
 - j. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (i.e., Money Market Mutual Funds) Such Funds must carry the highest rating of at least two (2) national rating agencies. Not more than 20 percent of surplus funds can be invested in Money Market Mutual Funds;
 - k. Funds held under the terms of a Trust Indenture or other contract or agreement, including the HUD/PHA Annual Contributions Contract, may be invested according to the provisions of those indentures or contracts;
 - l. Principal only STRIPS; and
 - m. Any other investment security authorized under the provisions of HUD Notice PIH 96-33.
2. The Housing Authority is empowered by California Government Code (CGC) Sections

INVESTMENT POLICY

5922 and 53601 et seq. to invest non-HUD funds in the following:

- a. Bonds issued by the City of Alameda;
- b. United States Treasury Bills, Notes and Bonds;
- c. Registered state warrants or treasury notes or bonds issued by the State of California;
- d. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasuries, other local agencies or Joint Powers Agencies;
- e. Obligations issued by Agencies or Instrumentalities of the U. S. Government;
- f. Bankers Acceptances with a term not to exceed 180 days. Not more than 40 percent of surplus funds can be invested in Bankers Acceptances and no more than 30 percent of surplus funds can be invested in the bankers acceptances of any single commercial bank;
- g. Prime Commercial Paper with a term not to exceed 180 days and the highest rating issued by Moody's Investors Service or Standard & Poor's Corporation (S&P). Commercial paper cannot exceed 10 percent of total surplus funds, provided, that if the average maturity of all Commercial paper does not exceed 31 days, up to 30 percent of surplus funds can be invested in Prime Commercial paper;
- h. Negotiable Certificates of Deposit (CDs) issued by federally- or state-chartered banks or associations. Not more than 30 percent of surplus funds can be invested in CDs;
- i. Repurchase/Reverse Repurchase Agreements of any securities authorized by this Section. Securities purchased under these agreements will be no less than 102 percent of market value. Reverse repos cannot constitute more than 20 percent of AHA's portfolio. Reverse repos are also limited to 92 days unless the minimum spread between the rate on investment and cost of funds is guaranteed in writing. (See special limits in CGC 53601.)
- j. Medium term notes, not to exceed five (5) years of U. S. corporations rated "A" or better by Moody's or S&P. Not more than 30 percent of surplus funds can be invested in medium term notes;
- k. Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by this Section (i.e., Money Market Mutual Funds). Such Funds must carry the highest rating of at least two national rating

INVESTMENT POLICY

- agencies. Not more than 15 percent of surplus funds can be invested in Money Market Mutual Funds. In addition, no more than 10 percent of AHA's portfolio may be invested in any single mutual fund.
- i. Funds held under the terms of a Trust Indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements;
 - m. Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations;
 - n. Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five (5) years. Securities in this category must be rated "AA" or better by a national rating service. No more than 20 percent of surplus funds can be invested in this category of securities; and
 - o. Any other investment security authorized under the provisions of CGC 5922 and 53601.
 3. Also, see CGC 53601 and Attachment A to HUD Notice 96-33, "HUD Approved Investment Instruments," for a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities. CGC 53601 and Attachment A are attached and included by reference in this Investment Policy.
 4. Under the provisions of CGC 53631.5, the Housing Authority will not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

COLLATERALIZATION:

1. The percentage of collateralization on repurchase agreements will conform to the amount required under CGC 53601 (i)(2).

SAFEKEEPING AND CUSTODY:

1. All security transactions entered into by the Housing Authority will be conducted on delivery-versus-payment (DVP) basis.
2. All securities purchased or acquired will be delivered to the Board of Commissioner of the Authority by book entry, physical delivery, or by third-party custodial agreement. (CGC 53601)

INVESTMENT POLICY

DIVERSIFICATION:

It is the policy of the Housing Authority to diversify its investment portfolio. The Authority will diversify its investments by security type and, within each type, by institution. Assets will be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies will be determined and revised periodically. In establishing specific diversification strategies, the following guidelines will apply:

1. Portfolio maturities will be matched against projected liabilities to avoid an over concentration in a specific series of maturities.
2. Maturities selected will provide for stability and liquidity.
3. Disbursement and payroll dates will be covered by the scheduled maturity of specific investments, marketable U. S. Treasury Bills or Notes or other cash equivalent instruments, such as money market mutual funds.

MAXIMUM MATURITIES:

To the extent possible, the Housing Authority will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Housing Authority will not directly invest in securities maturing more than one year from the date of purchase. However, the Housing Authority may collateralize its repurchase agreements using longer-dated investments not to exceed one year to maturity.

Reserve funds may be invested in securities exceeding one year if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

INTERNAL CONTROL:

The Housing Authority shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

PERFORMANCE STANDARDS:

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

REPORTING:

INVESTMENT POLICY

The Executive Director shall submit to each member of the Board of Commissioners a quarterly investment report. The report will include:

1. A complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed by third party contractors.
2. The source of the portfolio valuation. In the case of funds invested in the LAIF, FDIC Insured accounts or county investment pools, current statements from those institutions will satisfy the above reporting requirements. The report will also include a certification that:
 - a. All investment actions executed since the last report have been made in full compliance with the Investment Policy; and
 - b. The Housing Authority will meet its expenditure obligations for the next six months.
[CGC 53646(b)]
3. The Executive Director will maintain a complete and timely record of all investment transactions.



Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2181 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and Members
of the Board of Commissioners

From: Vanessa Cooper, Executive Director

Prepared By: Marie Wang, Director of Finance

Date: January 20, 2016

RE: Authorize the Executive Director to Transfer \$15 Million of Housing Authority Reserve Funds from the Local Agency Investment Fund (LAIF) to an Initial Investment Up to \$2 Million in Certificates of Deposit and Up to \$13 Million to Specified Investment Accounts Managed by PFM Asset Management

BACKGROUND

At the April 22, 2015 Board of Commissioners meeting, PFM Asset Management was awarded a contract for investment services. At the July 22, 2015 Board of Commissioners meeting, a three-year cash flow projection was presented to the Board of Commissioners, demonstrating the various reserve sources of cash, cash for investment and future cash commitments. All cash reserves are currently held in LAIF.

This staff report provides an update to the three-year cash flow projections and requests the Board to authorize the Executive Director to transfer \$15 million of Housing Authority reserve funds from the Local Agency Investment Fund (LAIF). The initial investment with PFM will include \$2 million in Certificate of Deposits (CD's) of \$250,000 each and \$13 million to specified investment accounts managed by PFM Asset Management. The balance of reserve funds will remain in LAIF.

DISCUSSION

Summary of AHA Accounts

Attached to this staff report you will find a two-page spreadsheet titled "Available Investment Analysis". On the first page, there are two broad boxes titled "Available Funds 12/31/15" and "Suggested Investments". Across the top of the report are titles of AHA's major fund categories. The intent of the first broad box titled "Available Funds 12/31/15" is to identify the Source of Funds that are available either for ongoing operations, longer term development, operating reserves and building replacement reserves. NRP is Net Restricted Position and these are reserve funds restricted for an identified purpose. UNP is Unrestricted Net Position and identifies funds available with no restrictions. Hence the first box titled "Available Funds 12/31/15" identifies the sources of funds that are available for investment.

The next large box titled "Suggested Investment" identifies the approximately \$30 million available as of 12/31/15. Line 1 identifies cash in Banks for such things as daily operations and current approved Capital Improvement Projects. Line 2, Investment Services, identifies \$28 million dollars in cash that could be made available for longer-term investments.

The chart on the second page titled "Cash Needs" identifies what projects are in process and approaching in the next three years. This schedule was developed after various discussions with our management team regarding AHA's capital needs and development needs. It identifies when AHA management expects funds will need to be available for the next three years.

Cash Flow

Generally cash is generated from operations, loans, grants and special circumstances such as the funds transferred to AHA from the Successor Re-Development Agency. Cash is disbursed generally first for operations and then for the principal on AHA loans, Capital Improvement Projects, set asides for building replacement reserves and Development Projects. Occasionally there is a special situation such as the repayment of the unfunded pension liability.

The chart below illustrates how cash typical flows into and out of AHA:

Add:

Revenues from Rents and Grants

Subtract:

Operating Expenses

Equals:

Net Cash from Operations

Subtract:

Other Non-Operating Cash Items

- Examples:
- a. Principal payments on AHA debt
 - b. Capital Improvement Projects
 - c. Deposits to Building Replacement Reserves
 - d. IP set aside reserves

Staff has estimated the cash needs of the agency and has been conservative in the projections in order to ensure that cash will be available to cover all operational needs as well as unexpected events such as a delay in funding received through HUD.

Investment Strategy

AHA's investment policy requires the agency to diversify its investments. As of December 31, 2015, \$28 million was available in cash investment with Local Agency Investment Fund (LAIF). This strategy is intended to diversify AHA's investment and improve on investment returns while still meeting the Agency's

cash needs. We have consulted with other Housing Authorities (e.g. Housing Authority of the County of Santa Clara and Housing Authority of the City of Santa Barbara) in California before we developed our own strategies.

PFM has prepared a presentation that outlines the proposed investment strategy. A copy of the presentation is attached as Exhibit 2.

FINANCIAL IMPACT

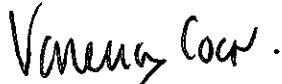
PFM Asset Management's pricing for services are .10% for the first \$25 million invested and .08% for any amount over \$25 million with a minimum annual fee of \$15,000. No additional fees are earned per trade or for any other services. Also, a custodial account will be established at US Bank (the AHA's regular banking partner) and no cash will be held by PFM.

It is anticipated that any fees paid out over the long run for Investment Services will be more than offset by improved investment performance. A report will be provided quarterly to the Board outlining the performance of the portfolio.

RECOMMENDATION

Authorize Executive Director to transfer \$15 million of Housing Authority reserve funds from the Local Agency Investment Fund (LAIF) to the initial investment up to 2 million in Certificate of Deposits (CD's) of \$250,000 each and up to \$13 million to specified investment accounts managed by PFM Asset Management. The rest of reserve funds will remain in LAIF.

Respectfully submitted,



Vanessa M. Cooper
Executive Director

VC/MW

Attachments:

1. Investment Analysis Spreadsheet
2. PFM Presentation

Available Investments Analysis
As of December 31, 2015

Category	Section 8 Funds	General Fund	IP	Esperanza	PV & EV	Owned	Successor Agency, Dev. and City	Totals
Available Funds 12/31/15								
Source of Funds								
NRP	X		X	X	X	X		
UNP	X	X	X	X	X	X		
Building Reserves		X			X	X		
Equipment Res	X	X	X	X	X	X		
FSS Escrow	X							
Bessie Coleman (SRO Program)	X							
FSS Coordinator Grant	X							
Shelter Plus Care	X							
IP Reserves		X						
IP Replacement Reserves			X					
PV & EV Replacement Res					X			
Development Loan								
Successor Agency				X			X	
Suggested Investment:								
1. Cash	758,464	216,412	246,352	991,445	101,200	100,000	10,000	2,423,873
2. Investment Services (IS)		1,500,000	1,509,632	14,575,635	4,750,931	5,204,904	785,202	28,326,304
Estimated Need for IS funds:								
0-6 months	-		209,816	2,828,111		1,934,377	80,000	5,052,304
6-12 months			209,816	2,828,111		1,326,073	400,000	4,764,000
12-18 months			295,000	194,798		-	305,202	795,000
Two years		1,000,000	295,000	470,000				1,765,000
Three years		500,000	500,000	8,254,615	4,750,931	1,944,454		15,950,000
Need Totals	-	1,500,000	1,509,632	14,575,635	4,750,931	5,204,904	785,202	28,326,304

Investments-Liquidity Analysis
As of December 31, 2015

Cash Needs	Amount	Time Horizon					
		1-6 Months	6-12 Months	12-18 Months	Two Years	Three Years	
Pension Unfunded Liability	1,800,000	1,800,000					
Modernization Budgeted	-						
Net Operations and CIP's & EMP's FY 2016 Budget	5,736,304	3,172,304	2,564,000				
Net Operations and CIP's & EMP's FY 2017, 2018 per estimate	590,000	-	-	295,000	295,000		
Total Modernization	8,126,304	4,972,304	2,564,000	295,000	295,000	-	
Development							
2437 Eagle	2,000,000	-	2,000,000				
Stargell Commons Loan	-		-				
North Housing (Supportive Units) Alameda Point (2015-2019)	7,100,000			300,000	1,000,000	5,800,000	
Rosefield Village or Parrot Village Redevelopment (2017-2019)	3,500,000					3,500,000	
Development Administrative Cost	1,600,000	80,000	200,000	200,000	470,000	650,000	
Total Development	14,200,000	80,000	2,200,000	500,000	1,470,000	9,950,000	
Operations-Reserves	6,000,000					6,000,000	
Total Need	28,326,304	5,052,304	4,764,000	795,000	1,765,000	15,950,000	



**Alameda Housing Authority
Investment Strategy Recommendations
January 20, 2016**

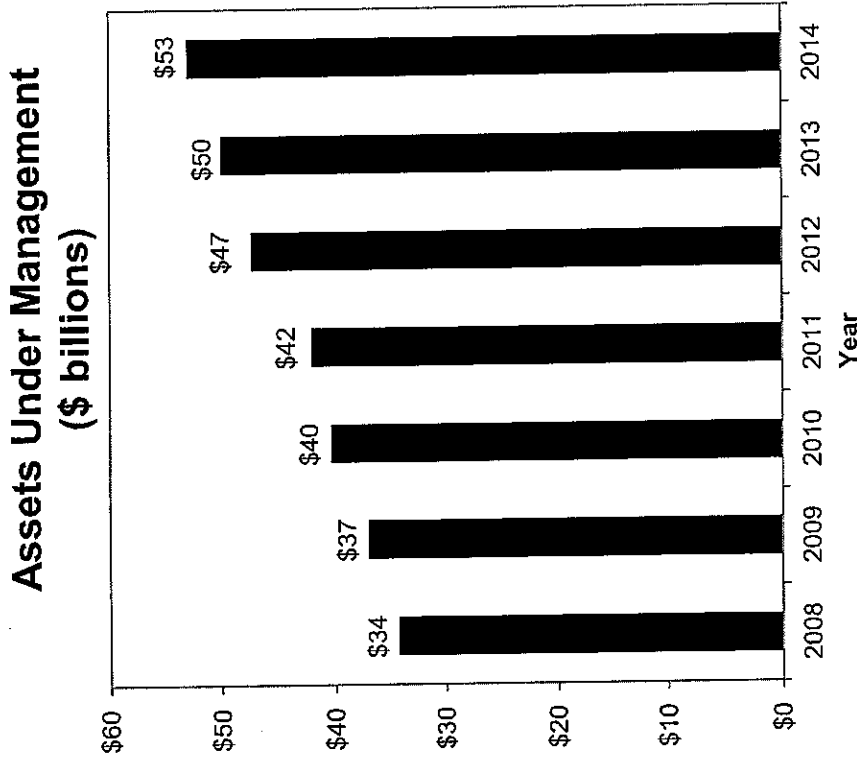


The PFM Group
Financial & Investment Advisors

50 California Street, Suite 2300
San Francisco, CA 94111
(415) 982-5544
www.pfm.com

PFM Asset Management LLC

- Local expertise with over \$12 billion assets under management for California public agencies
- Over 30 years of experience
- Deep bench of resources focused solely on public sector
- Client-minded approach
- Strong track record
- Culture of integrity, transparency, and risk management



Our goal is to provide the highest-quality advice to our clients so they are able to raise, invest, and manage the resources they need in the most cost-effective manner possible.

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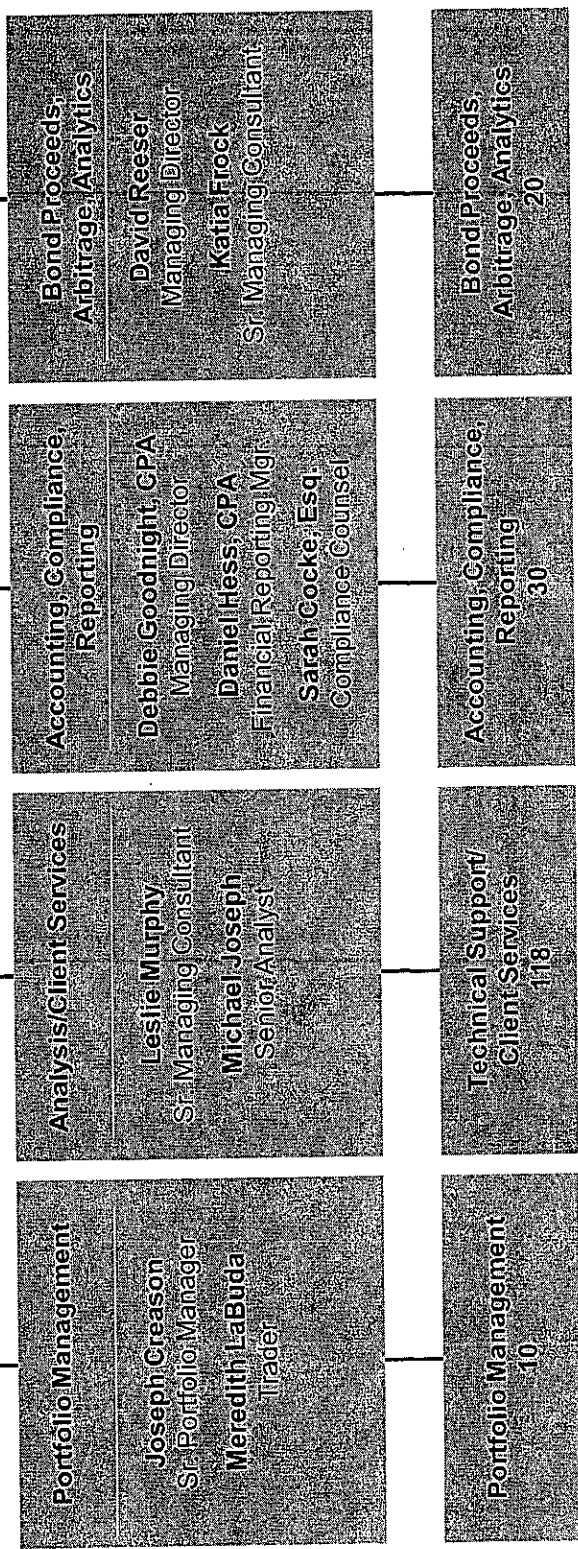
AHA's PFMAM Team



Monique Spyke
Director
Co-Engagement
Manager

Nancy Jones
Managing Director
Co-Engagement
Manager

**Project
Team
Leaders**



**Project
Team**

**Additional
resources
available to AHA**

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AHA's Investment Objectives

Safety

- Safety of principal is the foremost objective of the investment program. Housing Authority investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

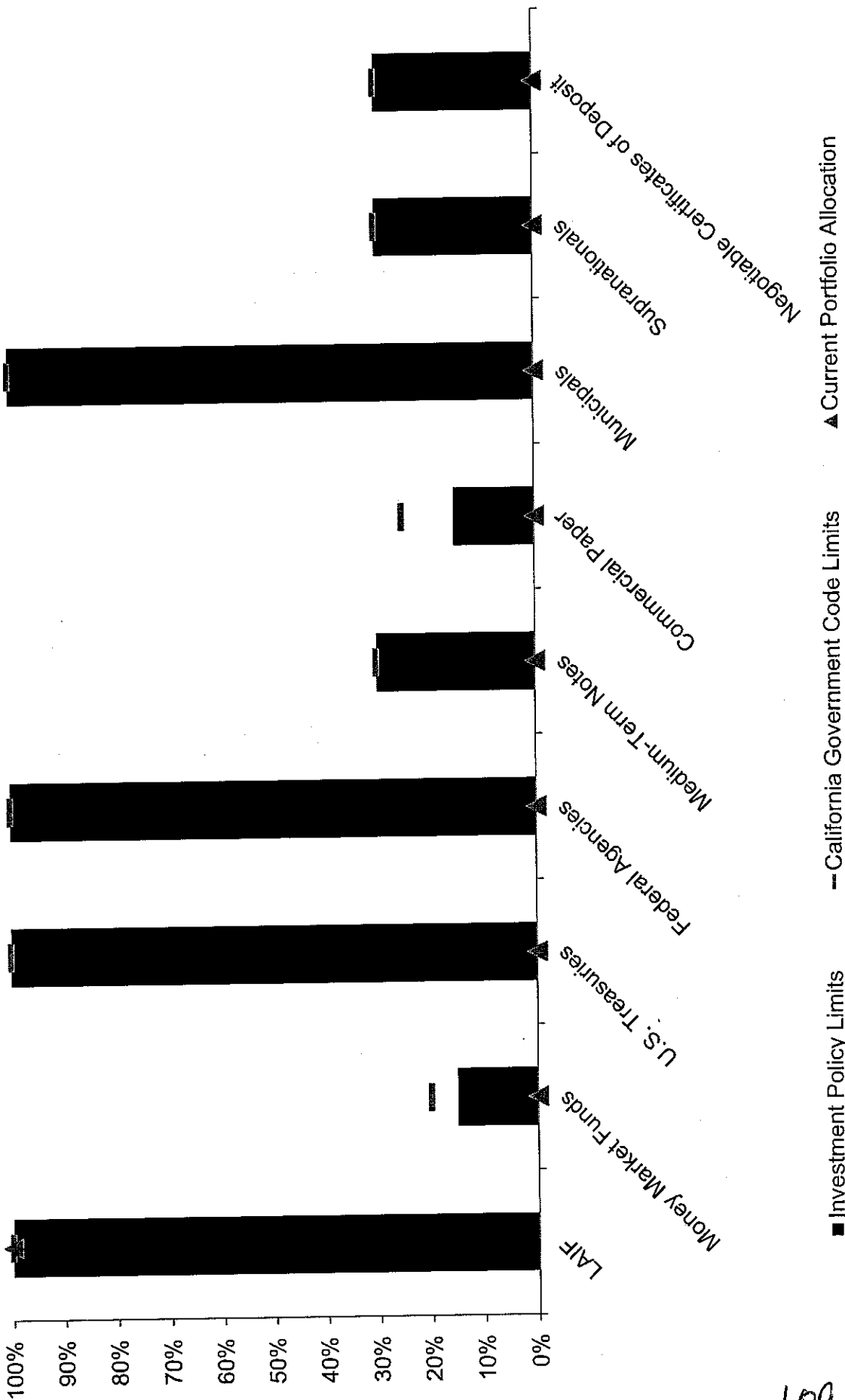
Liquidity

- The investment portfolio will remain sufficiently liquid to enable the Housing Authority to meet all operating requirements which might be reasonably anticipated.

Return on Investments

- The investment portfolio will be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Policy and Permitted Investments



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Source: Housing Authority of the City of Alameda Investment Policy (non-HUD funds).

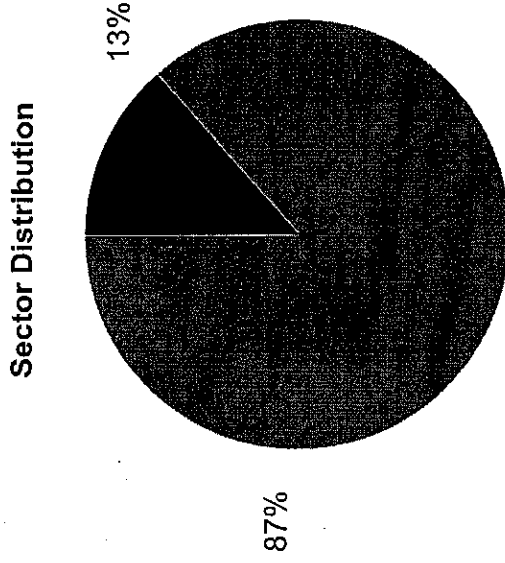
Investment Strategy Implementation

- Recommend the Authority establish the 0-5 Year Bank of America Merrill Lynch Treasury Index as performance benchmark.
- Recommend the Authority limit initial purchases to U.S. government securities such as U.S. treasury and federal agency securities.
- Recommend the Authority take advantage of higher yields available in financial sector by utilizing negotiable certificates of deposit, which can be FDIC insured up to \$250,000.

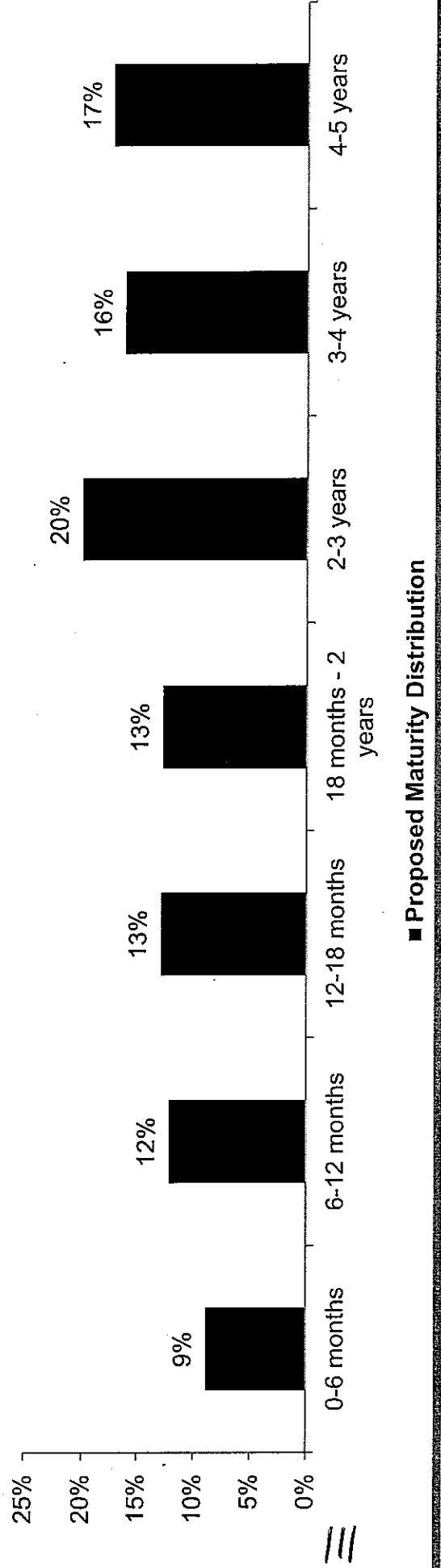
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Implementation Portfolio

- Invest \$15 million in accordance with the Authority's investment.
- Sector distribution remains conservative.
- Maturity distribution complements recommended benchmark and the Authority's expected use of funds.



■ Negotiable Certificates of Deposit ■ Government Securities*



Assessing and Monitoring Risk and Return

Integrated Software Systems

- Pre- and post-trade compliance
- Accurate and comprehensive reporting
- Broad and efficient market access and trade execution

Technical Abilities and Analytics

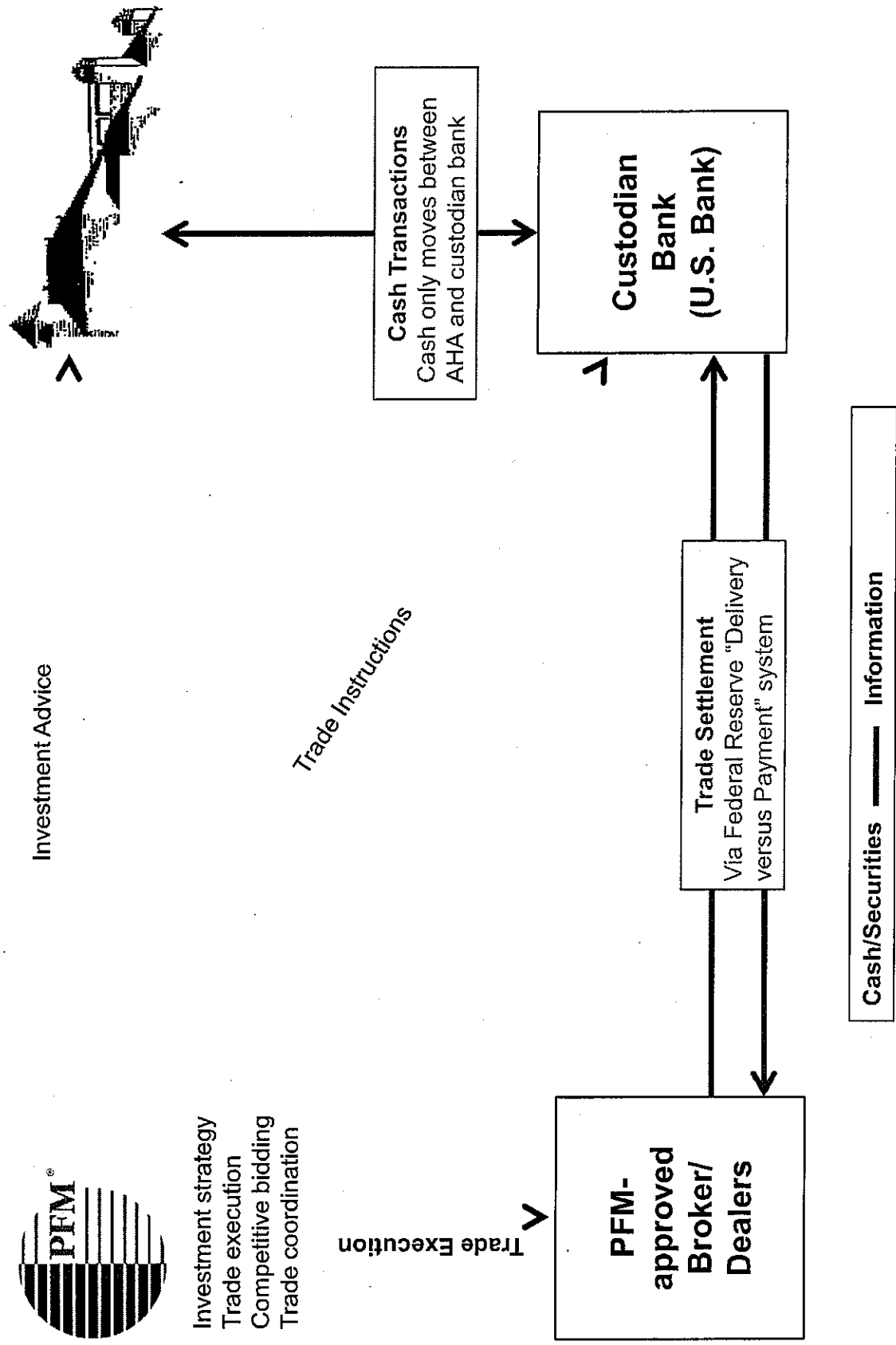
- Models to monitor portfolio risk
- Analytics that provide supporting rationale for portfolio activity
- Performance calculation and monitoring tools in compliance with GIPS

Organizational Structure and Control Procedures

- Independent Compliance Department
- Separation of duties results in appropriate checks and balances
- Internal controls and operational procedures

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Trade Execution Processes



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Disclaimer

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Housing Authority of the City of Alameda

701 Atlantic Avenue, Alameda, CA 94501 ~ Phone: (510) 747-4300 ~ Fax: (510) 522-7848 ~ TDD: (510) 522-8467 ~ Web: www.alamedahsg.org

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Prepared by: Claudia Young
Housing and Community Development Program Manager

Date: January 20, 2016

Re: Del Monte Project Update; Authorize the Executive Director to Execute
Documents Related to the Submission of a Tax Credit Application, and
Negotiate and Execute a Purchase Option Agreement

BACKGROUND

In August 2014, the Board authorized staff to work with developer Tim Lewis Communities (TLC) regarding the potential development of a new 31-unit senior rental project at the Del Monte redevelopment site located at 1501 Buena Vista Avenue. In November 2014, the Board provided further direction to staff to proceed with negotiations concerning the acquisition of the site.

In July 2014, the Board approved acquisition of the City owned portion of the site and a loan of \$700,000 from the Housing Successor Asset Fund to Island City Development (ICD) for pre-development expenses. The .8-acre total development site is comprised of two .4-acre parcels, one owned by the City and the other owned by the private owner of the Del Monte warehouse.

TLC will be creating 308 housing units within the existing Del Monte building. This building will include 24 units available to moderate-income households; the units may be for-sale or for-rent. The regulatory agreement that governs the overall project provides an option for the Housing Authority to purchase one or more of the units. The Housing Authority will develop 31 senior rental units affordable to low and very low-income households on the adjacent corner parcel. This will include 30 accessible one-bedroom units and one two-bedroom manager's unit.

Good progress has been made to advance the project. The Agreement for the Development of Affordable Housing with Tim Lewis Communities (TLC) and the City

Option to Purchase Agreement have been executed. The project received approval by the Planning Board on May 26, 2015 and final color scheme was approved on October 26, 2015. In addition, staff received proposals for architectural and engineering services and SGPA Architecture was selected. SGPA has extensive experience in both affordable senior housing and has specific talent with cost control. The contract with SGPA has been executed by ICD in the not to exceed amount of \$550,000.

DISCUSSION

The proposed development schedule is shown below. Staff is working on an application for 9% low-income housing tax credits that is due on March 1, 2016. Construction of the affordable rental project depends upon timely completion of infrastructure improvements by TLC. The site infrastructure work was planned to begin in early 2016, but the Del Monte site has not yet been transferred from the private owner to TLC and permits have not been issued. If TLC is delayed beyond a March start for infrastructure work, staff will delay the application of the tax credit application to the second round. The second round application due date is July 1, 2016.

Dates	Activity
August 2014	Board Authorization to Proceed
May 2015	Planning Board Approval
March (or July) 2016	Tax Credit Application Submission
November 2016 (or March 2017)	Construction Loan Closing
December 2016 (or April 2017)	Construction Start
March 2018 (or July 2018)	Construction Completion

Once the project has been funded, both the City parcel and the TLC parcel will be transferred to AHA at closing. The terms of the transfer of the TLC parcel are outlined in the Purchase Option Agreement (Exhibit A).

Staff is seeking Board authorization for the Executive Director to execute documents necessary for the submission of a tax credit application and other related documents and the option agreement to acquire the privately owned parcel

FINANCIAL IMPACT

Project financing will be provided through tax credit equity, a developer contribution grant from Tim Lewis Communities (the market-rate private developer) and a

conventional mortgage that will be supported by tenant rents and the project based voucher subsidy.

The land will be leased at a nominal fee from the owner (Housing Authority) to the tax credit partnership.

Design fees, legal fees and other eligible costs incurred during the pre-development period will be paid from the approved Housing Authority loan to Island City Development (ICD) and will be reimbursed when the construction loan closes.

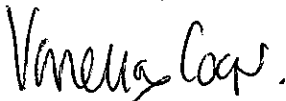
As project developer, the Housing Authority or ICD will be eligible to earn development fee in the approximate amount of \$1,400,000. Some portion of this fee may be deferred, but will be paid from project cash flow. Additionally, ground lease payments may be made from available cash flow subject to the terms of the Limited Partnership Agreement that will be negotiated with the tax credit investor.

RECOMMENDATION

Authorize and approve actions necessary to proceed with the financing and construction of the Eagle Avenue project including the following separate actions:

- a. Authorize the Executive Director to execute documents necessary for the submission of a tax credit application and any related documents
- b. Authorize the Executive Director to negotiate and execute an Option Agreement to acquire the privately owned parcel

Respectfully submitted,



Vanessa M. Cooper
Executive Director

Attachments: Exhibit A - Real Property Purchase Option Agreement

REAL PROPERTY
PURCHASE OPTION AGREEMENT

THIS REAL PROPERTY PURCHASE OPTION AGREEMENT (this "Agreement") is entered into as of _____, 2016 ("Effective Date") by and among [ENCINAL DEL MONTE PLANT 48 REUSE, LLC, a California limited liability company] ("Optionor"), TL PARTNERS I, LP, a California limited partnership ("Developer") and ALAMEDA HOUSING AUTHORITY, a public body, corporate and politic ("Optionee"), in the following factual context:

RECITALS

A. Optionor is the owner of approximately 11.06 acres of real property located at the northeast corner of the intersection of Sherman Street and Buena Vista Avenue, identified as Assessor's Parcel Number 072-0383-004 and commonly known as the Del Monte Warehouse, with an address of 1501 Buena Vista Avenue, City of Alameda, County of Alameda (the "Del Monte Property").

B. Optionor and Developer are parties to that certain Agreement for Purchase and Sale of Real Property dated July 2, 2013, as amended (the "Del Monte PSA") pursuant to which Optionor has agreed to sell and Developer has agreed to purchase the Del Monte Property to Developer, and in connection with that transaction Developer has acquired approval of certain entitlements for the Del Monte Property from the City of Alameda.

C. Optionee desires to obtain from Optionor and Optionor desires to grant Optionee an exclusive option to purchase approximately _____ acres of the Del Monte Property included within Subarea B of the Master Plan for the Del Monte Property (adopted December 15, 2014 by Ordinance No. 3115) (the "Del Monte Warehouse Master Plan"), in the general location and configuration shown on Exhibit A, attached hereto (the "Developer Parcel"). This real property, together with all improvements and all right, title and interest of Optionor in and to all privileges, rights, easements and appurtenances attaching to or associated with the real property, all minerals, water, and oil, gas and other hydrocarbon substances, and all air and water rights relating to the real property, is referred to as the "Land".

D. Without making any representations as to the extent of such property, Optionor may also own certain tangible and intangible personal property relating to the Land (the "Intangible Property"). The Land and the Intangible Property and such other tangible and intangible property acquired by Optionor in connection with the Land are referred to collectively as the "Property".

E. Developer has previously entered into a Development Agreement (Del Monte Warehouse Project) dated January 15, 2015 (the "DA") with the City of Alameda ("City") with respect to the development of the Del Monte Property.

F. In furtherance of Developer's obligation to provide low and moderate income housing under the terms of the DA, Developer and the Optionee have entered into that certain Agreement for Development of Affordable Housing (Del Monte) (the "Affordable Housing

Agreement”) setting forth the terms under which Optionee shall develop a senior affordable housing building on the Property and an adjacent parcel owned by the City, which senior affordable housing building shall consist of not less than fourteen (14) housing units affordable to low-income households and not less than seventeen (17) housing units affordable to very-low-income households, one (1) of which may be a manager’s unit, all as defined in the City of Alameda’s Inclusionary Housing Ordinance (Alameda Municipal Code § 30-16) as the same may be amended or any successor laws or ordinances (the “**Affordable Project**”).

Now, therefore, in consideration of the mutual covenants contained herein, the parties agree as follows:

AGREEMENT

1. Grant of Purchase Option. Subject to the terms and conditions of this Agreement including the Recitals set forth in paragraphs A through F above (which, by this reference, are incorporated into this Agreement), Optionor grants to Optionee an exclusive and irrevocable option during the Purchase Option Period (“**Purchase Option**”) to purchase all of the Property for the Purchase Price. Developer acknowledges and agrees that it shall accept assignment of, and/or take ownership of the Del Monte Property subject to, this Agreement at the time Developer and Optionor close on the Del Monte PSA.

Purchase Price. The purchase price for the Property shall be One Dollar (\$1.00) (the “**Purchase Price**”).

3. Purchase Option Consideration. The consideration for the grant of the Purchase Option is comprised of (a) the steps that Optionee is currently taking to design the Affordable Project; and (b) Optionee’s obligation to pursue funding sources it deems necessary (including low-income housing tax credits and/or tax-exempt bond financing) and construct the Affordable Project pursuant to the Affordable Housing Agreement.

4. Duration and Exercise of Option.

4.1 Purchase Option Period. The period of time for any exercise of the Purchase Option by Optionee shall commence on the Effective Date and shall expire at 11:59 p.m., June 30, 2017 (the “**Purchase Option Period**”). The foregoing notwithstanding, Optionee shall have the right to extend the Purchase Option Period to the later of (a) June 30, 2018, and (b) the last day of the “Purchase Option Period” under the Real Property Purchase Option Agreement dated _____, 2015, between Optionee and the City of Alameda remains in full force and effect.

4.2 Exercise of Option. Optionee shall have the right to exercise the Purchase Option at any time during the Purchase Option Period by giving Optionor written notice stating that Optionee exercises the Purchase Option (the “**Purchase Option Exercise Notice**”). If Optionor has not received a Purchase Option Exercise Notice prior to the expiration of the Purchase Option Period, Optionor shall give written notice to Optionee of the expiration of the Purchase Option Period, as the same may be extended, and Optionee shall have a grace period of five (5) Business Days from receipt of the notice to exercise the Purchase Option by delivering the Purchase Option Exercise Notice to Optionor. If the grace period expires without

receipt by Optionor of the Purchase Option Exercise Notice, then this Purchase Option shall terminate and shall thereafter be of no force or effect.

4.3 Purchase and Sale upon Exercise. In the event of exercise of the Purchase Option by Optionee, Optionee shall be obligated to purchase and Optionor shall be obligated to sell the Property on the terms and conditions set forth in this Agreement.

5. Due Diligence.

5.1 Right of Entry and Inspection. For the period (the "Feasibility Period") commencing on the Effective Date, and continuing until 5:00 p.m. on the ninetieth (90th) day thereafter (the "Feasibility Date"), Optionee at its sole cost and expense, and its designees shall have the right to enter upon all portions of the Property at all reasonable times upon not less than twenty-four (24) hours prior notice to Optionor, for the purpose of conducting soils tests, tests for the presence of Hazardous Substances and wastes, engineering, seismic and geologic studies, inspection of structures, investigation of the availability of governmental entitlements and utilities and any other purposes reasonably related to Optionee's acquisition of the Property and Optionee's planning, development and construction of the Affordable Project. In the event of a Optionee Termination, Optionee shall repair any material damage to the Land resulting directly from Optionee's testing or sampling, and immediately provide Optionor, at no additional cost to Optionor, with copies of any reports, maps, and drawings and other non-proprietary and non-privileged documents developed, or produced during the Feasibility Period, together with Optionee's written consent to the extent it can be provided) to Optionor's future use of the Property. Optionee shall keep the Property free of liens arising from the conduct of Optionee and its designees and their employees, agents, contractors. Optionee shall defend (with counsel reasonably acceptable to Optionor) and indemnify Optionor against any claims, damages, liabilities or costs (including reasonable attorney fees) directly caused by Optionee's or Optionee's designees' entry and activities on the Property; provided, however, that this indemnity shall not apply to impacts on the value of the Property arising from conditions discovered by Optionee's testing, inspection or investigation. This indemnity shall survive the termination of this Agreement.

5.2 Property Information. Within thirty (30) days of the Effective Date, Optionor shall deliver to Optionee the following documents within Optionor's possession, custody or control and which Optionor can locate with reasonable efforts:

- (a) copies of any reports including, but not limited to, any environmental, soil, drainage reports or surveys related to the Property; and
- (b) copies of any agreements, covenants or contracts which restrict the use of the Property.

5.3 Termination. Optionee shall have the right, in its sole discretion, to terminate this Agreement for any or no reason during the Feasibility Period by written notice to Optionor, whereupon all rights and obligations of the parties to each other shall cease without further liability. In the event of termination, Optionor and Optionee shall instruct the Title Company (as defined at Section 8.1 below) to cancel the Escrow.

5.4 Title Review.

(a) Title Report. Within thirty (30) days after the Effective Date, Optionee shall request a current preliminary title report for the Property prepared by the Title Company, together with legible copies of all documents referred to in the title report (collectively, the "**Title Report**"), a copy of which shall also be delivered to Optionor.

(b) Approval/Disapproval of Title. Optionee shall have thirty (30) days after receipt to review the Title Report and to give Optionor written notice of any objections to title ("**Optionee's Notice**"). If Optionee fails to give Optionor written notice of any objections to title, the exceptions to title listed on Schedule B of the Title Report shall be deemed approved. Within thirty (30) days following its receipt of Optionee's notice, Optionor shall advise Optionee in writing whether it will remove the exceptions not approved by Optionee. If Optionor fails to so notify Optionee, Optionor shall be deemed to have refused to remove the exceptions other than Monetary Liens. If Optionor refuses to remove any exception, Optionee, at its election, by written notice to Optionor within thirty (30) days following the Optionor's notice or if no notice upon the expiration of the thirty (30) days following Optionor's receipt of Optionee's Notice, may terminate this Agreement. In the event of termination, Optionor and Optionee shall instruct the Title Company to cancel the Escrow. If Optionee elects to proceed with the purchase, Optionee shall be deemed to have accepted title in the condition described in the Title Report.

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(c) New Title Matters. If either party discovers a new title matter that affects the Property and is not reflected in the Title Report, Optionee may object to the new title matter by delivering written notice to Optionor ("**Optionee's Supplemental Notice**") within thirty (30) days after Optionee receives written notice of or otherwise discovers the exception. If Optionee fails to so notify Optionor, or if the new title matter was caused by Optionee, then the new title matter shall be deemed approved. Optionor shall have thirty (30) days after receipt of Optionee's Supplemental Notice to notify Optionee whether Optionor will cause the new title matter to be removed at or before Closing. If Optionor fails to so notify Optionee, Optionor will be deemed to have elected not to remove the new title matter. If Optionor refuses to remove the new title matter, Optionee may terminate this Agreement upon written notice to Optionor within thirty (30) days after receipt of Optionor's notice or if no notice upon the expiration of the thirty (30) days following Optionor's receipt of Optionee's Supplemental Notice. In the event of termination, Optionor and Optionee shall instruct the Title Company to cancel the Escrow and the Purchase Option Fees shall be returned to Optionee. If Optionee does not terminate this Agreement, the new title matter shall be deemed approved. During the pendency of this Agreement, Optionee shall not create any title matter with respect to the Property without Optionor's prior written consent. In any event, this Section 5.4(c) shall not apply to any title matter created by Optionee.

(d) Optionor's Refusal to Deliver Title. If, on the Closing Date, title remains subject to any exceptions Optionor has agreed to remove pursuant to Section 5.4(b) or (c), or if title is subject to an exception that Optionor caused to occur after the Effective Date without first obtaining Optionee's written consent, then Optionee, as its sole remedy, may elect to terminate this Agreement by giving written notice thereof to Optionor and the Title Company.

5.5 Development of the Land. Optionee and Optionor acknowledge and agree that Optionee intends to develop the Affordable Project on the Land, in accordance with the Development Plan and Design Review approved by the City of Alameda Planning Board on May 26, 2015 and the Del Monte Warehouse Master Plan (adopted December 2, 2014, City of Alameda Ordinance No. 3115). From and after the Effective Date, Optionee shall have the right to seek all further discretionary governmental or quasi-governmental approvals necessary or desirable to develop the Land as intended in accordance with the Del Monte Warehouse Master Plan (collectively, the "Entitlements"). All out-of-pocket costs for any Entitlements necessary or desirable to develop the Land shall be borne by Optionee.

6. Covenants.

6.1 Pre-Closing Mutual Cooperation. Optionor and Optionee shall each cooperate with the other (a) to obtain all third party consents required for Optionor's assignment to Optionee of Intangible Property and (b) in pursuing the matters required to be performed by the other as set forth in this Agreement, and otherwise shall use commercially reasonable efforts to fulfill the conditions to Closing.

6.2 Optionor's Cooperation. Subject to Section 5.5 above, at Optionee's reasonable request, Optionor shall, at no cost to it execute all documents, join in any applications and otherwise use commercially reasonable efforts to cooperate with Optionee in obtaining any Entitlements. Optionee shall pay any reasonable out-of-pocket costs incurred by Optionor in connection with obtaining any of the Entitlements. Optionor shall not file any application or seek any approvals with respect to any Entitlement, except in the following limited circumstances: (a) pursuant to a request from Optionee; (b) with Optionee's prior written consent, which consent shall be at Optionee's reasonable discretion; or (c) if Optionee fails to perform its obligations under this Agreement.

6.3 Preservation of the Property. Except as otherwise provided in this Agreement, including but not limited to, the assignment of the Agreement from Optionor to Developer, Optionor shall not: (a) sell, encumber or transfer any interest in or any portion of the Property between the Effective Date and the Closing Date; (b) take any action that materially and adversely affects title to the Property; or (c) without Optionee's written consent in Optionee's reasonable discretion, enter into any other agreement of any type affecting the Property that will survive the Closing Date or materially and adversely affect Optionee's development of the Property or Optionee's obtaining any Entitlement. Optionor shall fully and timely comply in all material respects with any obligations that are applicable to the Property during the period prior to the Closing Date. Optionor shall maintain and keep the Property in substantially the same condition and repair as on the date of this Agreement, and all Entitlements, licenses, permits, easements, rights-of-way and other rights affecting the Property shall be maintained in full force and effect. Optionor shall not make any improvements or material alterations to the Property without Optionee's prior written consent.

6.4 Documents. Optionor shall deliver to Optionee copies of all documents relating to the Property that are received or sent by Optionor between the Effective Date and the Closing Date, within five (5) days of receipt or sending. Nothing in this Section 6.4, however, shall be construed as extending Optionee's rights under Sections 3, 5.1, 5.4 or 8.1.

7. Conditions to Closing.

7.1 Optionor's Conditions. In the event of exercise of the Purchase Option by Optionee, the following are conditions precedent to Optionor's obligation to sell the Property:

(a) All representations and warranties made by Optionee in this Agreement shall be true when made and shall be true on the Closing Date as if made as of the Closing Date, without any material adverse change, except for any material adverse change of which Optionee has notified Optionor and Optionor has accepted in writing; and

(b) Optionee shall not be in default in the performance of its obligations under this Agreement.

(c) Optionee's Board of Commissioners shall have taken such action as is required to authorize the recordation of the Grant Deed and has deposited a properly executed Certificate of Acceptance into Escrow.

(d) Optionee shall not be in default under the Affordable Housing Agreement and the same shall remain in full force and effect.

(e) Optionor and Developer shall have closed on Developer's acquisition of the Del Monte Property pursuant to the Del Monte L.A.

7.1 Optionee's Conditions. In the event of exercise of the Purchase Option by Optionor, the following are conditions precedent to Optionee's obligation to purchase the Property:

(a) All representations and warranties made by Optionor in this Agreement shall be true when made and shall be true on the Closing Date as if made as of the Closing Date, without any material adverse change, except for any material adverse change of which Optionor has notified Optionee and Optionee has accepted in writing;

(b) Optionor shall not be in default in the performance of its obligations under this Agreement;

(c) The Property shall be a separate legal parcel in compliance with applicable subdivision laws;

(d) The Title Company shall be irrevocably committed to issue the Title Policy; and

(e) As of the Closing, there shall not be any litigation, appeal or other governmental proceeding pending which could materially and adversely affect Optionee's proposed development of the Property.

7.3 Failure to Satisfy Conditions. In the event that any of the conditions set forth in Sections 7.1 or 7.2 are not satisfied or waived by the Closing Date, the party to whom the benefit of such condition inures shall have the right to terminate this

Agreement by written notice to the other. In the event of termination, Optionor and Optionee shall instruct the Title Company to cancel the Escrow.

8. Closing and Escrow.

8.1 Closing Date. Subject to the conditions set forth in this Agreement, in the event of exercise of the Purchase Option by Optionee, the purchase of the Property by Optionee shall take place thirty (30) days after Optionee's delivery of the Purchase Option Exercise Notice (the "**Closing**" or the "**Closing Date**"). The Closing shall be consummated through the offices of First American Title Company First American Title Company, 6683 Owens Drive, Pleasanton, California, 94588 (the "**Title Company**"), Escrow No. _____; attention _____ (the "**Escrow**").

8.2 Closing Deliveries by Optionor. At least one day prior to Closing, Optionor shall deposit into Escrow the following documents:

(a) A duly executed and acknowledged Grant Deed granting all of Optionor's right, title or interest to the Land portion of the Property to Optionee or its assignees permitted under Section 13.7, free and clear of all liens and encumbrances other than the exceptions accepted or deemed accepted by Optionee pursuant to Section 5 and any exceptions created by Optionee with Optionor's written consent pursuant to Section 5(c) but subject to a Power of Termination defined in Civil Code § 885.00, and as specified in Section 8.9 below, substantially in the form of Exhibit B attached hereto;

[Intentionally Omitted]

(c) Such documentation as is satisfactory to Optionee to establish that the transaction contemplated by this Agreement is not subject to withholding under FIRPTA or California Revenue and Taxation Code Sections 18805(a)(2) and 26131(a)(2) (the "Non-Foreign Certification");

(d) Optionor's share of the closing costs in immediately available funds; and

(e) Such additional documents, including without limitation written escrow instructions consistent with this Agreement, as are reasonably required by the Title Company to close the Escrow and consummate the purchase and sale of the Property under this Agreement.

8.3 Closing Deliveries by Optionee. At or prior to Closing, Optionee shall deposit into Escrow the following:

(a) The Purchase Price and all additional amounts due in immediately available funds;

(b) a properly executed certificate of acceptance; and

(c) Such additional documents, including without limitation written escrow instructions consistent with this Agreement, as are reasonably required by the

Title Company to close the Escrow and consummate the purchase and sale of the Property under this Agreement.

8.4 Assignments. At or prior to the Closing Date, Optionor shall deliver in form and substance reasonably acceptable to Optionee such assignments as may be reasonably necessary to close the Escrow and consummate the purchase and sale of the Property under this Agreement. If any third-party consent is required to allow the transfer, Optionor shall obtain that consent.

8.5 Prorations. General ad valorem real property taxes payable in the fiscal year in which the Closing Date occurs shall be prorated as of the Closing Date, based on a thirty-day month. If, after Closing, any supplemental real property taxes or any other additional real property taxes or assessments that are applicable to the period prior to the Closing are levied for any reason, including, without limitation, back assessments, escape assessments or any assessments under "Proposition 8," then Optionor shall pay all such additional taxes and assessments, to the extent applicable to the period prior to the Closing. Any utility charges, annual permits and/or inspection fees (calculated on the basis of the period covered), and other expenses of the operation and maintenance of the Property shall be prorated as of 12:01 a.m. on the Closing Date on the basis of a 365-day year, unless the Closing Date is in a leap year, in which case expenses shall be prorated on the basis of a 366-day year. Optionor and Optionee hereby agree that if any of the prorations cannot be calculated accurately as of the Closing Date, they shall be calculated as soon as reasonably possible after the Closing Date and any adjustments shall be paid promptly. The provisions of this Section 8.5 shall survive the closing.

8.6 Title Policy and Closing Costs. Optionee shall pay the cost of the premium for any title insurance it may elect to obtain (the "Title Policy") insuring fee simple title to the Property in Optionee or its assignee, as the case may be, subject to such exceptions accepted or deemed accepted by Optionee pursuant to Section 5, together with such endorsements as Optionee may reasonably require. Optionor shall pay transfer taxes, if any. Optionor shall pay all escrow fees and any other costs and charges of the Closing.

8.7 Possession. Possession of the Property shall transfer to Optionee at the Closing.

8.8 Closing. At the Closing, the Title Company shall: (a) record the Quitclaim Deed; (b) issue the Title Policy to Optionee; (c) deduct the Purchase Price from the Closing adjustments owed by Optionor; (d) collect all cost and charges of the Closing from Optionee and Optionor, calculated pursuant to the prorations and allocations set forth in Section 8.5 and 8.6, above; (e) deliver a conformed copy (showing all recording information thereon) of the Quitclaim Deed and a fully executed original of the Non-Foreign Certification to Optionee; and (f) deliver to the appropriate party such other documentation, agreements and assignments as may be required by this Agreement. The Title Company shall also prepare and sign closing statements showing all receipts by and disbursements from Escrow and deliver copies to Optionee and Optionor, and shall file with the Internal Revenue Service (with copies to Optionee and Optionor) the reporting statement required under Section 6045(e) of the Internal Revenue Code, if applicable.

8.9 Optionor Power of Termination. Notwithstanding anything to the contrary in this Agreement, in the event (a) Optionee Closes on the Property in accordance with

this Agreement and fails to commence construction of the Affordable Project by the last day of the Option Period, as the same may be extended, or (b) if at any time during the term of the Affordable Housing Agreement to be entered into between the City of Alameda and Optionee and recorded against the Affordable Project (the "Affordable Housing Project"), City declares that Optionee is in default thereunder (beyond any applicable notice and cure periods); then Optionor may exercise a Power of Termination and the fee simple estate in the Property shall revert to Optionor. In such an event, Optionee agrees to execute all necessary documents necessary to transfer title to the Property back to Optionor and shall pay all recording fees or other costs associated therewith. Notwithstanding the foregoing, Optionor and Optionee hereby agree that Optionor's right Power of Termination shall be assigned to the City as of the date that a certificate of occupancy is issued for the Affordable Project, and Optionor and Optionee shall execute all necessary documents necessary to assign the Power of Termination to the City.

9. Representations and Warranties.

9.1 Optionor's Representations and Warranties. Optionor makes the following covenants, representations and warranties for the benefit of Optionee:

(a) Documents. As soon as practicable, but in no event later than fifteen (15) days following the Effective Date, Optionor shall deliver to Optionee copies of all documents in Optionor's possession or control relating to the development and operation of the Property and the rights included or related to the Property.

(b) Authorization. At the time of their execution and delivery, this Agreement and all other documents executed by Optionor and delivered by Optionor to Optionee are and shall be (i) duly authorized, executed and delivered by Optionor; (ii) legal, valid and binding obligations of Optionor (and, with respect to the documents which are instruments conveying sufficient title); and (iii) enforceable in accordance with their respective terms; provided, however, this section 9.1(b) shall not apply to the documents Optionor provides to Optionee under Section 9.1(a).

(c) Other Options. Other than the pending transaction between Optionor and Developer, no individual or entity other than Optionee holds any valid and enforceable option, right of first refusal or other right to purchase all or any part of the Property or any interest in the Property.

(d) Actions and Defaults. To the best of Optionor's actual knowledge, or as may be disclosed in the documents provided under Section 5.2, there are no existing actions, suits, proceedings, judgments, orders, decrees, arbitration awards, defaults, delinquencies or deficiencies pending, outstanding or, to the best of Optionor's knowledge, threatened against the Property.

(e) Condemnation. To the best of Optionor's actual knowledge, there has been no notice of any condemnation, environmental, zoning or other land-use regulation proceedings, either instituted, or planned to be instituted, which would detrimentally affect Optionee's proposed use of the Property or the value of the Property, nor does Optionor have actual knowledge of any notice of any special assessment proceedings affecting the Property.

(f) Power. Optionor has the legal power, right and authority to enter into this Agreement and the instrument referenced in it and to consummate the transactions contemplated by the Agreement.

(g) Requisite Action. All requisite actions have been taken by Optionor in connection with the entering into of this Agreement, the execution and delivery by Optionor of the instruments referenced in it, and the consummation of the transactions contemplated by this Agreement.

(h) Authority. The individuals executing this Agreement and the instruments referenced in it on behalf of Optionor have the legal power, right and actual authority to bind Optionor to the terms and conditions of this Agreement.

9.2 Optionee's Representations and Warranties. Optionee represents and warrants for the benefit of Optionor that, at the time of their execution and delivery, this Agreement and all other documents executed by Optionee and delivered by Optionee to Optionor are and shall be: (i) duly authorized, executed and delivered by Optionee; (ii) legal, valid and binding obligations of Optionee; and (iii) enforceable in accordance with their respective terms, and further that:

(a) Power. Optionee has the legal power, right and authority to enter into this Agreement and the instrument referenced in it and to consummate the transactions contemplated by the Agreement, in that is to occur.

(b) Requisite Action. All requisite actions (corporate partnership or otherwise) have been taken by Optionee in connection with the entering into of this Agreement, the execution and delivery by Optionee of the instruments referenced in it, and the consummation of the transactions contemplated by the Agreement.

(c) Authority. The individuals executing this Agreement and the instruments referenced in it on the Optionee's behalf have the legal power, right and actual authority to bind Optionee to the terms and conditions of the Agreement.

10. Condition of Property. Except for the limited representations contained in Section 9, the parties acknowledge that Optionor does not hereby make and has not made any warranties or representations, express or implied, as to the Property's legal, physical, environmental and/or financial condition in the past, now or in the future. In addition, Optionor makes no representations, guaranty or warranty as to the Entitlements or of the legal rights, whether granted by Optionor or any other governmental entity, the Property or Optionor may possess. Optionee will thoroughly investigate and satisfy itself as to the legal right to develop the Property for Optionee's intended purposes during the Feasibility Period. Optionee expressly acknowledges that no such representations have been made by Optionor. Except as otherwise provided in this Agreement, Optionee acknowledges that it is buying the Property in an "AS IS" condition and "WITH ALL FAULTS," known or unknown, based solely on Optionee's own studies, analyses and investigations.

11. Loss by Casualty or Condemnation.

11.1 Risk of Loss. In the event of any casualty (including without limitation landslide or other substantial earth movement) prior to the Closing Date that materially and adversely affects the capability or suitability of the Property to support the development contemplated by this Agreement or that would or could materially increase the cost of development, Optionee shall have the right to terminate this Agreement.

11.2 Condemnation.

(a) If, prior to the Closing Date, any proceedings are commenced to take all or any material portion of the Property by eminent domain, or any individual or entity with the power of eminent domain threatens to take all or any portion of the Property, this Agreement shall terminate and Optionor shall receive all compensation paid for the condemned Property and, if only part of the Property is so acquired, Optionor shall retain title to the remainder.

(b) Optionor shall notify Optionee in writing immediately upon receipt of notice, and in any event prior to Closing, of any pending or threatened condemnation proceeding against all or any portion of the Property.

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12.1 Termination of Agreement by Optionor. In the event of any default under this Agreement by Optionee, which default, (a) if it be a default that can be cured by the payment of money, continues uncured for a period of five (5) Business Days after Optionee's receipt of written notice from Optionor, or (b) if it be a nonmonetary default under this Agreement, and the default continues uncured for a period of thirty (30) days (the "Optionee Non-Monetary Default Cure Period"), or such longer period as reasonably required for Optionee acting diligently to cure, after Optionee's receipt of written notice from Optionor, then in either case Optionor shall, as its sole remedy hereunder, have the right to terminate this Agreement and all rights of Optionee under this Agreement. Notwithstanding the foregoing, if Optionee commences cure of a nonmonetary default within the Optionee Non-Monetary Default Cure Period, and diligently pursues cure thereafter, the Optionee Non-Monetary Default Cure Period shall be extended for such additional period of time as is reasonably necessary to complete such cure.

12.2 Termination of Agreement by Optionee. In the event of any default under this Agreement by Optionor, which default, (a) if it be in a default that can be cured by the payment of money, continues uncured for a period of five (5) Business Days after written notice from Optionee to Optionor, or (b) if it be a non-monetary default under this Agreement, and the default continues uncured for a period of thirty (30) days after written notice from Optionee to Optionor, or such longer period as reasonably required for Optionor acting diligently to cure, then in either case Optionee shall, as its sole remedy hereunder, have the right to terminate this Agreement and all rights of Optionor under this Agreement.

13. Miscellaneous.

13.1 Attorneys' Fees. If any legal action or other proceeding is commenced to enforce or interpret any provision of, or otherwise relating to, this Agreement, the losing party shall pay the prevailing party's actual expenses incurred in the investigation of any claim leading to the proceeding, preparation for and participation in the proceeding, any appeal or other post judgment motion, and any action to enforce or collect the judgment including contempt, garnishment, levy, discovery and bankruptcy. For this purpose, "expenses" include, without limitation, court or other proceeding costs and reasonable experts' and attorneys' fees and their expenses. The phrase "prevailing party" shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

13.2 Construction of Agreement. The parties mutually acknowledge that they and their respective attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties may have caused the uncertainty to exist.

13.3 Further Assurances. Each party, at any time before or after the Closing, shall at its own expense execute, acknowledge and deliver any additional deeds, assignments, conveyances and other assurances, documents and instruments reasonably requested by the other party and shall take any other action consistent with the terms of this Agreement that may reasonably be requested by the other party, for the purpose of confirming, completing and effectuating any of the transactions contemplated by this Agreement.

13.4 Notices. All notices, comments, requests, demands or other communications for or upon the respective parties made pursuant to this Agreement shall be in writing and shall be effective for all purposes upon receipt on any Business Day (defined below) before 5:00 PM local time and on the next Business Day received after 5:00 PM or on any other than a Business Day, including, without limitation, in the case of (i) personal delivery, (ii) delivery by messenger, express or air courier or similar courier, (iii) delivery by United States first class certified or registered mail, postage prepaid, and (iv) transmittal by facsimile or electronic mail, addressed as follows:

To Optionee: Housing Authority of the City of Alameda
701 Atlantic Avenue
Alameda, CA 94501
Attention: Executive Director
[Facsimile: _____]
[Email: _____]

With a copy to: Carle, Mackie, Power & Ross LLP
100 B Street, Suite 400
Santa Rosa, CA 94952
Attention: Henry Loh
[Facsimile: _____]
[Email: _____]

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To Optionor: [Insert current owner's information]

With a copy to: [Insert current owner's attorney information]

To Developer: TL Partners I, LP
 3500 Douglas Blvd., Suite 270
 Roseville, CA 95661
 Attention: Tim Lewis
 Facsimile: (916) 783-2303
 Email: tlewis@timlewis.com

With a copy to: Buchalter Nemer, A Professional Corporation
 55 Second Street, Suite 1700
 San Francisco, CA 94105-3493
 Attention: Alicia Guerra
 Facsimile: (415) 227-0770
 Email: aguerra@buchalter.com

In this Agreement "**Business Days**" means days other than Saturdays, Sundays, and federal and state legal holidays. Either party may change its address by written notice to the other party.

13.6 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust or other relationship with duties or incidents different from those of independent parties to an arm's length contract for the sale and purchase of real estate.

13.6 Severability. The provisions of this Agreement are intended to be severable and enforced to the maximum extent permitted by law. If for any reason any provision of this Agreement shall be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then that provision shall be ineffective only to the extent of the invalidity, illegality or unenforceability and in that jurisdiction only, without in any manner affecting the validity, legality or enforceability of the unaffected portion and the remaining provisions in that jurisdiction or any provision of the Agreement in any other jurisdiction. The unaffected portion and provisions of the Agreement will be enforced to the maximum extent permitted by law.

13.7 Assignability. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective, heirs, executors, administrators, successors and assigns. Optionee shall have the right to assign this Agreement, without Optionor's consent, in whole or in part, to any affiliate of Optionee, including a tax credit partnership formed for purposes of managing the development of the Affordable Project. Optionee shall give Optionor written notice of any assignment to an affiliate of Optionee and/or a tax credit partnership. Optionor shall have the right to assign this Agreement, without Optionee's consent, to Developer in connection with Developer's acquisition of the Del Monte Property. Optionor shall not otherwise enter into any transaction with respect to the Property that would negatively affect Optionee's rights hereunder. Any purported assignment in violation of the terms of this Agreement shall be void. Any assignment permitted under the terms of this Agreement shall not relieve the assigning party from any liability hereunder.

13.8 Time of the Essence. Time is of the essence in the performance of each party's respective obligations under this Agreement.

13.9 Transaction Expenses. Whether or not the transactions contemplated by this Agreement are consummated, each party shall pay its own fees and expenses incident to the negotiation, preparation, execution, authorization (including any necessary meetings or actions) or delivery of this Agreement and in consummating the transactions contemplated by this Agreement, including, without limitation, the fees and expenses of its attorneys, accountants and other advisors.

13.10 Waiver, Modification and Amendment. No amendment of, supplement to or waiver of any obligations under this Agreement will be enforceable or admissible unless set forth in a writing signed by the party against which enforcement or admission is sought. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted shall apply solely to the specific instance expressly stated.

13.11 Brokers' Fees. Optionee and Optionor represent to each other that they have not dealt with any agent or broker in connection with this transaction. Optionor and Optionee shall each indemnify, defend and hold the other harmless from and against all liability, cost, damage or expense (including, without limitation, attorney's fees and costs) of any claims for brokerage commission or finder's fee by anyone else as a result of dealings with the indemnifying party. The provisions of this Section shall survive the Closing and any termination of this Agreement.

13.12 Force Majeure. Performance by either party of its obligations hereunder shall be excused during any period of "Permitted Delay." Permitted Delay shall mean a delay beyond the reasonable control of the party claiming the delay including, without limitation (a) acts of God, including, without limitation, earthquakes, floods, fire, weather conditions that are abnormal for the period of time and could not have been reasonably anticipated, and other natural calamities, (b) civil commotion; (c) riots or terrorist acts; (d) strikes, picketing or other labor disputes; (e) shortages of materials or supplies; (f) damage to work in progress by reason of fire, floods or other casualties; (g) failure, delay or inability of the other party to act; (h) vandalism; (i) moratoria or other delays caused by restrictions imposed or mandated by governmental entities, but specifically excluding a party's financial inability to perform; or (j) legal or administrative actions related to the development of the Land, or any other third party actions or claims that prevent or delay development of all or a portion of the Land subject to the applicable deadline. The party claiming the benefit of the Permitted Delay shall notify the other Party of its intent to claim a Permitted Delay and the specific grounds of the same within ten (10) Business Days after the occurrence of the conditions which establish the grounds for the claim.

13.13 Entire Contract. This Agreement constitutes the entire contract between the Optionee and the Optionor and a complete and exclusive expression of their agreement and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement.

13.14 Counterparts. This Agreement may be executed in multiple identical counterparts, each of which shall be deemed an original, and counterpart signature

pages may be assembled to form a single original document. This Agreement may be executed and delivered by the exchange of electronic facsimile copies, .pdf or other electronic image files of counterparts of the signature page, which shall be considered the equivalent of ink signature pages for all purposes.

13.15 Performance on Day Other Than Business Day. If any date on which a time period scheduled to expire herein is not a Business Day, the date shall be extended to the next Business Day.

13.16 Survival. Any covenant, promise or obligation in this section which is not by expressed language intended to be fulfilled or performed at Closing shall not merge into the Grant Deed but shall remain in full force and effect and be binding on the parties until fully performed or fulfilled.

13.17 Exhibits. The following Exhibits attached to this Agreement shall be deemed to be a part of this Agreement and are fully incorporated by reference.

Exhibit A Legal Description of Land

Exhibit B Grant Deed

[SIGNATURES APPEAR ON FOLLOWING PAGE]

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OPTIONEE:

Housing Authority of the City of Alameda,
a public body corporate and politic

By: _____
Vanessa M. Cooper
Executive Director

Date: _____

OPTIONOR:

[Current Del Monte Owner]

Date: _____

DEVELOPER:

TL Partners I, LP, a California limited
partnership

By: TL Management, Inc., a California
corporation

Its: General Partner

By: _____

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EXHIBIT A

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EXHIBIT B

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Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Prepared by: Victoria Johnson
Housing and Community Development Director

Date: January 20, 2016

Re: Discussion Regarding Possible Amendment to the Services Agreement between the Housing Authority and the City of Alameda to Provide Housing Services for the City and Additional Policing Services for the Housing Authority to Include an Expanded Role to Support the Rent Review Advisory Committee

BACKGROUND

The first Services Agreement was adopted between the City of Alameda and the Housing Authority in 1984. This Agreement has been renewed to remain in force since that time and the current two-year Agreement ends on June 30, 2017. Services are performed in two areas; police services and housing programs. The Housing Authority pays the Police Department for policing services at Housing Authority properties and Housing Authority staff provides the services needed to administer the City Housing Programs. The cost paid to the City for the additional policing services is \$210,000 annually. Housing Program costs are paid by to the Housing Authority on an actual (reimbursement) basis plus a \$30,000 annual administrative fee.

DISCUSSION

The current scope of Housing Program services includes administration of the following programs: CBDG social service grants, CBDG funded capital improvements, Residential Rehabilitation, HOME affordable development and rental assistance, Below Market rate homeownership, inclusionary affordable development and staffing of the Rent Review Advisory Committee (RRAC). The RRAC does not now have any budgeted funding.

In October 2015, the City Council adopted two ordinances that were intended to strengthen the role of the RRAC. In November 2015, the City Council adopted an Urgency Ordinance that imposed a 60 day moratorium on rent increases above 8% and established just cause requirements for evictions. Since the Urgency Ordinance was adopted, the staffing requirement for RRAC and rent related matters has increased from 10-15 hours per month to approximately 175 hours per month. The City is reimbursing the costs of temporary staff to answer the telephone during the moratorium. On January 5, 2016 the Urgency Ordinance was extended to March 9, 2016.

At the January 5th meeting, the council considered three alternate Ordinances that would have established new regulations for rental properties within Alameda. Each of the alternates introduced a set of rules and procedures that would require a significant budget, additional staff



services and supervision. None of the Ordinances was adopted, but city staff was instructed by Council to prepare a new Ordinance for consideration on February 16th. Once the Council adopts permanent regulations concerning this matter, those regulations will provide a procedure for landlords to seek a rent increase for whatever reason they deem appropriate. Depending on what the permanent regulations turn out to be, landlords may or may not be able to evict for no cause/no fault, or there may be limitations or other conditions (such as relocation) for a no cause/no fault eviction. The new Ordinance may include a rental unit registration requirement and a procedure for binding arbitration if a matter is not resolved by the parties or in front of the RRAC. Attached is the press release issued by the City of Alameda.

Until the Ordinance is adopted, the particular staffing requirements cannot be calculated, but it is expected that there will be some considerable level of additional service required. A City ordinance cannot create affirmative work for AHA since AHA is not part of the charter body – only a signed agreement between the two bodies can do this. At this time there is no commitment to provide additional services beyond those already required for the RRAC, except for temporary services during the moratorium. Any permanent change in services provided by the Housing Authority would need to be included in a formal agreement with the City, either through an amendment to the current Services Agreement or in the form of a new agreement and would come to the Board for approval. The Housing Authority has no funding source for such activities and therefore would need to be fully compensated for all activities under the final legislation.

FINANCIAL IMPACT

This discussion item has no financial impact. A detailed report of the proposed new services will be prepared following City Council action.

RECOMMENDATION

This item is for discussion purposes only.

Respectfully submitted,



Vanessa M. Cooper
Executive Director

Attachment: Press Release from City of Alameda 1/11/15

VC/VJ



PRESS RELEASE

January 11, 2016



FOR IMMEDIATE RELEASE

Contact:
Debbie Potter, City of Alameda
510-747-6899
dpotter@alamedaca.gov

Council Extends Temporary Moratorium on Rent Increases at or above 8% and Reaches Consensus on Future Rent Measures

At its January 5 meeting, the Alameda City Council voted unanimously to extend, for 60 days, an urgency ordinance prohibiting residential rent increases of eight percent or more and "no cause" evictions. The Council also gave City staff direction on drafting specific provisions to be included in a new rent ordinance for the Council's consideration at its February 16 meeting.

During the moratorium, rents for multi-family buildings built before 1995 cannot be increased eight percent or more. This cap on rent increases is cumulative and takes into account rent increases imposed within the last 12 months. In addition, actions to terminate a tenancy, such as evictions, are limited to certain "for cause/no fault" reasons such as non-payment of rent, illegal activity, moving in a family member or going out of the rental business.

In addition to extending the existing moratorium, the City Council reached consensus on residential rental procedures and policies following presentations from City staff, landlord and tenant representatives, and public comments from over 50 speakers.

"Everyone worked overnight, until the early hours of the next morning, to move this issue forward," said Mayor Trish Herrera Spencer. "Council continues to act unanimously to reach a fair resolution to this complex, important issue. I applaud our community, Council, and staff for their hard work and dedication."

The Council asked staff to draft a new rent ordinance that strengthens the City's rent review procedures to help resolve landlord-tenant disputes over rent increases. The new ordinance, to be presented for Council approval on February 16, will require all residential rental property owners to initiate the Rent Review Advisory Committee (RRAC) process if they seek rent increases over five percent. A major component of the new ordinance will be the requirement for binding arbitration if both sides do not reach agreement. The binding arbitration would only apply to multi-family rental units built before February 1, 1995, pursuant to state law.

The Council asked that the new ordinance contain the following provisions:

- Requirement of landlords to offer tenants an initial one-year lease;
- Limit rent increases to no more than once per year;
- No cause evictions permitted with limitations;
- Tenant relocation assistance for certain types of evictions;
- Preparation and approval of a Capital Improvement Plan prior to evicting tenants for substantial rehabilitation;
- Monetary penalties and enforcement; and
- An annual review of the ordinance and a sunset provision.

More information about the moratorium and the City's current rent review process can be found at: <http://alamedaca.gov/city-hall/rent-review-advisory-committee-rrac>. For specific questions about the current moratorium or rent review process, contact the Housing Authority at (510) 747-4346, or email torrac@alamedahsg.org.

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Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Prepared by: Tonya Schuler, Senior Management Analyst

Date: January 20, 2016

Re: Approval of the Revisions to the Procurement Policy to Conform to New
Legislation

BACKGROUND

The Board of Commissioners last updated the Housing Authority's Procurement Policy on August 20, 2014 to adjust the purchasing authority limits for management.

DISCUSSION

The acquisition of goods or services using public funds requires compliance with state or federal procurement standards, depending on the funding source. The Housing Authority's Procurement Policy follows applicable provisions of state and federal law which are amended from time to time as standards change.

On December 26, 2013 the Office of Management and Budget (**OMB**) issued a final consolidated Uniform Guidance published in final form in Title 2 of the Code of Federal Regulations (**CFR**) at 2 CFR 200.

As a non-federal entity receiving federal assistance, the Housing Authority is required to comply with the Uniform Guidance, in general, no later than one full fiscal year following publication of the final rule; however, the grace period specifically for the implementation of the new procurement standards was extended through June 30, 2017.

Under the Housing Authority's amended Procurement Policy, acquisitions using funds received from federal awards will be governed by 2 CFR §§200.317 through 200.326. The attached Procurement Policy dated January 20, 2016 adopts the new procurement standards, effective upon Board approval.

The intent of the Uniform Guidance is to streamline procedures to reduce a) administrative burden, and b) strengthen oversight of federal funds to reduce the risk of



waste, fraud and abuse. To accomplish these goals, the OMB has enacted revisions to existing procurement procedures.

Most impactful, the thresholds for micro- and small purchases has increased to \$150,000.00. Increasing the simplified acquisition thresholds ceiling to \$150,000.00 enables the Housing Authority to more frequently use informal purchasing procedures to expedite the acquisition of goods or services.

Additionally, formal purchasing procedures, by either sealed bid or competitive proposal, require advertisement; preparation of a cost analysis; are subject to comprehensive terms and conditions, and require a higher degree of competition. Under the new procedures, small purchases will no longer require a cost analysis. [§200.320]

The new guidance also requires that where there is an organizational conflict of interest, Housing Authority affiliates and subsidiaries must have **written** standards of conduct covering organizational conflicts of interest.¹ [§200.318(c)(2)]. The proposed policy incorporates this requirement.

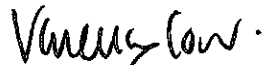
Lastly, Section 200.326 outlines an expanded list of required clauses for use in non-Federal entity contracts made under federal awards. The proposed policy references these required standard clauses for equal employment opportunity and wage requirements, as well as clauses addressing a) debarment and suspension, b) Clean Air Act; c) Federal Water Pollution Control Act; d) Energy Policy and Conservation Act; and e) procurement of recovered materials, which applies to paper and paper-products, non-paper office supplies, and other some construction materials.

FINANCIAL IMPACT

There is not direct financial impact of these policy changes.

RECOMMENDATION

Staff recommends adoption of the proposed changes to the Procurement Policy.
Respectfully submitted,



Vanessa M. Cooper
Executive Director

VMC/zp&tms

Attachments: Proposed Procurement Policy

¹ As defined by OMB, organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the non-federal agency is unable or appears to be impartial in conducting a procurement action involving a related organization.



HOUSING AUTHORITY OF THE CITY OF ALAMEDA

PROCUREMENT POLICY

Established for the Housing Authority of the City of Alameda (hereinafter, "Housing Authority") by Adoption of the Board of Commissioners, this Procurement Policy (Policy) complies with the Annual Contributions Contract (ACC) between the Housing Authority and the United States Department of Housing and Urban Development (HUD), Federal Regulations at 2 CFR §200.317 through §200.326, Procurement Standards, and applicable State and Local laws.

The Housing Authority has used the HUD Procurement Handbook as a guide in developing this Procurement Policy.

GENERAL

The Housing Authority will:

- Provide a procurement system of quality and integrity;
- Make all feasible efforts to ensure that small and minority-owned businesses, women's business enterprises, and disabled veteran businesses are used when possible;
- Provide for the fair and equitable treatment of persons or firms involved in Housing Authority procurements;
- Ensure that supplies and services (including construction) are procured efficiently, effectively, and at the most favorable prices available to the Housing Authority;
- Promote competition in contracting; and
- Assure that Housing Authority purchasing actions are in compliance with applicable federal, and HUD regulations, state and local laws.

APPLICATION

This Policy applies to all procurement actions of the Housing Authority, regardless of the source of funds, except as noted under "exclusions" below. Nothing in the Policy will prevent the Housing Authority from complying with the terms and conditions of any grant (e.g., CDBG), contract, gift or bequest that is otherwise consistent with the law.

EXCLUSIONS

This policy does not govern the following:

- Administrative fees earned under the Section 8 voucher program,
- Award of vouchers to tenants under the Section 8 program,

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PROCUREMENT POLICY

- Execution of landlord Housing Authority Payments contracts under the Section 8 Housing Choice Voucher Program, or
- Execution of Agreements to Enter into Housing Assistance Payment (AHAP) contracts under the Section 8 Project-based Voucher Program.

The Housing Authority will comply with state and local procurement rules.

CHANGES IN LAWS AND REGULATIONS

In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation will, to the extent inconsistent with this Policy, automatically supersede this Policy.

Most procurement information that is not proprietary is a matter of public record and will be available to the public to the extent provided in the Freedom of Information Act.

PRINCIPLES

Members of the Board of Commissioners, Housing Authority employees, and any others serving in an official position or acting as an agent of the Housing Authority will discharge their duties impartially to ensure fair competitive access to procurement opportunities by responsible contractors. In addition, officers, employees and agents will conduct themselves in such a manner as to foster the public's confidence in the integrity of the Housing Authority's procurement organization and process. Any attempt to realize personal gain through Housing Authority employment or to serve as an officer or agent of the Housing Authority through actions inconsistent with the proper discharge of duties is a breach of public trust.

ETHICS IN PUBLIC CONTRACTING

The Housing Authority hereby establishes this code of conduct regarding procurement issues and actions and will implement a system of sanctions for violations.

Conflict of Interest

No Housing Authority officer, employee, or agent will participate directly or indirectly in the selection, award, or administration of a contract if a conflict of interest, either real or apparent, would be involved. Such a conflict would arise when a one of the persons listed below has a financial or any other type of interest in a firm competing for the award:

1. A member of the Board of Commissioners, employee, or agent involved in making the award;
2. His/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson,

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PROCUREMENT POLICY

stepdaughter, stepbrother, stepsister, half brother, ~~or~~ half sister, or domestic partner and equivalent relationships);

3. His/her partner; or
4. An organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

None of the persons mentioned above nor any of its contractors or their subcontractors may enter into any contract, subcontract, or arrangement in connection with a project under an ACC with HUD or funded through any other Housing Authority source in which they have an interest, direct or indirect, during his/her tenure and for one year thereafter.

If the conflict is arising from an organizational conflict of interest, such as with an affiliate of the Housing Authority, the award process shall be reviewed by a 3rd party agency, including consultants, other Housing Authority staff, or HUD.

GRATUITIES, KICKBACKS, AND USE OF CONFIDENTIAL INFORMATION

To protect the integrity of the procurement system and to ensure that contracts are awarded fairly based on merit, without improper influence, all Housing Authority solicitations and contracts above the small purchase threshold will include clause(s) advising prospective contractors of the prohibitions against gratuities and kickbacks.

No Housing Authority officer or agent will ask for or accept gratuities, favors, or items of any value from any contractor, potential contractor, or party to any subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain.

No current employee, or former employee within one year of employment, will ask for or accept gratuities, favors, or items of any value from any contractor, potential contractor, or party to any subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain.

Prohibition Against Contingent Fees

Contractors wanting to do business with the Housing Authority must not hire a person to solicit or secure a contract for a commission, percentage, brokerage, or contingent fee, except for bona fide established commercial selling agencies.

Sanctions

Federal, state and local laws will be enforced by the Board of Commissioners and Executive Director. Appropriate sanctions for violations of the standards of conduct outlined in this policy will be imposed.

The appropriate sanction of Housing Authority officials and employees will be determined in cooperation with the General Counsel and the Human Resources Director. Sanctions may include civil and administrative remedies, up to and including termination.

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PROCUREMENT POLICY

Contractors found in violation may be referred to the Housing Authority General Counsel. The level of sanction will be determined based upon the severity of the violation, but could include actions up to and including debarment from all local and federal procurements.

The Housing Authority will recover the value of anything received by an employee or a former employee in breach of the ethical standards by confiscating the items or by charging the violator for any and all gratuities received. All procedures will be in accordance with due process requirements as outlined in the Housing Authority's Personnel Policy, and existing law. Remedies against contractors may include suspension or debarment.

PURCHASING AUTHORITY AND METHODS

The following dollar amounts determine who has the authority to authorize purchases, including awarding contracts, and what type of procurement method will take place:

DOLLAR THRESHOLD AHA's Policy	AUTHORITY	TYPE OF PROCUREMENT
Over \$250,000	Board of Commissioners	Formal (Sealed Bids) or Competitive Proposals
\$250,000 and less	Executive Director	Formal/Small
\$25,000 and less	Department Directors	Small/Micro
\$100 and less	All Employees subject to supervisor approval	Petty

The regulation defines procurement in the following manner: \$2,000 or less = "micro", \$50,000 or less = "small", above \$150,000 = "formal".

Petty Cash Purchases

Purchases under \$100 may be handled through the use of a petty cash account. The Housing Authority will ensure that security is maintained and only authorized individuals have access to the account. The account will be reconciled and replenished periodically.

Small and Micro Purchases

For purchases over \$2,000 and not exceeding \$100150,000, the Housing Authority may use small purchase procedures. Under small purchase procedures, the Housing Authority may obtain a reasonable number of quotes and the means of submittal can be informal. The Housing Authority will award the purchase to the qualified vendor that provides the best value to the Housing Authority.

Purchases of supplies and services costing less than \$2,000 may be made without soliciting competitive quotations if the Manager considers the price to be reasonable (e.g.,

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PROCUREMENT POLICY

based on recent research, experience, or purchases). To the extent practicable, the Housing Authority will distribute micro purchases equitably among qualified vendors. Nothing precludes a manager from obtaining informal quotes for micro purchases to ensure that the purchase is made at the best price.

A cost analysis is required for all projects greater than \$150,000.

Formal (Sealed Bids)

Sealed bidding will be used for all contracts that exceed the small purchase threshold and that are not competitive proposals or non-competitive proposals, as these terms are defined in this document. Under sealed bids, the Housing Authority will solicit bids publicly; and award a firm fixed-price contract (e.g., lump sum or unit price) to the responsible bidder whose bid, conforming with all material terms and conditions of the Invitation for Bids (IFB), is the lowest in price.

Sealed bidding is the preferred method for procuring construction, supply, and noncomplex service contracts that are expected to exceed ~~\$400~~150,000.

Cooperative Purchasing/Intergovernmental Agreements

The Housing Authority may participate in federal, State of California, or local cooperative or intergovernmental agreements to purchase or use common supplies, equipment, or services. The decision to use an intergovernmental agreement instead of conducting a direct procurement will be based on economy and efficiency.

Competitive Proposals

The competitive proposal method permits consideration of technical factors other than price (e.g., technical expertise, past experience, quality of proposed staffing, etc.). The price, schedule, technical requirements, type of contract and other terms are negotiable. Contract award will be made on the basis of the proposal that represents the best overall value to the Housing Authority, considering price and other factors.

Competitive proposals, more commonly called Request for Proposals (RFP) or Request for Qualifications (RFQ) is the preferred method for procuring professional and other services that will exceed the small purchase threshold.

Noncompetitive Proposals

Procurement by noncompetitive proposals (sole-source) may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, cooperative purchasing, or competitive proposals, and if one of the following applies:

1. The item is available only from a single source, based on a good faith review of available sources;
2. The Board of Commissioners by resolution has determined that an emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or

PROCUREMENT POLICY

would otherwise cause serious injury to the Housing Authority, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any of the other procurement methods, and the emergency procurement will be limited to those supplies, services, or construction necessary to meet the emergency; or

3. After solicitation of a number of sources, competition is determined inadequate.

Contract Modifications

The Executive Director is authorized to approve contract modifications (i.e., change orders, addendums) not to exceed the cumulative authorization limit. A contract modification that raises the cumulative total of the procurement to an amount exceeding the Executive Director's authorization limit, requires approval by the Board of Commissioners. For example, an \$80,000 change order to a \$200,000 contract would bring the cumulative procurement to \$280,000. This change order would require approval by the Board of Commissioners.

CREDIT CARD PURCHASING

Credit card usage will follow the rules for all other small purchases. Safeguards are in place to assure that cards are used only for intended purposes (i.e., dollar limits, limits on types of purchases, etc.).

CONTRACTOR QUALIFICATIONS

The Housing Authority will not award any contract until the lowest bid or most highly qualified proposal has been determined to be responsive and the contractor determined to be responsible. In general, to be responsible, the contractor must have adequate financial resources to perform the contract or the ability to obtain them; be able to comply with the required delivery or performance schedule; have a satisfactory performance record, have the necessary organization, experience, construction and technical expertise, equipment and facilities; and not be suspended, debarred, or under a HUD-imposed Limited Denial of Participation (LDP).

CONTRACT CLAUSES

All contracts above the small purchase limit or where the standard contract, approved by the Housing Authority General Counsel, is not used will be approved as to form by the Housing Authority General Counsel. All HUD-required clauses and certifications for contracts of more than \$100,000, as well as any forms/clauses as required by HUD for small purchases, shall be used in all corresponding solicitations and contracts when required by the funding source. Contract clauses can be found at Appendix II to Part 200 under Part 2 of the Code of Federal Regulations.

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APPEALS AND REMEDIES

The Housing Authority's Bid Protest and Appeals procedure is available to all contractors. It includes an informal in-house process for appeals involving dollar amounts up to and including \$100,000. A formal appeal may be made involving solicitations over \$100,000 to the Executive Director or designee.

DELEGATION OF AUTHORITY

While the Executive Director is responsible for ensuring that the Housing Authority's procurements comply with this policy, the Executive Director may delegate procurement authority as is necessary and appropriate to conduct the business of the agency.

In accordance with this delegation of authority, the Executive Director will, where necessary, establish operational procedures to implement this Policy.

DOCUMENTATION

The Housing Authority will maintain records sufficient to detail the significant history of each procurement action. Records will be maintained for a period of not less than six years after final payment and all matters pertaining to the contract are closed.

Adopted by the Board of Commissioners on April 17, 2013.

Revised by the Board of Commissioners on August 20, 2014.

Revised by the Board of Commissioners on January 20, 2016.

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Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Prepared by: Tonya Schuler, Senior Management Analyst

Date: January 20, 2016

Re: Amend the Administrative Plan Chapters 3 and 16 to comply with PIH Notice 2015-19, to update the approval granted by HUD to inspect for Carbon Monoxide Detectors, to add a missing smoke detector to the list of life threatening fail items, to clarify the definition of "normal wear and tear," to allow for self-certification on HQS failed items and provide conditions under which self-certification can be used, to clarify some biennial policies, and to revise coding of "no-show" inspections.
(Amendment 2016-01)

BACKGROUND

The Administrative Plan for the Housing Choice Voucher Program (HCVP) for the AHA establishes the policies and procedures whereby the Housing Authority will administer HCVP tenant-based and project-based rental assistance programs under contract to HUD and in accordance with applicable statutes, HUD regulations, and state and local law.

DISCUSSION

On November 2, 2015, HUD published PIH Notice 2015-19 *Guidance for Public Housing Agencies (PHAs) and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions* stating that arrest records may not be the basis for denying admission, terminating assistance or evicting tenants. This revision removes "arrest" as a reason for denying admission.

HUD approved the AHA to inspect for Carbon Monoxide detectors during a Housing Quality Standards (HQS) inspection and this revisions updates the language to change from pending approval to granted approval.



This revision adds a missing smoke detector to the list of life threatening fail items for an HQS inspection. These items must be repaired within 24 hours of the failure rather than 30 days.

This revisions adds language to the definition of "normal wear and tear" to provide clarification of when this would be applied during an HQS inspection. This revision also allows the AHA to inspect units more frequently than biennial including (but not limited to) units under the Mod Rehab and Shelter Plus Care programs.

In order to reduce administrative burden, this revision allows for self-certification by owners and tenants of the correction on items that failed an HQS inspection. This self-certification would not apply to life threatening fail items, inspections with more than 5 fail items, initial inspections, and AHA-owned units. It would also not apply to units that were not corrected within the correction period (30 days or 24 hours depending on failed item.)

When a unit fails inspection, the unit must pass a re-inspection within 30 days or have the housing assistance payment abated. By coding "no-show" inspections, an inspection where the tenant and owner are not able to attend the first scheduled inspection, as a "fail" inspection, it starts the 30-day clock for the required repairs. If the reschedule inspection takes a week for staff to schedule and inspect the unit, the owner, in effect, only has 23 days to make the repairs rather than 30 days. This revision would not require staff to code a "no-show" inspection as a "failed" inspection. The reason for this practice in the past was to stop the clock for the annual inspection to be within 365 days of the previous inspection. The AHA has changed its scheduling procedure and units are being scheduled early enough that a missed inspection does not cause the AHA to exceed the 365 day deadline.

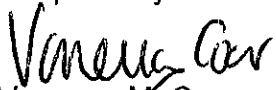
FINANCIAL IMPACT

This Amendment to the HCVP Administrative Plan will not have a significant financial impact.

RECOMMENDATION

We recommend approval of the attached Amendment (2016-01) to the HCVP Administrative Plan.

Respectfully submitted,


Vanessa M. Cooper
Executive Director

VMC/tms

Attachments: AHA Housing Choice Voucher Program Administrative Plan Amendment
2016-01



AHA Housing Choice Voucher Program Administrative Plan Amendment: 2016-01

Program: Housing Choice Voucher Program (HCVP)

Effective Date: January 21, 2016

Purpose: This amendment to the Administrative Plan of the Housing Authority of the City of Alameda (AHA) Section 8 Administrative Plan revises Chapters 3 and to to comply with PIH Notice 2015-19, to update the approval granted by HUD to inspect for Carbon Monoxide Detectors, to add a missing smoke detector to the list of life threatening fail items, to clarify the definition of "normal wear and tear," to allow for self-certification on HQS failed items and provide conditions under which self-certification can be used, to clarify some biennial policies, and to revise coding of "no-show" inspections.

Proposed deletions are struck-out and proposed additions are underlined.

1. Revise Chapter 3, Section 3-III.B. *MANDATORY DENIAL OF ASSISTANCE* [24 CFR 982.553(A)] to comply with changes in regulation on reasons for denial of assistance.

The AHA has reasonable cause to believe that any household member's current use or pattern of use of illegal drugs, or current abuse or pattern of abuse of alcohol, may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents. In determining reasonable cause, the AHA will consider all credible evidence, including but not limited to, any record of convictions, ~~arrests~~, or evictions of household members related to the use of illegal drugs or the abuse of alcohol.

2. Revise Chapter 3, Section 3-III.C. *OTHER PERMITTED REASONS FOR DENIAL OF ASSISTANCE* under *Criminal Activity* to comply with changes in regulation on reasons for denial of assistance.

Evidence of such criminal activity includes, but is not limited to:

- Conviction for drug-related or violent criminal activity within the past 5 years.
- ~~Any arrests for drug-related or violent criminal activity within the past 5 years.~~
- Any record of eviction from public or privately-owned housing as a result of criminal activity within the past 5 years.

3. Revise Chapter 8, Section *8.I.B ADDITIONAL LOCAL REQUIREMENTS* under *Carbon Monoxide Detectors* to change the tense of HUD approval for this additional requirement from expecting approval to approval granted.

Carbon Monoxide Detectors

State law requires all single-family homes and multi-family rental dwellings with an attached garage or a fossil fuel source to have a carbon monoxide device to be installed. ~~Upon HUD approval~~ was granted and, AHA will inspect for the presence of these devices during HQS inspections.

4. Revise Chapter 8, Section *8.I.C LIFE THREATENING CONDITIONS [24 CFR 982.404(a)]* to add a missing smoke detector to the list of fail items.

8.I.C. LIFE THREATENING CONDITIONS [24 CFR 982.404(a)]

HUD requires the AHA to define life threatening conditions and to notify the owner or the family (whichever is responsible) of the corrections required. The responsible party must correct life threatening conditions within 24 hours of AHA notification.

The following are considered life threatening conditions:

- Any condition that jeopardizes the security of the unit

- Major plumbing leaks or flooding, waterlogged ceiling or floor in imminent danger of falling

- Natural or LPgas or fuel oil leaks

- Any electrical problem or condition that could result in shock or fire

- Absence of a working heating system when outside temperature is below 50 degrees Fahrenheit at any point between 12:01 a.m. and the actual time of inspection on the day of the inspection. If there is a weather forecast predicting temperatures to be below 50 degrees Fahrenheit at any point within 48 hours of the actual time of the inspection, the absence of a working heating system will be addressed immediately as a health and safety issue on a case-by-case basis.

- Utilities not in service, including no running hot water

- Conditions that present the imminent possibility of injury

- Obstacles that prevent safe entrance or exit from the unit

- Absence of a functioning toilet in the unit

- Missing or inoperable smoke detectors

- Window bars in bedrooms with no release

- Combustible materials near the gas water heater or gas furnace.

5. Revise Chapter 8, Section 8.I.D OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404] to add clarification of "normal wear and tear".

8-I.D. OWNER AND FAMILY RESPONSIBILITIES [24 CFR 982.404]

Family Responsibilities

The family is responsible for correcting the following HQS deficiencies:

- Tenant-paid utilities not in service
- Failure to provide or maintain family-supplied appliances
- Damage to the unit or premises caused by a household member or guest beyond normal wear and tear. "Normal wear and tear" is defined as items which could not be charged against the tenant's security deposit under state law or court practice such as items that are depreciated out over time due to losing value due to age.

6. Revise Chapter 8, Section 8.II.A OVERVIEW [24 CFR 982.405] to allow for self-certification of corrected HQS fail items, to correct a typographical error to define Annual and Bi-ennial inspections together, and to cross-reference the inspections information for Shared Housing included under Chapter 15.

8-II.A. OVERVIEW [24 CFR 982.405]

Types of Inspections

The AHA conducts the following types of inspections as needed. Each type of inspection is discussed in the paragraphs that follow.

- *Initial Inspections.* The AHA conducts initial inspections in response to a request from the family to approve a unit for participation in the HCV program. The unit must pass the HQS inspection before the effective date of the HAP Contract.

For units being added or substituted under a project-based HAP contract, these units must pass the HQS inspection before being added or substituted under the contract.

Self-certification cannot be used on failures of an initial inspection.

- *Annual (or bi-ennial) Inspections.* Under the tenant-based programs, the AHA will inspect each unit under lease at least once every two years to confirm that the unit still meets HQS. The inspection may be conducted in conjunction with the family's annual reexamination but also may be conducted separately. The AHA may elect to inspect more frequently than bi-ennually if the owner or unit has a history of failing HQS inspections.

Under the project-based program, the AHA ~~will~~ can inspect a random sample of units at each property, consisting of at least 20 percent of the contract units in each building to determine if the contract units and the premises are maintained in accordance with HQS. If more than 20 percent of the annual sample of inspected contract units in a building fail the first annual inspection, the AHA will inspect all of the contract units in the building.

If the units are owned or controlled by the AHA, the independent entity will follow this policy.

The AHA reserves the right to inspect any units on an annual basis rather than a biennial basis including by not limited to units under programs other than the HCV (Mod Rehab and Shelter Plus Care).

- *Special Inspections.* A special inspection may be requested by the owner, the family, or a third party as a result of problems identified with a unit between biennial inspections.
- *Quality Control Inspections.* HUD requires that a sample of units be reinspected by a supervisor or other qualified individual to ensure that HQS are being enforced correctly and uniformly by all inspectors. A representative sample of both tenant-based and project-based units will be inspected.

Inspection of AHA-owned Units [24 CFR 982.352(b)]

The AHA has obtained the services of an independent entity to perform all HQS inspections in cases where a family is receiving assistance in an AHA-owned unit. An AHA-owned unit is defined as a unit that is owned by the AHA that administers the assistance under the consolidated ACC, including a unit owned by an entity substantially controlled by the AHA, or one where the AHA has an identity of interest (e.g., Breakers at Bayport or Shinsei Gardens). The independent agency must communicate the results of each inspection to the family and the AHA. The independent agency has been approved by HUD. The independent entity will provide the AHA and the San Francisco Field Office with the inspection reports.

The AHA may opt to ~~have~~ schedule inspections to be completed at the anniversary date of the HAP contract or annually or biennially from the last annual inspection date.

The AHA cannot use self-certification on its own units.

Inspection Costs

The AHA will not charge the family or owner for unit inspections [24 CFR 982.405(e)]. In the case of inspections of AHA-owned units, the AHA will compensate the independent agency from ongoing administrative fees for inspections performed. The AHA and the independent agency may not charge the family any fee or charge for the inspection [24 CFR.982.352(b)].

Notice and Scheduling

The family must allow the AHA to inspect the unit at reasonable times with reasonable notice [24 CFR 982.551(d)].

Both the family and the owner will be given reasonable notice of all inspections. Except in the case of a life threatening emergency, reasonable notice is considered to be not less than 48 hours. Inspections may be scheduled between 8:30 a.m. and 5:00 p.m. Inspections will be conducted on business days only, Monday through Friday. In the case of a life threatening emergency, the AHA will give as much notice as possible, given the nature of the emergency.

Attendance at inspections by owner and family.

HUD permits the AHA to set policy regarding family and owner presence at the time of inspection [HCV GB p. 10-27].

When a family occupies the unit at the time of inspection an adult family member or designated adult representative must be present for the inspection. The presence of the owner or the owner's representative is encouraged but is not required.

Inspection Under Special Housing Types.

See Chapter 15 Part VIII for inspections of special housing types, including Shared Housing.

7. Revise Chapter 8, Section *8.II.B INITIAL HQS INSPECTION [24 CFR 982.405(a)]* to not allow for self-certification of the correction of life threatening HQS fail items.

8-II.B. INITIAL HQS INSPECTION [24 CFR 982.405(a)]

Timing of Initial Inspections

A unit must pass HQS before the effective date of the lease and HAP Contract. To the extent practicable, the AHA will complete the initial inspection, determine whether the unit satisfies HQS, and notify the owner and the family of the determination within 10 calendar days of submission of the Request for Tenancy Approval (RFTA). In all cases, the AHA will inspect the unit within 15 days of the submission of a request for approval of the tenancy. The 15-day period is suspended for any period during which the unit is not available for inspection [982.305(b)(2)].

Inspection Results and Reinspections

If any HQS violations are identified, the owner will be notified of the deficiencies and be advised to notify the AHA when they have been corrected. The AHA will reinspect the unit within 7 calendar days of the date the owner notifies the AHA that the required corrections have been made. The owner may not use self-certification.

If the unit fails HQS at the time of the reinspection, the AHA will notify the owner and the family that the unit has been rejected and that the family must search for another unit. The AHA may agree to conduct a second reinspection, for good cause, at the request of the family and owner.

8. Revise Chapter 8, Section *8.II.C ANNUAL HQS INSPECTIONS [24CFR 982.405(a)]* to remove language of coding a "no-show" inspection as a "failed" inspection.

8.II.C. ANNUAL HQS INSPECTIONS [24 CFR 982.405(a)]

Scheduling the Inspection

Each unit under HAP contract must have an annual inspection no more than 24 months after the most recent inspection.

If an adult family member or other adult designated by the family cannot be present on the scheduled date for good cause, the family may request that the AHA reschedule the inspection. The AHA and family will agree on a new inspection date that generally should take place within 7 calendar days of the originally-scheduled date.

If the family misses a scheduled appointment for an inspection without notifying the AHA, ~~the "no-show" inspection will be coded as a failed inspection and the AHA will consider the family to have violated its obligation to make the unit available for inspection. Because the inspector will have been present on the premises, begun an inspection of external features, but not able to gain access to the unit and complete the inspection, it will be entered as a failed inspection. Two "no-show" inspections where the family does not make the unit available after reasonable notice results in two tenant-caused failed HQS inspections which may result in termination of the family's assistance in accordance with Chapter 12.~~

9. Revise Chapter 8, Section 8.II.F *INSPECTION RESULTS AND REINSPECTIONS FOR UNITS UNDER HAP CONTRACT* under *REINSPECTIONS* section to allow self-certification and set boundaries on when certifications can be used.

Reinspections

For failures due to life-threatening conditions, the AHA will conduct a reinspection on the following day to document that the defect was corrected within 24 hours.

For non-life threatening defects, if there are fewer than five fail items in the first inspection, self-certification by the owner and tenant can be used to establish compliance with HQS. For a re-inspection with fewer than two fail items, self-certification can be used. Owner/Landlord must have a documented history of HQS compliance through AHA to qualify for the use of this Owner/Tenant Certification of Repairs form. AHA may verify the completeness of all repairs by a Quality Control Inspection within 90 days of the initial date of inspection.

If there are more than five fail items, the AHA will schedule a reinspection approximately one week before the end of the 30-day corrective period, or any AHA-approved extension. The family and owner will be given reasonable notice of the reinspection appointment.

10. Revise Chapter 8, Section 8.II.G *ENFORCING OWNER COMPLIANCE* under *HAP ABATEMENT* section to allow self-certification and set boundaries on when certifications can be used.

The AHA will inspect abated units within seven calendar days of the owner's notification that the work has been completed. (Self-certification cannot be used with abated units.) Payment will resume effective on the day the unit passes inspection.



Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - TEL: (510) 747-4300 - FAX: (510) 522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Prepared by: Tonya Schuler, Senior Management Analyst

Date: January 20, 2016

Re: Amend Property Management Policy

BACKGROUND

The Policy for Management of Authority-owned Properties (Property Management Policy) provides guidance to staff in administering its housing stock.

DISCUSSION

This revision restricts the amount and type of assets a family may possess when leasing a Housing Authority-owned unit. Currently, there are no restrictions on the types or amounts of assets owned by families moving into Housing Authority-owned units. Recent applicants have owned real property with housing available, and are selecting to leave these units empty in order to move into a Housing Authority-owned unit. The Housing Authority wishes to house those in need of affordable housing, and households owning decent, safe, and sanitary housing in the City of Alameda or in nearby communities and who elect to leave these units vacate in order to income qualify for the programs offered by the Housing Authority, leave less opportunities for households who are homeless or living in substandard housing.

This revision limits the assets of household members to less than \$50,000 unless the funds are invested in an IRS-recognized retirement fund, such as a 401K. This revision also allows an applicant to be ineligible for owning real property with housing located on that property. This revision then follows through and changes the definitions of Income from Assets as it removes the option of owning and renting property.

The policy also references the glossary for a definition of Imputed Asset Income, but the glossary does not currently contain this definition, so this revision adds a definition.



FINANCIAL IMPACT

There is not direct financial impact of these policy changes.

RECOMMENDATION

Staff recommends adoption of the proposed changes to the Policy for Management of Authority-owned Properties.

Respectfully submitted,



Vanessa M. Cooper
Executive Director

VMC/tms

Attachment:

Policy for the Management of Housing Authority-Owned Properties Amendment:
2016-01



Policy for the Management of Housing Authority-Owned Properties
Amendment: 2016-01

Purpose: This amendment to the Policy for the Management of Housing Authority-Owned Properties "Property Management Policy" clarifies the income eligibility requirements for the different units and places a limit on the value of assets an applicant may possess on moving into AHA-owned units.

Proposed deletions are struck-out and proposed additions are underlined.

1. Revise *8.1 Eligibility Criteria* to limit assets for applicants.

8.1 **Eligibility Criteria**

1. **Program Requirements.**

- a. **Income Eligibility.** A family may not be admitted to any property management complex without meeting the income requirements with some exceptions for Independence Plaza. Income eligibility varies with the housing program, generally because of the type of funding used to finance the purchase of the complex. See Appendix D for a summary of these limits.

Applicants for units without voucher assistance should have income that is equal to twice the monthly rent amount.

Applicants for units at Independence Plaza for unassisted and low-income should have income that is equal to twice the monthly rent amount. Applicants for very-low units with assets less than \$5,000 and whose income is only Social Security may qualify with if their income is greater than 1.75 times the rent. Applicants, who are on both the Affordable and Market Rate Waiting Lists, may choose to take the first available unit, a market rate unit, with a rent that exceeds 50 percent of his/her income while continuing to wait for their name to reach the top of the affordable wait list. In other cases, income may appear to be too low; however, if the applicant has assets sufficient to draw upon to cover rent for a reasonable period of time, the income requirement will be met.

Applicants cannot have assets valued at more than \$50,000 except for funds invested in an IRS-recognized retirement fund such as a 401K. Also, applicants cannot own real property that has housing on it.

2. Revise *11.4 Income from Assets* to reflect the calculation of assets due to the limits on assets for applicants proposed in 8.1.

11.4 Income from Assets

~~Net Income from Rental Property.~~ The family must provide:

- ~~• A current executed lease for the property that shows the rental amount or certification from the current tenant; and~~
- ~~• A self-certification from the family members engaged in the rental of property providing an estimate of expenses for the coming year and the most recent IRS Form 1040 with Schedule E (Rental Income). If Schedule E was not prepared, the Housing Authority will require the family members involved in the rental of property to provide a self-certification of income and expenses for the previous year and may request documentation to support the statement including, tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense.~~

Retirement Accounts. The Housing Authority will accept an original document from the entity holding the account dated no earlier than 12 months before that reflects any distributions of the account balance, any lump sums taken and any regular payments. If the statement is over 60 days old, the household must also furnish documentation within the last 60 days confirming the amount of distribution.

Total Assets. The total amount of assets cannot exceed \$50,000 per individual in the household, excluding amounts in IRS-recognized retirement funds (such as a 401K).

3. Revise *Glossary* to include a definition of Imputed Asset Income as referenced in the Policy.

Imputed Asset Income: Amount of income assigned to assets over \$5,000 that are not earning any real income or a negligible income amount. The imputed asset income will be calculated using the passbook interest rate determined for the Housing Choice Voucher program.

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Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From Vanessa M. Cooper
Executive Director

Prepared Roderick J. Roche
by: Director of Facilities

Date: January 20, 2016

Re: Award a Contract to ABG Group in the Amount of \$350,000 and Authorize the Executive Director to Execute a Contract for Section 504 and Uniform Federal Accessibility Standards (UFAS) Upgrades for four (4) Units at the residential senior complex known as Anne B. Diament Plaza; Authorize an increase in the Project Budget of \$80,000 to a total Amount of \$505,000

BACKGROUND

Fiscal Year 2016 Capital Improvement and Extraordinary Maintenance Project (CIP-EMP) budget contains an annual carryover project from Fiscal Year 2013 to convert three (3) units at our Anne B. Diament Senior Complex to fully accessible units. During the November 2015 Board of Commissioners Meeting, this project was amended to convert four (4) units for the purpose of being fully compliant with Housing and Urban Development (HUD) Section 504 and Uniform Federal Accessibility Standards (UFAS). This scope of work includes apartment remodel improvements with new bathroom, kitchen and closet renovations, in addition to building common area improvements for parking, signage, and entrance doors.

DISCUSSION

On December 1, 2015, the Housing Authority issued an Invitation for Bids (IFB) for Section 504 Compliance and UFAS Upgrades for four (4) units at the Residential Senior Complex known as Anne B. Diament Plaza. A public notice was placed in the Alameda Journal and on the Housing Authority's website.

A pre-bid conference was held on December 9, 2015 which provided interested contractors the opportunity to inspect the site. Seven (7) contracting firms attended this pre-bid conference.

On January 5, 2016, AHA received one (1) bid was received and publicly opened; the bid results are as follows:

CONTRACTOR	LOCATION	BASE BID
ABG Group.	Concord, CA	\$350,000

The Housing Authority performed a review of the ABG Group base bid against the initial cost estimate and found it to be reasonable and in comparison with the published engineers estimate for the project. Additionally, the Housing Authority previously worked successfully with ABG Group on a window replacement project for Rosefield Village and Parrot Gardens (FY 2014), and checked its references with no negative findings. ABG Group will provide the Housing Authority with all necessary insurance documentation and proof of a City of Alameda Business license. Lastly, all bonding requirements will be met prior to commencement of work.

FINANCIAL IMPACT

Fiscal Year 2016 Capital Improvements Project (CIP) budget provides \$425,000 for Section 504 Compliance and UFAS Upgrades for four (4) units at the Residential Senior Complex known as Anne B. Diament Plaza. The Housing Authority has committed \$50,000 to date against this budget for architectural and engineering services, and permit fees. The proposed contract is \$350,000 and a twenty percent contingency in the amount \$70,000 is recommended for potential Change Orders. The budget also includes \$35,000 for four (4) tenant relocations which will be required for this project. As such, a CIP budget line-item adjustment will be required as follows:

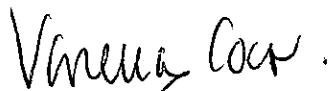
- CIP Budget ABD-C1-13 Section 504/UFAS Project \$425,000
- Re-allocate CIP Budget ABD-C2-16 Replace Shower/Tubs 80,000
- Revised ABD-C1-13 Budget \$505,000

CIP Project ABD-C2-16 Replace Shower/Tubs has been put on hold pending the review of the capital needs assessments for each project and will be considered for potential inclusion in 2016-17 budget, but possibly in a phased approach.

RECOMMENDATION

Award a Contract to ABG Group in the Amount of \$350,000 and Authorize the Executive Director to Execute a Contract for Section 504 and Uniform Federal Accessibility Standards (UFAS) Upgrades for four (4) Units at the residential senior complex known as Anne B. Diament Plaza; Authorize an increase in the total Project Budget of \$80,000 to a total Amount of \$505,000.

Respectfully submitted,



Vanessa M. Cooper
Executive Director
VMC/RR

CONTRACT FORMS

SAMPLE BOILERPLATE CONTRACTOR AGREEMENT

THIS AGREEMENT entered into this _____ day of _____ 201_, by and between HOUSING AUTHORITY OF THE CITY OF ALAMEDA (hereinafter referred to as "AHA"), and (NAME OF CONTRACTOR), (a California corporation, partnership, sole proprietor, individual, joint venture) whose address is _____, (hereinafter referred to as Contractor), in reference to the following:

RECITALS:

A. AHA is a public body, corporate and politic, duly organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California.

B. AHA and Contractor desire to enter into an agreement for _____, in accordance with Specifications, Special Provisions and Plans, filed in the office of the AHA on _____.

NOW, THEREFORE, it is mutually agreed by and between the undersigned as follows:

1. **TERM:**

The Contractor shall begin work within five (5) calendar days after receiving Notice to Proceed from AHA to commence the work and shall diligently prosecute the work to completion before _____.

2. **SERVICES TO BE PERFORMED:**

Contractor agrees, at its own cost and expense, to furnish all labor, tools, equipment, materials, except as otherwise specified, and to do all work strictly in accordance with Scope of Work and Specifications, and General Conditions, which Scope of Work and Specifications, and General Conditions, are attached hereto as Exhibits "B", and "C", respectively, and are hereby referred to and expressly made a part hereof with the same force and effect as if the same were fully incorporated herein.

3. **COMPENSATION TO CONTRACTOR:**

Contractor shall be compensated for services performed pursuant to this Agreement in the amount of \$ _____, and in a manner as set forth in Exhibit "A" and incorporated herein by this reference. Payment will be made in the same manner that claims of a like character are paid by the AHA based upon Contractors submitted and approved Schedule of Values, with checks drawn on the treasury of said AHA. Payment shall be made for 95 percent of the value of the work. The AHA shall retain 5 percent of the value of the work as partial security for the completion of the work by Contractor. Retained amounts shall not be construed as acceptance of defective work. No interest will be paid to Contractor on retained funds.

4. **TIME IS OF THE ESSENCE:**

Contractor and AHA agree that time is of the essence regarding the performance of this Agreement.

It is agreed by the parties to the Agreement that in case all the work called for under the Agreement is not completed before or upon the expiration of the time limit as set forth in paragraph 1 above, damage will be sustained by the AHA, and that it is and will be impracticable to determine the actual damage which the AHA will sustain in the event of and by reason of such delay and it is therefore agreed that the Contractor will pay to the AHA the sum of Two Hundred Dollars (\$200.00) per day for each and every day's delay beyond the time prescribed to complete the work; and the Contractor agrees to pay such liquidated damages as herein provided, and in case the same are not paid, agrees that the AHA may deduct the amount thereof from any money due or that may become due the Contractor under the Agreement.

It is further agreed that in case the work called for under the Agreement is not finished and completed in all parts and requirements within the time specified the AHA shall have the right to extend the time for completion or not, as may seem best to serve the interest of the AHA; and if it decides to extend the time limit for the completion of the Agreement, it shall further have the right to charge the Contractor, his or her heirs, assigns, or sureties, and to deduct from the final payment for the work, all or any part, as it may deem proper, of the actual costs and overhead expenses which are directly chargeable to the Agreement, and which shall accrue during the period of such extensions.

The Contractor shall not be assessed with liquidated damages during any delay in the completion of the work caused by an act of God or of the public enemy, acts of the AHA, fire, flood, epidemic, quarantine restriction, strikes, freight embargoes, and unusually severe weather or delays of subcontractors due to such causes; provided that the Contractor shall within one (1) day from the beginning of such delay notify the AHA in writing of the causes

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of delay. The AHA shall ascertain the facts and the extent of the delay and its findings of the facts thereon shall be final and conclusive.

5. **STANDARD OF CARE:**

Contractor agrees to perform all services hereunder in a manner commensurate with the prevailing standards of like professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel who are not employed by the AHA nor have any contractual relationship with AHA.

6. **INDEPENDENT PARTIES:**

AHA and Contractor intend that the relationship between them created by this Agreement is that of employer-independent contractor. The manner and means of conducting the work are under the control of Contractor, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Contractor's services. None of the benefits provided by AHA to its employees, including but not limited to unemployment insurance, workers' compensation coverage, vacation and sick leave are available from AHA to Contractor, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Contractor. Payments of the above items, if required, are the responsibility of Contractor.

7. **IMMIGRATION REFORM AND CONTROL ACT (IRCA):**

Contractor assumes any and all responsibility for verifying the identity and employment authorization of all of its employees performing work hereunder, pursuant to all applicable IRCA or other federal or state rules and regulations. Contractor shall indemnify and hold AHA harmless from and against any loss, damage, liability, costs or expenses arising from any noncompliance of this provision by Contractor.

8. **NON-DISCRIMINATION:**

Consistent with AHA's policy that harassment and discrimination are unacceptable employer/employee conduct, Contractor agrees that harassment or discrimination directed toward a job applicant, an AHA employee, or a citizen by Contractor or Contractor's employee on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, or sexual orientation will not be tolerated. Contractor agrees that any and all violations of this provision shall constitute a breach of this Agreement.

Contractor certifies and agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, sex, age, or condition or physical or mental handicap (as defined in 41 C.F.R. Section 60-741), in accordance with requirement of state and federal law. Contractor shall take affirmative action to ensure that qualified applicants are employed and that employees are treated during employment without regard to race, color, religion, national origin, ancestry, sex, age, or condition of physical or mental handicap in accordance with requirements of state and federal law. Such shall include, but not be limited to, the following:

- a. Employment upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation.
- b. Selection for training, including interns and apprentices.

Contractor agrees to post in conspicuous places in each of Contractor's facilities providing services hereunder, available and open to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, sex, age, or condition of physical or mental handicap, in accordance with requirements of state and federal law.

Contractor shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' representative of Contractor's commitments under this paragraph.

Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to race, color, religion, national origin, ancestry, sex, age, or condition of physical or mental handicap, in accordance with requirement of state and federal law.

In accordance with applicable state and federal law, Contractor shall allow duly authorized county, state and federal representatives access to its employment records during regular business hours in order to verify compliance with the anti-discrimination provisions of this paragraph. Contractor shall provide such other information and records as such representatives may require in order to verify compliance with the anti-discrimination provisions of this paragraph.

If the AHA finds that any of the provisions of this paragraph have been violated, the same shall constitute a material breach of Agreement upon which AHA may determine to cancel, terminate, or suspend this Agreement.

While AHA reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that Contractor has violated state and federal anti-discrimination laws shall constitute a finding by AHA that Contractor has violated the anti-discrimination provisions of Agreement.

The parties agree that in the event Contractor violates any of the anti-discrimination provisions of this paragraph, AHA shall be entitled, at its option, to the sum of \$500.00 pursuant to Civil Code Section 1671 as liquidated damages in lieu of canceling, terminating, or suspending this Agreement.

Contractor hereby agrees that it will comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. Section 794), all requirements imposed by the applicable regulations (45 C.F.R.), and all guidelines and interpretations issued pursuant thereto, to the end that no qualified handicapped person shall, on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity of Contractor receiving Federal Financial Assistance. In addition, Contractor shall comply with the Uniform Federal Accessibility Standards, and Contractor, Engineer, or Architect responsible for any design, construction or alteration shall certify compliance with those Standards.

Contractor's attention is directed to laws, including but not limited to:

A. CIVIL RIGHTS/EQUAL OPPORTUNITY

(1) Civil Rights Act of 1964. Under Title VI of the Civil Rights Act of 1964, no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

(2) Section 109 of the Housing and Community Development Act of 1974. No person in the United States shall on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

Section 109 of the Act further provides that any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall also apply to any program or activity funded in whole or in part with funds made available pursuant to the Act.

B. EMPLOYMENT AND CONTRACTING OPPORTUNITIES

(1) Section 3. Section 3 of the Housing and Urban Development Act of 1968 requires, in connection with the planning and carrying out of any project assisted under the Act, that to the greatest extent feasible, opportunities for training and employment be given to lower income persons residing within the unit of local government or the metropolitan area in which the project is located in, or owned in substantial part by persons residing in the same metropolitan area as the project.

C. PROGRAM ACCESSIBILITY FOR INDIVIDUALS WITH DISABILITIES

This Agreement is subject to laws and regulations concerning the rights of otherwise qualified individuals with handicaps for equal participation in, and benefit from federally assisted programs and activities including but not limited to:

(1) Nondiscrimination on the Basis of Disabilities (28 CFR 35). Title II, Subpart A of the Americans with Disabilities Act of 1990 applies to all publicly funded activities and programs.

(2) Nondiscrimination on the Basis on Handicap (24 CFR 8). These regulations implement Section 504 of the Rehabilitation Act of 1973, as amended, as cited in Section 109 of the Housing and Community Development Act.

Any federally-assisted alteration to a facility, its permanent fixtures or equipment but not including normal maintenance or repairs, roofing, interior decoration or changes to its mechanical systems, shall comply with the Uniform Federal Accessibility Standards, 1984 (41 CFR 3) and with paragraph (2) immediately below.

(3) Architectural Barrier Act of 1968. Any building or facility, excluding privately-owned residential structures, designed, constructed, or altered with federal funds shall comply with the Uniform Federal Accessibility Standards, 1984 (41 CFR 3) and the Handicapped Accessibility Requirements of the State of California

Title 24. The Contractor, Engineer or Architect responsible for such design, construction or alteration shall certify compliance with the above standards.

In resolving any conflict between the accessibility standards cited in paragraphs (1), (2) and (3) above, the more stringent standard shall apply.

9. **INDEMNIFICATION/HOLD HARMLESS:**

Contractor shall indemnify, defend, and hold harmless AHA, its Board of Commissioners, officers, employees and volunteers ("Indemnitees") from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees ("Claims"), arising from or in any manner connected to Contractor's negligent act or omission, whether alleged or actual, regarding performance of services or work conducted or performed pursuant to this Agreement. If Claims are filed against Indemnitees which allege negligence on behalf of the Contractor, Contractor shall have no right of reimbursement against Indemnitees for the costs of defense even if negligence is not found on the part of Contractor. However, Contractor shall not be obligated to indemnify Indemnitees from Claims arising from the sole or active negligence or willful misconduct of Indemnitees.

10. **INSURANCE:**

On or before the commencement of the terms of this Agreement, Contractor shall furnish AHA with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with paragraphs 10A, B, C and D. Such certificates, which do not limit Contractor's indemnification, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to the AHA by certified mail. It is agreed that Contractor shall maintain in force at all times during the performance of the Agreement all appropriate coverage of insurance acceptable to AHA and licensed to do insurance business in the State of California. Endorsements naming the AHA as additional insured shall be submitted with the insurance certificates.

A. **COVERAGE:**

Contractor shall maintain the following insurance coverage:

(1) **Workers' Compensation:**

Statutory coverage as required by the State of California.

(2) **Liability:**

Commercial general liability coverage in the following minimum limits:

Bodily Injury:	\$1,000,000	each occurrence
	\$2,000,000	aggregate
Property Damage:	\$1,000,000	each occurrence
	\$2,000,000	aggregate

If submitted, combined single limit policy with aggregate limits in the amounts of \$1,000,000 will be considered equivalent to the required minimum limits shown above.

(3) **Automotive:**

Comprehensive automobile liability coverage in the following minimum limits:

Bodily Injury:	\$1,000,000	per accident
	\$2,000,000	aggregate
Property Damage:	\$1,000,000	per accident
	\$2,000,000	aggregate

OR

Combined Single Limit:	\$1,000,000	per accident
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B. **SUBROGATION WAIVER:**

Contractor agrees that in the event of loss due to any of the perils for which it has agreed to provide comprehensive general and automotive liability insurance that Contractor shall look solely to its insurance for recovery. Contractor hereby grants to AHA, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Contractor or AHA with respect to the services of Contractor herein, a waiver of any right to subrogation which any such insurer of said Contractor may acquire against AHA by virtue of the payment of any loss under such insurance.

C. **FAILURE TO SECURE:**

If Contractor, at any time during the term hereof, should fail to secure or maintain the foregoing insurance, AHA shall be permitted to obtain such insurance in the Contractor's name or as an agent of the Contractor and shall be compensated by the Contractor for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. **ADDITIONAL INSURED:**

AHA, it's Board of Commissioners, officials, employees and volunteers shall be named as an additional insured under all insurance coverages, except workers' compensation insurance. The naming of an insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. **SUFFICIENCY OF INSURANCE:**

The insurance limits required by AHA are not represented as being sufficient to protect Contractor. Contractor is advised to consult Contractor's insurance broker to determine adequate coverage for Contractor.

11. **BONDS:**

Contractor shall furnish the following bonds from a bonding company acceptable to the Housing Authority Attorney:

1) **Performance:**

A bond in the amount of 100% of the total contract price guaranteeing the faithful performance of this contract, and

2) **Payment:**

A payment bond in the amount of 100% of the total contract price is required to provide a source of compensation for unpaid subcontractors, suppliers, or workers who have furnished goods or services for the project.

12. **PROHIBITION AGAINST TRANSFERS:**

Contractor shall not assign, sublease, hypothecate, or transfer this Agreement or any interest therein directly or indirectly, by operation of law or otherwise without prior written consent of AHA. Any attempt to do so without said consent shall be null and void, and any assignee, sub lessee, hypothecate or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Contractor from AHA under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent, but written notice of such assignment shall be promptly furnished to AHA by Contractor.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Contractor, or of the interest of any general partner or joint venturer or syndicate member or cotenant if Contractor is a partnership or joint venture or syndicate or co tenancy, which shall result in changing the control of Contractor, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. **LICENSED SUBCONTRACTOR APPROVAL:**

Unless prior written consent from AHA is obtained, only those people and licensed subcontractors whose names are listed in Contractor's bid shall be used in the performance of this Agreement.

Requests for licensed subcontracting shall be submitted in writing, describing the scope of work to be subcontracted and the name of the proposed licensed subcontractor. Such request shall set forth the total price or hourly rates used in preparing an estimated cost for the licensed subcontractor's services. Approval of the licensed subcontractor may, at the option of AHA, be issued in the form of a Work Order.

In the event that Contractor employs licensed subcontractors, such licensed subcontractors shall be required to furnish proof of worker's compensation insurance and shall also be required to carry general and automobile liability insurance in reasonable conformity to the insurance carried by Contractor. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

14. **PERMITS AND LICENSES:**

Contractor, at its sole expense, shall obtain and maintain during the term of this Agreement, all appropriate permits, certificates and licenses, including a City of Alameda business license that may be required in connection with the performance of services hereunder.

15. **REPORTS:**

Each and every report, draft, work product, map, record and other document reproduced, prepared or caused to be prepared by Contractor pursuant to or in connection with this Agreement shall be the exclusive property of AHA. Neither report, information nor other data given to or prepared or assembled by Contractor

pursuant to this Agreement shall be made available to any individual or organization by Contractor without prior approval by AHA. Contractor shall, at such time and in such form as AHA may require, furnish reports concerning the status of services required under this Agreement.

16. **RECORDS:**

Contractor shall maintain complete and accurate records with respect to sales, costs, expenses, receipts and other such information required by AHA that relate to the performance of services under this Agreement.

Contractor shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Contractor shall provide free access to such books and records to the representatives of AHA or its designees, and gives AHA the right to examine and audit same, and to make transcripts there from as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be kept separate from other documents and records and shall be maintained for a period of three (3) years after receipt of final payment.

17. **NOTICES:**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals from Contractor to AHA shall be addressed to AHA at:

Housing Authority of the City of Alameda
701 Atlantic Avenue
ALAMEDA CA 94501-2161
Attention: _____

All notices, demands, requests, or approvals from AHA to Contractor shall be addressed to Contractor at:

NAME OF CONTRACTING FIRM
ADDRESS OF CONTRACTING FIRM
CITY, STATE AND ZIP CODE
ATTENTION: _____

18. **RESTRICTIONS ON LOBBYING:**

This Agreement is subject to 24 C.F.R. 87 which prohibits the payment of Federal funds to any person for influencing or attempting to influence, any public officer or employee in connection with the award, making, entering into, extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or agreement.

19. **URBAN RUNOFF MANAGEMENT:**

The Contractor shall avoid creating excess dust when breaking asphalt or concrete and during excavation and grading. If water is used for dust control, contractor shall use as little as necessary. Contractor shall take all steps necessary to keep wash water out of the streets, gutters and storm drains.

The Contractor shall develop and implement erosion and sediment control to prevent pollution of storm drains. Such control includes but is not limited to:

A. Use storm drain inlet protection devices such as sand bag barriers, filter fabric fences, block and gravel filters. (Block storm drain inlets prior to the start of the rainy season (October 1), in site de-watering activities and saw-cutting activities; shovel or vacuum saw-cut slurry and remove from the site).

B. Cover exposed piles of soil or construction material with plastic sheeting. All construction materials must be stored in containers.

C. Sweep and remove all materials from paved surfaces that drain to streets, gutters and storm drains prior to rain as well as at the end of the each work day. At the completion of the project, the street shall be washed and the wash water shall be collected and disposed of offsite in an appropriate location.

D. After breaking old pavement, Contractor shall remove all debris to avoid contact with rainfall or runoff.

E. Contractor shall maintain a clean work area by removing trash, litter, and debris at the end of each work day. Contractor shall also clean up any leaks, drips, and other spills as they occur.

The objective is to ensure that the City and County of Alameda County-Wide Clean Water Program is adequately enforced. These controls should be implemented prior to the start of construction, up-graded as

required, maintained during construction phases to provide adequate protection, and removed at the end of construction.

These recommendations are intended to be used in conjunction with the State's Best Management Practices Municipal and Construction Handbooks, local program guidance materials from municipalities, Section 7.1.01 of the Standard Specifications and any other appropriate documents on storm water quality controls for construction.

Failure to comply with this program will result in the issuance of noncompliance notices, citations, project stop orders or fines. The fine for noncompliance of the above program is two hundred and fifty dollars (\$250.00) per occurrence per day. The State under the Federal Clean Water Act can also impose a fine on the contractor, pursuant to Cal. Water Code §13385.

20. **REQUIREMENT TO PAY PREVAILING WAGES:**

Consistent with U.S. Department of Housing and Urban Development and State of California guidelines regarding payment of prevailing wage rates on public works projects, Contractor shall comply with all requirements set forth in Labor Code section 1770 et seq. The AHA shall require payment of the general rate of per diem wages or the general rate of per diem wages for holiday and overtime work. Contractor will submit weekly certified payroll records to the AHA for all employees and subcontractors in a pre-approved format or an AHA-provided form. Any delay in remitting certified payroll reports to the AHA upon request from the AHA will result in either delay and/or forfeit of outstanding payment to Contractor.

21. **NO SMOKING, DRINKING OR RADIO USE:**

Contractor agrees and acknowledges that smoking of tobacco products, drinking alcoholic beverages, and listening to radios is prohibited at the work site, including individual units, common areas, and every building and adjoining grounds. Contractor shall ensure that his/her employees and suppliers comply with these prohibitions.

22. **UTILITIES:**

Contractor shall pay all charges for fuel, gas, water, electricity, telephone services and any other utilities necessary to carry on the operations of Contractor.

23. **NUISANCE:**

Contractor shall not maintain, commit or permit the maintenance or commission of any nuisance in connection with the performance of services under this Agreement.

24. **SAFETY REQUIREMENT:**

All work performed under this Agreement shall be performed in such a manner as to provide safety to the public and to meet or exceed the safety standards outlined by CAL-OSHA. AHA reserves the right to issue restraints or cease and desist orders to Contractor when unsafe or harmful acts or conditions are observed or reported relative to the performance of the work under this Agreement.

Contractor shall maintain the work sites free of hazards to persons and/or property resulting from his or her operations. Any hazardous condition noted by Contractor, which is not a result of his or her operations, shall immediately be reported to AHA.

25. **HOURS OF OPERATION:**

Contractor shall be allowed to operate on site weekdays only between the hours of 8:00 a.m. and 5:00 p.m. unless prior written approval has been secured from AHA to do otherwise.

26. **TERMINATION:**

In the event Contractor hereto fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Contractor shall be deemed in default in the performance of this Agreement. If such default is not cured within a period of two (2) days after receipt by Contractor from AHA of written notice of default, specifying the nature of such default and the steps necessary to cure such default, AHA may terminate the Agreement forthwith by giving to the Contractor written notice thereof.

AHA shall have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) days' prior written notice to Contractor as provided herein. Upon termination of this Agreement, each party shall pay to the other party that portion of compensation specified in this Agreement that is earned and unpaid prior to the effective date of termination.

27. **COMPLIANCES:**

Contractor shall comply with all laws, state or federal, all City of Alameda ordinances, and rules and regulations enacted or issued by AHA.

28. **CONFLICT OF LAW:**

This Agreement shall be interpreted under, and enforced by the laws of the State of California excepting any choice of law rules which may direct the application of laws of another jurisdiction. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities.) Any suits brought pursuant to this Agreement shall be filed with the Courts of the County of Alameda, the State of California.

29. **ADVERTISEMENT:**

Contractor shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from AHA to do otherwise.

30. **CONFIDENTIALITY:**

A. **Definition.** Confidential Information, as used in this Agreement, shall mean any AHA Client data.

B. **Nondisclosure and Nonuse Obligation.** Contractor agrees that it will not use, disseminate, or in any way disclose any Confidential Information to any person, firm or business, except that Contractor may use Confidential Information to the extent necessary to perform its obligations under this Agreement. Contractor agrees that it shall treat all Confidential Information with the same degree of care as the Contractor accords to its own Confidential Information, but in no case less than reasonable care. Contractor agrees that it shall disclose Confidential Information only to those of its employees who need to know such information, and the Contractor certifies that such employees have previously agreed, as a condition of employment, to be bound by terms and conditions applicable to Contractor under this Agreement. Contractor shall immediately give notice to AHA of any unauthorized use or disclosure of Confidential Information.

C. **Exclusions from Nondisclosure and Nonuse Obligations.** The obligations under 30B ("Nondisclosure and Nonuse Obligation") shall not apply to such portion that Contractor can document was i) in the public domain at the time such portion was disclosed or used, or ii) was disclosed in response to a valid court order.

D. **Ownership and Return of Confidential Information and Other Materials.** All Confidential Information shall remain the property of the AHA. At AHA's request and no later than five (5) business days after such request, Contractor shall promptly destroy or deliver to AHA, at AHA's option, i) all materials furnished to Contractor, ii) all tangible media of expression in Contractor's possession or control to the extent that such tangible media incorporate any of the Confidential Information, and iii) written certification of the Contractor's compliance with such obligations under this sentence.

31. **WAIVER:**

A waiver by AHA of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein whether of the same or a different character.

32. **INTEGRATED CONTRACT:**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the parties hereto and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by written execution signed by both AHA and Contractor.

33. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein.

If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

34. **CAPTIONS:**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed on the day and year first above written.

Contracting Firm

HOUSING AUTHORITY
OF THE CITY OF ALAMEDA

NAME OF SIGNING PARTY
TITLE OF SIGNING PARTY
(PRESIDENT, VICE PRESIDENT OR CEO IF
CONTRACTING FIRM IS A CORPORATION)

Vanessa M. Cooper
Executive Director

SIGNATURE OF ONE OF THE FOLLOWING:
CORPORATE SECRETARY
ASSISTANT SECRETARY, CFO, TREASURER
OR ASSISTANT TREASURER
(IF CONTRACTING FIRM IS A CORPORATION)

END OF DOCUMENT



Housing Authority of the City of Alameda

701 Atlantic Avenue - Alameda, California 94501-2161 - Tel: (510) 747-4300 - Fax: (510)522-7848 - TDD: (510) 522-8467

To: Honorable Chair and
Members of the Board of Commissioners

From: Vanessa M. Cooper
Executive Director

Date: January 20, 2016

Re: Proposed Stipend to Board Members to Purchase a Tablet or Other Portable
Device In Order to Provide Electronic Access to the Board Packet

BACKGROUND

Staff was asked to review and report how Board Members might be offered the opportunity to go paperless with the monthly Board packet and other communications.

DISCUSSION

The Board currently receives monthly meeting packages monthly in a paper format that ranges from 20-120 pages and an email version is also sent. One Board member has already opted out of the paper copy and reviews documents electronically. Some Board members may prefer to continue to receive paper copies. If the packet is viewed on a tablet or other portable device, it can be downloaded and viewed as a saved document or can be viewed through the wireless service that is provided at Independence Plaza for public use.

Staff does not have sufficient IT capacity to purchase and manage a group of tablets or to provide individual technical assistance to Board Members with their electronic equipment. However if the Board wishes to convert to a paperless option, Board members could be offered a reimbursement stipend to assist with the purchase. If so, staff recommends a maximum reimbursement amount of \$400.

If approved, a Board Member would sign an agreement stating that they are responsible for the purchase, repair, and management of the equipment and that AHA will not purchase software, insurance or other accessories. Paper packets would no longer be provided or delivered. The agreement would stipulate that the stipend would be "forgiven" over a 4 year period on the Board (2 years for tenant Board Members) but if the Board Member departed before their term expired, they would owe the agency a pro rata amount of their stipend.

An alternative would be for staff to bring AHA laptops to the meetings to allow for electronic reading at the meeting but this would not allow for reading electronically at home.

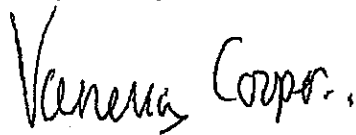
RECOMMENDATION

Staff seeks Board direction to proceed in such a manner, and to offer the stipend as an option to any Board member who wishes to go paperless. If approved, staff recommends the above described conditions to be placed on the action. There is no intention that a Board Member would be required to go paperless.

FINANCIAL IMPACT

The maximum financial impact would be \$2,800 in stipends plus some staff administrative time to administer the agreements and the payments and, if necessary, to collect the pro rata share for leaving Board members. There would be some administrative savings on copying and delivering the packet. If approved, this cost would be added to the 2016-17 budget.

Respectfully submitted,

A handwritten signature in black ink that reads "Vanessa Cooper". The signature is written in a cursive, flowing style.

Vanessa M. Cooper
Executive Director

VMC/