NOTICE OF PUBLIC MEETING

Pursuant to the provisions of Chapter 551, V.T.C.A., Government Code, and the March 16, 2020 proclamation issued by Governor Greg Abbott suspending various provisions of Chapter 551, V.T.C.A., Government Code, notice is hereby given of a Meeting of the Arlington Housing Authority Board of Commissioners, to be held by telephone, accessible by calling toll free (833)268-8354 and entering conference ID 962 329 8#, in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of COVID-19 on the 16th day of September, at 6:00 p.m. All members of the Board will join by phone. Members of the public who wish to speak on a listed agenda item will be asked for their comments at the appropriate time over the phone.

The subject of said meeting is contained in the agenda for said meeting which is attached hereto and made a part hereof.

This notice was posted by the 11th day of September, 2020, by 4:10 p.m.

Martha Garcia
Deputy City Secretary
Members of the public who wish to speak on a listed agenda item will be asked for their comments at the appropriate time over the phone.

Wednesday, September 16, 2020, 6:00 p.m.

I. Call to Order / Roll Call / Establishment of Quorum

II. Public Comments by Visitors

III. Approval of Minutes for Regular Board Meeting held August 19, 2020

IV. Financial Reports
   1. Financial Report – August 2020

V. Resolutions
   1. Resolution 20-20, Authorizing the Negotiation and Execution of a Case Management Support Services Contract for Participants in the Housing Authority of the City of Arlington’s Continuum of Care Programs through the Appropriate Procurement Process
   2. Resolution 20-21, Adopting the Annual Investment Policy for the Housing Authority of the City of Arlington

VI. Program Reports
   1. Housing Rehabilitation Programs
   2. Housing Choice Voucher (HCV) Program
   3. HCV Activities
   4. HCV Integrity
   5. Homeless Programs

VII. Miscellaneous Business
   1. Election of Officers

VIII. Adjournment

The meeting is accessible by calling: (833) 268-8354. In accordance with social distancing guidelines, members of the Board will join by phone.

Posted by 5:00 p.m. on the 11th day of September 2020,
Mindy Cochran, Executive Director/Secretary, Arlington Housing Authority
Housing Authority of the City of Arlington

Board of Commissioners Meeting
September 16, 2020
(Conference Call)
MISSION STATEMENT

Mission...

The mission of the Housing Authority of the City of Arlington is to advocate for and pursue affordable housing opportunities for low-income persons in Arlington by:

- Establishing partnerships with public or private community service providers;
- Effectively communicating with internal and external constituencies;
- Attracting and retaining knowledgeable staff and Board members by supporting professional development and personal opportunities; and
- Maintaining and improving fiscal accountability and operational efficiency.

Vision...

The Arlington Housing Authority will be recognized by the community as the leader in providing quality housing assistance for low-income individuals and families in the city of Arlington. The AHA will provide a full range of housing opportunities and solutions to enable clients to reach their highest potential. The AHA will earn and maintain the public’s trust by demonstrating expertise, professionalism, integrity, and accountability.

Core Values...

COMPASSION – Serving clients with respect, empathy, and dignity.

COMMITMENT – Steadfast commitment to helping others through dedication, urgency, flexibility, and thoroughness.

CREDIBILITY – Demonstrating honesty, integrity, knowledge, reliability, and fairness. Maintaining the highest ethical standards; fostering accountability, excellence, efficiency, and good financial stewardship.

COOPERATION – Developing open communications with the community; being open to new ideas; and sharing information with all constituencies.

Strategies...

- Maximize integration of public and private resources
- Effectively and efficiently increase client opportunities and choices
- Demonstrate integrity to earn and maintain the public trust
- Actively and effectively communicate to improve the public perception of AHA
- Leverage resources and maintain sound financial practices
- Recognize employee and volunteer contributions
I. CALL TO ORDER
ESTABLISHMENT OF QUORUM
Members of the public who wish to speak on a listed agenda item will be asked for their comments at the appropriate time over the phone.

Wednesday, September 16, 2020, 6:00 p.m.

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II. Public Comments by Visitors
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    1. Election of Officers
VIII. Adjournment

The meeting is accessible by calling: (833) 268-8354. In accordance with social distancing guidelines, members of the Board will join by phone.

Posted by 5:00 p.m. on the 11th day of September 2020,
Mindy Cochran, Executive Director/Secretary, Arlington Housing Authority
II. PUBLIC COMMENTS BY VISITORS
III.
MEETING MINUTES
MINUTES
REGULAR MEETING
BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS
August 19, 2020

The Board of Commissioners of the Housing Authority of the City of Arlington, Texas, (AHA) convened in Regular Session on Wednesday, August 19, 2020, at 6:02 p.m., via conference call toll free number 833-268-8354, with the meeting being open to the public and notice of said meeting having been posted as prescribed by V.T.C.A., Government Code, Chapter 551, with the following members’ present to-wit:

Board Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephanie Gillespie</td>
<td>Vice Chair</td>
</tr>
<tr>
<td>Charlequintta Jones</td>
<td>Commissioner</td>
</tr>
<tr>
<td>Chetana Chaphekar</td>
<td>Commissioner</td>
</tr>
<tr>
<td>LaCheryl Royal</td>
<td>Commissioner</td>
</tr>
<tr>
<td>Scott Hobohm</td>
<td>Commissioner</td>
</tr>
<tr>
<td>Mindy Cochran</td>
<td>Executive Director/Secretary</td>
</tr>
<tr>
<td>Jennifer Wichmann</td>
<td>Deputy City Manager</td>
</tr>
<tr>
<td>Borhan Uddin</td>
<td>Financial Manager</td>
</tr>
<tr>
<td>James Weddle</td>
<td>Housing Coordinator</td>
</tr>
<tr>
<td>Michele Craven</td>
<td>Administrative Services Coord</td>
</tr>
</tbody>
</table>

and

I. CALL TO ORDER / ROLL CALL / ESTABLISHMENT OF QUORUM
Vice Chair, Stephanie Gillespie, called the meeting to order at 6:02 p.m. and stated the purpose of the meeting was to conduct the items of business on the posted agenda. Because the meeting was held by conference call, roll was taken, and all commissioners were present.

Oath of Office - Mr. Jeffery Scott Hobohm took the oath of office as a Commissioner of the Housing Authority of the City of Arlington.

II. PUBLIC COMMENTS BY VISITORS WHO WISH TO ADDRESS THE AUTHORITY
None

III. APPROVAL OF MINUTES
Commissioner Royal moved to approve the minutes of the regular meeting held on July 15, 2020. The motion was seconded by Commissioner Jones and was approved unanimously.

IV. FINANCIAL REPORTS
Mr. Uddin reviewed the financial report representing 83% of FY2020. Administrative revenue is at 87% of budget and expenses are at 75%. Housing Assistance Payment (HAP) revenue is at 86% and HAP expenses are at 85%. The unrestricted net assets balance is $2,172M and the net restricted assets ending balance is $256,816. Mr. Uddin advised the report does not include
COVID-19 revenue and expenses. Next month, AHA will provide a separate report specific to COVID-19 administrative fees.

V. RESOLUTIONS
Resolution 20-19, Adopting the Fiscal Year 2021 Annual Operating Budget for the Housing Authority of the City of Arlington, was presented by Ms. Cochran and Mr. Uddin, noting that it is a challenge to project our budget without knowing what the U.S Department of Housing and Urban Development (HUD) proration factors will be for the upcoming year. Mr. Uddin provided a detailed presentation of the budget.

Commissioner Chaphekar made a motion to approve Resolution 20-19. Commissioner Royal seconded the motion and it passed unanimously.

VI. PRESENTATION OF PERFORMANCE REPORTS
Housing Rehabilitation Program (HRP) – Ms. Cochran reported that July was the first month of the new program year. AHA continues to complete disability related and emergency need projects but full rehab projects are still suspended because of the COVID-19 pandemic. As a result, it is likely that the program year goals will not be met this year.

Housing Choice Voucher (HCV) program – Ms. Cochran reported lease up is starting to increase. HUD offered additional funding to housing authorities to be used for unforeseen circumstances. AHA has applied for the funds and anticipates using all the additional funds in the first half of Fiscal Year 2021. The AHA’s HCV wait list indicates an increased number due to open enrollment in late July, which was held virtually due to COVID-19. AHA continues to suspend informal hearings and terminations due to COVID-19, except for severe violations. When unreported income is discovered, AHA will work with tenants to set up a repayment agreement, as necessary.

Homeless Programs - Ms. Cochran reported the Shelter Plus Care (SPC) Expansion program assists clients that will always need rental assistance and case management. The Rapid ReHousing (RRH) program assists the recently homeless clients transition back into housing to quickly minimize disruption. The Nurse Family Partnership (NFP) program restrictions have been lightened so that more clients can be assisted. The Tenant Based Rental Assistance (TBRA) program is our most flexible program to provide short term rental assistance. The three Homeless Housing and Services Programs (HHSP) assist in preventing evictions and housing the homeless. The new HHSP COVID funds will expire in mid-August so AHA is shifting those clients to other HHSP programs. City Council recently reallocated about $260,000 from Housing Rehab program to help with Eviction Prevention.

MISCELLANEOUS BUSINESS
Ms. Cochran updates:
- The City has formed a Unity Council to address racial and ethnic disparities in Arlington and Ms. Cochran is participating on the Housing sub-committee. Scheduled meetings and agendas can be found on the City’s website, on the Agenda page.
- Each year, the City provides orientation to all new board members. This year, the orientation will be virtual. Michele will schedule for new Housing board members.
- This year, the City will receive an additional $3M in Emergency Solutions Grant (ESG) funds due to the CARES Act. Some of these funds will be used by AHA for the RRH program and for eviction prevention, both targeted to persons who are at high risk for
negative outcomes if they contracted COVID-19, due to age or underlying health conditions.

- The City is considering several new affordable housing developments. The Community and Neighborhood Development (CND) board recommended a Resolution of No Objection to a senior development which will now be presented to City Council for approval. The Arlington Housing Finance Corporation (AHFC) might have a partnership opportunity with one or more of these developments.
- The AHA is interviewing for the two vacant Inspector positions.
- AHA staff are scheduled to present a demonstration of the EnVision Center kiosk to HUD and staff from other EnVision Center locations.
- AHA staff will ensure that all COVID Admin funds are spent by the end of the first round deadline.
- AHA board has a vacancy for the Chair position so next month the board will elect officers. Please be considering this opportunity.

VII. ADJOURNMENT
At 7:13 p.m., with no further business to conduct, Commissioner Hobohm made a motion to close the meeting. The motion was seconded by Commissioner Royal and was approved unanimously. The Vice Chair declared the meeting adjourned.

NOTE: Taped recordings and/or minutes of all (open sessions) Housing Authority meetings are a matter of public record and are kept on file in the Housing Authority of the City of Arlington's office, located at 501 W. Sanford, Suite 20, Arlington, Texas. Any Board member or interested party has the right to review the tapes and minutes at the Housing Authority.

APPROVED: ____________________________
Stephanie Gillespie, Vice Chair

ATTEST: ________________________________
Mindy Cochran, Executive Director/Secretary

SEAL:
IV.
FINANCIAL REPORTS
## FY 20 HCV REVENUE & EXPENSE TRACKING

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget</th>
<th>Current Month</th>
<th>Year to Date</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HAP REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HCV HAP Contributions</td>
<td>28,269,857</td>
<td>2,386,257</td>
<td>26,357,088</td>
<td>93%</td>
</tr>
<tr>
<td>Fraud Recovery - HAP</td>
<td>12,500</td>
<td>-</td>
<td>17,106</td>
<td>137%</td>
</tr>
<tr>
<td>Portability HAP Revenue</td>
<td>75,720</td>
<td>1,972</td>
<td>151,942</td>
<td>201%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>500</td>
<td>-</td>
<td>8,655</td>
<td>173%</td>
</tr>
<tr>
<td>FSS Forfeitures</td>
<td>45,000</td>
<td>5,118</td>
<td>59,664</td>
<td>133%</td>
</tr>
<tr>
<td>Mainstream HAP</td>
<td>75,000</td>
<td>44,338</td>
<td>370,658</td>
<td>494%</td>
</tr>
<tr>
<td>Total HAP + Direct Services</td>
<td>28,403,577</td>
<td>2,437,685</td>
<td>26,965,112</td>
<td>95%</td>
</tr>
<tr>
<td><strong>HAP EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Port Out HAP Payments</td>
<td>1,350,000</td>
<td>67,842</td>
<td>1,262,636</td>
<td>94%</td>
</tr>
<tr>
<td>Housing Assistance Payments (HAP)</td>
<td>26,919,857</td>
<td>2,425,128</td>
<td>25,158,513</td>
<td>93%</td>
</tr>
<tr>
<td>Mainstream Payments (HAP)</td>
<td>312,642</td>
<td>34,682</td>
<td>328,932</td>
<td>105%</td>
</tr>
<tr>
<td>Total HAP Expenses</td>
<td>28,582,499</td>
<td>2,527,652</td>
<td>26,750,081</td>
<td>94%</td>
</tr>
</tbody>
</table>

## FY 2020 ADMIN REVENUE & EXPENSES

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget</th>
<th>Current Month</th>
<th>Cares Act</th>
<th>Year to Date Actual</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADMIN REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HCV/Care Act Earned Admin Fee Revenue</td>
<td>2,354,483</td>
<td>208,571</td>
<td>367,208</td>
<td>2,633,321</td>
<td>112%</td>
</tr>
<tr>
<td>FSS ROSS Grant Revenue</td>
<td>169,444</td>
<td>-</td>
<td></td>
<td>130,127</td>
<td>77%</td>
</tr>
<tr>
<td>Fraud Recovery - Admin</td>
<td>12,500</td>
<td>-</td>
<td></td>
<td>17,106</td>
<td>137%</td>
</tr>
<tr>
<td>Portability Admin Revenue</td>
<td>11,261</td>
<td>144</td>
<td></td>
<td>7,295</td>
<td>65%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>5,000</td>
<td>-</td>
<td></td>
<td>113</td>
<td>2%</td>
</tr>
<tr>
<td>Total Administrative Revenue</td>
<td>2,552,688</td>
<td>208,715</td>
<td>367,208</td>
<td>2,787,962</td>
<td>109%</td>
</tr>
<tr>
<td><strong>ADMIN EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary + Wages</td>
<td>1,506,748</td>
<td>45,872</td>
<td>233,242</td>
<td>1,349,139</td>
<td>90%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>508,172</td>
<td>15,371</td>
<td>93,797</td>
<td>463,093</td>
<td>91%</td>
</tr>
<tr>
<td>Supply + Materials</td>
<td>52,000</td>
<td>3,781</td>
<td>14,204</td>
<td>45,771</td>
<td>88%</td>
</tr>
<tr>
<td>Special Services + Contracts</td>
<td>364,640</td>
<td>11,435</td>
<td>15,185</td>
<td>309,437</td>
<td>85%</td>
</tr>
<tr>
<td>Utilities</td>
<td>41,923</td>
<td>4,172</td>
<td>1,569</td>
<td>39,340</td>
<td>94%</td>
</tr>
<tr>
<td>Maintenance: Vehicle + Buildings</td>
<td>8,130</td>
<td>385</td>
<td>1,558</td>
<td>8,111</td>
<td>84%</td>
</tr>
<tr>
<td>Housing Pro License Renewal</td>
<td>87,030</td>
<td>-</td>
<td>87,028</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Insurance + Miscellaneous</td>
<td>9,614</td>
<td>69</td>
<td>8,111</td>
<td>84%</td>
<td></td>
</tr>
<tr>
<td>Travel + Training + Membership</td>
<td>75,465</td>
<td>604</td>
<td>5,800</td>
<td>23,941</td>
<td>32%</td>
</tr>
<tr>
<td>Interdepartmental Expenses</td>
<td>39,016</td>
<td>324</td>
<td>3,412</td>
<td>26,760</td>
<td>69%</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>38,000</td>
<td>-</td>
<td></td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Equipment Leases</td>
<td>12,000</td>
<td>991</td>
<td>11,142</td>
<td>93%</td>
<td></td>
</tr>
<tr>
<td>Total Administrative Expenses</td>
<td>2,742,738</td>
<td>83,005</td>
<td>367,208</td>
<td>2,365,319</td>
<td>86%</td>
</tr>
</tbody>
</table>
### CARES Act - HCV Administrative Fees Report

<table>
<thead>
<tr>
<th>Cares Act Revenues</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cares Act HCV Admin Revenue 1st Round</td>
<td>$ 507,684</td>
</tr>
<tr>
<td>Cares Act HCV Admin Revenue 2nd Round</td>
<td>$ 571,841</td>
</tr>
<tr>
<td>Cares Act Mainstream Admin Revenue 1st Round</td>
<td>$ 590</td>
</tr>
<tr>
<td>Cares Act Mainstream Admin Revenue 2nd Round</td>
<td>$ 8,995</td>
</tr>
<tr>
<td><strong>Total Cares Act Admin Revenue</strong></td>
<td><strong>$ 1,089,110</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cares Act Expenses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary + Wages</td>
<td>$ 233,242</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>$ 93,797</td>
</tr>
<tr>
<td>Supply + Materials</td>
<td>$ 14,204</td>
</tr>
<tr>
<td>Housing Assistance Payments</td>
<td>$ 200</td>
</tr>
<tr>
<td>Special Services + Contracts</td>
<td>$ 14,985</td>
</tr>
<tr>
<td>Utilities</td>
<td>$ 1,569</td>
</tr>
<tr>
<td>Travel + Training + Membership</td>
<td>$ 5,800</td>
</tr>
<tr>
<td>Interdepartmental Expenses</td>
<td>$ 3,412</td>
</tr>
<tr>
<td><strong>Total Administrative Expenses</strong></td>
<td><strong>$ 367,208</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Remaining Balance</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 721,902</td>
</tr>
</tbody>
</table>
V.
RESOLUTIONS
MEMORANDUM

TO: Housing Authority of the City of Arlington Board of Commissioners

FROM: Mindy Cochran, Executive Director / Secretary

DATE: September 16, 2020

SUBJECT: Resolution 20-20, Authorizing the Negotiation and Execution of a Case Management Support Services Contract for Participants in the Housing Authority of the City of Arlington’s Continuum of Care Programs through the Appropriate Procurement Process

BACKGROUND:

The Housing Authority of the City of Arlington (AHA) has long provided rental housing assistance to persons that are homeless. Although the AHA is experienced in providing rental housing assistance services, the U.S. Department of Housing and Urban Development (HUD) holds recipients of homeless assistance funding responsible to ensure that homeless program participants receive supportive services in addition to rental housing assistance. HUD permits AHA to use a portion of its homeless grant funding for supportive services.

DISCUSSION

The AHA Board of Commissioners authorized the application, acceptance, and implementation of Continuum of Care (CoC) funding on April 15, 2020 (Resolution 20-10). The current agreement for AHA’s independent contractor for case management will expire September 30, 2020, therefore AHA is seeking professional case management support services through employment, University of Texas-Arlington internship or from qualified bidders through a fair and open Request for Proposal (RFP) solicitation. If the RFP process is selected, the proposals will be evaluated, and a contract will be offered to the most responsive, most responsible bidder.

RECOMMENDATION

The AHA staff recommends authorization for the executive director to have the option to negotiate and execute a one-year contract with the most responsive, responsible bidder for case management support services. Additionally, staff recommends the option to renew the contract annually, up to four (4) one-year renewals.
RESOLUTION 20-20

AUTHORIZING THE NEGOTIATION AND EXECUTION OF A CASE
MANAGEMENT SUPPORT SERVICES CONTRACT FOR PARTICIPANTS IN THE
HOUSING AUTHORITY OF THE CITY OF ARLINGTON'S
CONTINUUM OF CARE PROGRAMS THROUGH
THE APPROPRIATE PROCUREMENT PROCESS

WHEREAS, the Housing Authority of the City of Arlington is responsible for the administration and operation of federally funded rental housing assistance programs for the homeless; and

WHEREAS, the Housing Authority of the City of Arlington is committed to performing its responsibilities with integrity, fiscal accountability, and operational efficiency; and

WHEREAS, the U.S. Department of Housing and Urban Development has established through regulations, terms and conditions in its Continuum of Care contracts with the Housing Authority of the City of Arlington that the Housing Authority is responsible to ensure that homeless participants in its programs receive not only rental housing assistance but quality case management support services; and

WHEREAS, the Housing Authority of the City of Arlington is in need of professional case management support services for participants in its Continuum of Care programs to ensure that homeless household members receive the appropriate services and care to prevent them from returning to homelessness at the conclusion of their rental housing assistance; and

WHEREAS, the Housing Authority of the City of Arlington may seek an independent contractor to provide professional case management support services from qualified bidders through a fair and open Request for Proposal solicitation; and

WHEREAS, the Housing Authority of the City of Arlington staff will evaluate the proposals received and negotiate a contract with the most responsive, most responsible bidder.

NOW THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS:

THAT the executive director, or her designee, is authorized to negotiate and execute a contract with the most responsive, responsible bidder to perform case management support services as required for a term of one (1) year with the option to renew the contract annually, for up to four (4) one-year renewals.

PRESENTED AND PASSED on this 15th day of September 2020, by a vote of ________ ayes and ________ nays at a regular meeting of the Board of Commissioners of the Housing Authority of the City of Arlington, Texas.

____________________________
Vice Chair, Stephanie Gillespie

ATTEST:

SEAL:

____________________________
Mindy Cochran, Executive Director / Secretary
MEMORANDUM

TO: Housing Authority of the City of Arlington Board of Commissioners
FROM: Mindy Cochran, Executive Director/Secretary
DATE: September 16, 2020
SUBJECT: Resolution 20-21, Adopting the Annual Investment Policy for the Housing Authority of the City of Arlington

BACKGROUND
In accordance with the Public Funds Investment Act of the State of Texas, Section 2256.005(e), the governing body of an investing entity shall review its investment policy not less than annually and shall adopt a written resolution stating that it has reviewed the investment policy.

DISCUSSION
The Housing Authority of the City of Arlington (AHA) manages and invests its cash with consideration of the following objectives including: the suitability of the investment to the financial requirements of the entity, preservation and safety of principal, liquidity, and marketability of the investment if the need arises to liquidate the investment before maturity, diversification of the investment portfolio, and yield. The determination of the best or appropriate types and mixtures of investments is dependent primarily on these objectives.

The AHA’s Investment Policy has been reviewed to ensure continued compliance with U.S. Department of Housing and Urban Development (HUD) regulations and the Public Funds Investment Act of the State of Texas. The AHA’s approved investment officers are the Executive Director and the Financial Manager. Investment officers act in accordance with approved investment strategies and the Investment Policy.

The AHA’s Investment Policy, approved in July 2019 (Attachment A), does not require revisions.

RECOMMENDATION

Staff recommends that the Housing Authority of the City of Arlington Board of Commissioners adopt the Annual Investment Policy for the Housing Authority of the City of Arlington.
RESOLUTION 20-21
ADOPTING THE ANNUAL INVESTMENT POLICY UPDATE FOR THE HOUSING AUTHORITY OF THE CITY OF ARLINGTON

WHEREAS, the Mission Statement of the Housing Authority of the City of Arlington states that it will maintain and improve fiscal accountability and operational efficiency; and

WHEREAS, Housing Authority of the City of Arlington invests funds exceeding those necessary for daily operations including the Housing Authority’s administrative reserves in approved investment instruments in accordance with the Housing Authority Board of Commissioner approved Investment Policy and the regulatory requirements established by the U.S. Department of Housing and Urban Development, and within the parameters of the Texas Public Funds Investment Act; and

WHEREAS, the Texas Public Funds Investment Act states that the governing body of an investing entity shall review its Investment Policy and adopt a written investment strategy for each fund under its control, at least annually. The Housing Authority of the City of Arlington will invest its cash with consideration of six objectives including suitability, safety, liquidity, marketability, diversification and yield; and

WHEREAS, the Housing Authority of the City of Arlington staff has reviewed the Investment Policy to ensure that the Housing Authority of the City of Arlington’s funds will be invested in a manner consistent with the U.S. Department of Housing and Urban Development regulations and the State of Texas Public Funds Investment Act and finds that no revisions are required.

NOW THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS:

THAT the Investment Policy, identified herein as Attachment A, is hereby adopted by the Board of Commissioners for the regular and continuous management of the Housing Authority of the City of Arlington.

PRESENTED AND PASSED on this the 16th day of September 2020, by a vote of ________ ayes and ________ nays at a regular meeting of the Board of Commissioners of the Housing Authority of the City of Arlington, Texas.

_____________________________________________________________
Stephanie Gillespie, Vice Chair

ATTEST:  
SEAL:

_____________________________________________________________
Mindy Cochran, Executive Director/Secretary

V-4
ATTACHMENT A
# HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS

## INVESTMENT POLICY

LAST REVISION/BOARD REVIEW - July 2019

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Section I. Governing Authority/Policy Statement

The governing authority for the Housing Authority of the City of Arlington’s (AHA) Investment Policy (“Policy”) shall be the U.S. Department of Housing and Urban Development (HUD) PIH Notices 96-33 and 2001-7 (Attachment: 1) and Chapter 2256 of the Government Code: Public Funds Investment Act (Attachment: 2). All investment activity will be conducted in accordance with the provisions of the PIH Notices and the Act. The Board of Commissioners, on an annual basis, shall consider a resolution stating that they have reviewed the Policy and investment strategies and the AHA’s resolution shall record any changes made to the Policy or strategies. It is the policy of the AHA that, giving due regard to the safety and risk of investments, available funds shall be invested in conformance with state and federal regulations, legal requirements and limitations, and the adopted Policy and investment strategies.

Section II. General

A. Investment Purpose

The purpose of this Policy is to manage the AHA’s investment funds in compliance with both HUD requirements and the Public Funds Investment Act (Act). The AHA is required to adopt a written investment policy regarding the investment of its funds and funds under its control. This Policy emphasizes:

1. the importance of understanding the suitability of the investments to the financial requirements of the AHA;
2. the preservation and safety of principal and liquidity;
3. marketability of the investment if the need arises to liquidate the investment before maturity;
4. diversification of the investment portfolio; and,
5. yield.

The approved methods, procedures, and practices must be exercised to ensure effective and judicious fiscal management of the AHA’s funds. This Policy shall be implemented by the AHA’s Board of Commissioners acting through the Executive Director of the AHA. The executive director and the financial manager are the AHA’s authorized investment officers. The investment officers shall, in all instances, act in accordance with this Policy and the directives of the Board of Commissioners of the AHA.

B. Investment Objectives & Strategies

In accordance with the Act, the following prioritized objectives (in order of importance) as outlined in Sec 2256.005(d) of the Act apply for each of the AHA’s investment strategies:

1. Suitability – Understanding the suitability of the investment to the financial requirements of the AHA is important. Any investment that is eligible in the Policy is suitable for AHA investment funds, in consideration of operating cash needs.
2. **Safety.** Preservation and safety of principal are primary objectives of this Policy. Safety is achieved through adherence to the permitted investments which are backed by the full faith and credit of, or a guarantee of principal and interest by the U.S. Government, a government agency or issued by a government-sponsored agency, coupled with an appropriate maturity date and through collateralization of funds that exceed the FDIC insured amount.

3. **Liquidity.** The AHA’s investment portfolio will remain sufficiently liquid to meet the operating requirements that might reasonably be anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements, and by investing in securities with active secondary markets. Short-term investment pools and money market mutual funds provide daily liquidity and may be utilized as an investment alternative to hold a portion of the portfolio for unplanned cash demands. Investments should be scheduled to mature when funds are needed. Sales of securities prior to maturity should be avoided due to the inherent risk. (If the market interest rate increases above the yield on the investment, the market value of the securities will decline.) Investments of HUD program funds (administrative fees earned, administrative fee reserves) shall be limited to securities with maturity in periods of up to one year, depending upon anticipated cash needs. AHA unrestricted funds, business equity, shall be limited to maturities of up to two years.

4. **Marketability** – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market “spreads” between the bid and offer prices of a particular security type of less than a quarter of a percentage point shall define an efficient secondary market.

5. **Diversification** – Investment maturities shall be staggered to provide cash flow based on the anticipated needs of the AHA. Diversifying the appropriate maturity structure will reduce market risk cycle.

6. **Yield.** The AHA will strive to achieve the highest yield consistent with the other objectives of this investment policy. The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Tax-exempt securities are not appropriate for investment by the AHA because it would not benefit from the tax advantage.

C. **Review of Policy and Investment Strategies**

The AHA Board of Commissioners shall review this investment policy and adopt a written investment strategy for each of the funds under its control at least annually. Strategies among AHA funds are the same, with the exception of maximum term limits as described in B. 3. Of this Policy. The Board shall adopt a resolution stating that it has reviewed the policy and investment strategies annually, approving any changes or modifications.

D. **Reporting**

1. Not less than quarterly, the investment officer shall prepare and submit to the AHA Board of Commissioners a written report of investment transactions for all funds covered by this Policy for the preceding reporting period.
2. The investment report must:

   a. describe in detail the investment position of the entity on the date of the report
   b. include a statement of compliance of the AHA’s investment portfolio with state law and the investment strategy and policy approved by the Board;
   c. be jointly prepared by all authorized investment officers of the AHA;
   d. be signed by all of the AHA’s investment officers; and
   e. contain a summary report of each fund group that reflects the:

      (1) a listing of individual securities held at the end of the reporting period;
      (2) beginning and ending book and market value of securities for the period;
      (3) listing of investment by maturity date;
      (4) fully accrued interest for the reporting period

3. While not required, the quarterly investment report may include benchmarks reflecting the performance of like investment instruments in the market and an economic report issued by the Federal Reserve or other reliable authority.

4. The report shall be presented not less than quarterly to the AHA’s Board of Commissioners within a reasonable time after the end of the period.

E. Audit

If the AHA invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor. The AHA, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to this investment policy. This will be included as part of the annual audit and will not require a separate report.

F. Responsibility and Control

1. Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal, liquidity, and yield.

2. In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made by taking into consideration: the investment of all funds, or funds under the entity’s control, over which the office had responsibility rather than a consideration as to the prudence of a single investment, and whether the investment decision was consistent with the written investment policy of the entity.
3. In accordance with governing authority, the Board designates the investment officer(s) in this Policy. The authorized investment officers are the executive director and the financial manager. The investment officer is authorized to execute investment transactions on behalf of the AHA. No person may engage in an investment transaction or the management of AHA funds except as provided under the terms of this policy as approved by the Board. The investment authority granted to the investing officer(s) is effective until rescinded by the Board or termination of the person’s employment.

4. The investment officer, acting in accordance with the Policy and exercising due diligence, shall not be held personally responsible for a specific investment’s credit risk or market price changes, provided that these deviations are reported in a timely manner and the appropriate action is taken to control adverse developments.

5. The AHA will implement the following procedures and internal controls to assist in controlling investments and preventing loss or misuse:

   a. Annual investment strategies shall be approved by the AHA Board of Commissioners.

   b. Investment transactions shall be coordinated by the AHA investment officer in accordance with approved strategies.

   c. Investment documents shall be kept in a safe fire-resistant locked file cabinet, safe deposit box, or other similarly secured location.

   d. Individuals responsible for custody of securities shall be someone other than an individual maintaining the accounting records.

   e. Investments shall be maintained in a custodian or trust account.

   f. Investments shall be in the name of the AHA.

   g. Investments shall be recorded in detail in an investment ledger.

   h. A system shall be in place to ensure that all interest earned is collected and credited to the appropriate AHA records.

   i. Investments shall be reconciled at least quarterly to the detailed record (investment ledger).

   j. Written confirmation for telephone (voice) transactions for investments and wire transfers.

   k. All transactions, excluding investment pools and mutual funds, must be settled on a delivery versus payment basis.

   l. The investment officer monitors the market prices and rating changes of investments acquired with public funds at least quarterly.
G. Ethics, Disclosure, and Conflict of Interest

1. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair the ability to make impartial investment decisions. The investment officer shall disclose to the Board of Commissioners of the AHA any material financial interest in financial institutions that conduct business with the AHA. The investment officer shall further disclose any personal financial investment positions that could be related to the investments of the AHA, particularly with regard to the timing of purchases and sales of investments. Ethics policies promulgated by the federal government, the State of Texas and/or the AHA shall be strictly followed.

2. An investment officer of the AHA who has a personal business relationship with an entity seeking to sell an investment to the AHA shall file a statement disclosing that personal business interest. The investment officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the AHA shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the AHA's Board of Commissioners. An investment officer or other employee has a personal business relationship with a business organization if any one of the following three conditions are met:

   a. The investment officer or employee owns 10% or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization.

   b. Funds receive by the investment officer or employee from the business organization exceed 10% of the investment officers’ gross income for the prior year.

   c. The investment officer or employee has acquired from the business organization during the prior year investments with a book value of $2,500 or more for their personal account.

H. Investment Training

1. The investment officer shall attend at least one training session relating to the officer's responsibilities under this investment policy within 12 months after taking office or assuming duties as required by Chapter 2256 of the Texas Government Code.

2. Initial training under this section must include at least 10 hours of instruction relating to investment responsibilities. In every subsequent two year period, the investment officer will need only 5 hours of training, unless the agency invests solely in interest-bearing deposits or CD’s, in which case the investment officer will be exempted from subsequent training requirements. Investment education topics include investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

3. Training from an independent source is required to be approved by the governing body. Authorized independent sources include Government Treasurers Organization of Texas
I. Selection of Broker/Dealers

1. The investment officer shall, at least annually, maintain, review, revise if needed, and adopt a list of financial broker/dealers and financial institutions (collectively "Institutions") authorized to engage in investment transactions with the AHA.

2. A written copy of the investment policy shall be presented by the AHA to any person/firm offering to engage in an investment transaction with the AHA. All investment providers must have a qualified representative of the business organization sign a certification acknowledging that the organization has received and reviewed the AHA’s investment policy, and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the AHA’s policy.

3. If there are any changes, the AHA’s qualified bidder list will be submitted annually to the AHA Board of Commissioners at the time the Investment Policy revisions are submitted.

4. If contracting with an investment management firm, the AHA must confirm that the firm is registered under the Investment Advisors Act of 1940 or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control.

Section III. Investment of Funds

A. Funds Available for Investment

As a general rule, the average amount on deposit in the operating fund cash account (the targeted maximum cash balance) should be the amount needed on hand for transaction purposes or as a safeguard against cash shortages.

B. Approved Investment Securities – HUD Program Funds

The AHA may invest HUD program funds (administrative fees earned, administrative fee reserves, etc.) in the following investments that are approved by HUD Appendix-2: PIH Notice 96-33.

1. Direct Obligations of the Federal Government Backed by the Full Faith and Credit of the United States

   a. U.S. Treasury Bills
      These securities are short-term obligations which a HA or its agent may purchase directly. Treasury Bills with 3-month and 6-month maturities are issued weekly and those with 9-month and 12-month maturities are issued monthly. The minimum denomination is $10,000. They are issued on a discount basis and are redeemed at par upon maturity. U.S. Treasury Bills are available for purchase at any time after issuance from investment departments of banks and from dealers in investment securities. Purchases may be made conveniently using the HA's depository bank. Treasury Bills may
be acquired by subscription on the issue date from a Federal Reserve Bank or branch in amounts not in excess of $200,000. Detailed information is contained in the weekly or monthly announcements which may be received regularly upon application to a Federal Reserve Bank or branch.

b. U.S. Treasury Notes and Bonds
These securities are issued periodically by the Treasury Department through Federal Reserve Banks and branches. They are medium to long-term obligations which a HA or its agent can only purchase in the secondary market to assure that they will mature at a date which coincides with scheduled disbursements by the HA. Outstanding issues may be purchased from banks or dealers in investment securities at the market price which on any given day may be more or less than the face amount.

1) U.S. Treasury Notes
These notes mature in not less than one and not more than 10 years from the issue date and bear interest at fixed rates payable semi-annually

2) U.S. Treasury Bonds
These bonds mature after ten years from the issue date and bear interest at fixed rates payable semi-annually. Many issues of bonds are redeemable on call by the Treasury Department before maturity. The yield of such issues usually is computed to the first call date which may be as much as 5 years prior to maturity.

2. Obligations of Federal Government Agencies

a. Federal Financing Bank (FFB)
The Federal Financing Bank is authorized to purchase obligations held by Federal agencies and to issue obligations to the public.

b. Government National Mortgage Association (GNMA), Mortgage-Backed Securities (GNMA I and GNMA II)
The securities, guaranteed by GNMA are issued by an issuer (a GNMA approved mortgage lender). The securities are backed by a pool of government insured or guaranteed mortgages. The holders of the securities receive monthly payments of principal and interest. The minimum denomination issued is $25,000. The difference in GNMA I and GNMA II is that the GNMA II payment date is on the 20th of the month and the GNMA I payment date is on the 15th; GNMA II uses a central paying agency whereas GNMA I has individual issuers sending checks to investors; and GNMA II has interest rates that vary within a one percent range. The maximum maturity for GNMA I and GNMA II is 30 years, except that GNMA I project loans mature in 40 years.

c. GNMA Participation Certificates
These securities, guaranteed by GNMA, were sold by GNMA as the trustee with various other Federal agencies as trustors. They represent beneficial interest in future payments of principal and interest on mortgage pools. Their maturities range between one and 20 years and the minimum denomination is $5,000.
d. **Maritime Administration Merchant Marine Bonds, Notes, and Obligations**
These securities are issued by shipping companies and are backed by the full faith and credit of the U.S. Government. Each issue is further secured by a first preferred ship or fleet mortgage. Maturities and denominations vary.

e. **Small Business Administration (SBA), Small Business Investment Corporation (SBIC) Debentures**
When authorized by appropriation acts, the SBA may guarantee principal and interest payments on debentures of SBIC. The SBA may also pool these debentures and sell SBA-guaranteed debentures. These issues have maturities of 10 years and are issued in $10,000 denominations.

f. **Tennessee Valley Authority (TVA) Power Bonds and Notes**
These securities are secured by a first charge on net power proceeds. Payment of interest and principal on them is ranked ahead of annual payments to the U.S. Treasury. They have been issued in multiples of $1,000.

3. **Securities of Government-Sponsored Agencies**

a. **Farm Credit Consolidated System-Wide Discount Notes**
These notes are the secured joint and several obligations of the Farm Credit System which consists of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. They are issued in denominations of $5,000 and maturities are authorized from 5 to 365 days.

b. **Federal Farm Credit Banks Consolidated System-wide Bonds**
These bonds are the secured joint and several obligations of the Farm Credit Banks. Their issuance supersedes individual bond issues by the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. They are issued in multiples of $1,000 for maturities in excess of 13 months and in multiples of $5,000 for shorter maturities.

c. **Federal Home Loan Banks Consolidated Obligations**
These securities are the secured joint and several obligations of the Federal Home Loan Banks comprised of:

1) **Bonds**
Bonds which have maturities of one year or more. They are issued in multiples of $10,000, $25,000, $100,000 and $1,000,000.

2) **Notes**
Notes which have maturities of less than one year. They are issued in multiples of $10,000, $25,000, $100,000 and $1,000,000.

3) **Discount Notes**
Discount notes which have maturities ranging from 30 to 170 days. They are issued in denominations of $100,000 and $1,000,000.
d. **FHLMC Mortgage Participation Certificates (PC) (Guaranteed)**
   These certificates represent undivided interest in specific fixed rate, first lien conventional and residential mortgages. FHLMC provides monthly interest and principal payments. The final payment is the first of the month and year in which the last monthly payment on the last maturing mortgage is scheduled to be paid.

e. **FHLMC Collateralized Mortgage Obligations (CMOs)**
   CMOs are general obligations of FHLMC that are secured by a single pool of conventional mortgages owned by FHLMC. CMOs are issued in several classes with varying stated maturities. Semiannual principal payments are allocated to each class of the CMOs in the order of the stated maturity of each class so that no principal payments are made to holders of a class until classes with an earlier maturity are retired.

f. **Federal National Mortgage Association (FNMA) Debentures**
   These debentures are issued in denominations ranging from $10,000 and with maturities ranging from 20 to 25 years.

g. **FNMA Notes**
   The minimum investment in these notes is $50,000 with maturities ranging from 1 to 20 years.

h. **FNMA Short-Term Discount Notes**
   These notes are similar to commercial paper and are tailored to the individual needs of investors. They are sold at published rates with maturities of 30 to 270 days and in denominations ranging from $5,000.

i. **FNMA Capital Debentures**
   These debentures are subordinated to the non-capital debentures, notes, and short-term discount notes. They were last issued in 1975 in a $10,000 minimum denomination and with maturities of 5 and 25 years.

j. **Student Loan Marketing Associations (SLMA) Obligations**
   SLMA issues obligations comprises of guaranteed student loans as follows:

   1) **Floating Rate and Master Notes**
      These notes bear interest at rates that vary with the 91-day Treasury Bill rate. Short-term borrowing have an original or remaining term maturity of one year or less.

   2) **The Series E and F Floating Rate Notes**
      These notes bear interest at rates which vary with the 91-day Treasury Bill, except that each issue has fixed minimum and maximum rates known as interest rate "collars" for any quarterly interest period.

   3) **Zero Coupon Notes**
      These notes are shown at net proceeds adjusted for accretion of discount.
4. Demand and Savings Deposits

Demand and savings deposits at commercial banks, mutual savings banks, savings and loan associations and credit unions are permitted for HA funds provided that the entire deposit is insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF). A deposit in excess of the insurance coverage may be made at a depository institution provided that it is 100 percent collateralized by any of the securities listed under paragraphs 1, 2, and 3 of this Attachment. Care should be taken that withdrawals may be made on demand without loss of interest and without penalty.

5. Money-Market Deposit Accounts

Money-Market Deposit Accounts at depository institutions that may not be insured fully by the FDIC or NCUSIF are permitted provided that the certificates are fully backed by 100 percent collateral consisting of securities listed under paragraphs 1, 2, or 3 of this Attachment. When accounts exceed the $100,000 insurance limitation, their safety also may depend on the HA's control of the underlying collateral which must consist of clearly identified (not pooled) U.S. Government securities. Possession of the collateral securities and a continuous perfected security interest may be the only sure protection against loss in case of financial institution failure.

6. Municipal Depository Fund

A Municipal Depository Fund (Fund) or Local Government Investment Pool which is established by States, municipalities, units of local government or other political subdivisions to serve as an investment fund for HAs is permitted. The securities purchased by a Fund shall be on the HUD-approved list of investment securities. HA shall have either an undivided or divided interest in securities comprising the Fund. The Fund shall be under the control of the Investment Company Act of 1940, and its objective shall be clearly stated. The investment objective of the Fund shall be to obtain as much income as possible consistent with the preservation and conservation of capital. The Fund shall disclose clearly the basis of earnings and how they are distributed. HA shall obtain a statement of potential default and risk and a clear demonstration that withdrawals from the Funds will not be so restricted as to impair a HA's day-to-day cash management needs. The management fee shall be fixed at a reasonable amount and management shall be passive. HA shall limit the amount of funds invested in the Fund to no more than 30 percent of a HA's available investment funds. The Fund shall disclose the relationships of the investment advisor, manager, trustees, custodian and transfer agent. Each financial advisory relationship shall be evidenced by a written document executed prior to, upon, or promptly after the inception of the financial advisory relationship, or promptly after the creation or selection of the issuer. If the issuer does exist or has not been determined at the time the relationship commences, that written document shall set forth the basis of compensation for the financial advisory services to be rendered.
7. Super NOW Accounts

Super NOW accounts have been available and approved for public funds since January 1983. They offer a relatively high market rate and are fully transactional (have no limitations on the number of checks or transfers). Insurance and collateral requirements are as above for subparagraph e Demand and Savings Deposits.

8. Certificates of Deposit

a. Certificates of Deposit are permitted at depository institutions that are insured by an agency of the Federal Government. Caution must be exercised for certificates exceeding the $100,000 insurance limit or when the term is longer than 30-90 days. Although the certificates' rate of return may be attractive for larger amounts and longer terms, U.S. Treasury securities offer superior safety and liquidity for the same amounts and terms. Certificates shall be in the AHA's name. In addition a General Depository Agreement must be executed by each financial institution that issues a Certificate of Deposit.

b. Certificate amounts above $100,000 are permitted provided that the excess is 100 percent collateralized by clearly identified (not pooled) U.S. Government securities. Possession of the collateral securities and a continuous perfected security interest may be the only sure protection against loss in case of bank failure.

c. Brokered deposits should be avoided because it is impossible to get $100,000 federal insurance on a number of deposits placed by brokers.

9. Repurchase Agreements

Repurchase (repos) agreements for a term not to exceed 30 days may be entered into with Federally insured depository institutions to purchase and sale of securities identified under paragraphs 1, 2, and 3. A repurchase agreement is an agreement negotiated with a bank usually for a short period (1 to 7 days) wherein securities approved for investment are purchased from that bank at a stated price with the bank agreeing to repurchase them on a specified date for a specified amount. The minimum may vary, although it is usually $100,000. There are three main types: (1) fixed term, where both parties are bound to the negotiated time period, (2) demand, where the agreement stays in effect until terminated by either party, or (3) day-to-day, where daily renewal is by mutual consent and 24- hour notice is required for termination. The HA should review existing and future repos for compliance with the following certifications. Prior approval by HUD is not necessary, however, the repos seller depository or its agency must provide a written certification to HUD, Assistant Secretary for Public and Indian Housing (Office of Finance and Budget), the Area Office, and to the HA.

a. that the depository's repo program complies with applicable Federal and State statutes and regulations and that the program does not involve sales or loans of Federal securities by securities dealers that are not regulated or that report to the Federal Reserve Board;
b. that the depository owns the underlying Federal securities (approved for repurchase under HUD guidelines) when the repo interest is sold and that the value of the securities is equal to or greater than the amount the HA pays for the repo;

c. that the HA has possession of the securities (or the HA will take possession of the securities) or an independent custodian (or an independent third party) holds the securities on behalf of the HA as a bailee (evidenced by a safe keeping receipt and a written bailment for hire contract), from the time the repo interest is sold to the HA and will be (or is expected to be) maintained for the full term of the repo;

d. that the repo agreement and any related documents identify specific Federal securities related to the specific repo purchased by the HA;

e. that the repo interest does not represent any interest in a pool or fund of Federal securities for which registration under the Investment Company Act of 1940 may be required;

f. that the HA will have a continuous perfected security interest in the underlying Federal securities under State or Federal law for the full term of the repo (disclosing the method by which perfection has or will be accomplished, i.e., by possession, filing, registration of book-entry securities and/or Federal preemption of State law by Federal regulation);

g. that the depository or a reporting dealer selling the repo has not received any adverse financial report from a credit reporting agency, State or Federal regulatory agency; and

h. that the depository will not substitute other securities as collateral, except to increase the value of the repo security to match the repos’ purchase price.

10. Sweep Accounts

Sweep Accounts is a contractual agreement between a bank and a HA which provides that the bank will regularly "sweep" or transfer any available collected balances from the HA’s account into repurchase agreements. The Sweep Accounts agreement shall include all the certification provided in the Repurchase Agreement and adherence to paragraph 4-3, Collateralization of Deposits.

11. Separate Trading of Registered Interest and Principal of Securities

Separate Trading of Registered Interest and Principal of Securities (STRIPS) are Treasury-based zero-coupon securities which consist of interest or principal on U. S. Treasury securities. STRIPS were issued in minimum increments of $1,000. STRIPS pay no interest until maturity and the rate of return is "locked in" at the time of purchase. The delivery of STRIPS is accomplished by wire transfer through the Federal Reserve book entry system. STRIPS shall be in the name of the HA.
C. **Approved Investment Securities – Non-HUD Program Funds**

The AHA may invest non-HUD program funds (Business Activities fund) in the following investments. Investments described below are authorized by the Public Funds Investment Act as eligible securities for the Housing Authority, subject to the following limitations by the Governing Board (Appendice-1: Government Code – Chapter 2256 “Public Funds Investment Act”)

1. Obligations of the United States or its agencies and instrumentalities (PFIA §2256.009).
   *Example:* U.S. Treasury bills, notes and bonds

2. Direct obligations of State of Texas or its agencies and instrumentalities (PFIA §2256.009).
   *Example:* State of Texas bonds or issues of other Texas cities and agencies

3. Other obligations, the principal and interest on which are unconditionally guaranteed, or insured by, the full faith and credit of the State of Texas or the United States or their respective instrumentalities. (PFIA §2256.009)
   *Example:* Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB)

4. Certificates of deposit (CDs) and share certificates issued by a depository institution that has its main office or a branch office in Texas guaranteed or insured as required by PFIA §2256.010. A certificate of deposit or share certificate is authorized if the certificate is issued by a depository institution that has its main office or a branch office in Texas and is (1) Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (2) secured by obligations that have a market value of not less than the principal amount of the certificates; or (3) secured in any other manner and amount provided by law for deposits of the investing entity.

5. Repurchase Agreements that (1) have a defined termination date; (2) are secured by a combination of cash and obligations described by PFIA Section 2256.009.a.1; and (3) require the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity’s name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and (4) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. (PFIA §2256.011)

6. Government Investment Pools are specifically authorized if the Housing Authority Board (“by rule, order, ordinance, or resolution, as appropriate”), authorizes investment in the particular pool.

7. **Collateralized Money Market, Savings or Demand Deposits** (Checking accounts) are to be held by institutions domiciled in Texas, governed by a depository contract that complies with this policy and State and Federal regulations for municipal funds, and are to be guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or secured by obligations conforming to this policy and the collateralization requirements of the Texas Public Funds Collateral Act. The total value of eligible security to secure a deposit of public funds must be in an amount not less than the amount of the deposit of public funds: (1) increased by the amount of any accrued interest; and (2) reduced to the extent that the United States or an
instrumentality of the United States insures the deposit. (Public Funds Collateral Act. §2257.022)

D. Prohibited Investments

The following investment are strictly prohibited for both HUD program funds and non-HUD program funds:

1. Collateralized mortgage obligations
2. Inverse Floaters
3. Money market mutual funds
4. Principle-only or Interest-only mortgage-backed securities
5. Any investment not permitted by AHA Board in this policy

E. Diversification

At the time of purchase, the following limits maximum allowable portion of the AHAs total portfolio that may be invested by security type.

1. Obligations of the United States or its agencies and instrumentalities shall be 80% or less
2. State and local government securities shall be 50% or less
3. The maximum allowable exposure to any one issuer shall be 10% or less of the total portfolio, across all AHA portfolio holdings
4. Certificate of Deposit (CDs) shall be 40% or less
5. Government Investment Pools may be up to 100%
6. Collateralized Money Market, Savings or Demand Deposits may be up to 100%

Section IV. Cash Management

A. Cash Management by the AHA

1. Good cash management, which is an objective of the AHA’s management, creates responsibilities for the use of funds. The primary goals of cash management are to assure the availability of cash for transaction needs, preserve the value of cash resources and earn the maximum return on funds until disbursed.
2. The AHA will monitor returns of the cash managed by agents. If the AHA finds that administrative costs of an in-house program are such that the net yield on investments is less than that obtainable through an alternative, the AHA will consider that alternative.
B. **Cash Management by an Agent**

1. As an alternative to an in-house cash management program the AHA may enter into a contract with an approved governmental unit such as a state agency established for this purpose or another public housing authority, or a financial institution (excluding investment bankers and brokerage houses) to administer its cash management program.

2. Such programs may include any of the functions of cash management, i.e. receipts, disbursements and investments. Such a contractual arrangement will give the AHA the expertise and administrative skills which it would not otherwise be expected to have and often can make a cash management program cost-effective.

**Section V. Banking Services**

Banking services shall be arranged by selecting a bank through the appropriate procurement process to assure the AHA that it receives the banking services provided by the most responsive bidder. The AHA will designate a single bank account for the deposit of all payments that are received from HUD through direct deposit-electronic funds transfer. Banking services shall be periodically solicited as required by procurement rules and applicable laws.

**Section VI. Collateralization**

The AHA shall require its depositories to continuously and fully (100%) secure all deposits that are in excess of the $250,000.00 insured amount. This may be accomplished by the pledging or setting aside collateral of identifiable U.S. Government securities as prescribed by HUD. The AHA must have possession of the securities or an independent custodian must hold the securities on behalf of the AHA as a bailee, as evidenced by safekeeping receipt and a written bailment for wire contract and will be maintained for the full term of the deposit. Such securities shall be owned by the depository and the manner of collateralization shall provide the AHA with a continuing perfected security interest for the full term of the deposit in the collateral in accordance with applicable federal and state laws and regulations. Such collateral shall, at all times, have a market value at least equal to the amount of the deposits so secured.

**Section VII. Exemption**

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

**Section VIII. Legal Definitions, Guidelines and Parameters**

The guidelines of HUD PIH Notice 96-33, and the definitions and parameters found in the Public Funds Investment Act, Chapter 2256, Texas Government Code, including any amendments or successor provisions thereto, are incorporated herein by the reference and shall control to the extent there exists any inconsistency between this investment policy and such guidelines or parameters.
Section IX. Notification

The investment policy will be provided annually to the investment business entity(s) requesting to act on the AHA’s behalf or currently acting on behalf of the AHA. This is intended to inform them of the investment policies and guidelines of the AHA to ensure that they have implemented reasonable procedures and controls designed to fulfill those objections and conditions. This will include informing the investment agents of the Authority's investment horizons, limitations, and strategy and risk constraints.

Appendices:
A. Government Code – Chapter 2256 “Public Funds Investment Act”
B. HUD PIH 96-93 HA
APPENDICE A
GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.


Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

(A) are not required by law to be deposited in the state treasury; and

(B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section 2256.003.

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

(A) preservation and safety of principal;

(B) liquidity; and

(C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the
National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.


Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER. (a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section 2256.006:

(1) a local government;

(2) a state agency;

(3) a nonprofit corporation acting on behalf of a local government or a state agency; or

(4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.


Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

(1) a public retirement system as defined by Section 802.001;
(2) state funds invested as authorized by Section 404.024;
(3) an institution of higher education having total endowments of at least $150 million in book value on September 1, 2017;
(4) funds invested by the Veterans' Land Board as authorized by Chapter 161, 162, or 164, Natural Resources Code;
(5) registry funds deposited with the county or district clerk under Chapter 117, Local Government Code; or
(6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.


Amended by:
Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 1, eff. June 14, 2017.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:
(1) be written;
(2) primarily emphasize safety of principal and liquidity;
(3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
(4) include:
   (A) a list of the types of authorized investments in which the investing entity's funds may be invested;
   (B) the maximum allowable stated maturity of any individual investment owned by the entity;
   (C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;
   (D) methods to monitor the market price of investments acquired with public funds;
   (E) a requirement for settlement of all transactions, except investment pool funds and mutual funds on a delivery versus payment basis; and
   (F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

(c) The investment policies may provide that bids for certificates of deposit be solicited:
(1) orally;
(2) in writing;
(3) electronically; or
(4) in any combination of those methods.
(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

(1) understanding of the suitability of the investment to the financial requirements of the entity;
(2) preservation and safety of principal;
(3) liquidity;
(4) marketability of the investment if the need arises to liquidate the investment before maturity;
(5) diversification of the investment portfolio; and
(6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685, Sec. 1

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 1421, Sec. 3
(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this subsection, an investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of $2,500 or more for the personal account of the investment officer.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any business organization offering to engage in an investment transaction with an investing entity. For purposes of this subsection and Subsection (l), "business organization" means an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract to exercise investment discretion in regard to the investing entity's funds. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy, except to the extent that this authorization:

(A) is dependent on an analysis of the makeup of the entity's entire portfolio;

(B) requires an interpretation of subjective investment standards; or

(C) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a business organization that has not delivered to the entity the instrument required by Subsection (k).
(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section 321.020. Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section 321.013, the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section 404.024.


Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 1, eff. June 17, 2011.
Acts 2017, 85th Leg., R.S., Ch. 149 (H.B. 1701), Sec. 1, eff. September 1, 2017.

Sec. 2256.006. STANDARD OF CARE. (a) Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

(1) preservation and safety of principal;
(2) liquidity; and
(3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

(1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
(2) whether the investment decision was consistent with the written investment policy of the entity.


Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS. (a) Each member of the governing board of a state agency and its investment officer shall attend
at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999.

Amended by:
Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 2, eff. June 17, 2011.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS.

(a) Except as provided by Subsections (a-1), (b), (b-1), (e), and (f), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

1. attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

2. attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(a-1) Except as provided by Subsection (g), the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a school district or a municipality, in addition to the requirements of Subsection (a)(1), shall attend an investment training session not less than once in a two-year period that begins on the first day of the school district's or municipality's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the school district or municipality, or by a designated investment committee advising the investment officer as provided for in the investment policy of the school district or municipality.

(b) An investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, that has contracted with an investment management firm under Section 2256.003(b) and has fewer than five full-time employees or an
investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by Subsection (a)(2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date. The treasurer or chief financial officer of an investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(b-1) A housing authority created under Chapter 392, Local Government Code, may satisfy the training requirement provided by Subsection (a)(2) by requiring the following person to attend, in each two-year period that begins on the first day of that housing authority's fiscal year and consists of the two consecutive fiscal years after that date, at least five hours of appropriate instruction:

(i) the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, or the investment officer; or

(ii) if the authority does not have an officer described by Subdivision (1), another officer of the authority.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter 36 or 49, Water Code.

(f) Subsection (a)(2) does not apply to an officer of a municipality or housing authority if the municipality or housing authority:

(i) does not invest municipal or housing authority funds, as applicable; or

(ii) only deposits those funds in:

(A) interest-bearing deposit accounts; or

(B) certificates of deposit as authorized by Section 2256.010.

(g) Subsection (a-1) does not apply to the treasurer, chief financial officer, or investment officer of a school district if:

(i) the district:

(A) does not invest district funds; or

(B) only deposits those funds in:

(i) interest-bearing deposit accounts; or

(ii) certificates of deposit as authorized by Section 2256.010; and

(ii) the treasurer, chief financial officer, or investment officer annually submits to the agency a sworn affidavit identifying the applicable criteria under Subdivision (1) that apply to the district.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001.

Amended by:
Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

(2) direct obligations of this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

(6) bonds issued, assumed, or guaranteed by the State of Israel;

(7) interest-bearing banking deposits that are guaranteed or insured by:

(A) the Federal Deposit Insurance Corporation or its successor; or

(B) the National Credit Union Share Insurance Fund or its successor; and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:

(A) the funds invested in the banking deposits are invested through:

(i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or

(ii) a depository institution with a main office or branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:

(i) the depository institution selected as described by Paragraph (A);

(ii) an entity described by Section 2257.041(d); or

(iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17
C.F.R. Section 240.15c3-3).

(b) The following are not authorized investments under this section:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.


Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 4, eff. June 17, 2011.
Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 2, eff. June 14, 2017.
Acts 2017, 85th Leg., R.S., Ch. 863 (H.B. 2647), Sec. 1, eff. June 15, 2017.
Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. 2928), Sec. 1, eff. September 1, 2017.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b); or

(3) secured in accordance with Chapter 2257 or in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

(1) the funds are invested by an investing entity through:

(A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025; or

(B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the broker or the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;

(3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
(4) the investing entity appoints the depository institution selected by the
investing entity under Subdivision (1), an entity described by Section 2257.041(d), or a
clearing broker-dealer registered with the Securities and Exchange Commission and operating
pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as
custodian for the investing entity with respect to the certificates of deposit issued for
the account of the investing entity.

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg.,
ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1,
1997.

Amended by:
Acts 2005, 79th Leg., Ch. 128 (H.B. 256), Sec. 1, eff. September 1, 2005.
Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 5, eff. June 17, 2011.
Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. 2928), Sec. 2, eff. September 1, 2017.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS. (a) A fully
collateralized repurchase agreement is an authorized investment under this subchapter if the
repurchase agreement:

(1) has a defined termination date;
(2) is secured by a combination of cash and obligations described by Section
2256.009(a)(1) or 2256.013 or, if applicable, Section 2256.0204;
(3) requires the securities being purchased by the entity or cash held by the
entity to be pledged to the entity, held in the entity's name, and deposited at the time the
investment is made with the entity or with a third party selected and approved by the
entity; and
(4) is placed through a primary government securities dealer, as defined by the
Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy,
hold for a specified time, and sell back at a future date obligations described by Section
2256.009(a)(1) or 2256.013 or, if applicable, Section 2256.0204, at a market value at the
time the funds are disbursed of not less than the principal amount of the funds disbursed.
The term includes a direct security repurchase agreement and a reverse security repurchase
agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase
agreement may not exceed 90 days after the date the reverse security repurchase agreement is
delivered.

(d) Money received by an entity under the terms of a reverse security repurchase
agreement shall be used to acquire additional authorized investments, but the term of the
authorized investments acquired must mature not later than the expiration date stated in the
reverse security repurchase agreement.

(e) Section 1371.059(c) applies to the execution of a repurchase agreement by an
investing entity.


Amended by:
Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 6, eff. June 17, 2011.
Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 3, eff. June 14, 2017.
Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 1, eff. September 1, 2019.
Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM. (a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

1. the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;

2. a loan made under the program must allow for termination at any time;

3. a loan made under the program must be secured by:
   (A) pledged securities described by Section 2256.009;
   (B) pledged irrevocable letters of credit issued by a bank that is:
      (i) organized and existing under the laws of the United States or any other state; and
      (ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
   (C) cash invested in accordance with Section:
      (i) 2256.009;
      (ii) 2256.013;
      (iii) 2256.014; or
      (iv) 2256.016;

4. the terms of a loan made under the program must require that the securities being held as collateral be:
   (A) pledged to the investing entity;
   (B) held in the investing entity's name; and
   (C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;

5. a loan made under the program must be placed through:
   (A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or
   (B) a financial institution doing business in this state; and

6. an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

1. has a stated maturity of 270 days or fewer from the date of its issuance;

2. will be, in accordance with its terms, liquidated in full at maturity;

3. is eligible for collateral for borrowing from a Federal Reserve Bank; and

4. is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.


Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

1. has a stated maturity of 365 days or fewer from the date of its issuance; and
(2) is rated not less than A-1 or P-1 or an equivalent rating by at least:
   (A) two nationally recognized credit rating agencies; or
   (B) one nationally recognized credit rating agency and is fully secured by an
   irrevocable letter of credit issued by a bank organized and existing under the laws of the
   United States or any state.

Amended by:
   Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 2, eff. September 1, 2019.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

(a) A no-load money market mutual fund is an authorized investment under this
subchapter if the mutual fund:
   (1) is registered with and regulated by the Securities and Exchange Commission;
   (2) provides the investing entity with a prospectus and other information required
by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment
Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and
   (3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R.
Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section
80a-1 et seq.).

(b) In addition to a no-load money market mutual fund permitted as an authorized
investment in Subsection (a), a no-load mutual fund is an authorized investment under this
subchapter if the mutual fund:
   (1) is registered with the Securities and Exchange Commission;
   (2) has an average weighted maturity of less than two years; and
   (3) either:
      (A) has a duration of one year or more and is invested exclusively in
obligations approved by this subchapter; or
      (B) has a duration of less than one year and the investment portfolio is
limited to investment grade securities, excluding asset-backed securities.

(c) An entity is not authorized by this section to:
   (1) invest in the aggregate more than 15 percent of its monthly average fund
balance, excluding bond proceeds and reserves and other funds held for debt service, in
mutual funds described in Subsection (b);
   (2) invest any portion of bond proceeds, reserves and funds held for debt service,
in mutual funds described in Subsection (b); or
   (3) invest its funds or funds under its control, including bond proceeds and
reserves and other funds held for debt service, in any one mutual fund described in
Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual
fund.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg.,
ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1,
1999.
Amended by:
   Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 4, eff. June 14, 2017.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A
guaranteed investment contract is an authorized investment for bond proceeds under this
subchapter if the guaranteed investment contract:

(1) has a defined termination date;

(2) is secured by obligations described by Section 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;

(4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

(d) Section 1371.059(c) applies to the execution of a guaranteed investment contract by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 5, eff. June 14, 2017.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS. (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

(1) the types of investments in which money is allowed to be invested;

(2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;

(3) the maximum stated maturity date any investment security within the portfolio has;
(4) the objectives of the pool;
(5) the size of the pool;
(6) the names of the members of the advisory board of the pool and the dates their terms expire;
(7) the custodian bank that will safekeep the pool's assets;
(8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
(9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
(10) the name and address of the independent auditor of the pool;
(11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;
(12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and
(13) the pool's policy regarding holding deposits in cash.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:
(1) investment transaction confirmations; and
(2) a monthly report that contains, at a minimum, the following information:
   (A) the types and percentage breakdown of securities in which the pool is invested;
   (B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
   (C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
   (D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;
   (E) the size of the pool;
   (F) the number of participants in the pool;
   (G) the custodian bank that is safekeeping the assets of the pool;
   (H) a listing of daily transaction activity of the entity participating in the pool;
   (I) the yield and expense ratio of the pool, including a statement regarding how yield is calculated;
   (J) the portfolio managers of the pool; and
   (K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, for purposes of an investment pool for which a $1.00 net asset value is maintained, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter:
(1) a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily; and

(2) if the investment pool uses amortized cost:

(A) the investment pool must, to the extent reasonably possible, stabilize at a $1.00 net asset value, when rounded and expressed to two decimal places;

(B) the governing body of the investment pool must, if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005; and

(C) the investment pool must, in addition to the requirements of its investment policy and any other forms of reporting, report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

(i) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c)(2), and (f) must be posted on the website.

(j) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

(k) If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 7, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 6, eff. June 14, 2017.

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 3, eff. September 1, 2019.

Sec. 2256.017. EXISTING INVESTMENTS. Except as provided by Chapter 2270, an entity is not required to liquidate investments that were authorized investments at the time of purchase.

Amended by:
Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 2, eff. May 23, 2017.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment pool
must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least
one nationally recognized rating service.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997,
75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997.
Amended by:
Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 8, eff. June 17, 2011.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition
to the authorized investments permitted by this subchapter, an institution of higher
education may purchase, sell, and invest its funds and funds under its control in the
following:

(1) cash management and fixed income funds sponsored by organizations exempt from
federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C.
Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of
deposit rating of at least 1 or the equivalent by a nationally recognized credit rating
agency or that is associated with a holding company having a commercial paper rating of at
least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally
recognized investment rating firm in one of the two highest long-term rating categories,
without regard to gradations within those categories.


Sec. 2256.0201. AUTHORIZED INVESTMENTS: MUNICIPAL UTILITY. (a) A municipality that
owns a municipal electric utility that is engaged in the distribution and sale of electric
energy or natural gas to the public may enter into a hedging contract and related security
and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and
electric energy to protect against loss due to price fluctuations. A hedging transaction
must comply with the regulations of the Commodity Futures Trading Commission and the
Securities and Exchange Commission. If there is a conflict between the municipal charter of
the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract
or related agreement in relation to fuel supplies or fuel reserves is a fuel expense, and
the utility may credit any amounts it receives under the contract or agreement against fuel
expenses.

(c) The governing body of a municipally owned electric or gas utility or the body
vested with power to manage and operate the municipally owned electric or gas utility may
set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas,
coal, nuclear fuel, and electric energy futures or options or similar contracts on those
commodities and related transportation costs as a protection against loss due to price
fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999.
Amended by:
Acts 2007, 80th Leg., R.S., Ch. 7 (S.B. 495), Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371 (S.B. 894), Sec. 1, eff. September 1, 2009.

Sec. 2256.0203. AUTHORIZED INVESTMENTS: PORTS AND NAVIGATION DISTRICTS. (a) In this section, "district" means a navigation district organized under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

(b) In addition to the authorized investments permitted by this subchapter, a port or district may purchase, sell, and invest its funds and funds under its control in negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency.

Added by Acts 2011, 82nd Leg., R.S., Ch. 804 (H.B. 2346), Sec. 1, eff. September 1, 2011.

Sec. 2256.0204. AUTHORIZED INVESTMENTS: INDEPENDENT SCHOOL DISTRICTS. (a) In this section, "corporate bond" means a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that:

1. on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation; or
2. is an unsecured debt obligation.

(b) This section applies only to an independent school district that qualifies as an issuer as defined by Section 1371.001.

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

(d) An independent school district subject to this section is not authorized by this section to:

1. invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or
2. invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.
(e) An independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds if the governing body of the district:

(1) amends its investment policy to authorize corporate bonds as an eligible investment;

(2) adopts procedures to provide for:
   (A) monitoring rating changes in corporate bonds acquired with public funds; and

   (B) liquidating the investment in corporate bonds; and

(3) identifies the funds eligible to be invested in corporate bonds.

(f) The investment officer of an independent school district, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

(1) issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or

(2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

(g) Repealed by Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 5, eff. September 1, 2019.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1347 (S.B. 1543), Sec. 1, eff. June 17, 2011. Amended by:

Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 5, eff. September 1, 2019.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST. (a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121 (S.B. 1464), Sec. 1, eff. September 1, 2005.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS. (a) In this section:

(1) "Eligible entity" means a political subdivision that has:
   (A) a principal amount of at least $250 million in:
      (i) outstanding long-term indebtedness;
      (ii) long-term indebtedness proposed to be issued; or
      (iii) a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and

   (B) outstanding long-term indebtedness that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.
(2) "Eligible project" has the meaning assigned by Section 1371.001.

(3) "Hedging" means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

(b) This section prevails to the extent of any conflict between this section and:

(1) another law; or

(2) an eligible entity's municipal charter, if applicable.

(c) The governing body of an eligible entity shall establish the entity's policy regarding hedging transactions.

(d) An eligible entity may enter into hedging transactions, including hedging contracts, and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

(e) An eligible entity may pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.

(f) Section 1371.059(c) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

(g) An eligible entity may credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

(h) An eligible entity's cost of or payment under a hedging contract or agreement may be considered:

(1) an operation and maintenance expense of the eligible entity;

(2) an acquisition expense of the eligible entity;

(3) a project cost of an eligible project; or

(4) a construction expense of the eligible entity.

Added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7, eff. June 14, 2017.

Sec. 2256.0207. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, the governing board of a public junior college district may invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by the governing board of a public junior college district under this section shall be segregated and accounted for separately from other funds of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1, eff. September 1, 2017. Redesignated from Government Code, Section 2256.0206 by Acts 2019, 86th Leg., R.S., Ch. 467 (H.B. 4170), Sec. 21.001(34), eff. September 1, 2019.

Sec. 2256.0208. LOCAL GOVERNMENT INVESTMENT OF BOND PROCEEDS AND Pledged Revenue. (a) In this section, "pledged revenue" means money pledged to the payment of or as security for:
(1) bonds or other indebtedness issued by a local government;
(2) obligations under a lease, installment sale, or other agreement of a local
government; or
(3) certificates of participation in a debt or obligation described by Subdivision
(1) or (2).

(b) The investment officer of a local government may invest bond proceeds or pledged
revenue only to the extent permitted by this chapter, in accordance with:
(1) statutory provisions governing the debt issuance or the agreement, as
applicable; and
(2) the local government's investment policy regarding the debt issuance or the
agreement, as applicable.

Added by Acts 2019, 86th Leg., R.S., Ch. 1133 (H.B. 2706), Sec. 4, eff. September 1, 2019.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING. An investment that requires a
minimum rating under this subchapter does not qualify as an authorized investment during the
period the investment does not have the minimum rating. An entity shall take all prudent
measures that are consistent with its investment policy to liquidate an investment that does
not have the minimum rating.


Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority
granted by this chapter shall require a risk assessment by the state auditor or performed at
the direction of the state auditor, subject to the legislative audit committee's approval of
including the review in the audit plan under Section 321.013.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003,
78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the
investment officer shall prepare and submit to the governing body of the entity a written
report of investment transactions for all funds covered by this chapter for the preceding
reporting period.

(b) The report must:
(1) describe in detail the investment position of the entity on the date of the
report;
(2) be prepared jointly by all investment officers of the entity;
(3) be signed by each investment officer of the entity;
(4) contain a summary statement of each pooled fund group that states the:
(A) beginning market value for the reporting period;
(B) ending market value for the period; and
(C) fully accrued interest for the reporting period;
(5) state the book value and market value of each separately invested asset at the
end of the reporting period by the type of asset and fund type invested;
(6) state the maturity date of each separately invested asset that has a maturity
date;
(7) state the account or fund or pooled group fund in the state agency or local
government for which each individual investment was acquired; and
(8) state the compliance of the investment portfolio of the state agency or local government as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.


Amended by:
Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 9, eff. June 17, 2011.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b) and Section 2256.017, this subchapter does not:

(1) prohibit an investment specifically authorized by other law; or

(2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section 2256.009(b) is not an authorized investment for a state agency, a local government, or another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section 2256.009(b) are authorized investments with respect to the housing bond programs operated by:

(1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;

(2) an entity created under Chapter 392, Local Government Code; or

(3) an entity created under Chapter 394, Local Government Code.


Amended by:
Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 3, eff. May 23, 2017.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.
Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.


Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee’s initiative or on request of the governing body of the agency.


Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.


Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.


Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the state. The deposit shall be held in the entity’s name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.
APPENDICE B
Required HA Cash Management and Investment Policies and Procedures

1. PURPOSE

The purpose of this Notice is to advise public housing agencies and Indian housing authorities (herein referred to as HAs) and Area Offices of the Department's HA requirements governing cash management and approved investment instruments. The Notice extends and reissues, with minor editorial changes, the policies and procedures, including the list of HUD approved investment instruments, previously set forth in Notice PIH 95-27.

2. BACKGROUND

The Annual Contributions Contract (ACC) requires the HA to deposit and invest all program funds for projects under an ACC in accordance with the terms of a General Depository Agreement. The General Depository Agreement must be in a form approved by HUD and is executed between the HA and the depository. In addition, the ACC requires the HA to invest General Fund (program) monies only in HUD approved investments.

The Federal Code of Regulations, Part 85, Subpart C, (24 CFR § 85.20) requires HAs to establish cash management procedures. Cash management is the process of managing the cash flow of a HA to optimize its use of funds. This process involves the timing of receipts and disbursements to assure the availability of funds to meet expenditures and to maximize the yield from the investment of temporarily surplus funds. Effective cash management calls for organized planning. Good relations between the HA and the financial institution can improve the effectiveness of a cash management program.
3. APPLICABILITY

This Notice applies to the Low Rent Public Housing Program, the HA Owned/Leased Housing Homeownership Program (Turnkey III Program), the Section 23 Leased Housing Program, and the Mutual Help Homeownership Program.

4. BANKING SERVICES

Banking services shall be arranged by selecting a bank through competitive solicitation to assure the HA that it receives the banking services provided at the lowest cost. It should be noted, however, that HAs must designate a single bank account for the deposit of all payments that are received from HUD through Direct Deposit-Electronic Funds Transfer (DD-EFT). (A Standard Form 1199A, Direct Deposit Sign-Up Form, must be submitted to designate this account.) A copy of the General Depository Agreement (see below) with the financial institution shall be attached with the SF-1199A. Once the funds are received, they may be transferred to separate accounts according to the applicable program.

a. General Depository Agreement

The General Depository Agreement (Form HUD-51999) shall be executed by the HA and the depository. The depository must be a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF). An original HUD-51999 should be maintained by the HA and the financial institution. A copy of the HUD-51999 should be sent to the HUD Area Office and the Field Accounting Office (along with the SF-1199A).

b. Procurement Procedure and Period of Service

Banking services should be periodically solicited through competitive negotiation. The solicitation in the form of a Request for Proposal (RFP) would permit the HA to evaluate the quality of the services received as well as the price. This periodic process should prevent the bank supplying the services from becoming complacent in its dealings with the HA.

5. COLLATERALIZATION OF DEPOSITS

HAs shall require their depositories to continuously and fully (100%) secure all deposits regardless of type (i.e. regular, savings, etc.) that are in excess of the
$100,000 insured amount. This may be accomplished by the pledging or setting aside collateral of identifiable U.S. Government securities as prescribed by HUD. The HA has possession of the securities (or the HA will take possession of the securities) or an independent custodian (or an independent third party) holds the securities on behalf of the HA as a bailee (evidenced by safe keeping receipt and a written bailment for wire contract) and will be maintained for the full term of the deposit. Such securities shall be owned by the depository and the manner of collateralization shall provide the HA with a continuing perfected security interest for the full term of the deposit in the collateral in accordance with applicable laws and Federal regulations. Such collateral shall, at all times, have a market value at least equal to the amount of the deposits so secured.

6. **INVESTMENT OF FUNDS**

   a. **Funds Available for Investment**

      1) Funds on deposit in the General Fund are comprised of four components: (1) funds for current transaction purposes, (2) development and/or modernization funds (see #2 below), (3) funds exceeding those necessary for the daily operation of the HA which are considered available for investment and (4) any operating reserve funds. As a general rule, the average amount on deposit in the General Fund cash accounts (the targeted maximum cash balance) should be the amount needed on hand for transaction purposes or as a safeguard against cash shortages. In the interest of good cash management, non-interest bearing deposits should be reduced to the amount necessary to maintain a good banking relationship.

      2) Under the Modernization and Development Programs, the term "cash management" also means minimizing the time elapsing between the drawdown and disbursement of funds by the HA. HUD has established the maximum time to be generally three working days. Therefore, reference to "excess funds" also means the amount of modernization or development funds drawn down, but not needed for immediate disbursement (see 24 CFR § 85.21 (b)). Interest income earned on modernization funds is included as operating income in the calculation of operating subsidy eligibility under the Performance Funding System (PFS). Interest income earned on development funds is credited to the development program and reduces the development cost of the project.
b. **Approved Investment Securities**

In most cases, purchases of securities shall have maturities which coincide with expected disbursements by the HA. For the purpose of investing operating reserves, issues shall be limited to maturities three years or less. Although some of the following securities have maturities longer than three years, they can be traded in the secondary market. A list of investments approved by HUD for the investment of HA funds is attached. HAs are required to choose from these financial instruments. Within the HUD approved instruments, HAs are permitted to modify their investment policy without prior HUD approvals. The choice of investments from the approved list should be made using the criteria developed in the remainder of this paragraph.

c. **Determination of Investment Type**

The determination of the best or appropriate types and mixtures of investments is dependent on several factors. The primary objective is safety. Once that objective is attained, the optimum return on the investment should be consistent with the goals of the cash management program of the HA. The factors that should be taken into account include the following:

1. **Safety** - Safety is achieved through adherence to the list of permitted investments which are backed by the full faith and credit of, or a guarantee of principal and interest by, the U.S. Government, a Government agency or issued by a Government-sponsored agency, coupled with an appropriate maturity date.

2. **Yield** - The HA should strive to achieve the highest yield consistent with the other factors of the investment policy. Tax-exempt securities are not appropriate for investment by a HA because it would not benefit from the tax advantage.

3. **Liquidity** - All investments must be capable of being liquidated on one day's notice. Therefore, no investments may be made which impose a longer notice period for redemption or which are not readily marketable.

4. **Maturity** - Investments should be scheduled to mature when the funds are needed. Sale of securities prior to maturity should be avoided due to the inherent risk. (If the market interest rate increases above the
yield on the investment, the market value of the securities will decline.) Investments shall be limited to securities maturing in periods of up to one year, or such lesser period that coincides with expected disbursements by the HA, but not beyond the current financing cycle. HAs may invest in securities up to three years for the investment of operating reserves.

(5) **Amount** - The best or most appropriate type of investment depends, to some degree, on the amount available for investment because certain investments require a large initial amount.

(6) **Administrative Cost** - In choosing an investment, a HA must consider the administrative work involved, particularly with regard to investments of short duration. Substantial amounts can be invested for periods as short as one or two days. However, the administrative costs with small amounts may be greater than the return on the investment, thus would not be justified or cost effective. Administrative costs will be higher with a more frequent turnover of investments and must be taken into account together with the yield and term in determining the optimum investment strategy.

d. **INVESTMENT OF FUNDS HELD BY HA FISCAL AGENTS**

Funds held by the Fiscal Agent in any trust funds shall be invested in strict accordance with the Resolution establishing such funds. Where the Resolution contains no provision concerning the investment of funds, the funds shall be invested in securities approved for General Fund Investment provided such investment will mature or may be redeemed at the option of the purchaser at not less than the purchase price on or prior to the date such funds are required to be disbursed by the Fiscal Agent. A description of funds established by HA resolutions authorizing the issues of bonds is attached.

e. **Investment Register**

An investment register or other record shall be maintained by the HA or its agent. The register/record shall be maintained in such a manner that a determination can be made as to the amount of investment securities purchased from each fund and at a minimum provide for recording a complete description of investment instrument, date of purchase, purchase price, interest rate, and applicable date of sale or maturity. The investment
register/record may also be used to identify the source of funds invested (i.e., modernization or development funds, tenant security deposit funds, operating funds).

f. **Internal Controls**

HAs shall implement the following internal controls to assist in controlling investments and preventing loss or misuse.

1. Investment transactions shall be authorized by the HA governing board and documented in the board minutes.

2. Investment documents shall be kept in a safe fire-resistant locked file cabinet, safe deposit box, or other similarly secured location.

3. Individuals responsible for custody of securities shall be someone other than an individual maintaining the accounting records.

4. Investments shall be maintained in a custodian or trust account.

5. Investments shall be in the name of the HA.

6. Investments shall be recorded in detail in an investment ledger.

7. A system shall be in place to insure that all interest earned is collected and credited to the appropriate HA records.

8. Investments shall be reconciled periodically to the detailed record (investment ledger).

7. **CASH MANAGEMENT**

A major factor contributing to the success of an investment program is the delegation of responsibility and authority for developing and executing it. A HA should compare the cost of establishing a cash management program in-house (if qualified professional staff are available) to contracting out. If HAs contract for cash management and investment services, then the organization should have qualified personnel to achieve cost-effectiveness. Commercial banks and savings and loans association offer such services.
Good cash management, which is an objective of management, creates responsibilities for the use of funds. Such responsibilities are placed on both the HA and HUD for a successful program to benefit both. The primary goals of cash management are to assure the availability of cash for transaction needs, preserve the value of cash resources and earn the maximum return on funds until disbursed.

a. Cash Management by the HA

The HA should compare the return from an in-house cash management program with a program managed by an agent. If the HA finds that administrative costs of an in-house program are such that the net yield on investments is less than that obtainable through an alternative, the general rule is that the HA should use that alternative.

b. Cash Management by an Agent

As an alternative to an in-house cash management program, a HA may enter into a contract with an approved governmental unit such as a State agency established for this purpose (see attachment A, #6, Municipal Depository Fund), or a financial institution (excluding investment bankers and brokerage houses) to administer its cash management program.

Such a program may include any of the functions of cash management, i.e., receipts, disbursements and investments. Such a contractual arrangement will give a small HA the expertise and administrative skills which it would not otherwise be expected to have and often can make a cash management program cost-effective.

c. Temporary Funds Available for Investment

(1) Each HA with an average cash balance of $20,000 or more shall invest such funds in HUD-Approved Investment Securities in order to meet the PFS Target Investment requirements (24 CFR Section 990.109 (e), 24 CFR §950.725 (e)).

HAs with average cash balances of less than $20,000 shall also invest such funds in HUD-Approved Investment Securities. For the purpose of calculating operating subsidy eligibility under the PFS (24 CFR Section 990.109 (e), 24 CFR §950.725 (e)) these HAs shall make a reasonable estimate of investment income for the requested budget.
year. Please note that investment income estimates for these HAs are not subject to the mandatory year-end adjustment.

(2) See Handbook 7475.13, Performance Funding System (PFS), regarding reporting requirements for projecting investment income for the purpose of calculating PFS operating subsidy eligibility. These requirements mandate a minimum investment income (Target Investment Income) for calculating operating subsidies and allow HAs to retain investment income in excess of the required amount. HAs should review these requirements carefully in developing their cash management programs.

8. MONITORING

The Office of Finance and Budget, PIH, will continue to oversee the overall cash management policy and programs for HAs. Actual monitoring of each HA's cash management will continue to be the responsibility of the respective Area Office. Monitoring will be accomplished through review of documentation submitted to support the investment income shown in the calculation of operating subsidy and during on-site monitoring reviews.

If there are questions regarding the contents of this Notice, please contact the Office of Finance and Budget at 202-708-1872.

  _Casimir Bonkowski for Acting
Assistant Secretary for Public and Indian Housing

Attachments
HUD APPROVED INVESTMENT INSTRUMENTS

1. Direct Obligations of the Federal Government Backed by the Full Faith and Credit of the United States

a. U.S. Treasury Bills

These securities are short-term obligations which a HA or its agent may purchase directly. Treasury Bills with 3-month and 6-month maturities are issued weekly and those with 9-month and 12-month maturities are issued monthly. The minimum denomination is $10,000. They are issued on a discount basis and are redeemed at par upon maturity.

U.S. Treasury Bills are available for purchase at any time after issuance from investment departments of banks and from dealers in investment securities. Purchases may be made conveniently using the HA's depository bank. Treasury Bills may be acquired by subscription on the issue date from a Federal Reserve Bank or branch in amounts not in excess of $200,000. Detailed information is contained in the weekly or monthly announcements which may be received regularly upon application to a Federal Reserve Bank or branch.

b. U.S. Treasury Notes and Bonds

These securities are issued periodically by the Treasury Department through Federal Reserve Banks and branches. They are medium to long-term obligations which a HA or its agent can only purchase in the secondary market to assure that they will mature at a date which coincides with scheduled disbursements by the HA. Outstanding issues may be purchased from banks or dealers in investment securities at the market price which on any given day may be more or less than the face amount.

(1) U.S. Treasury Notes

These notes mature in not less than one and not more than 10 years from the issue date and bear interest at fixed rates payable semi-annually.
(2) **U.S. Treasury Bonds**

These bonds mature after ten years from the issue date and bear interest at fixed rates payable semi-annually. Many issues of bonds are redeemable on call by the Treasury Department before maturity. The yield of such issues usually is computed to the first call date which may be as much as 5 years prior to maturity.

2. **Obligations of Federal Government Agencies**

a. **Federal Financing Bank (FFB)**

The Federal Financing Bank is authorized to purchase obligations held by Federal agencies and to issue obligations to the public.

b. **Government National Mortgage Association (GNMA), Mortgage-Backed Securities (GNMA I and GNMA II)**

The securities, guaranteed by GNMA are issued by an issuer (a GNMA-approved mortgage lender). The securities are backed by a pool of government-insured or guaranteed mortgages. The holders of the securities receive monthly payments of principal and interest. The minimum denomination issued is $25,000. The difference in GNMA I and GNMA II is that the GNMA II payment date is on the 20th of the month and the GNMA I payment date is on the 15th; GNMA II uses a central paying agency whereas GNMA I has individual issuers sending checks to investors; and GNMA II has interest rates that vary within a one percent range. The maximum maturity for GNMA I and GNMA II is 30 years, except that GNMA I project loans mature in 40 years.

c. **GNMA Participation Certificates**

These securities, guaranteed by GNMA, were sold by GNMA as the trustee with various other Federal agencies as trusters. They represent beneficial interest in future payments of principal and interest on mortgage pools. Their maturities range between one and 20 years and the minimum denomination is $5,000.
d. **Maritime Administration Merchant Marine Bonds, Notes, and Obligations**

These securities are issued by shipping companies and are backed by the full faith and credit of the U.S. Government. Each issue is further secured by a first preferred ship or fleet mortgage. Maturities and denominations vary.

e. **Small Business Administration (SBA), Small Business Investment Corporation (SBIC) Debentures**

When authorized by appropriation acts, the SBA may guarantee principal and interest payments on debentures of SBIC. The SBA may also pool these debentures and sell SBA- guaranteed debentures. These issues have maturities of 10 years and are issued in $10,000 denominations.

f. **Tennessee Valley Authority (TVA) Power Bonds and Notes**

These securities are secured by a first charge on net power proceeds. Payment of interest and principal on them is ranked ahead of annual payments to the U.S. Treasury. They have been issued in multiples of $1,000.

3. **Securities of Government-Sponsored Agencies**

a. **Farm Credit Consolidated System-Wide Discount Notes**

These notes are the secured joint and several obligations of the Farm Credit System which consists of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. They are issued in denominations of $5,000 and maturities are authorized from 5 to 365 days.

b. **Federal Farm Credit Banks Consolidated System-wide Bonds**

These bonds are the secured joint and several obligations of the Farm Credit Banks. Their issuance supersedes individual bond issues by the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. They are issued in multiples of $1,000 for maturities in excess of 13 months and in multiples of $5,000 for shorter maturities.
c. **Federal Home Loan Banks Consolidated Obligations**

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

(1) **Bonds**

Bonds which have maturities of one year or more. They are issued in multiples of $10,000, $25,000, $100,000 and $1,000,000.

(2) **Notes**

Notes which have maturities of less than one year. They are issued in multiples of $10,000, $25,000, $100,000 and $1,000,000.

(3) **Discount Notes**

Discount notes which have maturities ranging from 30 to 170 days. They are issued in denominations of $100,000 and $1,000,000.

d. **FHLMC Mortgage Participation Certificates (PC) (Guaranteed)**

These certificates represent undivided interest in specific fixed rate, first lien conventional and residential mortgages. FHLMC provides monthly interest and principal payments. The final payment is the first of the month and year in which the last monthly payment on the last maturing mortgage is scheduled to be paid.

e. **FHLMC Collateralized Mortgage Obligations (CMOs)**

CMOs are general obligations of FHLMC that are secured by a single pool of conventional mortgages owned by FHLMC. CMOs are issued in several classes with varying stated maturities. Semiannual principal payments are allocated to each class of the CMOs in the order of the stated maturity of each class so that no principal payments are made to holders of a class until classes with an earlier maturity are retired.

f. **Federal National Mortgage Association (FNMA) Debentures**

These debentures are issued in denominations ranging from $10,000 and with maturities ranging from 20 to 25 years.
g. **FNMA Notes**

The minimum investment in these notes is $50,000 with maturities ranging from 1 to 20 years.

h. **FNMA Short-Term Discount Notes**

These notes are similar to commercial paper and are tailored to the individual needs of investors. They are sold at published rates with maturities of 30 to 270 days and in denominations ranging from $5,000.

i. **FNMA Capital Debentures**

These debentures are subordinated to the non-capital debentures, notes, and short-term discount notes. They were last issued in 1975 in a $10,000 minimum denomination and with maturities of 5 and 25 years.

j. **Student Loan Marketing Associations (SLMA) Obligations**

SLMA issues obligations comprises of guaranteed student loans as follows:

1. **Floating Rate and Master Notes.**

   These notes bear interest at rates that vary with the 91-day Treasury Bill rate. Short-term borrowing have an original or remaining term maturity of one year or less.

2. **The Series E and F Floating Rate Notes.**

   These notes bear interest at rates which vary with the 91-day Treasury Bill, except that each issue has fixed minimum and maximum rates known as interest rate "collars" for any quarterly interest period.

3. **Zero Coupon Notes**

   These notes are shown at net proceeds adjusted for accretion of discount.
4. **Demand and Savings Deposits**

Demand and savings deposits at commercial banks, mutual savings banks, savings and loan associations and credit unions are permitted for HA funds provided that the entire deposit is insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF). A deposit in excess of the insurance coverage may be made at a depository institution provided that it is 100 percent collateralized by any of the securities listed under paragraphs 1, 2, and 3 of this Attachment. Care should be taken that withdrawals may be made on demand without loss of interest and without penalty.

5. **Money-Market Deposit Accounts**

Money-Market Deposit Accounts at depository institutions that may not be insured fully by the FDIC or NCUSIF are permitted provided that the certificates are fully backed by 100 percent collateral consisting of securities listed under paragraphs 1, 2, or 3 of this Attachment. When accounts exceed the $100,000 insurance limitation, their safety also may depend on the HA's control of the underlying collateral which must consist of clearly identified (not pooled) U.S. Government securities. Possession of the collateral securities and a continuous perfected security interest may be the only sure protection against loss in case of financial institution failure.

6. **Municipal Depository Fund**

A Municipal Depository Fund (Fund) or Local Government Investment Pool which is established by States, municipalities, units of local government or other political subdivisions to serve as an investment fund for HAs is permitted. The securities purchased by a Fund shall be on the HUD-approved list of investment securities. HA shall have either an undivided or divided interest in securities comprising the Fund. The Fund shall be under the control of the Investment Company Act of 1940, and its objective shall be clearly stated. The investment objective of the Fund shall be to obtain as much income as possible consistent with the preservation and conservation of capital. The Fund shall disclose clearly the basis of earnings and how they are distributed. HA shall obtain a statement of potential default and risk and a clear demonstration that withdrawals from the Funds will not be so restricted as to impair a HA's day-to-day cash management.
needs. The management fee shall be fixed at a reasonable amount and management shall be passive. HA shall limit the amount of funds invested in the Fund to no more than 30 percent of a HA's available investment funds. The Fund shall disclose the relationships of the investment advisor, manager, trustees, custodian and transfer agent. Each financial advisory relationship shall be evidenced by a written document executed prior to, upon, or promptly after the inception of the financial advisory relationship, or promptly after the creation or selection of the issuer. If the issuer does exist or has not been determined at the time the relationship commences, that written document shall set forth the basis of compensation for the financial advisory services to be rendered.

7. **Super NOW Accounts**

Super NOW accounts have been available and approved for public funds since January 1983. They offer a relatively high market rate and are fully transactional (have no limitations on the number of checks or transfers). Insurance and collateral requirements are as above for subparagraph e Demand and Savings Deposits.

8. **Certificates of Deposit**

   a. Certificates of Deposit are permitted at depository institutions that are insured by an agency of the Federal Government. Caution must be exercised for certificates exceeding the $100,000 insurance limit or when the term is longer than 30-90 days. Although the certificates' rate of return may be attractive for larger amounts and longer terms, U.S. Treasury securities offer superior safety and liquidity for the same amounts and terms. Certificates shall be in the HA's name. In addition a General Depository Agreement must be executed by each financial institution that issues a Certificate of Deposit.

   b. Certificate amounts above $100,000 are permitted provided that the excess is 100 percent collateralized by clearly identified (not pooled) U.S. Government securities. Possession of the collateral securities and a continuous perfected security interest may be the only sure protection against loss in case of bank failure.

   c. Brokered deposits should be avoided because it is impossible to get $100,000 federal insurance on a number of deposits placed by brokers.
9. Repurchase Agreements

Repurchase (repos) agreements for a term not to exceed 30 days may be entered into with Federally insured depository institutions to purchase and sale of securities identified under paragraphs 1, 2, and 3. A repurchase agreement is an agreement negotiated with a bank usually for a short period (1 to 7 days) wherein securities approved for investment are purchased from that bank at a stated price with the bank agreeing to repurchase them on a specified date for a specified amount. The minimum may vary, although it is usually $100,000. There are three main types: (1) fixed term, where both parties are bound to the negotiated time period, (2) demand, where the agreement stays in effect until terminated by either party, and (3) day-to-day, where daily renewal is by mutual consent and 24-hour notice is required for termination. The HA should review existing and future repos for compliance with the following certifications. Prior approval by HUD is not necessary, however, the repos seller depository or its agency must provide a written certification to HUD, Assistant Secretary for Public and Indian Housing (Office of Finance and Budget), the Area Office, and to the HA.

a. that the depository’s repo program complies with applicable Federal and State statutes and regulations and that the program does not involve sales or loans of Federal securities by securities dealers that are not regulated or that report to the Federal Reserve Board;

b. that the depository owns the underlying Federal securities (approved for repurchase under HUD guidelines) when the repo interest is sold and that the value of the securities is equal to or greater than the amount the HA pays for the repo;

c. that the HA has possession of the securities (or the HA will take possession of the securities) or an independent custodian (or an independent third party) holds the securities on behalf of the HA as a bailee (evidenced by a safe keeping receipt and a written bailment for hire contract), from the time the repo interest is sold to the HA and will be (or is expected to be) maintained for the full term of the repo;

d. that the repo agreement and any related documents identify specific Federal securities related to the specific repo purchased by the HA;
e. that the repo interest does not represent any interest in a pool or fund of Federal securities for which registration under the Investment Company Act of 1940 may be required;

f. that the HA will have a continuous perfected security interest in the underlying Federal securities under State or Federal law for the full term of the repo (disclosing the method by which perfection has or will be accomplished, i.e., by possession, filing, registration of book-entry securities and/or Federal preemption of State law by Federal regulation);

g. that the depository or a reporting dealer selling the repo has not received any adverse financial report from a credit reporting agency, State or Federal regulatory agency; and

h. that the depository will not substitute other securities as collateral, except to increase the value of the repo security to match the repos's purchase price.

10. **Sweep Accounts**

Sweep Accounts is a contractual agreement between a bank and a HA which provides that the bank will regularly "sweep" or transfer any available collected balances from the HA's account into repurchase agreements. The Sweep Accounts agreement shall include all the certification provided in the Repurchase Agreement and adherence to paragraph 4-3, Collateralization of Deposits.

11. **Separate Trading of Registered Interest and Principal of Securities**

Separate Trading of Registered Interest and Principal of Securities (STRIPS) are Treasury-based zero-coupon securities which consist of interest or principal on U. S. Treasury securities. STRIPS were issued in minimum increments of $1,000. STRIPS pay no interest until maturity and the rate of return is "locked in" at the time of purchase. The delivery of STRIPS is accomplished by wire transfer through the Federal Reserve book entry system. STRIPS shall be in the name of the HA.

12. **Mutual Funds**

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

The Fund shall be organized as a no-load, open-end, diversified management company and its shares shall be registered under the Securities Act of 1933. The Fund shall be under the control of the Securities Exchange Act of 1934, Investment Advisers Act of 1940 and the Investment Company Act of 1940. The investment objective of the Fund shall be to obtain as much income as possible consistent with the preservation, conservation and stability of capital. The mutual fund objective cannot be changed without the prior approval of fund shareholders.

b. The securities purchased by the Fund shall be on the HUD-approved list of investment securities. The Fund will not engage in options or financial futures. The HA shall limit the amount of funds invested in the Fund to no more than 20 percent of the HA's available investment funds. The Fund shall disclose clearly the basis of earnings and how they are distributed. The HA shall obtain a statement of potential default and risk. The HA's invested funds shall be accessible to the HA daily. It shall be demonstrated that any limitations on withdrawals will not impair the HA's day-to-day cash management needs.

c. The management fee shall be fixed at a reasonable amount. The Fund shall disclose the relationships of the investment advisor, manager, trustee, custodian and transfer agent. The Fund shall clearly state all services (such as wire transfers and check writing privileges) and charges.

d. Investment in the Fund shall be authorized by a Board Resolution. A certified copy of the resolution shall accompany the initial application for the Fund.

e. The Fund (or custodian) and the HA shall sign the General Depository Agreement, HUD-51999 dated June 1991, modified as follows:

   (1) In the title, "(Mutual Fund)" shall be added after General Depository Agreement. Whenever "depository" appears in the text it also refers to "mutual fund."

   (2) The HA's name and location (including county or city) will be filled in the first clause of the General Depository Agreement. The name, location and the HA's mutual fund account number also will be filled in the first clause. The second clause remains unchanged.
(3) The third clause is substituted as follows: "Whereas, under the terms of the Contract the HA shall invest in a mutual fund (herein called the depository) only on the terms set forth hereafter. Mutual fund is defined as an investment company that makes investments on behalf of individuals and institutions. The depository shall be organized as a no-load, open-end, diversified management company and its shares shall be registered under the Securities Exchange Act of 1933. The depository shall be under the control of the Securities Exchange Act of 1934, the Investment Advisers Act of 1940 and the Investment Company Act of 1940. HA shall acquire shares in a mutual fund whose portfolio includes only securities on the HUD-approved list of investment securities."

(4) Paragraphs 1, 3, 11 and 12 are deleted.

(5) Paragraphs 4 through 6 are modified to read as follows:

(a) Paragraph 4: Any shares purchased from HA funds shall be held by the depository in safe-keeping for the HA until sold. Dividends and distributions on such shares and the proceeds from the sale thereof shall be used to purchase additional shares or remitted directly to the HA.

(b) Paragraph 5: The language "from said Accounts" is deleted.

(c) Paragraph 6: The language "in respect of the Accounts" is deleted.

(d) Paragraphs 7 through 10 are not changed.

(e) The additional language can be typed on a separate page, attached and duly executed. The following language shall be added to the bottom of the page: Page number __ incorporated in and made a part of the General Depository Agreement between ___(HA) and ___ (Depository).
INVESTMENT OF FUNDS HELD BY HA FISCAL AGENTS

Description of Funds

The funds established by HA resolutions authorizing the issuance of bonds to finance the development cost of projects are as follows:

(1) Debt Service Fund

This Fund is established pursuant to the Annual Contributions Contracts and HA Resolutions providing for the issuance of new HA bonds. The Fiscal Agent is explicitly required under the form of the Fiscal Agency Agreement entered into since 1964 to purchase and sell investment securities as the HA, with the approval of the Federal Government, may direct. Where a Fiscal Agency Agreement does not contain a specific requirement for the investment of Debt Service Funds, such investment must, nevertheless, be made since it is a general power and duty of a trustee, (implied if not expressed) to keep funds properly invested in order to attain safety and produce income for the trust funds.

(2) Advance Amortization Fund

(a) Since 1952, the form of Fiscal Agency Agreement in use requires the Fiscal Agent to invest funds on deposit in the Advance Amortization Fund as the HA, with the approval of the Federal Government, may direct.

(b) With respect to the investment of funds resulting from a consolidated sale of bonds by an Agency Authority, only the Agency Authority of HUD may issue investment instructions to the Fiscal Agent. These instructions shall be consistent with HUD guidelines.

(3) Annual Contributions Reduction Account (sometimes called Supplementary Revenues Account); Bond Service Account; Series A Reserve Fund; General Bond Reserve Fund; Rental Debt Service Fund; and Excess Lands Account.

The Resolution authorizing Series A and Series B Bonds issued prior to 1951 established these funds and the Resolution usually contains limitations on the investment of funds on deposit in one or more of such accounts.
VI.
PROGRAM REPORTS
# HOUSING REHABILITATION PROGRAM - AUGUST 2020

**ARLINGTON HOUSING AUTHORITY**

**GRANT PERIOD:** JULY 1, 2020 thru JUNE 30, 2021

## PROJECT TYPE

<table>
<thead>
<tr>
<th>Type</th>
<th>Allocation</th>
<th>Monthly</th>
<th>YTD</th>
<th>% Goal Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency</td>
<td>36</td>
<td>2</td>
<td>7</td>
<td>19%</td>
</tr>
<tr>
<td>ABR</td>
<td>7</td>
<td>0</td>
<td>1</td>
<td>14%</td>
</tr>
<tr>
<td>Full</td>
<td>23</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
<td>2</td>
<td>8</td>
<td>12%</td>
</tr>
</tbody>
</table>

## BUDGET AUTHORITY

Budget allocation includes $1.2MM current year funding plus $674K in prior year funding.

<table>
<thead>
<tr>
<th>Type</th>
<th>Budget Allocation</th>
<th>Monthly Expense</th>
<th>Expended YTD</th>
<th>Funds Obligated</th>
<th>Unobligated Balance</th>
<th>% Exp + Oblg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin</td>
<td>676,576</td>
<td>14,331</td>
<td>30,870</td>
<td>-</td>
<td>645,706</td>
<td>4.6%</td>
</tr>
<tr>
<td>Emergency</td>
<td>277,278</td>
<td>7,257</td>
<td>22,793</td>
<td>320</td>
<td>254,165</td>
<td>8.3%</td>
</tr>
<tr>
<td>ABR</td>
<td>132,278</td>
<td>4,896</td>
<td>-</td>
<td>127,382</td>
<td>127,382</td>
<td>3.7%</td>
</tr>
<tr>
<td>Full</td>
<td>788,134</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>788,134</td>
<td>0.0%</td>
</tr>
<tr>
<td>Rehab</td>
<td>1,197,691</td>
<td>7,257</td>
<td>27,689</td>
<td>320</td>
<td>1,169,682</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

**Total Program**

| Budget | 1,874,267 | Monthly Expense | 21,587 | Expended YTD | 58,559 | Funds Obligated | 320 | Unobligated Balance | 1,815,388 | % Exp + Oblg | 3.1% |

## TOTAL JOBS COMPLETED YTD

<table>
<thead>
<tr>
<th>YTD Target</th>
<th>Jobs Completed YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>8</td>
</tr>
</tbody>
</table>

## PROGRAM FUNDS EXPENDED + OBLIGATED YTD

---

**JOB STATUS**

- Applications in Process (Eligibility): 1
- Applicants on the Waiting List: 122
- Jobs in Progress / Pending Completion: 4
- Average Amount Expended Per Job YTD: $3,461
**Housing Choice Voucher Program Status Report - August 2020**

**Arlington Housing Authority**

### Unit Utilization

<table>
<thead>
<tr>
<th>Program</th>
<th>Allocated</th>
<th>Leased This Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCV</td>
<td>3,448</td>
<td>2,917</td>
</tr>
<tr>
<td>Non-Elderly Disabled</td>
<td>175</td>
<td>154</td>
</tr>
<tr>
<td>Homeownership</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Family Unification</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Port Out</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>Tenant Protection</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>VASH</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Mainstream</td>
<td>65</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,819</strong></td>
<td><strong>3,248</strong></td>
</tr>
</tbody>
</table>

### CY20 HAP Expenditures

<table>
<thead>
<tr>
<th>Program</th>
<th>Expended This Month</th>
<th>CY 2020 YTD</th>
<th>CY 2020 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCV</td>
<td>$ 2,205,399</td>
<td>$ 17,008,502</td>
<td>$ 25,065,404</td>
</tr>
<tr>
<td>Non-Elderly Disabled</td>
<td>99,976</td>
<td>807,327</td>
<td>1,383,989</td>
</tr>
<tr>
<td>Homeownership</td>
<td>22,923</td>
<td>174,038</td>
<td>298,351</td>
</tr>
<tr>
<td>Family Unification</td>
<td>8,908</td>
<td>65,733</td>
<td>112,685</td>
</tr>
<tr>
<td>Port Out</td>
<td>61,955</td>
<td>861,809</td>
<td>1,477,387</td>
</tr>
<tr>
<td>Tenant Protection</td>
<td>18,365</td>
<td>143,211</td>
<td>245,505</td>
</tr>
<tr>
<td>VASH</td>
<td>5,589</td>
<td>43,849</td>
<td>75,170</td>
</tr>
<tr>
<td>HAP After 1st</td>
<td>20,304</td>
<td>117,908</td>
<td>202,128</td>
</tr>
<tr>
<td>Mainstream</td>
<td>34,474</td>
<td>268,455</td>
<td>460,209</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,477,893</strong></td>
<td><strong>$ 19,490,832</strong></td>
<td><strong>$ 29,320,827</strong></td>
</tr>
</tbody>
</table>

### SEMAP Indicator 13 - CY Utilization

<table>
<thead>
<tr>
<th>Calendar Year 2019</th>
<th>Units</th>
<th>HAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilization</td>
<td>91.30%</td>
<td>105.25%</td>
</tr>
<tr>
<td>Final Points</td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calendar Year 2020 YTD</th>
<th>Units</th>
<th>HAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Utilization</td>
<td>85.27%</td>
<td>94.90%</td>
</tr>
<tr>
<td>Last 3 Months</td>
<td>84.92%</td>
<td>94.50%</td>
</tr>
<tr>
<td>Projected Utilization</td>
<td>86.18%</td>
<td>94.90%</td>
</tr>
<tr>
<td>Projected Points</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

**SEMAP Goal**

- ≥ 98% in either category = 20 Points
- 95% - 97% in either category = 15 Points

### FY20 Port in Activity

<table>
<thead>
<tr>
<th>Leased Units</th>
<th>Monthly Expense</th>
<th>Expenses YTD</th>
<th>Reimbursed YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>1,348</td>
<td>148,386.00</td>
<td>151,942</td>
</tr>
</tbody>
</table>

**HAP Funding Information**

- CY 2020 Initial HAP BA Funding $ 30,895,508
- Cash-Supported Prior YE Reserves Income $ 74,550
- Mainstream Funding $ 268,455

**Total Available HAP Funding** $ 31,238,513
# HOUSING CHOICE VOUCHERS ACTIVITIES - AUGUST 2020

**ARLINGTON HOUSING AUTHORITY**

## HOUSING CHOICE VOUCHERS ACTIVITIES

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SEMAP INDICATOR</th>
<th>CURRENT MONTH</th>
<th>COMPLETED</th>
<th>COMPLETION RATE</th>
<th>YEAR TO DATE</th>
<th>YEAR TO DATE COMPLETED</th>
<th>YEAR TO DATE COMPLETION RATE</th>
<th>SEMAP GOAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Reexaminations</td>
<td>9</td>
<td>225</td>
<td>191</td>
<td>85%</td>
<td>2,695</td>
<td>2,421</td>
<td>90%</td>
<td>95%</td>
</tr>
<tr>
<td>Interim Adjustments</td>
<td>NA</td>
<td>303</td>
<td>159</td>
<td>52%</td>
<td>3,433</td>
<td>2,431</td>
<td>71%</td>
<td>NA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SEMAP INDICATOR</th>
<th>REVIEWED THIS MONTH</th>
<th>TOTAL ACCURATE</th>
<th>ACCURACY RATE</th>
<th>REVIEWED YEAR TO DATE</th>
<th>ACCURATE YEAR TO DATE</th>
<th>YEAR TO DATE ACCURACY RATE</th>
<th>SEMAP GOAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determination of Adjusted Income</td>
<td>3</td>
<td>36</td>
<td>31</td>
<td>86%</td>
<td>430</td>
<td>372</td>
<td>87%</td>
<td>90%</td>
</tr>
<tr>
<td>Correct Tenant Rent Calculations</td>
<td>10</td>
<td>36</td>
<td>31</td>
<td>86%</td>
<td>430</td>
<td>381</td>
<td>89%</td>
<td>98%</td>
</tr>
<tr>
<td>Pre-Contract HQS Inspections</td>
<td>11</td>
<td>Rolling 12-Month Total</td>
<td>452</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td>98%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SEMAP INDICATOR</th>
<th>MONTHLY GOAL</th>
<th>COMPLETED</th>
<th>COMPLETION RATE</th>
<th>YEAR TO DATE GOAL</th>
<th>YEAR TO DATE COMPLETED</th>
<th>YEAR TO DATE COMPLETION RATE</th>
<th>SEMAP GOAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Control Inspections</td>
<td>5</td>
<td>4</td>
<td>0</td>
<td>0%</td>
<td>44</td>
<td>24</td>
<td>55%</td>
<td>98%</td>
</tr>
<tr>
<td>Annual HQS Inspections</td>
<td>12</td>
<td>119</td>
<td>117</td>
<td>98%</td>
<td>1,483</td>
<td>1,404</td>
<td>95%</td>
<td>95%</td>
</tr>
</tbody>
</table>

## WAITING LIST PREFERENCES

### Residency and Working Total on Waiting List

<table>
<thead>
<tr>
<th>Month</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,594</td>
<td>2,634</td>
<td>2,651</td>
<td>2,564</td>
<td>2,294</td>
<td>1,405</td>
</tr>
<tr>
<td></td>
<td>14,617</td>
<td>14,879</td>
<td>14,893</td>
<td>14,789</td>
<td>14,516</td>
<td>13,619</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,105</td>
<td>705</td>
<td>206</td>
<td>2,075</td>
<td>1,770</td>
<td></td>
</tr>
<tr>
<td></td>
<td>13,313</td>
<td>12,897</td>
<td>12,395</td>
<td>15,657</td>
<td>15,356</td>
<td></td>
</tr>
</tbody>
</table>
# INTEGRITY REPORT - AUGUST 2020
## Arlington Housing Authority

### Investigations

<table>
<thead>
<tr>
<th></th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>FY20 YTD</th>
<th>FY19 YTD</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unauthorized Residents</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>22</td>
<td>-68%</td>
<td></td>
</tr>
<tr>
<td>Unreported Income</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>178</td>
<td>-92%</td>
<td></td>
</tr>
<tr>
<td>Other Violations</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>9</td>
<td>-33%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>28</td>
<td>209</td>
<td>-87%</td>
<td></td>
</tr>
</tbody>
</table>

### Investigation Dispositions

<table>
<thead>
<tr>
<th></th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>F20 YTD*</th>
<th>FY19 YTD</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleared</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>60</td>
<td>-95%</td>
</tr>
<tr>
<td>Termination Recommended</td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>148</td>
<td>-83%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>28</td>
<td>208</td>
<td>-87%</td>
</tr>
</tbody>
</table>

*Pending cases:

### Informal Hearing

<table>
<thead>
<tr>
<th></th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>FY20 YTD</th>
<th>FY19 YTD</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleared</td>
<td>5</td>
<td>8</td>
<td>10</td>
<td>3</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>40</td>
<td>96</td>
<td>-58%</td>
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<tr>
<td>Terminated</td>
<td>6</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>21</td>
<td>47</td>
<td>-55%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11</td>
<td>14</td>
<td>15</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>61</td>
<td>143</td>
<td>-57%</td>
</tr>
</tbody>
</table>

### Repayments

<table>
<thead>
<tr>
<th></th>
<th>Current Month</th>
<th>FY20 Year To Date</th>
<th>FY20 Anticipated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unreported Income</td>
<td>$1,668</td>
<td>$28,449</td>
<td>$25,000</td>
</tr>
<tr>
<td>Other</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,668</td>
<td>$28,449</td>
<td>$25,000</td>
</tr>
</tbody>
</table>
### Homeless Programs Status Report - August 2020

**Arlington Housing Authority**

#### SPC - Expansion - 2020

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Budget</th>
<th>Monthly Exp</th>
<th>Cumulative</th>
<th>% Expensed</th>
<th>Balance</th>
<th>Allocation</th>
<th>YTD Actual</th>
<th>YTD %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Services</td>
<td>304,980</td>
<td>27,347</td>
<td>115,959</td>
<td>38%</td>
<td>189,021</td>
<td>32</td>
<td>35</td>
<td>109%</td>
</tr>
<tr>
<td>Administration</td>
<td>23,743</td>
<td>682</td>
<td>1,314</td>
<td>6%</td>
<td>22,429</td>
<td>384</td>
<td>134</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>328,723</td>
<td>28,029</td>
<td>117,274</td>
<td>36%</td>
<td>211,449</td>
<td>% Grant Period Completed</td>
<td>33%</td>
<td></td>
</tr>
</tbody>
</table>

#### Rapid Rehousing - 2019

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Budget</th>
<th>Monthly Exp</th>
<th>Cumulative</th>
<th>% Expensed</th>
<th>Balance</th>
<th>Allocation</th>
<th>YTD Actual</th>
<th>YTD %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Services</td>
<td>299,016</td>
<td>26,858</td>
<td>247,422</td>
<td>83%</td>
<td>51,594</td>
<td>26</td>
<td>36</td>
<td>138%</td>
</tr>
<tr>
<td>Administration</td>
<td>27,862</td>
<td>693</td>
<td>8,412</td>
<td>30%</td>
<td>19,450</td>
<td>312</td>
<td>270</td>
<td>87%</td>
</tr>
<tr>
<td>Supportive Services</td>
<td>26,822</td>
<td>3,731</td>
<td>25,164</td>
<td>94%</td>
<td>1,658</td>
<td>% Grant Period Completed</td>
<td>92%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>353,700</td>
<td>31,282</td>
<td>280,998</td>
<td>79%</td>
<td>72,702</td>
<td>% Grant Period Completed</td>
<td>92%</td>
<td></td>
</tr>
</tbody>
</table>

#### Nurse Family Partnership

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Budget</th>
<th>Monthly Exp</th>
<th>Cumulative</th>
<th>% Expensed</th>
<th>Balance</th>
<th>Allocation</th>
<th>YTD Actual</th>
<th>% to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Services</td>
<td>172,320</td>
<td>925</td>
<td>81,420</td>
<td>47%</td>
<td>90,900</td>
<td>20</td>
<td>11</td>
<td>55%</td>
</tr>
<tr>
<td>Administration</td>
<td>16,560</td>
<td>224</td>
<td>10,194</td>
<td>62%</td>
<td>6,366</td>
<td>240</td>
<td>10</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>188,880</td>
<td>1,149</td>
<td>91,614</td>
<td>49%</td>
<td>97,266</td>
<td>% Grant Period Completed</td>
<td>78%</td>
<td></td>
</tr>
</tbody>
</table>

#### TBRA - 2019

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Budget</th>
<th>Monthly Exp</th>
<th>Cumulative</th>
<th>% Expensed</th>
<th>Balance</th>
<th>Allocation</th>
<th>YTD Actual</th>
<th>YTD %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Services</td>
<td>600,000</td>
<td>47,914</td>
<td>326,817</td>
<td>54%</td>
<td>273,183</td>
<td>33</td>
<td>61</td>
<td>185%</td>
</tr>
<tr>
<td>Administration</td>
<td>10,000</td>
<td>-</td>
<td>10,000</td>
<td>100%</td>
<td>-</td>
<td>396</td>
<td>489</td>
<td>123%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>610,000</td>
<td>47,914</td>
<td>336,817</td>
<td>55%</td>
<td>273,183</td>
<td>% Grant Period Completed</td>
<td>47%</td>
<td></td>
</tr>
</tbody>
</table>

**Unit Utilization**

**% Grant Period Completed**
HOMELESS PROGRAMS STATUS REPORT - AUGUST 2020
ARLINGTON HOUSING AUTHORITY

**HHSP - 2019**

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Budget</th>
<th>Monthly Exp</th>
<th>Cumulative</th>
<th>% Expensed</th>
<th>Balance</th>
<th>Goal</th>
<th>YTD Actual</th>
<th>YTD %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>10,330</td>
<td>-</td>
<td>10,330</td>
<td>100%</td>
<td>10,330</td>
<td>60</td>
<td>44</td>
<td>73%</td>
</tr>
<tr>
<td>Case Management</td>
<td>45,757</td>
<td>4,885</td>
<td>45,757</td>
<td>100%</td>
<td>45,757</td>
<td>-</td>
<td>-</td>
<td>100%</td>
</tr>
<tr>
<td>Homelessness Prevention</td>
<td>102,257</td>
<td>-</td>
<td>102,256</td>
<td>100%</td>
<td>102,256</td>
<td>-</td>
<td>-</td>
<td>100%</td>
</tr>
<tr>
<td>Homeless Assistance</td>
<td>41,542</td>
<td>1,044</td>
<td>40,428</td>
<td>97%</td>
<td>40,428</td>
<td>1,114</td>
<td>-</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>199,886</td>
<td>5,929</td>
<td>198,771</td>
<td>99%</td>
<td>198,771</td>
<td>1,114</td>
<td>-</td>
<td>100%</td>
</tr>
</tbody>
</table>

**HHSP19 - YOUTH**

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Budget</th>
<th>Monthly Exp</th>
<th>Cumulative</th>
<th>% Expensed</th>
<th>Balance</th>
<th>Goal</th>
<th>YTD Actual</th>
<th>YTD %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>3,059</td>
<td>18</td>
<td>1,445</td>
<td>47%</td>
<td>1,614</td>
<td>20</td>
<td>1</td>
<td>5%</td>
</tr>
<tr>
<td>Case Management</td>
<td>12,238</td>
<td>970</td>
<td>3,944</td>
<td>32%</td>
<td>8,294</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Essential Services</td>
<td>3,059</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,059</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Homelessness Prevention</td>
<td>42,833</td>
<td>1,187</td>
<td>4,731</td>
<td>11%</td>
<td>38,102</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>61,189</td>
<td>2,175</td>
<td>10,120</td>
<td>17%</td>
<td>51,069</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Ending Homelessness**

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Budget</th>
<th>Monthly Exp</th>
<th>Cumulative</th>
<th>% Expensed</th>
<th>Balance</th>
<th>Goal</th>
<th>YTD Actual</th>
<th>YTD %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>1,757</td>
<td>219</td>
<td>1,073</td>
<td>61%</td>
<td>684</td>
<td>8</td>
<td>9</td>
<td>113%</td>
</tr>
<tr>
<td>Case Management</td>
<td>7,378</td>
<td>-</td>
<td>7,372</td>
<td>100%</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Homelessness Assistance</td>
<td>26,000</td>
<td>1,841</td>
<td>18,320</td>
<td>70%</td>
<td>7,680</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>35,135</td>
<td>2,060</td>
<td>26,764</td>
<td>76%</td>
<td>8,371</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**HHSP - COVID**

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Budget</th>
<th>Monthly Exp</th>
<th>Cumulative</th>
<th>% Expensed</th>
<th>Balance</th>
<th>Goal</th>
<th>YTD Actual</th>
<th>YTD %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>489</td>
<td>145</td>
<td>145</td>
<td>30%</td>
<td>344</td>
<td>6</td>
<td>1</td>
<td>17%</td>
</tr>
<tr>
<td>Case Management</td>
<td>1,956</td>
<td>837</td>
<td>837</td>
<td>43%</td>
<td>1,119</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Homelessness Assistance</td>
<td>7,341</td>
<td>695</td>
<td>-</td>
<td>0%</td>
<td>7,341</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,786</td>
<td>1,678</td>
<td>982</td>
<td>10%</td>
<td>8,804</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**PROGRAM KEY**

- SPC Expansion: Assist chronically homeless and disabled clients
- Rapid Rehousing: Permanent housing for homeless individuals and families
- Nurse Family: Housing for pregnant + homeless 18-24 year olds
- TBRA: 24-month transitional housing funded by City HOME grant
- HHSP: Assistance to homeless and at risk of being homeless
- HHSP Youth: Assistance to homeless youth and youth at risk of being homeless
- Ending Homelessness (EH): Assistance to homeless and at risk of being homeless
- HHSP COVID: Assistance to homeless affected by COVID-19

**HOMELESS PROGRAM UTILIZATION YTD**

- SPC Expand: 32
- Rapid Rehouse: 36
- Nurse Family: 20
- TBRA 2019: 6
- HHSP (x10): 61
- HHSP Youth: 20
- EH: 6
- HHS COVID: 6

VI-S-8
VII.
MISCELLANEOUS
ELECTION OF OFFICERS
Housing Authority of the City of Arlington
Meeting Calendar
Meetings held at 6:00 pm unless otherwise noted

September 16, 2020 (via call)
October 21, 2020
November 18, 2020
December 16, 2020
January 20, 2021
February 17, 2021
March 17, 2021
April 21, 2021
May 19, 2021
June 16, 2021
July 21, 2021
August 18, 2021
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAF</td>
<td>Annual Adjustment Factor - Published by HUD and used to compute annual rent adjustment</td>
</tr>
<tr>
<td>ADA</td>
<td>Americans with Disabilities Act</td>
</tr>
<tr>
<td>AHAP</td>
<td>Arlington Homebuyer Assistance Program</td>
</tr>
<tr>
<td>ANFP</td>
<td>Arlington Nurse Family Partnership</td>
</tr>
<tr>
<td>AYBRP</td>
<td>Amy Young Barrier Removal Program</td>
</tr>
<tr>
<td>CDBG</td>
<td>Community Development Block Grant</td>
</tr>
<tr>
<td>CFR</td>
<td>Code of Federal Regulations, commonly referred to as “the regulations”</td>
</tr>
<tr>
<td>CoC</td>
<td>Continuum of Care</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Increase. Published monthly by the Department of Labor as an inflation indicator</td>
</tr>
<tr>
<td>CR</td>
<td>Contract Rent</td>
</tr>
<tr>
<td>DADS</td>
<td>Department of Aging and Disabilities Services</td>
</tr>
<tr>
<td>EHAC</td>
<td>Emergency Housing Assistance Corporation</td>
</tr>
<tr>
<td>EIV</td>
<td>Earned Income Verification</td>
</tr>
<tr>
<td>EOHP</td>
<td>Equal Opportunities Housing Plan</td>
</tr>
<tr>
<td>EPP</td>
<td>Eviction Prevention Program</td>
</tr>
<tr>
<td>ESG</td>
<td>Emergency Solutions Grant</td>
</tr>
<tr>
<td>FDIC</td>
<td>Federal Deposit Insurance Corporation</td>
</tr>
<tr>
<td>FHA</td>
<td>Federal Housing Administration</td>
</tr>
<tr>
<td>FICA</td>
<td>Federal Insurance Contributions Act (Social Security Taxes)</td>
</tr>
<tr>
<td>FMR</td>
<td>Fair Market Rent</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>FYE</td>
<td>Fiscal Year End</td>
</tr>
<tr>
<td>GAO</td>
<td>Government Accounting Office</td>
</tr>
<tr>
<td>GR</td>
<td>Gross Rent</td>
</tr>
<tr>
<td>HAP</td>
<td>Housing Assistance Payment</td>
</tr>
<tr>
<td>HCV</td>
<td>Housing Choice Voucher</td>
</tr>
<tr>
<td>HCDA</td>
<td>Housing and Community Development Amendments of 1981</td>
</tr>
<tr>
<td>HOME</td>
<td>HOME Investment Partnership Program</td>
</tr>
<tr>
<td>HQS</td>
<td>Housing Quality Standards</td>
</tr>
<tr>
<td>HUD</td>
<td>U.S. Department of Housing and Urban Development</td>
</tr>
<tr>
<td>IG</td>
<td>Inspector General (HUD)</td>
</tr>
<tr>
<td>IRA</td>
<td>Individual Retirement Account</td>
</tr>
<tr>
<td>IRS</td>
<td>Internal Revenue Service</td>
</tr>
<tr>
<td>JTPA</td>
<td>Job Training Partnership Act</td>
</tr>
<tr>
<td>MSA</td>
<td>Metropolitan Statistical Area (established by U. S. Census)</td>
</tr>
<tr>
<td>NOFA</td>
<td>Notice of Funding Availability</td>
</tr>
<tr>
<td>NSP</td>
<td>Neighborhood Stabilization Program</td>
</tr>
<tr>
<td>OMB</td>
<td>Office of Management and Budget</td>
</tr>
<tr>
<td>PASS</td>
<td>Plan for Achieving Self-Sufficiency</td>
</tr>
<tr>
<td>PHA</td>
<td>Public Housing Agency</td>
</tr>
<tr>
<td>PMSA</td>
<td>Primary Metropolitan Statistical Area</td>
</tr>
<tr>
<td>PS</td>
<td>Payment Standard</td>
</tr>
<tr>
<td>PSH</td>
<td>Permanent Supportive Housing (formerly SPC)</td>
</tr>
<tr>
<td>QC</td>
<td>Quality Control</td>
</tr>
<tr>
<td>RFTA</td>
<td>Request for Tenancy Approval</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposals</td>
</tr>
<tr>
<td>RIGI</td>
<td>Regional Inspector General for Investigation</td>
</tr>
<tr>
<td>ROSS</td>
<td>Resident Opportunity &amp; Self Sufficiency</td>
</tr>
<tr>
<td>RRHP</td>
<td>Rapid Re-Housing Program</td>
</tr>
<tr>
<td>SEMAP</td>
<td>Section Eight Management Assessment Program</td>
</tr>
<tr>
<td>SHP</td>
<td>Supportive Housing Program</td>
</tr>
<tr>
<td>SMSA</td>
<td>Standard Metropolitan Statistical Area</td>
</tr>
<tr>
<td>SPC</td>
<td>Shelter Plus Care</td>
</tr>
<tr>
<td>SRO</td>
<td>Single Room Occupancy</td>
</tr>
<tr>
<td>SSA</td>
<td>Social Security Administration</td>
</tr>
<tr>
<td>TBRA</td>
<td>Tenant Based Rental Assistance</td>
</tr>
<tr>
<td>TR</td>
<td>Tenant Rent</td>
</tr>
<tr>
<td>TTP</td>
<td>Total Tenant Payment</td>
</tr>
<tr>
<td>UA</td>
<td>Utility Allowance</td>
</tr>
<tr>
<td>UR</td>
<td>Utility Reimbursement Payment</td>
</tr>
<tr>
<td>VASH</td>
<td>Veterans Affairs Supportive Housing</td>
</tr>
<tr>
<td>WIA</td>
<td>Workforce Investment Act</td>
</tr>
</tbody>
</table>
VIII.
ADJOURNMENT