

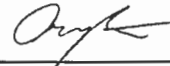
REPORT OF THE PRESIDENT

May 27, 2021

**RESOLUTION APPROVING AND ADOPTING THE FISCAL YEAR 2021 OPERATING BUDGET
MIDYEAR MODIFICATION AND AUTHORIZING THE PRESIDENT TO EXECUTE ANY
REQUIRED BUDGET DOCUMENTS AND TO ADMINISTER THE BUDGET FOR THE
LOS ANGELES LOMOD CORPORATION**



 Connie Loyola-Calumnag, President



 Armine Petrosyan, Secretary

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

Regarding: On December 17, 2020, the Board of Directors passed resolution LOC-2020-03 approving the Fiscal Year 2021 budget.

Issues: Since the beginning of the fiscal year, the submission of Special Claims, vacancy loss and damaged unit claims, has increased 128 percent monthly compared to last year. Moreover, on March 1, 2021, HUD transferred nine (9) Traditional Contract Administrator ("TCA") properties, totaling 1,023 units, to L.A. LOMOD. This unexpected transfer of additional properties is projected to increase L.A. LOMOD's Housing Assistance Payments ("HAP") by an additional \$14 million and administrative fees by an additional \$340,000. The increased workload generated by the influx of Special Claims processing and the newly transferred properties has made it difficult to meet HUD deadlines with the current staffing level. Therefore, L.A. LOMOD is proposing a net increase of six (6) new positions in the Contracts, Vouchers, and Quality Control departments. L.A. LOMOD is also proposing a restructuring and promotion of two (2) management positions to allow for a more coordinated oversight in the HAP contracting and vouchering processes. Moreover, one management position is to be reclassified to an Assistant Director position to improve communications with IT and project manage all of L.A. LOMOD's Information Technology needs.

The proposed budget revision includes an additional \$486,000 in administrative salaries and benefits as well as an adjustment in staffing-related expenses such as computer equipment and training. L.A. LOMOD is also expecting an estimated \$140,000,000 increase in HAP and an estimated \$733,000 increase in administrative fees due to the expected transfer of additional TCA properties later in the year. With the projected increase in HAP, L.A. LOMOD is also adding extra funds for its fidelity bond coverage.

Lastly, L.A. LOMOD is projecting the continuation of the "COVID-19 Supplemental Payments ('CSP') Amendment," which provides an additional funding opportunity to PBCAs, allowing PBCAs to collect, analyze, and verify CSP requests from owners of Section 8 projects in accordance with a HUD housing notice and requirements set forth in a question & answer document. Compensation for the task was set at \$150

per request processed. L.A. LOMOD is projecting up to \$900,000 in CSP requests in upcoming rounds of funding.

In HACLA's initiatives, the only modification is a \$500,000 increase to the Work Source construction. There are no modifications in the E3 Housing Solutions budget.

Funding: The Chief Administrative Officer confirms the following:

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

Budget and Program Impact: The administrative fees received cover all expenditures in the proposed FY 2021 mid-year budget modification. The projected total surplus is \$13.9 million.

Attachments:

1. Proposed Revised FY 2021 Budgets for L.A. LOMOD
2. Resolution

2021 Midyear Budget

LA LOMOD - PBCA

LOMOD's 2021 budget assumes a full year of operations since there are 2 6-month extensions left in the current ACC. The proposed additional staffing will only be filled on an as needed basis, depending on the number of new properties received from HUD in December. This budget includes a permanent shift to partial telework and a reduction in office space to reflect only periodic on-site work by staff.

FUND		26001		2021 Adopted			2021 Midyear		
COST CTR		*							
ACCOUNT	OBJECT	Account Name	2020	2021 MOD 1	YTD March	% Used	ADJ	Budget	Notes
REVENUE									
70600	*	HUD Grants	699,331,092	725,363,432	190,982,062	26%	140,732,934	866,096,366	
70600	340010	HAP Income	675,623,688	700,000,000	184,393,061	26%	140,000,000	840,000,000	increase in MUTM; RCS; additional 26 properties
70600	341210	Administrative Fee - S8 Special All	23,282,589	25,363,432	6,589,001	26%	732,934	26,096,366	additional 26 properties
71100	*	Investment Income - Unrestricted	358,777	500,000	37,931	8%	-	500,000	
71100	361020	Interest Earned on Investments	358,777	500,000	37,931	8%	-	500,000	
71500	*	Other Revenue	110,027	55,121		35	(55,121)	-	New Construction Pgm fees (120 units remaining)
71500	369050	Other Income	110,027	55,121		35	(55,121)	-	All properties have transferred to PBCA
TOTAL REVENUE			699,799,895	725,918,553	191,020,028	26%	140,677,813	866,596,366	
EXPENSES									
[91100,9150] * Administrative Salaries & Benefits			3,708,308	5,225,982	880,101	17%	458,581	5,684,563	personnel restructure and addition of positions
91100	[411010,411]	Salary	3,006,122	4,069,032	679,962	17%	333,941	4,402,973	
91100	411200	Overtime	20,032	43,000	8,929	21%	-	43,000	
91500	413010	FICA	195,993	254,946	45,113	18%	20,704	275,650	
91500	413020	Medicare Tax	46,556	59,624	10,550	18%	4,843	64,467	
91500	413030	Federal Unemployment	1,766	6,912	1,788	26%	-	6,912	
91500	413040	State Unemployment	15,341	41,120	16,183	39%	3,340	44,460	
91500	413050	Life	13,536	36,256	4,996	14%	4,800	41,056	
91500	413060	Medical & Vision	279,243	554,037	102,035	18%	73,350	627,387	
91500	413070	Dental	26,874	40,788	10,544	26%	5,400	46,188	
91500	413081	Defined Contribution Pension Plan	102,844	120,267	0	0%	12,203	132,470	
96210	*	Compensated Absences	378,237	446,395	104,084		27,223	473,618	
96210	412190	General Leave	224,771	258,594	50,131		11,809	270,403	
96210	[412200,412]	Other Compensated Absences	153,466	187,801	53,953		15,413	203,214	
Subtotal Personnel			4,086,545	5,672,377	984,185	17%	485,804	6,158,181	9%
91200	423120	Auditing & Tax Prep Fees	9,396	13,396	-	0%	-	13,396	
91300	801010	Management Fee	2,328,259	2,536,343	630,259	25%	73,294	2,609,637	10% of Admin fee
91400	423450	Advertising & Marketing	-	11,000	-		-	11,000	
91400	423450	Marketing & Leasing	-	11,000	-		-	11,000	
91600	*	Office Expenses	404,735	394,874	94,153	24%	15,000	409,874	space reallocation and less new computer equip.
91600	426275	Computer Equipment - Expensed	54,894	15,000	32,245	215%	15,000	30,000	equipment for new hires
91600	426430	Duplicating & Copying	4,009	4,200	922	22%	-	4,200	
91600	426060	Form, Stationery, Office Supplies	7,497	6,000	(367)	-6%	-	6,000	
91600	426460	Meeting	15	30,000	26		-	30,000	
91600	426211	Mobile Devices	24,687	36,000	894	2%	-	36,000	
91600	426320	Off Site Storage	8,832	8,000	392	5%	-	8,000	
91600	426270	Office Equipment/Furniture	660	5,000	-	0%	-	5,000	
91600	426260	Office Space	260,062	183,674	45,919	25%	-	183,674	
91600	426295	Parking	6,270	2,000	148	7%	-	2,000	
91600	426220	Postage / Mail	2,580	3,000	581	19%	-	3,000	
91600	426433	Shredding Services	251	1,000	28	3%	-	1,000	
91600	426420	Software/Software Maintenance	22,138	92,000	13,617	15%	-	92,000	
91600	426210	Telephone	8,462	6,000	(233)	-4%	-	6,000	
91600	426296	Transportation	2,617	3,000	(16)	-1%	-	3,000	
91700	*	Legal Expenses	1,838	400,000	4,045	1%	-	400,000	
91800	*	Travel	25,189	21,200	2,306	11%	-	21,200	

COST CTR	*	ACCOUNT	OBJECT	Account Name	2021 Adopted			2021 Midyear			
					2020	2021 MOD 1	YTD March	% Used	ADJ	Budget	Notes
91900	*			Other Administrative Expenses	330,492	2,559,506	44,916	2%	8,000	2,567,506	
91900	423110			Accounting	27,962	35,000	7,193	21%	-	35,000	
91900	423060			Administrative Services	735	1,000	61	6%	-	1,000	
91900	426580			Awards and Indemnities	786	2,000	254	13%	-	2,000	
91900	426510			Bank Charges	-	500	-	0%	-	500	
91900	423050			Business Consulting	74,067	241,006	6,500	3%	-	241,006	
91900	423051			IT Support Services	161,593	160,000	14,690	9%	-	160,000	
91900	423052			IT Support Services - Special Projec	5,153	70,000	381	1%	-	70,000	
91900	426570			Licenses and Fees	10	500	-	0%	-	500	
91900	426374			Media Services	458	1,000	114	11%	-	1,000	
91900	426500			Membership Dues & Fees	7,903	10,000	11,324	113%	-	10,000	
91900	426520			Other Miscellaneous	-	2,000,000	-	0%	-	2,000,000	
91900	423090			System Design/Programming	-	11,000	-	0%	-	11,000	
91900	424200			Training	37,861	27,000	2,440	9%	6,000	33,000	Tax credit \$5K, COS Cert \$15K, Voucher Specialist Cert \$8K; ISO Lead Auditor 3K; other 2K
91900	423070			Translation	290	500	35	7%	-	500	
91900	426213			TW Stipend - Telephone	5,424	-	925	-	1,000	1,000	conversion to cells with hot spots for rest of 2021
91900	426214			TW Stipend - Data	8,248	-	999	-	1,000	1,000	conversion to cells with hot spots for rest of 2021
92400	*			Tenant Services - Other	424,815	-	286,411	-	900,000	900,000	
92400	485007			COVID-19 Tenant Services	424,815	-	286,411	-	900,000	900,000	Supportie HAP
94200	*			Ordinary Maintenance - Materials	306	1,000	-	0%	-	1,000	
94200	521200			Motor Fuels/Fluids	306	1,000	-	0%	-	1,000	
94300	*			Ordinary Maintenance - Contracts	35	7,000	-	0%	-	7,000	
961*	*			Insurance	355,837	434,000	228,818	53%	66,000	500,000	increase to fidelity coverage
97300	*			Housing Assistance Payments	675,623,688	700,000,000	184,393,061	26%	140,000,000	840,000,000	increase in MUTM; RCS; additional 26 properties
Subtotal Non-Personnel					679,079,776	706,378,319	185,397,558	26%	140,162,294	846,540,613	20%
TOTAL EXPENSES					683,166,320	712,050,696	186,381,743	26%	140,648,098	852,698,794	20%
Revenue over Expenses					16,633,575	13,867,857	4,638,285		29,715	13,897,572	
NON-OPERATING											
51110	*			(To)/From Reserves	(10,932,599)	(6,957,676)	-		506,657	(6,451,019)	net surplus to reserves
51110	*			Transfer (To)/From Reserves	(10,932,599)	(6,957,676)	-	0%	506,657	(6,451,019)	
509*	*			Transfers btw Programs In/(Out)	(6,407,226)	(6,910,181)	(272,667)	4%	(536,372)	(7,446,553)	See detail below
50994	281000			Transfers Out	(6,407,226)	(6,910,181)	(272,667)	4%	(536,372)	(7,446,553)	
TOTAL REVENUE					(17,339,825)	(13,867,857)	(272,667)	2%	(29,715)	(13,897,572)	
Net Revenue over Expenses					(706,250)	(0)			-	(0)	

Transfers to other Programs/Initiatives		2020	2021	YTD March	% Used	Inc/(Dec)	2021	Notes
05017	CSP Expanded sites		1,750,000		0%	-	1,750,000	
05580	Program Partnerships Unit		851,200		0%	(27,484)	823,716	Operating costs for Program Partnerships Unit
04019	Imperial - Unit Conversions		800,000		0%	-	800,000	
06054	Wilshire Parking Lot		1,180,000		0%	-	1,180,000	
Multiple	HACLA Retirement Incentive		500,000		0%	-	500,000	
06103	Build HOPE (KPI) - Operations and Wifi		169,283		0%	-	169,283	
06053	Worksource Center		1,351,250		0%	569,055	1,920,305	Additional costs for construction
05010	WFD Unbillable		150,000		0%	-	150,000	
26002	E3 Solutions		126,672		0%	-	126,672	
20101	FSS unbillable		31,776		0%	(5,198)	26,578	unbillable operating expenses
Total		-	6,910,181	10,661		536,372	7,446,553	

COST CTR		*	2021 Adopted			2021 Midyear			
ACCOUNT	OBJECT	Account Name	2020	2021 MOD 1	YTD March	% Used	ADJ	Budget	Notes
Business Consulting									
Rent comparability studies.									
		<i>Dennis B Cunningham</i>		49,300		0%	-	49,300	
		<i>Doyle Real Estate</i>		95,525		0%	-	95,525	
		<i>Gill Group, Inc</i>		77,900		0%	-	77,900	
		<i>REGISTERED AGENT SOLUTIONS INC</i>		800		0%	-	800	
		<i>Contracting Matters</i>		17,481		0%	-	17,481	
		<i>Pace Productivity</i>		-					
		Total		241,006		-	-	241,006.25	

RESOLUTION NO. _____

**RESOLUTION APPROVING AND ADOPTING THE FISCAL YEAR 2021 OPERATING BUDGET
MIDYEAR MODIFICATION AND AUTHORIZING THE PRESIDENT TO EXECUTE ANY
REQUIRED BUDGET DOCUMENTS AND TO ADMINISTER THE BUDGET FOR THE
LOS ANGELES LOMOD CORPORATION**

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

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

WHEREAS, on December 17, 2020, the Board of Directors passed resolution LOC-2020-03 approving the Fiscal Year 2021 budget; and

WHEREAS, L.A. LOMOD is proposing a midyear budget modification to increase the number of budgeted positions and to adjust projected revenue and expenses for L.A. LOMOD due to additional property assignments and related workload increase, as more fully described in the corresponding Board Report.

NOW THEREFORE BE IT RESOLVED that the L.A. LOMOD Board of Directors approves and adopts the Fiscal Year 2021 Operating Budget Midyear Modification and authorizes the President to execute any required budget documents and to administer the budgets for L.A. LOMOD and E3 Housing Solutions.

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

APPROVED AS TO FORM:

LOS ANGELES LOMOD CORPORATION

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5/14/21 BY: _____
General Counsel

BY: _____
Chairperson

DATE ADOPTED: _____