NOTICE OF REGULAR MEETING OF THE
**HOUSING AUTHORITY OF THE CITY OF RENO**
BOARD OF COMMISSIONERS

The Housing Authority of the City of Reno (Agency) will conduct a public meeting:

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|---|---|
| MEETING DATE: | **Tuesday, March 26, 2024** |
| TIME: | **12:00 p.m. (Approximately)** |
| PLACE: | **Reno Housing Authority Boardroom**<br>**1525 East Ninth Street, Reno, Nevada** |

*Persons wishing to provide public comment may participate during the scheduled meeting by commenting in person during the course of the meeting, or address their comments, data, views, arguments in written form to Hilary Lopez, Ph.D., Executive Director, Housing Authority of the City of Reno, 1525 East 9th Street, Reno, NV 89512-3012, Fax: 775.786.1712; e-mail address: HLopez@renoha.org. Written submission should be received by the Board on or before, March 25, 2024, by 5:00 p.m., in order to make copies available to members of the Board and the public.*

*Below is an agenda of all items scheduled to be considered. At the discretion of the chairperson or the Board, items on the agenda may be taken out of order; the Board may combine two or more agenda items for consideration, and the Board may remove an item from the agenda or delay discussion relating to an item on the agenda at any time. The public is advised that one or more members of the Board may participate in the meeting via electronic means.*

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## A G E N D A

- Call to order and roll call.
- Introduction of guests.
- First Period of Public Comment. The opportunity for public comment is reserved for any matter within the jurisdiction of the Board. No action on such an item may be taken by the Board unless and until the matter has been noticed as an action item. Comments from the public are limited to three minutes per person.
- Approval of agenda. (For Possible Action)

1. Presentations:
   - Overview and presentation on Reno Housing Authority's Asset Management Division (Discussion Only)
   - Annual report on outcomes under RHA's FY23-24 Contract with JF Downey Realty Consulting & Advisory Services LLC for Eviction Prevention Services (Discussion Only)
2. Approval of the minutes of the Annual Board Retreat held December 15, 2023, the special meeting held January 4, 2024, the closed session meeting held January 4, 2024, and the regular Board Meeting held February 27, 2024. (For Possible Action)

3. Consent Agenda. (All consent items may be approved together with a single motion, be taken out of order, and/or be heard and discussed individually. Items will be removed and considered separately at the request of the public or Board member.) (For Possible Action)

   a) Possible adoption of Resolution 24-03-02 RH approving the final financial audit report from CliftonLarsonAllen LLP. (For Possible Action)

   b) Possible approval of a $6,000.00 donation from Commissioner Aiazzi's contingency funds to RHA to support Spring Break Bike Camp for ten (10) RHA youth and hosted by RHA in partnership with the Reno Bike Project. (For Possible Action)

4. Commissioner Reports. (Discussion)

5. Executive Director/Secretary's Report. (Discussion)

   A. Update on Agency activities
   B. Update on Rental Assistance Voucher Programs / Asset Management
   C. Update on Workforce Development, Elderly Services, and Youth activities
   D. Update on Public Affairs activities
   E. Update on Development activities
   F. Update on Information Technology activities
   G. Update on MTW activities
   H. Update on Legal Inquiries
   I. Financials

6. Possible adoption of Resolution 24-03-03 RH approving the content and submission of the Authority's FY 2025 Moving to Work Annual plan and Certifications of Compliance to the U.S. Department of Housing and Urban Development (HUD). (For Possible Action)

7. Possible adoption of Resolution 24-03-04 RH revising the list of staff and Board members with signing authority for RHA. (For Possible Action)

8. Discussion and possible direction to staff to release a Request for Proposals (RFP) for Eviction Prevention Services for July 1, 2024, through June 30, 2025. (For Possible Action)

9. Discussion and possible direction to staff to negotiate and execute a contract extension with JF Downey Realty Consulting & Advisory Services LLC for continued eviction prevention services for May 1, 2024, through June 30, 2024. (For Possible Action)

10. Discussion and possible approval to extend RHA's contract for Legal Services with Allison McKenzie from July 1, 2024, through June 30, 2027, at the same hourly rates and terms as under the current contract. (For Possible Action)

11. Discussion and possible action to execute Agreements with CloudTen Residential, the new organization based on merger with Gaston & Wilkerson, for continued property management at Ala Moana Apartments, Colonial Court Apartments, Sarrazin Arms Apartments, Prater Way, and Idlewild Apartments. (For Possible Action)

12. Discussion and possible amendment to Resolution 23-04-02 RH to identify an RHA Seller's Note in the approximate amount of $17.7 million as part of the financing for the Silverada Manor rehabilitation and preservation project. (For Possible Action)

13. Discussion and possible approval to reclassify the Public Affairs Officer position from Grade 8 to Grade 3 based on a change in the position responsibilities and duties. (For Possible Action)

Closed Session:

14. The Board may give direction to staff in closed session regarding the position or positions to be taken or the strategy to be employed, and staff may provide the Board with an update, regarding:

    - Per NRS 288.220(4), to discuss labor relations with RHA's management representatives, including without limitation, the position or positions to be taken or the strategy to be employed leading to the execution of a new Collective Bargaining Agreement (CBA), the upcoming expiration of the current CBA expiring June 30, 2024, potential items for negotiation in a new CBA and associated fiscal impacts. There will be no approval of the collective bargaining agreement during the course of the closed session.

Reconvene Open Session:

15. Discussion and possible approval of a Subcommittee of the Board to liaison with staff on labor negotiations and matters related thereto. (For Possible Action)

16. Discussion on the status, funding, and related matters for proposed RHA housing development projects including, but not limited to:
    - Dick Scott Manor
    - Hawk View Apartments
    - Silverada Manor
    - John McGraw/Silver Sage Court
    - Stead Manor
    - Essex Manor
    - Railyard Flats (previously 419 10th Street)
    - Carville Court
    - Paradise Plaza

    (Discussion)

17. Additional Items:

   a) Possible change in day/time of Board meetings (Discussion)
   b) General matters of concern to Board Members regarding matters not appearing on the agenda. (Discussion)
   c) Reports on conferences and trainings. (Discussion)
   d) Old and New Business. (Discussion)
   e) Request for Future Agenda Topics (Discussion)
   f) Schedule of next meeting. The following dates have been scheduled in advance but are subject to change at any time: Tuesday, April 23, 2024; and Tuesday, May 28, 2024. (For Possible Action)

18. Public Comment. The opportunity for public comment is reserved for any matter within the jurisdiction of the Board. No action on such an item may be taken by the Board unless and until the matter has been noticed as an action item. Comments from the public are limited to three minutes per person.

19. Adjournment.

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*This meeting is accessible to the hearing impaired through the RHA TTY/TDD/voice phone line (385) 770-7166. Anyone with a disability, as defined by the Americans with Disabilities Act, requiring special assistance to participate in the meeting, may contact the Board of Commissioners at the following address, at least five days in advance of the meeting in order to make arrangements, if possible, for reasonable accommodations that would enable participation in the meeting by contacting JD Klippenstein, or by calling (775) 329-3630.*

*This agenda has been posted at the Housing Authority of the City of Reno Administrative Office, 1525 East Ninth Street; and further in compliance with NRS 241.020, this agenda has been posted on the official website for the Housing Authority of the City of Reno www.renoha.org and the State of Nevada Public Notification website http://notice.nv.gov/.*

*According to the provisions of NRS 241.020(5), a copy of supporting (not privileged and confidential) material provided to Board members may be obtained upon request made to: Hilary Lopez, Ph.D., Executive Director, Housing Authority of the City of Reno, 1525 East Ninth Street, Reno, Nevada, 89512, or by calling (775) 329-3630. Copies of supporting (not privileged and confidential) material provided to Board members by staff may be obtained at the aforementioned address.*

*Dated March 21, 2024*

Colleen Montgomery-Beltran

*By: Colleen Montgomery-Beltran*
*Interim Executive Administrative Assistant*

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 1** **March 26, 2024**

SUBJECT: Presentations:

- Overview and presentation on Reno Housing Authority's Asset Management Division (Discussion Only)

FROM: Executive Director RECOMMENDATION: Discussion

# RENO HOUSING AUTHORITY

ASSET MANAGEMENT DEPARTMENT

Event and date


# AGENDA:

- Asset Management Overview and Update
- Questions?

May 3, 2023

Monica Cantrell

Housing Manager

Reno Housing Authority

RECEIVED
2023
RENO HOUSING AUTHORITY

Dear Monica,

It's hard for me to believe I've lived here almost 11 years. That's longer than I've lived anywhere else in my adult life!

I'm delivering my rent check for May, one apartment key and two mail box keys to inform you that I'll be vacating my apartment by June 1, 2023. I'll return the remaining keys by June 1st. I have already notified the utilities to remove my name from the accounts on that date. Let me know if there's anything else I need to do before leaving. (775.357.3510 gracie4short@yahoo.com 13210 Mt. Baldy St., Reno NV 89506)

I've been very happy living at Myra Birch and I appreciate everything RHA has done to keep the property safe and lovely. Even during COVID you were striving to keep things stable and I appreciate that.

Thank you for all you (and the rest of the team) have done.

Sincerely,

Hi Crew,

Tenant who lives at 1970 Andesite Ave. Tony Aguayo when I called him to see if we had permission to enter, he had a few things to say about our Mineral Manor maintenance staff-Michael & Todd.

Last week the maintenance guys were finishing up in my unit and I stopped them to ask a few questions about the repairs in the unit. They're very helpful in answering my questions and making sure I was happy with the work they did in my unit. He wanted to make sure someone here at RHA knew what a great job they're doing.

Good job Michael & Todd!!

# WHAT WE DO

- The Asset Management team is responsible for managing and maintaining the 1,022 units owned by the Reno Housing Authority. Our team is fortunate as we get to work with all departments on a frequent basis and we are one of the only teams that get to interact frequently, if not daily with our clients, build a relationship with them, and see them achieve their goals.

- We have seen our clients achieve success through the FSS program and buy their first home or become self sufficient and move off the program. We get to see our elderly age in place in well-maintained units. We are invited into our residents' homes to hear stories from the past, some disheartening and some admiring. We see our families' children grow up and move out of the home. We are often considered a part of our residents' family and take pride in building a sense of community in our complexes.

# WHO WE ARE

The Asset Management Team is the largest RHA team with 27 employees consisting of:

- 1 Director
- 1 Asset Management Administrator
- 1 Compliance Specialist
- 8 Assistant Managers (1 Vacant)
- 1 Area Maintenance Lead
- 9 Maintenance II's
- 3 Maintenance I's
- 1 Groundskeeper/Laborer (vacant)
- 2 General Office Clerks

# WHO WE SERVE

## Household Demographics:

- We house approximately 2,200 residents in 1,022 households and 2\3 of our residents are seniors or persons with disabilities.
- 75% of our residents fall under 30% AMI and 17% are under 50% AMI.
- Average household income across the portfolio is $19,500.

| Race | Ethnicity |
|---|---|
| 76% White | 25% Hispanic/Latino |
| 13% Black/African American | 75% Not Hispanic/Latino |
| 3% American Indian/Alaska Native | |
| 7% Asian | |
| 1% Native Hawaiian/Other Pacific Islander | |

# PROGRAMS MANAGED BY THE ASSET MANAGEMENT DEPARTMENT.

# PROGRAMS MANAGED BY THE ASSET MANAGEMENT TEAM

- The Asset Management Team is responsible for managing and maintaining 1,022 units throughout Washoe County. The RHA has five different funding programs that have been used to acquire or purchase properties. The Assistant Managers must be familiar with the rules and regulations that apply to each program to maintain compliance. While many of the programs are similar, they have different rules regarding income, assets, deductions, inspection requirements, and rent limits. The assistance on all units managed by the Asset Management team are tied to the unit, and the MTW program flexibilities only apply to the public housing program.

- The five different programs are:
  - Public Housing,
  - Low Income Housing Tax Credit,
  - Low Income Housing Trust Fund,
  - Home,
  - Other Affordable Units

# PROGRAMS MANAGED CONTINUED

## Public Housing Program

- 758 units within eight complexes (Myra Birch Manor, Mineral Manor, Tom Sawyer Village, Silverada Manor, Stead Manor, Essex Manor, John McGraw Court, and Hawk View).
- The RHA receives Operating and Capital Funds from HUD to help support the program each year, however expenses exceed income received.
- RHA will continue to request HUD Held Reserves to cover estimated Public Housing shortfall.

## Low Income Housing Tax Credit Program

- 74 units total between two complexes (Willie J. Wynn and Yorkshire). Income limits for these units' range between 30% - 60% of Area Median Income.
- With the pending RAD and Section 18 repositioning efforts our tax credit portfolio will significantly increase by adding 150 Silverada Manor units and 200 Hawk View units.

# PROGRAMS MANAGED CONTINUED

## Low Income Housing Trust Fund Program

- 11 units located within three complexes (Silver Sage, Yorkshire Terrace, and Willie J. Wynn). Income limits for these units' range between 40% - 50% of Area Median Income.

## Home Program

- 29 units located within three complexes (Silver Sage, Yorkshire Terrace, and Wille J. Wynn). Income limits for these units' range between 30% - 60% of Area Median Income.

# PROGRAMS MANAGED CONTINUED

## Other Affordable Units aka Scattered Sites

- 166 townhomes, condos, duplexes and homes located throughout Washoe County.  These units were purchased through NSP grants, Home funds, GNPR, GNP,  and donations.  Income limits for these units' range between 40% - 120% of Area Median Income.

# ASSISTANT MANAGER AND MAINTENANCE ACTIVITIES

# ASSISTANT MANAGER ACTIVITIES

- Leasing Units as Turnover Occurs
  - On average we acquire 14 vacancies per month across the portfolio.
- Verify Continued Eligibility
  - Each manager is responsible for recertifying each household once per year by verifying income, assets and household members. On average each manager is responsible for 146 units each.
  - On average each manager performs 240 certifications per year, 1,680 total for the team per year.
- Collect Rent and Other Miscellaneous Charges
  - On average each manager processes 220 check payments per month, 18,480 total per year.
- Process "Non-Payment" and "With Cause" Eviction Notices
- Conduct Unit Inspections ( NSPIRE, unit abuse, infestation follow-up, and 3-month move-in inspection)
  - On average each manager conducts 20 inspections per month, 1,680 total per year.
- Conduct Exterior Grounds Inspections Weekly
- Enforce the Terms and Conditions of the Lease

# MAINTENANCE ACTIVITIES

- Perform Preventative Maintenance (PM) in all Units and Buildings Once per Year
  - On average each PM work order generates 8 work items not including the regular PM that needs to occur (filters, batteries, coil cleaning, etc.). This task creates the heaviest workload for our team as it results in over 8,000 work items throughout the year.
- Turn Units as Vacancies Occur
  - On average we acquire 14 vacancies per month across the team.
- Thursday Site Clean-Up Day
  - All maintenance staff members team up every Thursday and report to one property to address landscaping needs.
  - This recently implemented process has allowed the team to work together each week to build comradery and address the projects that we used to contract out (leaf removal, swamp cooler startup/shutdown, weed abatement, trimming, and irrigation startup/shutdown).
  - Performing these tasks in-house has resulted in over $200,000 in savings this fiscal year.
- Complete Tenant Initiated Work Orders
  - On average we receive 450 tenant-initiated work orders per month.
- Perform On Call Standby
  - All maintenance staff members participate in weekly rotations to cover after-hour emergency maintenance calls.

# GENERAL OFFICE CLERK ACTIVITIES

- Enter All Tenant Requested Work Orders
  - On average the clerks enter approximately 500 work orders each month. This workload has decreased with the automation of inspection work orders in Yardi.
- Request, Coordinate, and Track All Contract Work
  - The clerks schedule all contract work such as plumbing, heating, lighting, painting, cleaning, and pest control to name a few.
  - They also ensure that maintenance is aware once a contractor has completed the work assigned to ensure it is completed to our satisfaction.
- Verify All Reasonable Accommodation Requests
  - The clerks send verifications to providers, monitor responses, and draft response letters.
- Front Desk Coverage
  - The General Office Clerks participate in covering the front desk as needed.

# PUBLIC HOUSING REPOSITIONING AND 2024 GOALS

# PUBLIC HOUSING REPOSITIONING

## Staff Training

- In preparation of having newer technology in our remodeled units and significantly increasing our tax credit portfolio, our team is preparing by receiving updated training during this past year. Our team has completed the following trainings thus far:

Management Team:

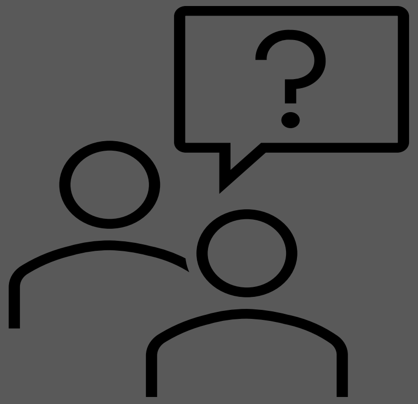
- NSPIRE Inspection Certification
- Low Income Housing Tax Credit Specialist Certification
- RAD PBV Specialist

# ASSET MANAGEMENT 2024 GOALS

## Short Term Goals

- Yardi
  - Conduct all inspections using Yardi Mobile
  - Implement Yardi Rent Café (will allow tenants the ability to make payments, create work orders and submit recertifications electronically)
- Staff Training
  - General HVAC Maintenance
  - Backflow Certification
  - OSHA 10
  - Blended Occupancy Specialist
  - Continue working on SOP's related to the Yardi software conversion.
- Dick Scott
  - Finalize property procedures and lease documents
  - Lease up units within 60 days of Certificate of Occupancy
- Create and implement Compliance Specialist quality control schedule (both management and maintenance)

# Questions



| RENO HOUSING AUTHORITY | |
|---|---|
| **AGENDA ITEM NUMBER: 1** | **March 26, 2024** |

SUBJECT: Presentations:

- Annual report on outcomes under RHA's FY23-24 Contract with JF Downey Realty Consulting & Advisory Services LLC for Eviction Prevention Services (Discussion Only)

FROM: Executive Director RECOMMENDATION: Discussion

Attached is the annual report provided by JF Downey Realty Consulting & Advisory Services LLC.

# THE EMERGENCY EVICTION PREVENTION PROGRAM OF NEVADA (EEPPN)

Website: EEPPN.ORG
Phone#: 775-360-6133
Email: intake@eeppn.org

## Frequently Asked Questions

**What is EEPPN's GOAL?** To **Obtain, Retain or Sustain permanent housing** through expert advisory and crisis management due to an extensive knowledge of ever-changing resources and our large portfolio of community partners in the housing market. Identify the root cause of housing instability and provide every case with targeted and strategic housing stabilization advisory while eliminating the immediate threat of eviction or homelessness.

**Does EEPPN Pay my rent?** No, EEPPN is NOT currently a funding source.

Advisors attempt to FIND funding in the community that best fits your circumstance, while in most times applying and securing for assistance on your behalf.

**What's Eviction Prevention?** EP is any act that will result in the halt of eviction giving more time for tenant and landlord to obtain stability or resolution.

**What's Crisis Relocation?** CR is the supportive advisory during a situation where tenant must relocate for any reason that may result in homelessness.

**What's Housing Stabilization Advisory?** HSA is what EEPPN advisors deliver after formulating options and understanding what may help a tenant eliminate the challenge that is leading to housing instability.

EEPPN

Emergency Eviction Prevention Program of Nevada

How do I apply?

Go to EEPPN.Org and complete the application process. Our newly updated system allows you the freedom to upload documents right from your smart phone. Once you submit your application an intake specialist will review your submission and ensure all necessary documents have been received. If more information is needed, then the specialist will contact you within 24 to 48 hrs. and work with you to complete the process. Once completed, your case is then passed to an expert advisor for review and formulation. The advisor will contact you when they receive your case and work together to attempt to find solutions to your housing instability.

Can EEPPN help me if I am homeless?

YES. EEPPN advisors can work with an individual or family to target the root cause of homelessness and attempt to provide resources, advisory, and housing navigation to secure permanent housing.

Who can apply?

Anyone who:

- Lives Under 80%AMI of their area
- Experiencing a situation of housing instability

What if I need employment, or childcare and I can't work so I am getting evicted, can you help?

YES! When a formulation of your situation is preformed, whatever the challenge may be that is causing the housing instability, we direct to community partners in that arena while mediating with your landlord and resource simultaneously to assist you obtaining the solution and securing your housing.

Is this service FREE to me?

YES! Because of the amazing community partnerships to fund the EEPPN program, this service is completely free to the community currently.

# ***EEPPN Example Cases***

Case#1 – 2 adults 3 children in the home, both adults were unemployed under eviction and were served the 24hr lockout. Washoe County Sheriff office and Washoe County School District Family Resource Center had previously assisted this household and were unsuccessful at gaining stability. EEPPN was contacted by the Sheriff Dept while they were standing at the door performing the lockout. EEPPN Advisor was able to intercept, negotiate with property manager, and connect with a resource that could assist based on preliminary assessment. EEPPN Advisor successfully obtained funding on the client's behalf to satisfy the debt and rescinding the eviction, preserving the client's rental history while advising the client and partner on employment opportunities. Both adults retained employment and housing sustainability was achieved. (Eviction Prevention)

Case#2 – Single mother with 2 young children had no income after leaving a DV situation previously. Client has an RHA housing voucher and was under eviction for nonpayment. The consequences of being evicted while on a voucher are automatic loss of housing assistance. This could have been catastrophic in the long term as the client has obstacles sustaining. EEPPN was contacted and Advisor gained cooperation from landlord while formulating and securing funding to satisfy the debt. Director and Advisor accompanied client to court and spoke at the hearing. EEPPN Advisor successfully obtained funding and worked with the client to gain employment to secure self-sustainability. The client is employed, housing voucher is secure, rental history is preserved and housing sustainability achieved. (Eviction Prevention)

Case#3- 2 undocumented immigrant adults, 1 employed, and 2 children were homeless when EEPPN was contacted by the Washoe County School District Family Resource Center. FRC had a family in a motel but had no options for permanent housing, so they turned to EEPPN. Advisor applied on behalf of the client and after advising clients on how to secure an apartment. After apartment approval EEPPN advisor turned to funding source for deposit assistance and because the unit would not be ready for 2 more weeks, the Advisor requested motel assistance. They agreed and clients were housed at the motel until the lease was signed and clients moved in 2 weeks later. (Homeless to Home service)

Case#4- Senior non-binary individual, referred by the Mayor of Reno, that needed relocation due to witnessing a crime at their current unit. The client did not qualify for conventional resources as they are single and an have income that would not sustain. EEPPN Advisor reached out to a funding source and appealed against the qualification restriction due to the safety of the client. The request was granted, the client was assisted with deposit assistance at the new property after self-funding a small portion but showing good faith. (Crisis Relocation)

***EEPPN Example Cases***

Case#5-Senior disabled male was homeless living in his 30-year old single cab small pickup truck in the parking lot of Wal-Mart after being evicted from a motel that he resided in for 8 years, for nonpayment. The client is on Social Security and subsidized his income by taking gig work as a point of sales system serviceman. He was at a job and fell out of weakness. At the hospital he was diagnosed with Stage 4 prostate Cancer. He was dialysis, had a urinary bag and chemo while sleeping in his truck (the seat didn't even recline). His Case manager at HOPES Clinic had been trying to help him secure housing for over 1 year and finally heard of EEPPN and referred him over. I drove to meet the client in the parking lot the same day and I retained the necessary docs. I started connecting with a property manager I have a relationship with ultimately securing a unit while on the same call. I contacted the agent at the City of Reno verifying that he would qualify for deposit assistance. He did. The manager allowed me to move the client into the unit the next day while waiting for the process of payment and promissory note were taken place to avoid any further nights in the vehicle. We supplied furniture and essentials, giving the client what we call a "starter kit". He was taken from sleeping in his truck to being housed in an apartment, within 48hrs of EEPPN involvement. (Homeless to Home)

Case#6- Single dad 2 children referred by CSA. A client is employed by was hurt at work which resulted in time off work and a past due balance. The client was served the 24hr lockout and Washoe County Sheriff was performing lockout. Due to injury at work the previous employer was not wanting to take the client back so EEPPN Advisor immediately contacted the landlord and funding resource to gain compliance and secure funding. Guided client to new employment options. Advisor was successful at securing the funding satisfying the landlord. Client obtained new employment and housing is secured. (Eviction Prevention)

Case#7- Senior female on Reno Housing Authority Section 8 Voucher was under eviction for a past due balance that the client states was inappropriate. There was a ledger dispute with the landlord. After EEPPN involvement and working with RHA and the landlord, it was deemed that there was in fact a discrepancy at the hands of the landlord. After full assessment, the eviction was rescinded, and the client was issued credit. Housing Sustained (Eviction Prevention)

Case#8- Singal senior male unemployed due to a recent stroke. Served a 7-day eviction notice. EEPPN formulated options but the client did not qualify due to its policy of sustainability. EEPPN Advisor successfully appealed this decision and was granted funding on behalf of the client securing the housing, rescinding the eviction, and satisfying the debt. Guided client through preliminary Social Security Disability obtaining procedures and was approved! The client is now stable due to a long-term sustainable income. Housing Sustained (Eviction Prevention)

Reno Housing Authority, Executive Director Dr. Hilary Lopez and Reno Housing Authority Board of Commissioners
1525 E. 9th Street
Reno, Nevada 89512

03/12/2024

RE: Support of RFP for Eviction Prevention

Dear Esteemed RHA Leadership and Commissioners,

I would like to take this moment to say that the support that you all have shown EEPPN as a program over the last 38 months has directly affected over 1 thousand households that would have otherwise NOT had access to the supportive services we provide. These individuals and families were ALL in a state of crisis in one way or another. Some were homeless and we secured housing, some were under eviction and we halted and stabilized the situation, some were in a state of unsafe situations and had no choice but to relocate and some just didn't qualify or didn't fit into any box, and we were able to get them into some sort of stability regarding their housing.

We at EEPPN are not just housing resource brokers. We are advisors, evaluators, and formulators that identify the core challenge that is leading to housing instability. Which means we must be abreast of any type of directive. If they need employment, if they need safety, if they need someone to be that link in between losing everything and holding on, then that is what we are. At EEPPN we are very privileged in the fact that we can meet the clients where they are. This ability tears down a lot of miscommunications that occur, which can lead to unnecessary consequences. It has been proven to be efficient in times of trauma. If I need a document from a landlord because the City needs it ASAP, then we have the authority to drive right to the office and accomplish the task saving the housing immediately.

It has been an absolute pleasure to be able to accomplish such successes in our community at the behest of RHA. Staff at RHA have been so kind to me and my staff as we have grown. They are supportive and always available. It has been an absolute pleasure being in contract with RHA. The leadership is always there to guide me and stretch my skills making me ultimately a better businesswoman, for that I will always have the utmost respect for the women at the helm.

At the end of 2023, I formed an organization called **Be Who You Needed** and was granted Nonprofit status by the Secretary of State and awarded as a 501c3 by the IRS. At our last board meeting BWYN members officially voted to adopt EEPPN as its core program. This will allow BWYN to obtain funding not previously available, as EEPPN is a community service. I mention this because I have always recognized that the RHA Board has entrusted their dollars within my grasp, and I take that with honor. You did not throw good money at bad, for lack of a better statement. I will continue to grow EEPPN, strengthen its core and processes, and continue to make a difference in the lives of those who need it.

As most of you know, I too had unstable housing in Reno and have come very far in my abilities to help others come out of theirs. I am hopeful that the RHA decision makers see the value in what I was able to do, grow, and prove is needed in the space of Eviction Prevention. Keeping individuals and families in their homes is far more effective than trying to pull someone out of the downstream consequences that occur after they have been evicted. Preservation of rental history is critical to being able to have housing options in the future, eliminating the affliction of emotional trauma an eviction cause is vital to the overall wellbeing of the individual or family, and the financial win it has on the community is undeniable.

I could recite the numbers and say that it has only gotten more expensive to house someone at the shelter since the 2022 Washoe County report stated nearly $44,000 per/yr to house someone at the shelter or as cheap as $74 per/night at a motel (which doesn't reflect the deposit one would need to secure the unit). EEPPN has successfully intercepted a situation of housing crisis 518 times in the last contract period and 1,107 total in the lifetime of the partnership. I understand that RHA may not benefit from the financial gain of what we have accomplished but I know each one of you can appreciate the fact that the data is there due to your voice and support.

Therefore, I would like to formally request that the Board of RHA choose to continue in some capacity providing Eviction Prevention Services

Thank you for your service to this board and the ability to be heard.

Respectfully signed,

**The Emergency Eviction Prevention Program of Nevada developed by JF Downey**

Contract with The Housing Authority of The City of Reno

## Expense Report for contract period May 1,2023- April 30, 2024

* data given earlier than contract expiration

Contract is written to disburse **$18,141.67** for a total yearly award of **$217,700.04**

Total awarded to date : **$199,558.37**

11 months

**Expenses:**

| | | |
|---|---|---|
| **Staff Compensation** | | $182,787 |
| Sr/$6,750m Jr/$3,600m Jr/$3,600m Intake/$2,667m | | |
| **Office/s Rental space** | | $10,450 |
| $950 per month | | |
| **Utilities** | | $9,627.51 |
| ATT Business/Spectrum Business/NV Energy/Go Daddy/Accord | | |
| **Transportation** | | $8,504.96 |
| JF Downey Business vehicle used apprx.85% for EEPPN Business | | |
| Insurance required by RHA to hold RHA on policy | | |
| **Supplies** | | $7,501.73 |
| database/website/office supplies/incedentals | | |
| Total Expenses | | $218,871.20 |
| Total Expenses | after April pay | $237,012.87 |
| | | ($19,312.67) |
| Avg monthly defecit | | ($1,609.00) |

# The Emergency Eviction Prevention Program of Nevada

*In contract with The Reno Housing Authority 2/1/21-4/30/24*

*Data from most recent contract period*

**May 1,2023-March 1,2024**

| Staff: | Approved: | Disbursed |
|---|---|---|
| | *12 mo | 11 mo |
| Sr. Advisor | $81,000yr | $74,250 |
| Jr. Advisor | $43,200yr | $39,600 |
| Jr. Advisor | $43,200yr | $39,600 |
| Intake Specialist | $32,004yr | $29,337 |
| Admin Expenses: | **$18,296.04yr** | **$36,084.20** |
| TOTAL : | **$217,700** | **$218,871** |

| | |
|---|---|
| Total program costs 5/1/23-3/1/24 | **$218,871.20** |

*April 2024 expenses unaccounted for

| | |
|---|---|
| ***After*** ***April Dispense:*** or $18,141.67 | $237,012.87 |
| **Defecit** | ($19,312.87) |

Program data

**May 1, 2023-March 1,2024** 305 days

| | |
|---|---|
| Total Evictions Prevented: | 180 |
| Total Crisis Relocations: | 24 |
| Total HN/HSA: | 491 |
| Total services | 695 |

*inside of*

***Total Households served:***

518

$423/Household

$315/Service

*multiple services may be delivered inside of same household

*HN=Housing Navigation *HSA= Housing Stabilization Advisory

***Historic Program Data***

**February 1, 2021-April 30,2023** 818 days

| Staff: | |
|---|---|
| Sr. Advisor | $166,250 |
| Jr. Advisor | $43,000 |
| Intake Specialist | $32,000 |
| Awarded: | $241,250 |

Total Services: 825

*inside of*

Total Households: 589

TOTAL Program data and Cost:

*since inception*

**Total Awarded $458,950.04**

| | |
|---|---|
| ***Total Evictions Prevented:*** | 464 |
| ***Total Crisis Relocations:*** | 76 |
| ***Total HN/HSA:*** | 980 |
| **Total Services Provided** | 1,520 |

*inside of*

| | |
|---|---|
| **Total Households Served** | 1,107 |

**$416/ HH Cost**

**$303 /Service Cost**

EEPPN Referral by Source

*data collected between 5/1/23-4/1/24*

| | | |
|---|---|---|
| Undisclosed | | 89 |
| Landlords | | 78 |
| Reno Housing Authority | | 73 |
| Word of Mouth | | 71 |
| Internet | | 54 |
| 211 | | 27 |
| WC School District | | 18 |
| Hopes Clinic | | 17 |
| WC Justice Courts | Sparks and Reno | 13 |
| City of Reno | | 8 |
| Other | | 7 |
| Catholic Charities | | 6 |
| JFD Outreach | | 6 |
| WC Sheriff Dept | | 5 |
| Community Services Agency | | 4 |
| Children's Cabinet | | 4 |
| Domestic Violence Resource Center | | 4 |
| State (Welfare Division) | | 3 |
| Church | | 3 |
| Washoe County | undisclosed dept | 3 |
| Washoe County | HSA | 2 |
| Washoe County | CPS | 2 |
| Nevada legal Aid | | 2 |
| Health Plan of Nevada | | 2 |
| Quest | | 2 |
| Volunteers of America | | 2 |
| Previous client | | 1 |
| Social Worker | | 1 |
| Veteran Crisis Line | | 1 |
| I Got You Reno ( nonprofit) | | 1 |
| Blue Anthem | | 1 |
| Eviction Assistance? Poss Chap? | | 1 |
| Join Inc | | 1 |
| Sparks City Councilman | | 1 |
| Ridge House | | 1 |
| Victims of Crime | | 1 |
| Safe Embrace | | 1 |
| Blind Center | | 1 |
| Eddy House | | 1 |

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 2** **March 26, 2024**

SUBJECT: Approval of the minutes of the Annual Board Retreat held December 15, 2023, the special meeting held January 4, 2024, the closed session meeting held January 4, 2024, and the regular Board Meeting held February 27, 2024. (For Possible Action)

FROM: Executive Director RECOMMENDATION: Approval

The minutes of the Annual Board Retreat held December 15, 2023, the special meeting held January 4, 2024, the closed session meeting held January 4, 2024, and the regular Board Meeting held February 27, 2024 are attached.

MINUTES OF BOARD RETREAT
HOUSING AUTHORITY OF THE CITY OF RENO
BOARD OF COMMISSIONERS
DECEMBER 15, 2023

The annual Board retreat of the Housing Authority of the City of Reno (Agency) was called to order by Chairman Aiazzi at 9:06 a.m. on Friday, December 15, 2023.

**Commissioners Present**
Dave Aiazzi-Chairman
Mark Sullivan- Vice Chairman
Mayor Hillary Schieve
Kathleen Taylor

**Staff Present**
Hilary Lopez, Ph.D., Executive Director
Heidi McKendree, Deputy Executive Director
Ryan Russell, Legal Counsel
Darren Squillante, Director of HR
JD Klippenstein, Director of Development
Josh Stice, IT Manager
Cori Fisher, Director of Resident Services
Jamie Newfelt, Director of Rental Assistance
Kristin Scott, Director of Public Housing
Kim Anhalt, Moving to Work Coordinator
April Conway, Public Affairs Officer
Lindsay Dobson, Executive Administrative Assistant
Brenda Freestone, Contract Administrator Washoe Affordable Housing Corporation (WAHC)

**Others Present**

Torey Gunsolley – PHActory Consulting

- **Call to order and roll call.**

- **Introduction of guests.**

**First Period of Public Comment. The opportunity for public comment is reserved for any matter within the jurisdiction of the Board. No action on such an item may be taken by the Board unless and until the matter has been noticed as an action item. Comment from the public is limited to three minutes per person, under these items.**

There was no public comment.

➢ **Approval of agenda (For Possible Action)**

Commissioner Taylor moved to approve the agenda. Vice Chairman Sullivan seconded the motion. Hearing no further discussion, Chairman Aiazzi called for the question. The vote was all ayes, no nays. Chairman Aiazzi declared the motion carried and the agenda approved.

**1. Consent Agenda (For Possible Action)**

**a) Approval and authorization for the Executive Director to negotiate a salary and hire a Director of Finance at up to a Grade 2, Step 6 in the compensation schedule.**

Commissioner Taylor moved to approve consent agenda. Vice Chairman Sullivan seconded the motion. Hearing no further discussion, Chairman Aiazzi called for the question. The vote was all ayes, no nays. Chairman Aiazzi declared the motion carried and the consent agenda approved.

**2. Discussion regarding the RHA Mission, Board and Staff roles and responsibilities. (Discussion)**

RHA staff reported on their roles and responsibilities and why they chose to work for the Agency.

**3. Discussion and Recap of Current Goals and State of the Agency. (Discussion)**

Mr. Gunsolley led a conversation between staff and the Board regarding current goals and the state of the Agency.

**4. Discussion regarding Potential New Goals and/or Direction to Staff on Items of Board interest including, but not limited to:**

- **One or more strategies for RHA's Scattered Site portfolio.**
- **Leveraging of housing or other assets.**
- **Public housing repositioning and new development.**
- **Senior services and programs.**

**(Discussion)**

Executive Director Lopez and members of the Board participated in robust conversations regarding RHA's scattered site portfolio, leveraging housing or other assets, repositioning public housing and new development as well as senior services and programs.

5. **Discussion and possible setting of immediate and longer-term goals for the Agency. (Discussion and Possible Action)**

Vice Chairman Sullivan moved to approve the five prioritized goals as well as the continuation of goals from the previous year's retreat with direction to the Executive Director to develop a plan to implement those goals within the next calendar year. Commissioner Taylor seconded the motion. Hearing no further discussion, Chairman Aiazzi called for the question. The vote was all ayes and no nays. Chairman Aiazzi declared the motion carried.

6. **Public Comment. The opportunity for public comment is reserve for any matter within the jurisdiction of the Board. No action on such an item may be taken by the Board unless and until the matter has been noticed as an action item. Comment from the public is limited to three minutes per person.**

There was no public comment.

Meeting adjourned at 4:03 p.m.

MINUTES OF THE REGULAR MEETING
HOUSING AUTHORITY OF THE CITY OF RENO
BOARD OF COMMISSIONERS
January 4, 2024

The regular meeting of the Board of Commissioners of the Housing Authority of the City of Reno (Agency) was called to order by Chairman Aiazzi at 12:04 pm on Thursday, January 04, 2024, in the Agency's Boardroom.

**Commissioners Present**
Mark Sullivan Vice Chairman
Mayor Hillary Schieve
Kathleen Taylor

**Commissioners Absent**
Dave Aiazzi, Chairperson

**Staff Present**
Hilary Lopez, Ph.D., Executive Director
Heidi McKendree, Deputy Executive Director
Ryan Russell, Legal Counsel
JD Klippenstein, Director of Development
Cori Fisher, Director of Resident Services
Lindsay Dobson, Executive Administrative Assistant

**Others Present**
None

There being a quorum present, the order of business was as follows:

- **Call to order and roll call.**

- **Receive introduction of guests.**

  George Postrozny, city of Sparks resident.

- **First Period of Public Comment. The opportunity for public comment is reserved for any matter within the jurisdiction of the Board. No action on such an item may be taken by the Board unless and until the matter has been noticed as an action item. Comments from the public is limited to three minutes per person, under these items.**

  Mr. Postrozny requested the Board review his submitted documents regarding his concerns with the Railyard Flats Project.

  **Approval of agenda. (For Possible Action)**

  Commissioner Taylor motioned to approve the agenda. Commissioner Schieve seconded the motion. Hearing no further discussion, Vice Chairman Sullivan called for the question. The vote was all ayes, no nays. Vice Chairman Sullivan declared the motion carried and the agenda approved.

**Closed Session: The Board may give directions to staff in closed session regarding the position or positions to be taken or the strategy to be employed on the following items:**

- Railyard Flats: Design comments and potential appeal submitted by adjacent property owner to the City of Sparks regarding potential change to south facing second story windows on one section of the exterior facade.

- Post-Closing Agreement with Paradise Retail I, LLC for APN 031-012-40 in Paradise Plaza Shopping Center: Discussion of the potential additional scope of work, cost, and Post-Closing Agreement with Paradise Retail I, LLC, for APN 031-012-40, otherwise known as Parcel 4-B as shown on Parcel Map No. 5306 in the Paradise Plaza Shopping Center. There will be no approval of the Post-Closing Agreement during the course of the closed session. (For discussion only)

**Open Session:**

**1. Discussion and possible approval of additional scope of work and Post-Closing Agreement with Paradise Retail I, LLC for APN 031-012-40, otherwise known as Parcel 4-B as shown on Parcel Map No. 5306 in the Paradise Plaza Shopping Center. (For Possible Action)**

Commissioner Taylor motioned to approve an allocation of up to $150,000 in MTW funds for post-closing costs on the Paradise Plaza project as presented with direction to Ryan Russell, RHA Counsel, and The Executive Director to finalize the post-closing agreement and memorialize the same with a resolution to be presented at the next Board meeting. Commissioner Schieve seconded the motion. Hearing no further discussion, Vice Chairman Sullivan called for the question. The vote was all ayes, no nays. Vice Chairman Sullivan declared the motion carried.

**2. Discussion and possible approval of a change to the south facing second story windows on one section of the exterior façade at Railyard Flats. (For Possible Action)**

Commissioner Taylor motioned to approve a change to the windows on the Railyard Flats project as presented but said approval made as good neighbors to the adjoining property owner and the city of Sparks with no admission of any liability or fault in the currently issued permit. Commissioner Schieve seconded the motion. Hearing no further discussion, Vice Chairman Sullivan called for the question. The vote was all ayes, no nays. Vice Chairman Sullivan declared the motion carried.

**Adjournment. (For Possible Action)**

The meeting adjourned at 12:41 pm.

MINUTES OF THE REGULAR MEETING
HOUSING AUTHORITY OF THE CITY OF RENO
BOARD OF COMMISSIONERS
February 27, 2024

The regular meeting of the Board of Commissioners of the Housing Authority of the City of Reno (Agency) was called to order by Chairman Aiazzi at 12:02 pm on Tuesday, February 27, 2024, in the Agency's Boardroom.

**Commissioners Present**
Hillary Schieve, Mayor (joined at 1:24 pm)
Dave Aiazzi, Chairman
Kathleen Taylor
Dejanae Solley

Staff Present
Hilary Lopez, Ph.D., Executive Director
Heidi McKendree, Deputy Executive Director
Jamie Newfelt, Director Rental Assistance
Cori Fisher, Director of Resident Services
Josh Stice, Director of IT
April Conway, Public Affairs Officer
Kim Anhalt, Moving to Work Coordinator
JD Klippenstein, Director of Development
Kristin Scott, Director of Public Housing
Darren Squillante, Director of HR
Ryan Russell, Legal Counsel
Lindsay Dobson, Executive Administrative Assistant
Brenda Freestone, Contract Administrator Washoe Affordable Housing Corporation (WAHC)

**Commissioners Absent**
Mark Sullivan, Vice Chairman

**Others Present**
None

There being a quorum present, the order of business was as follows:

- **Call to order and roll call.**

- **Receive introduction of guests.**

Julie Henderson, City of Reno

- **First Period of Public Comment. The opportunity for public comment is reserved for any matter within the jurisdiction of the Board. No action on such an item may be taken by the Board unless and until the matter has been noticed as an action item. Comments from the public is limited to three minutes per person, under these items.**

There was no public comment.

**Approval of agenda**

Chairman Aiazzi recommended hearing item 1, then item 9, then item 14 first due to time constraints.

Commissioner Taylor motioned to approve the agenda as amended. Commissioner Solley seconded the motion. Hearing no further discussion, Chairman Aiazzi called for the question. The vote was all ayes, no nays. Chairman Aiazzi declared the motion carried and the agenda approved.

1. **Presentation of draft financial audit results for 2023 from Justin Measley, Certified Public Accountant with CliftonLarsonAllen LLP. (Discussion)**

   - **Audit results for 2023.**
     - Mr. Measley provided an overview of the agenda, including the engagement team, scope of the audit, the items included in the financial statements, management's discussions, and analysis (MDNA), and audit conclusions.
   - **Financial statements and audit reports.**
     - Independent Auditors Report issues unmodified opinion on financial statements, with no findings.
     - Internal Controller Report highlights controls in place for financial statement preparation, with no findings.
     - Single Audit Report identifies major programs that RHA has that require testing every 3 years. This year, the plan is to issue a report with no findings.
     - Schedule of Closed Grants is an audit of fully expended capital fund grants required by HUD in order to close them out at year end.
     - Justin provided an overview of the year-end audit, highlighting key findings and changes from prior years, including the end of pandemic programs, the significant sale of the CARES campus, and the implementation of a new standard related to subscription-based IT arrangements.
     - Mr. Measley highlighted additional disclosures and changes in the capital asset and long-term liability schedules related to the new standard, as well as a summary of significant accounting policies.
   - **Financial statements and audit findings.**
     - Net assets increased by $1.4 million due to pandemic funding.
     - Justin highlighted changes in income statement, including $4.4 million increase in HUD

operating grants and $13.2 million decrease in other government grants.
    - Justin highlighted the footnotes in the financial statements, including a new disclosure related to GASB 96.
    - The single audit report finds no findings in the section eight housing assistance payments program or the emergency rental assistance program.
- **HUD audit findings and next steps.**
    - Mr. Measley explained adjustments, misstatements, and related issues in financial audit.
    - Commissioner Taylor asked about the selection criteria for auditing programs, and Justin explained that they follow the Uniform Guidance and prioritize high-risk programs based on factors such as frequency of auditing, external audit findings, and coverage of the Schedule of Findings and Question Costs.
    - Mr. Measley provided details on the specific programs selected for auditing this year, including the Housing Assistance Payments program and the Emergency Rental Assistance Program, which were deemed high risk by Treasury.
    - Mr. Measley was asked to provide updated audit presentation slides to the board, specifically regarding Next Steps.

**2. Approval of the minutes of the Annual Board Retreat held in December.**

Commissioner Taylor motioned to approve. Commissioner Schieve seconded the motion. The motion carried 3 ayes and one abstention from Commissioner Solley.

**3. Consent Agenda. (All consent items may be approved together with a single motion, be taken out of order, and/or be heard and discussed individually. Items will be removed and considered separately at the request of the public or Board member.)**

Commissioner Taylor moved to approve the consent agenda. Mayor Schieve seconded the motion. Chairman Aiazzi called for the question. The motion carried 3 ayes and 1 abstention from Commissioner Solley.

**4. Commissioner Reports.**

None

**5. Executive Director/Secretary's Report.**

**A. Update on Agency activities**

- On January 26th staff, along with Chairman Aiazzi and Commissioner Taylor, provided US Senator Catherine Cortez Masto a tour of several current construction and proposed repositioning projects. The Senator also stopped at RHA's Golden Grocery. The tour provided an opportunity for the Senator to learn about RHA's vast programming and the many ways we strive to serve the community.

- RHA hosted a Property Tour for elected officials on January 26th. Officials from the Washoe County School District, Reno City Council, and County Commission participated. Staff provided information on RHA's programs, housing, and upcoming projects.

- RHA hosted a roundtable discussion on affordable housing with Senator Jacky Rosen on February 21st. The Executive Director and Commissioner Taylor participated in the roundtable. This event allowed RHA to identify some of the challenges facing lower income households within the current housing market and the multi-faceted approach the agency is pursuing to help address these challenges.

- The Executive Director and Deputy Executive Director participated in an affordable housing roundtable hosted by the Nevada Housing Coalition with the Governor's Office. Approximately 20-25 people representing state, local, and federal government agencies as well as local non-profit and stakeholder representatives participated. The topics covered included strategies to create more affordable housing such as accessory dwelling units, the need for sustainable sources of gap financing since Home Means Nevada Initiative funds were one-time money and the Regional Housing Trust Fund does not have a renewable source and/or financial offsets for fee waivers to enable local jurisdictions to continue to waive fees for eligible projects, and potential ways to reduce regulatory barriers through zoning and permitting changes.

- Based on the Board's prior action at its January meeting, staff scheduled a meeting at Sarrazin Arms Apartments in late February to notify residents and provide information on the future land swap with Jacobs Entertainment (dba Reno Real Estate Development). The Executive Director is coordinating with Gaston & Wilkerson on this item.

- RHA's leadership team completed a joint media training with Nevada Rural Housing's leadership team. The training was provided by public relations staff from both agencies.

- Staff attended EDAWNs State of the Economy Luncheon on February 8th. The event provided an overview of the local economy and housing market. The economic outlook was positive for the region. There is still pressure on the local housing market which is causing sustained high rental and for-sale housing prices.

**B. Update on Rental Assistance Voucher Programs / Asset Management**

**<u>Rental Assistance Voucher Programs</u>**

| Voucher Type | Total Voucher Baseline | Vouchers Leased as of 8/1/22 | Percent Leased | Vouchers Issued Not Yet Leased |
|---|---|---|---|---|
| Housing Choice Voucher | 2,484 | 2,179 | 88% | 155 |
| VASH | 541 | 285 | 53% | 58 |
| EHV | 137 | 108 | 79% | 17 |
| FYI | 15 | 6 | 40% | 5 |

| Number HQS Inspections Conducted by Month | |
|---|---|
| January 2024 | 218 |

## City of Sparks Eviction Prevention Program

| Total Funding Awarded | Total Assistance Approved as of 2/15/24 | Number of Households Approved as of 2/15/24 | Percent Funding Spent |
|---|---|---|---|
| $1,309,500 | $1,022,323 | 222 | 78% |

**Housing Choice Vouchers (HCV)**

<u>Description:</u> Vouchers used by clients to lease a unit in Washoe County of their choosing. Applicants are pulled from the RHA HCV Waitlist. These vouchers also include Project Based Vouchers. The RHA has chosen to Project Base 107 of our HCV's to assist special populations obtain housing. Of the total 107 PBV units, 95 are assigned to RHA owned properties.

Lease-Up Expectations: Although total voucher allocation is 2524, HUD has set the agency's leasing expectation at 2382 (AKA RHA's MTW Baseline), which is the maximum leasing expectation set by HUD when RHA signed its MTW Contract. Funds provided by HUD to support the HCV program are also used to support the agency's MTW activities and therefore full lease up of all 2524 vouchers is not expected or suggested by HUD.

**Veteran's Affairs Supporting Housing Vouchers (VASH)**
Description: Vouchers allocated by HUD with an ongoing partnership with the VA to serve homeless veterans. The VA provides case management services to participants. The VA makes direct referrals to RHA of eligible clients and the RHA provides a VASH voucher. Currently, RHA has project-based 9 of these vouchers.

**Emergency Housing Vouchers (EHV)**
Description: Vouchers allocated by HUD for the specific purpose of assisting homeless individuals or families or those at risk of homelessness in obtaining housing. RHA is partnering with four local agencies (Catholic Charities, Health Plan of Nevada, Washoe County Human Services-Our Place and Volunteers of America) that have experience providing services to this population. Referrals for the program must come from the regional Continuum of Care (CoC) coordinated entry system. Direct referrals are received by the RHA from the partnering agency and the RHA provides the EHV voucher.

**Foster Youth to Independence Vouchers (FYI)**
Description: Voucher allocated by HUD for the specific purpose of assisting foster youth aging out of the foster care system. RHA is partnering with Washoe County Human Services and Eddy House to provide referrals and case management to clients. Direct referrals are received by the RHA from the partnering agency and the RHA provides the FYI voucher.

## Asset Management

- During the month of January, Asset Management conducted interviews for the Assistant Manager, Maintenance Groundskeeper and two open Maintenance II positions. Candidates were selected and they are currently going through the preemployment process with an expected start date in February.

- Maintenance staff have continued teaming up on Thursdays to complete leaf removal and other miscellaneous tasks. They have also been working on obtaining quotes and determining proper site locations for the special projects the resident council has selected with the $5000.00 in money the board provided to them.

- The entire Asset Management team is currently learning how to enter inspections using the Yardi Mobile Inspection application. This new application will significantly reduce staffs time and completely automate the process. The inspection will be visible to the residents via email, the work orders will automatically be created and a record of the inspection along with pictures and notes will be linked to the tenants account in Yardi.

- The Director, Administrator and Compliance Specialist went through the RAD PBV Specialist training delivered through Nan McKay in preparation for Silverada's RAD repositioning.

- Public Housing ended the month of September with 74 vacancies for an overall occupancy rate of 90.00% across all sites. In January, six residents vacated their unit, and no units were leased.

## C. Update on Workforce Development, Elderly Services, and youth activities

Department Updates

- All Resident Services staff attended a two-day training with Tracking-at-a-Glance, our virtual case management software, to better understand the outcome tracking capabilities. Staff will use this new knowledge to ensure that we are tracking program outcomes appropriately moving forward.

Elderly Services

- Elderly Services staff members completed a four-part training by the **Sanford Center for Aging** to learn how to better work with those with Dementia and their family members.

- Due to popular demand among residents, staff held an additional event with St. Mary's Home Care Services and a notary to assist seniors in ensuring their end-of-life wishes are known.

Workforce Development (WFD)

- Staff is working with partners to put the final pieces together for the first Homeownership Seminar open to all clients on Saturday, February 24, 2024. Workshops will be offered throughout the day on topics including how the loan process works, how to overcome credit challenges, different financing options, downpayment assistance programs, and more.

Youth/Family Activities

- Staff is preparing for 2024 summer camp in partnership with Sierra Nevada Journeys. Thanks to the generous Helen Close Charitable Foundation scholarships, 43 youth will get to attend summer camp at no cost.

- The 2024 Start Smart scholarship application has been released to eligible Start Smart students. Applications are due March 29, 2024, for the scholarship committee's review.

Resident Councils

- Resident Services staff continues to work with Development and Asset Management staff to actuate 2023 resident council community beautification fund projects. RHA looks forward to seeing these projects come to fruition soon!

- Tom Sawyer Resident Council hosted a Valentine's pancake Breakfast for all RHA seniors and persons with disabilities.

** The Authority's community partners are designated in bold within the Update on Elderly Services, Workforce Development, and youth activities headers.*

**D. Update on Public Affairs Activities**

Media: traditional and social

- With board concurrence on project with Jacobs Entertainment, planning with Abbi Agency for 465 W. 2nd Street ceremonial signing media event 2/29. Secured prevent coverage from Reno Gazette-Journal.

- Preparing for housing roundtable hosted by RHA for Senator Rosen on 2/21.

- Set to cover home ownership seminar at Silverada Manor on 2/24.

- Conducted elected officials tour/open house.

- Conducted tour for Senator Cortez Masto

- Conducted Railyard Flats groundbreaking.

- Conducted day-long media training with all RHA directors and senior staff from Nevada Rural Housing on 2/1.

Other

- Planning for Sarrazin Arms resident meeting to discuss future of the property (with board concurrence) on 2/28.

- Looking for sponsorship for Dick Scott Manor furniture/outfitting needs.

- Working with resident services on graphic collateral material for Start Smart Scholars Night.

**E. Update on Development Activities**

Silverada Manor

- HUD's Fair Housing and Equal Opportunity's review of Silverada Manor's RAD application has been very challenging. FHEO has disapproved the project's accessibility review, request for elderly preference, and unit configuration change request. RHA staff met with FHEO to discuss the review and received helpful direction. Updated accessibility review data was submitted in late February and staff expects the second review will be approved. However, the direction given by FHEO made it clear that there is a high bar to make the case of for an elderly preference and unit configuration change at Silverada. RHA would have to prove that there is an overriding priority need for elderly housing in the community in comparison to that of families. Otherwise, FHEO believe the preference and unit configuration change may violate the Fair Housing Act. After analyzing the data source suggested by FHEO and consulting with Brinshore and Praxis, staff concluded it would be time consuming and difficult to make the case for either request and attempting to do so would likely delay the project even more. Because a delay would jeopardize the HMNI funding in the project, it was decided the best path forward is to withdraw both requests and plan to operate Silverada Manor as a general occupancy site with 22 studios, 64 1 bedrooms, and 63 2 bedrooms.

- With the adjustments to the RAD application, RHA is hoping to schedule a concept call for the Silverada Manor by early March.

- The Lender/Investor RFP for Silverada received robust attention. Brinshore and RHA are in the process of evaluating the RFPs and hope to select the lender/investor in early March to keep on track for the tax-exempt bond application to the state Board of Finance in mid-March.

- RHA staff is planning to hold another round of resident meetings at Silverada at the end of March.

Hawk View

- The Section 18 application review for Hawk View is still ongoing. Brinshore has communicated with the HUD office reviewing the application on multiple occasions and has been told the review is nearly complete. If HUD does not provide an update by late February, Brinshore and RHA will be requesting a meeting with the office to discuss the review and speed up the approval process.

- RHA and Brinshore presented to the Washoe County HOME Consortium in mid- February as part of the application for $1M for Hawk View. The presentation went well, and it appears that Hawk View will be very competitive for funding. There will be two more public meetings in March and April, at which point it will be clear if Hawk View will be awarded HOME funds.

- RHA and Brinshore are working diligently to submit a Federal Home Loan Bank Affordable Housing Program grant application for Hawk View for $1.2M. The application is due March 5.

- RHA staff is planning to hold another round of resident meetings at Hawk View at the end of March.

Dick Scott Manor
- Construction is moving forward on schedule, within budget and current project scope. Projected project completion is June 2024.

Railyard Flats
- The project is off to a strong start with the foundation poured just a few weeks after groundbreaking.
- Staff has finalized the HOME-ARP agreement and is brought a recommendation for the board to approve the agreement and associated documents authorize RHA's executive director to execute them.

Stead Manor
- Stead Manor predevelopment continues to move forward on schedule. RHA is set to receive completed design development documents in March and construction documents in April.

- The design and scope of work are nearing the 50% completion threshold and staff have prepared a report for the February meeting to update the board on the scope of work and receive any feedback.

- RHA staff is planning to hold the initial resident meeting for the project at the end of March.

McGraw Court/Silver Sage Court
- McGraw Court/Silver Sage Court predevelopment continues to move forward on schedule. RHA is set to receive 50% construction development documents in March.

- The design and scope of work are nearing the 50% completion threshold and staff have prepared a report for the February meeting to update the board on the scope of work and receive any feedback.

- RHA staff is planning to hold the initial resident meeting for the project at the end of March.

Carville Court
- RHA responded an additional request for information from the Nevada Housing Division regarding the project's HOME-ARP application in mid-February.

Paradise Plaza
- RHA officially closed on the Paradise Plaza property on February 9th.

- The HUD ER and several other assessments have been ordered so that work can begin on the project as soon as possible.

- RHA staff toured the site with H&K Architects in mid-February. The architects will complete further due diligence on the site and develop a scope of work over the coming month.

Essex Manor

- No project updates as of January 2024.

Capital Fund

- RHA has budgeted a large portion of 2022 Capital funds for relocation and predevelopment expenses related to the Hawk View and Silverada Manor projects. These funds must be obligated by May 11, 2024. Because of the delay in financial closing for Hawk View and Silverada projects, RHA will be submitting an obligation deadline extension request to HUD's Office of Capital Improvements to allow for the funds to be obligated when the projects close later in 2024. Staff expects this will be a straightforward approval.

Reno Avenue

- At this point in time, staff has gathered sufficient information for the Board to consider issuing a Letter of Intent to purchase the property. A report and other supporting documents have been provided to the Board to be further discussed in close session at the February meeting.

Other Updates

- The Department interviewed candidates for the open Project Manager position and selected Blaine McGuire to fill the role. Blaine is currently in the Asset Management Department and will start with Development on March 4. He has strong experience in construction and will be providing much needs support to the Senior Project Manager overseeing the construction management aspects of all the department's projects.

**F. Update on Information Technology activities**

Yardi Implementation

- We are working with the Client Success Support Team to ensure all outstanding and recent issues are completed to our satisfaction.

- We continue working with the Asset Management team to configure each property and corresponding menus for Affordable Rent Café. Staff from both IT and Asset Management attended online trainings discussing Affordable Rent Café in full.

- We are nearing the finish of the Legal Module implementation with the Asset Management team before training the Assistant Managers.

- The Development, Finance, and IT departments continue working on the Job Cost Module setup.

Laserfiche Implementation

- The scanning team has finished Mineral Manor's clients and have transitioned to residents of Tom Sawyer Village.

Other Projects

- IT finished assembling staff's equipment and performing cable management as the final furniture deliveries arrived during the first week of February.

**G. Update on MTW Activities**

FY 2025 Annual MTW Plan

RHA's FY 2025 Annual MTW Plan has been drafted and posted for public comment. The proposed activities were presented at a meeting of the Resident Advisory Board and at several Resident Council meetings to provide an overview of the proposed change with those in attendance. A public hearing to answer questions or receive comments on the proposed MTW Annual Plan will be held on March 7, 2024.

In FY 2025, RHA is proposing the following new activities within its MTW Plan:

- *Reduce Interim Recertifications*

RHA is proposing to eliminate interim recertifications due to an increase in household income. This activity is anticipated to reduce the number of interim recertifications resulting in increased staff productivity while also encouraging self-sufficiency among RHA's Public Housing (PH) residents and Housing Choice Voucher (HCV) participants. The proposed activity aligns portions of RHA's recertification policy with upcoming regulation changes in the Housing Opportunities Through Modernization Act (HOTMA) while aiming to keep the process simpler for both staff and clients.

Currently, RHA processes an interim recertification whenever a PH resident or HCV participant reports an increase or decrease in income or assets, when a change in family composition occurs or when a landlord in the HCV program requests a contract rent increase and/or decrease. Under this proposed activity, RHA will no longer process or require PH residents or HCV participants to report increases in household income until the household's next annual recertification. However, RHA will process interim recertifications and redetermine rent in both programs under the following circumstances:

o Any decrease in household income,

o Workforce Development Program participants with a signed contract of participation can request an interim to update the amount being contributed to their escrow accounts,

o When increased income would allow a new unit to meet affordability standards when a transfer and/or move is requested,

o Any change in family composition,

o When a contract rent increase or decrease is submitted by the landlord.

- *Landlord Incentive Program*

RHA is reproposing this activity to allow for a vacancy loss payment if the unit passes Housing Quality Standards (HQS) on the first inspection and to extend the length of time that the initial inspection results are valid from 45 days to 90 days. Vacancy loss payments will be limited to units that pass HQS on the first inspection and designed to cover the time between RHA's receipt of a Request for Tenancy Approval (RFTA) and the actual lease date by the tenant.

Furthermore, in FY 2025, RHA is proposing to amend the following MTW activity previously approved by HUD and implemented by the agency:

- *Simplify rent calculations and increase the minimum rent*

Similar to upcoming changes in income calculations based on new HOTMA regulations, RHA is amending this activity to allow HCV participants and PH residents with less than $50,000 in assets to submit a self-certification as to the value and the amount of expected income. Applicants will continue to be asked to provide a well-documented baseline asset value at the time of application or recertification, but RHA staff will only verify and calculate income on assets if the value totals more than $50,000.

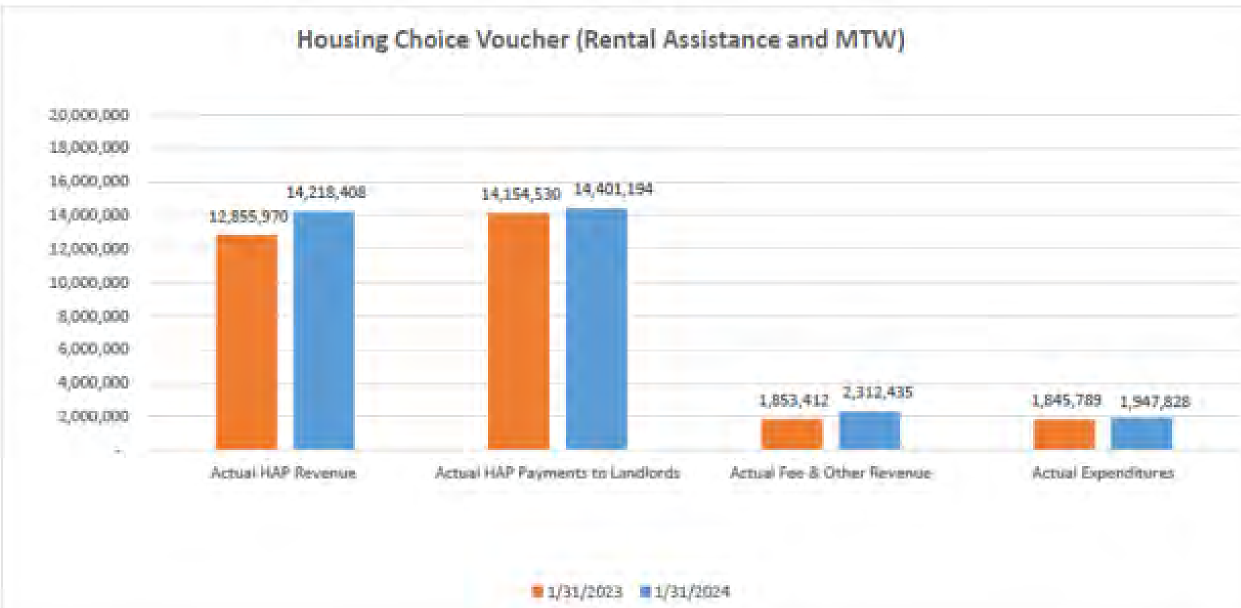
**H. Financials**

ENTITY-WIDE FINANCIAL REPORT
FOR THE 7 MONTHS ENDED JANUARY 31, 2024

| Public Housing | 1/31/2024 | 1/31/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual Revenue | 2,969,823 | 2,766,788 | 203,035 | 7.34% |
| Budgeted Revenue | 3,082,554 | 2,723,489 | 359,065 | 13.18% |
| Actual Expenditures | 3,073,877 | 3,101,424 | (27,547) | -0.89% |
| Budgeted Expenditures | 3,857,346 | 3,316,658 | 540,688 | 16.30% |
| Actual Surplus (deficit) | (104,054) | (334,636) | 230,582 | -68.91% |

**ENTITY-WIDE FINANCIAL REPORT**
**FOR THE 7 MONTHS ENDED JANUARY 31, 2024**

| Housing Choice Voucher (Rental Assistance and MTW) | 1/31/2024 | 1/31/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual HAP Revenue | 14,218,408 | 12,855,970 | 1,362,438 | 10.60% |
| Budgeted HAP Revenue | 16,304,264 | 14,929,019 | 1,375,245 | 9.21% |
| Actual HAP Payments to Landlords | 14,401,194 | 14,154,530 | 246,664 | 1.74% |
| Budgeted HAP Payments to Landlords | 14,405,971 | 14,714,534 | (308,564) | -2.10% |
| Actual Fee & Other Revenue | 2,312,435 | 1,853,412 | 459,023 | 24.77% |
| Budgeted Fee & Other Revenue | 1,751,040 | 1,559,013 | 192,027 | 12.32% |
| Actual Expenditures | 1,947,828 | 1,845,789 | 102,039 | 5.53% |
| Budgeted Expenditures | 3,050,054 | 1,979,876 | 1,070,179 | 54.05% |
| Actual Surplus (deficit) | 181,821 | (1,290,938) | 1,472,759 | -114.08% |



ENTITY-WIDE FINANCIAL REPORT
FOR THE 7 MONTHS ENDED JANUARY 31, 2024

| Neighborhood Stabilization Program (NSP) | 1/31/2024 | 1/31/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual Revenue | 807,882 | 699,061 | 108,821 | 15.57% |
| Budgeted Revenue | 823,718 | 696,620 | 127,098 | 18.25% |
| Actual Expenditures | 465,321 | 461,912 | 3,409 | 0.74% |
| Budgeted Expenditures | 489,992 | 401,188 | 88,804 | 22.14% |
| Actual Restricted Surplus (deficit) | 342,561 | 237,149 | 105,412 | *44.45%* |

**ENTITY-WIDE FINANCIAL REPORT**
**FOR THE 7 MONTHS ENDED JANUARY 31, 2024**

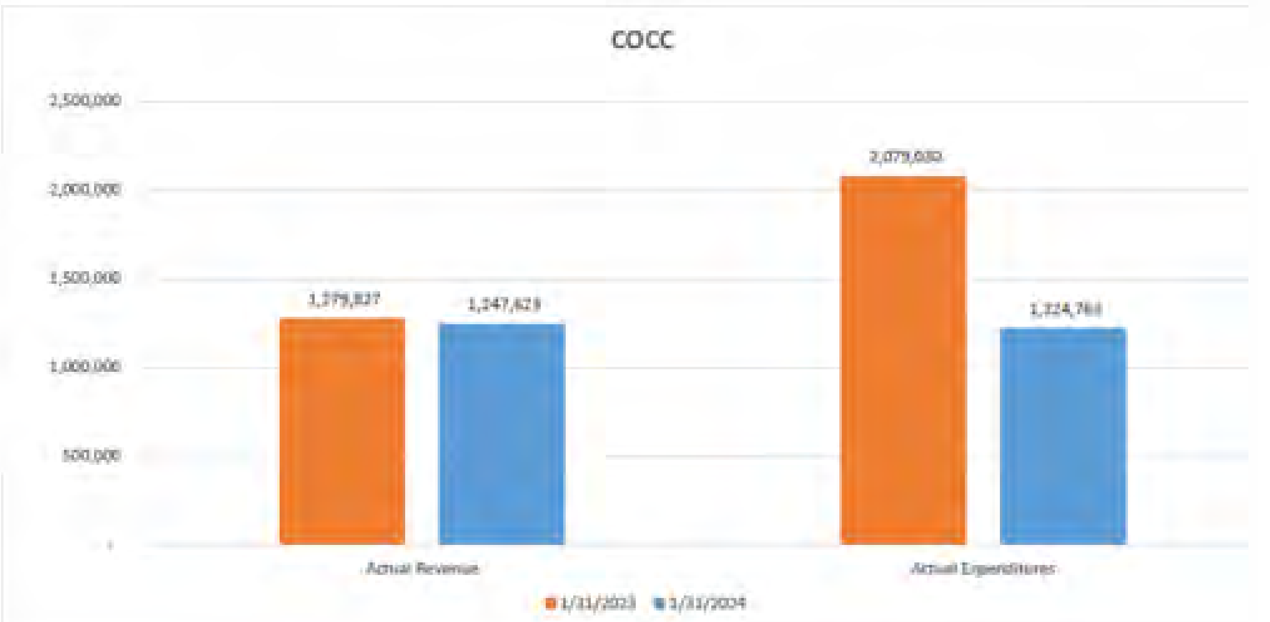
| Business Activities | 1/31/2024 | 1/31/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual Revenue | 2,509,839 | 2,385,888 | 123,951 | 5.20% |
| Budgeted Revenue | 2,313,458 | 2,390,196 | (76,738) | -3.21% |
| Actual Expenditures | 1,179,175 | 996,159 | 183,016 | 18.37% |
| Budgeted Expenditures | 987,630 | 1,003,971 | (16,341) | -1.63% |
| Actual Unrestricted Surplus (deficit) | 1,330,665 | 1,389,729 | (59,064) | -4.25% |

ENTITY-WIDE FINANCIAL REPORT
FOR THE 7 MONTHS ENDED JANUARY 31, 2024

| Washoe Affordable Housing (WAHC) | 1/31/2024 | 1/31/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual HAP Revenue | 15,361,396 | 15,514,328 | (152,932) | -0.99% |
| Budgeted HAP Revenue | 15,642,601 | 15,013,419 | 629,182 | 4.19% |
| Actual HAP Payments to Landlords | 15,323,857 | 15,514,328 | (190,471) | -1.23% |
| Budgeted HAP Payments to Landlords | 15,642,601 | 15,013,419 | 629,182 | 4.19% |
| *HAP Surplus (Deficit)* | *37,539* | - | 37,539 | 0.00% |
| Actual Admin and Fee Revenue | 684,378 | 577,588 | 106,790 | 18.49% |
| Budgeted Admin and Fee Revenue | 601,540 | 602,592 | (1,052) | -0.17% |
| Actual Expenditures | 507,091 | 456,846 | 50,245 | 11.00% |
| Budgeted Expenditures | 462,226 | 412,742 | 49,483 | 11.99% |
| *Unrestricted Profit (Loss)* | *177,287* | *120,742* | 56,545 | 46.83% |
| Actual compared to budget | 214,826 | 120,742 | 94,084 | 77.92% |

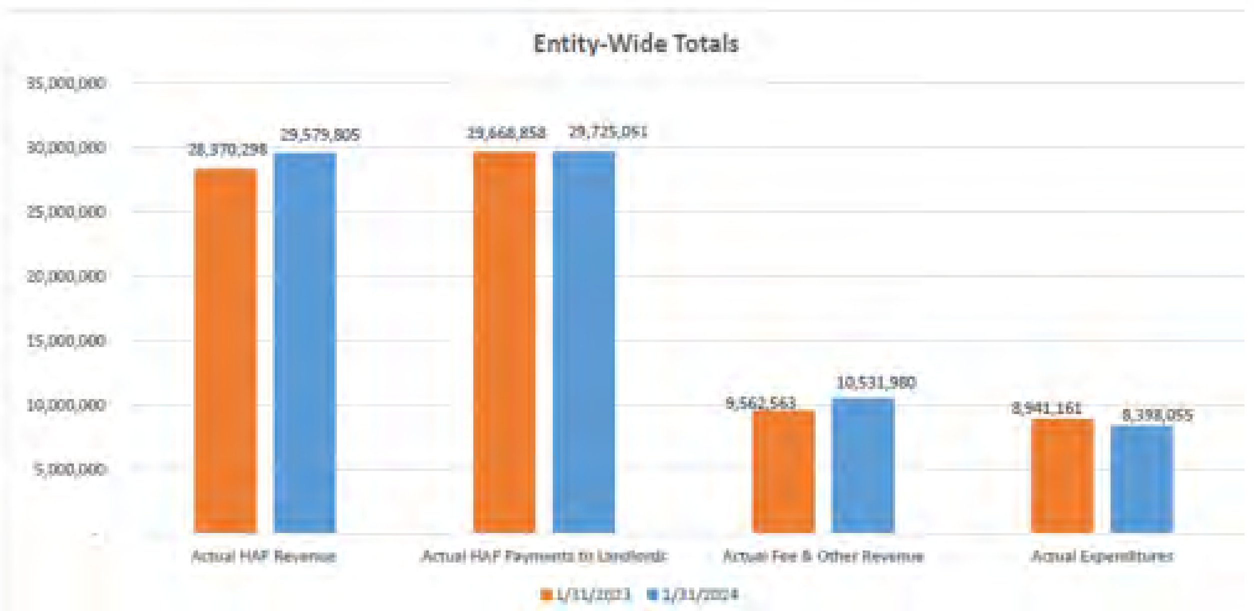
**ENTITY-WIDE FINANCIAL REPORT**
**FOR THE 7 MONTHS ENDED JANUARY 31, 2024**

| COCC | 1/31/2024 | 1/31/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual Revenue | 1,247,623 | 1,279,827 | (32,204) | -2.52% |
| Budgeted Revenue | 1,276,274 | 1,389,728 | (113,453) | -8.16% |
| Actual Expenditures | 1,224,763 | 2,079,030 | (854,267) | -41.09% |
| Budgeted Expenditures | 1,812,611 | 2,261,994 | (449,383) | -19.87% |
| Actual Unrestricted Surplus (deficit) | 22,859 | (799,204) | 822,063 | -102.86% |



ENTITY-WIDE FINANCIAL REPORT
FOR THE 7 MONTHS ENDED JANUARY 31, 2024

| Entity-Wide Totals | 1/31/2024 | 1/31/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual HAP Revenue | 29,579,805 | 28,370,298 | 1,209,506 | 4.26% |
| Budgeted HAP Revenue | 31,946,865 | 29,942,438 | 2,004,427 | 6.69% |
| Actual HAP Payments to Landlords | 29,725,051 | 29,668,858 | 56,193 | 0.19% |
| Budgeted HAP Payments to Landlords | 30,048,572 | 29,727,954 | 320,619 | 1.08% |
| *HAP Surplus (Deficit)* | *(145,246)* | *(1,298,560)* | *1,153,313* | *-88.81%* |
| Actual Fee & Other Revenue | 10,531,980 | 9,562,563 | 969,417 | 10.14% |
| Budgeted Fee & Other Revenue | 9,848,585 | 9,361,637 | 486,948 | 5.20% |
| Actual Expenditures | 8,398,055 | 8,941,161 | (543,106) | -6.07% |
| Budgeted Expenditures | 10,659,858 | 9,376,429 | 1,283,430 | 13.69% |
| *Unrestricted Profit (Loss)* | *2,133,925* | *621,401* | *1,512,523* | *243.41%* |
| Actual Surplus (deficit) | 1,988,678 | (677,158) | 2,665,837 | -393.68% |




**6. Discussion and possible action on the Performance Evaluation of Dr. Hilary Lopez, RHA Executive Director, to consider her job performance, professional competence, character, and any alleged misconduct within the context of her performance. Discussion and possible action may include approval of an evaluation rating as well as any recommendation on the compensation and consideration provided to Dr. Lopez, which may have a fiscal impact, and which will be subject to her acceptance or rejection of the same.**

- Director Lopez presented her accomplishments, with a focus on the five Board goals established in 2023.

- Board members discussed the evaluation process, including ranking and salary increases.

- Commissioner Schieve praised Director Lopez and indicated she has shown leadership and strength in a difficult landscape. Commissioner Schieve commended her for highlighting her team and bringing the culture at RHA to where it should be.

- Commissioner Schieve praised Director Lopez's accomplishments and her ability to get projects off the ground.
- Commissioner Taylor Commented that Director Lopez has done a phenomenal job meeting the organization's goals.
- Commissioner Taylor expressed a desire to see clarification on the evaluation process.
- Chairman Aiazzi also expressed his satisfaction with Director Lopez's job performance. He would like to see a salary history as well as the dates of any prior salary increases, along with direction to staff to bring back proposed changes to the contract in April.
- Commissioner Taylor motioned to approve a satisfactory evaluation of Director Lopez with directions to bring back the contract at the April meeting, inclusive of salary increase, bonus, and evaluation information. Commissioner Schieve seconded the motion. Chairman Aiazzi called for the question. The motion carried 3 ayes and 1 abstention from Commissioner Solley.

**7. Discussion and possible action on revisions to the employment contract between RHA and Dr. Hilary Lopez**

Item moved to the April 2024 Board Meeting.

**8. Discussion and possible approval of the Material Change Policy that outlines construction and/or overall project changes that require Board of Commissioners review after initial approval.**

- Staff provided an overview of the proposed Material Change Policy.
- Commissioner Taylor motioned to approve the material change policy. Commissioner Solly seconded the motion. With no further discission, Chairman Aiazzi call for the question. The vote was all ayes, no nays. Chairman Aiazzi declared the motion carried unanimously.

**9. Discussion and possible approval of an Option Agreement between RHA and Jacobs Entertainment (dba Reno Real Estate Development, LLC (RRED)) for a future property swap of the Sarrazin Apartments for a newly constructed apartment development with no less than 65 units, developed by RRED on APN 011-26-18, which is immediately adjacent to the east side of the Gibson Building on W 2nd Street, and related matters thereto.**

- Garrett Gordon, representing Jacobs Entertainment, was introduced by Director Lopez.
- Director Lopez and Ryan Russell, RHA Counsel, presented an option agreement between RHA and Jacobs Entertainment (dba Real Estate Development LLC), incorporating points identified by the board.
- Mr. Russell highlighted the default language in the agreement, ensuring that Jacobs has remedy language in case of RHA's default, with increasing consequences over time.
- Mr. Gordon reiterated the importance of including the remedy section of the draft agreement and expressed his hope that the agreement will be approved by the Board.
- Commissioner Aiazzi asked for a change in the final document, at the end of Footnote 1, that should state that the project will be at least .275 acres, which was agreed to by Mr. Gordon.

Commissioner Taylor motioned to approve the option agreement between RHA and read as presented and authorize the executive director to execute the agreement with the change in the footnote. Commissioner Schieve seconded the motion. Chairman Aiazzi declared the motion carried unanimously.

**10. Discussion and possible approval of the Washoe County HOME Consortium's HOME-ARP Agreement for Railyard Flats for $1,000,000.**

Commissioner Taylor motioned to approve. Commissioner Schieve seconded the motion. Hearing no further discussion, Chairman Aiazzi called for the question. The vote was all ayes, no nays. Chairman Aiazzi declared the motion carried unanimously.

**11. Discussion and possible approval of a contract extension with Nan McKay and Associates, Inc., through June 30, 2024, for an amount not to exceed $50,000, to continue providing third-party consulting and finance services to RHA.**

Commissioner Schieve motioned to approve. Commissioner Taylor seconded the motion. Hearing no further discussion, Chairman Aiazzi called for the question. The vote was 3 ayes, 1 abstention from Commissioner Solley. Chairman Aiazzi declared the motion carried.

**12. Discussion and possible approval of RHA's amended State of Nevada Home Means Nevada Initiative (HMNI) grant agreement for John McGraw Court and Silver Sage Court and acceptance of $2,000,000 in additional HMNI funds. (For Possible Action)**

This item was pulled from the agenda.

**13. Discussion and possible action to appoint two RHA Commissioners to the Pathways to Prosperity 501(c)3 Board, two RHA Commissioners to the Truckee Meadows Affordable Housing 501(c)3 Board, and direction to staff regarding the appointment of the remaining one (1) Board member, per each non-profits respective Bylaws, for each of the Pathways to Prosperity and Truckee Meadows Affordable Housing Boards. (For Possible Action)**

Commissioner Taylor motioned to approve the revised bylaws as presented. Commissioner Schieve seconded the motion. Chairman Aiazzi called for the question. The vote was all ayes. Chairman Aiazzi declared the motion carried unanimously.

**14. Presentation and update on the development projects.**

- Director of Development Klippenstein introduced Mr. Peter Levavi, Executive Vice President of Brinshore Development, co-developer on the Hawk View Apartments and Silverada Manor projects.
- Mr. Levavi provided updates on Hawk View and Silverada Manor developments, including HUD demo disposition approval and construction timeline. HUD approval is expected very soon.
  - Mr. Levavi showcased the site plan for Hawk View Apartments, to include: 7 residential buildings and a community building; a combination of walk-up flats and townhomes; 72 one-bedroom units, 102 two-bedroom units, and 25 three-bedroom units. 99 of the units will be project-based vouchers. 100 units will be low-income housing tax credits. The plan includes 211 surface parking units and a tot lot. The project should be completed in the fall of 2026.
  - Mr. Levavi provided an update on the rehabilitation of Silverada Manor, including the addition of wheelchair accessible and hearing/visually impaired units. The project will be supported by a $70 million budget, including private financing and tax credits, and will feature new community buildings and amenities. Plans for renovating apartment complex

include modernizing units, and adding amenities like a laundry room.

- RHA's Director of Development, JD Klippenstein, explained that this will be a phased construction project, anticipating four 6-month phases.

- Commissioner Aiazzi requested more information on the budget for green spaces, including the tot lot.

- Commissioner Taylor asked for an update about Hawk View and the section 18 application.
  - Director of Development Klippenstein explained that the application was submitted in October. However, there has not been an official approval yet, which has caused a delay in relocation efforts.

- Mr. Levavi discussed the cost savings from using panelized construction for the Silverada Manor project.

- Commissioner Taylor asked if the funding will be impacted because there are no preferences for the elderly. The answer was no.

- Director of Development Klippenstein gave an update on the Stead Manor renovation.
  - RHA received $18M in funds from Home Is Nevada for significant rehab of the Stead Manor project. It will be a gut rehab, no walls will be moved. Accessibility concerns will be addressed.
  - Project scope of work includes major replacements and updates to mechanical, plumbing, and electrical systems, as well as community building and amenity improvements. This plan is moving close to submission for plan review.
  - A meeting is set with Councilmember Ebert to talk with her about the projects that will be going on in her district.
  - Director Lopez discussed the need to work with the City of Reno staff to negotiate for the donation of the land the community center stands on, as the lease for that land will be up this Fall.

- Director of Development Klippenstein continued with updates for John McGraw Court and Silver Sage Apartments.

  - The project will consist of a moderate rehab of 34 units of public housing at McGraw Court and 16 units of affordable housing at Silver Sage.
  - No walls will be moved and no significant changes on site, but the interiors will feel brand new and substantially improved.
  - Commissioner Taylor asked if the $4.5M total cost for McGraw and Silver Sage projects are including additional funds needed.Director of Development Klippenstein explained that the project is estimated to cost $6.5M and RHA is working with the State to potentially receive an additional $2M in HMNI funds.

**15. Presentation and discussion on Preliminary Analysis of Exception Payment Standards. (Discussion)**

The Board indicated the standards are satisfactory and no further discussion was needed.

**16. Discussion of Board Retreat goals and proposed interim goals. (Discussion)**

It was agreed to move this agenda item to the March Board Meeting for discussion.

**17. Closed Session: The Board may give direction to staff in closed session regarding the position or positions to be taken or the strategy to be employed, and staff may provide the Board with an update, regarding:**

A potential letter of intent to Catholic Charities related to the acquisition of the Reno Ave Parcels.

**Reconvene Open Session:**

**18. Discussion and possible approval of a letter of intent to Catholic Charities for the acquisition of property known as the Reno Ave Parcels. (For Possible Action)**

Commissioner Taylor motioned to direct staff to finalize and execute an LOI with Catholic Charities for the acquisition of property known as the Reno Ave. parcels with a purchase price of $1.765 million dollars and inclusion of a provision for RHA council to prepare the purchase agreement upon action by the Reno city council in relation to the CDBG funds previously provided by the City to Catholic Charities. Commissioner Solley seconded the motion. Chairman Aiazzi called for the question. The vote was all ayes. Chairman Aiazzi declared the motion passed unanimously.

**19. Additional items:**

i) **General matters of concern to Board Members regarding matters not appearing on the agenda. (Discussion)**

ii) **Reports on conferences and trainings. (Discussion)**

iii) **Old and New Business. (Discussion)**

iv) **Request for Future Agenda Topics (Discussion)**

v) **Schedule of next meetings. The following dates have been scheduled in advance but are subject to change at any time: Tuesday, April 23, 2024 and Tuesday, May 28, 2024. (For Possible Action)**

**20. Public Comment. The opportunity for public comment is reserved for any matter within the jurisdiction of the Board. No action on such an item may be taken by the Board unless and until the matter has been noticed as an action item. Comment from the public is limited to three minutes per person.**

There was no public comment.

**21. Adjournment. (For Possible Action)**

The meeting adjourned at 2:58 pm

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 3** **March 26, 2024**

SUBJECT: Consent Agenda. (All consent items may be approved together with a single motion, be taken out of order, and/or be heard and discussed individually. Items will be removed and considered separately at the request of the public or Board member.) (For Possible Action)

a) Possible adoption of Resolution 24-03-02 RH approving the final financial audit report from CliftonLarsonAllen LLP. (For Possible Action)

b) Possible approval of a $6,000.00 donation from Commissioner Aiazzi's contingency funds to RHA to support Spring Break Bike Camp for ten (10) RHA youth and hosted by RHA in partnership with the Reno Bike Project. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Possible Action

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a) Possible adoption of Resolution 24-03-02 RH approving the final financial audit report from CliftonLarsonAllen LLP. (For Possible Action)

Justin Measley from CliftonLarsonAllen LLP (CLA) provided an overview and presentation on RHA's financial audit at last month's Board meeting. Since that time CLA has finalized the audit. There have been no changes to the audit information presented. The audit is due to the US Department of Housing and Urban Development (HUD) by March 31, 2024, and requires Board approval. The final financial statements are attached for board member reference.

b) Possible approval of a $6,000.00 donation from Commissioner Aiazzi's contingency funds to RHA to support Spring Break Bike Camp for ten (10) RHA youth and hosted by RHA in partnership with the Reno Bike Project. (For Possible Action)

CliftonLarsonAllen LLP
CLAconnect.com

Board of Commissioners
Housing Authority of the City of Reno
Reno, Nevada

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Housing Authority of the City of Reno as of and for the year ended June 30, 2023, and have issued our report thereon dated March 7, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our Statement of Work for Audit Services dated September 11, 2023. Professional standards also require that we communicate to you the following information related to our audit.

## Significant audit findings or issues

### *Qualitative aspects of accounting practices*

*Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Housing Authority of the City of Reno are described in Note 1 to the financial statements.

As described in Note 1, the Housing Authority of the City of Reno changed accounting policies related to Subscription-Based Information Technology Agreements (SBITAs) by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*, in 2023. The financial statements and disclosures have been updated accordingly.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful accounts is based on the history of past write-offs and collections, and current credit conditions. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net pension liability is based on management's knowledge and experience about past and current events, assumptions about future events and outside third parties. We evaluated the key factors and assumptions used to develop the net pension liability and evaluate the liabilities' effectiveness in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net OPEB liability is based on management's knowledge and experience about past and current events, assumptions about future events and outside third parties. We evaluated the key factors and assumptions used to develop the net OPEB liability and evaluate the liabilities' effectiveness in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate for the SBITA asset and liability is based upon estimates for the discount rate, term of the SBITA, and future payments. The estimate is based on a stated interest rate or estimated incremental borrowing rate, term of the lease which includes the noncancellable period, and fixed lease payments and purchase options that the Housing Authority of the City of Reno is reasonably certain to exercise. We evaluated the key factors and assumptions described above to develop the SBITA asset and liability in determining that they are reasonable in relation to the financial statements as a whole.

*Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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

### ***Significant unusual transactions***

We identified no significant unusual transactions.

### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

### ***Corrected misstatements***

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated March 7, 2024.

***Management consultations with other independent accountants***

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

***Significant issues discussed with management prior to engagement***

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

***Other audit findings or issues***

We have provided a separate communication to you dated March 7, 2024, communicating internal control related matters identified during the audit.

**Audits of group financial statements**

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

***Quality of component auditor's work***

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

***Limitations on the group audit***

There were no restrictions on our access to information of components or other limitations on the group audit.

**Required supplementary information**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

**Supplementary information in relation to the financial statements as a whole**

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated March 7, 2024.

With respect to the financial data schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated March 7, 2024.

* * *

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

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Baltimore, Maryland
March 7, 2024

Client: ***A246049 - Housing Authority of the City of Reno***
Engagement: ***AUD - Housing Authority of the City of Reno***
Period Ending: ***6/30/2023***
Trial Balance: ***0900.00 - TB***
Workpaper: ***0921.00 - Adjusting Journal Entries Report***

| Account | Description | W/P Ref | Debit | Credit |
|---|---|---|---|---|
| **Adjusting Journal Entries** | | | | |
| **Adjusting Journal Entries JE # 101** | | **0991.00** | | |
| FDS-only entry to balance programs due to the original crosswalk not balancing. | | | | |
| BUSA - 10010 | Operating Transfer In | | 2,438.00 | |
| HIP - 10020 | Operating Transfer Out | | | 2,438.00 |
| **Total** | | | **2,438.00** | **2,438.00** |
| **Adjusting Journal Entries JE # 102** | | **0991.00** | | |
| FDS-only entry to remove fund 940 from the Emergency Rental Assistance Program for reporting purposes. | | | | |
| ERA - 111 | Cash - Unrestricted | | 5,908.00 | |
| ERA - 70800 | Other Government Grants | | 682,992.00 | |
| ERA - 122 | Accounts Receivable - HUD Other Projects | | | 5,825.00 |
| ERA - 97300 | Housing Assistance Payments | | | 683,075.00 |
| **Total** | | | **688,900.00** | **688,900.00** |
| **Adjusting Journal Entries JE # 103** | | **3001.00** | | |
| FDS-only entry to correct various immaterial differences between beginning equity balances and prior year ending balances per the 6/30/22 financial statments. | | | | |
| DHS - 512.4 | Unrestricted Net Position | | 2.00 | |
| ERA - 91900 | Other | | 1.00 | |
| LIPH - 512.4 | Unrestricted Net Position | | 664.00 | |
| MTWT - 91900 | Other | | 1.00 | |
| NPS - 512.4 | Unrestricted Net Position | | 4,285.00 | |
| DHS - 91900 | Other | | | 2.00 |
| ERA - 512.4 | Unrestricted Net Position | | | 1.00 |
| LIPH - 91900 | Other | | | 664.00 |
| MTWT - 512.4 | Unrestricted Net Position | | | 1.00 |
| NPS - 91900 | Other | | | 4,285.00 |
| **Total** | | | **4,953.00** | **4,953.00** |
| **Adjusting Journal Entries JE # 104** | | **3001.00** | | |
| FDS-only entry to round business activities equity as the trial balance did not properly roll forward from prior year. | | | | |
| BUSA - 512.4 | Unrestricted Net Position | | 4.00 | |
| BUSA - 91900 | Other | | | 4.00 |
| **Total** | | | **4.00** | **4.00** |
| **Adjusting Journal Entries JE # 105** | | **1101.00** | | |
| PBC corrections to crosswalk. | | | | |
| EHV - 347 | Inter Program - Due To | | 103,300.00 | |
| LIPH - 162 | Buildings | | 21,835.00 | |
| MTWT - 97300 | Housing Assistance Payments | | 48,146.00 | |
| EHV - 111 | Cash - Unrestricted | | | 103,300.00 |
| LIPH - 111 | Cash - Unrestricted | | | 21,835.00 |
| MTWT - 111 | Cash - Unrestricted | | | 48,146.00 |
| MTW Cares - 10010 | Operating Transfer In | | | |
| **Total** | | | **173,281.00** | **173,281.00** |
| **Adjusting Journal Entries JE # 106** | | **2400.01** | | |
| To record pension and OPEB entries for FY23. | | | | |
| BUSA - 400 | Deferred Inflow of Resources | | 395,129.00 | |
| BUSA - 91500 | Employee Benefit contributions - Administrative | | 12,144.00 | |
| COCC - 11040 | Prior Period Adjustment | | 131,137.00 | |
| COCC - 200 | Deferred Outflow of Resources | | 184,939.00 | |
| COCC - 400 | Deferred Inflow of Resources | | 881,041.00 | |
| COCC - 91500 | Employee Benefit contributions - Administrative | | 28,876.00 | |
| DHS - 357 | Accrued Pension and OPEB Liabilities | | 578.00 | |
| DHS - 400 | Deferred Inflow of Resources | | 11,632.00 | |
| DHS - 91500 | Employee Benefit contributions - Administrative | | 335.00 | |
| HIP - 357 | Accrued Pension and OPEB | | 11,011.00 | |
| HIP - 400 | Deferred Inflow of Resources | | 13,118.00 | |
| HIP - 91500 | Employee Benefit contributions - Administrative | | 373.00 | |
| LIPH - 400 | Deferred Inflow of Resources | | 1,179,436.00 | |
| LIPH - 91500 | Employee Benefit contributions - Administrative | | 36,722.00 | |
| MTWT - 11040 | Prior Period Adjustment | | 514,462.00 | |
| MTWT - 200 | Deferred Outflow of Resources | | 446,405.00 | |
| MTWT - 400 | Deferred Inflow of Resources | | 1,115,923.00 | |
| MTWT - 91500 | Employee Benefit contributions - Administrative | | 36,821.00 | |
| NPS - 11040 | Prior Period Adjustment | | 19,771.00 | |
| NPS - 200 | Deferred Outflow of Resources | | 28,652.00 | |
| NPS - 400 | Deferred Inflow of Resources | | 140,342.00 | |
| NPS - 91500 | Employee Benefit contributions - Administrative | | 4,607.00 | |

| | | | | |
|---|---|---|---|---|
| BUSA - 11040 | Prior Period Adjustment | | | 209,257.00 |
| BUSA - 200 | Deferred Outflow of Resources | | | 76,718.00 |
| BUSA - 357 | Accrued Pension and OPEB Liabilities | | | 121,298.00 |
| COCC - 357 | Accrued Pension and OPEB Liabilities | | | 1,225,993.00 |
| DHS - 11040 | Prior Period Adjustment | | | 8,804.00 |
| DHS - 200 | Deferred Outflow of Resources | | | 3,741.00 |
| HIP - 11040 | Prior Period Adjustment | | | 16,367.00 |
| HIP - 200 | Deferred Outflow of Resources | | | 8,135.00 |
| LIPH - 11040 | Prior Period Adjustment | | | 430,942.00 |
| LIPH - 200 | Deferred Outflow of Resources | | | 112,673.00 |
| LIPH - 357 | Accrued Pension and OPEB Liabilities | | | 672,543.00 |
| MTWT - 357 | Accrued Pension and OPEB Liabilities | | | 2,113,611.00 |
| NPS - 357 | Accrued Pension and OPEB Liabilities | | | 193,372.00 |
| **Total** | | | **5,193,454.00** | **5,193,454.00** |

**Adjusting Journal Entries JE # 107** **4007.00**
PBC entry to reverse JE 223598 for correction to ports , to partially reverse JE 227813 for TAR reconciliation that excluded fund 880 due to JE 223598, with offset for the allowance correction.

| | | | |
|---|---|---|---|
| MTWT - 126 | Accounts Receivable - Tenants | 131,794.00 | |
| MTWT - 71500 | Other Revenue | 131,794.00 | |
| MTWT - 71500 | Other Revenue | 139,950.00 | |
| MTWT - 96400 | Bad debt - Tenant Rents | 40,262.00 | |
| MTWT - 126 | Accounts Receivable - Tenants | | 131,794.00 |
| MTWT - 126.1 | Allowance for Doubtful Accounts -Tenants | | 180,212.00 |
| MTWT - 71500 | Other Revenue | | 65,897.00 |
| MTWT - 97350 | HAP Portability-In | | 65,897.00 |
| **Total** | | **443,800.00** | **443,800.00** |

**Adjusting Journal Entries JE # 108** **0928**
FDS-only entry to post eliminations

| | | | |
|---|---|---|---|
| ELIM - 10010 | Operating Transfer In | 28,668,273.00 | |
| ELIM - 10093 | Transfers between Program and Project - In | 3,985,902.00 | |
| ELIM - 70710 | Management Fee | 1,562,509.00 | |
| ELIM - 70720 | Asset Management Fee | 29,880.00 | |
| ELIM - 70730 | Book Keeping Fee | 544,950.00 | |
| ELIM - 71500 | Other Revenue | 167,640.00 | |
| ELIM - 10020 | Operating transfer Out | | 28,668,273.00 |
| ELIM - 10094 | Transfers between Project and Program - Out | | 3,985,902.00 |
| ELIM - 91300 | Management Fee | | 1,562,509.00 |
| ELIM - 91310 | Book-keeping Fee | | 544,950.00 |
| ELIM - 91600 | Office Expenses | | 167,640.00 |
| ELIM - 92000 | Asset Management Fee | | 29,880.00 |
| ELIM - 70800 | Other Government Grants | | |
| ELIM - 71500 | Other Revenue | | |
| ELIM - 91600 | Office Expenses | | |
| ELIM - 96200 | Other General Expenses | | |
| **Total** | | **34,959,154.00** | **34,959,154.00** |

**Adjusting Journal Entries JE # 109** **4005.00**
FDS-only entry to book HUD funded incentive fees within the HAPP.

| | | | |
|---|---|---|---|
| CUB - 71500 | Other Revenue | 98,471.00 | |
| ELIM - 70800 | Other Government Grants | 98,471.00 | |
| HAPP - 96200 | Other General Expenses | 98,471.00 | |
| CUB - 70800 | Other Government Grants | | 98,471.00 |
| ELIM - 96200 | Other General Expenses | | 98,471.00 |
| HAPP - 70600 | HUD PHA Operating Grants | | 98,471.00 |
| **Total** | | **295,413.00** | **295,413.00** |

**Adjusting Journal Entries JE # 111** **1301.00**
FDS-only entry to post a correction for receivables from Sutro.

| | | | |
|---|---|---|---|
| BUSA - 111 | Cash - Unrestricted | 39,290.00 | |
| BUSA - 345 | Other Current Liabilities | 394,227.00 | |
| BUSA - 125 | Accounts Receivable - Miscellaneous | | 433,517.00 |
| **Total** | | **433,517.00** | **433,517.00** |

**Adjusting Journal Entries JE # 112** **0100.20**
FDS-only entry to remove immaterial prior period adjustment.

| | | | |
|---|---|---|---|
| CUB - 11040 | Prior Period Adjustment | 7,399.00 | |
| CUB - 71500 | Other Revenue | | 7,399.00 |
| **Total** | | **7,399.00** | **7,399.00** |

**Adjusting Journal Entries JE # 113** **0100.20**
FDS-only rounding entry to correct transfers.

| | | | |
|---|---|---|---|
| LIPH - 10020 | Operating transfer Out | 1.00 | |
| LIPH - 10093 | Transfers between Program and Project - In | 1.00 | |
| MTWT - 91900 | Other | 2.00 | |
| LIPH - 91900 | Other | | 1.00 |
| LIPH - 91900 | Other | | 1.00 |
| MTWT - 10094 | Transfers between Project and Program - Out | | 2.00 |

| | | | | |
|---|---|---|---|---|
| **Total** | | | **4.00** | **4.00** |
| **Adjusting Journal Entries JE # 114** | | **2600.04** | | |
| To account for the implementation of GASB96. | | | | |
| COCC - 164 | Furniture, Equipment & Machinery - Administration | | 1,345,887.00 | |
| COCC - 96710 | Interest of Mortgage (or Bonds) Payable | | 28,475.00 | |
| COCC - 97400 | Depreciation Expense | | 343,807.00 | |
| COCC - 166 | Accumulated Depreciation | | | 343,807.00 |
| COCC - 343 | Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | 255,998.00 |
| COCC - 351 | Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | 744,764.00 |
| COCC - 91900 | Other | | | 373,600.00 |
| **Total** | | | **1,718,169.00** | **1,718,169.00** |
| | **Total Adjusting Journal Entries** | | **43,920,486.00** | **43,920,486.00** |
| | **Total All Journal Entries** | | **43,920,486.00** | **43,920,486.00** |

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Executive Director
Hilary Lopez, Ph.D.

March 7, 2024

CliftonLarsonAllen LLP
1966 Greenspring Drive, Suite 300
Timonium, Maryland 21093

This representation letter is provided in connection with your audit of the financial statements of the Housing Authority of the City of Reno, which comprise the respective financial position of the business-type activities and the discretely presented component unit as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm, to the best of our knowledge and belief, as of March 7, 2024, the following representations made to you during your audit.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated September 11, 2023, for the preparation and fair presentation of the financial statements in accordance with, U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates are reasonable.

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5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements or in the schedule of findings and questioned costs.

8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.

11. We have analyzed all lease contracts and have considered and recorded material embedded leases contained within other contracts in accordance with U.S. GAAP.

12. We have implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), during the audit period. We have implemented the new accounting standard in accordance with the transition guidance prescribed in the standard. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amounts recorded and disclosed in the financial statements.

13. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

RHA
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14. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.

15. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.

16. We are unable to determine the possibility of a withdrawal liability in a multiple-employer benefit plan.

17. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

**Information Provided**

1. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

    e. Access to all audit or relevant monitoring reports, if any, received from funding sources.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a. Management;

    b. Employees who have significant roles in internal control; or

    c. Others when the fraud could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.

6. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.

7. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

9. We have disclosed to you the identity of all the entity's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.

10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

11. We have a process to track the status of audit findings and recommendations.

12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Housing Authority of the City of Reno, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit

objectives, including legal and contractual provisions for reporting specific activities in separate funds.

14. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

15. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.

16. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

18. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.

19. The financial statements properly classify all funds and activities.

20. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

21. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

22. Provisions for uncollectible receivables have been properly identified and recorded.

23. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

24. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

25. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

26. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.

27. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

28. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

29. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

30. We acknowledge our responsibility for presenting the financial data schedules (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

31. As part of your audit, you prepared the draft financial statements, related notes, supplementary information, and schedule of expenditures of federal awards. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, supplementary information, and schedule of expenditures of federal awards. We have also

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ensured that the entity's data and records are complete and received sufficient information to oversee the service.

32. We understand that as part of your audit, you prepared adjusting journal entries and acknowledge that we have reviewed and approved those entries and accepted responsibility for them. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

33. We have evaluated the adequacy and results of the SBITA accounting services performed and accept responsibility for the results. We acknowledge our responsibility for our SBITA asset and SBITA liability (SBITA schedule) based on the lease information provided by us. We have reviewed our SBITA contracts and related SBITA schedule and have determined and accept responsibility for all inputs, outputs, assumptions and estimates included in the lease schedule, including specific review of underlying contracts for accuracy of data input. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your SBITA services; have made all significant management judgments and decisions; and have assumed all management responsibilities. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

34. We have performed an assessment of the potential impact of Governmental Accounting Standards Board Statement No. 87, *Leases*, and have determined the impact to be immaterial. As such, there were no amounts recorded under the Statement for the fiscal year ending June 30, 2023.

35. With respect to federal award programs:

    a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) including requirements relating to preparation of the schedule of expenditures of federal awards.

    b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issued the SEFA and the auditors' report thereon.

d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h. We have received no requests from a federal agency to audit one or more specific programs as a major program.

i. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

j. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

q. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and/or material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.

r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

s. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

Executive Director
Hilary Lopez, Ph.D.



t. We have charged costs to federal awards in accordance with applicable cost principles.

u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

v. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

x. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Signature: Hilary Lopez Title: Executive Director

Signature: Title: Deputy Executive Director

Reno Housing Authority, 1525 East 9th Street, Reno, NV 89512
775.786.1712 Fax 385.770.7166 TDD
775.329.3630 RenoHA.org

Executive Director
Hilary Lopez, Ph.D.

**SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT**
**Housing Authority of the City of Reno**
**Business Type Activities**
**Year Ended June 30, 2023**

| UNCORRECTED MISSTATEMENTS OF AMOUNTS | Effect of misstatements on: | | | |
|---|---|---|---|---|
| **Description** | **Assets** | **Liabilities** | **Fund Balance / Net Assets** | **Net Expense/Revenue and Change In Net Assets / Fund Balance** |
| Overstatement of current year revenue for corrections to state liabilities. | $ - | $ - | $ - | $ 290,485 |
| Potential understatement of expenses due to uneliminated management fees being below the expected amounts. | $ - | $ - | $ 61,177 | $ 61,177 |
| Overstatement of assets and revenue for an over-accrual of public housing subsidy. | $ (45,554) | $ - | $ 45,554 | $ 45,554 |
| Subtotals | (45,554) | - | 106,731 | 397,216 |
| Income tax effect | | | | |
| Net current year misstatements (Iron Curtain Method) | (45,554) | - | 106,731 | 397,216 |
| Net prior year misstatements | - | - | - | - |
| Combined current and prior year misstatements (Rollover Method) | $ (45,554) | $ - | $ 106,731 | $ 397,216 |
| Financial statement totals | 75,412,544 | (16,657,172) | (58,755,372) | (20,050) |
| Current year misstatement as a % of financial statement totals (Iron Curtain Method) | 0% | | 0% | -1981% |
| Current and prior year misstatement as a % of financial statement totals (Rollover Method) | 0% | | 0% | -1981% |

# INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Reno
Reno, Nevada

## Report on the Audit of the Schedule

### *Opinion*

We have audited the accompanying schedule of closed grants (the Schedule) of the Housing Authority of the City of Reno (the Authority) for the period from grant inception through June 30, 2023.

In our opinion, the Schedule referred to above presents fairly, in all material respects the funds approved, advanced, and expended for the 2019 Capital Fund Grant NV01P001501-19 of the Authority for the period from grant inception through June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Schedule*

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

### *Auditors' Responsibilities for the Audit of the Schedule*

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Other Matter***

We have audited, in accordance with GAAS, the basic financial statements of the Housing Authority of the City of Reno as of and for the year ended June 30, 2023, and our report thereon, dated March 7, 2024 expressed unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Baltimore, Maryland
March 7, 2024

**HOUSING AUTHORITY OF THE CITY OF RENO**
**SCHEDULE OF CLOSED GRANTS**
**PERIOD OF GRANT INCEPTION THROUGH JUNE 30, 2023**

**2019 Capital Fund Program Grant**

| | | NV01P001501-19 |
|---|---|---|
| Funds approved | $ | 1,524,780 |
| Funds expended | | 1,524,780 |
| Excess of funds approved | $ | - |
| | | |
| Funds authorized | $ | 1,524,780 |
| Funds disbursed | | 1,524,780 |
| Excess of funds advanced | $ | - |

**HOUSING AUTHORITY OF THE CITY OF RENO**
**(RENO, NEVADA)**

**FINANCIAL STATEMENTS AND**
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**

CPAs | CONSULTANTS | WEALTH ADVISORS

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**HOUSING AUTHORITY OF THE CITY OF RENO**
**TABLE OF CONTENTS**
**YEAR ENDED JUNE 30, 2023**

# INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Reno
Reno, Nevada

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Housing Authority of the City of Reno, as of and for the year ended June 30, 2023 (except for the discretely presented component unit, which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Reno's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Housing Authority of the City of Reno, as of June 30, 2023 (except for the discretely presented component unit, which is as of and for the year ended December 31, 2022), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it related to the amounts included for the discretely presented component units is based solely on the reports of the other auditors.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Reno and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

***Emphasis of Matter***

*Change in Accounting Principle*

As discussed in Note 1, effective July 1, 2022, the Housing Authority of the City of Reno adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements,* related to new accounting guidance for subscription-based information technology software. The guidance requires that right to use assets and information technology software alone or in combination with tangible capital assets are recognized as an asset with a corresponding subscription liability instead of being recognized as a general operating expense. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Reno's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Reno's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Reno's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability, schedule of the Authority's pension contributions, schedule of the Authority's proportionate share of the net OPEB liability, and schedule of the Authority's OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Reno's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the financial data schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners
Housing Authority of the City of Reno

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2024, on our consideration of the Housing Authority of the City of Reno's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Reno's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Reno's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Baltimore, Maryland
March 7, 2024

As management of the Housing Authority of the City of Reno (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year resulting in a net position of $58,755,372 at June 30, 2023.

- The total net position of the Authority increased from $58,735,322 at June 30, 2022 to $58,755,372 at June 30, 2023. The total unrestricted net position at June 30, 2023 is $23,670,050. This amount may be used to meet the Authority's ongoing obligations.

- Total assets and deferred outflow of resources decreased from $76,238,799 at June 30, 2022 to $75,412,544 at June 30, 2023, a decrease of $826,255.

- Net capital assets decreased from $40,998,370 at June 30, 2022 to $36,143,935 at June 30, 2023. This decrease of $4,854,435 was the result of current year asset disposal of $5,150,000, depreciation expense of $2,769,880, net current year asset additions of $2,063,365 plus the implementation of GASB 96 which resulted in a right-to-use net asset of $1,002,080.

- Total liabilities and deferred inflows of resources decreased from $17,503,477 at June 30, 2022 to $16,657,172 at June 30, 2023, a decrease of $846,305.

- Revenues for fiscal year 2023 from all programs totaling $68,795,668 consisted of federal grants and subsidies of $59,334,061, and rental, interest, and other income of $9,461,607. This represents a decrease of $7,518,126 in comparison to the total revenues of $76,313,794 from fiscal year 2022.

- Total expenses for all programs for fiscal year 2023 were $68,775,618. This represents a decrease in expenses of $6,315,994 the total fiscal year 2022 expenses of $75,091,612.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of the proprietary funds – statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows.

### *Government-Wide Financial Statements*

The statement of net position, and the statement of revenues, expenses, and changes in net position report information about the Authority's activities. These two statements report the net position of the Authority and changes in net position. The Authority's net position, (the difference between assets and liabilities), is one way to measure financial health or financial position of the Authority. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation, should be taken into consideration to determine the overall financial condition of the Authority.

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of net position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis in evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its grant revenues, rental income, and other charges and profitability. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the reporting period.

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

**The Authority's Programs**

*Moving-To-Work Program* – Effective July 1, 2014, the Authority began administering the Moving-To-Work Demonstration Program (MTW). The MTW Program is a demonstration program recently implemented and funded by the U.S. Department of Housing and Urban Development (HUD). The MTW program was awarded to the Authority under a five-year funding agreement which became effective on June 27, 2014 and expires June 30, 2028. The Authority's MTW Demonstration Program applies to several of the Authority's programs that were previously administered under other HUD funded programs. The MTW program replaces the Housing Choice Voucher Program, the Public and Indian Housing Program, and the Public Housing Capital Fund Program that were administered by the Authority during its fiscal year 2014 and previous fiscal years.

Programs other than the MTW Program administered by the Authority during fiscal year 2023 include the following:

*Section 8 Housing Assistance Payments Program* – Under the Section 8 Housing Assistance Payments Program the Authority is the Contract Administrator for the state of Nevada charged with carrying out 16 incentive Based Performance Standards for HUD. Typical standards include approving tenant payments, processing rental adjustments, life threatening and nonlife threatening health and safety issues, and conducting Management and Occupancy Reviews. Approximately 37 projects and 3,174 units are covered by this contract. The contract started October 1, 2000 with an initial two-year period and three one-year renewal options. Since then, the Authority has been awarded several renewals, the most recent of which expires July 31, 2024.

*Business Activities* – This represents non-HUD resources developed from a variety of activities that consist basically of housing units not receiving Federal financial assistance.

*Resident Opportunity and Supportive Services* – This is a grant from HUD designed to help provide tenants with skills necessary to seek, obtain and maintain better employment.

*Shelter Plus Care* – Shelter Plus Care is a program where the Authority can obtain contract funding through the state of Nevada and provide physical inspections.

*Community Development Block Grants / Economic Development Initiative* – The Economic Development Initiative Special Project Grant is a program to carry out projects to redevelop abandoned, idled or underutilized real property.

*Neighborhood Stabilization Programs (NSP)* – This program was established for the purpose of stabilizing communities that had suffered from property foreclosures and abandonment. The stabilization is to be achieved through the purchase and redevelopment of foreclosed and abandoned homes and residential properties.

*Emergency Rental Assistance (ERA) Program* – The Authority was a subrecipient of ERA funds in order to provide financial assistance for rent, rent arrears, utilities and home energy costs, utilities and home energy costs arrears, and other expenses related to housing incurred due, directly or indirectly, to the novel coronavirus disease.

*Coronavirus Relief Funds (CRF) Program* – The Authority was a subrecipient of CRF funds in order to provide rental assistance to households affected by the COVID-19 pandemic in order to prevent evictions of those struggling financially.

*Emergency Housing Vouchers (EHV)* – The American Rescue Plan Act of 2021 (ARP), provided relief to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses. Section 3202 of the ARP provided appropriations for new incremental Emergency Housing Voucher (EHVs), the renewal of those EHVs, and fees for the cost of administering the EHVs and other eligible expenses defined by notice to prevent, prepare for, and respond to coronavirus to facilitate the leasing of the emergency vouchers, such as security deposit assistance and other costs related to retention and support of participating owners.

### Notes to the Financial Statements

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

### Required Supplementary Information and Supplementary Information

The Schedule of Authority's Proportionate Share of Net OPEB Liability, the Schedule of the Authority's OPEB Contributions, the Schedule of the Authority's Proportionate Share of Net Pension Liability, the Schedule of the Authority's Pension Plan Contributions, and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the U.S. Office of Management, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Governmental Accounting Standards Board (GASB), and the U.S. Department of HUD regulations. These schedules can be found in the Supplementary Information sections of this report.

## Net Position

A summary of the Authority's statements of net position is presented in Table 1. As can be seen from Table 1, the net position increased $651,683 to $58,755,372 in fiscal year 2023, from $58,735,322 in fiscal year 2022.

**TABLE 1**
**Condensed Statements of Net Position**
**June 30, 2023**

| | 2023 | 2022 | Dollar Change | Total % Change |
|---|---|---|---|---|
| Assets and Deferred Outflows: | | | | |
| Current Assets | $ 35,253,756 | $ 31,665,476 | $ 3,588,280 | 11.3 % |
| Notes Receivable | 468,548 | 504,000 | (35,452) | (7.0) |
| Capital Assets | 36,143,935 | 40,998,370 | (4,854,435) | (11.8) |
| Other Assets | 45,457 | 28,834 | 16,623 | 57.7 |
| Deferred Outflows | 3,500,848 | 3,042,119 | 458,729 | 15.1 |
| Total Assets and Deferred Outflows | 75,412,544 | 76,238,799 | (826,255) | (1.1) |
| Liabilities and Deferred Inflows: | | | | |
| Current Liabilities | 4,922,707 | 7,248,125 | (2,325,418) | (32.1) |
| Noncurrent Liabilities | 11,506,907 | 6,291,137 | 5,215,770 | 82.9 |
| Deferred Inflows | 227,558 | 3,964,215 | (3,736,657) | (94.3) |
| Total Liabilities and Deferred Inflows | 16,657,172 | 17,503,477 | (846,305) | (4.8) |
| Net Position: | | | | |
| Net Investment in Capital Assets | 34,663,592 | 40,510,765 | (5,847,173) | (14.4) |
| Restricted | 421,730 | 454,930 | (33,200) | (7.3) |
| Unrestricted Net Position | 23,670,050 | 17,769,627 | 5,900,423 | 33.2 |
| Total Net Position | $ 58,755,372 | $ 58,735,322 | $ 20,050 | 0.0 |

The more significant changes to the components of the statement of net position are as follows:

- Current assets increased $3,588,280, or 11.3%. The change was primarily due to an increase in cash and investments of $4,221,133, net a decrease of accounts receivable and prepaid expenses of $412,873 and $354,515, respectively.

- Capital assets decreased $4,854,435, or 11.8%. This decrease was the result of current year asset disposal of $5,150,000, depreciation expense of $2,769,880, and current year asset additions of $2,063,365 plus the implementation of GASB 96 which resulted in a right-to-use net asset of $1,002,080. See Table 3 for a breakout of the decrease in capital assets.

- Current liabilities decreased $2,325,418, or 32.1%. This decrease was primarily due to a decrease in unearned revenue of $1,728,004, resulting from the utilization of pandemic relief funds, and a decrease in due to other governments of $756,296.

- Noncurrent liabilities increased $5,215,770 or 82.9%. The increase was primarily due to increases in the Authority's net pension and OPEB liabilities of $4,324,128 and $158,533, respectively, as a result of updated actuarial reports, and the recognition of a $744,764 SBITA liability.

- Changes in deferred outflows and inflows were due to updated actuarial reports for the Authority's pension and other post-employment benefit plans.

For more detailed information concerning the statement of net position for fiscal year 2023 see the statement of net position on page 14 of this report.

The following schedule compares the revenues and expenses for the current and previous fiscal years. The Authority is only engaged in business-type activities.

**TABLE 2**
**Statements of Revenues, Expenses, and Changes in Net Position**
**Years Ended June 30, 2023**

| | 2023 | 2022 | Dollar Change | Total % Change |
|---|---|---|---|---|
| Revenues: | | | | |
| Grants | $ 59,334,061 | $ 68,260,755 | $ (8,926,694) | (13.1)% |
| Rental Income | 8,122,182 | 7,447,803 | 674,379 | 9.1 |
| Interest Income | 307,528 | 43,173 | 264,355 | 612.3 |
| Other Income and Gain on Sale | 1,031,897 | 562,063 | 469,834 | 83.6 |
| Total Revenues | 68,795,668 | 76,313,794 | (7,518,126) | (9.9) |
| Expenses: | | | | |
| Administrative | 8,107,303 | 6,388,805 | 1,718,498 | 26.9 |
| Utilities | 1,148,407 | 1,022,238 | 126,169 | 12.3 |
| Maintenance | 3,204,142 | 3,445,810 | (241,668) | (7.0) |
| Tenant Services | 790,034 | 595,069 | 194,965 | 32.8 |
| Housing Assistance Payments | 51,124,247 | 59,703,284 | (8,579,037) | (14.4) |
| General | 1,252,453 | 1,115,421 | 137,032 | 12.3 |
| Interest Expense | 35,345 | 2,996 | 32,349 | 1079.7 |
| Depreciation | 3,113,687 | 2,817,989 | 295,698 | 10.5 |
| Total Expenses | 68,775,618 | 75,091,612 | (6,315,994) | (8.4) |
| Increase in Net Position | $ 20,050 | $ 1,222,182 | $ (1,202,132) | (98.4) |

Significant revenue and expense activity changes were as follows:

- Grants decreased $8,926,694 or 13.1%. There was a $4,426,168 increase in HUD operating grants, net a $127,161 decrease in HUD capital grants and a $13,225,701 decrease in other government grants in connection with pandemic relief grants ending.

- Other income increased $469,834 or 83.6%. Due to its nature, we do not expect other income to remain consistent.

- Administrative expenses increased $1,718,498 or 26.9%. The increase was primarily due an increase in salaries, benefits, and office expenses.

- Maintenance expenses decreased $241,668 or 7.0%. The decrease was primarily due to a reduction in landscaping and other miscellaneous contracts.

- Tenant services increased $194,965 or 32.8%. The increase was primarily due to tenant service salaries.

- Housing assistance payments decreased $8,579,037 or 14.4%. $9,096,266 of the decrease is in connection with decreased COVID-19 response funded under the ERA program, and $4,134,385 decreased in the Coronavirus Relief Funds program. The decrease was offset by an increase of $1,058,929 in the Housing Assistance Payments Program, an increase of $604,953 in Emergency Housing Vouchers, and an increase of $2,984,825 in the Moving to Work Demonstration Program.

For more detail concerning the statement of revenues, expenses, and changes in net position for the fiscal year 2023, see the statement of revenues, expenses, and changes in net position on page 15 of this report.

## Capital Assets and Debt Administration

### Capital Assets

As of year-end, the Authority had $36,143,935 of net capital assets as is reflected in the following Table 3, which represents a net decrease of $5,856,515 from the 2022 fiscal year's ending balance.

**TABLE 3**

| | 2023 | 2022 | Dollar Change | Total % Change |
|---|---|---|---|---|
| Land | $ 8,550,052 | $ 13,700,052 | $ (5,150,000) | (37.6)% |
| Buildings | 89,677,862 | 87,059,327 | 2,618,535 | 3.0 |
| Furniture and Equipment | 3,032,262 | 2,983,799 | 48,463 | 1.6 |
| Right-of-Use Asset - SBITA | 1,345,887 | - | 1,345,887 | 100.0 |
| Construction in Progress | 492,833 | 1,110,493 | (617,660) | (55.6) |
| Less: Accumulated Depreciation/Amortization | (66,954,961) | (63,855,301) | (3,099,660) | 4.9 |
| Net Capital Assets | $ 36,143,935 | $ 40,998,370 | $ (4,854,435) | (11.8) |

For more detail pertaining to the Authority's capital assets please see Note 4 to the financial statements in this report.

### Debt Administration

As of year-end, the Authority had $1,480,343 of long-term notes as is reflected in the following Table 4, which represents a net decrease of $8,024 from the 2022 fiscal year's ending balance.

**TABLE 4**

| | 2023 | 2022 | Dollar Change | Total % Change |
|---|---|---|---|---|
| Total Notes Payable | $ 479,581 | $ 487,605 | $ (8,024) | (1.6) |

For more detail pertaining to the Authority's bonds and notes payable, please see Note 6 to the financial statements in this report.

## Economic Factors

Significant economic factors affecting the Authority and its goals to provide affordable housing to the residents of Washoe County, which includes the City of Reno and City of Sparks, include:

- Local economic and employment trends that affect resident incomes correlate to the amount of rental income earned by the Authority. Washoe County (including Reno and Sparks) continues to recover from the COVID pandemic. In the Reno-Sparks region the June 2023 unemployment rate stood at 4.5%. This is above the national unemployment rate of 3.6%

- The Authority receives a majority of its federal grant funding each year from HUD. The Authority's financial operations are significantly affected by the annual appropriations from HUD. Based upon authorized funding notifications received from HUD for fiscal year 2023, the Authority does not anticipate significant reductions in federal grant funding for fiscal 2024 versus the funding received for its 2023 fiscal year.

- Local property rental availability and rental rates influences the amounts of Housing Assistance Payments required by the Authority to subsidize tenants' rents under several of the Authority's most significant federally funded programs. The vacancy rate in the Washoe County's rental market has remained relatively low during FY23 at an average of 2.73%. The average rents in the Washoe County market have continued to increase compared to fiscal year 2022, with average rents at $1,653. The construction and real estate sector continue to hold the higher percentage growth in Washoe County and statewide.

## Request for information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Dr. Hilary Lopez, Executive Director, Housing Authority of the City of Reno, 1525 E. Ninth Street, Reno, NV 89512, telephone number (775) 329-3630.

# HOUSING AUTHORITY OF THE CITY OF RENO
# STATEMENTS OF NET POSITION—BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNIT
# JUNE 30, 2023

| | Enterprise Fund | Discrete Component Unit |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and Investments - Unrestricted | $ 29,646,208 | $ 241,520 |
| Cash and Investments - Restricted | 3,742,848 | 467,890 |
| Accounts Receivable - Other Governments | 786,747 | - |
| Accounts Receivable, Net | 395,676 | 5,580 |
| Current Portion of Notes Receivable | 28,443 | - |
| Accrued Interest | 49,751 | - |
| Due from Component Unit | 415,393 | - |
| Prepaid Expenses and Other Assets | 188,690 | 27,525 |
| Total Current Assets | 35,253,756 | 742,515 |
| **NONCURRENT ASSETS** | | |
| Notes Receivable | 117,548 | - |
| Note Receivable from Component Unit | 351,000 | - |
| Capital Assets not being Depreciated/Amortized | 9,042,885 | 1,394,064 |
| Capital Assets being Depreciated/Amortized, Net | 27,101,050 | 10,247,279 |
| Other Assets | 45,457 | 112,799 |
| Total Noncurrent Assets | 36,657,940 | 11,754,142 |
| Total Assets | 71,911,696 | 12,496,657 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| OPEB Related Outflows | 112,201 | - |
| Pension Related Outflows | 3,388,647 | - |
| Total Deferred Outflows of Resources | 3,500,848 | - |
| Total Assets and Deferred Outflows of Resources | 75,412,544 | 12,496,657 |
| **LIABILITIES** | | |
| **CURRENT LIABILITIES** | | |
| Accounts Payable | 371,000 | 8,208 |
| Due to Other Governments | 242,331 | - |
| Tenant Security Deposits | 505,028 | 17,350 |
| Accrued Payroll | 283,595 | - |
| Unearned Revenue | 2,917,639 | - |
| Accrued Interest Payable | 11,403 | 254,182 |
| Notes Payable - Current | 8,266 | 60,882 |
| SBITA Liability, Current Portion | 255,998 | |
| Compensated Absences - Current | 41,618 | - |
| Other Current Liabilities | 285,829 | - |
| Total Current Liabilities | 4,922,707 | 340,622 |
| **NONCURRENT LIABILITIES** | | |
| Compensated Absences, Net of Current Portion | 376,118 | - |
| Notes Payable, Net of Current Portion | 471,315 | 3,215,736 |
| SBITA Liability, Net of Current Portion | 744,764 | - |
| Net Pension Liability | 8,855,618 | - |
| Total OPEB Liability | 777,259 | - |
| Other Noncurrent Liabilities | 281,833 | - |
| Due to Primary Government | - | 408,615 |
| Total Noncurrent Liabilities | 11,506,907 | 3,624,351 |
| Total Liabilities | 16,429,614 | 3,964,973 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| OPEB Related Inflows | 91,772 | - |
| Pension Related Inflows | 135,786 | - |
| Total Deferred Inflows of Resources | 227,558 | - |
| Total Liabilities and Deferred Inflows of Resources | 16,657,172 | 3,964,973 |
| **NET POSITION** | | |
| Net Investment in Capital Assets | 34,663,592 | 8,364,725 |
| Restricted | 421,730 | 450,360 |
| Unrestricted | 23,670,050 | (283,401) |
| Total Net Position | $ 58,755,372 | $ 8,531,684 |

*See accompanying Notes to Financial Statements.*

# HOUSING AUTHORITY OF THE CITY OF RENO
## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION— BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNIT
## YEAR ENDED JUNE 30, 2023

| | Enterprise Fund | Discrete Component Unit |
|---|---|---|
| **OPERATING REVENUES** | | |
| HUD Operating Grants | $ 55,670,111 | $ - |
| Rental Income | 8,122,182 | 409,729 |
| Other Government Grants | 2,295,150 | - |
| Other Revenue | 771,615 | 914,553 |
| Total Operating Revenues | 66,859,058 | 1,324,282 |
| **OPERATING EXPENSES** | | |
| Administrative | 8,107,303 | 137,931 |
| Utilities | 1,148,407 | 79,904 |
| Maintenance | 3,204,142 | 84,735 |
| Tenant Services | 790,034 | - |
| General | 1,252,453 | 28,608 |
| Housing Assistance Payments | 51,124,247 | - |
| Depreciation and Amortization | 3,113,687 | 442,412 |
| Total Operating Expenses | 68,740,273 | 773,590 |
| **OPERATING INCOME (LOSS)** | (1,881,215) | 550,692 |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Interest Income | 307,528 | 15 |
| Interest Expense | (35,345) | (131,904) |
| Gain on Sale of Capital Assets | 260,282 | - |
| Total Nonoperating Revenues (Expenses) | 532,465 | (131,889) |
| **INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS** | (1,348,750) | 418,803 |
| Capital Contributions | 1,368,800 | - |
| **CHANGE IN NET POSITION** | 20,050 | 418,803 |
| Net Position - Beginning of Year | 58,735,322 | 8,112,881 |
| **NET POSITION - END OF YEAR** | $ 58,755,372 | $ 8,531,684 |

*See accompanying Notes to Financial Statements.*

# HOUSING AUTHORITY OF THE CITY OF RENO
# STATEMENT OF CASH FLOWS
# YEAR ENDED JUNE 30, 2023

| | Enterprise Fund |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Cash Received from Grants | $ 55,893,834 |
| Cash Received from Rents | 8,022,567 |
| Other Cash Receipts | 740,165 |
| Cash Payments to Employees for Services | (8,070,559) |
| Cash Payments to Suppliers for Goods and Services | (5,911,051) |
| Cash Payments to Landlords | (51,124,247) |
| Net Cash Used by Operating Activities | (449,291) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Acquisition of Capital Assets | (2,063,365) |
| Proceeds from Disposal of Capital Assets | 5,410,282 |
| Capital Grants Received | 1,368,800 |
| Principal Paid on SBITA Liability | (345,125) |
| Principal Paid on Capital Debt | (8,024) |
| Interest Paid on Capital Debt | (35,345) |
| Net Cash Provided by Capital and Related Financing Activities | 4,327,223 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Repayment of Notes Receivables | 35,673 |
| Interest Received | 307,528 |
| Net Cash Provided by Investing Activities | 343,201 |
| **NET INCREASE IN CASH AND INVESTMENTS** | 4,221,133 |
| Cash and Investments - Beginning of Year | 29,167,923 |
| **CASH AND INVESTMENTS - END OF YEAR** | $ 33,389,056 |
| **RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES** | |
| Operating Loss | $ (1,881,215) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Depreciation and Amortization | 3,113,687 |
| Provision for Bad Debts | 153,269 |
| (Increase) Decrease in: | |
| Accounts Receivable Other Governments | 412,873 |
| Accounts Receivable | (288,025) |
| Prepaid Expenses | 337,892 |
| Deferred Outflows - Pension | (515,776) |
| Deferred Outflows - OPEB | 57,047 |
| Deferred Inflows - Pension | (3,718,304) |
| Deferred Inflows - OPEB | (18,353) |
| Increase (Decrease) in: | |
| Accounts Payable and Accrued Liabilities | 55,886 |
| Due to Other Governments | (756,296) |
| Tenant Security Deposits | 3,691 |
| Compensated Absences | 7,109 |
| Unearned Revenue | (1,728,004) |
| Net Pension Liability | 4,342,881 |
| Total OPEB Liability | (27,653) |
| Net Cash Used by Operating Activities | $ (449,291) |

*See accompanying Notes to Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Definition of Reporting Entity

The Authority was established on August 8, 1940 by a resolution of the City of Reno City Council. The Authority is a public body corporate and politically organized pursuant to the laws of Chapter 315 of the state of Nevada. The Authority is governed by a five-member board of commissioners. The City Council appoints the members of the board of commissioners to four-year terms.

Although they are legally separate entities from the Authority, the Washoe Affordable Housing Corporation, Transitional Housing Corporation, and Sutro Management, LLC are reported as if they were part of the Authority because they are solely owned by the Authority and their sole purpose is to work in conjunction with the Authority to assist with the provision of housing for low and moderate income individuals, and the members of the board of commissioners of the Authority act as members of the board of directors of these corporations. Therefore, the financial information of the Washoe Affordable Housing Corporation, the Transitional Housing Corporation, and Sutro Management, LLC are included in the accompanying financial statements as blended component units of the Authority.

Sutro Management, LLC is the .01% general partner of Sutro Affordable Housing, LLC. Sutro Affordable Housing, LLC's purpose is to develop, own and operate an apartment complex (Willie J. Wynn Apartments). The financial information of Sutro Affordable Housing, LLC is included in the accompanying financial statements as a discretely presented component unit of the Authority. Sutro Affordable Housing, LLC has a calendar year-end and accordingly, the amounts included are as of and for the respective year-end that falls within the Authority's June 30, 2023 fiscal year-end. Separate financial statements are issued for the discretely presented component unit, prepared in accordance with Financial Accounting Standards Board (FASB) guidance, and can be obtained by contacting the Director of Administration at the Authority, 1525 East 9th Street, Reno, Nevada 89512.

Effective July 1, 2013, the Authority began participating in HUD's Moving to Work (MTW) Demonstration Program. The MTW program primarily consists of grant funding and expenditures that were received and incurred under the Authority's previous Housing Choice Voucher Program, the Public and Indian Housing Program, and the Capital Fund Program. The program provides the Authority greater flexibility in combining its HUD funding among the Authority's administrative, capital, and development activities. The MTW Program also exempts the Authority from many previous required regulations and reporting requirements.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Definition of Reporting Entity (Continued)

At June 30, 2023, the Authority was administering the following programs which consisted of 7,408 units of low and moderate-income housing:

| | Number of Units |
|---|---|
| Moving to Work Program: | |
| Housing Complexes: | |
| Mineral Manor | 144 |
| Tom Sawyer Village | 100 |
| Silverada Manor | 149 |
| Stead Manor | 67 |
| Hawk View Apartments | 99 |
| Essex Manor | 105 |
| Myra Birch Manor | 53 |
| John McGraw Court | 34 |
| Vouchers | 2,524 |
| Total Units Administered under the Moving to Work Program | 3,275 |
| Other Administered Programs: | |
| Veterans Affairs Special Vouchers | 303 |
| Special Allocations | 3,174 |
| Business Activities | 341 |
| Neighborhood Stabilization Programs I and II | 128 |
| Economic Development Initiative - Special Projects | 11 |
| Dollar Home Sales | 24 |
| Emergency Housing Vouchers | 137 |
| Foster Youth Independence Vouchers | 15 |
| Total Units Administered under Other Programs | 4,133 |
| Total Units Administered at June 30, 2023 | 7,408 |

### Government-Wide and Fund Financial Statements

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

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured; basic of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basic of accounting relate to the timing of the measurement made, regardless of the measurement focus applied.

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

Program revenues include grants and contributions that are restricted to the operations of a particular program. Revenues that are not classified as program revenues are presented as general revenues. Revenues such as rents and other miscellaneous fees are recorded as operating revenues. Revenues such as governmental grants and investments earnings are recorded as nonoperating revenues. Operating expenses for proprietary funds include the cost of sales and services, housing assistance payments to landlords, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

### Estimates

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

### Budgets and Budgetary Accounting

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

### Assets, Liabilities, and Net Position

#### Cash and Cash Equivalents

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

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Assets, Liabilities, and Net Position (Continued)

Restricted Assets

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

Receivables

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

Prepaid Assets

Payments to vendors for goods and services that will benefit periods beyond the fiscal year-end are recorded as prepaid assets.

Capital Assets

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

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

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

| | |
|---|---|
| Buildings | 30 Years |
| Improvements | 15 Years |
| Equipment | 5 to 10 Years |

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, and Net Position (Continued)**

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay.

Regular full-time employees earn from 13 to 29 vacation days per year depending upon their length of employment. Each employee also earns 13 sick leave days per year. Unused annual leave may be accumulated not to exceed between 26 – 58 days. Unused sick leave will be allowed to accumulate up to 188 days; however, upon termination one half of sick leave accrued to a maximum 50 days is paid to the employee. An employee terminating employment shall be paid for any accumulated annual and sick leave at their current hourly rate of pay.

Taxes

The Authority is exempt from federal and state income taxes. The Authority is also exempt from property taxes but makes payments in lieu of taxes on its public housing units.

Net Position

Net position represents the differences between assets and deferred outflows and liabilities and deferred inflows. Net position consists of net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets consists of capital assets, net of depreciation, reduced by outstanding balances of borrowings used for the construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Deferred Outflows/Inflows of Resources

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

**Pensions**

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

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability for the plans, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation conducted by the Authority and are accounted for in accordance with the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

### Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Authority adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

## NOTE 2 CASH AND INVESTMENTS

### Policies

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

The Authority and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments* or by electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system.

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

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

## NOTE 2 CASH AND INVESTMENTS (CONTINUED)

### Classification

Cash and money market mutual funds investments are classified in the financial statements as shown below based on whether or not their use is restricted under the terms of the Authority debt instruments or agency agreements. Cash and investments as of June 30, 2023 are as follows:

| | |
|---|---|
| Cash and Cash Equivalents | $ 23,252,806 |
| Money Market Mutual Funds | 10,136,250 |
| Total Cash and Investments | $ 33,389,056 |

The money market mutual funds are carried at amortized cost. Cash and investments are considered to be liquid assets for purposes of measuring cash flows.

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Nevada Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The Nevada Government Code requires Nevada banks and savings and loan associations to secure the Authority's deposits not covered by federal deposit insurance by pledging mortgages or government securities as collateral. The market value of mortgages must equal at least 150% of the face value of deposits. The market value of government securities must equal at least 110% of the face value of deposits. Such collateral must be held in the pledging bank's trust department in a separate depository in an account for the Authority.

The $23,252,806 of cash and cash equivalents consists of $23,821,615 maintained on deposit in banks. Of the amounts deposited into bank checking and savings and money market accounts, $1,000,000 is covered by federal deposit insurance. As of June 30, 2023, all deposits were fully collateralized.

### Interest Rate Risk

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

| Investment Type | 12 Months or Less | One to Five Years | More than Five Years | Total |
|---|---|---|---|---|
| Money Market Mutual Funds | $ 10,136,250 | $ - | $ - | $ 10,136,250 |

## NOTE 2 CASH AND INVESTMENTS (CONTINUED)

**Disclosures of Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual rating as of June 30, 2023 for the Money Market Mutual Funds was AAAm by Standard and Poor's and Aaa-mf by Moody's.

**Discretely Presented Component Unit – Sutro Affordable Housing, LLC**

The $709,410 of cash and cash equivalents consists solely of funds maintained in a checking account with Wells Fargo, $250,000 of which is covered by federal deposit insurance.

## NOTE 3 NOTES RECEIVABLE

The following is a summary of the Authority's changes in notes receivable for the fiscal year ended June 30, 2023:

| | Balance 6/30/2022 | Disbursements | Receipts/ Forgiveness | Balance 6/30/2023 | Current Portion |
|---|---|---|---|---|---|
| Homeownership Notes | $ 181,664 | $ - | $ (35,673) | $ 145,991 | $ 28,443 |
| Sutro Affordable Housing, LLC | 351,000 | - | - | 351,000 | - |
| Total Notes Receivable | $ 532,664 | $ - | $ (35,673) | $ 496,991 | $ 28,443 |

The Authority issued 40 forgivable 0% interest homeownership loans from 2011 to 2015. The original loan amounts are $15,000 per note and are forgivable at $1,000 per annum. If the properties are sold in advance to the 15-year forgiveness period, the full unforgiven principal balance is collected. The outstanding balance on the homeownership notes at June 30, 2023 was $145,991.

On April 15, 2019, the Authority issued a seller carry-back note to Sutro Affordable Housing, LLC in the principal amount of $401,000. The outstanding principal balance of the note bears interest from the date of disbursement at 2.89% compounded annually. Commencing on June 1, 2021, and on June 1 of each year thereafter, repayments of the outstanding principal balance and accrued interest on the note are due in an amount equal to 33.33% of cash flow, first to accrued interest and second to principal. The outstanding balance on the note at June 30, 2023 was $351,000.

## NOTE 4 CAPITAL ASSETS

### Enterprise Fund

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2023:

| | Balance 6/30/2022 | Implementation of GASB 96 | Additions | Deletions | Transfers | Balance 6/30/2023 |
|---|---|---|---|---|---|---|
| Not Being Depreciated: | | | | | | |
| Land | $ 13,700,052 | $ - | $ - | $ (5,150,000) | $ - | $ 8,550,052 |
| Construction in Progress | 1,110,493 | - | 509,899 | - | (1,127,559) | 492,833 |
| Total Not Being Depreciated/Amortized | 14,810,545 | - | 509,899 | (5,150,000) | (1,127,559) | 9,042,885 |
| Depreciable | | | | | | |
| Buildings and Improvements | 87,059,327 | - | 1,531,358 | - | 1,087,177 | 89,677,862 |
| Equipment | 2,983,799 | - | 22,108 | - | 26,355 | 3,032,262 |
| Right-of-Use Asset - SBITA | - | 1,345,887 | - | - | | 1,345,887 |
| Total Depreciable/Amortizable Capital Assets | 90,043,126 | 1,345,887 | 1,553,466 | - | 1,113,532 | 94,056,011 |
| Less Accumulated Depreciation: | | | | | | |
| Buildings and Improvements | (62,334,622) | - | (2,662,460) | - | 14,027 | (64,983,055) |
| Equipment | (1,520,679) | - | (107,420) | - | - | (1,628,099) |
| Right-of-Use Asset - SBITA | - | - | (343,807) | - | | (343,807) |
| Total Accumulated Depreciation/Amortizatoin | (63,855,301) | - | (3,113,687) | - | 14,027 | (66,954,961) |
| Total Capital Assets, Being Depreciated/Amortized, Net | 26,187,825 | 1,345,887 | (1,560,221) | - | 1,127,559 | 27,101,050 |
| Total Capital Assets, Net | $ 40,998,370 | $ 1,345,887 | $ (1,050,322) | $ (5,150,000) | $ - | $ 36,143,935 |

### Discretely Presented Component Unit – Sutro Affordable Housing, LLC

The following is a summary of Sutro Affordable Housing, LLC's changes in capital assets for the fiscal year ended December 31, 2022:

| | Balance 12/31/2021 | Additions | Deletions | Balance 12/31/2022 |
|---|---|---|---|---|
| Not Being Depreciated: | | | | |
| Land | $ 1,394,064 | $ - | $ - | $ 1,394,064 |
| Construction in Progress | - | - | - | - |
| Total Not Being Depreciated | 1,394,064 | - | - | 1,394,064 |
| Depreciable | | | | |
| Buildings and Improvements | 11,121,757 | - | - | 11,121,757 |
| Equipment | 229,671 | - | - | 229,671 |
| Total Depreciable Capital Assets | 11,331,590 | - | - | 11,351,428 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (542,830) | (346,472) | - | (889,302) |
| Equipment | (118,907) | (95,940) | - | (214,847) |
| Total Accumulated Depreciation | (661,737) | (442,412) | - | (1,104,149) |
| Total Capital Assets, Being Depreciated, Net | 10,669,853 | (442,412) | - | 10,247,279 |
| Total Capital Assets, Net | $ 12,063,917 | $ (442,412) | $ - | $ 11,641,343 |

## NOTE 5 LONG-TERM LIABILITIES

### Enterprise Fund

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

| | Balance 6/30/22 | Implementation of GASB 96 | Additions | Deletions | Balance 6/30/23 | Current Portion |
|---|---|---|---|---|---|---|
| Notes from Direct Borrowings | $ 487,605 | $ - | $ - | $ (8,024) | $ 479,581 | $ 8,266 |
| Compensated Absences | 410,627 | - | 306,958 | (299,849) | 417,736 | 41,618 |
| SBITA Liability | - | 1,345,887 | - | (345,125) | 1,000,762 | 255,998 |
| Total | $ 898,232 | $ 1,345,887 | $ 306,958 | $ (652,998) | $ 1,898,079 | $ 305,882 |

### Discretely Presented Component Unit – Sutro Affordable Housing, LLC

The following is a summary of changes in Sutro Affordable Housing, LLC's long-term liabilities due to the Authority for the year ended December 31, 2022:

| | Balance 12/31/21 | Additions | Deletions | Balance 12/31/22 | Current Portion |
|---|---|---|---|---|---|
| Developer Fee Payable | $ 603,499 | $ - | $ (603,499) | $ - | $ - |
| Due to RHA | 429,707 | - | (21,092) | 408,615 | - |
| Management Fees Payable | 25,824 | - | (25,824) | - | - |
| Total Due to Primary Government | $ 1,059,030 | $ - | $ (650,415) | $ 408,615 | $ - |

## NOTE 6 LONG-TERM DEBT

### Enterprise Fund

Notes from direct borrowings at June 30, 2023 consist of the following:

Note payable to the City of Reno, due September 1, 2036, secured by a deed of trust on real estate located in Sparks, Nevada. Interest accrues at 1% per annum on the unpaid balance until September 1, 2036, at which time the remaining principal balance and accrued interest will be forgiven. There is no annual required payment of interest or principal. The outstanding balance at June 30, 2023 was $162,893.

Note payable to the City of Reno-Washoe County Home Consortium, due April 1, 2041, secured by a junior deed of trust on real property located at 7900 Golden Valley Road, Reno, Nevada. Interest accrues on the note at 1.0% per annum as of May 1, 2026, with required annual principal and interest payments of $10,000 beginning May 1, 2027. The balance outstanding on the loan at June 30, 2023 was $150,000.

Note payable to the City of Reno-Washoe County Home Consortium, due April 1, 2033, secured by a junior deed of trust on real property located at 7900 Golden Valley Road, Reno, Nevada. Interest accrues on the note at a rate of 8.6% on the first $200,000 and 3.0% on the remaining $60,000 per annum. Required annual principal and interest payments are $8,266. The balance outstanding on the loan at June 30, 2023 was $166,688.

## NOTE 6 LONG-TERM DEBT (CONTINUED)

**Enterprise Fund (Continued)**

Notes from direct borrowings debt service requirements to maturity are as follows:

| Year Ending June 30, | Principal | Interest | Total Required Payments |
|---|---|---|---|
| 2024 | $ 8,266 | $ 4,999 | $ 13,265 |
| 2025 | 8,514 | 4,751 | 13,265 |
| 2026 | 8,770 | 4,495 | 13,265 |
| 2027 | 17,533 | 5,732 | 23,265 |
| 2028 | 17,804 | 5,461 | 23,265 |
| 2029-2033 | 94,661 | 21,664 | 116,325 |
| 2034-2038 | 267,868 | 43,906 | 311,774 |
| 2039-2043 | 56,165 | 3,304 | 59,469 |
| Total | $ 479,581 | $ 94,312 | $ 573,893 |

**Discretely Presented Component Unit – Sutro Affordable Housing, LLC**

The following is a summary of changes in Sutro Affordable Housing, LLC's long-term debt from direct borrowings for the year ended December 31, 2022:

| | Balance 12/31/21 | Additions | Deletions | Balance 12/31/22 | Current Portion |
|---|---|---|---|---|---|
| Direct Borrowings: | | | | | |
| HOME Loan | $ 999,367 | $ 633 | $ - | $ 1,000,000 | $ - |
| LIHTF Loan | 400,000 | - | - | 400,000 | - |
| RHA Loan | 401,000 | - | (50,000) | 351,000 | 50,000 |
| AHP Loan | 440,000 | - | - | 440,000 | - |
| Wells Fargo Permanent Loan | 1,095,891 | - | (10,273) | 1,085,618 | 10,882 |
| Total | $ 3,336,258 | $ 633 | $ (60,273) | $ 3,276,618 | $ 60,882 |

Notes from direct borrowings at December 31, 2022 consist of the following:

On April 15, 2019, Sutro Affordable Housing, LLC entered into a promissory note with the City of Reno in the amount of $1,000,000 (the HOME Loan). Under the terms of the agreement, the HOME Loan is secured by a deed of trust on the Project, matures on June 1, 2049 and bears simple interest at a rate of 3% per annum. Commencing on June 1, 2021 and annually thereafter, payments shall be made in the amount of 33.3% from available cash flow, as defined in the Operating Agreement. As of December 31, 2022 and 2021, the outstanding principal balance of the HOME Loan was $1,000,000 and $999,367, respectively, and accrued interest was $111,369 and $80,811, respectively. During 2022 and 2021, interest expense was $30,558 and $29,700, respectively.

## NOTE 6 LONG-TERM DEBT (CONTINUED)

**Discretely Presented Component Unit – Sutro Affordable Housing, LLC (Continued)**

On April 15, 2019, Sutro Affordable Housing, LLC entered into a second promissory note with the City of Reno in the amount of $400,000 (the LIHTF Loan). Under the terms of the agreement, the LIHTF Loan is secured by a deed of trust on the Project, matures on June 1, 2049 and bears simple interest at a rate of 3% per annum. Commencing on June 1, 2021 and annually thereafter, payments shall be made in the amount of 33.3% from available cash flow, as defined in the Operating Agreement. As of December 31, 2022 and 2021, the outstanding principal balance of the LIHTF Loan was $400,000 and accrued interest was $44,548 and $32,548, respectively. During the 2022 and 2021, interest expense was $12,000.

On April 15, 2019, Sutro Affordable Housing, LLC entered into a promissory note with RHA in the amount of $401,000 (the RHA Loan). Under the terms of the agreement, the RHA Loan is secured by a deed of trust on the Project, matures on June 1, 2049 and bears interest at a rate of 2.89%, compounded annually. Commencing on June 1, 2021 and annually thereafter, payments shall be made in the amount of 33.3% from available cash flow, as defined in the Operating Agreement. As of December 31, 2022 and 2021, accrued interest was $44,042 and $32,252, respectively. During 2022 and 2021, interest expense was $11,790 and $12,169, respectively.

On April 15, 2019, Sutro Affordable Housing, LLC entered into a promissory note with Wells Fargo Financial National Bank in the amount of $440,000 (the AHP Loan) from funds provided by the Federal Home Loan Bank of San Francisco pursuant to the regulations governing the Affordable Housing Program (AHP). Under the terms of the agreement, the AHP Loan is secured by a deed of trust on the Project, bears interest at a rate of 3% per annum and payment is due in full on April 15, 2049. As of December 31, 2022 and 2021, the outstanding principal balance of the AHP Loan was $440,000 and accrued interest was $49,003 and $35,803, respectively. During 2022 and 2021 interest expense was $13,200.

On April 15, 2019, Sutro Affordable Housing, LLC entered into a loan commitment with Wells Fargo Bank, National Association (Wells Fargo) in the amount of $1,100,000 (the Permanent Loan). The Permanent Loan is secured by a deed of trust on the Project, bears interest at a rate of 5.77% per annum and matures on July 1, 2039. During 2022 and 2021, interest expense was $62,916 and $26,407. As of December 31, 2022 and 2021, the outstanding principal balance was $1,085,618 and $1,095,891, respectively, and accrued interest was $5,220 and $5,269, respectively.

## NOTE 7 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Authority has entered into subscription based-information technology arrangements (SBITAs) with two software vendors, Laserfiche and Yardi. The SBITA arrangements expire at various dates through 2027 and provide for renewal options.

As of June 30, 2023, SBITA assets and the related accumulated amortization totaled $1,345,887 and $343,807, respectively.

The future subscription payments under SBITA agreements are as follows:

| Year Ending | Principal | Interest | Total Required Payments |
|---|---|---|---|
| 2024 | $ 255,998 | $ 22,255 | $ 278,253 |
| 2025 | 263,758 | 14,494 | 278,252 |
| 2026 | 271,753 | 6,499 | 278,252 |
| 2027 | 209,253 | - | 209,253 |
| | $ 1,000,762 | $ 43,248 | $ 1,044,010 |

## NOTE 8 COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave up to a maximum of two years of earned vacation hours and to accumulate earned but unused sick leave up to a maximum of 400 hours. This leave will be used in future periods or paid to employees upon separation from the Authority: vacation hours are payable at the employee's payroll rate and sick leave is payable at one-half the employee's payroll rate. Combined long-term and short-term accrued vacation and sick leave totaling $417,736 has been valued and recorded by the Authority as of June 30, 2023.

## NOTE 9 EMPLOYEES RETIREMENT PLAN

### General Information about the Pension Plan

***Plan Descriptions*** – Public Employee Retirement System of Nevada (PERS) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. The system was established by the Nevada Legislature in 1947, effective July 1, 1948. The system is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability.

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Annual Comprehensive Financial Report (ACFR) available on the PER's website at www.nvpers.org under QuickLinks – Publications.

***Benefits Provided*** – Benefits, as required by the Nevada Revised Statutes, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The system offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

***Vesting*** – Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with 30 years of service.

## NOTE 9 EMPLOYEES RETIREMENT PLAN (CONTINUED)

**General Information about the Pension Plan (Continued)**

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation, however, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit up to 90% of average compensation.

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

| | Miscellaneous Plans | |
|---|---|---|
| | Prior to January 1, 2010 | On or After January 1, 2010 |
| Hire Date | 2.67% @ 65 | 2.5% at 65 |
| Benefit Formula | 5 Years of Service | 5 Years of Service |
| Benefit Vesting Formula | Monthly for Life | Monthly for Life |
| Benefit Payments | 2.5% to 2.67% | 2.5% |
| Monthly Benefits, as a Percent of Eligible Compensation | 21.50% | 28.1% |
| Retirement Age | 65 | 65 |

***Contributions*** – The Authority, for establishing and amending the obligation to make contribution and member contribution rates, is set by stature. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one or two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

Effective July 1, 2021, the regular employer-pay contribution (EPC) rate is 29.75%.

The Authority's employer and employee contractually required contributions to the plan were $1,454,189 for the period ended June 30, 2023. Employer contributions were $727,094 for the period ended June 30, 2023.

## NOTE 9 EMPLOYEES RETIREMENT PLAN (CONTINUED)

### General Information about the Pension Plan (Continued)

***Net Pension Liability*** – The net pension liability (NPL) was measured as of June 30, 2022, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The NPL of $8,855,618 is measured as a proportionate share of the NPL of $18,054,894,699 (or .04905%).

The employer allocation percentage of the NPL was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the NPL is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2022.

**Deferred Inflows/Outflows** – For the year ended June 30, 2023, the Authority recognized a pension expense of $108,801. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension Contributions Subsequent to Measurement Date | $ 727,094 | $ - |
| Differences Between Actual and Expected Experience | 1,146,656 | 6,326 |
| Changes in Assumptions | 1,137,566 | - |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments | 108,044 | - |
| Adjustment Due to Differences in Proportions | 269,287 | 129,460 |
| Total | $ 3,388,647 | $ 135,786 |

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

Of the $3,388,647 reported as deferred outflows of resources, $727,094 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Measurement Period Ended June 30, | Deferred Outflows (Inflows) of Resources |
|---|---|
| 2024 | $ 387,451 |
| 2025 | 367,714 |
| 2026 | 328,308 |
| 2027 | 1,270,306 |
| 2028 | 171,989 |

## NOTE 9 EMPLOYEES RETIREMENT PLAN (CONTINUED)

### Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability*** – The System's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Assumptions: | |
| Discount Rate | 7.25% |
| Inflation Rate | 2.50% |
| Productivity Pay Increases | 0.50% plus |
| Projected Salary Increases | 4.20% to 9.10%, for regular members varying by years of service |
| Other Assumptions | Same as those used in the June 30, 2022 funding actuarial valuation |

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience review issued September 10, 2021.

***Discount Rate*** – The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine total pension liability as of June 30, 2022.

The following was the System's board adopted policy target asset allocation as of June 30, 2022:

| Asset Class | Allocation | Long-Term Expected Arithmetic Real Rate of Return* |
|---|---|---|
| U.S. Stocks | 42.0 % | 5.50 % |
| International Stocks | 18.0 | 5.50 % |
| U.S. Bonds | 28.0 | 0.75 % |
| Private Markets | 12.0 | 6.65 % |
| Total | 100.0 % | |

**As of June 30, 2022 PERS' Long-term inflation assumption was 2.50%*

## NOTE 9 EMPLOYEES RETIREMENT PLAN (CONTINUED)

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

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 7.25%, as well as what the Authority's proportionate share of the net pension liability/ (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

| | Discount Rate – 1% (6.25%) | Current Discount Rate (7.25%) | Discount Rate +1% (8.25%) |
|---|---|---|---|
| Plan's Pension Liability | $ 13,596,743 | $ 8,855,618 | $ 4,944,040 |

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan's fiduciary net position is available in the separately issued PERS ACFR, available on the PERS website.

## NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

**Plan Information**

Eligible retirees may receive coverage through the Public Employee Benefit Program (PEBP). PEBP is an agent multiple-employer defined benefit plan administered by the nine member governing board that provides medical, prescription, dental, vision, and life insurance benefits to retirees. Eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the Authority is obligated to provide postemployment benefits is limited to eligible employees who retired from the Authority prior to September 1, 2008. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Public Employee Benefit Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701 or by calling (775) 684-7000. There are no assets accumulated in a trust that meets GASB 75 criteria.

**Benefits Provided**

The Authority is required to provide a subsidy based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is based on years of service and medical plan elected.

**Employees Covered by Benefit Terms**

As of July 1, 2021, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments | 16 |
| Active Plan Members | 83 |
| Total Plan Members | 99 |

## NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### Contributions

The contribution requirements of plan members and the Authority are established and may be amended through Authority ordinances. The Authority contributed $-0- beyond the pay-as-you-go cost for the period ending on the June 30, 2023 measurement date. For the year ending June 30, 2023, total Authority premiums plus implicit costs for the retiree medical program were $66,736.

### OPEB Liability

The Authority's OPEB liability of $777,259 was measured as of June 30, 2023, and the total OPEB liability used to calculate the new OPEB liability was determined by an actuarial valuation as of July 1, 2021.

| | Total OPEB Liability |
|---|---|
| Balance for June 30, 2022 | $ 804,912 |
| Service Cost | 7,218 |
| Interest | 31,865 |
| Benefit Payments including Implicit Cost | (66,736) |
| Net Changes in OPEB Liability | (27,653) |
| Total OPEB Liability - End of Period | $ 777,259 |

## NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Actuarial Assumptions: | |
| Valuation Date | July 1, 2021 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset-Valuation Method | Market Value of Assets at the Measurement Date |
| Investment Rate of Return | N/A |
| Discount Rate | 4.09% net of OPEB plan investment expense, including inflation |
| Municipal Bond Rate | 4.09% as of June 30, 2022 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG) |
| Inflation Rate | 2.50% as of June 30, 2022 and for future periods |
| Compensation Increases | 3.00% annually as of June 30, 2022 and for future periods |
| Cost of Living Adjustment | N/A |
| Pre-Retirement Mortality | General: PubG-2010 Mortality Table for Employees projected generationally with scale MP-2020 for males and females |
| Post-Retirement Mortality | General: PubG-2010 Mortality Table for Healthy Annuitants projected generationally with scale MP-2020 for males and females |
| Disabled Mortality | General: PubG-2010 Mortality Table for Disabled Annuitants projected generationally with scale MP-2020 for males and females |

The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies published by the SOA.

The Authority has not established a formal Investment Policy. There are no assets in a trust and this is a pay-as-you-go plan.

*Sensitivity of the Authority's OPEB Liability to Changes in the Discount Rate*

The following presents the Authority's OPEB liability calculated using the discount rate of 4.09%, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

| | 1% Decrease (3.09)% | Current Discount (4.09)% | 1% Increase (5.09)% |
|---|---|---|---|
| Total OPEB Liability | $ 823,263 | $ 777,259 | $ 712,973 |

## NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### Actuarial Assumptions (Continued)

*Sensitivity of the Authority's OPEB liability to Changes in the Healthcare Cost Trend Rates*

The following presents the Authority's OPEB liability as well as what the Authority's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Current Discount | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $ 711,151 | $ 777,259 | $ 853,555 |

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2023, the Authority recognized an OPEB expense of $11,077. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 60,829 | $ 85,668 |
| Changes of Assumptions | 36,516 | 6,104 |
| Contributions Subsequent to Measurement Date | 14,856 | - |
| Total | $ 112,201 | $ 91,772 |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2024 | $ 28,124 |
| 2025 | 18,770 |
| 2026 | (4,608) |
| 2027 | (18,353) |
| 2028 | (18,360) |

## NOTE 11 WASHOE AFFORDABLE HOUSING CORPORATION 401(K) PROFIT SHARING PLAN

Washoe Affordable Housing Corporation (Washoe), a blended component unit of the Authority, has established a 401(k) profit sharing plan. Eligible contributions include employee salary deferrals including Roth 401(k) deferrals, rollover contributions, employer matching contributions, and employer profit sharing contributions. Washoe employees, that are not union employees, are eligible when they have completed six months of service and have attained age 21. For the fiscal year ending June 30, 2023, three employees participated in the plan. Employee and employer contributions of $3,900 and $8,543, respectively, were made during the fiscal year ending June 30, 2023. Plan assets totaled $148,482 as of June 30, 2023.

## NOTE 12 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

| | Washoe Affordable Housing Corporation | Transitional Housing Corporation | Sutro Management, LLC | Blended Component Unit Total | Total Primary Government | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash and Investments | $ 3,830,953 | $ 13,855 | $ 40,800 | $ 3,885,608 | $ 29,503,448 | $ - | $ 33,389,056 |
| Other Current Assets | 226,412 | - | - | 226,412 | 1,638,288 | - | 1,864,700 |
| Noncurrent Assets | - | - | - | - | 514,005 | - | 514,005 |
| Capital Assets | 14,540 | - | - | 14,540 | 36,129,395 | - | 36,143,935 |
| Interprogram Due from | - | - | - | - | 1,328,577 | (1,328,577) | - |
| Deferred Outflows | - | - | - | - | 3,500,848 | - | 3,500,848 |
| Total Assets and Deferred Outflows | $ 4,071,905 | $ 13,855 | $ 40,800 | $ 4,126,560 | $ 72,614,561 | $ (1,328,577) | $ 75,412,544 |
| **LIABILITIES** | | | | | | | |
| Current Liabilities | $ 18,664 | $ - | $ - | $ 18,664 | $ 4,904,043 | $ - | $ 4,922,707 |
| Noncurrent Liabilities | 16,437 | - | - | 16,437 | 11,490,470 | - | 11,506,907 |
| Interprogram Due To | - | - | - | - | 1,328,577 | (1,328,577) | - |
| Deferred Inflows | - | - | - | - | 227,558 | - | 227,558 |
| Total Liabilities and Deferred Inflows | 35,101 | - | - | 35,101 | 17,950,648 | (1,328,577) | 16,657,172 |
| **NET POSITION** | | | | | | | |
| Net Investment in Capital Assets | 14,540 | - | - | 14,540 | 34,649,052 | - | 34,663,592 |
| Restricted | 155,398 | - | - | 155,398 | 266,332 | - | 421,730 |
| Unrestricted | 3,866,866 | 13,855 | 40,800 | 3,921,521 | 19,748,529 | - | 23,670,050 |
| Total Net Position | 4,036,804 | 13,855 | 40,800 | 4,091,459 | 54,663,913 | - | 58,755,372 |
| Total Liabilities and Net Position | $ 4,071,905 | $ 13,855 | $ 40,800 | $ 4,126,560 | $ 72,614,561 | $ (1,328,577) | $ 75,412,544 |

## NOTE 12 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

| | Washoe Affordable Housing Corporation | Transitional Housing Corporation | Sutro Management, LLC | Blended Component Unit Total | Total Primary Government | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **OPERATING REVENUES** | | | | | | | |
| Grants | $ 27,892,435 | $ - | $ 14,004 | $ 27,906,439 | $ 60,102,600 | $ (30,043,778) | $ 57,965,261 |
| Rental Income | - | - | - | - | 8,122,182 | - | 8,122,182 |
| Other Revenue | 105,826 | - | - | 105,826 | 1,093,711 | (167,640) | 1,031,897 |
| Total Operating Revenue | 27,998,261 | - | 14,004 | 28,012,265 | 69,318,493 | (30,211,418) | 67,119,340 |
| **OPERATING EXPENSES** | | | | | | | |
| Administrative | 652,035 | - | - | 652,035 | 9,760,247 | (2,304,979) | 8,107,303 |
| Utilities | 7,588 | - | - | 7,588 | 1,140,819 | - | 1,148,407 |
| Maintenance | 19,981 | - | - | 19,981 | 3,184,161 | - | 3,204,142 |
| Tenant Services | - | - | - | - | 790,034 | - | 790,034 |
| General Expenses | 22,949 | - | - | 22,949 | 29,135,943 | (27,906,439) | 1,252,453 |
| Housing Assistance Payments | 26,899,378 | - | - | 26,899,378 | 24,224,869 | - | 51,124,247 |
| Depreciation | 6,018 | - | - | 6,018 | 3,107,669 | - | 3,113,687 |
| Total Operating Expenses | 27,607,949 | - | - | 27,607,949 | 71,343,742 | (30,211,418) | 68,740,273 |
| Operating Income (Loss) | 390,312 | - | 14,004 | 404,316 | (2,025,249) | - | (1,620,933) |
| Total Nonoperating Revenues/(Expenses) | 28,444 | 6,741 | - | 35,185 | 497,280 | - | 532,465 |
| Income (Loss) Before Capital Grants | 418,756 | 6,741 | 14,004 | 439,501 | (1,527,969) | - | (1,088,468) |
| Capital Grants | - | - | - | - | 1,368,800 | - | 1,368,800 |
| Equity Transfer | 1,271 | - | - | 1,271 | (1,271) | - | - |
| **CHANGE IN NET POSITION** | 420,027 | 6,741 | 14,004 | 440,772 | (160,440) | - | 280,332 |
| Total Net Position - Beginning of Year | 3,616,777 | 7,114 | 26,796 | 3,650,687 | 55,084,635 | - | 58,735,322 |
| **TOTAL NET POSITION - END OF YEAR** | $ 4,036,804 | $ 13,855 | $ 40,800 | $ 4,091,459 | $ 54,924,195 | $ - | $ 59,015,654 |

| | Washoe Affordable Housing Corporation | Transitional Housing Corporation | Sutro Management, LLC | Blended Component Unit Total | Total Primary Government | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **Net Cash Provided (Used) by:** | | | | | | | |
| Operating Activities | $ 370,231 | $ - | $ 14,004 | $ 384,235 | $ (833,526) | $ - | $ (449,291) |
| Capital and Related Financing Activities | - | - | - | - | 4,327,223 | - | 4,327,223 |
| Investing Activities | 28,444 | 6,741 | - | 35,185 | 308,016 | - | 343,201 |
| **Net Increase / (Decrease) in Cash and Cash Equivalents** | 398,675 | 6,741 | 14,004 | 419,420 | 3,801,713 | - | 4,221,133 |
| Cash and Cash Equivalents - Beginning of Year | 3,432,278 | 7,114 | 26,796 | 3,466,188 | 25,701,735 | - | 29,167,923 |
| **Cash and Cash Equivalents - End of Year** | $ 3,830,953 | $ 13,855 | $ 40,800 | $ 3,885,608 | $ 29,503,448 | $ - | $ 33,389,056 |

## NOTE 13 JOINT POWERS AGREEMENTS

**Property and Liability Insurance**

The Authority participates in a joint venture under a Joint Powers Agreement (JPA) with the Housing Authorities Risk Retention Pool (HARRP). HARRP was formed to provide property and liability insurance coverage for member housing authorities. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

The Authority is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. Settlements have not exceeded insurance coverage in each of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior fiscal year.

## NOTE 14 CONTINGENT LIABILITIES

**Federal Grants**

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

**Pending Legal Matters**

As of March 7, 2024, the date that the financial statements were available to be issued, the Authority had outstanding litigation cases that had not yet been resolved. The Authority has assessed the likelihood of such cases resulting in monetary settlement to be minimal and as such has not recorded an associated liability as fiscal year-end.

# REQUIRED SUPPLEMENTARY INFORMATION

# HOUSING AUTHORITY OF THE CITY OF RENO
# SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

**Last 10 Years***

| Measurement Date Year Ended | Authority's Proportion of Net Pension Liability | Authority's Proportion Share of Net Pension Liability | Authority Covered Payroll | Authority's Proportion Share of Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the total Pension Liability |
|---|---|---|---|---|---|
| June 30, 2015 | 0.049868% | $ 5,714,641 | $ 2,853,604 | 200% | 75.1% |
| June 30, 2016 | 0.048670% | $ 6,549,310 | $ 2,948,118 | 222% | 72.2% |
| June 30, 2017 | 0.048180% | $ 6,407,288 | $ 2,943,630 | 218% | 74.4% |
| June 30, 2018 | 0.047640% | $ 6,497,107 | $ 3,158,514 | 206% | 75.2% |
| June 30, 2019 | 0.047350% | $ 6,457,140 | $ 3,251,213 | 199% | 76.5% |
| June 30, 2020 | 0.046590% | $ 6,489,729 | $ 3,337,524 | 194% | 77.0% |
| June 30, 2021 | 0.049490% | $ 4,512,737 | $ 3,437,650 | 131% | 86.5% |
| June 30, 2022 | 0.049050% | $ 8,855,618 | $ 4,130,166 | 214% | 75.1% |

*Fiscal year ending June 30, 2015 was the first year of implementation, therefore only eight years are shown.

# HOUSING AUTHORITY OF THE CITY OF RENO
# SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS

**Last 10 Years***

| Fiscal Year Ended | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | Covered - Payroll | Contributions as a Percentage of Covered - Payroll |
|---|---|---|---|---|---|
| June 30, 2015 | $ 367,402 | $ (367,402) | $ - | $ 2,853,604 | 25.8% |
| June 30, 2016 | $ 412,737 | $ (412,737) | $ - | $ 2,948,118 | 28.1% |
| June 30, 2017 | $ 398,113 | $ (466,731) | $ (68,618) | $ 2,943,630 | 29.4% |
| June 30, 2018 | $ 441,894 | $ (441,894) | $ - | $ 3,158,514 | 14.0% |
| June 30, 2019 | $ 455,857 | $ (455,857) | $ - | $ 3,251,213 | 14.0% |
| June 30, 2020 | $ 485,731 | $ (485,731) | $ - | $ 3,337,524 | 14.6% |
| June 30, 2021 | $ 517,458 | $ (517,458) | $ - | $ 3,437,650 | 15.1% |
| June 30, 2022 | $ 540,359 | $ (540,359) | $ - | $ 3,636,992 | 14.9% |
| June 30, 2023 | $ 727,094 | $ (727,094) | $ - | $ 4,888,027 | 14.9% |

| | |
|---|---|
| Valuation Date | June 30, 2022 |
| Methods and Assumptions Used to Determine Contribution Rates: | |
| Actuarial Cost Method | Individual Entry Age Normal |
| Amortization Method | Level Percentage of Payroll |
| Asset Valuation Method | Market value of assets less unrecognized returns in each of the last five years. |
| Inflation | 2.50% |
| Payroll Growth | 3.50%, including inflation |
| Salary Increase | Regular: 4.20% to 9.10%, depending on service<br>Rates include inflation and productivity increases |
| Investment Rate of Return | 7.25% |

*Fiscal year ending June 30, 2015 was the first year of implementation, therefore only nine years are shown.

# HOUSING AUTHORITY OF THE CITY OF RENO
# SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS

**Last 10 Years***

| Valuation Date | July 1, 2021 | July 1, 2021 | July 1, 2019 | July 1, 2019 | July 1, 2017 | July 1, 2017 |
|---|---|---|---|---|---|---|
| Measurement Date | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| For the Reporting Period and Fiscal Year Ending on: | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| Service Cost | $ 7,218 | $ 7,744 | $ 7,182 | $ 6,281 | $ 15,551 | $ 13,829 |
| Interest | 31,865 | 25,909 | 26,767 | 26,809 | 27,584 | 23,976 |
| Changes of Benefit Terms | - | - | - | - | - | - |
| Difference Between Expected and Actual Experience | - | (119,934) | - | 138,343 | - | 113,274 |
| Changes in Assumptions | - | (8,544) | - | 98,140 | - | - |
| Benefit Payments | (66,736) | (68,888) | (62,559) | (63,505) | (48,647) | (50,739) |
| Net Changes in OPEB Liability | (27,653) | (163,713) | (28,610) | 206,068 | (5,512) | 100,340 |
| Total OPEB Liability - Beginning of Period | 804,912 | 968,625 | 997,235 | 791,167 | 796,679 | 663,411 |
| Prior Period Adjustment | - | - | - | - | - | 32,928 |
| Total OPEB Liability - End of Period | $ 777,259 | $ 804,912 | $ 968,625 | $ 997,235 | $ 791,167 | $ 796,679 |
| Covered Employee Payroll | 4,254,071 | 4,130,166 | 3,437,650 | 3,337,524 | 3,687,965 | 3,580,549 |
| Plan NOL as % of Covered Employee Payroll | 18.27% | 19.49% | 28.18% | 29.88% | 21.45% | 22.25% |

*Information prior to fiscal year 2018 was not available. The Authority will accumulate each year until ten years of data becomes available.

# HOUSING AUTHORITY OF THE CITY OF RENO
# SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS

**Last 10 Years***

| | June 30,2023 | June 30,2022 | June 30,2021 | June 30,2020 | June 30,2019 | June 30,2018 |
|---|---|---|---|---|---|---|
| Service Cost | $ 7,218 | $ 7,744 | $ 7,182 | $ 6,281 | $ 15,551 | $ 13,829 |
| 30 Year Level Dollar Amortization of NOL | 30,056 | 31,126 | 46,555 | 47,930 | 23,999 | 27,259 |
| Actuarial Determined Contribution | 37,274 | 38,870 | 53,737 | 54,211 | 39,550 | 41,088 |
| Contributions in Relation to the Actuarially Determined Contribution | (66,736) | (68,888) | (62,559) | (63,505) | (39,550) | (41,088) |
| Contribution Deficiency | $ (29,462) | $ (30,018) | $ (8,822) | $ (9,294) | $ - | $ - |
| Covered Employee Payroll | $ 4,254,071 | $ 4,130,166 | $ 3,437,650 | $ 3,337,524 | $ 3,687,965 | $ 3,580,549 |
| Contribution as a % of Covered Employee Payroll | 1.57% | 1.67% | 1.82% | 1.90% | 1.07% | 1.15% |
| Discount Rate | 4.09% | 4.09% | 2.75% | 2.75% | 3.50% | 3.50% |

*Information prior to fiscal year 2018 was not available. The Authority will accumulate each year until ten years of data becomes available.

# OTHER SUPPLEMENTARY INFORMATION

# HOUSING AUTHORITY OF THE CITY OF RENO
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# YEAR ENDED JUNE 30, 2023

| Grantor/Program Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---|---|---|---|
| Department of Housing and Urban Development (HUD) | | | | |
| Direct Programs: | | | | |
| Section 8 Project Based Cluster: | | | | |
| Section 8 Housing Assistance Payments Program | 14.195 | N/A | $ - | $ 27,906,439 |
| Total Section 8 Project-Based Cluster | | | - | 27,906,439 |
| Housing Voucher Cluster: | | | | |
| Section 8 Housing Choice Vouchers – | | | | |
| COVID-19 Emergency Housing Vouchers | 14.871 | N/A | - | 987,570 |
| Total Housing Voucher Cluster | | | - | 987,570 |
| Resident Opportunities Supportive Services | 14.870 | N/A | - | 183,879 |
| Moving to Work Demonstration (MTW) Program: | 14.881 | | | |
| MTW Demonstration Program for Low Rent | 14.OPS | N/A | - | 1,746,494 |
| MTW Demonstration Program for Capital Fund | 14.CFP | N/A | - | 1,368,800 |
| MTW Demonstration Program for HCV Program | 14.HCV | N/A | - | 25,309,894 |
| Total MTW Program | | | - | 28,425,188 |
| Total U.S. Department of Housing and Urban Development | | | - | 57,503,076 |
| Department of Treasury | | | | |
| Pass-through from the City of Sparks: | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | JC8PKJTFNM86 | - | 189,191 |
| Total COVID-19 Coronavirus Relief Fund | | | - | 189,191 |
| Pass-through from the City of Reno: | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | M3Q3R666XNF7 | - | 302,009 |
| Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds | | | - | 302,009 |
| Pass-through from the State of Nevada: | | | | |
| COVID-19 Emergency Rental Assistance | 21.023 | F99FYNEGXSH9 | - | 1,803,950 |
| Total COVID-19 Emergency Rental Assistance | | | - | 1,803,950 |
| Total Department of Treasury | | | - | 2,295,150 |
| Total Expenditures of Federal Awards | | | $ - | $ 59,798,226 |

## NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Housing Authority of the City of Reno (the Authority) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

## NOTE 3 INDIRECT COST RATE

The Authority has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

## NOTE 4 SUBRECIPIENTS

The Authority did not pass-through any federal awards to subrecipients. The Authority was a recipient of COVID-19 federal awards passed through from other entities for the year ended June 30, 2023. See the accompanying schedule.

## NOTE 5 NONCASH FEDERAL ASSISTANCE

The Authority did not receive any noncash federal assistance for the year ended June 30, 2023.

# HOUSING AUTHORITY OF THE CITY OF RENO
# FINANCIAL DATA SCHEDULES
# YEAR ENDED JUNE 30, 2023

| Line Item # | Accounts Description | Project Total | MTW - Low Rent | MTW - HCV | MTW - CFP | MTW - Demonstration Program | Section 8 Housing Assistance Payments | Shelter Plus Care | Neighborhood Stabilization Program | Family Self Sufficiency | Coronavirus State and Local Fiscal Recovery Funds | Housing Investment Partnerships |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **CURRENT ASSETS** | | | | | | | | | | | |
| | Cash: | | | | | | | | | | | |
| 111 | Unrestricted | $ 1,108 | $ - | $ - | $ - | $ 4,740,069 | $ - | $ 14,475 | $ 6,247,413 | $ - | $ - | $ 591,565 |
| 112 | Restricted - modernization and development | - | - | - | - | - | - | - | - | - | 2,572,401 | - |
| 113 | Other restricted | 69,032 | - | - | - | 194,106 | - | - | - | 3,194 | - | - |
| 114 | Tenant security deposits | 223,468 | - | - | - | - | - | - | 120,036 | - | - | 9,321 |
| 100 | Total cash | 293,608 | - | - | - | 4,934,175 | - | 14,475 | 6,367,449 | 3,194 | 2,572,401 | 600,886 |
| | Accounts and notes receivable: | | | | | | | | | | | |
| 121 | PHA Projects | - | - | - | - | - | - | - | - | - | - | - |
| 122 | HUD other projects | 149,733 | - | - | - | - | - | - | - | - | - | - |
| 124 | Other government | - | - | - | - | - | - | - | - | - | - | - |
| 125 | Miscellaneous | 41,318 | - | - | - | 7,227 | - | - | 19,590 | - | - | 12,356 |
| 126 | Tenants | 222,908 | - | - | - | 466,122 | - | - | 10,371 | - | - | - |
| 126.1 | Allowance for doubtful accounts - tenants | (169,299) | - | - | - | (365,773) | - | - | (5,229) | - | - | - |
| 126.2 | Allowance for doubtful accounts - other | - | - | - | - | - | - | - | (9,772) | - | - | - |
| 127 | Notes, loans, and mortgages receivable - current | - | - | - | - | - | - | - | 26,701 | - | - | - |
| 129 | Accrued interest receivable | - | - | - | - | - | - | - | - | - | - | - |
| 120 | Total receivables, net of allowances for uncollectibles | 244,660 | - | - | - | 107,576 | - | - | 41,661 | - | - | 12,356 |
| 131 | Investments - unrestricted | - | - | - | - | - | - | - | - | - | - | - |
| 142 | Prepaid expenses and other assets | 29,190 | - | - | - | 31,452 | - | - | 19,024 | - | - | - |
| 143 | Inventories | - | - | - | - | - | - | - | - | - | - | - |
| 144 | Inter-program - due from | - | - | - | - | - | - | - | - | - | - | - |
| 150 | Total current assets | 567,458 | - | - | - | 5,073,203 | - | 14,475 | 6,428,134 | 3,194 | 2,572,401 | 613,242 |
| | **NONCURRENT ASSETS** | | | | | | | | | | | |
| | Fixed assets: | | | | | | | | | | | |
| 161 | Land | 2,273,745 | - | - | - | - | - | - | 2,901,945 | - | - | 143,190 |
| 162 | Buildings | 55,135,649 | - | - | - | 86,852 | - | - | 13,871,213 | - | - | 1,535,871 |
| 163 | Furniture, equipment and mach - dwellings | 1,352,208 | - | - | - | 366,900 | - | - | 111,045 | - | - | - |
| 165 | Leasehold Improvements | 404,505 | - | - | - | - | - | - | 100,187 | - | - | - |
| 164 | Furniture, equipment and mach - admin. | 687,018 | - | - | - | - | - | - | 2,711 | - | - | - |
| 166 | Accumulated depreciation | (48,379,285) | - | - | - | (180,845) | - | - | (5,190,971) | - | - | (603,671) |
| 167 | Construction in progress | 2,800 | - | - | - | - | - | - | - | - | 420,547 | - |
| 160 | Total fixed assets, net of accumulated depreciation | 11,476,640 | - | - | - | 272,907 | - | - | 11,796,130 | - | 420,547 | 1,075,390 |
| 171 | Notes, loans and mortgages receivable -noncurrent | - | - | - | - | - | - | - | 117,548 | - | - | - |
| 174 | Other assets | - | - | - | - | - | - | - | - | - | - | - |
| 180 | Total noncurrent assets | 11,476,640 | - | - | - | 272,907 | - | - | 11,913,678 | - | 420,547 | 1,075,390 |
| 200 | Deferred Outflow of Resources | 827,452 | - | - | - | 1,373,627 | - | - | 144,838 | - | - | 1,694 |
| 290 | **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $ 12,871,550 | $ - | $ - | $ - | $ 6,719,737 | $ - | $ 14,475 | $ 18,486,650 | $ 3,194 | $ 2,992,948 | $ 1,690,326 |

# HOUSING AUTHORITY OF THE CITY OF RENO
# FINANCIAL DATA SCHEDULES
# YEAR ENDED JUNE 30, 2023

| Line Item # | Accounts Description | Dollar Home Sales | Resident Opportunity and Supportive Services | Business Activities | Blended Component Unit | COCC | Coronavirus Relief Fund | Emergency Housing Vouchers | Emergency Rental Assistance | Community Development Block Grant | Elimination | Total Enterprise Fund | Discrete Component Unit | Total Reporting Entity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **CURRENT ASSETS** | | | | | | | | | | | | | |
| | Cash: | | | | | | | | | | | | | |
| 111 | Unrestricted | $ 3,215 | $ - | $ 3,534,715 | $ 3,730,210 | $ 647,188 | $ - | $ - | $ - | $ - | $ - | $ 19,509,958 | $ 241,520 | $ 19,751,478 |
| 112 | Restricted - modernization and development | - | - | - | - | - | - | - | - | - | - | 2,572,401 | - | 2,572,401 |
| 113 | Other restricted | - | - | 48,031 | 155,398 | - | - | 195,658 | - | - | - | 665,419 | 450,540 | 1,115,959 |
| 114 | Tenant security deposits | 16,185 | - | 136,018 | - | - | - | - | - | - | - | 505,028 | 17,350 | 522,378 |
| 100 | Total cash | 19,400 | - | 3,718,764 | 3,885,608 | 647,188 | - | 195,658 | - | - | - | 23,252,806 | 709,410 | 23,962,216 |
| | Accounts and notes receivable: | | | | | | | | | | | | | |
| 121 | PHA Projects | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 122 | HUD other projects | - | 70,966 | - | 184,631 | - | - | - | 31,417 | - | - | 436,747 | - | 436,747 |
| 124 | Other government | - | - | 350,000 | - | - | - | - | - | - | - | 350,000 | - | 350,000 |
| 125 | Miscellaneous | - | - | 417,047 | 20,519 | 16,579 | - | - | - | - | - | 534,636 | - | 534,636 |
| 126 | Tenants | 2,304 | - | 130,694 | - | 12,194 | - | - | - | - | - | 844,593 | 5,580 | 850,173 |
| 126.1 | Allowance for doubtful accounts - tenants | - | - | (18,087) | - | - | - | - | - | - | - | (558,388) | - | (558,388) |
| 126.2 | Allowance for doubtful accounts - other | - | - | - | - | - | - | - | - | - | - | (9,772) | - | (9,772) |
| 127 | Notes, loans, and mortgages receivable - current | 1,742 | - | - | - | - | - | - | - | - | - | 28,443 | - | 28,443 |
| 129 | Accrued interest receivable | - | - | 49,751 | - | - | - | - | - | - | - | 49,751 | - | 49,751 |
| 120 | Total receivables, net of allowances for uncollectibles | 4,046 | 70,966 | 929,405 | 205,150 | 28,773 | - | - | 31,417 | - | - | 1,676,010 | 5,580 | 1,681,590 |
| 131 | Investments - unrestricted | - | - | 10,136,250 | - | - | - | - | - | - | - | 10,136,250 | - | 10,136,250 |
| 142 | Prepaid expenses and other assets | 17,964 | - | 3,685 | 21,262 | 66,113 | - | - | - | - | - | 188,690 | 27,525 | 216,215 |
| 143 | Inventories | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 144 | Inter-program - due from | - | - | 1,328,577 | - | - | - | - | - | - | (1,328,577) | - | - | - |
| 150 | Total current assets | 41,410 | 70,966 | 16,116,681 | 4,112,020 | 742,074 | - | 195,658 | 31,417 | - | (1,328,577) | 35,253,756 | 742,515 | 35,996,271 |
| | **NONCURRENT ASSETS** | | | | | | | | | | | | | |
| | Fixed assets: | | | | | | | | | | | | | |
| 161 | Land | 322,400 | - | 2,908,772 | - | - | - | - | - | - | - | 8,550,052 | 1,394,064 | 9,944,116 |
| 162 | Buildings | 1,920,861 | - | 15,579,441 | 40,161 | 977,367 | - | - | - | - | - | 89,147,415 | 11,121,757 | 100,269,172 |
| 163 | Furniture, equipment and mach - dwellings | - | - | 118,676 | - | 10,460 | - | - | - | - | - | 1,959,289 | 229,671 | 2,188,960 |
| 165 | Leasehold Improvements | 25,755 | - | - | - | - | - | - | - | - | - | 530,447 | - | 530,447 |
| 164 | Furniture, equipment and mach - admin. | - | - | 111,963 | 62,761 | 1,554,407 | - | - | - | - | - | 2,418,860 | - | 2,418,860 |
| 166 | Accumulated depreciation | (700,417) | - | (10,339,514) | (88,382) | (1,471,876) | - | - | - | - | - | (66,954,961) | (1,104,149) | (68,059,110) |
| 167 | Construction in progress | - | - | 64,086 | - | 5,400 | - | - | - | - | - | 492,833 | - | 492,833 |
| 160 | Total fixed assets, net of accumulated depreciation | 1,568,599 | - | 8,443,424 | 14,540 | 1,075,758 | - | - | - | - | - | 36,143,935 | 11,641,343 | 47,785,278 |
| 171 | Notes, loans and mortgages receivable -noncurrent | - | - | 351,000 | - | - | - | - | - | - | - | 468,548 | - | 468,548 |
| 174 | Other assets | - | - | 45,457 | - | - | - | - | - | - | - | 45,457 | 112,799 | 158,256 |
| 180 | Total noncurrent assets | 1,568,599 | - | 8,839,881 | 14,540 | 1,075,758 | - | - | - | - | - | 36,657,940 | 11,754,142 | 48,412,082 |
| 200 | Deferred Outflow of Resources | 5,083 | - | 235,728 | - | 912,426 | - | - | - | - | - | 3,500,848 | - | 3,500,848 |
| | **TOTAL ASSETS AND DEFERRED** | | | | | | | | | | | | | |
| 290 | **OUTFLOWS OF RESOURCES** | $ 1,615,092 | $ 70,966 | $ 25,192,290 | $ 4,126,560 | $ 2,730,258 | $ - | $ 195,658 | $ 31,417 | $ - | $ (1,328,577) | $ 75,412,544 | $ 12,496,657 | $ 87,909,201 |

# HOUSING AUTHORITY OF THE CITY OF RENO
# FINANCIAL DATA SCHEDULES
# YEAR ENDED JUNE 30, 2023

| Line Item # | Accounts Description | Project Total | MTW - Low Rent | MTW - HCV | MTW - CFP | MTW - Demonstration Program | Section 8 Housing Assistance Payments | Shelter Plus Care | Neighborhood Stabilization Program | Family Self Sufficiency | Coronavirus State and Local Fiscal Recovery Funds | Housing Investment Partnerships |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **CURRENT LIABILITIES** | | | | | | | | | | | |
| 312 | Accounts payable <= 90 days | $ 108,835 | $ - | $ - | $ - | $ 32,097 | $ - | $ - | $ 7,321 | $ - | $ 3,125 | $ 56,383 |
| 321 | Accrued wage/payroll taxes payable | - | - | - | - | - | - | - | - | - | - | - |
| 322 | Accrued compensated absences - current | 11,026 | - | - | - | 24,170 | - | - | 994 | - | - | 81 |
| 325 | Accrued interest payable | - | - | - | - | - | - | - | - | - | - | - |
| 331 | Accounts payable - HUD | - | - | - | - | - | - | - | - | - | - | - |
| 333 | Accounts payable - Other Government | 242,331 | - | - | - | - | - | - | - | - | - | - |
| 341 | Tenant security deposits | 223,468 | - | - | - | - | - | - | 120,036 | - | - | 9,321 |
| 342 | Unearned revenues | 30,997 | - | - | - | 48,539 | - | - | 18,685 | - | 2,572,401 | - |
| 343 | Current portion of LT debt - capital projects | - | - | - | - | - | - | - | - | - | - | - |
| 344 | Current portion of LT debt- operating | - | - | - | - | - | - | - | - | - | - | - |
| 345 | Other current liabilities | 58,543 | - | - | - | 225,783 | - | - | - | - | - | - |
| 346 | Accrued Liabilities - Other | - | - | - | - | - | - | - | - | - | - | - |
| 347 | Interprogram - due to | 869,737 | - | - | - | - | - | - | - | - | - | - |
| 310 | Total current liabilities | 1,544,937 | - | - | - | 330,589 | - | - | 147,036 | - | 2,575,526 | 65,785 |
| | **NONCURRENT LIABILITIES** | | | | | | | | | | | |
| 351 | Long-term debt, net of current - capital | - | - | - | - | - | - | - | - | - | - | - |
| 352 | Long-term debt, net of current - operating | - | - | - | - | - | - | - | - | - | - | - |
| 353 | Noncurrent liabilities - other | 70,226 | - | - | - | 211,607 | - | - | - | - | - | - |
| 354 | Accrued compensated absences - noncurrent | 99,237 | - | - | - | 217,525 | - | - | 10,010 | - | - | 728 |
| 357 | Accrued Pension and OPEB Liabilities | 2,277,649 | - | - | - | 3,762,622 | - | - | 401,549 | - | - | 4,428 |
| 350 | Total noncurrent liabilities | 2,447,112 | - | - | - | 4,191,754 | - | - | 411,559 | - | - | 5,156 |
| 300 | Total liabilities | 3,992,049 | - | - | - | 4,522,343 | - | - | 558,595 | - | 2,575,526 | 70,941 |
| 400 | Deferred Inflow of Resources | 53,947 | - | - | - | 86,192 | - | - | 9,960 | - | - | 68 |
| | Total Liabilities and Deferred Inflow of Resources | 4,045,996 | - | - | - | 4,608,535 | - | - | 568,555 | | 2,575,526 | 71,009 |
| | **NET POSITION** | | | | | | | | | | | |
| 508.4 | Net investment in capital assets | 11,476,640 | - | - | - | 272,907 | - | - | 11,796,130 | - | 420,547 | 1,075,390 |
| 511.4 | Restricted net position | 69,032 | - | - | - | 194,106 | - | - | - | 3,194 | - | - |
| 512.4 | Unrestricted net position | (2,720,118) | - | - | - | 1,644,189 | - | 14,475 | 6,121,965 | - | (3,125) | 543,927 |
| 513 | Total net position | 8,825,554 | - | - | - | 2,111,202 | - | 14,475 | 17,918,095 | 3,194 | 417,422 | 1,619,317 |
| 600 | **TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | $ 12,871,550 | $ - | $ - | $ - | $ 6,719,737 | $ - | $ 14,475 | $ 18,486,650 | $ 3,194 | $ 2,992,948 | $ 1,690,326 |

# HOUSING AUTHORITY OF THE CITY OF RENO
# FINANCIAL DATA SCHEDULES
# YEAR ENDED JUNE 30, 2023

| Line Item # | Accounts Description | Dollar Home Sales | Resident Opportunity and Supportive Services | Business Activities | Blended Component Unit | COCC | Coronavirus Relief Fund | Emergency Housing Vouchers | Emergency Rental Assistance | Community Development Block Grant | Elimination | Total Enterprise Fund | Discrete Component Unit | Total Reporting Entity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **CURRENT LIABILITIES** | | | | | | | | | | | | | |
| 312 | Accounts payable <= 90 days | $ 143 | $ - | $ 147,349 | $ 1,010 | $ 12,703 | $ - | $ 2,034 | $ - | $ - | $ - | $ 371,000 | $ 8,208 | $ 379,208 |
| 321 | Accrued wage/payroll taxes payable | - | - | 269,270 | 14,325 | - | - | - | - | - | - | 283,595 | - | 283,595 |
| 322 | Accrued compensated absences - current | 81 | - | 552 | 1,826 | 2,888 | - | - | - | - | - | 41,618 | - | 41,618 |
| 325 | Accrued interest payable | - | - | 11,403 | - | - | - | - | - | - | - | 11,403 | 254,182 | 265,585 |
| 331 | Accounts payable - HUD | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 333 | Accounts payable - Other Government | - | - | - | - | - | - | - | - | - | - | 242,331 | - | 242,331 |
| 341 | Tenant security deposits | 16,185 | - | 136,018 | - | - | - | - | - | - | - | 505,028 | 17,350 | 522,378 |
| 342 | Unearned revenues | 3,328 | - | 48,031 | - | - | - | 195,658 | - | - | - | 2,917,639 | - | 2,917,639 |
| 343 | Current portion of LT debt - capital projects | - | - | 8,266 | - | 255,998 | - | - | - | - | - | 264,264 | 60,882 | 325,146 |
| 344 | Current portion of LT debt - operating | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 345 | Other current liabilities | - | - | - | 1,503 | - | - | - | - | - | - | 285,829 | - | 285,829 |
| 346 | Accrued Liabilities - Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 347 | Interprogram - due to | 253,157 | 70,966 | - | - | - | - | 103,300 | 31,417 | - | (1,328,577) | - | - | - |
| 310 | Total current liabilities | 272,894 | 70,966 | 620,889 | 18,664 | 271,589 | - | 300,992 | 31,417 | - | (1,328,577) | 4,922,707 | 340,622 | 5,263,329 |
| | **NONCURRENT LIABILITIES** | | | | | | | | | | | | | |
| 351 | Long-term debt, net of current - capital | - | - | 471,315 | - | 744,764 | - | - | - | - | - | 1,216,079 | 3,215,736 | 4,431,815 |
| 352 | Long-term debt, net of current - operating | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 353 | Noncurrent liabilities - other | - | - | - | - | - | - | - | - | - | - | 281,833 | 408,615 | 690,448 |
| 354 | Accrued compensated absences - noncurrent | 728 | - | 5,459 | 16,437 | 25,994 | - | - | - | - | - | 376,118 | - | 376,118 |
| 357 | Accrued Pension and OPEB Liabilities | 13,282 | - | 650,594 | - | 2,522,753 | - | - | - | - | - | 9,632,877 | - | 9,632,877 |
| 350 | Total noncurrent liabilities | 14,010 | - | 1,127,368 | 16,437 | 3,293,511 | - | - | - | - | - | 11,506,907 | 3,624,351 | 15,131,258 |
| 300 | Total liabilities | 286,904 | 70,966 | 1,748,257 | 35,101 | 3,565,100 | - | 300,992 | 31,417 | - | (1,328,577) | 16,429,614 | 3,964,973 | 20,394,587 |
| 400 | Deferred Inflow of Resources | 204 | - | 15,680 | - | 61,507 | - | - | - | - | - | 227,558 | - | 227,558 |
| | Total Liabilities and Deferred Inflow of Resources | 287,108 | 70,966 | 1,763,937 | 35,101 | 3,626,607 | - | 300,992 | 31,417 | - | (1,328,577) | 16,657,172 | 3,964,973 | 20,622,145 |
| | **NET POSITION** | | | | | | | | | | | | | |
| 508.4 | Net investment in capital assets | 1,568,599 | - | 7,963,843 | 14,540 | 74,996 | - | - | - | - | - | 34,663,592 | 8,364,725 | 43,028,317 |
| 511.4 | Restricted net position | - | - | - | 155,398 | - | - | - | - | - | - | 421,730 | 450,360 | 872,090 |
| 512.4 | Unrestricted net position | (240,615) | - | 15,464,510 | 3,921,521 | (971,345) | - | (105,334) | - | - | - | 23,670,050 | (283,401) | 23,386,649 |
| 513 | Total net position | 1,327,984 | - | 23,428,353 | 4,091,459 | (896,349) | - | (105,334) | - | - | - | 58,755,372 | 8,531,684 | 67,287,056 |
| 600 | **TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | $ 1,615,092 | $ 70,966 | $ 25,192,290 | $ 4,126,560 | $ 2,730,258 | $ - | $ 195,658 | $ 31,417 | $ - | $ (1,328,577) | $ 75,412,544 | $ 12,496,657 | $ 87,909,201 |

# HOUSING AUTHORITY OF THE CITY OF RENO
# FINANCIAL DATA SCHEDULES
# YEAR ENDED JUNE 30, 2023

| Line Item # | Accounts Description | Project Total | MTW - Low Rent | MTW - HCV | MTW - CFP | MTW - Demonstration Program | Section 8 Housing Assistance Payments | Shelter Plus Care | Neighborhood Stabilization Program | Family Self Sufficiency | Coronavirus State and Local Fiscal Recovery Funds | Housing Investment Partnerships |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **REVENUE** | | | | | | | | | | | |
| 70300 | Net tenant rental revenue | $ 3,126,888 | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,156,761 | | $ - | $ 94,071 |
| 70400 | Tenant revenue - other | 254,338 | - | - | - | - | - | - | 14,700 | | - | 206 |
| 70500 | Total tenant revenue | 3,381,226 | - | - | - | - | - | - | 1,171,461 | - | - | 94,277 |
| 70600 | HUD PHA operating grants | - | 1,746,494 | 25,309,894 | - | - | 27,906,439 | - | - | - | - | - |
| 706.10 | Capital grants | - | - | - | 1,368,800 | - | - | - | - | - | - | - |
| 70710 | Management fee | - | - | - | - | - | - | - | - | - | - | - |
| 70720 | Asset Management fee | - | - | - | - | - | - | - | - | - | - | - |
| 70730 | Bookkeeping fee | - | - | - | - | - | - | - | - | - | - | - |
| 70750 | Other fees | - | - | - | - | - | - | - | - | - | - | - |
| 70800 | Other governmental grants | - | - | - | - | - | - | - | - | - | 302,009 | - |
| 71100 | Investment income - unrestricted | 30,081 | - | - | - | (42) | - | - | 79,664 | - | - | - |
| 71400 | Fraud recovery | - | - | - | - | 31,388 | - | - | - | - | - | - |
| 71500 | Other revenue | 5,940 | - | - | - | 115,712 | - | - | - | 3,194 | - | - |
| 71600 | Gain or loss on sale of capital assets | - | - | - | - | - | - | - | - | - | - | - |
| 72000 | Investment Income - Restricted | - | - | - | - | - | - | - | - | - | - | - |
| 70000 | Total revenue | 3,417,247 | 1,746,494 | 25,309,894 | 1,368,800 | 147,058 | 27,906,439 | - | 1,251,125 | 3,194 | 302,009 | 94,277 |
| | **EXPENSES** | | | | | | | | | | | |
| | Administrative: | | | | | | | | | | | |
| 91100 | Administrative salaries | 554,699 | - | - | - | 1,859,757 | - | - | 72,476 | - | - | 236 |
| 91200 | Auditing fees | 43,513 | - | - | - | 10,838 | - | - | - | - | - | - |
| 91300 | Management fee | 711,354 | - | - | - | 368,220 | - | - | 106,064 | - | - | 9,470 |
| 91310 | Bookkeeping fee | 5,635 | - | - | - | 230,140 | - | - | 10,080 | - | - | 900 |
| 91400 | Advertising | 2,296 | - | - | - | 2,234 | - | - | - | - | - | - |
| 91500 | Employee benefit contributions - admin | 374,749 | - | - | - | 978,241 | - | - | 44,726 | - | - | 1,589 |
| 91600 | Office expense | 389,880 | - | - | - | 510,802 | - | - | 3,485 | - | - | - |
| 91700 | Legal expense | 5,617 | - | - | - | - | - | - | 2,374 | - | - | 233 |
| 91800 | Travel | 2,294 | - | - | - | 1,508 | - | - | - | - | - | - |
| 91900 | Other | 53,321 | - | - | - | 43,801 | - | 525 | 72,233 | - | - | 591 |
| | Total administrative | 2,143,358 | - | - | - | 4,005,541 | - | 525 | 311,438 | - | - | 13,019 |
| 92000 | Asset Management Fee | 29,880 | - | - | - | - | - | - | - | - | - | - |
| | Tenant services: | | | | | | | | | | | |
| 92100 | Salaries | 80,769 | - | - | - | - | - | - | - | - | - | - |
| 92300 | Employee benefit contributions | 414 | - | - | - | - | - | - | - | - | - | - |
| 92400 | Other | 296,339 | - | - | - | 10,548 | - | - | - | - | - | - |
| | Total tenant services | 377,522 | - | - | - | 10,548 | - | - | - | - | - | - |
| | Utilities: | | | | | | | | | | | |
| 93100 | Water | 139,472 | - | - | - | - | - | - | 3,952 | - | - | - |
| 93200 | Electricity | 84,913 | - | - | - | - | - | - | 3,739 | - | - | 201 |
| 93300 | Gas | 69,335 | - | - | - | - | - | - | 3,587 | - | - | 284 |
| 93400 | Fuel | - | - | - | - | - | - | - | - | - | - | - |
| 93600 | Sewer | 405,836 | - | - | - | - | - | - | 43,593 | - | - | 5,931 |
| 93800 | Other utilities expense | 23,678 | - | - | - | - | - | - | 417 | - | - | - |
| | Total utilities | 723,234 | - | - | - | - | - | - | 55,288 | - | - | 6,416 |
| | Ordinary maintenance and operations: | | | | | | | | | | | |
| 94100 | Labor | 574,573 | - | - | - | 79 | - | - | 138,265 | - | - | 2,142 |
| 94200 | Materials and other | 248,108 | - | - | - | 893 | - | - | 47,803 | - | - | 485 |
| 94300 | Contracts | 853,797 | - | - | - | 18,101 | - | - | 117,419 | 0 | - | 44 |
| 94500 | Employee benefits contribution | 341,995 | - | - | - | - | - | - | 76,533 | - | - | - |
| | Total ordinary maintenance and operations | 2,018,473 | - | - | - | 19,073 | - | - | 380,020 | - | - | 2,671 |

# HOUSING AUTHORITY OF THE CITY OF RENO
# FINANCIAL DATA SCHEDULES
# YEAR ENDED JUNE 30, 2023

| Line Item # | Accounts Description | Dollar Home Sales | Resident Opportunity and Supportive Services | Business Activities | Blended Component Unit | COCC | Coronavirus Relief Fund | Emergency Housing Vouchers | Emergency Rental Assistance | Community Development Block Grant | Elimination | Total Enterprise Fund | Discrete Component Unit | Total Reporting Entity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **REVENUE** | | | | | | | | | | | | | |
| 70300 | Net tenant rental revenue | $ 157,071 | $ - | $ 3,275,067 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 7,809,858 | $ 406,064 | $ 8,215,922 |
| 70400 | Tenant revenue - other | 505 | - | 42,575 | - | - | - | - | - | - | - | 312,324 | 3,665 | 315,989 |
| 70500 | Total tenant revenue | 157,576 | - | 3,317,642 | - | - | - | - | - | - | - | 8,122,182 | 409,729 | 8,531,911 |
| 70600 | HUD PHA operating grants | - | 183,879 | - | - | - | - | 523,405 | - | - | - | 55,670,111 | - | 55,670,111 |
| 706.10 | Capital grants | - | - | - | - | - | - | - | - | - | - | 1,368,800 | - | 1,368,800 |
| 70710 | Management fee | - | - | - | - | 1,562,509 | - | - | - | - | (1,562,509) | - | - | - |
| 70720 | Asset Management fee | - | - | - | - | 29,880 | - | - | - | - | (29,880) | - | - | - |
| 70730 | Bookkeeping fee | - | - | - | - | 544,950 | - | - | - | - | (544,950) | - | - | - |
| 70750 | Other Service Fees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 70800 | Other governmental grants | - | - | - | 27,906,439 | - | 189,191 | - | 1,803,950 | - | (27,906,439) | 2,295,150 | - | 2,295,150 |
| 71100 | Investment income - unrestricted | - | - | 132,939 | 35,185 | 29,701 | - | - | - | - | - | 307,528 | 15 | 307,543 |
| 71400 | Fraud recovery | - | - | - | - | - | - | 62 | - | - | - | 31,450 | - | 31,450 |
| 71500 | Other revenue | - | - | 496,298 | 105,826 | 180,835 | - | - | - | - | (167,640) | 740,165 | 914,553 | 1,654,718 |
| 71600 | Gain or loss on sale of capital assets | - | - | 260,282 | - | - | - | - | - | - | - | 260,282 | - | 260,282 |
| 72000 | Investment Income - Restricted | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 70000 | Total revenue | 157,576 | 183,879 | 4,207,161 | 28,047,450 | 2,347,875 | 189,191 | 523,467 | 1,803,950 | - | (30,211,418) | 68,795,668 | 1,324,297 | 70,119,965 |
| | **EXPENSES** | | | | | | | | | | | | | |
| | Administrative: | | | | | | | | | | | | | |
| 91100 | Administrative salaries | 723 | - | 143,622 | 224,091 | 1,241,253 | - | 37,789 | 87,014 | - | - | 4,221,660 | 40,368 | 4,262,028 |
| 91200 | Auditing fees | - | - | - | 3,247 | 7,346 | - | - | - | - | - | 64,944 | - | 64,944 |
| 91300 | Management fee | 20,834 | - | 193,573 | - | - | 189,191 | 10,848 | - | - | (1,562,509) | 47,045 | 47,981 | 95,026 |
| 91310 | Bookkeeping fee | 1,980 | - | 3,775 | 285,660 | - | - | 6,780 | - | - | (544,950) | - | - | - |
| 91400 | Advertising | - | - | 1,240 | - | 3,557 | - | - | - | - | - | 9,327 | - | 9,327 |
| 91500 | Employee benefit contributions - admin | 4,182 | - | 59,301 | 64,976 | 576,226 | - | 18,109 | 18,227 | - | - | 2,140,326 | - | 2,140,326 |
| 91600 | Office expense | - | - | 53,775 | 43,380 | 338,833 | - | 2,969 | 8,383 | - | (167,640) | 1,183,867 | - | 1,183,867 |
| 91700 | Legal expense | 388 | - | 2,137 | 400 | 91,874 | - | - | - | - | - | 103,023 | 12,505 | 115,528 |
| 91800 | Travel | - | - | 2,429 | 16,567 | 18,593 | - | - | - | - | - | 41,391 | - | 41,391 |
| 91900 | Other | 41,595 | - | 30,302 | 13,714 | 39,553 | - | 1 | 84 | - | - | 295,720 | 37,077 | 332,797 |
| | Total administrative | 69,702 | - | 490,154 | 652,035 | 2,317,235 | 189,191 | 76,496 | 113,708 | - | (2,275,099) | 8,107,303 | 137,931 | 8,245,234 |
| 92000 | Asset Management Fee | - | - | - | - | - | - | - | - | - | (29,880) | - | - | - |
| | Tenant services: | | | | | | | | | | | | | |
| 92100 | Salaries | - | 116,554 | - | - | 1,591 | - | - | - | - | - | 198,914 | - | 198,914 |
| 92300 | Employee benefit contributions | - | 64,688 | - | - | - | - | - | - | - | - | 65,102 | - | 65,102 |
| 92400 | Other | - | - | 69,769 | - | - | - | 149,362 | - | - | - | 526,018 | - | 526,018 |
| | Total tenant services | - | 181,242 | 69,769 | - | 1,591 | - | 149,362 | - | - | - | 790,034 | - | 790,034 |
| | Utilities: | | | | | | | | | | | | | |
| 93100 | Water | 1,728 | - | 39,246 | 265 | 1,592 | - | - | - | - | - | 186,255 | - | 186,255 |
| 93200 | Electricity | 2,147 | - | 35,957 | 1,528 | 19,826 | - | - | - | - | - | 148,311 | 6,082 | 154,393 |
| 93300 | Gas | 1,375 | - | 21,176 | 1,467 | 4,328 | - | - | - | - | - | 101,552 | 39,251 | 140,803 |
| 93400 | Fuel | - | - | - | - | - | - | - | - | - | - | - | 2,029 | 2,029 |
| 93600 | Sewer | 9,924 | - | 159,347 | 654 | - | - | - | - | - | - | 625,285 | 32,445 | 657,730 |
| 93800 | Other utilities expense | 24 | - | 22,991 | 3,674 | 36,220 | - | - | - | - | - | 87,004 | 97 | 87,101 |
| | Total utilities | 15,198 | - | 278,717 | 7,588 | 61,966 | - | - | - | - | - | 1,148,407 | 79,904 | 1,228,311 |
| | Ordinary maintenance and operations: | | | | | | | | | | | | | |
| 94100 | Labor | 7,121 | - | 201,957 | 781 | 303 | - | - | - | - | - | 925,221 | - | 925,221 |
| 94200 | Materials and other | 2,368 | - | 100,693 | 531 | 5,058 | - | - | - | - | - | 405,939 | 84,735 | 490,674 |
| 94300 | Contracts | 17,807 | - | 279,776 | 18,669 | 82,534 | - | - | - | - | - | 1,388,147 | - | 1,388,147 |
| 94500 | Employee benefits contribution | - | - | 66,307 | - | - | - | - | - | - | - | 484,835 | - | 484,835 |
| | Total ordinary maintenance and operations | 27,296 | - | 648,733 | 19,981 | 87,895 | - | - | - | - | - | 3,204,142 | 84,735 | 3,288,877 |

# HOUSING AUTHORITY OF THE CITY OF RENO
# FINANCIAL DATA SCHEDULES
# YEAR ENDED JUNE 30, 2023

| Line Item # | Accounts Description | Project Total | MTW - Low Rent | MTW - HCV | MTW - CFP | MTW - Demonstration Program | Section 8 Housing Assistance Payments | Shelter Plus Care | Neighborhood Stabilization Program | Family Self Sufficiency | Coronavirus State and Local Fiscal Recovery Funds | Housing Investment Partnerships |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **EXPENSES (Continued)** | | | | | | | | | | | |
| 96110 | Property insurance | $ 184,306 | $ - | $ - | $ - | $ - | $ - | $ - | $ 26,514 | $ - | $ - | $ 2,346 |
| 96120 | Liability insurance | 14,576 | - | - | - | - | - | - | 2,093 | - | - | 185 |
| 96130 | Worker's Compensation | 29,582 | - | - | - | 42,990 | - | - | 5,294 | - | - | 63 |
| 96140 | All other insurance | 24,828 | - | - | - | 1,619 | - | - | 4,331 | - | - | 240 |
| 96100 | Total insurance premiums | 253,292 | - | - | - | 44,609 | - | - | 38,232 | - | - | 2,834 |
| | General expenses: | | | | | | | | | | | |
| 96200 | Other general expenses | 7,875 | - | - | - | 4,011 | 27,906,439 | - | 25,992 | - | - | - |
| 96210 | Compensated absences | 66,074 | - | - | - | 211,464 | - | - | 10,279 | - | - | - |
| 96300 | Payment in lieu of taxes | 246,555 | - | - | - | - | - | - | 559 | - | - | 48 |
| 96400 | Bad debt - tenant rents | 76,276 | - | - | - | 68,675 | - | - | 885 | - | - | - |
| 96000 | Total general expenses | 396,780 | - | - | - | 284,150 | 27,906,439 | - | 37,715 | - | - | 48 |
| 96710 | Interest of mortgage payable | - | - | - | - | - | - | - | - | - | - | - |
| 96730 | Amortization of Bond Issue Costs | - | - | - | - | - | - | - | - | - | - | - |
| 96700 | Total interest expense and amortization | - | - | - | - | - | - | - | - | - | - | - |
| 96900 | Total operating expenses | 5,942,539 | - | - | - | 4,363,921 | 27,906,439 | 525 | 822,693 | - | - | 24,988 |
| 97000 | Excess of operating revenue over operating expenses | (2,525,292) | 1,746,494 | 25,309,894 | 1,368,800 | (4,216,863) | - | (525) | 428,432 | - | 302,009 | 69,289 |
| 97300 | Housing assistance payments | - | - | - | - | 21,607,708 | - | - | - | - | - | - |
| 97350 | HAP Portability-in | - | - | - | - | 167,746 | - | - | - | - | - | - |
| 97400 | Depreciation expense | 1,432,660 | - | - | - | 60,537 | - | - | 547,995 | - | - | 69,334 |
| 90000 | Total expenses | 7,375,199 | - | - | - | 26,199,912 | 27,906,439 | 525 | 1,370,688 | - | - | 94,322 |
| | Other financing sources (uses): | | | | | | | | | | | |
| 10010 | Operating transfer in | 125,234 | - | - | - | 28,425,188 | - | - | - | - | 115,413 | 2,438 |
| 10020 | Operating transfer out | (125,234) | (1,746,494) | (25,309,894) | (1,368,800) | - | - | - | - | - | - | - |
| 10093 | Transfers between Program and Project - In | 3,985,902 | - | - | - | - | - | - | - | - | - | - |
| 10094 | Transfers between Program and Project - Out | - | - | - | - | (3,985,902) | - | - | - | - | - | - |
| 10100 | Total other financing sources (uses) | 3,985,902 | (1,746,494) | (25,309,894) | (1,368,800) | 24,439,286 | - | - | - | - | 115,413 | 2,438 |
| 10000 | **EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES** | $ 27,950 | $ - | $ - | $ - | $ (1,613,568) | $ - | $ (525) | $ (119,563) | $ 3,194 | $ 417,422 | $ 2,393 |

# HOUSING AUTHORITY OF THE CITY OF RENO
# FINANCIAL DATA SCHEDULES
# YEAR ENDED JUNE 30, 2023

| Line Item # | Accounts Description | Dollar Home Sales | Resident Opportunity and Supportive Services | Business Activities | Blended Component Unit | COCC | Coronavirus Relief Fund | Emergency Housing Vouchers | Emergency Rental Assistance | Community Development Block Grant | Elimination | Total Enterprise Fund | Discrete Component Unit | Total Reporting Entity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **EXPENSES (Continued)** | | | | | | | | | | | | | |
| 96110 | Property insurance | $ 5,162 | $ - | $ 88,326 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 306,654 | $ - | $ 306,654 |
| 96120 | Liability insurance | 407 | - | 6,920 | - | - | - | - | - | - | - | 24,181 | - | 24,181 |
| 96130 | Worker's Compensation | 187 | 2,637 | 8,311 | 4,686 | 22,201 | - | 834 | 1,705 | - | - | 118,490 | - | 118,490 |
| 96140 | All other insurance | 528 | - | 8,969 | - | 10,134 | - | - | - | - | - | 50,649 | - | 50,649 |
| 96100 | Total insurance premiums | 6,284 | 2,637 | 112,526 | 4,686 | 32,335 | - | 834 | 1,705 | - | - | 499,974 | - | 499,974 |
| | General expenses: | | | | | | | | | | | | | |
| 96200 | Other general expenses | - | - | 809 | - | 5,771 | - | - | - | - | (27,906,439) | 44,458 | 20,233 | 64,691 |
| 96210 | Compensated absences | - | - | - | 18,263 | 878 | - | - | - | - | - | 306,958 | - | 306,958 |
| 96300 | Payment in lieu of taxes | 179 | - | 453 | - | - | - | - | - | - | - | 247,794 | - | 247,794 |
| 96400 | Bad debt - tenant rents | - | - | 7,433 | - | - | - | - | - | - | - | 153,269 | 1,005 | 154,274 |
| 96000 | Total general expenses | 179 | - | 8,695 | 18,263 | 6,649 | - | - | - | - | (27,906,439) | 752,479 | 21,238 | 773,717 |
| 96710 | Interest of mortgage payable | - | - | 6,870 | - | 28,475 | - | - | - | - | - | 35,345 | 131,904 | 167,249 |
| 96730 | Amortization of Bond Issue Costs | - | - | - | - | - | - | - | - | - | - | - | 7,370 | 7,370 |
| 96700 | Total interest expense and amortization | - | - | 6,870 | - | 28,475 | - | - | - | - | - | 35,345 | 139,274 | 174,619 |
| 96900 | Total operating expenses | 118,659 | 183,879 | 1,615,464 | 702,553 | 2,536,146 | 189,191 | 226,692 | 115,413 | - | (30,211,418) | 14,537,684 | 463,082 | 15,000,766 |
| 97000 | Excess of operating revenue over operating expenses | 38,917 | - | 2,591,697 | 27,344,897 | (188,271) | - | 296,775 | 1,688,537 | - | - | 54,257,984 | 861,215 | 55,119,199 |
| 97300 | Housing assistance payments | - | - | - | 26,899,378 | - | - | 760,878 | 1,688,537 | - | - | 50,956,501 | - | 50,956,501 |
| 97350 | HAP Portability-in | - | - | - | - | - | - | - | - | - | - | 167,746 | - | 167,746 |
| 97400 | Depreciation expense | 75,212 | - | 554,319 | 6,018 | 367,612 | - | - | - | - | - | 3,113,687 | 442,412 | 3,556,099 |
| 90000 | Total expenses | 193,871 | 183,879 | 2,169,783 | 27,607,949 | 2,903,758 | 189,191 | 987,570 | 1,803,950 | - | (30,211,418) | 68,775,618 | 905,494 | 69,681,112 |
| | Other financing sources (uses): | | | | | | | | | | | | | |
| 10010 | Operating transfer in | - | - | - | - | - | - | - | - | - | (28,668,273) | - | - | - |
| 10020 | Operating transfer out | - | - | (117,851) | - | - | - | - | - | - | 28,668,273 | - | - | - |
| 10093 | Transfers between Program and Project - In | - | - | - | - | - | - | - | - | - | (3,985,902) | - | - | - |
| 10094 | Transfers between Program and Project - Out | - | - | - | - | - | - | - | - | - | 3,985,902 | - | - | - |
| 10100 | Total other financing sources (uses) | - | - | (117,851) | - | - | - | - | - | - | - | - | - | - |
| 10000 | **EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES** | $ (36,295) | $ - | $ 1,919,527 | $ 439,501 | $ (555,883) | $ - | $ (464,103) | $ - | $ - | $ - | $ 20,050 | $ 418,803 | $ 438,853 |

# HOUSING AUTHORITY OF THE CITY OF RENO
# FINANCIAL DATA SCHEDULES
# YEAR ENDED JUNE 30, 2023

| Line Item # | Accounts Description | Project Total | MTW - Low Rent | MTW - HCV | MTW - CFP | MTW - Demonstration Program | Section 8 Housing Assistance Payments | Shelter Plus Care | Neighborhood Stabilization Program | Family Self Sufficiency | Coronavirus State and Local Fiscal Recovery Funds | Housing Investment Partnerships |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Memo Account Information** | | | | | | | | | | | |
| 11020 | Required annual debt principal payments | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 11030 | Beginning equity | 8,366,662 | - | - | - | (611,468) | - | 15,000 | 18,057,429 | - | - | 1,600,557 |
| 11040 | Prior period adjustments, equity transfers | | | | | | | | | | | |
| | correction | 430,942 | - | - | - | 4,336,238 | - | - | (19,771) | - | - | 16,367 |
| 11170 | Administrative fee equity | - | - | - | - | - | - | - | - | - | - | - |
| 11180 | Housing assistance payments equity | - | - | - | - | - | - | - | - | - | - | - |
| 11190 | Unit months available | 9,012 | - | - | - | 35,820 | - | - | 1,512 | - | - | 108 |
| 11210 | Number of unit months leased | 8,857 | - | - | - | 30,685 | - | - | 1,340 | - | - | 104 |
| 11270 | Excess cash | (1,570,787) | - | - | - | - | - | - | - | - | - | - |
| 11620 | Building purchases | 1,235,870 | - | - | - | - | - | - | - | - | - | - |
| 11630 | Furniture and Equipment - Dwelling Purchases | - | - | - | - | - | - | - | - | - | - | - |
| 11640 | Furniture and Equipment - | | | | | | | | | | | |
| | Administrative Purchases | - | - | - | - | - | - | - | - | - | - | - |
| 11650 | Leasehold Improvements Purchases | - | - | - | - | - | - | - | - | - | - | - |

| Line Item # | Accounts Description | Dollar Home Sales | Resident Opportunity and Supportive Services | Business Activities | Blended Component Unit | COCC | CRF | EHV | ERA | CDBG | Elimination | Total Enterprise Fund | Discrete Component Unit | Total Reporting Entity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Memo Account Information** | | | | | | | | | | | | | |
| 11020 | Required annual debt principal payments | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 102,000 | $ 102,000 |
| 11030 | Beginning equity | 1,355,475 | - | 26,150,269 | 3,650,687 | (208,058) | - | 358,769 | - | - | - | 58,735,322 | 8,112,881 | 66,848,203 |
| 11040 | Prior period adjustments, equity transfers | | | | | | | | | | | | - | |
| | correction | 8,804 | - | (4,641,443) | 1,271 | (132,408) | - | - | - | - | - | - | - | - |
| 11170 | Administrative fee equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11180 | Housing assistance payments equity | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11190 | Unit months available | 264 | - | 4,212 | 38,088 | - | - | 1,644 | - | - | - | 90,660 | 528 | 91,188 |
| 11210 | Number of unit months leased | 256 | - | 3,992 | 38,088 | - | - | 904 | - | - | - | 84,226 | 507 | 84,733 |
| 11270 | Excess cash | - | - | - | - | - | - | - | - | - | - | (1,570,787) | - | (1,570,787) |
| 11620 | Building purchases | - | - | - | - | - | - | - | - | - | - | 1,235,870 | - | 1,235,870 |
| 11630 | Furniture and Equipment - Dwelling Purchases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11640 | Furniture and Equipment - | | | | | | | | | | | - | | |
| | Administrative Purchases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11650 | Leasehold Improvements Purchases | - | - | - | - | - | - | - | - | - | - | - | - | - |

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

Board of Commissioners
Housing Authority of the City of Reno
Reno, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Housing Authority of the City of Reno (Housing Authority of the City of Reno), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Reno's basic financial statements, and have issued our report thereon dated March 7, 2024. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit as described in our report on Housing Authority of the City of Reno's financial statements. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the discretely presented component unit or that are reported on separately by those auditors who audited the financial statements of the discretely presented component unit.

## *Report on Internal Control Over Financial Reporting*

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Baltimore, Maryland
March 7, 2024

# REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Authority of the City of Reno
Reno, Nevada

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited the Housing Authority of the City of Reno's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Reno's major federal programs for the year ended June 30, 2023. The Housing Authority of the City of Reno's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority of the City of Reno complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority of the City of Reno and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority of the City of Reno's compliance with the compliance requirements referred to above.

### *Other Matter – Federal Expenditures Not included in the Compliance Audit*

The Housing Authority of the City of Reno's basic financial statements include the operations of a discretely presented component unit which may have received federal awards which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2023. Our audit, described above, did not include the operations of the discretely presented component unit because other auditors were engaged to perform audits of compliance, if applicable.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Housing Authority of the City of Reno's federal programs.

### *Auditors' Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority of the City of Reno's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority of the City of Reno's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the City of Reno's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Housing Authority of the City of Reno's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Reno's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

**CliftonLarsonAllen LLP**

Baltimore, Maryland
March 7, 2024

**HOUSING AUTHORITY OF THE CITY OF RENO**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**JUNE 30, 2023**

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***Section I – Summary of Auditors' Results***

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### *Financial Statements*

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes ___x___ no

   - Significant deficiency(ies) identified? ______ yes ___x___ none reported

3. Noncompliance material to financial statements noted? ______ yes ___x___ no

### *Federal Awards*

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes ___x___ no

   - Significant deficiency(ies) identified? ______ yes ___x___ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes ___x___ no

### *Identification of Major Federal Programs*

| Assistance Listing Numbers | Name of Federal Program or Cluster |
|---|---|
| 14.195 | Section 8 Housing Assistance Payments Program |
| 21.023 | COVID-19 Emergency Rental Assistance |

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,793,946

Auditee qualified as low-risk auditee? ___x___ yes ______ no

## ***Section II – Financial Statement Findings***

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

## ***Section III – Federal Award Findings and Questioned Costs***

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 4** **March 26, 2024**

SUBJECT: Commissioner Reports. (Discussion)

FROM: Commissioners RECOMMENDATION: Discussion

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 5** **March 26, 2024**

SUBJECT: Executive Director/Secretary's Report. (Discussion)

FROM: Executive Director RECOMMENDATION: Discussion

## A. Update on Agency Activities

- President Biden signed the FY2024 minibus, which included the US Department of Housing and Urban Development's (HUD) budget, on March 8, 2024. The Public Housing Fund, consisting of capital and operating subsidies, received a 3.5% increase over FY2023 enacted amounts. The Housing Choice Voucher program received a 7.9% funding increase; however, funding for voucher administrative fees decreased by .3%. Also, of note, the HOME program budget was cut by 16.7% from FY23 enacted. RHA has not yet received its specific funding awards.

- The minibus included a provision to extend the MTW Contract for the initial 39 designated MTW agencies through 2038. This is great news as it provides surety for our agency and community of RHA's ability to continue to implement single fund flexibility, use reserves for housing development, and support non-traditional activities that best meet local needs.

- The Executive Director participated in a roundtable discussion with Principal Assistant Deputy Secretary (PDAS) Richard Monocchio and northern California PHAs on March 12th. Topics discussed included the Housing Choice Voucher program, administrative fees, budget needs, and repositioning.

- The Executive Director and Director of Development provided a tour of public housing properties in Ward 4 to Reno City Councilperson Ebert. The tour provided an opportunity to discuss upcoming renovations at Stead Manor, Essex Manor, and Hawk View Apartments and answer questions on these projects.

- RHA staff participated in an affordable housing town hall meeting hosted by the Nevada Housing Coalition on March 13th. Approximately 30 stakeholders participated and discussed topics related to regulatory and zoning impacts on creation of affordable housing, legislative initiatives and follow up on recently passed legislation, and other topics.

- RHA was awarded the US Department of Housing and Urban Development's (HUD) 2024 Repositioning Strategy Award by the HUD San Francisco Field Office. Per HUD's Field Office Director Mr. Windt, "the HUD team gives out awards to the PHAs for exceptional performance in various categories." Staff appreciate this recognition.

- RHA received HUD approval of its Section 18 disposition application for Hawk View Apartments. This approval allows RHA to continue to move forward with its relocation planning, financing, and related factors for the redevelopment of this public housing property. As the next step, RHA and its developer partner, Brinshore Development, will seek approval of bond financing from the State Board of Finance at its June meeting.

- Per prior Board approval, RHA released two Request for Proposals (RFP) to project-based HUD VASH vouchers. The RFPs are available for review through RHA's website on the Planning & Development page. Responses are due on April 1, 2024.

- RHA will be honoring Jazzmeen Johnson, RHA's previous resident board member, at the Nevada Women Fund's 2024 Salute to Women of Achievement. This allows RHA to support a local partner agency and be present in the community at an event that "honors the determination, passion, and dedication of women in our community, spanning various backgrounds and roles that contribute meaningfully to their workplaces, families, and communities." The event will be held on May 23, 2024. Board members interested in attending should contact April Conway.

- Per recent discussion with, and clarification from, HUD staff, all of RHA's public housing sites will operate as general occupancy housing available to any eligible household. Given current demographic data that HUD considers, there is not enough data to support an elderly designation at certain sites. This may change over time and, if so, RHA can submit for approval of a 5-year designated housing plan at Board identified sites. Staff are updating procedures to reflect this change. This does not impact current public housing residents but will provide RHA with an opportunity to serve a broader population at each site as units turnover.

## B. Update on Rental Assistance / Asset Management

### <u>Rental Assistance</u>

| Voucher Type | Total Voucher Baseline | Vouchers Leased as of 3/14/24 | Percent Leased | Vouchers Issued Not Yet Leased |
|---|---|---|---|---|
| Housing Choice Voucher | 2,484 | 2,175 | 88% | 152 |
| VASH | 541 | 294 | 54% | 59 |
| EHV | 137 | 106 | 77% | 19 |
| FYI | 15 | 7 | 47% | 2 |

| Number HQS Inspections Conducted by Month | |
|---|---|
| February 2024 | 209 |

## City of Sparks Eviction Prevention Program

| Total Funding Awarded | Total Assistance Approved as of 3/14/24 | Number of Households Approved as of 3/14/24 | Percent Funding Spent |
|---|---|---|---|
| $1,309,500 | $1,180,067 | 259 | 90% |

**Housing Choice Vouchers (HCV)**

Description: Vouchers used by clients to lease a unit in Washoe County of their choosing. Applicants are pulled from the RHA HCV Waitlist. These vouchers also include Project Based Vouchers. The RHA has chosen to project-base 115 of our HCV's to assist special populations obtain housing. Of the total 115 PBV units, 95 are assigned to RHA owned properties.

Lease-Up Expectations: Although total voucher allocation is 2554, HUD has set the agency's leasing expectation at 2484 (AKA RHA's MTW Baseline), which is the maximum leasing expectation set by HUD when RHA signed its MTW Contract. Funds provided by HUD to support the HCV program are also used to support the agency's MTW activities and therefore full lease up of all 2554 vouchers is not expected or suggested by HUD. This includes the additional 7 vouchers provided as of 9/1/23.

**Veteran's Affairs Supporting Housing Vouchers (VASH)**

Description: Vouchers allocated by HUD with an ongoing partnership with the VA to serve homeless veterans. The VA provides case management services to participants. The VA makes direct referrals to RHA of eligible clients and the RHA provides a VASH voucher. Currently, RHA has project-based 31 of these vouchers. This also includes the 125 additional vouchers provided as of 11/1/23.

**Emergency Housing Vouchers (EHV)**

Description: Vouchers allocated by HUD for the specific purpose of assisting homeless individuals or families or those at risk of homelessness in obtaining housing. RHA is partnering with five local agencies (Catholic Charities, Health Plan of Nevada, Washoe County Human Services-Our Place, Washoe County Housing and Homeless Services-Cares Campus, and Volunteers of America) that have experience providing services to this population. Referrals for the program must come from the regional Continuum of Care (CoC) coordinated entry system. Direct referrals are received by the RHA from the partnering agency and the RHA provides the EHV voucher.

**Foster Youth to Independence Vouchers (FYI)**

Description: Voucher allocated by HUD for the specific purpose of assisting foster youth aging out of the foster care system. RHA is partnering with Washoe County Human Services and Eddy House to provide referrals and case management to clients. Direct referrals are received by the RHA from the partnering agency and the RHA provides the FYI voucher.

## Asset Management

- During the month of February, Asset Management on boarded one Assistant Manager and two maintenance II staff members. Currently, all Asset Management positions have been filled.

- Maintenance staff have been busy with snow removal, spreading pre-emergent and onboarding the new hire maintenance staff. They have also been working on ordering the items needed to complete the board approved $5,000 resident council projects. During the month of February, the entire maintenance staff also attended an in-person ladder training and safety class.

- The Manager team continues to work on learning how to enter inspections using the Yardi Mobile Inspection application. Most of the mobile application software issues have been resolved and staff are learning how to properly cite NSPIRE deficiencies so work orders are automatically created. The only inspections still being completed on paper are the move in and move out inspections. Once Rent Café is live, we will be able to complete all inspections on the mobile application including move in and outs since the residents will be able to obtain a copy of the inspection electronically.

- Public Housing ended the month of February with 76 vacancies for an overall occupancy rate of 90.00% across all sites. In February, four residents vacated their unit, and three units were leased.

## C. Update on Resident Services

- Resident Services staff attended a full day Mental Health Summit to increase their education and awareness of mental health topics.

Elderly Services

- Elderly Services staff attended the Senior Coalition meeting.
- Elderly Services staff continued to plan and operate the Golden Groceries Food Pantry. On average, 35-45 residents are served.
- Elderly Services staff members hosted **Sanford Center for Aging** at Willie J. Wynn for the Community Health and Wellness Program.

Workforce Development (WFD)

- Staff met to discuss Section 3 efforts. WFD Coordinators will include information regarding Section 3 opportunities in their quarterly and annual meetings with clients.
- Staff are planning the annual Career Fair for Workforce Development and Start Smart clients. Community partners have been contacted to host a table to promote open job opportunities and training. The event is scheduled for April 24th from 3pm-6pm at Silverada.

Youth/Family Activities

- 10 youth enrolled in Spring Break Bike Camp, a partnership with the **Reno Bike Project**. Participants received a bike, safety gear, lunch and snacks at no cost.
- Staff are preparing for 2024 summer camp in partnership with **Sierra Nevada Journeys**. Thanks to the generous **Helen Close Charitable Foundation** scholarships, 43 youth will get to attend summer camp at no cost.
- The 2024 Start Smart scholarship application has been released to eligible Start Smart students. Applications are due March 29, 2024, for the scholarship committee's review.
- Staff has begun contacting local businesses and community partners to discuss sponsorship opportunities to fund the scholarship awards.

Resident Councils

- Resident Services staff continues to work with Development and Asset Management staff to actuate 2023 resident council community beautification fund projects. RHA looks forward to seeing these projects come to fruition soon!
- Tom Sawyer Resident Council hosted a St. Patrick's Day celebration featuring corn beef and cabbage for all RHA seniors and persons with disabilities.
- The Resident Council Easter Festival was held on March 23rd at Hawk View. This event was a collaborative effort put on by all of the resident councils.

## D. Update on Public Affairs

Media: traditional and social

- Co-hosted news conference with Jacobs Entertainment regarding Sarrazin Arms land swap resulting in 48 total media placements. The story received 23 placements from the four local broadcast stations (KTVN 2, KOLO 8, KRNV 4, and KRXI 11), two placements from local online news outlets (Reno Gazette-Journal and This Is Reno), and 23 placements from local radio stations (KUNR, KKFT, and KKOH). The announcement has acquired a grand total of 518K coverage views.

- Conducted round table and staff visit for Senator Rosen
- Represented RHA at the Nevada Housing Coalition Town Hall on March 13th.

Other

- Preparing fact sheet for upcoming Hawk View and Silverada resident meetings
- Conducted Sarrazin Arms resident meeting to discuss future of the property
- Continuing to look for sponsorship for DSM furniture/outfitting needs. Have reached out to Nevada Military Support Alliance, the Katie Grace Foundation, and the Elks Club of Reno thus far
- Working with resident services on graphic collateral material for Start Smart Scholars Night
- Gathering information to present to board regarding paths forward to brand RHA
- Coordinating Heidi to speak at the Incline/Crystal Bay Community Advisory Board in May
- Planning an "Open House" in late summer for candidates to learn more about RHA, its housing, and services.

**E. Update on Development Department**

*For active development projects update, please see quarterly Development Department Update*

Capital Fund

- RHA submitted a request to HUD's Office of Capital Improvements to extend the obligation deadline for its FY2022 Capital Funds. The majority of these funds are budgeted for the Hawk View and Silverada Manor projects and RHA is unable to obligate the funds prior to final HUD approval, and financial closing, of these projects. The current HUD obligation deadline is May 11, 2024; however, pending approvals and financial closing for the projects will be after the deadline. Per regulations, HUD has the ability to extend the obligation deadline for factors beyond the PHA's control such as required HUD reviews and approvals.

Reno Avenue

- RHA has executed an LOI with Catholic Charities of Northern Nevada for the purchase 5 parcels located on Reno Ave.
- RHA is drafting a Purchase Sale Agreement and plans to finalize the agreement with Catholic Charities over the next month.
- Staff is aiming to close on the purchase of the property in spring 2024.

Other Updates

- Blaine McGuire joined the Development Department as Project Manager.

**F. Update on Information Technology Activities**

Yardi Implementation

- IT is working closely with Admissions and our Rent Café PHA manager to ensure all setups are completed and accurate as we prepare to open waitlists.
- We are finalizing internal discussions before beginning the Payment Processing implementation. This module will allow the agency to accept online payments through Rent Café, as well as scanning resident checks.
- The Development, Finance, and IT departments continue working on the Job Cost Module setup.
- Staff from IT, Finance, and Asset Management attended the two-day virtual Yardi Advanced Solutions conference. This conference spanned topics ranging from new features in Yardi 8 to best reporting practices.

Laserfiche Implementation

- The scanning team has completed the files for scattered sites, Mineral Manor, and Tom Sawyer Village. They have transitioned to McGraw Court and Silver Sage.

Other Projects

- IT worked with Resident Services to set up a computer lab in the Hawk View community room that consists of a printer and four all in one HP computers.
- IT also finished setting up the point-to-point connection for the Housing to Home office at Hawk View.

## G. Update on MTW Activities

FY 2025 Annual MTW Plan

- The FY 2025 Annual MTW Plan is included for Board approval. An overview of the Authority's plan was reviewed by members of the Resident Advisory Board and staff attended several Resident Council meetings to provide an overview of the proposed activities and their effect on current Public Housing residents. A public hearing to answer questions and receive comments on the proposed MTW Annual Plan was held on March 7, 2024. The public hearing was attended by five residents and one community member. All comments received were positive and the only questions asked surrounded around how soon the noted changes would be implemented. The Plan is due to HUD on or before April 15.

FY 2024 Annual MTW Report

- Preparation for RHA's Annual MTW Report to HUD has begun. Initial steps include several data pulls on current activities as well as disseminating surveys to Mobility Demonstration participants for analysis by the University of Washington.

- In 2016, RHA proposed and implemented an activity aimed at providing an incentive for adult children living in public housing, ages 18-20, to pursue employment and become economically self-sufficient. Activity 2016-06 (*Disregard earned income of PH household members, age 18-20, who are not the head of household, co-head, or spouse)* has allowed families, living in public housing, to have the earned income of adult children, within this age group, excluded from rent determinations for their households. To evaluate the overall effectiveness of this activity, staff recently began surveying all families who may have benefited from this income exclusion. The survey includes questions to determine how this income exclusion impacted their household and if the activity assisted eligible members in becoming self-sufficient. Survey results will be included in the FY 2024 Annual MTW Report.

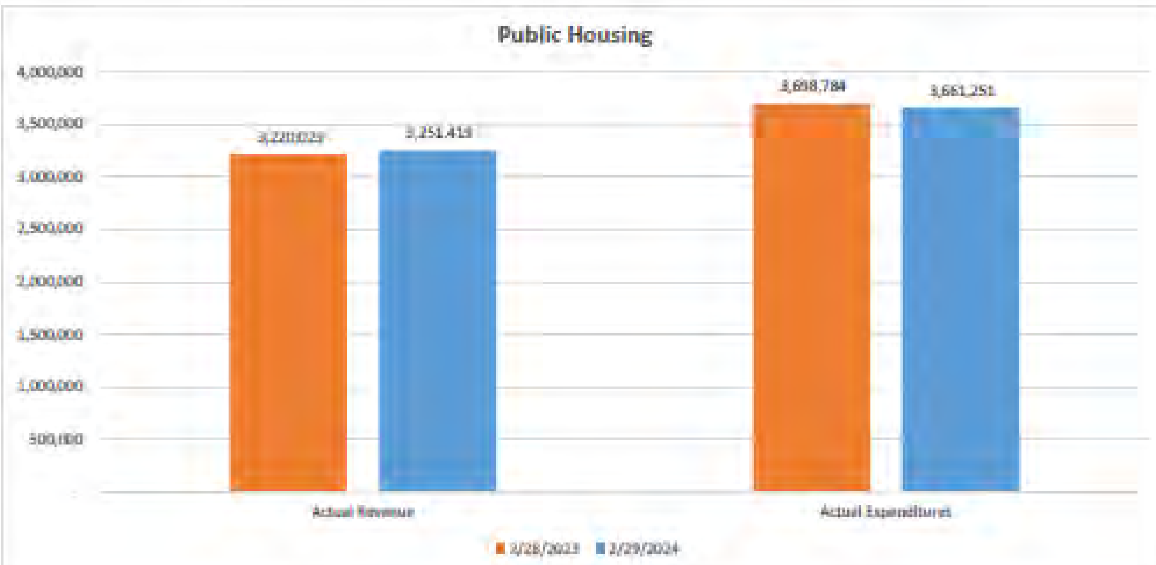
## H. Update on Legal Inquiries

| BOARD OF COMMISSIONERS | | | | |
|---|---|---|---|---|
| Board Position | Name | Current Term | # of Terms | Notes |
| Chair | Dave Aiazzi | 2/29/2024 to 2/28/2028 | 1 | |
| Vice Chair | Mark Sullivan | 2/1/2021 to 1/31/2025 | 3 | |
| | Hilary Schieve | 2/1/2024 to 1/31/2028 | 4 | |
| | Kathleen Taylor | 4/1/2023 to 3/31/2025 | 1 | Completing term of Oscar Delgado |
| | Dejanae Brown | 1/17/2024 to 4/30/2026 | 1 | Completing term of Jazmeen Johnson |

# I. Financials

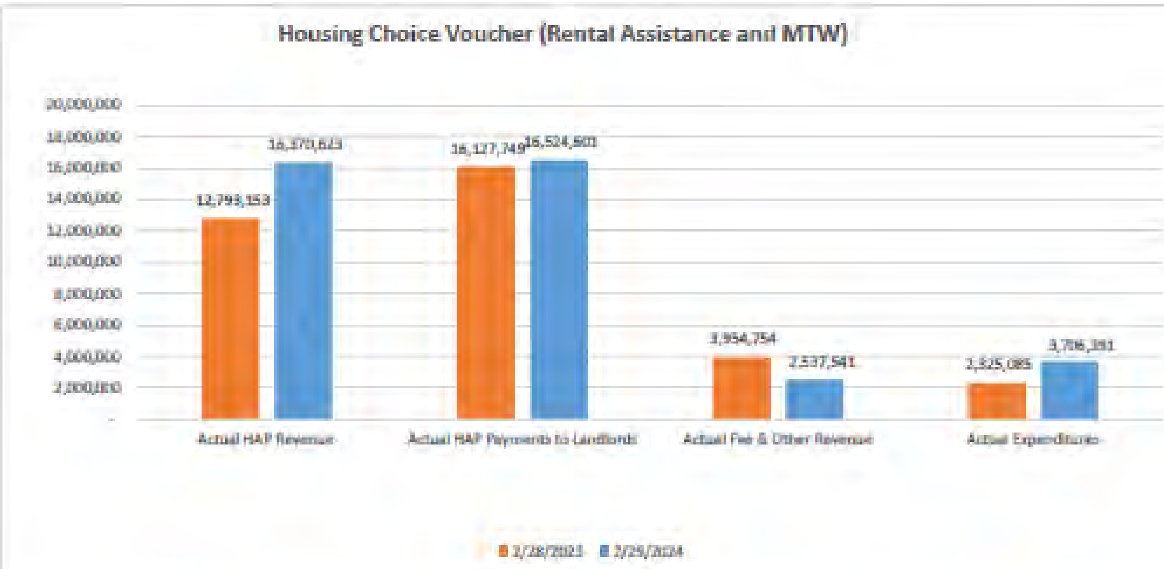
ENTITY-WIDE FINANCIAL REPORT
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2024

| Public Housing | 2/29/2024 | 2/28/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual Revenue | 3,251,419 | 3,220,023 | 31,397 | 0.98% |
| Budgeted Revenue | 3,522,919 | 3,112,559 | 410,360 | 13.18% |
| Actual Expenditures | 3,661,251 | 3,698,784 | (37,533) | -1.01% |
| Budgeted Expenditures | 4,408,395 | 3,790,466 | 617,929 | 16.30% |
| Actual Surplus (deficit) | (409,832) | (478,761) | 68,930 | -14.40% |



ENTITY-WIDE FINANCIAL REPORT
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2024

| Housing Choice Voucher (Rental Assistance and MTW) | 2/29/2024 | 2/28/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual HAP Revenue | 16,370,623 | 12,793,153 | 3,577,470 | 27.96% |
| Budgeted HAP Revenue | 18,633,445 | 17,061,736 | 1,571,709 | 9.21% |
| Actual HAP Payments to Landlords | 16,524,601 | 16,127,749 | 396,852 | 2.46% |
| Budgeted HAP Payments to Landlords | 16,463,967 | 16,816,611 | (352,644) | -2.10% |
| Actual Fee & Other Revenue | 2,537,541 | 3,954,754 | (1,417,213) | -35.84% |
| Budgeted Fee & Other Revenue | 2,001,189 | 1,781,729 | 219,460 | 12.32% |
| Actual Expenditures | 3,706,391 | 2,325,085 | 1,381,306 | 59.41% |
| Budgeted Expenditures | 3,485,776 | 2,262,715 | 1,223,061 | 54.05% |
| Actual Surplus (deficit) | (1,322,829) | (1,704,927) | 382,099 | -22.41% |



ENTITY-WIDE FINANCIAL REPORT
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2024

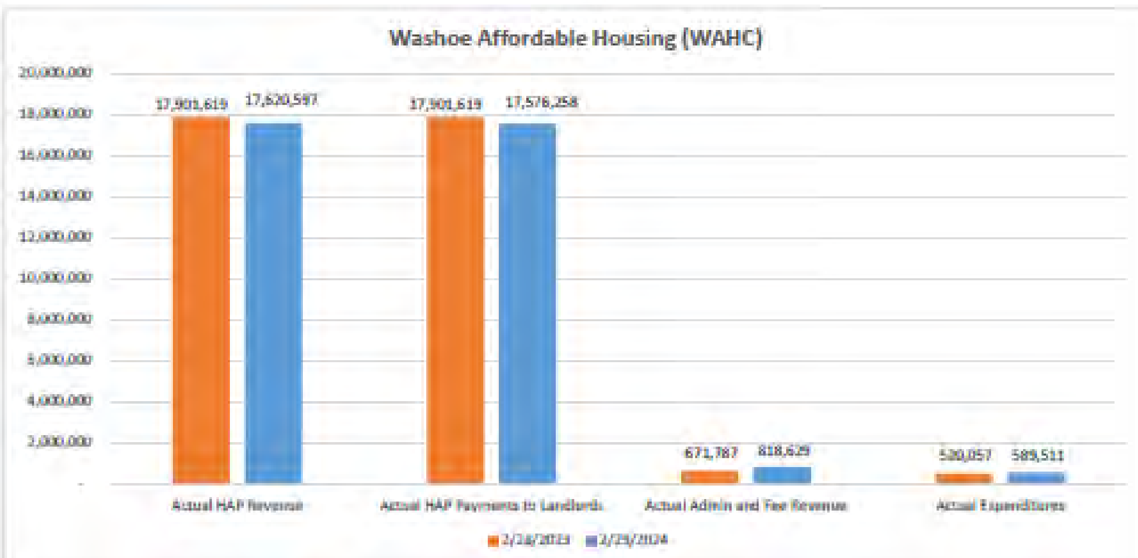
| Neighborhood Stabilization Program (NSP) | 2/29/2024 | 2/28/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual Revenue | 947,407 | 801,320 | 146,087 | 18.23% |
| Budgeted Revenue | 941,392 | 796,137 | 145,255 | 18.25% |
| Actual Expenditures | 540,923 | 570,968 | (30,044) | -5.26% |
| Budgeted Expenditures | 559,991 | 458,500 | 101,491 | 22.14% |
| Actual Restricted Surplus (deficit) | 406,484 | 230,352 | 176,132 | 76.46% |

ENTITY-WIDE FINANCIAL REPORT
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2024

| Business Activities | 2/29/2024 | 2/28/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual Revenue | 3,498,967 | 2,681,439 | 817,529 | 30.49% |
| Budgeted Revenue | 2,643,952 | 2,731,652 | (87,700) | -3.21% |
| Actual Expenditures | 1,227,924 | 1,153,166 | 74,758 | 6.48% |
| Budgeted Expenditures | 1,128,720 | 1,147,396 | (18,676) | -1.63% |
| Actual Unrestricted Surplus (deficit) | 2,271,043 | 1,528,273 | 742,770 | 48.60% |

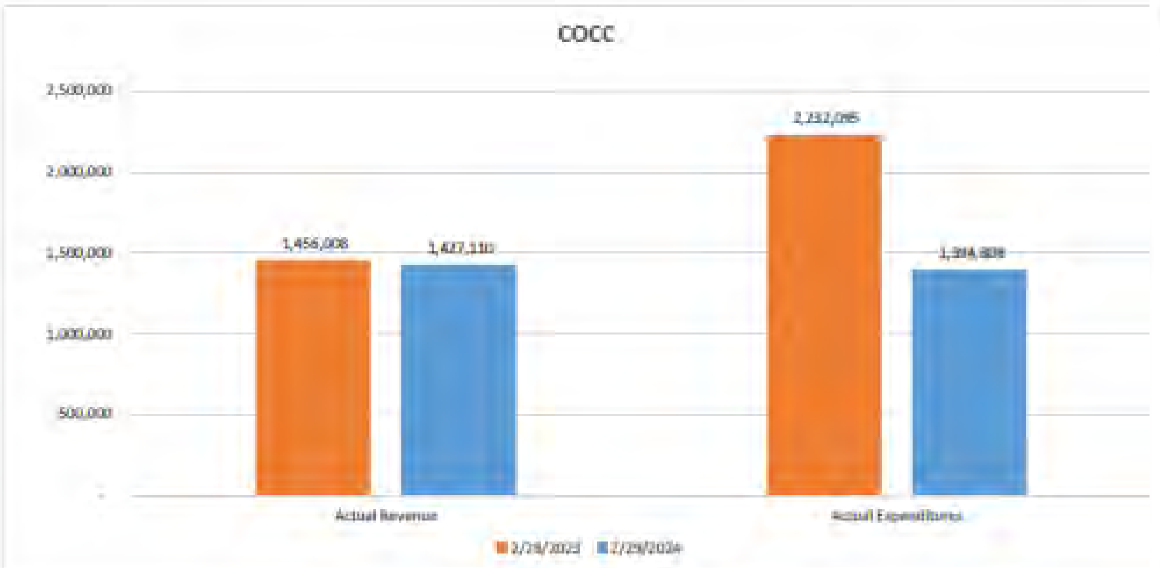
ENTITY-WIDE FINANCIAL REPORT
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2024

| Washoe Affordable Housing (WAHC) | 2/29/2024 | 2/28/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual HAP Revenue | 17,620,597 | 17,901,619 | (281,022) | -1.57% |
| Budgeted HAP Revenue | 17,877,259 | 17,158,193 | 719,066 | 4.19% |
| Actual HAP Payments to Landlords | 17,576,258 | 17,901,619 | (325,361) | -1.82% |
| Budgeted HAP Payments to Landlords | 17,877,259 | 17,158,193 | 719,066 | 4.19% |
| *HAP Surplus (Deficit)* | *44,339* | - | 44,339 | 0.00% |
| Actual Admin and Fee Revenue | 818,629 | 671,787 | 146,842 | 21.86% |
| Budgeted Admin and Fee Revenue | 687,474 | 688,677 | (1,203) | -0.17% |
| Actual Expenditures | 589,511 | 520,057 | 69,454 | 13.36% |
| Budgeted Expenditures | 528,258 | 471,705 | 56,552 | 11.99% |
| *Unrestricted Profit (Loss)* | *229,118* | *151,730* | 77,388 | 51.00% |
| **Actual compared to budget** | 273,457 | 151,730 | 121,727 | 80.23% |



ENTITY-WIDE FINANCIAL REPORT
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2024

| COCC | 2/29/2024 | 2/28/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual Revenue | 1,427,110 | 1,456,008 | (28,898) | -1.98% |
| Budgeted Revenue | 1,458,599 | 1,588,260 | (129,661) | -8.16% |
| Actual Expenditures | 1,394,808 | 2,232,095 | (837,287) | -37.51% |
| Budgeted Expenditures | 2,071,555 | 2,585,136 | (513,581) | -19.87% |
| Actual Unrestricted Surplus (deficit) | 32,301 | (776,088) | 808,389 | -104.16% |



ENTITY-WIDE FINANCIAL REPORT
FOR THE 8 MONTHS ENDED FEBRUARY 29, 2024

| Entity-Wide Totals | 2/29/2024 | 2/28/2023 | Variance | Variance Percentage |
|---|---|---|---|---|
| Actual HAP Revenue | 33,991,220 | 30,694,772 | 3,296,448 | 10.74% |
| Budgeted HAP Revenue | 36,510,703 | 34,219,929 | 2,290,774 | 6.69% |
| Actual HAP Payments to Landlords | 34,100,859 | 34,029,368 | 71,491 | 0.21% |
| Budgeted HAP Payments to Landlords | 34,341,225 | 33,974,804 | 366,421 | 1.08% |
| *HAP Surplus (Deficit)* | *(109,639)* | *(3,334,596)* | *3,224,957* | -96.71% |
| Actual Fee & Other Revenue | 12,481,073 | 12,785,330 | (304,257) | -2.38% |
| Budgeted Fee & Other Revenue | 11,255,525 | 10,699,013 | 556,512 | 5.20% |
| Actual Expenditures | 11,120,809 | 10,500,155 | 620,654 | 5.91% |
| Budgeted Expenditures | 12,182,695 | 10,715,918 | 1,466,777 | 13.69% |
| *Unrestricted Profit (Loss)* | *1,360,264* | *2,285,175* | *(924,911)* | *-40.47%* |
| **Actual Surplus (deficit)** | **1,250,625** | **(1,049,421)** | **2,300,046** | **-219.17%** |

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 6** **March 26, 2024**

SUBJECT: Possible adoption of Resolution 24-03-03 RH approving the content and submission of the Authority's FY 2025 Moving to Work Annual plan and Certifications of Compliance to the U.S. Department of Housing and Urban Development (HUD). (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Possible Action

**Background:**

The FY 2025 Moving to Work (MTW) Annual Plan is ready for your review and approval. An overview of the Authority's plan has been reviewed by members of the Resident Advisory Board, Resident Councils, and posted on the website for public review/comment beginning January 26, 2024. A public hearing to answer questions and receive comments was held on March 7, 2024. The public hearing was attended by five residents and one community member. All comments received were positive and the only questions asked surrounded around how soon the noted changes would be implemented. The FY 2025 MTW Plan and Certifications of Compliance, approved by the Board, are due to HUD by April 15, 2024.

In FY 2025, the following two activities are being proposed:

1. *Reduce Interim Recertifications*

RHA proposes to implement an activity to reduce the number of interim recertifications resulting in increased staff productivity while also encouraging Public Housing (PH) residents and Housing Choice Voucher (HCV) participants to increase household income without the increase adversely affecting rent. The proposed activity also aligns portions of RHA's recertification policy with upcoming regulation changes in the Housing Opportunities Through Modernization Act (HOTMA) while aiming to keep the process simpler for both staff and clients.

Following implementation of this activity, RHA will no longer process or require PH residents or HCV participants to report increases in household income until the household's next annual recertification. However, RHA will process interim recertifications and redetermine rent in both programs under the following circumstances:

- Any decrease in household income,
- Workforce Development Program participants with a signed contract of participation can request an interim to update the amount being contributed to their escrow accounts,
- When increased income would allow a new unit to meet affordability standards when a transfer and/or move is requested,
- Any change in family composition,
- When a contract rent increase or decrease is submitted by the landlord.

Throughout FY 2023, RHA processed 1,850 interim recertifications for HCV participants and 428 interim recertifications for PH residents. Through this activity, RHA intends to simplify the interim recertification requirements to avoid confusion for RHA staff and decrease some of the administrative burden required daily. If this activity had been implemented in FY 2023, RHA would have avoided processing 124 interims within the HCV Program (32% of Update Information forms submitted) and 146 interims within the PH Program (40% of Updated Information forms submitted).

2. *Landlord Incentive Program*

RHA's Landlord Incentive Program allows landlords to receive their contracted HAP payment through the end of the month for units occupied by HCV participants vacating under the following conditions: (1) deceased tenant, (2) eviction, (3) skip, (4) a family responsibility violation, or (5) excessive damage to the unit that is beyond normal wear and tear. In addition, RHA allows for one additional month of HAP to be paid to landlords regardless of the actual move-out date of the participant.

In FY 2024, RHA expanded the Landlord Incentive Program to provide landlords with a $500 re-lease bonus and a $1,000 referral bonus. Based on this expansion, current HCV landlords who sign a HAP contract to lease the same unit to another HCV program participant, will automatically receive a $500 re-lease bonus. In addition, current landlords who refer a new landlord to the HCV program will be eligible for an automatic referral bonus. To qualify for the referral bonus, the new landlord must be one who has never leased to one of RHA's HCV program participants before.

Throughout FY 2023, RHA received 656 Request for Tenancy Approval (RFTA) of which 455 passed HQS on the first inspection, 92 passed HQS following multiple inspections, 34 were not processed for various reasons, and 75 remained in process. This activity is being reproposed in FY 2025 to provide a vacancy loss payment if the unit passes HQS on the first inspection and allow for an extension to the actual length of time that the initial inspection results are valid for, from 45 days to 90 days. Vacancy loss payments are limited to units that pass HQS on the first inspection and designed to cover the time between RHA's receipt of a RFTA and the actual lease date by the tenant.

The following amendment to one MTW activity is also being requested:

1. *Simplify rent calculations and increase the minimum rent*

Currently, RHA is excluding all educational financial aid from income calculations and allowing self-certification of assets under $10,000. The full amount of student financial assistance paid directly to the student or to the educational institution is excluded from income calculations for HCV participants. RHA's HCV participants can now benefit from being able to attend an institution of higher education without being penalized with an increase in rent due to any financial assistance that they may secure.

In FY 2024, RHA raised the minimum rent from $75 to $100 not only to save significant HCV and PH operating subsidy but provide an incentive for participants to seek employment due to the higher participant contribution to rent.

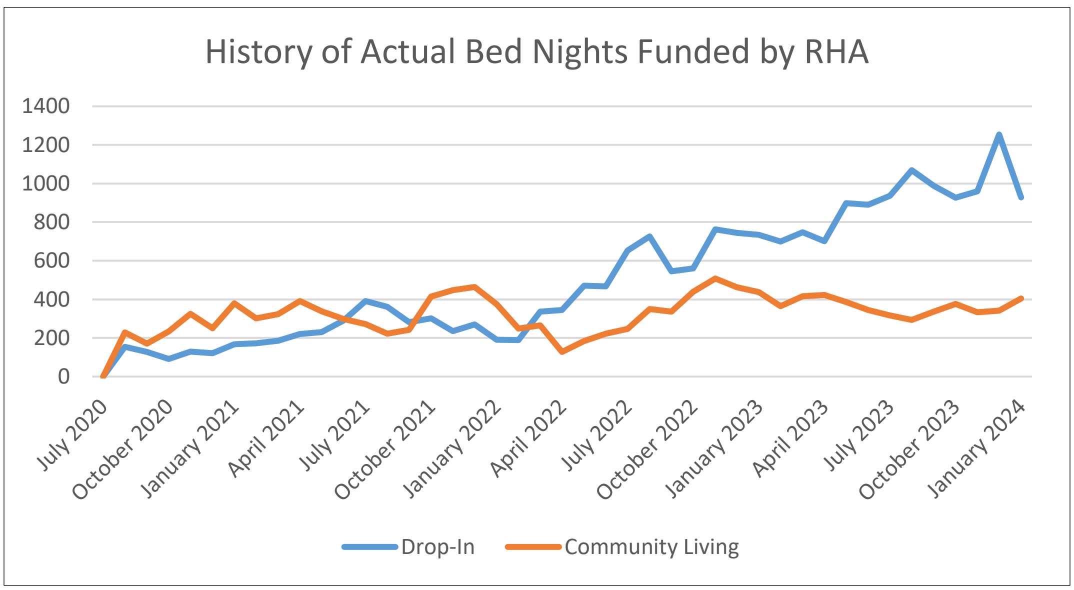
In FY 2025, RHA is amending the activity to allow households with assets less than $50,000 to submit a self-certification as to the value of the asset in FY 2025. Applicants will continue to be asked to provide a well-documented baseline asset value at the time of application or recertification, but RHA staff will only verify and calculate income on assets if the value totals more than $50,000.

*Partnership to Assist Homeless Youth:*

RHA's FY 2021 MTW Annual Plan established a partnership with Eddy House to provide support for their 24-hour facility for homeless youth, ages 12-24. This activity will continue in FY 2025.

Through this activity, RHA provides Eddy House with a small or shallow subsidy of $10 per bed per night. When proposed, the annual cost implication of the activity to RHA was approved at $156,950. This amount is based on their full capacity at the time of 43 beds per night. The plan also noted that the actual amount of funding provided could fluctuate based on need, rising costs, and funding availability.

The following graph shows a history of actual bed nights utilized and funded by RHA following implementation of this activity in August 2020. In December 2023, Eddy House reported a significant increase in the number of occupied drop-in bed nights and explained that cots were used when there were more clients than beds. They described this increase as seasonal and indicated that they keep extra cots on-site because of this fluctuation in overnight guests.




In January 2024, Eddy House reported similar numbers with 404 community living beds and 1,158 drop-in beds. Eddy House has made no formal request of RHA to fund additional bed nights. The steep decline in the number of drop-in beds for January 2024 is a direct result of RHA limiting the amount of funding for this month to 43 beds, the actual number of beds approved per month under this activity. A detailed breakdown of each month has been provided for your review separately.

*Staff Recommendation and Motion*

Staff recommends the Board of Commissioners move to approve Resolution 24-03-03 approving the content and submission of the Authority's FY 2025 Moving to Work Annual Plan and Certifications of Compliance to HUD.

HOUSING AUTHORITY OF THE CITY OF RENO
RESOLUTION **24-03-03 RH**

A RESOLUTION APPROVING THE CONTENT AND SUBMISSION OF THE AUTHORITY'S FY 2025 MOVING TO WORK ANNUAL PLAN AND CERTIFICATIONS OF COMPLIANCE TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WHEREAS, Moving to Work (MTW) is a demonstration program, established by Congress in 1996, that offers a limited number of "high performing" Public Housing Authorities the opportunity to propose and test innovative, locally-designed approaches to administering housing programs and self-sufficiency strategies; and

WHEREAS, after a national competition was held in 2012, the Housing Authority of the City of Reno was selected and designated as one of four new MTW agencies in 2013; and

WHEREAS, the Authority's MTW agreement was signed by Sandra B. Henriquez, Assistant Secretary of the U.S. Department of Housing and Urban Development (HUD) on June 27, 2013; and

WHEREAS, on June 28, 2016, the Board of Commissioners approved an extension to the Authority's agreement with HUD to participate in the MTW Demonstration Program through the end of the Authority's Fiscal Year (FY) 2028; and

WHEREAS, in compliance with the Authority's MTW agreement, HUD requires an annual submission of a MTW Plan and Certifications of Compliance following a public process; and

WHEREAS, the Authority developed the FY 2025 MTW Annual Plan and invited public comment beginning on January 26, 2024 allowing for a 30-day comment period; and

WHEREAS, comments were solicited through notices posted on the Authority's website, and through legal notice publications in the *Reno Gazette-Journal* on January 28, 2024, and January 30, 2024; and

WHEREAS, a public hearing was held on March 7, 2024, to receive comments on the Authority's plan;

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Commissioners of the Housing Authority of the City of Reno as follows:

1. That the Board of Commissioners hereby authorizes and directs the Executive Director to submit the Authority's FY 2025 Moving to Work Annual Plan and Certifications of Compliance to HUD.

2. This Resolution is to be effective upon the date of its adoption.

ADOPTED THIS __26__ DAY OF __March__, 2024.

ATTEST:

CHAIRPERSON SECRETARY

__________________________ __________________________

# Annual Plan 2025

**MTW**

Local • Innovative • Solutions

RENO HOUSING AUTHORITY

Posted for public review & comment on January 26, 2024.

### Board of Commissioners

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*Chair*

Mark Sullivan
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*Executive Director*

Heidi McKendree
*Deputy Executive Director*

Jamie Newfelt
*Director of Rental Assistance*

Kristin Scott
*Director of Asset Management*

JD Klippenstein
*Director of Development*

Vacant
*Director of Administration*

Vacant
*Director of Resident Services*

Darren Squillante
*Director of Human Resources*

Josh Stice
*Director of Information Technology*

### About

Founded in October 1943, the Housing Authority of the City of Reno (RHA) owns and manages 751 units of Public Housing in eight different locations in the City of Reno and City of Sparks. Using Neighborhood Stabilization Programs (NSP) and other funding, RHA acquired and manages over 160 scattered site rental properties specifically targeted for low-income households. RHA also provides housing subsidies to more than 2,500 low-income families in Reno, Sparks, and Washoe County through various rental assistance programs.

### Mission

Provide fair, sustainable, quality housing in diverse neighborhoods throughout Reno, Sparks and Washoe County that offers a stable foundation for low-income families to pursue economic opportunities, become self-sufficient and improve their quality of life.


Housing Authority of the City of Reno
1525 East Ninth Street
Reno, NV 89512-3012
www.renoha.org


EQUAL HOUSING
OPPORTUNITY

# Table of Contents

SECTION 1

# INTRODUCTION

# I. Introduction

## A. What is MTW?

MTW is a demonstration program, established by Congress in 1996, that offers a limited number of "high performing" Public Housing Authorities (PHAs) the opportunity to propose and test innovative, locally designed approaches to administering housing programs and self-sufficiency strategies. The program permits PHAs to combine federal funds from the Public Housing (PH) operating fund, Capital Fund Program (CFP) and Housing Choice Voucher (HCV) program into a single, agency-wide funding source known as a "block grant." This block grant approach allows MTW PHAs to allocate resources based on a local determination of how to effectively address the needs of the local community. It is important to note that the MTW designation does not provide PHAs with additional funding from the U.S. Department of Housing and Urban Development (HUD), but rather allows each agency to use their funding in a more flexible manner.

With HUD's approval, PHAs participating in the MTW program can waive certain statutes and regulations in the United States Housing Act of 1937 to explore different and creative ways to improve their housing programs. These policy changes allow PHAs to address challenges for low-income families that are unique to their local needs. In doing so, each of the activities proposed and implemented must address at least one of three MTW statutory objectives.

**MTW Statutory Objectives**

- Increase housing choices for low-income families.
- Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient.
- Reduce costs and achieve greater cost effectiveness in federal expenditures.

## B. RHA's designation as an MTW agency

After a national competition was held in 2012, RHA was selected and designated as one of four new MTW agencies in 2013. The MTW agreement between RHA and HUD was executed on June 27, 2013. The executed agreement established RHA as an MTW agency through RHA's FY 2018. On April 14, 2016, RHA received notice that pursuant to Section 239 of Title II, Division L of the Consolidated Appropriations Act, 2016, RHA's current MTW agreement with HUD was extended through the end of FY 2028.

## C. FY 2025 MTW Annual Plan overview

FY 2025 (i.e., the period from July 1, 2024 through June 30, 2025) will be RHA's twelfth year as an MTW agency. Each year RHA is required to adopt an MTW Annual Plan for HUD's approval in advance of the start of the fiscal year. This plan, which is organized according to HUD's requirements as outlined in Form 50900, explains the proposed/amended MTW activities for the coming year, and provides updates on current MTW activities that have already received approval from HUD. For this plan, an "MTW activity" is defined as any activity that requires MTW flexibility to be utilized to waive statutory or regulatory requirements.

The MTW Annual Plan is intended to provide PH residents, HCV participants, local officials, the public, and HUD with pertinent information on each of RHA's proposed and implemented activities. It also serves to provide stakeholders with details on RHA's operating budget and capital improvement plans.

As part of RHA's planning process, staff began discussing the FY 2025 MTW Annual Plan, including each of the proposed/amended activities and ongoing PH repositioning strategies, during Resident Advisory Board and Resident Council meetings in January 2024. Public review and comments are then solicited prior to consideration and approval by RHA's Board of Commissioners. Following approval from the Board of Commissioners, RHA's FY 2025 MTW Annual Plan is submitted to HUD for review.[1]

## D. Overview of RHA's annual goals and objectives

During its eleven years as an MTW agency, RHA implemented activities intended to simplify the administration of both the PH and HCV programs. These activities include, but are not limited to, simplifying medical deductions in both the PH and the HCV program, implementing true triennial recertifications for elderly/disabled participants on fixed incomes and waiving rent reasonableness determinations under certain conditions in the HCV program. Furthermore, RHA created a Landlord Incentive Program within the HCV program, began providing an incentive to $0 Housing Assistance Payment (HAP) households and received approval to use its funding flexibility for Affordable Housing Acquisition, Rehabilitation and Preservation.

Throughout RHA's participation in the MTW Demonstration, staff have continued to seek innovative activities that are designed to streamline resident requirements and increase the overall efficiency of the agency. To identify ways that approved MTW activities might be improved upon, staff continue to monitor activities following full implementation.

***RHA's proposed/amended FY 2025 MTW activities***
RHA is proposing/reproposing the following MTW activities in FY 2025:

- *Reduce Interim Recertifications*
  RHA is proposing to eliminate interim recertifications due to an increase in household income unless requested under certain circumstances.

- *Landlord Incentive Program*
  RHA is reproposing this activity to allow for a vacancy loss payment if the unit passes Housing Quality Standards (HQS) on the first inspection and to extend the length of time that the initial inspection results are valid from 45 days to 90 days.

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[1] Additional details on RHA's public process can be found in Section VI of this plan and the accompanying attachments.

In addition, RHA is amending the following activity in FY 2025 which was previously approved by HUD:

- *Simplify rent calculations and increase the minimum rent*
  RHA is amending this activity to allow HCV participants and PH residents with less than $50,000 in assets to submit a self-certification as to the value and the amount of expected income.

***MTW goals and objectives***
Utilizing the flexibilities available through MTW to expand housing choice, streamline agency operations and develop creative solutions that meet the needs of low-income families in our community remains an ongoing goal of RHA. New initiatives that further both the MTW statutory objectives and RHA's strategic plan will continue to be explored and proposed if feasible.

In December 2023, RHA's Board of Commissioners identified several goals for the agency in the coming year. In FY 2025, leadership will work to:

- Continue to explore ways that RHA can increase the amount of affordable housing provided.

- Become an integral part of the community.

- Make data driven decisions.

- Increase opportunities for current and future PH residents/HCV participants to break the cycle of poverty.

- Promote health and wellness with current and future PH residents/HCV participants.

RHA continues to review its portfolio analysis which was updated in FY 2024 based on information provided through a capital needs assessment. This review identified ways RHA could sustain its housing portfolio over time. Repositioning strategies were identified, and applications were submitted to HUD for Rental Assistance Demonstration (RAD) repositioning at Silverada Manor and Section 18 Demolition/Disposition at Hawk View Apartments.

Repositioning options continue to be considered for RHA's six other PH sites. Over the next several years, the following repositioning strategies may be considered for RHA's remaining PH properties:

| Property Name | AMP | # of Units | Repositioning Strategy |
|---|---|---|---|
| Stead Manor | NV39-P001-006 | 67 | RAD |
| Essex Manor | NV39-P001-009 | 105 | RAD |
| John McGraw Court | NV39-P001-018 | 34 | RAD |
| Mineral Manor | NV39-P001-001 | 144 | Section 18 Demolition/ Disposition |
| Tom Sawyer Village | NV39-P001-002 | 100 | Section 18 Demolition/ Disposition |
| Myra Birch Manor | NV39-P001-010 | 56 | RAD |

***Non-MTW goals and objectives***

Non-MTW goals and objectives are those activities that do not require MTW authority or flexibility to implement. In addition to its planned MTW goals and objectives, RHA will:

- Review and update the HCV payment standards to ensure viability with the area's rental market and maintain adequate lease up levels within the HCV program.
- Continue to work toward increasing staff efficiencies by fully implementing an Electronic Document Management System (EDMS) that will manage the use and storage of documents created throughout the organization.
- Fully implement additional modules available in the new software system to further automate workflows and streamline agency operations.

SECTION 2

# GENERAL OPERATING INFORMATION

# II. General Operating Information

## RHA's Housing Assistance Programs

On January 1, 2024, RHA was providing housing assistance to 2,779 active households through its PH and HCV programs.[2]

**685 households** *with* **~1,462 people** *earning* **$19,600 average income**

**75%** *of households earn less than 30% AMI*

### Composition of People

**266** Households with children
**914** Household members
**546** Youth ages 0-18
**84%** Single-parent households

**419** Elderly/Disabled households
**601** Household members
**39** Households include youth
**70%** One person household

**~5,077 people served by RHA**

**2,094 households** *with* **~3,615 people** *earning* **$18,127 average income**

**74%** *of households earn less than 30% AMI*

### Composition of People

**524** Households with children
**1,830** Household members
**1,125** Youth ages 0-18
**89%** Single-parent households

**1,564** Elderly/Disabled households
**1,968** Household members
**113** Households include youth
**84%** One person household

## Public Housing

RHA currently owns and manages 751 units of PH in eight different locations in the City of Reno and the City of Sparks for eligible low-income families, the elderly, and persons with disabilities.

## Housing Choice Voucher

RHA administers several rental assistance programs created under Section 8 of the 1974 Federal Housing and Community Development Act. Through this program, RHA provides housing subsidies to low-income families and individuals living in privately owned housing in Reno, Sparks and Washoe County.

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[2] Number of active households indicated here does not include VASH, FYI or EHV participants. The number of active households depicted here is lower than previous years as RHA's new software reports active households differently.

In addition to households assisted through its PH and HCV programs, RHA works closely with the local Department of Veterans Affairs (VA) office to provide assistance to over 400 veterans through the HUD-VA Supportive Housing (VASH) Program. RHA was also awarded 137 Emergency Housing Vouchers (EHV) to assist unsheltered community members with housing and 15 vouchers through the Foster Youth to Independence (FYI) Program.

Utilizing the Neighborhood Stabilization Program (NSP) and other identified funding sources, RHA acquired over 200 scattered site properties throughout the local area; 166 of these are still a part of the agency's housing portfolio. While some of these scattered site rental properties are leased to higher income families, the majority are specifically allocated to house very low-income households. In addition to these PH and scattered site units, RHA owns nine unaided multi-family housing properties that provide an additional 376 affordable housing units and one LIHTC property providing 44 units of affordable housing to seniors. Working with a private property manager, RHA ensures that many of these properties are leased at levels that are lower than HUD's Fair Market Rents (FMRs) for Washoe County.

This section includes RHA's general housing stock, lease-up, and wait list information.

## A. Housing Stock Information

### i. Planned New Public Housing Units

RHA will not be adding any new PH units in FY 2025.

| ASSET MANAGEMENT PROJECT (AMP) FILL IN NAME AND NUMBER | 0/1 Bdm | 2 Bdm | 3 Bdm | 4 Bdm | 5 Bdm | 6+ Bdm | TOTAL UNITS | POPULATION TYPE** | Section 504 Accessible Units* (Mobility) | Section 504 Units* (Hearing/ Vision) |
|---|---|---|---|---|---|---|---|---|---|---|
| Name/Number | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A | 0 | 0 |
| Name/Number | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A | 0 | 0 |
| Name/Number | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A | 0 | 0 |

| Total Public Housing Units to be Added in the Plan Year: | 0 |
|---|---|

* The federal accessibility standard under HUD's Section 504 regulation is the Unifor Federal Accessibility Standards (UFAS) for purposes of Section 504 compliance (24 CFR 8.32). HUD recipients may alternatively use the 2010 ADA Standards for Accessible Design under Title II of the ADA, except for certain specific identified provisions, as detailed in HUD's Notice on "Instructions for use of alternative accessibility standard," published in the Federal Register on May 23, 2014 ("Deeming Notice") for purposes of Section 504 compliance, https://www.govinfo.gov/content/pkg/FR-2014-05-23/pdf/2014-11844.pdf

** Select "Population Type" from: General, Elderly, Disabled, Elderly/Disabled, Other

**If "Population Type" is "Other" please describe:**

N/A

### ii. Planned Public Housing Units to be removed

RHA has been exploring all options to reposition its PH portfolio including RAD and Section 18 Demolition/Disposition. RHA submitted an application under RAD/Section 18 for Silverada Manor and an application under Section 18 for Hawk View Apartments. Although no additional applications have been submitted, RHA continues to explore repositioning strategies for its other six PH properties.

A "substantial amendment" was submitted with the FY 2024 MTW Annual Plan, which captured the proposed changes to the PH portfolio. This includes identifying the planned PH units to be removed and the number of new PBVs to be assigned.

In FY 2025, RHA plans to remove the following PH units:

| AMP NAME AND NUMBER | NUMBER OF UNITS TO BE REMOVED | EXPLANATION FOR REMOVAL |
|---|---|---|
| Hawk View Apartments NV39P001007 | 99 | In FY 2024, RHA submitted an application for Section 18 Demolition/Disposition on this property. |
| Silverada Manor NV39P001003 | 149 | In FY 2024, RHA submitted an application to convert all units at this property to PBV utilizing RAD and a Section 18 Blend. |
| **TOTAL:** Public Housing Units to be removed in the Plan Year | **248** | |

### iii. Planned New Project-Based Vouchers

In FY 2025, RHA anticipates project-basing the following properties pursuant to the agency's repositioning strategies. These include only those in which at least an Agreement to enter into a Housing Assistance Payment (AHAP) will be in place by the end of the Plan Year. It also indicates whether the unit is included in the Rental Assistance Demonstration (RAD).

| PROPERTY NAME | NUMBER OF VOUCHERS TO BE PROJECT-BASED | RAD? | DESCRIPTION OF PROJECT |
|---|---|---|---|
| Hawk View Apartments | 99 | N | PH general occupancy site that is being repositioned through Section 18 Demolition/Disposition. |
| Silverada Manor | 149 | Y | PH general occupancy site that will be repositioned using RAD PBV/Section 18 Blend. |
| Privately Owned Properties | 50 | N | Privately owned properties will be assigned PBVs through a competitive process. |
| VASH PBV | 137 | N | Private and agency owned properties are assigned VASH PBVs. |
| **TOTAL:** | **435** | | |

### iv. Existing Project Based Vouchers

RHA is currently project-basing the following tenant-based vouchers in the Plan Year. These include only those in which at least an AHAP is already in place at the beginning of the Plan Year. It also indicates whether the unit is included in RAD.

| PROPERTY NAME | NUMBER OF PROJECT-BASED VOUCHERS | PLANNED STATUS AT END OF PLAN YEAR* | RAD? | DESCRIPTION OF PROJECT |
|---|---|---|---|---|
| Mobility Demonstration | 19 | Leased/Issued | No | PH tenants in good standing are being allowed to move to RHA's scattered site properties on a PBV. |
| Single-Family Home Project-Based Vouchers | 12 | Leased/Issued | No | RHA has several single-family homes which are shifted to a PBV if/when the unit becomes vacant. |
| Yorkshire Terrace | 11 | Leased/Issued | No | RHA has assigned PBVs to units at Yorkshire Terrace, a 30-unit Low Income Housing Tax Credit (LIHTC) property. |
| Partnerships | 5 | Leased/Issued | No | RHA has formalized agreements with nonprofit community partners and property owners to provide affordable housing. |
| Willie J. Wynn Apartments | 12 | Leased/Issued | No | Affordable housing development designed specifically to support seniors aging in place. |
| Privately Owned Partnerships | 38 | Leased/Issued | No | Privately owned properties being assigned PBVs through a competitive process. |
| Pilgrims Rest | 7 | Leased/Issued | No | Privately owned senior complex managed by RHA. |
| VASH PBV | 31 | Leased/Issued | No | Privately owned properties have been assigned VASH PBVs. |

| | |
|---|---|
| **TOTAL:** | **135** |

* Select "Planned Status at the End of Plan Year" from: Committed, Leased/Issued

### v. Planned Other Changes to MTW Housing Stock Anticipated During the Plan Year

Examples of the types of other changes can include (but are not limited to): units held off-line due to relocation or substantial rehabilitation, local, non-traditional units to be acquired/developed, etc.

| PLANNED OTHER CHANGES TO MTW HOUSING STOCK ANTICIPATED IN THE PLAN YEAR |
|---|
| RHA plans to continue to purchase and/or acquire additional affordable housing units to provide additional housing choice to low-income families through RHA's various programs. Furthermore, if presented with a feasible opportunity, RHA plans to acquire land for future affordable housing development. |

### vi. General Description of All Planned Capital Expenditures during the Plan Year

Narrative general description of all planned capital expenditures of MTW funds during the Plan Year.

| GENERAL DESCRIPTION OF ALL PLANNED CAPITAL EXPENDITURES DURING PLAN YEAR |
|---|
| RHA is planning to work on the following capital projects in FY 2025. These planned capital improvements are based on funding availability and may change during the plan year based on the safety needs of RHA's PH residents:<br><br>• Mineral Manor: site improvements and ADA accessible entries: $85,317<br>• Tom Sawyer Village: landscape and site improvements: $107,000<br>• Silverada Manor: relocation and predevelopment activities: $842,000<br>• Stead Manor: relocation and predevelopment activities: $598,000<br>• Hawk View Apartments: relocation and predevelopment activities: $358,000<br>• Myra Birch Manor: appliance repairs and replacements, and a dumpster enclosure: $90,000<br>• John McGraw Court: relocation and predevelopment activities: $ 206,578 |

## B. Leasing Information

### i. Planned Number of Households Served

Snapshot and unit month information on the number of households the MTW PHA plans to serve at the end of the Plan Year.

| PLANNED NUMBER OF HOUSEHOLDS SERVED THROUGH: | PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED* | PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED** |
|---|---|---|
| MTW Public Housing Units Leased | 8,676 | 723[3] |
| MTW Housing Choice Vouchers (HCV) Utilized | 27,936 | 2,328[4] |
| Local, Non-Traditional: Tenant-Based^ | 0 | 0 |
| Local, Non-Traditional: Property-Based^ | 516 | 43[5] |
| Local, Non-Traditional: Homeownership^ | 0 | 0 |
| **Planned Total Households Served:** | **37,128** | **3,094** |

* "Planned Number of Unit Months Occupied/Leased" is the total number of months the MTW PHA plans to have leased/occupied in each category throughout the full Plan Year.

** "Planned Number of Households to be Served" is calculated by dividing the "Planned Number of Unit Months Occupied/Leased" by the number of months in the Plan Year.

^ In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/households to be served, the MTW PHA should estimate the number of households to be served.

| LOCAL, NON-TRADITIONAL CATEGORY | MTW ACTIVITY NAME/NUMBER | PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED* | PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED* |
|---|---|---|---|
| Tenant-Based | N/A | 0 | 0 |
| Property-Based | 2021-03: Partnership to Assist Homeless Youth | 516 | 43 |
| Homeownership | N/A | 0 | 0 |

* The sum of the figures provided should match the totals provided for each local, non-traditional categories in the previous table. Figures should be given by individual activity. Multiple entries may be made for each category if applicable.

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[3] RHA has 751 ACC units. Lease up is not anticipated to drop below 723 units, or 97% of the MTW baseline of 745. If/when RHA is approved for a RAD conversion, the actual number of households served may fall below the number planned as units are held to accommodate the conversion process.

[4] RHA has 2,547 ACC Housing Choice Vouchers. Although our goal is 100% of the established baseline of 2,477, RHA anticipates leasing this program at 94% in the coming year.

[5] Eddy House has 43 shelter beds; a portion of which are allocated specifically to house youth on a semi-permanent basis up to six months. During colder months, they accommodate more than 20 youth by utilizing cots within the drop in shelter.

### ii. Discussion of Any Anticipated Issues/Possible Solutions Related to Leasing

Discussions of any anticipated issues and solutions in the MTW housing programs listed.

| HOUSING PROGRAM | DESCRIPTION OF ANTICIPATED LEASING ISSUES AND POSSIBLE SOLUTIONS |
|---|---|
| MTW Public Housing | RHA continues to select applicants off the waiting list based on preferences set forth in the Admissions and Continued Occupancy (ACOP) for Public Housing for referral to vacant PH units. As of January 1, 2024, this program was leased at 91.95% of the MTW baseline and is currently on track to maintain this lease up figure. Although there are currently no anticipated leasing issues in this program, RHA has held several units vacant as the agency prepares to reposition two of its PH sites. Currently 36 units are being held for this purpose. |
| MTW Housing Choice Voucher | RHA continues to monitor its payment standards in relation to rental market conditions and promote the Landlord Incentive Program. In FY 2019, based on feedback provided from the local HUD Field Office, RHA implemented a "lease in place" preference for applicants on the waiting list. This preference will continue in the coming year.<br><br>In FY 2023, RHA leased this program steadily around 91% of the MTW baseline. To maintain lease up numbers within its HCV program, RHA continued to monitor its payment standards to ensure they are accurately reflecting local market conditions, expanded its Landlord Incentive Program, and implemented a "lease in place" preference. RHA also adopted Exception Payment Standards for 12 specific zip codes throughout the Truckee Meadows where rents were unaffordable based on RHA's traditional payment standards. Staff anticipates that the adoption of these small area payment standards will facilitate leasing in low-poverty neighborhoods and increase housing choice for RHA's voucher holders. To further assist the lease up of this program, RHA hired a Landlord Liaison. The Landlord Liaison serves as the primary point of contact for anything landlord related and works to promote the HCV program to new landlords while retaining existing landlords throughout Washoe County. |
| Local, Non-Traditional | Although RHA does not anticipate any leasing issues related to Activity 2021-03, it is designed to assist homeless youth in both a community living space and 24-hour drop-in center. The very transient nature of the at-risk population being served make it difficult to anticipate any leasing issues that may be encountered. |

## C. Wait List Information

The following table reflects RHA's wait list information as of January 22, 2024.

### i. Waiting List Information Anticipated

Snapshot information of waiting list data as anticipated at the beginning of the Plan Year. The "Description" column should detail the structure of the waiting list and the population(s) served.

| WAITING LIST NAME | DESCRIPTION | NUMBER OF HOUSEHOLDS ON WAITING LIST | WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED | PLANS TO OPEN THE WAITING LIST DURING THE PLAN YEAR |
|---|---|---|---|---|
| Essex 2BR | General Occupancy PH site, 2 bedrooms | 2,158 | Closed | If needed |
| Essex 3BR | General Occupancy PH site, 3 bedrooms | 761 | Closed | If needed |
| Hawk View 2 BR | General Occupancy PH site, 2 bedrooms | 2,159 | Closed | If needed |
| HCV | Housing Choice Voucher | 2,509 | Closed | If needed |
| McGraw 1BR | General Occupancy PH site, 1 bedroom | 622 | Closed | If needed |
| Mineral 1BR | General Occupancy PH site, 1 bedroom | 898 | Closed | If needed |
| Mineral 2BR | General Occupancy PH site, 2 bedrooms | 2,159 | Closed | If needed |
| Mineral 3BR | General Occupancy PH site, 3 bedrooms | 762 | Closed | If needed |
| Mineral 4BR | General Occupancy PH site, 4 bedrooms | 134 | Closed | If needed |
| Myra 2BR | General Occupancy PH site, 2 bedrooms | 2,157 | Closed | If needed |
| PBV 1BR | Project Based Voucher, 1 bedroom | 954 | Closed | If needed |
| PBV 2BR | Project Based Voucher, 2 bedrooms | 401 | Closed | If needed |
| PBV 3BR | Project Based Voucher, 3 bedrooms | 164 | Closed | If needed |
| PBV 4BR | Project Based Voucher, 4 bedrooms | 37 | Closed | If needed |
| PBV Pilgrim Rest | Senior/Disabled PBV Complex | 133 | Closed | If needed |
| Silverada 0BR | General Occupancy PH site, 0 bedroom | 726 | Closed | If needed |
| Silverada 1BR | General Occupancy PH site, 1 bedroom | 622 | Closed | If needed |
| Silverada 2BR | General Occupancy PH site, 2 bedrooms | 160 | Closed | If needed |

| WAITING LIST NAME | DESCRIPTION | NUMBER OF HOUSEHOLDS ON WAITING LIST | WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED | PLANS TO OPEN THE WAITING LIST DURING THE PLAN YEAR |
|---|---|---|---|---|
| Stead 2BR | General Occupancy PH site, 2 bedrooms | 2,250 | Closed | If needed |
| Stead 3BR | General Occupancy PH site, 3 bedrooms | 773 | Closed | If needed |
| Tom Sawyer 0BR | General Occupancy PH site, 0 bedroom | 726 | Closed | If needed |
| Tom Sawyer 1BR | General Occupancy PH site, 1 bedroom | 621 | Closed | If needed |
| Tom Sawyer 2BR | General Occupancy PH site, 2 bedrooms | 160 | Closed | If needed |

**Please describe any duplication of applicants across waiting lists:**

With RHA's software conversion, all clients on current PH waiting lists were transferred to each of RHA's new site-based waiting lists based on bedroom size. This describes the current duplications of applicants across waiting lists, however, at the time of application, clients may apply for all open waiting lists. The number of households reported will continue to reflect households who have applied for more than one program and/or bedroom size.

### ii. Planned Changes to Waiting List in the Plan Year

Please describe any anticipated changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

| WAITING LIST NAME | DESCRIPTION OF PLANNED CHANGES TO WAITING LIST |
|---|---|
| All Waiting Lists | All RHA waiting lists will be opened and closed as needed. |

SECTION 3

# PROPOSED MTW ACTIVITIES

# III. Proposed MTW Activities

This section describes RHA's proposed MTW activities for the coming year. Information is included on which MTW statutory objective(s) will be achieved, the anticipated impact of the proposed activity on the stated objective(s) and the anticipated schedules for achieving the stated objective(s). It also details specific waivers to be used along with data collection and evaluation criteria, if applicable.

RHA is proposing the following MTW activities in FY 2025:

## 2025-01: Reduce Interim Recertifications

### A. Activity Description

Currently, RHA processes an interim recertification whenever a PH resident or HCV participant reports an increase or decrease in income or assets, when a change in family composition occurs or when a landlord in the HCV program requests a contract rent increase and/or decrease. In any given year, this can result in an excessive number of interim reviews. For RHA staff, having to process an interim recertification shortly after a recent annual or new admission can become overly burdensome and time-consuming. Additionally, for RHA's families, the interim review process can serve as a deterrence to increasing household income as any increase in income ultimately results in an increase in rent.

In FY 2025, RHA proposes to implement an activity to reduce the number of interim recertifications resulting in increased staff productivity while also encouraging PH residents and HCV participants to increase household income without adversely affecting rent. Following implementation of this activity, RHA will no longer process or require PH residents or HCV participants to report increases in household income until the household's next annual recertification. However, RHA will process interim recertifications and redetermine rent in both programs under the following circumstances:

- Any decrease in household income,
- Workforce Development Program participants with a signed contract of participation can request an interim to update the amount being contributed to their escrow accounts,
- When increased income would allow a new unit to meet affordability standards when a transfer and/or move is requested,
- Any change in family composition,
- When a contract rent increase or decrease is submitted by the landlord.

*How does this achieve one or more of the statutory objectives(s)?*
This activity will reduce costs and achieve greater cost effectiveness.

*Anticipated impact of the proposed MTW activity on the stated objective*
RHA anticipates that limiting interim recertifications will result in reduced administrative costs for the agency overall. As RHA will no longer process interim recertifications when a household

experiences an increase in income, the Enterprise Income Verification (EIV) New Hire Report and the corresponding Income Validation Tool will only be reviewed during the household's annual recertification further reducing the amount and cost of staff time involved.

*Anticipated schedule for implementing the proposed activity*
Following HUD's approval of this plan, RHA will update its Administrative Plan for Section 8 Housing Choice Voucher, Project Based Voucher, and Moderate Rehabilitation (Admin Plan) and its Admission and Continued Occupancy Policies (ACOP) to reflect the change in interim recertifications based on this policy.

**B. Activity Metrics**
The following Standard HUD Metrics were identified and will be tracked for this activity:

| **2025-01 CE #1: Agency Cost Savings** | | |
|---|---|---|
| **Unit of Measurement** | **Baseline** | **Benchmark** |
| Total cost of task in dollars (decrease). | Cost of task prior to implementation of the activity (in dollars). | Expected cost of task after implementation of the activity (in dollars). |
| Total cost to complete interim recertifications due to an increase in household income. | $21,518[6]<br>PH: $10,485.72<br>HCV: $11,032.28 | |

| **2025-01 CE #2: Staff Time Savings** | | |
|---|---|---|
| **Unit of Measurement** | **Baseline** | **Benchmark** |
| Total time to complete the task in staff hours (decrease). | Total amount of staff time dedicated to the task prior to implementation of the activity (in hours). | Expected amount of total staff time dedicated to the task after implementation of the activity (in hours). |
| Total number of staff hours to complete interim recertifications due to an increase in household income. | 754.64 hours<br>PH: 350.4 hours<br>HCV: 404.24 hours | |

*Data source from which the metric data will be compiled*
RHA will utilize its internal software system to process interims due to one of the circumstances noted in the activity description.

6 Baseline figures are based on interim recertifications processed throughout FY 2023.

**C. Cost Implications**

The following cost are incurred for each interim recertification processed by RHA throughout the year:

| Time and cost incurred in processing an Interim Recertification | | | | | | | |
|---|---|---|---|---|---|---|---|
| **PH Program** | | | | **HCV Program** | | | |
| | Material | Time | Labor | | Material | Time | Labor |
| Cost for Asset Manager | $4.86 | 2.40 hours @ $27.90/hour | $66.96 | Cost For Housing Specialist | $2.63 | 2.04 hours @ $25.86/hour | $52.75 |
| | | | | Cost for Office Clerk | $6.34 | 1.22 hours @ $22.34/hour | $27.25 |
| Total | $4.86 | | $66.96 | Total | $8.97 | | $80.00 |
| | **Total Cost per Client:** | | **$71.82** | | **Total Cost per Client:** | | **$88.97** |

In addition to the per client costs noted, RHA spends approximately 42 hours per month in the HCV Program and 30.097 hours per month in the PH Program reviewing EIV New Hire Report and requesting verifications from employers. Although not included in the metric above, the following costs are also incurred each month for all activities related to this report:

| Time and cost incurred to review EIV New Hire Report | | | | | | | |
|---|---|---|---|---|---|---|---|
| **PH Program** | | | | **HCV Program** | | | |
| | Material | Time | Labor | | Material | Time | Labor |
| Time to review each month | | 1.433 hours per month @ $27.90/hour | $39.99 | Time to review each month | | 2.04 hours per month @ $25.86/hour | $51.72 |
| Cost to send verifications each month | $69.64 | 28.66 hours per month @ $27.90/hour | $799.61 | Cost to send verifications each month | $92.69 | 40 hours per month @ $25.86/hour | $1,034.40 |
| Total | $69.64 | | $839.60 | Total | $92.69 | | $1,086.12 |
| | **Total Monthly Cost:** | | **$909.24** | | **Total Monthly Cost:** | | **$1,178.81** |

Following implementation of this activity, RHA anticipates an annual savings of $46,986.39.

**D. Need/Justification for MTW Flexibility**

*Note: All references to authorizations are to the section and paragraph citation of Attachment C of the Standard MTW Agreement.*

This activity requires the following authorizations to allow RHA to eliminate and/or reduce the number of interim recertifications due to an increase in household income.

C. <u>Authorizations Related to Public Housing Only</u>

C.4. *Initial, Annual and Interim Income Review Process*

The Agency is authorized to restructure the initial, annual and interim review process in the public housing program in order to affect the frequency of the reviews and the methods and process used to establish the integrity of the income information provided. *This authorization waives certain provisions of sections 3(a)(1) and 3(a)(2) of the 1937 Act and 24 CFR §§966.4 and 960.257.*

C.11 *Rent Policies and Term Limits*
The Agency is authorized to determine family payment, including the total tenant payment, the minimum rent, utility reimbursements and tenant rent. The Agency is authorized to adopt and implement any reasonable policies for setting rents in public housing including but not limited to establishing definitions of income and adjusted income or earned income disallowance that differ from those in current statutes or regulations. This authorization waives certain provisions of Section 3(a)(2), 3(a)(3)(A), and Section 6(l) of the 1937 Act and 24 CFR *§§5.603, 5.611, 5.628, 5.630, 5.632, 5.634 and 960.255 and 966 Subpart A.*

D. Authorizations Related to Section 8 Housing Choice Vouchers Only

D.1. *Operational Policies and Procedures*

D.1.c. The Agency is authorized to define, adopt, and implement a reexamination program that differs from the reexamination program currently mandated in the 1937 Act and its implementation regulations. *This authorization waives certain provisions of Section 8(o)(5) of the 1937 Act and 24 CFR §982.518.*

D.2. *Rent Policies and Term Limits*

D.2.a. The Agency is authorized to adopt and implement any reasonable policy to establish payment standards, rents or subsidy levels for tenant-based assistance that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. The Agency is authorized to adopt and implement any reasonable policies to calculate the tenant portion of the rent that differ from the currently mandated program requirements in the 1937 Act and its implementing regulations. This authorization waives certain provisions of Sections 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR *§§982.503, 982.508, and 982.518.*

**Rent Reform Information**

*Impact Analysis*

Throughout FY 2023, RHA processed 1,850 interim recertifications for HCV participants and 428 interim recertifications for PH residents.

| FY 2023 Interim Recertifications | | |
|---|---|---|
| | **HCV Program (# processed)** | **PH Program (# processed)** |
| Contract Rent Increase | 1,113 | 0 |
| Update Information Form submitted | 389 | 361 |
| Finalize prior interim/annual recertification | 248 | 0 |
| Admin error, misc., etc. | 100 | 67 |
| **Total** | 1,850 | 428 |

Through this activity, RHA intends to simplify the interim recertification requirements to avoid confusion for RHA staff and decrease some of the administrative burden required daily. If this activity had been implemented in FY 2023, RHA would have avoided processing 124 interims within the HCV Program and 146 interims within the PH Program. Furthermore, once the regulation changes contained in the Housing Opportunities Through Modernization Act (HOTMA) become required, many of the interim recertifications related to increases in income will no longer be processed making the impact of this activity overall minimal.

*Hardship Case Criteria*

RHA anticipates that this policy change will be extremely positive for all HCV participants and PH residents. RHA is allowing for those who may be otherwise impacted by this policy (i.e., WFD participants with a current contract of participation) to request an interim reexamination any time they experience an increase income.

*Description of Annual Reevaluation*

RHA will continue to review this activity annually to ensure positive outcomes continue to be achieved. Should this activity negatively affect households in any way, RHA will request/propose additional modifications to the policy.

*Transition Period*

RHA does not anticipate a transition period beyond the anticipated implementation schedule related to this activity.

## 2018-01: Landlord Incentive Program

**Activity Description**
This activity was approved and implemented in FY 2018. It was amended in FY 2020 and FY 2024 to expand upon the conditions for qualification and allow for additional incentives including a referral bonus and a re-lease bonus.

Based on information received from landlords through a survey which noted barriers to their continued participation in the HCV program, RHA implemented a Landlord Incentive Program in FY 2018 that was expanded upon in FY 2020 and FY 2024. The program allows landlords to receive their contracted HAP payment through the end of the month for units occupied by HCV participants vacating under the following conditions: (1) deceased tenant, (2) eviction, (3) skip, (4) a family responsibility violation, or (5) excessive damage to the unit that is beyond normal wear and tear. In addition, RHA allows for one additional month of HAP to be paid to landlords regardless of the actual move-out date of the participant. In FY 2024, RHA received approval to pay one additional month of the actual full contract rent amount rather than the HAP amount automatically. Although RHA continues to pay landlords one additional month of their HAP amount, if requested, this amount may be adjusted to the full contract rent amount based on current rental market conditions, budget availability, and RHA's voucher utilization rate.

In FY 2024, RHA expanded the Landlord Incentive Program to provide landlords with a $500 re-lease bonus and a $1,000 referral bonus. Based on this expansion, current HCV landlords who sign a HAP contract to lease the same unit to another HCV program participant, will automatically receive a $500 re-lease bonus. In addition, current landlords who refer a new landlord to the HCV program will be eligible for an automatic referral bonus. To qualify for the referral bonus, the new landlord must be one who has never leased to one of RHA's HCV program participants before.

This activity is being reproposed in FY 2025 to provide a vacancy loss payment if the unit passes HQS on the first inspection and allow for an extension to the actual length of time that the initial inspection results are valid for, from 45 days to 90 days.

*How does this achieve one or more of the statutory objectives(s)?*
Vacancy loss payments are limited to units that pass HQS on the first inspection and are considered an MTW Voucher or Special Purpose Voucher (Non-MTW Voucher) as noted in the Cost Implication section of this activity. The payment is designed to cover the time between RHA's receipt of a Request for Tenancy Approval (RFTA) and the actual lease date by the tenant.

Implementation of this activity is expected to increase housing choice for low-income families by providing an incentive for landlord participation within the HCV program. However, to ensure landlords can maintain equal housing opportunities for all low-income households and follow existing lease-up procedures, RHA will not require landlords to rent to another voucher holder to qualify for any aspect of the Landlord Incentive Program.

*Anticipated schedule for implementing the proposed activity*
Following HUD's approval of this plan, RHA will update its Administrative Plan for Section 8 Housing Choice Voucher, Project Based Voucher, and Moderate Rehabilitation (Admin Plan) to allow for a vacancy loss payment and increase the length of time that the inspection results are

valid for. RHA will notify current and potential landlords of the change to the activity. Notification will include the steps to be taken to request and ensure receipt of any of the benefits provided through the Landlord Incentive Program.

**Activity Metrics**
The following Standard HUD Metrics were identified when this activity was proposed and approved in FY 2018. This metric will continue to be tracked.

| ***2018-01 HC #2: Units of Housing Preserved*** | | |
|---|---|---|
| **Unit of Measurement** | **Baseline** | **Benchmark** |
| Number of new housing units preserved for households at or below 80% AMI that would otherwise not be available (increase). | Housing units preserved prior to implementation of the activity (number). | Expected housing units preserved after implementation of the activity (number). |
| Number of housing units preserved for households at or below 80% AMI. | 19 | 31[7] |

**Cost Implications**
Throughout FY 2023, RHA received 656 RFTAs of which 455 passed HQS on the first inspection, 92 passed HQS following multiple inspections, 34 were not processed for various reasons, and 75 remained in process.

The following table details the number of units which passed HQS following the first inspection broken out by voucher increment. It also details the average number of days from RFTA submittal to lease and the potential cost implications once this activity is implemented:

| **MTW Vouchers** | | | |
|---|---|---|---|
| **Voucher increment** | **# of units that passed on first inspection** | **Average # of days from RFTA to lease** | **Potential cost for Vacancy Loss Payments** |
| V00 | 292 | 25.19 | $308,018 |
| MS1 | 2 | 41 | $3,783 |
| | | **TOTAL** | **$311,801** |

7 Of the 126 move outs that would have been eligible to receive this proposed incentive, 19 of these landlords leased their units to another HCV participant. This number is expected to increase by 25%.

| Special Purpose Vouchers (Non-MTW Voucher)[8] | | | |
|---|---|---|---|
| **Voucher increment** | **# of units that passed on first inspection** | **Average # of days from RFTA to lease** | **Potential cost for Vacancy Loss Payments** |
| EHV | 48 | 23.54 | $44,451 |
| FYI | 4 | 27 | $3,058 |
| VET | 83 | 22.51 | $68,128 |
| VSH | 1 | 58 | $2,051 |
| | | **TOTAL** | **$117,688** |

As RHA works to increase landlord participation and promote the affordable housing needs of the local community, single fund flexibility may be utilized to provide additional outreach, including, but not limited to, additional staff and resources.

**Need/Justification for MTW Flexibility**
*All references to authorizations are to the section and paragraph citation of Attachment C of the Standard MTW Agreement.*

To implement this activity, the following authorizations are needed:

D. Authorizations Related to Section 8 Housing Choice Vouchers Only

D.1. *Operational Policies and Procedures*

D.1.a. The Agency is authorized to determine the term and content of Housing Assistance Payment (HAP) contracts to owners during the term of the MTW demonstration. However, any revised HAP contract must include language noting that the funding for the contract is subject to the availability of Appropriations. *This authorization waives certain provisions of Sections 8(o)(7) of the 1937 Act and 24 CFR §982.162.*

D.1.d. The Agency is authorized to determine a damage claim and/or vacancy loss policy and payment policy for occupied units that differs from the policy requirements currently mandated in the 1937 Act and its implementing regulations. Damage and vacancy authority are subject to state and local laws. *This authorization waives certain provisions of Section 8(o)(9) of the 1937 Act and 24 CFR §982.311.*

D.5. *Ability to Certify Housing Quality Standards*
The Agency is authorized to certify that housing assisted under MTW will meet housing quality standards established or approved by HUD. The certification form will be approved or provided by HUD. The Agency is also authorized to perform HQS inspections on PHA-owned HCV and PBV units in lieu of the independent inspection

[8] Although special purpose vouchers are not part of the MTW flexibility, they do take advantage of specific MTW activities based on program needs and should be considered in the overall cost of the proposed the activity. Furthermore, as vacancy loss payments can be built into the HAP contract for the PBV unit, they have not been considered for this part of the Landlord Incentive Program.

requirements. *This authorization waives certain provisions of Section 8(o)(8) and 8(o)(11) of the 1937 Act, 24 CFR §§982.352(b) and 982, Subpart I.*

Need/Justification for MTW Flexibility:
The authorizations cited allow RHA to pay an additional amount of HAP to HCV landlords as an incentive for their continued participation in the program. The authorizations allow RHA to insert additional language into the HAP contract for an additional one-time payment provision, if needed. These additional HAP payments can be used at the discretion of landlord to cover either a vacancy loss payment or damage claim. Furthermore, the authorizations allow RHA to extend the length of time that the initial inspection is valid from 45 days to 90 days.

SECTION 4

# APPROVED MTW ACTIVITIES

# IV. Approved MTW Activities

## A. Implemented Activities

The activities discussed in this section have previously been approved by HUD and implemented by RHA. The following tables provide an overview of each of the approved MTW activities including the year it was implemented, the primary statutory objective(s) the activity is intended to impact, and the Authorization(s) cited.

| Approved MTW activities | | | | |
|---|---|---|---|---|
| **Activity #** | **Activity Name** | **Fiscal Year Implemented / Amended** | **Statutory Objective(s)** | **Authorization(s) Cited** |
| 2014-02 | Mobility Demonstration | 2014 | Increase housing choice for low-income families *and* create incentives for families to work, seek work or prepare for work. | Attachment C Sections D.1.b., D.4., D.7.a., and E. |
| 2014-05 | Simplify rent calculations and increase the minimum rent | 2014<br>amended 2024 | Reduce costs and achieve greater cost effectiveness. | Attachment C Sections C.4., C.11, D.2.a., and D.3.b. |
| 2014-06 | Triennial recertifications for elderly/disabled participants on fixed incomes | 2014<br>amended 2015<br>amended 2017<br>amended 2018<br>amended 2023 | Reduce costs and achieve greater cost effectiveness. | Attachment C Sections C.4. and D.1.c. |
| 2015-01 | Elimination of all negative rents and simplification of HCV utility allowances | 2015 | Reduce costs and achieve greater cost effectiveness. | Attachment C Sections C.11. and D.2.a. |
| 2015-02 | Allow RHA to inspect its own HCV units | 2015 | Reduce costs and achieve greater cost effectiveness. | Attachment C Sections C.9.a. and D.5. |
| 2016-01 | Simplification of medical deductions | 2016<br>amended 2018 | Reduce costs and achieve greater cost effectiveness. | Attachment C Sections C.11. and D.2.a. |
| 2016-02 | Redefine near-elderly person | 2016<br>amended 2020 | Increase housing choices for low-income families. | Attachment C Section C.2. |
| 2016-05 | Eliminate Earned Income Disallowance (EID) | 2016 | Reduce costs and achieve greater cost effectiveness. | Attachment C Sections C.11. and D.2.a. |

| Activity # | Activity Name | Fiscal Year Implemented / Amended | Statutory Objective(s) | Authorization(s) Cited |
|---|---|---|---|---|
| 2016-06 | Disregard earned income of PH household members, age 18-20, who are not the head of household or co-head | 2016 | Create incentives for families to work, seek work or prepare for work. | Attachment C Section C.11. |
| 2016-07 | Implement a $75 fee for each additional HQS inspection when more than two inspections are required | 2016 | Reduce costs and achieve greater cost effectiveness. | Attachment C Section D.1.a. |
| 2017-01 | Increase verified application data for HCV applicants | 2017 | Reduce costs and achieve greater cost effectiveness *and* increase housing choices for low-income families. | Attachment C Section D.3.a. |
| 2017-02 | Asset threshold to determine eligibility for admission | 2017<br>amended 2019 | Increase housing choices for low-income families. | Attachment C Sections C.2., D.3.a., D.3.b., and D.4. |
| 2019-01 | Redetermination of rent reasonableness as a result of a change in contract rent | 2019<br>amended in 2024 | Reduce costs and achieve greater cost effectiveness *and* increase housing choices for low-income families. | Attachment C Section D.2.c. |
| 2019-02 | Provide incentives to $0 HAP households | 2019 | Create incentives for families to work, seek work or prepare for work. | Attachment C Sections D.1.a, D.1.b, D.1.c and Section E. |
| 2021-01 | Affordable Housing Acquisition, Rehabilitation and Preservation | 2021 | Increase housing choices for low-income families. | Attachment D Use of MTW Funds and MTW block grant outlined in PIH 2011-45 (HA) |
| 2021-03 | Partnership to Assist Homeless Youth | 2021 | Increase housing choices for low-income families. | Attachment D Use of MTW Funds and MTW block grant outlined in PIH 2011-45 (HA) |

| Activity # | Activity Name | Fiscal Year Implemented / Amended | Statutory Objective(s) | Authorization(s) Cited |
|---|---|---|---|---|
| 2022-01 | Workforce Development Program | 2022<br>amended 2023 | Create incentives for families to work, seek work or prepare for work. | Attachment C Section E |
| 2024-02 | Local Project Based Voucher Program | 2024 | Reduce costs and achieve greater cost effectiveness *and* increase housing choice for low-income families. | Attachment C Sections B.4, D.1.b., D.1.e., D.2.b., D.4., D.5., D.7.a., D.7.b., D.7.c., and D.7.d. |

## 2014-02: Mobility Demonstration

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2014.

**Description**
RHA's Mobility Demonstration allows qualified low-income PH families with children to move to neighborhoods where opportunities are more abundant within the surrounding area. To enable these families to move, RHA is assigning PBVs to agency-owned single-family homes, duplexes and condominiums located within low-poverty neighborhoods throughout the City of Reno and the City of Sparks. Based on a pool of eligible households and the family's approved voucher size, PH families with children, who are currently in good standing and who meet the established requirements to participate in the program, are provided with the opportunity to move into one of the identified properties.

**Status/Update**
To date, 52 PH families with children have moved to properties located in low-poverty census tracts, 16 of whom are still participating in the demonstration. Overall, this activity has been successful with 42% or 22 families having successfully transitioned off housing assistance. One additional household is currently paying full contract rent, expected to become self-sufficient and move off the program in the coming year.

This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2014-05: Simplify rent calculations and increase the minimum rent

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2014. It was amended in FY 2024 to increase the minimum rent to $100.

**Description**
Currently, RHA is excluding all educational financial aid from income calculations and allowing self-certification of assets under $10,000. The full amount of student financial assistance paid directly to the student or to the educational institution is excluded from income calculations for HCV participants. RHA's HCV participants can now benefit from being able to attend an institution of higher education without being penalized with an increase in rent due to any financial assistance that they may secure.

In FY 2024, RHA raised the minimum rent from $75 to $100 not only to save significant HCV and PH operating subsidy but provide an incentive for participants to seek employment due to the higher participant contribution to rent.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
Similar to upcoming changes in income calculations based on new HOTMA regulations, RHA proposes to allow households with assets less than $50,000 to submit a self-certification as to the value of the asset in FY 2025. Applicants will continue to be asked to provide a well-documented baseline asset value at the time of application or recertification, but RHA staff will only verify and calculate income on assets if the value totals more than $50,000.

RHA does not anticipate any additional non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2014-06: Triennial recertifications for elderly/disabled participants on fixed incomes

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was proposed, approved, and implemented as a biennial activity for elderly/disabled PH residents and HCV participants on fixed incomes in FY 2014. It was expanded into a triennial activity in FY 2015 and amended in FY 2017 to allow for the use of local forms to accommodate the triennial schedule. In FY 2018, RHA began allowing for "true" triennial recertifications for this population resulting in all Cost-of-Living Adjustment (COLA) increases being processed every third year. This activity was amended further in FY 2023 to allow for adjustments to the HCV payment standard to be applied to the family's rent calculation once a rent increase is initiated by the participant's landlord and processed by RHA.

**Description**
Elderly and/or disabled PH residents and HCV participants on fixed incomes now have recertifications on a triennial schedule rather than annually as the change in the amount of rent RHA receives from these stable income households from year to year is negligible. In FY 2018, RHA began allowing for "true" triennial recertifications for this population resulting in all Cost-of-Living Adjustment (COLA) increases being processed every third year. Furthermore, any changes to RHA's payment standards are now processed at the time a rent increase is initiated by the landlord rather than waiting for the household's scheduled triennial recertification.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any additional non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2015-01: Elimination of all negative rents and simplification of HCV utility allowances

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2015.

**Description**
RHA's PH residents and HCV participants no longer receive negative rents due to utility allowances. Furthermore, RHA simplified the HCV utility allowances for all units by creating a flat utility allowance schedule based on structure type and authorized voucher bedroom size. The new utility allowances are designed to cover the full cost of apartment utilities, but a lesser percentage proportionally for participants who choose single family homes, duplexes, and mobile homes.

**Status/Update**
RHA reviews its simplified utility allowance schedules annually to ensure its feasibility with the changing rental market. As the region's rental market tightened, landlords began requiring tenants to pay more utilities such as water, sewer, and trash. To reduce the financial burden on HCV participants, RHA revised its simplified utility allowance schedule to cover the cost of these additional utilities.

This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2015-02: Allow RHA to inspect its own HCV units

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2015.

**Description**
RHA owns a significant number of units which, under HUD's established rules, had to previously be inspected by third party contractors. In FY 2015, RHA staff began conducting inspections on all HCV and PBV units, regardless of ownership or property management status, rather than using third party contractors.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2016-01: Simplification of medical deductions

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2016. It was amended in FY 2018 to modify the income tiers further and establish a requirement that all eligible households self-certify actual medical expenses rather than allowing all participants to simply receive the simplified medical deduction regardless of whether the household incurs the expense.

**Description**
Rather than use third party verifications and require residents to provide receipts showing out of pocket medical expenses, RHA established and implemented a simplified medical deduction schedule based entirely on the household's gross income. Implementation resulted in the process becoming streamlined for RHA staff and the policy becoming easier for PH residents and HCV participants to understand.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA reviews and adjusts the standardized medical deduction table frequently to determine its overall viability for program participants. After reviewing the Medicare premiums for 2023, RHA proposes to adjust only the annual income tier ranges for households receiving RHA's standardized medical deduction in FY 2025. The following table reflects RHA's updated income tiers and corresponding medical deductions based on the household's total gross income:

| Gross Annual Income Range | Proposed Annual Medical Deduction |
|---|---|
| $1 - $14,819 | $0 |
| $14,820 - $19,919 | $1,700 |
| $19,920 + | $2,915 |

RHA does not anticipate any additional non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2016-02: Redefine near-elderly person

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2016. It was expanded upon in FY 2020 to include the use of the near-elderly definition within the PBV program and allow PBV sites, which define elderly as 55 years of age and older, to be considered an elderly property.

**Description**
In FY 2016, RHA implemented a change to the near-elderly definition for the PH program to limit it to persons who are at least 55 years of age but below the age of 62. These newly defined households are treated as "elderly" to allow for their admission from the waiting list to one of RHA's PH complexes. This has allowed the number of eligible families referred to these PH units to increase without raising concerns from current residents regarding potential lifestyle conflicts. By redefining near-elderly and allowing these households to be treated as "elderly" for admission to RHA's PH complexes, the affordable housing opportunities for these individuals increased.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2016-05: Eliminate Earned Income Disallowance (EID)

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2016.

**Description**
Earned Income Disallowance (EID) allows eligible tenants in the PH and HCV programs to increase their incomes through employment without triggering rent increases. The resulting income increase is fully excluded for 12 months and 50% excluded for an additional 12 months. Under the "Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs" published on March 8, 2016, the duration for this exclusion of wages was revised from 48 months to 24 months. However, each eligible family member may be in a different exclusion phase or month count, which remains burdensome for PHA staff to track. In FY 2016, RHA eliminated the HUD-mandated EID from the calculation of rent.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2016-06: Disregard earned income of PH household members, ages 18-20, who are not the head of household or co-head

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2016.

**Description**
HUD regulations for PH residents require that earned income of adult children, between the ages of 18 and 20, be factored into the household's rent calculation. In many cases where an adult child works, the head of household has no control over the child's willingness to contribute to the rent. In some cases, this increased rent burden may place the family at risk of being terminated from the program if the head of household is unable to pay their portion of the increased rent.

In FY 2016, RHA began providing these adult children, ages 18-20 who live in PH and are not the head of household or co-head, an incentive to pursue employment and become economically self-sufficient by revising the definition of countable income. This revision excludes all earned income for these young adults when determining rent for the entire household.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
If the policy change outlined in *2025-01: Reduce Interim Recertifications* is approved, RHA will no longer process interim recertifications when one of these eligible PH household members reaches 21 years of age until the household's next annual recertification. As many of these households will no longer require an interim recertification based on an increase in income, this activity may be closed out in the FY 2024 Annual MTW Report.

RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2016-07: Implement a $75 fee for each additional HQS inspection when more than two inspections are required

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2016.

**Description**
Currently RHA is required to conduct a re-inspection on units that fail an annual HQS inspection to ensure that the owner/manager has corrected the noted violations. If the unit fails HQS, the owner/manager is notified in writing of the deficiencies and repairs that need to be made within 30 days. If the owner/manager does not take the required corrective action within the specified time, RHA can abate the HAP beginning 30 days from the date of the first inspection until the required work is totally complete. Frequently, a third inspection is required to verify the completion of the noted deficiencies.

To encourage owners/managers to correct the noted violations quickly and provide RHA's HCV participants with safer living conditions, RHA began to assess a $75 fee for each additional HQS inspection. This fee commences when more than two HQS inspections are required due to the owner/manager's failure to complete the necessary repairs. The fee for the inspection does not remove the abatement of the subsidy, but rather seeks to cover the administrative costs of conducting a third inspection that would not have been required had the owner/manager corrected the noted violations in a timely manner and incentive landlords to make timely repairs. The owner/manager **cannot** pass this fee on to the tenant.

Owners/managers frequently request extensions to complete the necessary repairs prior to the third inspection, and RHA anticipates that this will continue. However, upon implementation of this activity, extensions are no longer granted for more than 30 days following the date of the second inspection except under certain circumstances which are approved by RHA.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2017-01: Increase verified application data for HCV applicants

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2017.

**Description**
RHA's Admin Plan and federal regulations require that information submitted by each applicant be verified by staff to ensure that the data provided by the applicant that was used to determine eligibility, priority status, HAP to be paid and voucher size is true and complete. Per CFR §982.201(e), RHA must receive information verifying that an applicant is eligible for the HCV program within the period of 60 days prior to the issuance of a voucher to the applicant. Information not subject to change (i.e., date and place of birth) does not need to be re-verified. Information that is subject to change, which was verified more than 60 days prior, must be re-verified close to certification of the applicant's file. If there is a delay after the file has been certified and referred to the HCV program that will cause an applicant to not lease up, the voucher is suspended while the information is re-verified. If changes are reported late, the file will be returned to Admissions staff to obtain written verification and to determine their effect on eligibility, rent and unit size.

The amount of time RHA staff spent following-up and tracking third-party verification requests was significant and often resulted in information that was no more reliable than the documents provided by the applicants directly. To streamline the admissions process, reduce the amount of time required by staff, and decrease the time necessary to build a qualified applicant pool, RHA received approval to extend the length of time that all verified application data related to income is deemed valid for the HCV program to 120 days. Furthermore, this activity also allows stable income verifications, such as pensions and Social Security award letters, to be valid for the current year.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2017-02: Asset threshold to determine eligibility for admission

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2017. It was amended in FY 2019 to exclude cash assets of elderly/disabled applicants.

**Description**
Under 24 CFR §5.609, annual income is defined to include amounts derived (during the 12-month period) from assets to which any member of the family has access. Income resulting from any assets held by the family must be calculated and included when determining program eligibility and rent portions. However, under HUD's current guidelines, there is no limit on the amount of assets a family may have access to prior to determination of eligibility.

To serve applicants who are most in financial need, RHA received approval to establish an asset threshold when determining eligibility for admission to its housing programs. Should an applicant have combined assets with a cash value of more than $50,000, or ownership in a suitable dwelling unit which they have a legal right to reside in, they are determined to be ineligible for admission.

In FY 2019, RHA amended this activity to exclude cash assets only when determining eligibility for elderly/disabled HCV and PH households. Ownership in a property that the applicant has a legal right to reside in remains in place for all applicants when determining eligibility for RHA's housing programs.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2019-01: Redetermination of rent reasonableness as a result of a change in contract rent

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2019. It was amended in FY 2024, to allow for the automatic approval of a CRI without a rent reasonableness redetermination if the requested rent change amount does not exceed RHA's payment standards.

**Description**
The strengthening housing market and the lack of affordable housing in the City of Reno, the City of Sparks and Washoe County has resulted in private landlords becoming wary or simply refusing to rent to HCV participants. This is oftentimes made worse by the myriad of regulations that must be adhered to when leasing to a family participating in the HCV program. These burdensome regulations include mandatory inspections and the requirement to determine whether a CRI request is reasonable. Several of RHA's landlords expressed dissatisfaction in having to complete a rent reasonableness determination when requesting a rent increase and many disagree with the comps used if the amount requested is determined to be unreasonable. In fact, some landlords have openly expressed that they can easily rent the unit to a family who is not receiving assistance at whatever price they deem appropriate.

Based on the local rental market, RHA began waiving the requirement for a rent reasonableness determination in FY 2019 if the new requested rent amount represents a change of 10% or less. This policy change is anticipated to assist in retaining landlords who continue to lease to HCV participants in this challenging rental market and alleviate the amount of time required of staff to process requests.

**Status/Update**
During FY 2023, RHA processed 1,379 rent change requests of which 371 or 27% sought a change of 10% or less. Rent reasonableness determinations are still made by RHA staff on a regular basis. Staff continue to complete a rent reasonableness determination when a unit is placed under a HAP

contract for the first time, when an owner requests a contract rent change of more than 10%, or at any other time deemed necessary by RHA.

RHA conducted a general analysis of the local rental market to ensure this policy change continues to be a viable option for waiving the required rent reasonableness determination following a CRI request of 10% or less. According to Zillow, the median rent price in Reno for all bedrooms and all property types for January 2024 is $1,775[9]. This is $320 less than January 2023. With current rental market conditions in mind, RHA plans to continue to alleviate some of the administrative burden required of RHA staff while at the same time continuing to provide an incentive to RHA's HCV landlords by leaving this threshold at 10% for the coming year.

This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2019-02: Provide incentives to $0 HAP households

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2019.

**Description**
Many of RHA's families who increase their household earnings and begin to pay full contract rent also experience the "benefits cliff." For many of these families, an increase in earned income results in a loss of eligibility for certain public benefits such as Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), childcare subsidy and housing. As a result, it is not uncommon for households approaching the end of the six-month period of zero assistance to elect to reduce their income or lose employment in order to keep their housing assistance as many remain fearful of no longer having the safety net offered through assistance eligibility.

To ease this fear and increase the success rate of RHA's HCV households in becoming economically self-sufficient, RHA adopted a new policy in FY 2019 that extends the length of time a household can remain on the HCV program while receiving zero assistance. By lengthening the period from six months to 12 months, RHA expects to provide an additional level of security and confidence. Participants can continue to increase their earned income while at the same time eliminating the incentive to terminate employment or reduce working hours.

As an additional incentive to HCV participants on their way to self-sufficiency, RHA began allowing households at $0 HAP to accrue an escrow account for up to 12 months. Using single-fund flexibility, RHA began setting aside 15% of each household's contracted rent monthly in an escrow account for no more than 12 months while the household remains on the program receiving zero assistance. This escrow accrual begins the first month that the family reaches $0 HAP,

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9 https://www.zillow.com/rental-manager/market-trends/reno-nv/

accumulate monthly for up to 12 months and will be provided to the family once the HAP contract is terminated by RHA and the family has successfully transitioned off the HCV program. If, at any time during the 12-month accrual period, the family becomes eligible to receive housing assistance again, the amount of money accrued is forfeited and the escrow accrual starts over from zero if/when the household reaches $0 HAP again. Should the family choose to move off the HCV program within the 12-month period that they are receiving zero assistance, they move off the program with the amount accrued in the account up to the date of their voluntary departure.

This policy change is intended to encourage increased earnings and upward mobility by providing a small amount of additional assistance for RHA's families as they approach the benefits cliff. As a result, it is not RHA's intent to put restrictions on what the escrow amount can be spent on. However, each escrow accrual during this $0 HAP period is subject to funding availability and payouts will be limited to one per lifetime for all adults within the household at the time the escrow accrual is paid to the family. Households who accept the escrow accrual payment and transition off housing assistance will only be allowed to reapply following a three-year period without housing assistance. Furthermore, families who are participating in RHA's traditional FSS program and escrowing as part of their participation, will only be allowed to receive one escrow.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
If the policy change outlined in *2025-01: Reduce Interim Recertifications* is approved, RHA will no longer process interim recertifications. As a result, RHA will no longer require these households to self-certify increases to income.

RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2021-01: Affordable Housing Acquisition, Rehabilitation and Preservation

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2021.

**Description**
Rents in the Truckee Meadows remain unstable leaving many families struggling to pay rent as housing affordability continues to be an issue. In FY 2021, RHA began exploring ways that single fund flexibility through the MTW Demonstration could be used to assist in the acquisition/development of new affordable units, the rehabilitation of newly acquired properties, and the preservation and revitalization of existing affordable housing properties.

**Status/Update**
RHA utilizes this activity for the development of affordable housing units in Washoe County. Use of MTW funding flexibility related to the following developments have been committed through a Resolution adopted by RHA's Board of Commissioners.

Carville Court Redevelopment

Carville Court is an existing RHA owned property consisting of three 2-unit duplexes located at 1245-1259 Carville Dr, Reno, NV. It was built in 1963 and purchased by RHA in 1997. Two of the three duplexes are currently occupied. Following the permanent relocation of existing tenants, the existing building will be demolished and replaced with a 2-story walk-up with 11 residential units (1BD/1BR), a community room, and on-site offices for property management and supportive services staff. The development budget as of September 2023 is $4,649,491. The funding source is currently MTW Block Grant funds, but RHA is actively pursuing other funding and intends to close on the project with multiple sources. Construction is estimated to begin in January of 2025.

Redevelopment of the Carville Court property will enable RHA to bring more affordable housing units into the community. Additionally, RHA will project-base 11 Housing Choice Vouchers to ensure that the property is affordable to extremely low-income individuals and has been awarded $278,000 in HOME-ARP funds to fund the salary of a full-time supportive service provider on-site through 2030. RHA projects the property's cash flow will allow for that position to be funded beyond 2030.

Railyard Flats

Railyard Flats is a new affordable housing development at 419 10th Street, Sparks, Nevada. RHA purchased the land in 2023 utilizing ARPA funds from the State of Nevada. The project is a 3-story walk up on a 1/3 acre consisting of 15 units (nine 1-BR units and six 2-BR units). It will target households at or below 60% AMI with four of the units set aside for households at or below 30% AMI. All units will include energy-efficient and all-electric appliances. Finally, the project is in an area of significant economic investment and redevelopment in downtown Sparks. Future tenants will be within easy walking distance of a major public transportation hub as well as retail and employment opportunities.

The development budget as of September 2023 is $6,810,836. The funding is coming from a variety of sources including, Home Means Nevada Initiative funds (American Rescue Plan Act SLFRF dollars), HOME-ARP, and MTW Block Grant funds. Construction is set to start in the 4th quarter of 2023 and is projected to be completed by 4th quarter of 2024.

Hawk View Apartments Redevelopment

Hawk View Apartments Redevelopment project involves the conversion of a 100-unit public housing site to a project-based Section 8 project under the demolition and disposition rules authorized by Section 18 of the U.S. Housing Act of 1937. The Hawk View Apartments are located on two parcels at 1500 Steelwood Lane and 2531 Tripp Drive, Reno, Nevada 89512. RHA plans to demolish all 28 buildings and rebuild the apartments to current standards. The new 3-story buildings would create an additional 100 multi-bedroom units (200 total units) in the redeveloped Hawk View Apartments complex. The project will be built using Home Means Nevada Initiative funds (American Rescue Plan Act SLFRF dollars), 4% Low Income Housing Tax Credit (LIHTC) equity, and tax-exempt bonds. Additionally, to ensure that the project can add as many new affordable housing units as possible, the RHA board has committed up to $7,550,000 in MTW Block Grants to cover potential financial gaps. Construction is projected to start in July 2024 and be completed by January of 2026.

This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2021-03: Partnership to Assist Homeless Youth

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2021.

**Description**
In FY 2021, RHA partnered with Eddy House, a local 501(c)3 non-profit, that serves as the central intake and assessment facility in northern Nevada for homeless youth, ages 12-24. Recently the local non-profit purchased a building that now serves as a resource center during the day and an overnight facility. RHA assists Eddy House with their 24-hour facility by funding up to 43 beds.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2022-01: Workforce Development Program

**Plan Year Approved, Implemented, and Amended (if applicable)**
This activity was approved and implemented in FY 2022. It was amended in FY 2023 to allow for any adult member of the household to sign a contract to participate.

**Description**
Past successes and failures led staff to revise the agency's definition of self-sufficiency in FY 2017 and restructure the FSS program into a Workforce Development Program in FY 2019. Through this restructuring, RHA began to provide a more client focused approach to self-sufficiency.

Increasing the number of PH residents and HCV participants moving toward the final phase of self-sufficiency by directly providing or connecting them to available educational opportunities and job trainings that promote economic independence continues to be a main pillar of RHA's Workforce Development Program. Addressing the need for sustainable employment that encourages economic mobility across multiple generations should be an integral part of the program's design. To achieve this, RHA's Workforce Development Program began addressing the needs of the entire family - from one individual member, to parents, and youth.

**Status/Update**
This activity will remain ongoing in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## B. Not yet implemented activities

The activities discussed in this section have previously been approved by HUD, but not yet implemented by RHA. The following table provides an overview of each of the approved MTW activities that have not yet been implemented including the year it was identified, the primary statutory objective(s) the activity is intended to impact, and the Authorization(s) cited.

| MTW activities approved but not yet implemented | | | | |
|---|---|---|---|---|
| **Activity #** | **Plan Year Approved** | **Activity Name** | **Statutory Objective(s)** | **Authorization(s)** |
| 2021-02 | 2021 | STAR Apprenticeship Program | Create incentives for families to work, seek work or prepare for work. | Attachment C Section C.11 and Section D.2.a. |
| 2024-01 | 2024 | Time-Limited Workforce Development Vouchers | Create incentives for families to work, seek work or prepare for work. | Attachment C Sections D.1.b., D.1.c., D.2.d., D.4. and Section E |
| 2024-03 | - | Alternative Reasonable Cost Limits | Increase housing choice for low-income families. | Attachment C Section C.16. and Attachment D Use of MTW Funds |

### 2021-02: STAR Apprenticeship Program

**Description**
As Washoe County's workforce and employers evolve, training and preparation programs are becoming necessary to secure several of the higher paying jobs that are available within the region. In FY 2021, RHA proposed using single fund flexibility to establish the STAR Apprenticeship Program. This 24-week program will be designed to provide career-connected learning opportunities for residents of all ages. Through the program, PH residents and HCV participants will be provided with on-the-job training and related classroom instruction that will serve to increase current skill levels. More importantly, each STAR participant will gain valuable work experience within one of RHA's departments (maintenance, development, finance, etc.) and be provided with continuous feedback regarding expectations and overall performance throughout.

**Update/timeline for implementation**
Although this activity was scheduled to begin in January 2021, it is now unclear when this activity will be implemented.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

### 2024-01: Time-Limited Workforce Development Vouchers

**Description**
In FY 2024, RHA received approval to assist Washoe County's younger population who have

successfully completed a community-based education or life-skills program and are at risk of long-term housing instability. Following implementation of this activity, RHA will allow at least 15 tenant-based vouchers to be earmarked to house youth who want to achieve self-sufficiency. Currently, this population is largely unassisted by the agency's traditional housing programs and due to waitlist preferences in place, are very unlikely to receive a traditional voucher. Through this activity, RHA proposes to expand the services already provided to these youth with a structured, goal-oriented program that provides ongoing self-sufficiency support. Each applicant housed under this activity will receive a time-limited voucher of eight years and be required to participate in RHA's Workforce Development program.

**Update/timeline for implementation**
RHA will use a competitive process to solicit partnering agencies within the community. Currently a Request for Qualifications (RFQ) is being drafted and will be released in FY 2025.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## 2024-03: Alternative Reasonable Cost Limits

**Description**
Federal regulations establish a Maximum Project Cost which represents the total amount of federal funds that may be used for a development project. The Total Development Cost (TDC) and Housing Construction Cost (HCC) limits, which make up the Maximum Project Cost, are updated and published by HUD periodically. As RHA developed budgets and scopes of work and moved to secure financing for development projects currently underway, it became clear that HUD's standard TDC and HCC limits for the region do not accurately reflect local marketplace conditions. Over the past few years, the Reno/Sparks area has seen significant increases in the cost to develop and rehabilitate new and existing properties. With the addition of this MTW activity, RHA proposed to develop alternative reasonable cost limits to the TDC and HCC for RHA's local non-traditional developments as well as other development/rehabilitation activities identified by staff and approved by RHA's Board of Commissioners.

With this activity RHA aims to decrease gaps in funding for smaller infill developments aimed at providing supportive housing for households below 30% AMI and/or affordable housing options for low-income households closer to areas of economic opportunity. Additionally, RHA also aims to strengthen its PH repositioning efforts by establishing market area hard construction costs in line with those communities included on HUD's List of High-Cost Cities. This would allow RHA conversions to be eligible for a 20/80 RAD/Section 18 blend if the hard construction costs for the project exceed 90% of the market area HCC.

**Update/timeline for implementation**
This activity was proposed in an amendment to the approved FY 2024 Annual MTW Plan. It was submitted to HUD on January 24, 2024 and will be implemented following HUD approval of the plan amendment.

**Planned Changes**
RHA does not anticipate any non-significant or significant changes to this activity. There are also no changes or modifications to the metrics/data collection anticipated during the plan year.

## C. Activities on hold

Not applicable. RHA does not have any activities on hold.

## D. Closed Activities

The activities discussed in this section have previously been approved by HUD but closed by RHA. The following table provides an overview of each of the approved MTW activities that have been closed by RHA including the year it was identified and implemented, the primary statutory objective(s) the activity was intended to impact, and the Authorization(s) cited.

| Closed MTW activities | | | | | |
|---|---|---|---|---|---|
| **Activity #** | **FY Implemented** | **FY Closed** | **Activity Name** | **Statutory Objective(s)** | **Authorization(s)** |
| 2014-01 | 2014 | 2023 | Assign PBVs to RHA owned/controlled units without competitive process | Reduce costs and achieve greater cost effectiveness. | Attachment C Sections D.2.b. and D.7.a. |
| 2014-03 | 2014 | 2019 | Rent Reform Controlled Study | Create incentives for families to work, seek work or prepare for work *and* reduce costs and achieve greater cost effectiveness. | Attachment C Sections D.1.b., D.1.c., D.2.a., and D.4. |
| 2014-04 | 2014 | 2021 | Expand self-sufficiency activities | Create incentives for families to work, seek work or prepare for work. | Attachment C Section E. |
| 2014-07 | 2014 | 2017 | Alternate HQS verification policy | Reduce costs and achieve greater cost effectiveness. | Attachment C Section D.5. |
| 2014-08 | 2014 | 2023 | Partner with local nonprofit to provide special needs housing | Increase housing choice for low-income families and reduce costs *and* create incentives for families to work, seek work or prepare for work. | Attachment C Sections B.4., D.1.b., and D.7.a. |
| 2015-03 | 2015<br>amended 2017 | 2023 | Eliminate Caps on PBV allocations and allow for assignment of PBVs to 100% of RHA-owned, non-Public Housing properties | Reduce costs and achieve greater cost effectiveness *and* increase housing choices for low-income families. | Attachment C Sections D.1.e. and D.7.a. |

| Activity # | FY Implemented | FY Closed | Activity Name | Statutory Objective(s) | Authorization(s) |
|---|---|---|---|---|---|
| 2015-04 | 2015 | 2018 | Required Savings Plan for Earned Income Disallowance (EID) PH clients | Create incentives for families to work, seek work or prepare for work. | Attachment C Section E. |
| 2016-03 | N/A | 2020 | Time limited vouchers and redesign of traditional FSS Program | Create incentives for families to work, seek work or prepare for work *and* reduce costs and achieve greater cost effectiveness *and* increase housing choices for low-income families. | Attachment C Section D.1.b., Section D.1.c., Section D.2.d., and Section E.<br><br>Attachment D Use of MTW Funds |
| 2016-04 | 2016 | 2023 | Allow HCV participants to lease units that exceed the 40% rent burden | Increase housing choices for low-income families. | Attachment C Section D.2.a. |
| 2016-08 | 2016<br>amended 2019 | 2023 | Expand Project Based Voucher Program | Increase housing choices for low-income families. | Attachment C Sections D.1.e. and D.4. |

## 2014-01: Assign PBVs to RHA owned/controlled units without competitive process

**Plan Year Approved, Implemented, and Closed Out**
This activity was approved and implemented in FY 2014. It was closed out in FY 2023.

**Reason for close out**
In FY 2024 RHA received approval to create a Local Project Based Voucher Program (*Activity 2024-02*) to consolidate all current PBV activities within its MTW program into one. The authorizations and outcomes related to this activity will continue to be reported under the new FY 2024 activity.

## 2014-03: Rent Reform Controlled Study

**Plan Year Approved, Implemented, and Closed Out**
This activity was approved and implemented in FY 2014. It was closed out in FY 2019.

**Reason for close out**
RHA staff considered several factors before reaching a decision to close this activity. Based on current rental market conditions resulting in a decline in RHA's current HCV lease up figures along with the undue stress that a time-limited voucher may cause for the participating family, this activity was closed. Notification was given to all remaining Rent Reform Controlled Study participants of RHA's intent to close the activity at which time all active households were transitioned to a regular HCV voucher. This activity was closed in FY 2019 and is no longer being reported on.

## 2014-04: Expand self-sufficiency activities

**Plan Year Approved, Implemented, and Closed Out**
This activity was approved and implemented in FY 2014. It was closed out in FY 2021.

**Reason for close out**
RHA recently restructured its entire FSS Program into a Workforce Development Program focused on Job placement and job retention for all able-bodied participants in RHA's housing programs, including youth. As the goal of this activity is to propel households toward the final phase of self-sufficiency, RHA will no longer refer households with delinquent community service hours to the Workforce Development Program. This fundamental change resulted in this activity, including the FSS Lite Program, being closed and replaced with 2022-01: Workforce Development Program.

## 2014-07: Alternate HQS verification policy

**Plan Year Approved, Implemented, and Closed Out**
This activity was approved and implemented in FY 2014. It was closed out in FY 2017.

**Reason for close out**
As HUD is now allowing for Biennial HQS Inspections through Section 220 of the 2014 Appropriations Act, this activity was closed out in FY 2017 and is no longer being reported on.

## 2014-08: Partner with local nonprofit to provide special needs housing

**Plan Year Approved, Implemented, and Closed Out**
This activity was approved and implemented in FY 2014. It was closed out in FY 2023.

**Reason for close out**
In FY 2024 RHA received approval to create a Local Project Based Voucher Program (*Activity 2024-02*) to consolidate all current PBV activities within its MTW program into one. The authorizations and outcomes related to this activity will continue to be reported under the new FY 2024 activity.

## 2015-03: Eliminate Caps on PBV allocations and allow for assignment of PBVs to 100% of RHA-owned, non-Public Housing properties

**Plan Year Approved, Implemented, and Closed Out**
This activity was approved and implemented in FY 2015. It was closed out in FY 2023.

**Reason for close out**
In FY 2024 RHA received approval to create a Local Project Based Voucher Program (*Activity 2024-02*) to consolidate all current PBV activities within its MTW program into one. The authorizations and outcomes related to this activity will continue to be reported under the new FY 2024 activity.

## 2015-04: Required Savings Plan for Earned Income Disallowance (EID) PH clients

**Plan Year Approved, Implemented, and Closed Out**
This activity was approved and implemented in FY 2015. It was closed out in FY 2018.

**Reason for close out**
RHA received approval through Activity 2016-05 to eliminate the HUD-mandated EID from the calculation of rent. To alleviate the impact that this would have on rent calculations for some PH residents and HCV participants, EID participants could keep their benefits for one year following plan approval. After this initial year, all participants will have their EID benefits eliminated upon their first annual recertification or immediately following the termination of employment income. All participants have been phased off EID. This activity was closed in FY 2018 and is no longer being reported on.

## 2016-03: Time limited vouchers and redesign of traditional FSS Program

**Plan Year Approved, Implemented, and Closed Out**
This activity was approved in FY 2016 but never implemented. It was closed out in FY 2020.

**Reason for close out**
In FY 2014, RHA began issuing vouchers limited to five years as part of a Rent Reform Controlled Study (Activity 2014-03) within the HCV program. RHA partnered with an outside institution to evaluate the continuing effects and changing statuses of families participating in the Rent Reform Controlled Study. The purpose of the evaluation was to properly gauge whether increases in income that do not affect a household's rent and whether limiting vouchers to five years was incentive enough for families to become self-sufficient. As RHA worked through the lessons learned from the Rent Reform Controlled Study and current rental market conditions, staff determined that implementation of this activity on all non-elderly/non-disabled HCV participants would result in undue stress on participating families. This activity was closed in FY 2020.

## 2016-04: Allow HCV participants to lease units that exceed the 40% rent burden

**Plan Year Approved, Implemented, and Closed Out**
This activity was approved and implemented in FY 2016. It was closed out in FY 2023.

**Reason for close out**
RHA began implementing this activity in FY 2016. Overall, this activity was relatively ineffective at increasing housing choice among HCV participants. Rather than continue with this activity, staff began exploring ways the agency could not only increase voucher utilization but also assist HCV participant who want to move to low poverty, high opportunity neighborhoods within the region. Rather than place the increased rent burden on the participants, RHA implemented Exception Payment Standards for 12 specific zip codes throughout the Truckee Meadows where rents were unaffordable based on RHA's traditional payment standards to allow for more upward mobility.

## 2016-08: Expand Project Based Voucher Program

**Plan Year Approved, Implemented, and Closed Out**

This activity was approved and implemented in FY 2016 and expanded upon in FY 2019. It was closed out in FY 2023.

**Reason for close out**

In FY 2024, RHA received approval to create a Local Project Based Voucher Program (*Activity 2024-02*) to consolidate all current PBV activities within its MTW program into one. The authorizations and outcomes related to this activity will continue to be reported under the new FY 2024 activity.

SECTION 5

# PLANNED APPLICATION OF MTW FUNDS

# V. Planned Application of MTW Funds

This section includes summary budget information for FY 2025 including planned sources and uses for MTW funds.

## A. Planned Application of MTW Funds

### i. Estimated Sources of MTW Funds

The MTW PHA shall provide the estimated sources and amount of MTW funding by Financial Data Schedule (FDS) line item. Following is RHA's estimated sources and amount of MTW funding by FDS line item:

| ESTIMATED SOURCES OF MTW FUNDS | | |
|---|---|---|
| **FDS Line-Item Number** | **FDS Line-Item Name** | **Dollar Amount** |
| 70500<br>(70300+70400) | Total Tenant Revenue | $3,538,804 |
| 70600 | HUD PHA Operating Grants | $27,189,316 |
| 70610 | Capital Grants | $1,235,870 |
| 70700<br>(70710+70720+70730+70740+70750) | Total Fee Revenue | $0 |
| 71100+72000 | Interest Income | $30,123 |
| 71600 | Gain or Loss on Sale of Capital Assets | $0 |
| 71200+71300+71310+71400+71500 | Other Income | $327,499 |
| **70000** | **Total Revenue** | **$32,321,612** |

### ii. Estimated Application of MTW Funds

The MTW PHA shall provide the estimated application of MTW funding in the plan year by Financial Data Schedule (FDS) line item. Only amounts estimated to be spent during the plan year are identified here; unspent funds that the MTW PHA is not planning during the plan year are not included in this section. Following is RHA's estimated application of MTW funds by FDS line item:

| ESTIMATED APPLICATION OF MTW FUNDS | | |
|---|---|---|
| **FDS Line-Item Number** | **FDS Line-Item Name** | **Dollar Amount** |
| 91000<br>(91100+91200+91400+91500+91600+91700+91800+91900) | Total Operating – Administrative | $4,759,655 |
| 91300+91310+92000 | Management Fee Expense | $1,345,227 |
| 91810 | Allocated Overhead | $0 |
| 92500<br>(92100+92200+92300+92400) | Total Tenant Services | $388,406 |
| 93000<br>(93100+93600+93200+93300+93400+93800) | Total Utilities | $723,232 |

| | | |
|---|---|---|
| 93500+93700 | Labor | $0 |
| 94000<br>(94100+94200+94300+94500) | Total Ordinary Maintenance | $2,037,550 |
| 95000<br>(95100+95200+95300+95500) | Total Protective Services | $0 |
| 96100<br>(96110+96120+96130+96140) | Total Insurance Premiums | $297,901 |
| 96000<br>(96200+96210+96300+96400+96500+96600+96800) | Total Other General Expenses | $826,460 |
| 96700<br>(96710+96720+96730) | Total Interest Expense & Amortization Cost | $0 |
| 97100+97200 | Total Extraordinary Maintenance | $0 |
| 97300+97350 | HAP + HAP Portability-In | $21,745,059 |
| 97400 | Depreciation Expense | $1,312,396 |
| 97500+97600+97700+97800 | All Other Expense | $0 |
| **90000** | **Total Expenses** | **$33,435,886** |

**Description of Variance between Estimated Total Revenue and Estimated Total Expenses:**

RHA populates the amounts in the preceding table directly from our most recent FDS submission whether unaudited, as is typically the case, or audited. RHA has not experienced a change in the number of Public Housing units, nor any recent material change in HAP revenue or HAP expense resulting in losses that are fairly consistent year over year. According to the FY 2023 unaudited FDS submission, expenses exceeded revenue in the amount of $1,084,394.

### iii. Description of Planned Application of MTW Funding Flexibility

The MTW PHA shall provide a thorough narrative of planned activities that use only the MTW single fund flexibility. Where possible, the MTW PHA may provide metrics to track the outcomes of these programs and/or activities. Activities that use other MTW authorizations in Attachment C and/or D of the Standard MTW Agreement (or analogous section in a successor MTW Agreement) do not need to be described here, as they are already found in Section (III) or Section (IV) of the Annual MTW Plan. The MTW PHA shall also provide a thorough description of how it plans to use MTW single fund flexibility to direct funding towards specific housing and/or service programs in a way that responds to local needs (that is, at a higher or lower level than would be possible without MTW single fund flexibility).

| PLANNED APPLICATION OF MTW FUNDING FLEXIBILITY |
|---|
| In FY 2025, RHA will begin to reposition Hawk View Apartments and Silverada Manor through Section 18 Demolition/Disposition and a RAD PBV/Section 18 Blend. Through this repositioning, RHA plans to utilize MTW single fund flexibility to augment RAD rents, provide relocation services to affected residents, fund predevelopment costs, and increase replacement reserves at each property converted. In addition, funding flexibility will be used to establish ongoing tenant participation funds for continued Resident Council involvement at sites repositioned through Section 18 Demolition/Disposition.<br><br>RHA's Board of Commissioners once again identified the expansion of resident services programs as a priority goal for the agency in the coming year. Beyond the Workforce Development Program, RHA will continue to use MTW single fund flexibility to provide additional services to the people we serve and expand upon the services offered to all residents through this department. These expanded services will include offerings to RHA's senior/disabled residents, and the activities/programs made available to RHA's youth.<br><br>RHA will continue to use single fund flexibility to pay administrative and operating costs that are not covered by the administrative fee in the HCV program or operating subsidy within the PH program. RHA will report these expenses in VMS utilizing the MTW Other field.<br><br>RHA does not anticipate any additional uses of MTW single fund flexibility other than those found in Section (III) or Section (IV) of the Annual MTW Plan. |

### iv. Planned Application of PHA Unspent Operating Fund and HCV Funding

The MTW PHA shall provide a description of planned activities and/or use(s) for unexpended Operating Fund and HCV Funding. The original funding source is defined as the legacy MTW PHA's appropriated Section 8 and Section 9 funding source(s) (HCV HAP, HCV Admin Fee, and PH Operating Subsidy). Where possible, please identify the planned use, the estimated amount, to which funding source the planned use(s) is attributable, as well as the projected timeline or timeline update.

| Original Funding Source | Beginning of FY – Unspent Balances | Planned Application of PHA Unspent Funds during FY |
|---|---|---|
| HCV HAP* | $15,438,120 | $14,176,101 |
| HCV Admin Fee | $1,557 | $1,557 |
| PH Operating Subsidy | $(1,262,019) | $0 |
| **TOTAL** | **$14,177,658** | **$14,177,658** |

* Unspent HAP funding should not include amounts recognized as Special Purpose Vouchers reserves.

** HUD's approval of the MTW Plan does not extend to a PHA's planned usage of unspent funds amount entered as an agency's operating reserve. Such recording is to ensure agencies are actively monitoring unspent funding levels and usage(s) to ensure successful outcomes as per the short- and long-term goals detailed in the Plan.

| Description |
|---|
| By taking advantage of RHA's single fund flexibility, Fiscal Year unspent balances will be utilized to support shortfalls in PH Operating Subsidy and RHA's other MTW-approved activities.<br><br>Additionally, RHA's Board of Commissioners has obligated HUD Held-Reserves for the following Local Non-Traditional development activities:<br><br>Carville Court Redevelopment - $4,650,000<br>Hawk View Apartments Section 18 Gap Financing - $7,500,000<br>Paradise Plaza Resident Services Hub (Activity #2022-01) - $950,000<br>Railyard Flats Development - $4,565,263<br><br>The redevelopment project, Carville Court Redevelopment, will consist of the demolition of an existing six-unit complex (three duplexes) that was purchased by RHA using unrestricted funds in the late 1990's. RHA plans to redevelop the site to include up to 12 new supportive housing units for individuals experiencing homelessness or who are at risk of homelessness. RHA plans to partner with a local community service agency who is currently providing a six-month transitional housing program. Their program is aimed at stabilizing homeless individuals by building life skills and providing medical and mental health stabilization. RHA's preliminary budget for this redevelopment project is $4.8 million.<br><br>Hawk View Apartments is a Public Housing complex with a pending Section 18 application for demolition/disposition. The project will include the demolition of the existing 100 units of Public Housing and the redevelopment of up to 200 new affordable housing units. The project funding gap is estimated to be $7,500,000. Low-Income Housing Tax Credits and bonds will be used as the primary funding for this project.<br><br>Paradise Plaza Resident Services Hub includes the renovation of a donated building that will serve as RHA's Resident Services Hub within the community. RHA's currently approved MTW activity #2022-01 provides use of single fund flexibility to assist in the renovation of this space.<br><br>Lastly, Railyard Flats is a new development of 15-units on land acquired utilizing funds awarded to RHA by the State of Nevada. RHA anticipates serving households at this complex whose income is at or below 60% of the Area Median Income (AMI). The preliminary budget for this development project is $6.27 million. |

## v. Local Asset Management Plan

a. Is the MTW PHA allocating costs within statute? **YES**/No

b. Is the MTW PHA implementing a local asset management plan (LAMP)? Yes/**NO**

c. Has the MTW PHA provided a LAMP in the appendix? Yes/**NO**

d. If the MTW PHA has provided a LAMP in the appendix, please describe any proposed changes to the LAMP in the Plan Year or state that the MTW PHA does not plan to make any changes in the Plan Year.

| |
|---|
| N/A |

## vi. Rental Assistance Demonstration (RAD) Participation

a. Description of RAD Participation
The MTW PHA shall provide a brief description of its participation in RAD. This description must include the proposed and/or planned number of units to be converted under RAD, under which component the conversion(s) will occur, and approximate timing of major milestones. The MTW PHA should also give the planned/actual submission dates of all RAD Significant Amendments. Dates of any approved RAD Significant Amendments should also be provided.

| Rental Assistance Demonstration (RAD) Participation |
|---|
| RHA submitted an application for RAD/Section 18 blend for Silverada Manor. A RAD Significant Amendment was previously included in the FY 2024 MTW Annual Plan. |

b. Has the MTW PHA submitted a RAD Significant Amendment in the appendix? A RAD Significant Amendment should only be included if it is a new or amended version that requires HUD approval.

Yes/**NO**

c. If the MTW PHA has provided a RAD Significant Amendment in the appendix, please state whether it is the first RAD Significant Amendment submitted or describe any proposed changes from the prior RAD Significant Amendment?

N/A

SECTION 6

# ADMINISTRATIVE

# VI. Administrative

## A. Board Resolution and Certifications of Compliance

Board Resolution 2024-03-03 RH approving the content and submission of the FY 2025 MTW Annual Plan and the Certifications of Compliance (see Attachment 1).

## B. Documentation of Public Process

- The FY 2025 MTW Annual Plan was discussed at multiple Resident Advisory Board and Resident Council meetings beginning in January 2024. The plan continued to be discussed at meetings of the Resident Councils through March 2024. Resident sign in sheets from each of the above-mentioned meetings are available upon request.

- The FY 2025 MTW Annual Plan is being made available for public review and comment on RHA's website and at RHA's Administrative Office beginning January 26, 2024 through March 26, 2024.

- Proof of Publication Notice (see Attachment 2). The FY 2025 MTW Annual Plan was advertised in the Legal Notices section of the Reno Gazette-Journal as follows:

NOTICE OF PUBLIC HEARING AND PUBLIC COMMENT PERIOD

The Housing Authority of the City of Reno (RHA) is requesting public comments and conducting a public hearing on the proposed MTW Annual Plan for Fiscal Year (FY) 2025.

RHA's FY 2025 MTW Annual Plan for the period July 1, 2024 - June 30, 2025, is available for public review and comment beginning January 26, 2024 through March 26, 2024, at RHA's Administrative Office, 1525 E. Ninth St, Reno, NV 89512 or on RHA's website at www.renoha.org. Copies of the FY 2025 MTW Annual Plan may also be obtained by contacting Kim Anhalt, MTW Coordinator at (775) 329-3630; TDD (385) 770-7166 or by email at kanhalt@renoha.org.

The public may provide oral comments by attending the public hearing described below and/or submitting written comments during the comment period. Written comments on RHA's draft FY 2025 MTW Annual Plan can be mailed to the address noted above and must be received by close of business on Monday, March 25, 2024.

A public hearing to answer questions and receive comments will be held at 6:00 PM on Thursday, March 7, 2024, in Silverada Manor's Community Room, 1400 Silverada Blvd., Reno, NV 89512.

- A public hearing for the FY 2025 MTW Annual Plan was held at 6:00pm on Thursday, March 7, 2024. All comments received were positive and the only questions asked surrounded around how soon the proposed activities would be implemented.

## C. Planned and Ongoing Evaluations

(see Attachment 3)

## D. Lobbying Disclosures

Certification of Payments to Influence Federal Transactions and Disclosure of Lobbying Activities (see Attachment 4).

ATTACHMENT 1

# BOARD RESOLUTION AND CERTIFICATIONS OF COMPLIANCE

## Attachment 1: Board Resolution and Certifications of Compliance

TO BE INSERTED PRIOR TO SUBMITTAL TO HUD

ATTACHMENT 2

# PROOF OF PUBLICATION

# Attachment 2: Proof of Publication

LocaliQ
Nevada/Utah
GANNETT

P.O. Box 677345, Dallas, TX 75267-7345

**PROOF OF PUBLICATION**

Reno Housing Authority
1525 E 9Th St
Reno NV 89512-3012

STATE OF WISCONSIN, COUNTY OF BROWN

Being first duly sworn, deposes and says: That as the legal clerk of the Reno Gazette-Journal, a daily newspaper of general circulation published in Reno, Washoe County, State of Nevada that the notice hereto annexed was Published in said newspapers in the issue:

01/28/2024, 01/30/2024

and that the fees charged are legal.
Sworn to and subscribed before on 01/30/2024

Legal Clerk

Notary, State of WI, County of Brown

10-25-24
My commision expires

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State of Wisconsin

Page 1 of 2

RHA MTW Legal Notice
NOTICE OF PUBLIC HEARING AND PUBLIC COMMENT PERIOD

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January 28, 30 2024
LNVS0054049

ATTACHMENT 3

# EVALUATION OF THE DEMONSTRATION

# Attachment 3: Evaluation of the Demonstration

## Mobility Demonstration Study
### Analyses and Results as of August 25, 2023

The Mobility Demonstration began in 2014 and allows households in public housing to move to PBV single-family, duplex, or multifamily units in low-poverty neighborhoods. The purpose of this study is to determine if a move out of public housing to a low-poverty neighborhood improves outcomes for households with children. RHA has partnered with Dr. Rebecca J. Walter at the University of Washington to analyze the data and outcomes for the Mobility Demonstration Study.

A within-subject design is used to compare household outcomes over time using administrative and American Community Survey (ACS) data (Table 1). Many of the households moved in public housing before the Mobility Demonstration Study was initiated and were enrolled in the study when they moved from public housing to a PBV unit. The household characteristics, household outcomes, and neighborhood characteristics assessed in this study are included in Table 1. The Wilcoxon Rank Sum Test was used instead of the Paired Samples T-Test since the data violates the assumption of normality, there are outliers in the data, and the sample size is small. The 2016 ACS 5-year Estimates were used for the neighborhood characteristics since most participants moved from public housing to a PBV unit in 2014. In 2022, a new survey was administered to capture additional household outcomes. The survey gathers information about physical and mental health, safety, finances and wealth accumulation, employment and education, child well-being, and neighborhood and housing preferences over the last year. Eighteen households that have moved into a PBV unit have participated in the survey within the last year. Descriptive statistics are provided for the survey responses.

Table 1. Variables

| | Data Source | Data Type | Statistical Test |
|---|---:|---:|---:|
| ***Household Characteristics*** | | | |
| Gender | Administrative | Categorical | Descriptive Statistics |
| Race | Administrative | Categorical | Descriptive Statistics |
| Ethnicity | Administrative | Categorical | Descriptive Statistics |
| Years in Public Housing | Administrative | Discrete | Descriptive Statistics |
| Head of Household Age | Administrative | Discrete | Descriptive Statistics |
| Household Size | Administrative | Discrete | Descriptive Statistics |
| Number of Adults in Household | Administrative | Discrete | Descriptive Statistics |
| Number of Children in Household | Administrative | Discrete | Descriptive Statistics |
| ***Household Outcome Variables*** | | | |
| Employment Status | Administrative | Categorical | McNemar |
| Annual Household Income | Administrative | Continuous | Wilcoxon |
| Physical and Mental Health | Survey | Discrete | Descriptive Statistics |
| Safety | Survey | Likert Scale | Descriptive Statistics |
| Financial Security/Wealth Accumulation | Survey | Likert Scale | Descriptive Statistics |
| Employment and Education | Survey | Likert Scale | Descriptive Statistics |
| Child Well-being | Survey | Likert Scale | Descriptive Statistics |
| Housing and Neighborhood Preferences | Survey | Rank Order | Descriptive Statistics |

| | | | |
|---|---|---|---|
| ***Neighborhood Characteristics*** | | | |
| Percent high school graduate or higher | ACS | Continuous | Wilcoxon |
| Percent bachelor's degree or higher | ACS | Continuous | Wilcoxon |
| Unemployment rate | ACS | Continuous | Wilcoxon |
| Median household income | ACS | Continuous | Wilcoxon |
| Percent of people in poverty | ACS | Continuous | Wilcoxon |
| Proportion of vacant housing units | ACS | Continuous | Wilcoxon |
| Proportion of single-family homes | ACS | Continuous | Wilcoxon |
| Owner occupancy rate | ACS | Continuous | Wilcoxon |
| Median home value | ACS | Continuous | Wilcoxon |
| Median gross rent | ACS | Continuous | Wilcoxon |
| Percent White | ACS | Continuous | Wilcoxon |
| Percent Hispanic or Latino | ACS | Continuous | Wilcoxon |

Only households that participated in the study for at least one year are included in the study so within-subject analyses over time can be conducted. This resulted in 48 households being included in the analyses. Households entered and exited the study at different times. There are 19 households that are currently enrolled in the study and 29 households that have exited the study (Table 2).

Table 2. Sample Size and Number of Years of Participation in the Study

| **Participant Year** | **Count** | **Currently Enrolled** | **Exits** |
|---|---|---|---|
| Year 1 | 48 | 0 | 8 |
| Year 2 | 40 | 2 | 7 |
| Year 3 | 31 | 2 | 5 |
| Year 4 | 24 | 1 | 4 |
| Year 5 | 19 | 3 | 2 |
| Year 6 | 14 | 2 | 0 |
| Year 7 | 12 | 0 | 2 |
| Year 8 | 7 | 3 | 1 |
| Year 9 | 6 | 6 | 0 |
| Total | | 19 | 29 |

Of the 29 exits, over half of the exits from the mobility program have been voluntary self-sufficiency exits (Table 3). Within the second year after the move from public housing, some households voluntarily exited the program and were able to pay their rent in full on their own, while on the other hand, it took other households over six years to reach this point. The sample size is too small to generalize an approximate period for how long the average non-elderly and/or non-disabled household needs housing assistance before they can afford housing without a subsidy.

Table 3. Reasons for Exiting the Program

| Reason | **Count** | **Percent** |
|---|---|---|
| Deceased | 1 | 4% |
| Program/Lease Violation | 3 | 10% |
| Transferred to VOO | 7 | 24% |
| Voluntarily Left Program | 3 | 10% |
| Paying Full Rent/Purchased Home | 15 | 52% |
| Total | 29 | 100% |

Many households in the study are White, non-Hispanic, and female-headed households that are single, divorced, or widowed (Table 4). The median number of years that households were in public housing before transferring to a PBV unit was four, with the range being from one to seventeen years. The median household age is thirty-six with the youngest head of household at the beginning of the study age 23 and oldest 63. The median household size is four and ranges from two to nine members (this program is specifically for families with children). The median number of adults per household is one while the median number of children is two (Table 4).

Table 4. Household Characteristics at Baseline (*n*=48)

| | | Count | Percent |
|---|---|---|---|
| Gender | Male | 5 | 10.4% |
| | Female | 43 | 89.6% |
| Race | White | 38 | 79.2% |
| | Non-White | 10 | 20.8% |
| Ethnicity | Hispanic or Latino | 17 | 35.4% |
| | Non-Hispanic or Latino | 31 | 64.6% |
| Marital Status | Married/Cohabitating | 12 | 25.0% |
| | Single/Divorced/Widowed | 36 | 75.0% |
| | | **Median** | **Range** |
| Years in Public Housing | | 4 | 1 - 17 |
| Head of Household Age | | 36 | 23 - 63 |
| Household Size | | 4 | 2 - 9 |
| Number of Adults in Household | | 1 | 1 - 4 |
| Number of Children in Household | | 2 | 0 - 7 |

Although more heads of household are typically employed in PBV units compared to their tenure in public housing, there isn't any statistical difference in employment compared to baseline regardless of how long the household has participated in the program (Table 5).

Table 5. Employment Status

| | | Baseline Unemployed | Baseline Employed | *p*-value[1] |
|---|---|---|---|---|
| Year 1 (*n*=48) | | | | |
| | Unemployed | 16 | 4 | 0.388 |
| | Employed | 8 | 20 | |
| Year 2 (*n*=40) | | | | |
| | Unemployed | 12 | 2 | 0.109 |
| | Employed | 8 | 18 | |
| Year 3 (*n*=31) | | | | |
| | Unemployed | 9 | 1 | 0.070 |
| | Employed | 7 | 14 | |
| Year 4 (*n*=24) | | | | |
| | Unemployed | 5 | 2 | 0.066 |
| | Employed | 9 | 8 | |

| | | | |
|---|---|---|---|
| Year 5 (*n*=19) | | | |
| Unemployed | 4 | 3 | 0.501 |
| Employed | 6 | 6 | |
| Year 6 (*n*=14) | | | |
| Unemployed | 7 | 1 | 1.000 |
| Employed | 1 | 5 | |
| Year 7 (*n*=12) | | | |
| Unemployed | 4 | 0 | ------[2] |
| Employed | 3 | 5 | |
| Year 8 (*n*=10) | | | |
| Unemployed | 3 | 1 | 0.625 |
| Employed | 3 | 3 | |
| Year 9 (*n*=6) | | | |
| Unemployed | 2 | 1 | 1.000 |
| Employed | 1 | 2 | |

[1]The exact *p*-value is calculated based on a binomial distribution because there are 25 or fewer records in at least one cell. [2]No value is reported because each group must have a minimum of one to conduct a statistical comparison.

Annual household income is statistically significantly higher from baseline compared to every year recorded after baseline (Years 1 through 8) for households that moved from public housing to PBV units except for Year 9 (Table 6). The median difference at Year 1 was only $3,222 but at Year 8 is $17,114. The median difference for Year 9 is greater than baseline but the sample size is small and two households in Year 9 have an annual household income lower than when they entered the program which is why Year 9 is not statistically significant.

Table 6. Annual Household Income

| | **Baseline Median** | **Comparison Year Median** | **Median Difference** | ***Z*** |
|---|---|---|---|---|
| *Annual Household Income* | | | | |
| Year 1 (*n*=48) | $16,125 | $19,346 | $3,222 | -2.819** |
| Year 2 (*n*=40) | $15,738 | $19,990 | $4,253 | -3.671** |
| Year 3 (*n*=31) | $15,622 | $23,081 | $7,459 | -3.381** |
| Year 4 (*n*=24) | $16,125 | $22,950 | $6,826 | -2.743** |
| Year 5 (*n*=19) | $15,853 | $23,650 | $7,797 | -2.173* |
| Year 6 (*n*=14) | $14,612 | $21,463 | $6,852 | -2.542** |
| Year 7 (*n*=12) | $11,854 | $32,603 | $20,749 | -3.059** |
| Year 8 (*n*=10) | $11,854 | $28,968 | $17,114 | -2.803** |
| Year 9 (*n*=6) | $14,612 | $20,450 | $5,838 | -0.734 |

* p < 0.05; ** p < .01; *** p < .001

In the last year, most households had no visits to a hospital or emergency room for physical health issues. Visits to a hospital or emergency room for mental health, behavioral health or emotional issues was rare with most households having no visits in the last year (Table 7).

Table 7. Physical and Mental Health Outcomes (*n*=18)

| | **Median** | **Range** |
|---|---|---|
| Number times in the past year any member in the household visited a hospital or emergency clinic for *physical health* problems | 0 | 0-10 |
| Number times in the past year any member in the household visited a hospital or emergency clinic for *mental health, behavioral health, or emotional* problem | 0 | 0-5 |

The survey asked households to rank the neighborhood amenities that were most and least important to them (Table 8). The most important neighborhood attribute is a low crime rate. This is followed by, being within close proximity to grocery stores, neighborhoods with sidewalks, and near restaurants and shopping and parks and recreation.

Table 8. Neighborhood Preferences (*n*=17)

| | |
|---|---|
| A neighborhood that has a low crime rate. | |
| A neighborhood close to grocery stores. | |
| A walkable neighborhood with sidewalks. | ↑ Most Important |
| A neighborhood close to restaurants and shopping. | |
| A neighborhood close to parks and recreation | |
| A neighborhood with job opportunities nearby. | |
| A neighborhood with low population and dispersed housing density. | |
| A neighborhood that has a lot of diversity in terms of race, age, family type. | |
| A neighborhood accessible by public transportation. | ↓ Least Important |
| A neighborhood with low poverty rates. | |
| A neighborhood with a community center and/or community events. | |
| A neighborhood close to downtown. | |

The survey asked households to rank the housing and neighborhood amenities most important for their children (Table 9). The most important attribute is each child having their own bedroom. Having a home that has a yard that is safe to children to play in and a low crime rate are also important to respondents.

Table 9. Housing and Neighborhood Preferences for Children (*n*=16)

| | |
|---|---|
| Each child has their own bedroom. | |
| The home has a yard that is safe for children to play in. | |
| The neighborhood has low crime rates. | ↑ Most Important |
| The home is on a quiet street away from heavy traffic. | |
| The neighborhood has good schools/daycares. | |
| The home is close to my child/children's school/daycare. | |
| The neighborhood has friendly neighbors that I can count on. | ↓ Least Important |
| The home is near a park or other recreational activities. | |
| There are other children in the neighborhood living close by. | |

In the survey, households were asked why they might stay in their current home if they are paying full contract rent (Table 10). Respondents were given the option to select one or multiple reasons. The most common reason for households to remain in place is because the rent is affordable and many households responded it is too expensive to move somewhere else. Other common reasons include liking the home and neighborhood. Several households wanted to remain in place because their current home is either close to their child's school/daycare, work, or family/friends. A few households don't have time to search for a new place or move. Two of the households plan to move as soon as they can pay the full contract rent.

Table 10. Reasons for Staying in Current Home (*n*=18)

| | Frequency |
|---|---|
| The rent is affordable. | 13 |
| I like the neighborhood. | 12 |
| I like the home. | 10 |
| It is too expensive to move somewhere else. | 9 |
| I am close to work. | 9 |
| I don't want my child/children to go to a different daycare/school. | 6 |
| I am close to family/friends. | 3 |
| I don't have time to search for a new place or move. | 2 |
| I plan to move as soon as I can pay the full contract rent. | 2 |

The survey asked each household to envision their tenure situation in five years (Table 11). The majority believe they will own their own home or will be in the same home paying full contract rent. Less than half of the respondents believe they will still be receiving subsidized rent.

Table 11. Future Plans (*n*=18)

| | Frequency | Percent |
|---|---|---|
| In the same home with subsidized rent. | 8 | 44% |
| In the same home paying full contract rent. | 3 | 17% |
| In a home that you own. | 7 | 39% |

For neighborhood characteristics of public housing compared to PBV unit location, there are statistically significant differences in all neighborhood characteristics except for the owner occupancy rate. Educational attainment, median household income, and median home value are all statistically significantly higher in PBV neighborhoods compared to public housing neighborhoods. In the neighborhoods where PBV units are located, the poverty rate, unemployment rate, and proportion of vacant housing units are statistically significantly lower than the neighborhoods where public housing is located. Additionally, in PBV neighborhoods, there are statistically significantly higher proportions of single-family homes and rent rates. In the PBV neighborhoods, there is a higher percentage of White households and less Hispanic or Latino households than in the public housing neighborhoods (Table 10).

Table 10. Neighborhood Characteristics (*n*=48)

| | Public Housing Median | PBV Median | Median Difference | *Z* |
|---|---|---|---|---|
| Percent high school graduate or higher | 65.2% | 91.2% | 26.0% | -5.335*** |
| Percent bachelor's degree or higher | 15.0% | 26.2% | 11.3% | -5.191*** |
| Unemployment rate | 9.3% | 5.3% | -4.0% | 4.114*** |
| Median household income | $25,545 | $52,008 | $26,463 | -4.627*** |
| Percent of people in poverty | 40.1% | 12.9% | -27.2% | 6.032*** |
| Proportion of vacant housing units | 9.2% | 8.4% | -0.8% | 4.547*** |
| Proportion of single-family homes | 45.0% | 60.9% | 15.9% | -3.519*** |
| Owner occupancy rate | 44.8% | 53.4% | 8.6% | -1.600 |
| Median home value | $100,800 | $164,450 | $63,650 | -5.663*** |
| Median gross rent | $823 | $916 | $93 | -1.985* |
| Percent White | 68.5% | 83.5% | 15.0% | -4.370*** |
| Percent Hispanic or Latino | 51.6% | 27.1% | -24.6% | 4.709*** |

* $p < 0.05$; ** $p < .01$; *** $p < .001$

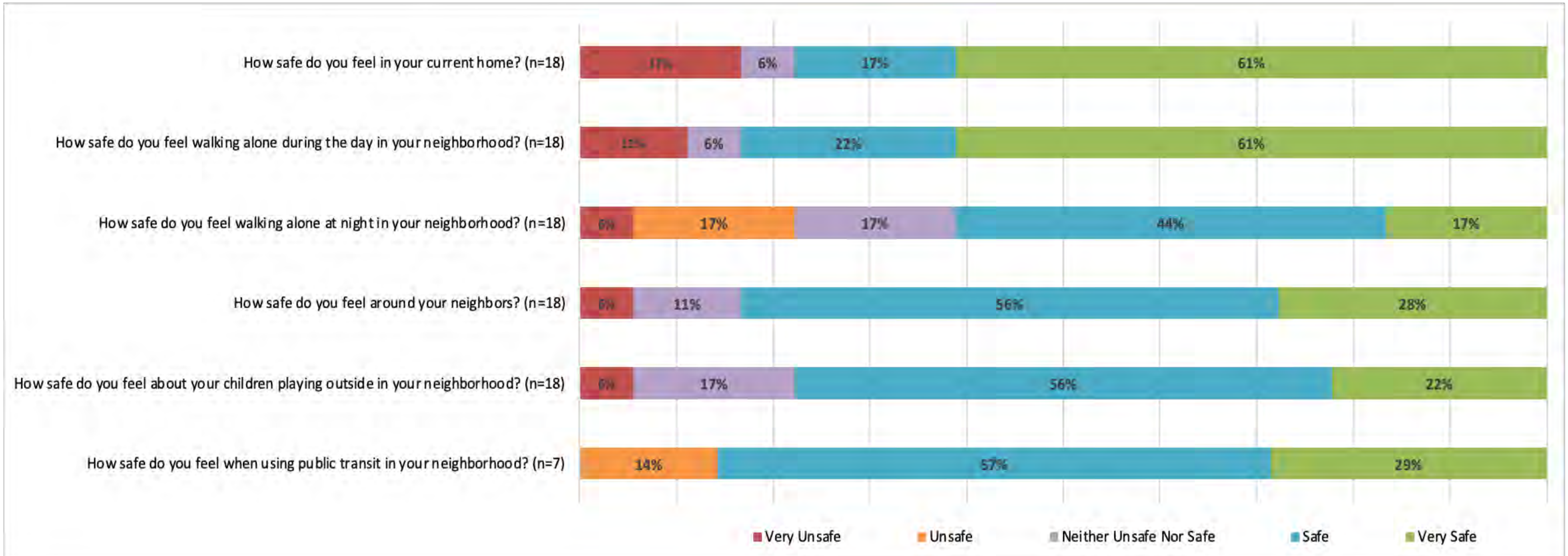
For neighborhoods where PBV units are located compared to the Reno Metropolitan Area, neighborhood characteristics throughout Reno are comparable to the neighborhoods where households moved into PBV units (Table 11). The only major differences are the unemployment rate and median home value, which are both lower in neighborhoods where PBV units are located compared to Reno Metropolitan Area.

Table 11. Neighborhood Characteristics in PBV Neighborhoods Compared to Reno Metro Area (*n*=48)

| | Reno | PBV Units |
|---|---|---|
| Percent high school graduate or higher | 87.1% | 91.2% |
| Percent bachelor's degree or higher | 28.9% | 26.2% |
| Unemployment rate | 8.0% | 5.3% |
| Median Household Income | $55,103 | $52,008 |
| Percent of people in poverty | 14.9% | 12.9% |
| Proportion of vacant housing units | 10.0% | 8.4% |
| Proportion of single-family homes | 59.9% | 60.9% |
| Owner occupancy rate | 57.1% | 53.4% |
| Median home value | $236,300 | $164,450 |
| Median gross rent | $917 | $916 |
| Percent White | 84% | 83.5% |
| Percent Hispanic or Latino | 23.4% | 27.1% |

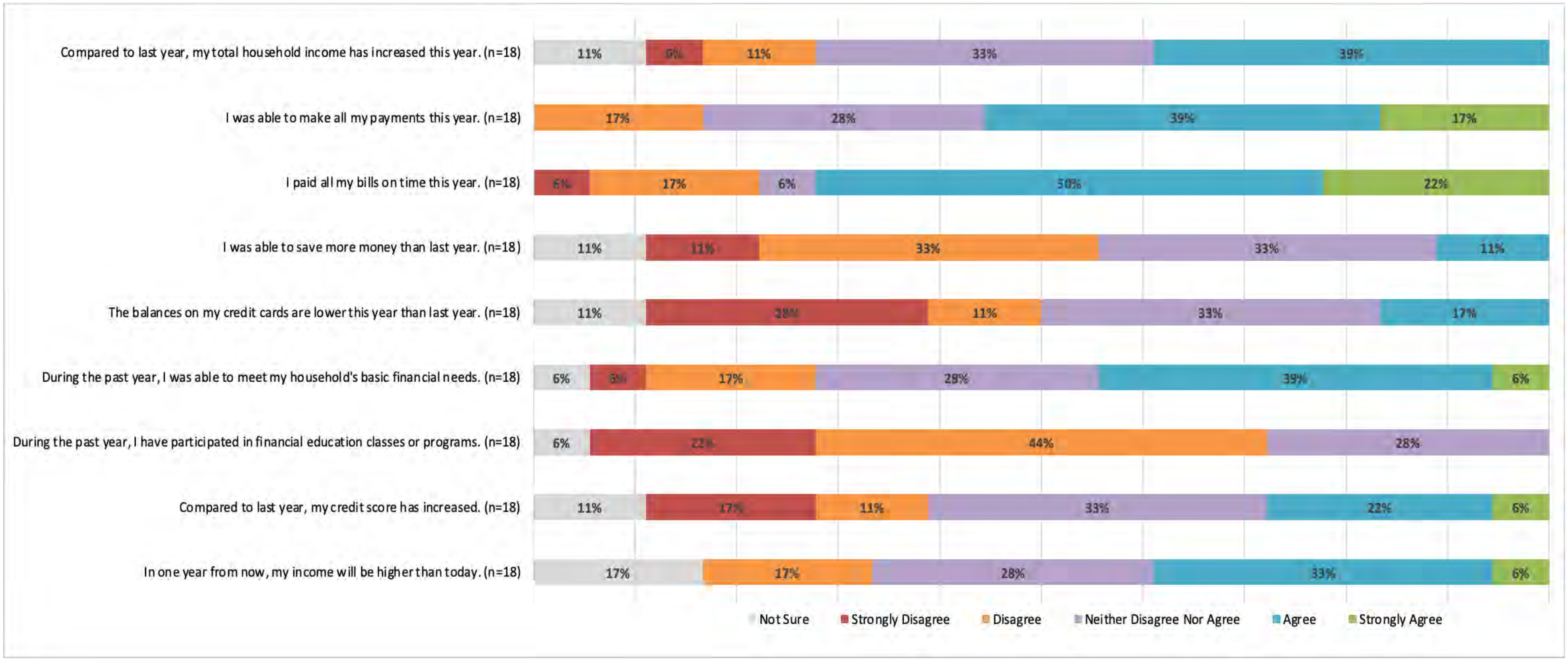
Most households feel safe in their home, neighborhood, and around their neighbors. The majority also feel safe when their children are playing outside in their neighborhood. Most survey respondents even feel safe walking alone in their neighborhood at night. The few households that use public transit also consider it to be generally safe.

Figure 1. Safety



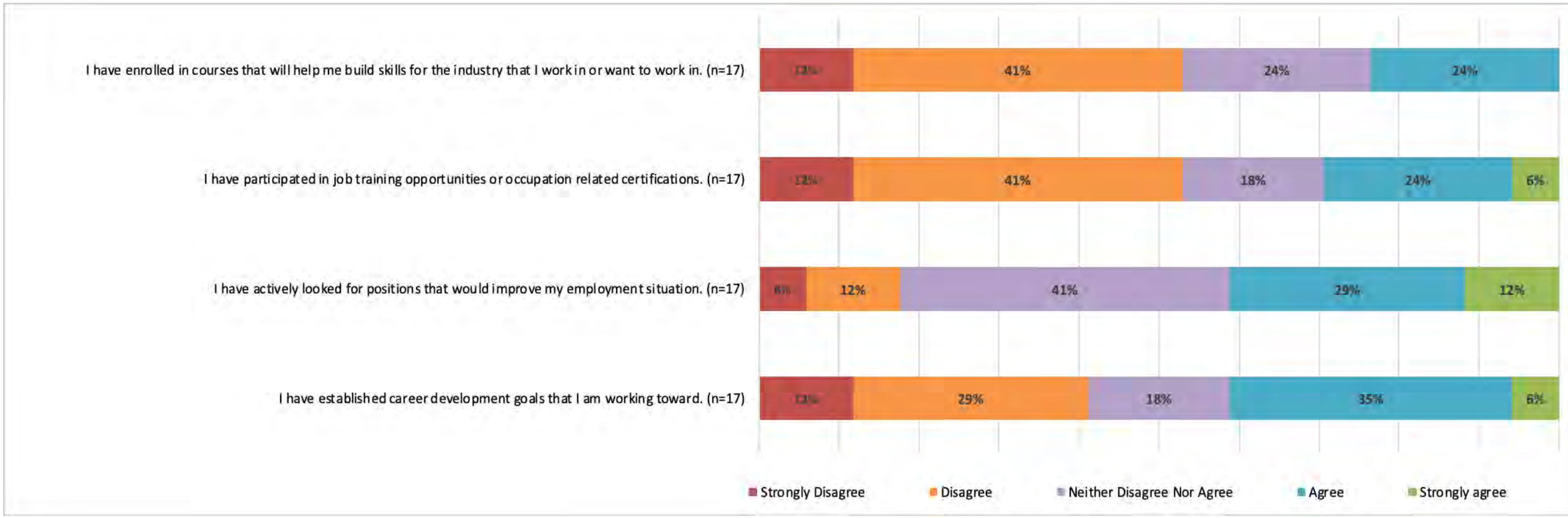
39% of households report that their household income has increased from the previous year and 45% of households stated that their basic financial needs were met. At least half of the respondents were able to make all their payments on time over the year and had lower balances on their credit cards compared to the previous year. However, the majority of households were unable to increase their credit score and report that they were unable to save more money than the previous year. Respondents did not participate in financial education classes or programs this last year. The response regarding future income is mixed and only 39% of the households believe that their income will be higher in a year from now.

Figure 2. Financial Security and Wealth Accumulation



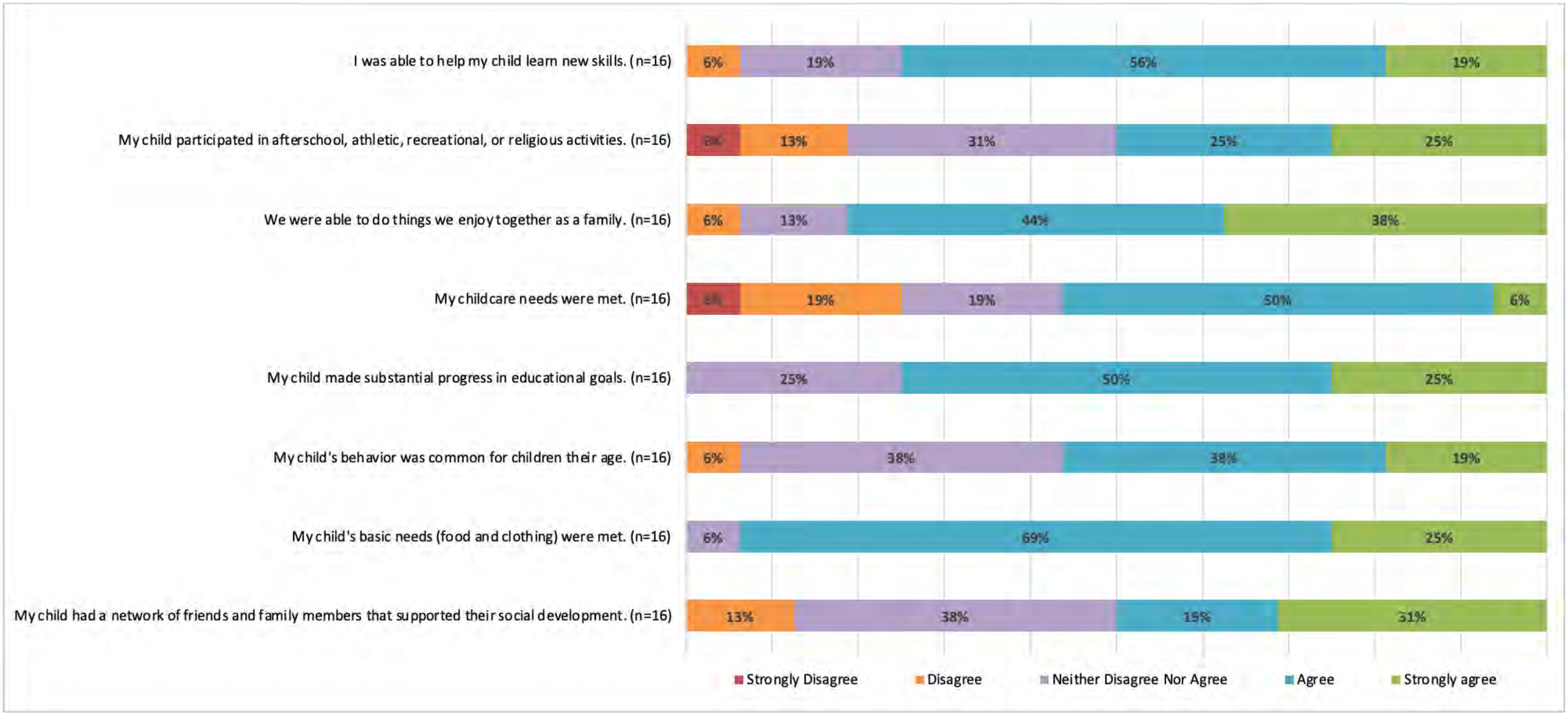
Within the last year, although some households have established career development goals that they are working toward, less than one-third of respondents have taken advantage of job training opportunities or occupation related certificates. 41% of the respondents are actively looking for a position that would improve their employment situation.

Figure 3. Employment and Education



Most households responded positively regarding their child's well-being. Respondents reported being able to help their child learn new skills, thought their child's basic needs were met, saw substantial progress in educational goals, and were able to do things together as a family. Most households also reported having a network of friends and family members that supported the social development of their child and that they were able to provide the opportunity for their child to participate in after school, athletic, recreational, or religious activities. Childcare needs were met for more than half of the households although there are a few households that reported this was a challenge.

Figure 4. Child Well-Being



# ATTACHMENT 4

# LOBBYING DISCLOSURES

# Attachment 4: Lobbying Disclosures

TO BE INSERTED PRIOR TO SUBMITTAL TO HUD

**Eddy House Capacity vs. Actuals**
**(as approved in RHA's FY 2021 MTW Annual Plan)**

| Total Beds at Full Capacity | | |
|---|---|---|
| | Drop-In | Community Living |
| July | 620 | 713 |
| August | 620 | 713 |
| September | 600 | 690 |
| October | 620 | 713 |
| November | 600 | 690 |
| December | 620 | 713 |
| January | 620 | 713 |
| February | 560 | 644 |
| March | 620 | 713 |
| April | 600 | 690 |
| May | 620 | 713 |
| June | 600 | 690 |
| **Total** | **7300** | **8395** |

| FY 2021 Actual Bed Nights | | |
|---|---|---|
| | Drop-In | Community Living |
| July 2020 | 0 | 0 |
| August 2020 | 155 | 229 |
| September 2020 | 127 | 170 |
| October 2020 | 91 | 233 |
| November 2020 | 130 | 325 |
| December 2020 | 121 | 250 |
| January 2021 | 167 | 379 |
| February 2021 | 173 | 302 |
| March 2021 | 185 | 324 |
| April 2021 | 220 | 392 |
| May 2021 | 231 | 339 |
| June 2021 | 290 | 299 |
| **2021 Total** | **1890** | **3242** |

| FY 2022 Actual Bed Nights | | |
|---|---|---|
| | Drop-In | Community Living |
| July 2021 | 392 | 272 |
| August 2021 | 361 | 222 |
| September 2021 | 282 | 242 |
| October 2021 | 302 | 414 |
| November 2021 | 236 | 447 |
| December 2021 | 271 | 464 |
| January 2022 | 191 | 374 |
| February 2022 | 189 | 249 |
| March 2022 | 337 | 266 |
| April 2022 | 345 | 127 |
| May 2022 | 470 | 184 |
| June 2022 | 468 | 222 |
| **2022 Total** | **3844** | **3483** |

| FY 2023 Actual Bed Nights | | |
|---|---|---|
| | Drop-In | Community Living |
| July 2022 | 653 | 247 |
| August 2022 | 726 | 349 |
| September 2022 | 546 | 337 |
| October 2022 | 561 | 439 |
| November 2022 | 763 | 508 |
| December 2022 | 745 | 463 |
| January 2023 | 734 | 437 |
| February 2023 | 699 | 364 |
| March 2023 | 747 | 416 |
| April 2023 | 702 | 422 |
| May 2023 | 899 | 386 |
| June 2023 | 891 | 345 |
| **2023 Total** | **8666** | **4713** |

| FY 2024 Actual Bed Nights | | |
|---|---|---|
| | Drop-In | Community Living |
| July 2023 | 936 | 317 |
| August 2023 | 1070 | 293 |
| September 2023 | 988 | 336 |
| October 2023 | 926 | 376 |
| November 2023 | 960 | 333 |
| December 2023 | 1254 | 342 |
| January 2024 | 929 | 404 |
| February 2024 | | |
| March 2024 | | |
| April 2024 | | |
| May 2024 | | |
| June 2024 | | |
| **2024 Total** | **7063** | **2401** |

## CERTIFICATIONS OF COMPLIANCE

***U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT***
***OFFICE OF PUBLIC AND INDIAN HOUSING***

**Certifications of Compliance with Regulations:**
**Board Resolution to Accompany the Annual Moving to Work Plan**

Acting on behalf of the Board of Commissioners of the Moving to Work Public Housing Agency (MTW PHA) listed below, as its Chair or other authorized MTW PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the MTW PHA Plan Year beginning (07/01/2024), hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

(1) The MTW PHA published a notice that a hearing would be held, that the Plan and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the Plan by the Board of Commissioners, and that the MTW PHA conducted a public hearing to discuss the Plan and invited public comment.

(2) The MTW PHA took into consideration public and resident comments (including those of its Resident Advisory Board or Boards) before approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan.

(3) The MTW PHA certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).

(4) The MTW PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.

(5) The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.

(6) The Plan contains a certification by the appropriate state or local officials that the Plan is consistent with the applicable Consolidated Plan.

(7) The MTW PHA will affirmatively further fair housing by fulfilling the requirements set out in HUD regulations found at Title 24 of the Code of Federal Regulations, including regulations in place at the time of this certification, and any subsequently promulgated regulations governing the obligation to affirmatively further fair housing. The MTW PHA is always responsible for understanding and implementing the requirements of HUD regulations and policies, and has a continuing obligation to affirmatively further fair housing in compliance with the 1968 Fair Housing Act, the Housing and Community Development Act of 1974, The Cranston-Gonzalez National Affordable Housing Act, and the Quality Housing and Work Responsibility Act of 1998. (42 U.S.C. 3608, 5304(b)(2), 5306(d)(7)(B), 12705(b)(15), and 1437C–1(d)(16)). The MTW PHA will affirmatively further fair housing by fulfilling the requirements at 24 CFR 903.7(o) and 24 CFR 903.15, which means that it will take meaningful actions to further the goals identified in its Analysis of Impediments to Fair Housing Choice(AI),Assessment of Fair Housing (AFH), and/or other fair housing planning documents conducted in accordance with the requirements of 24 CFR Part 5, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o), and will address impediments to fair housing choice identified in its AI, AFH, and/or other fair housing planning documents associated with any applicable Consolidated or Annual Action Plan under 24 CFR Part 91.

(8) The MTW PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975 and HUD's implementing regulations at 24 C.F.R. Part 146.

(9) In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the MTW PHA will not make a determination of eligibility for housing based on sexual orientation, gender identity, or marital status.

(10) The MTW PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.

(11) The MTW PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 75.

(12) The MTW PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.

(13) The MTW PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.

(14) The MTW PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

(15) The MTW PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).

(16) The MTW PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the MTW PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.

(17) With respect to public housing and applicable local, non-traditional development the MTW PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.

(18) The MTW PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.

(19) The MTW PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.

(20) The MTW PHA will comply with the policies, guidelines, and requirements of 2 CFR Part 225 (Cost Principles for State, Local and Indian Tribal Governments) and 2 CFR Part 200.

(21) The MTW PHA must fulfill its responsibilities to comply with and ensure enforcement of Housing Quality Standards, as defined in 24 CFR Part 982 or as approved by HUD, for any Housing Choice Voucher units under administration.

(22) The MTW PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving to Work Agreement and Statement of Authorizations and included in its Plan.

(23) All attachments to the Plan have been and will continue to be available at all times and all locations that the Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the MTW PHA in its Plan and will continue to be made available at least at the primary business office of the MTW PHA.

| Housing Authority of the City of Reno | NV001 |
|---|---|
| ***MTW PHA NAME*** | ***MTW PHA NUMBER/HA CODE*** |

***I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802).***

| Dave Aiazzi | Chairman, Board of Commissioners |
|---|---|
| ***NAME OF AUTHORIZED OFFICIAL*** | ***TITLE*** |
| | |
| ***SIGNATURE*** | ***DATE*** |

* ***Must be signed by either the Chair or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chair or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.***

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 7** **March 26, 2024**

SUBJECT: Possible adoption of Resolution 24-03-04 RH revising the list of staff and Board members with signing authority for RHA. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Possible Action

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**Background:**

With recent changes to the RHA Board of Commissioners Vice Chair position, revisions to RHA staff and Board member check signing authority must also be updated with the Bank. Mark Sullivan will replace the prior Vice Chair, Jazmeen Johnson, on the schedule of authorized signers.

Check signing authority will be updated as follows:

**Category 1:**
Hilary Lopez
Heidi McKendree
Dave Aiazzi

**Category 2:**
Simona Parton
Jamie Newfelt
Mark Sullivan

*Staff Recommendation and Motion*

Staff recommends approval of the revision to RHA's check signing authority schedule and replacement of Commissioner Mark Sullivan with past Commissioner Johnson.

HOUSING AUTHORITY OF THE CITY OF RENO

RESOLUTION **24-03-04 RH**

A RESOLUTION REVISING THE AUTHORITY'S CHECK SIGNATURE AUTHORIZATION POLICY

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Reno (Authority) wishes to update the policy authorizing signatures on Authority checking accounts, and

WHEREAS, the Board wishes to maintain internal controls on the disbursement of funds as well as allow adequate flexibility for the Authority to efficiently conduct its operation, and

WHEREAS, amending signatories of the Authority is necessary when staff positions change, and

WHEREAS, RHA Board of Commissioners Vice Chair, Mark Sullivan, hereby replaces Jazmeen Johnson as a signatory in Category 1;

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Commissioners of the Housing Authority of the City of Reno as follows:

1. That the Board of Commissioners of the Housing Authority of the City of Reno hereby directs that two signatures will be required to issue any check drawn on Authority accounts, one from each of the following categories and that the persons holding these positions are authorized to sign on behalf of and legally bind the Authority:

   **Category 1:**

   Executive Director – Hilary Lopez, Ph.D.
   Deputy Executive Director - Heidi McKendree
   Chairman – Dave Aiazzi

   **Category 2:**

   Senior Accountant – Simona Parton
   Director of Rental Assistance – Jamie Newfelt
   Vice Chairman – Mark Sullivan

2. This Resolution is to be effective upon the date of its adoption.

ADOPTED THIS __26th____ DAY OF _March_, 2024.

ATTEST:

______________________________ ______________________________

CHAIRMAN SECRETARY

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 8** **March 26, 2024**

SUBJECT: Discussion and possible direction to staff to release a Request for Proposals (RFP) for Eviction Prevention Services for July 1, 2024, through June 30, 2025. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Possible Action

---

**Background:**

Since February 2021, RHA has contracted with the Emergency Eviction Prevention Program of Nevada (EEPPN) to provide emergency housing resources, eviction prevention and housing navigation services to low-income Washoe County residents. While RHA provides referrals to EEPPN, EEPPN also takes direct calls for assistance from community members in need as well referrals from landlords, community service agencies, and local justice courts throughout Washoe County.

EEPPN's current contract with RHA is set to expire on April 30, 2024. Over the last three years, RHA staff have made roughly 496 referrals to EEPPN. RHA referrals were made by Reception, Admissions, Asset Management, Resident Services and Rental Assistance staff. Prior to RHA's initial contract with EEPPN, staff did not have access to a reliable resource to assist clients with emergency assistance services. Since RHA began contracting with EEPPN, staff feel they have had a resource to assist applicants' struggling with emergency housing needs, current residents and clients who are facing possible homelessness due to eviction, and clients in need of housing navigation. Staff anticipate a continued need for these services in the coming years and appreciate that these services are available through a contractor who is available to assist quickly when all other options available through RHA have been exhausted.

RHA recently completed a program audit, which included a customer satisfaction survey, and found that those assisted overwhelmingly reported the services received assisted them either retain their housing, access emergency assistance funds, or provided meaningful information on alternative resources. For these reasons, staff believe it would be beneficial to continue to fund these types of services.

Based on RHA's Procurement Policy, if emergency eviction and housing navigation services continue to be funded by RHA, staff will need to release a Request for Proposals (RFP) in the coming weeks to solicit potential contractors. Should staff be directed by the Board to release an RFP, staff have determined, based on the average number of referrals made by RHA in the current contract year and EEPPN's cost per client based on their data, that estimated funding would be between $50,000 to $75,000 per year.

*Staff Recommendation and Motion*

Staff is recommending the release of an RFP to solicit potential contractors to provide emergency housing resource assistance, eviction prevention, and housing navigation services to serve clients referred directly by RHA for a contract term of one year with the possibility of two (2) one-year extensions based on continued needs and satisfactory program review.

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 9** **March 26, 2024**

SUBJECT: Discussion and possible direction to staff to negotiate and execute a contract extension with JF Downey Realty Consulting & Advisory Services LLC for continued eviction prevention services for May 1, 2024, through June 30, 2024. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Possible Action

---

**Background:**

The Housing Authority's current contract with JF Downey Realty Consulting & Advisory Services LLC (JF Downey) for eviction prevention services expires on April 30, 2024. If the Board decides to continue to fund these types of services and approves the release of an RFP for this purpose as discussed in agenda item 8, then there will be a two-month lapse in service between the end of JF Downey's current contract and RHA establishing a new contract with a selected vendor for services starting July 1, 2024. In order to ensure continued services for community members in need during May and June 2024, staff are requesting approval to negotiate and execute a contract extension with JF Downey to cover these months.

As part of the Board's approval, the Executive Director will negotiate a monthly rate with JF Downey, based on the estimated number of RHA referrals anticipated during May and June 2024. Data provided by JF Downey reflects 73 RHA referrals from May 1, 2023, through February 2024, or an average of 7.3 referrals per month. If approved, staff will work with RHA counsel to draft the contract extension and the Executive Director will execute it prior to May 1, 2024.

*Staff Recommendation and Motion*

The Board motion to approve the Executive Director negotiate and execute a contract extension with JF Downey Realty Consulting & Advisory Services LLC for continued eviction prevention services for May 1, 2024, through June 30, 2024.

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 10** **March 26, 2024**

SUBJECT: Discussion and possible approval to extend RHA's contract for Legal Services with Allison MacKenzie from July 1, 2024, through June 30, 2027, at the same hourly rates and terms as under the current contract. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Possible Action

---

**Background**

The Housing Authority procured legal services through a competitive process in 2022. As a result of that process, the Board entered into a contract with Allison MacKenzie to provide legal services for RHA. The current contract expires on June 30, 2024. Allison MacKenzie is amenable to extending its contract through June 30, 2027, at the same hourly rates and terms as under the current contract and without any inflation factor. Staff are satisfied with the services received through Allison MacKenzie and especially appreciate counsel's ability to quickly turnaround items.

Should the Board determine it does not want to extend through June 30, 2027, it would have the following options:

- Extend for a lesser amount of time; or
- Direct staff to release an RFP for legal services and reprocure counsel through a new competitive process.

The initial contract with Allison MacKenzie and proposed addendum extending for time are attached for Board reference and review.

*Staff Recommendation and Motion*

The Board move to approve the contract addendum extending RHA's contract with Allison MacKenzie for legal services through June 30, 2024, subject to the same rates and terms identified in the current contract.

**ADDENDUM TO**
**CONTRACT FOR LEGAL SERVICES**
**FOR**
**THE HOUSING AUTHORITY OF THE CITY OF RENO**

THIS ADDENDUM TO CONTRACT FOR LEGAL SERVICES FOR THE HOUSING AUTHORITY OF THE CITY OF RENO ("**Addendum**") is entered into and made effective as of July 1, 2024 ("**Effective Date**"), by and between **Housing Authority of the City of Reno**, a municipal corporation under Chapter 315 of the Nevada Revised Statutes("RHA") and Allison MacKenzie., Ltd., care of Ryan D. Russell, Esq ("Counsel").

**RECITALS**

RHA and Counsel have previously entered into that certain Contract for Legal Services for the Housing Authority of the City of Reno dated as of July 1, 2022 (the "**Agreement**").

The initial term of the Agreement began on July 1, 2022, and expires on July 1, 2024.

RHA and Counsel now desire and intend by this Addendum to document the extension of the term of the Agreement for an additional three (3) years from July 1, 2024, through June 30, 2027.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, RHA and Counsel agree as follows:

1. Extension of Term. The term of the Agreement is hereby extended for a period of three (3) years, beginning July 1, 2024, and continuing through June 30, 2027. The term of the Agreement may be further extended by mutual written agreement of RHA and Counsel.

All other Terms Remain in Effect. Except as provided herein, RHA and Counsel desire and intend that the terms and conditions set forth in the Agreement shall govern and are by this reference are incorporated into this Addendum as if fully set forth herein at length.

| **SELLER:** | **RHA:** |
|---|---|
| Allison · MacKenzie, Ltd | HOUSING AUTHORITY OF THE CITY OF RENO |
| By: ____________________ | By: ____________________ |
| RYAN D. RUSSELL, ESQ, Shareholder | HILARY LOPEZ, PH.D. Executive Director |
| Date: ___________________ | Date: ___________________ |

CONTRACT FOR LEGAL SERVICES
FOR
THE HOUSING AUTHORITY OF THE CITY OF RENO

THIS AGREEMENT is entered into as of July 1, 2022, by and between the Housing Authority of the City of Reno, State of Nevada (hereinafter referred to as "Housing Authority" or "RHA") and Allison MacKenzie, LTD, Ryan Russell, Esq in the City of Carson City, State of Nevada (hereinafter referred to as "Counsel").

The Housing Authority is engaged in the provision of low-income housing pursuant to powers granted to Public Housing Authorities by Nevada Revised Statute Chapter 315 and through financial assistance from the United States authorized by the United States Housing Act of 1937, as amended.

The Housing Authority desires to engage Counsel to render certain legal services, advice and assistance in connection with the low-income housing assistance programs being administered by the Housing Authority, and Counsel is desirous of providing such service.

1. SCOPE OF SERVICES. Counsel shall render, as requested by the RHA, legal services including but not limited to:

1.1 Planning, Development and Initial Occupancy of RHA Programs. At the request of RHA governing body and/or RHA staff, perform all legal services and be responsible for all legal phases of the planning, financing, development, and initial occupancy of all low-income housing projects undertaken by the RHA. Such services shall include but not be limited to the following:

1.1.1 Provide as necessary service in securing the approval of local public entities such as the approval of the local governing body of applications for preliminary loans, of local cooperation agreements and of low-income projects.

1.1.2 Preparation or review of legal documents and papers; rendition of advice and assistance to the officers and employees of RHA; consultation with parties having dealings with RHA; supervision as to legality of the official acts and minutes of RHA; rendition of legal opinions on all matters submitted by RHA including questions regarding conflicts of interest.

1.1.3 Rendition of all legal work necessary in connection with the preparation of applications for federal financial assistance, the preparation and adoption of Development programs, of all resolutions and policies necessary for the establishment of a complete tenant services and operations program.

1.1.4 Preparation of or review of contracts with surveyors, land negotiators, costs estimators, architects, appraisers, and all parties having dealings with RHA regarding such planning, development, initial occupancy of such projects; review and legal approbation of such contracts and payments thereon; handling of all legal questions and matters arising under such contracts of RHA.

1.1.5 Rendition of advice and assistance to RHA and preparation of such documents as may be necessary in connection with exceptions from and variations of zoning, building and inspection ordinances and regulations; appearances and representation of RHA before public bodies and in court in all litigated matters (except "extra-ordinary litigation" as hereinafter defined).

1.1.6 Rendition of advice and assistance to RHA in the acquisition of any interest in real property; assist in the preparation of necessary documents regarding such acquisition; approval of title insurance policies; rendition of legal opinions regarding title, liens and encumbrances, and any other matter affecting title or an interest in real property acquired by RHA; to assist in the negotiation, drafting and review of procedures and documents involving the selection of the developer, the entering into of letters of intent and contracts of sale, the acquisition of title.

1.1.7 In any project being constructed through the conventional competitive bidding procedures, Counsel is to provide review of documents relating to the advertisement and award of construction contracts, including the construction contract, specifications and performance and payment bonds.

1.1.8 To provide legal services in connection with the leasing or subleasing of property, the entering into of agreements to lease, options to purchase property, and the sale of dwelling units to tenants.

1.1.9 Assist in the preparation and review of documents relating to the issuance of obligations of RHA, including all legal work in connection with the issuance of notes and bonds of RHA, the preparation of a certificate of legislation and the rendition, if necessary, of an opinion on the validity of such obligations.

1.2 Legal Services in Connection with Management of RHA Programs. To perform upon request all legal services in connection with, and to be responsible for all legal phases of low-income housing programs of the RHA now under management on the date hereof or which may later come under management, such services to include but not be limited to the following:

1.2.1 Assistance in the negotiation and preparation of contracts, leases and other documents of RHA.

1.2.2 Appearance and representation of RHA before the governing bodies of the city, county, and other public bodies, excepting the state legislature; representation of RHA in actions of unlawful detainer to secure the eviction of tenants of said projects and necessary court appearances in eviction matters.

1.3 Legal Services in Connection with Nevada Open Meeting Law: To perform upon request all legal services in connection with, and to be responsible for all legal advice regarding Nevada open meeting laws, such services to include but not be limited to the following:

1.3.1 Advising RHA's governing body and staff on all legal matters affecting such projects; consultation with parties having dealings of a legal nature with RHA; attendance at meetings of RHA; preparation of resolutions and related documents; review and approbation of minutes of RHA; preparation and rendition of legal opinions to RHA.

1.3.2 Rendition of advice and assistance to RHA's governing body and staff on all legal matters with respect to laws and regulations governing open meetings in Nevada.

1.3.3 Attendance at all RHA governing body meetings.

1.4 Such services, however, shall not include any legal services performed in connection with unusual litigation which, for the purposes of this Agreement, means suits attacking the validity of a state housing authority law or the legality of the Housing Authority, actions to enforce a cooperation agreement, and similar matters of a novel and complex nature; nor shall such services be compensated for under this Agreement. Any services for unusual litigation shall be the subject of a separate and special litigation services contract for each such litigation.

2 TIME OF PERFORMANCE AND TERM OF AGREEMENT. The services of Counsel are to commence upon the execution of this Agreement and shall be undertaken and completed in such sequence as to assure their expeditious completion in the light of the purposes of this Agreement. Excepting as otherwise provided herein, the services to be performed under this Agreement shall extend and the term of this Agreement shall be for a two year period beginning July 1, 2022 and terminating June 30, 2024.

3 COMPENSATION, REIMBURSEMENT AND METHODS OF PAYMENT.

3.3 Compensation. RHA will pay Counsel monthly for services performed hereunder (other than actual court appearances for contested actions of unlawful detainer) at the rate of THREE HUNDRED FIFTY AND N0/100 DOLLARS ($350.00) per hour for attorney time including partners and THREE HUNDRED AND N0/100 DOLLARS ($300.00) per hour for Legal Associate time, subject to receipt by RHA from Counsel of an appropriate requisition and voucher specifying the number of hours spent with respect to specified legal services performed under this Agreement and that Counsel is entitled to receive the amount requisitioned.

3.4 Reimbursement. Counsel shall be allowed and reimbursed any and all proper and reasonable expenses incurred by Counsel in the performance of their duties hereunder, including, but not limited to, telephonic, telegraphic, copying, travel expenses, postage, and long distance faxes, and for court and general costs, but excluding the general overhead of Counsel. Any non-routine expenses require approval beforehand of the Reno Housing Authority.

In the event of litigation undertaken on behalf of or in defense of the Reno Housing Authority, litigation costs and expenses will be discussed at the outset of the litigation and general agreement rendered concerning such costs. It is anticipated, however, that such costs and expenses will be handled in the typical manner between counsel and client, meaning, that the Reno Housing Authority will pay all "costs" in connection with Counsel's representation of the Reno Housing Authority under this agreement. Costs include, but are not limited to, court filing fees, deposition costs, expert fees and expenses, investigation costs, long-distance telephone charges, messenger service fees, photocopying expenses, and process server fees.

4 SUBMISSION OF PAPERS AND DOCUMENTS TO THE GOVERNMENT. At appropriate times, or upon request of RHA or the Government, Counsel shall submit to Regional Counsel, U.S. Department of Housing and Urban Development, 600 Harrison Ave, Third Floor, San Francisco, California 94107 all such pleadings, motions, orders, briefs and legal opinions or memoranda for which fees are charged hereunder.

5 EMPLOYMENT OF OTHER COUNSEL, CONSULTANTS, EXPERT WITNESSES, INVESTIGATORS OR SPECIALISTS. Counsel will not employ or otherwise incur an obligation to pay other counsel, consultants, expert witnesses, investigators or specialists for services in connection with services herein without prior approval of RHA.

6 TERMINATION OF AGREEMENT AND LEGAL SERVICES. This Agreement and all legal services to be rendered hereunder may be terminated at any time by 30 days written notice from either party, with or without cause. In such event, all finished and unfinished documents, pleadings, exhibits, project data, reports and evidence shall, at the option of RHA, become its property and shall be delivered to it or to any party it may designate. In the event of such termination, Counsel shall be paid for all satisfactory work, unless such termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in such termination.

7 INTEREST OF MEMBERS OF HOUSING AUTHORITY. No member of the governing body of RHA for which services are to be provided under this Agreement, and no other officer, employee or agent of RHA who exercises any functions or responsibilities in connection with the managing or carrying out of any low-rent housing project shall have any personal interest, direct or indirect, in this Agreement.

8 INTEREST OF OTHER LOCAL PUBLIC OFFICIALS. No member of the governing body of the locality in which RHA functions, and no other public official of such locality who exercises and functions or responsibilities in the review, approval, managing or carrying out of any low-rent housing project shall have any personal interest, direct or indirect, in this Agreement.

9 INTEREST OF CERTAIN FEDERAL OFFICIALS. No member of or delegate to Congress of the United States and no Resident Commissioner shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom.

10 INTEREST OF COUNSEL. Counsel (including partners, associates and professional employees) for which services are to be provided under this Agreement covenants that he does not now have any interest and shall not acquire any interest, direct or indirect, in any of the low-rent housing projects, or materials or services for such project, or any other interest which would conflict in any manner or degree with the performance of his services hereunder. Counsel further covenants that, in the performance of his duties hereunder, no person having any such interest shall be employed.

11 EQUAL EMPLOYMENT OPPORTUNITY. During the performance of this Agreement, Counsel agrees as follows:

11.3 Counsel will not discriminate against any employee or applicant for employment because of race, color, religion, sex, handicap, or national origin. Counsel will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color religion, sex, handicap, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation, and selection for training, including apprenticeship.Counsel agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by RHA setting forth the provisions of this nondiscrimination clause.

11.4 Counsel will, in all solicitations or advertisements for employees placed by or on behalf of Counsel, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, handicap or national origin.

11.5 Counsel will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

12 ANTI-LOBBYING CLAUSE. During the performance of this Contract, Counsel agrees as follows:

12.3 No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

12.4 If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

12.5 The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

12.6 This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

IN WITNESS WHEREOF the Housing Authority of the City of Reno and Counsel have executed this Agreement effective the date first above written.

| HOUSING AUTHORITY OF THE CITY OF RENO | | Allison MacKenzie, LTD. | |
|---|---|---|---|
| HMcKe | 06/28/2022 | DocuSigned by: Ryan Russell 3647B7287709425... | 7/11/2022 |
| Heidi McKendree, Interim Executive Director | | Ryan Russell, Esq. | |

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 11** **March 26, 2024**

SUBJECT: Discussion and possible action to execute Agreements with CloudTen Residential, the new organization based on merger with Gaston & Wilkerson, for continued property management at Ala Moana Apartments, Colonial Court Apartments, Sarrazin Arms Apartments, Prater Way, and Idlewild Apartments. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Possible Action

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**Background:**

RHA staff was recently made aware of a merger between Gaston & Wilkerson and CloudTen Residential. Staff met with CouldTen staff and due to the merger, new Property Management Agreements need to be executed under CloudTen. CloudTen has agreed to maintain the current contracted fees and terms associated with each property currently managed by Gaston & Wilkerson. RHA legal counsel has reviewed the Agreement and comments were incorporated into the Agreements provided.

| Property | Property Management Fee |
|---|---|
| Ala Moana | Greater of $2,000 or 4% of total monthly gross receipts |
| Colonial Court | Flat Fee $500/Mo |
| Idlewild Townhomes | Flat Fee $1,500/Mo |
| Prater Way Apartments | Flat Fee $1,000/Mo |
| Sarrazin Arms | Greater of $1,223/Mo or 5% of total monthly gross receipts |

Should the Board choose not to proceed with the execution of Property Management Agreements with CloudTen for Ala Moana, Colonial Court, Prater Way, Sarrazin Arms, and Idlewild Townhomes, staff would need to proceed with the release of an RFP to procure property management services. Current market rate property management fees can range between 8-12% of total monthly gross receipts.

*Staff Recommendation*

Staff is recommending approval to execute Property Management Agreements with CloudTen Residential for continued property management at Ala Moana Apartments, Colonial Court, Sarrazin Arms, Prater Way, and Idlewild Townhomes.

# MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is entered March __, 2024 ("Execution Date") between HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation ("Owner"), and CLOUDTEN RESIDENTIAL, a Nevada corporation ("Manager"). Owner and Manager are sometimes referred to collectively as "Parties" or individually as "Party."

## RECITALS

A. Owner holds title to that certain real property described and identified as "Project" in Article I below;

B. Owner desires to appoint Manager as sole and exclusive agent of Owner to manage, operate, maintain, service, and supervise the leasing and operations of the Project and such other operations as agreed upon by the Parties, subject to the provisions outlined in this Agreement; and

C. Manager desires to accept and assume such responsibilities, again subject to the provisions of this Agreement.

In consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

## ARTICLE I
## DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 **Budget.** A composite of (a) an Operations Budget, which shall be an estimate of receipts and expenditures for the operation of the Project during a Fiscal Year, including a schedule of expected rentals (excluding security deposits) for the Fiscal Year, and (b) a Capital Budget, which shall be an estimate of capital replacements, substitutions, and additions for the Project (other than routine repairs and maintenance) for the Fiscal Year.

1.2 **Dates.**

1.2.1 **Execution Date.** This Agreement is made effective on the Execution Date.

1.2.2 **Fee Commencement Date.** The Management Fee (defined in Section 4.1) shall be paid from Owner to Manager starting ________ ("Fee Commencement Date").

1.3 **Fiscal Year**.

1.3.1 The "Initial Fiscal Year" shall begin on the Fee Commencement Date and end on December 31 of that year.

1.3.2 "Fiscal Year" shall mean each full calendar year after the Initial Fiscal Year, unless otherwise agreed to by the Parties.

1.4 **Gross Monthly Collections**. All amounts collected relating to the Project, including but not limited to rents, laundry income, late charges, NSF fees, utility payments, fees, and deposit forfeitures. Gross Monthly Collections shall not include the following: security and other deposits paid by Project residents that have not been forfeited; proceeds from property insurance proceeds (excluding rent interruption proceeds relating to the Project); the proceeds received from any

taking by condemnation or eminent domain; and any awards from litigation not relating to the collection of rents and related charges.

1.5 **Indemnitee**. A Party seeking indemnification under this Agreement.

1.6 **Indemnitor.** A Party providing indemnification under this Agreement.

1.7 **Projects**. The 150 unit residential complex known as Ala Moana Apartments having a street address of 3300 Kauai Ct., Reno NV 89509.

1.8 **Project Employees**. Those persons employed by Manager on-site as management staff (e.g., senior manager, manager, assistant managers, leasing consultants, maintenance supervisors, van drivers, concierge, et cetera). "Project Employees" shall not include third party vendors with whom Manager contracts on Owner's behalf and at Owner's expense to perform various functions, including but not limited to marketing, administration, repair and maintenance work, at the Project.

1.9 **Project Management**. As outlined more fully in Section 4.6, Project Management services, if agreed to via separate written agreement, fall outside the scope of Manager's day-to-day managerial responsibilities and involve coordination of the work of licensed and insured third party contractors to complete major structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work at the Project.

1.10 **Termination Fee**. The Termination Fee shall be equal to one month's Management Fee calculated as the average of the prior three months' Management Fees.

1.11 **Trust Account**. An account opened and maintained by Manager in Manager's name and on Owner's behalf with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement; provided, however, that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and on Owner's behalf with an FDIC-insured bank selected by Manager. In conformance with Nevada law, Owner shall not be authorized to draw from the Trust Account on its own signature.

1.12 **Owner's Registered Address**. The street address of the state registered office of Owner in the state Project is in is 1525 E. Ninth Street, Reno NV 89512.

## ARTICLE II
## APPOINTMENT AND TERM

2.1 **Appointment**. Owner appoints Manager as sole and exclusive property leasing and management agent for the Project and Manager accepts the appointment. Manager's services shall be provided to Owner on a non-exclusive basis with respect to other multifamily projects. Manager may install one or more signs on or about the Project stating that the Project is under management of Manager, and Manager must use its name and may, in a commercially reasonable manner, use its logo in any display advertising that may be lawfully done on behalf of the Project. Owner shall provide adequate office space at the Project at no cost to Manager for Manager's exclusive use in discharging its duties under this Agreement.

2.2 **Independent Contractor**. Manager shall be an independent contractor of Owner, and nothing contained in this Agreement, or exhibited by the course of dealing between the Parties, shall be construed or

deemed to create an employment, partnership, joint venture, or other relationship between Manager and Owner unless explicitly and unequivocally agreed to by the Parties in writing.

2.3 **Term**. This Agreement shall be effective on the Execution Date. Subject to Article XI, this Agreement shall continue as an exclusive Agreement for a period of one (1) year from the Fee Commencement Date. After the initial exclusive term expires, this Agreement will continue on a month to month basis either Party may terminate for any reason or no reason at all thirty (30) days after delivery of written notice.

## ARTICLE III
## DUTIES AND AUTHORITY OF MANAGER

3.1 **Scope of Duties and Authority**. Manager shall, as agent for and at the expense of Owner, perform all of duties provided in this Agreement and have authority and power to take such other action as Manager deems necessary, in its reasonable discretion, to maintain the Project and comply with all county, state, and federal laws without further approval of Owner, unless specifically required by this Agreement. As Owner's agent, Manager shall have the right to execute and deliver documents on behalf of Owner and to otherwise bind Owner as provided in this Agreement.

3.2 **Rental Activities**. Manager shall, with reasonable diligence, render the following services:

(a) Use commercially reasonable efforts at Owner's expense to maximize occupancy at the Project, including marketing and advertising the Project subject to applicable budgetary limitations, if any;
(b) Negotiate and execute, as Owner's agent, resident leases for the Project;
(c) As set forth more specifically in Section 5.3, collect all rents and other income (including late rent, utility and expense reimbursements, fees for ancillary services, administrative charges, and/or any other fees associated with the lawful use of the Project) that are due for the Project, and, at Manager's discretion, take reasonable steps to enforce the collection of all rents and income for the Project (including but not limited to instituting legal actions or other proceedings, at Owner's cost and on Owner's behalf, to collect delinquent rent or other income and to dispossess residents or other persons from the Project, enter into settlements of such actions, accept promissory notes and other payment arrangements); and
(d) Comply with tax collection and landlord registration requirements, subject to the Owner's duties to promptly notify Manager of accurate ownership and contact information.

3.3 **Budget**.

(a) The proposed Budget for the Initial Fiscal Year shall be submitted to Owner no later than sixty (60) days after the earliest of the following "delivery dates:" the Fee Commencement Date; the projected date for receipt of the first certificate of occupancy for a building to be occupied by residents, or the date Manager occupies a leasing office for the Project.
(b) For each Fiscal Year, Manager shall submit a proposed Budget to Owner for review no later than sixty (60) days prior to the beginning of that Fiscal Year.
(c) If the Initial Fiscal Year proposed Budget delivery date lands in first 60 days of the Fiscal Year, then the Initial Fiscal Year and Fiscal Year proposed Budget shall be combined, shall cover both proposed Budget periods, and shall be delivered on a date mutually agreed to by the Parties.
(d) Owner shall respond to the proposed Budget within thirty (30) days of receipt. Should Owner fail to respond to a proposed Budget (or to any part thereof), the proposed Budget (either in its entirety or any part thereof, as the case may be), shall be deemed approved.
(e) Should Owner disapprove a proposed Budget, Owner shall work with Manager to prepare a Budget within thirty (30) days. During the pendency of that process, Manager shall use the prior Fiscal

Year Budget (as adjusted to reflect changes in the Consumer Price Index – All Urban Consumers for the area in which the Project is located).

(f) The Parties agree Budgets are intended as projections only and Manager shall not be liable for any shortfalls or other losses relating to the failure of Project operations to achieve results projected in any Budget.

3.4 **Operations; Contracts; Supplies**.

(a) Manager shall purchase, at Owner's expense, all equipment, appliances, materials and supplies reasonably necessary for the care, maintenance, and operation of the Project. Owner acknowledges its responsibility to provide funding necessary to allow Manager to comply with all laws and regulations relating to the operation and management of the Project.

(b) Manager is authorized and required to enter into written contracts in the name of and on behalf of Owner, at Owner's sole expense, with third party vendors, contractors, licensees, and suppliers (collectively and interchangeably "service providers" or "third party vendors") for services and supplies relating to the Project, including but not limited to utilities, electricity, water, gas, fuel, telephone, advertising, pest control, waste removal, landscape maintenance, tree trimming, roof maintenance, and general maintenance, or such other contracts as may be necessary for the care, operation and maintenance of the Project. Manager shall utilize a third-party vendor credentialing service to qualify and select third party vendors. Owner shall defend, indemnify, and hold Manager harmless from all damages that arise from the use of any vendor or supplier at the Project, including for claims of negligence by Manager, except to the extent caused by Manager's gross negligence or willful misconduct.

(c) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

3.5 **Repairs and Maintenance**.

(a) Manager shall use commercially reasonable efforts to cause to be made all necessary repairs and to maintain the Project at Owner's expense. Manager shall, in Owner's name and at Owner's expense, utilizing independent contractors approved by a third-party vendor credentialing service, hire independent contractors for the repair and maintenance of the Project to the extent the independent contractor's involvement is, in Manager's discretion, necessary. For purposes of this Agreement, "maintenance" may include, without limitation, normal or customary decorating, maintenance, alterations, and repair work as may be reasonable, advisable, or necessary. Maintenance shall not include structural repairs or substantial alterations to, or improvement, renovation, or rehabilitation of the Project or any Project portion.

(b) Expenditures for maintenance and repair are subject to applicable Budget-related limitations of the Project. However, in the case of an emergency, Manager may make, at Owner's expense, such expenditures as Manager deems reasonably necessary to prevent injury to persons, loss of life, or damage to or loss of property, and to minimize further damage to the Project, without prior approval of Owner. Manager shall promptly notify Owner of any such emergency expenditure, as well as the action taken, and the expenses incurred.

(c) Should structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work be undertaken at the Project and Owner desires Manager's involvement in the oversight of such work, Manager may perform Project Management as provided more specifically in Section 4.6 subject to the Parties entering into a separate written agreement.

(d) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of the indemnification provisions of Section 10.1.

3.6 **Operating Expenses**. Manager shall pay from Gross Monthly Collections all loan payments, real property taxes, insurance, all operating expenses, and other expenses of the Project. Manager shall pay all expenses from funds available in the Project Trust Account(s) or from funds provided by Owner (unless such amounts are being paid by Owner's lender). Owner shall provide Manager with the funds necessary to pay expenses within seven (7) days of notification. Notwithstanding the foregoing, with the exception of expenses included in an approved budget, Manager shall not enter into an agreement for or make expenditures without the prior approval of Owner in excess of one thousand five hundred dollars ($1,500) for any one item, except for monthly recurring operating charges or for emergency repairs as set forth above at Section 3.5(b).

3.7 **Project Employees**. Manager shall hire, train, instruct, pay, and supervise the work of all Project Employees (including but not limited to residential managers, assistants, and rental agents). Project Employees shall be employees of Manager and not of Owner. All wages, salaries, payroll taxes, workers compensation insurance, health insurance costs, related payroll processing and administration and training expenses for such employees or independent contractors shall be paid from Gross Monthly Collections or funds provided by Owner. Project Employees shall not include third party vendors or independent contractors who Manager uses or retains on Owner's behalf and/or as Owner's agent to service and/or supply the Project and/or perform maintenance at the Project. If Project Employees also provide services to properties other than the Project, Owner shall be responsible only for the pro rata share of such Project Employees' costs.

3.8 **Limitation of Liability**. Manager shall have no liability whatsoever with respect to the acts or omissions of Owner, previous owners of the Project, any previous property manager, or any other agent of Owner arising from or related to the Project.

3.9 **Compliance with Nevada Laws.** Owner shall be solely responsible for ensuring it complies with all applicable Nevada laws concerning the operation of a business, including but not limited to, maintaining a valid business license(s) and ensuring it is properly qualified to transact business with the Nevada Secretary of State.

3.10 **Affiliated Entities.** Manager will disclose to Owner in writing any planned use of Manager's employees or any business in which Manager has a pecuniary interest to perform work on the Project to the extent such employees and/or business are not already disclosed in this Agreement.

## ARTICLE IV
## MANAGEMENT FEES; PAYMENT TO MANAGEMENT

4.1 **Management Fee**.

(a) Beginning on the Fee Commencement Date, Owner shall pay Manager, as compensation for Manager's services, a monthly sum equal to four percent (4.00%) of Gross Monthly Collections, collected during each month from the Project, or a minimum monthly fee of two thousand dollars ($2,000.00) per month ("Management Fee").

1. Eighty percent (80%) of the estimated Management Fee, based on the prior month's Gross Monthly Collections, shall be payable to Manager by the tenth (10th) day of each calendar month, with the full balance being payable on or prior to the last day of the month to which it relates. Manager is authorized to pay the Management Fee from the Trust Account.

(b) The Management Fee shall be paid directly to Manager from Gross Monthly Collections and may be deducted from the Trust Account concurrent with deposit of collections into the Trust Account or thereafter. Owner shall be responsible for the timely remittance of any tax that may be due with respect to the Management Fee, payroll expenses, or any other sums due or reimbursable to Manager in accordance with the terms of this Agreement. Manager and Owner acknowledge and agree that Manager's fees have been specifically negotiated and approved.

4.2 **Intentionally Left Blank**.

4.3 **Reimbursement of Incidental Operating Expenses.** Owner shall reimburse Manager for such out-of-pocket ancillary fees which Manager may incur on Owner's behalf to cover all operating expenses and direct costs associated with operation of the Project including, but not limited to the cost of online reputation management services which cost shall not exceed $5.50 per unit per year and which shall be billed monthly and in no case shall exceed a cap of $135.00 per month for the Project, postage, courier, site long distance telephone, site employee vehicle mileage allowances, document reproduction, check printing, Trust Account bank fees, site software or data processing services, site office supplies and equipment. Owner recognizes that purchases of, or contracts for, materials or services may be made in bulk by Manager in connection with its operation of multifamily projects generally, and Owner agrees that the pro rata portion of the net costs of such materials or services used in connection with, or for the benefit of, the Project shall be allowed as a reimbursement cost hereunder. Manager may deduct any amounts due for reimbursement of incidental operating expenses from the Trust Account.

4.4 **Initial Deposit**. Owner shall, on the Fee Commencement Date, deposit the amount of ten thousand dollars ($10,000.00) into the Trust Account (defined in Section 5.1) for payment of the Management Fee, startup operations, and ordinary and/or budgeted expenses expected to be incurred at the Project.

4.5 **Payment Obligations Survive Termination**. Upon termination of this Agreement for any reason and regardless of cause, Owner shall continue to be obligated to pay Manager all amounts due with respect to the period prior and subsequent to such termination (including all expenses that are reimbursable in accordance with the terms of this Agreement, the Management Fee for the period ending on the date of termination, any applicable Termination Fee, and additional fee due Manager pursuant to this Agreement), as well as all costs and expenses incurred by Manager in terminating its involvement with the Project.

4.6 **Project Management Services**. Maintenance of the Project shall not include structural repairs or substantial alterations or improvements to the Project, including capital improvements, renovation, or rehabilitation of the Project or a Project portion. In the event substantial construction or renovation work is undertaken at the Project and Owner desires Manager's oversight, Manager may agree to perform Project Management. Manager's fee for such work shall be equal to five percent (5%) of total job costs, with a $500 minimum fee per job assignment and subject to Owner's prior written approval. Each Project Management assignment requires the Parties to enter into a separate written agreement. Manager may deduct the fees it earns for Project Management Services directly from the Trust Account upon completion of services. The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

4.7 **Other Services**. Should Owner engage Manager to perform services that are not otherwise specified under the terms and provisions of this Agreement, the Parties shall meet to discuss and agree in advance to additional compensation to be paid by Owner to Manager for such additional services and shall memorialize the scope of and payment schedule for such services in an addendum to this Agreement signed by both Parties. Such other services may include, but are not limited to, due diligence work associated with future sale of the Project, participating in financial audits, administration of insurance claims, refinancing the Project, common area maintenance reconciliation, or legal dispute resolution. Manager's current standard hourly rates are as follows:

| | | |
|---|---|---|
| a. | Company Principal or Executive | $225 per hour |
| b. | Property Manager/Marketing Manager | $140 per hour |

| | | |
|---|---|---|
| c. | Interior/Exterior Design Services | $140 per hour |
| d. | Controller or Accounting Manager | $120 per hour |
| e | Assistant Property Manager | $95 per hour |
| f. | Staff Accountant | $95 per hour |
| g. | Graphic Design Services | $75 per hour |
| h. | Administrative Staff | $55 per hour |

Manager may deduct the fees it earns for such other services directly from the Trust Account upon completion of the services. In addition to Owner's other indemnification obligations, Owner expressly agrees to defend, indemnify, and hold harmless Manager and its agents, employees, and assigns for all claims arising from these additional services.

4.8 **Post-Engagement Fee**. Should Owner request that Manager provide any services (including but not limited to entering invoices, cutting checks, recording post-closing entries, and preparing financial statements, reconciling bank accounts, or consulting with tax preparers or auditors) for more than thirty (30) days after either Party provides notice of intent to terminate this Agreement, Owner shall pay Manager a Post-Engagement Fee equal to 50% of the last full month's Management Fee. Manager may deduct the Post-Engagement Fee from the Trust Account upon completion of post-engagement services.

## ARTICLE V
## BANK ACCOUNTS AND DISBURSEMENTS

5.1 **Bank Deposits; Trust Accounts**.

(a) Owner authorizes Manager to open, maintain, and operate one or more non-interest-bearing Trust Accounts in Manager's name to benefit the Project with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement as defined in Section 1.11. Owner shall promptly deliver to Manager any documentation reasonably requested by the depository institution which is necessary to establish the Trust Account. Owner agrees that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and for the benefit of Owner and Project. Manager may transfer funds between one or more of Trust Accounts. All such transfers must be in accordance with Nevada law. Manager may transfer funds electronically via the internet or Automated Clearing House (ACH) software to a bank account designated by Owner. Manager may make payments electronically to a vendor's account for expenses related to Project. Manager always agrees funds of Owner will not be commingled or in any way combined with funds of other Owners, or in any way commingled with the operating accounts maintained by Manager for Manager's benefit.

(b) Gross Monthly Collections and other monies received or collected by Manager with respect to the Project, including tenant security deposits described in Section 5.1(c), shall be deposited into the Trust Account. The Trust Account shall accrue credits used to offset bank service charges assessed to Manager. To the extent such credits do not offset bank services charges, such bank services charges are an authorized Project expense. Where security deposits are held in the Trust Account, those security deposits will be accounted for as a liability.

(c) Manager shall, if directed by Owner or if otherwise required by applicable laws, open a separate bank account specifically designated for holding and disbursing security deposits ("Security Deposit Trust Account").

(d) To the extent any security deposit or any portion of any security deposit becomes refundable to a tenant(s) of the Project, Manager shall be authorized to disburse the refund from the Trust Account or Security Deposit Trust Account, as the case may be, without the express written consent of Owner. In no event shall Manager be liable for any tenant security deposits not retained in the Trust

Account or Security Deposit Trust Account. In the event a tenant entitled to recover a security deposit makes a security deposit claim, Owner shall defend, indemnify, and hold Manager harmless for, from and against any or all such claims to the extent such claims do not arise from the gross negligence or willful misconduct of Manager or its agents and employees. Manager shall otherwise be responsible for the disposition and refund of security deposits and shall defend, indemnify, and hold Owner harmless for, from and against claims arising out of any breach of those laws, except where such claims arise from the gross negligence or willful misconduct of Owner, its agents, and/or employees.

(e) At all times, the balance in any Trust Account shall not drop below ten thousand dollars ($10,000). If there are insufficient funds to pay all operating expenses of the Project and maintain this reserve amount, then Manager may pay payroll and related burdens, and any Management Fees and reimbursements due to Manager, before paying other operating expenses of the Project.

(f) Excess funds shall be distributed to Owner at Owner's direction, no less than annually unless otherwise directed.

(g) At Owner's cost and approval, Manager shall employ the use of ACH fraud filters, positive pay services (such as positive pay, positive pay with payee validation, or reverse positive pay) and payment authorization services for all applicable Trust Accounts (collectively "Positive Pay Practices"). If Manager complies with the provisions of this Section, but Owner nevertheless suffers or incurs a loss from payment of fraudulent or unauthorized instruments, Manager shall work with the Trust Account bank and assist Owner in recovering the loss. If Owner declines to utilize Positive Pay Practices, any loss from fraud or unauthorized payments shall be the responsibility of Owner.

5.2 **Disbursement of Funds**. Manager shall disburse funds in the Trust Account on behalf of Owner for payment of Project expenses incurred by Manager in the performance of its duties and other expenses identified by Owner to Manager. Manager is expressly authorized to pay or reimburse itself for all fees (including the Management Fee) and expenses and all other sums due Manager under this Agreement from funds in the Trust Account. Management Fees are earned at the time or date provided in this Agreement and must be disbursed from the Trust Account no later than the last day of the month in which earned. Manager shall designate one or more individuals who shall be the only parties authorized to draw upon such accounts.

5.3 **Collection of Rents and Other Receipts**. Manager shall collect (and give receipts for, if necessary) all rents, charges and other amounts received in connection with the management and operation of the Project. All security deposits shall be deposited into the Security Deposit Trust Account described above and accounted for as a liability of Owner unless otherwise directed by Owner.

5.4 **Fees for Professional Services or Advice**. Owner shall pay reasonable expenses incurred by Manager in obtaining professional services or advice regarding compliance with any law affecting the Project or activities related to the operation of the Project within an approved budget as established. Manager shall obtain the prior consent of Owner for professional service fees expended more than amounts set forth in an approved budget. If any expenditure for professional services also benefits others for whom Manager acts as a property manager, Owner's obligation shall be limited to Owner's pro rata portion of such expense for professional services.

5.5 **Net Proceeds**. To the extent that funds are available, after maintaining a cash contingency reserve amount as specified above and providing for ordinary or budgeted outlays, Manager shall transmit net cash proceeds to Owner monthly at a time reasonably specified by Manager unless otherwise directed by Owner.

## ARTICLE VI
## ACCOUNTING AND RECORDKEEPING

6.1 **Books and Records**. Manager shall maintain in a manner customary and consistent with good management principles, practices and procedures, a system of books, records, and accounts in which shall be entered all receipts and disbursements. The Project books, records and accounts shall be maintained at the Project, at Manager's business address or at any other place as Manager shall select. Owner shall have the right, at its own expense, to inspect and audit such books, records, and accounts at reasonable times during the period of this Agreement.

6.2 **Reports and Statements**. Manager shall prepare and render to Owner not later than the fifteenth (15th) day of each calendar month (i) a statement of cash receipts and disbursements, (ii) a tenant delinquency report, (iii) a rent roll, (iv) a bank account reconciliation and such other reports as Owner and Manager mutually agree upon for the prior month's operations. All reports provided to Owner in satisfaction of this Article VI shall be deemed accurate and correct between the Parties unless Owner notifies Manager within thirty (30) days after the date of said report and specifically identifies an alleged error or inconsistency.

## ARTICLE VII
## HAZARDOUS MATERIALS AND SUBSTANCES

7.1 **Hazardous and Toxic Materials**. If Manager is specifically notified in writing by a tenant residing at the Project, or any vendor or contractor hired by Manager, that any hazardous or toxic substance or material (i.e. gas, lead, asbestos, radon, or radioactive material), other than mold or fungi addressed below, exists upon, within, above, or beneath the Project, Manager will notify Owner. However, Manager shall not be responsible for evaluating the presence or absence of, abating, cleaning up, or remediating any hazardous or toxic substance or material, including but not limited to gas, liquid, waste materials, lead, asbestos, electromagnetic field, radon, radioactive materials, or other environmentally hazardous substances or concerns, upon, within, above, or beneath the Project. Similarly, Manager bears no responsibility for addressing, maintaining, or evaluating compliance with environmental, hazardous, or solid waste materials or waste laws, rules, and regulations, and shall not be responsible for conducting or ensuring the clean-up or remediation of such substances, or of spills or contamination related to or containing same, as described above. All such responsibilities and obligations outlined above shall be borne solely by Owner, and Owner agrees it will hire a qualified and licensed environmental clean-up company to complete such work and shall maintain responsibility for obtaining all required government approvals and providing applicable notices required by law. Owner may at its sole discretion and expense, obtain an environmental assessment report on the Project from an independent environmental consultant it retains. Owner agrees to make any environmental report on the Project it receives available to Manager for review. Owner also agrees to provide Manager with a copy of its most recent and current Phase I survey covering the Project, which survey shall have been completed within the last three years, and has implemented or will implement within thirty days of the Execution Date of this Agreement an operations and maintenance program consistent with market and industry standards. Owner will also provide Manager with any subsequent or updated Phase I documents and changes to the operations and maintenance program during the pendency of this Agreement.

7.2 **Mold**. Should Manager be put on notice of any actual or potential mold or fungi at the Project, Manager shall notify Owner. Manager may hire qualified contractors or third parties (including without limitation industrial hygienists) to investigate whether mold or fungi is indeed present and/or to perform remediation and/or abatement work. Manager shall administratively oversee the provision of such work, and Owner agrees (a) Owner is responsible for the costs associated with such work (including, but not limited to relocation or other costs required to house tenants during such work); and (b) Manager assumes no liability in connection with the performance of such work.

7.3 **Acknowledgement.** The Parties recognize and agree Manager's performance under this Section shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

**ARTICLE VIII**
**RESPONSIBILITIES OF OWNER**

8.1 **Information to Be Supplied to Manager**. Owner shall promptly furnish Manager with all information necessary to the management of the Project, including but not limited to: a legal description of the Project and any improvements; site plans and specifications; all current leases, amendments and pertinent correspondence relating thereto; all current tenant files; a current and complete rent roll and details relating to the status of rental payments; identification of all leases currently in dispute or litigation; all files on any litigation and/or disputes relating to all matters during the last seven (7) years; all information, including unredacted documents, which pertain to claims, damages, losses, and insurance claims relating to the Project during the last seven (7) years and which include the claimants' names, if possible; an operating budget and capital budget for the past and current calendar year; income cash flow report and variances from budgets for the prior and current calendar year; mortgage loan information, including mortgagee names and addresses, lien holders, loan payment information and the like; maturity dates and payment instructions; copies of property tax bills for all parcels that comprise the Project, including parcel numbers; copies of service contracts in effect; a list of current independent contractor and/or vendor accounts, including certificates of insurance naming Owner and Manager as additional insureds; all pertinent books and records relating to the management, operation and leasing of the Project; all third party contracts currently in force; utility account and contact information; the identities of all parties with an ownership interest in the Project that will need to be covered under the Project's insurance policies; all applicable insurance policies that are carried by Owner with respect to the Project during the term of this Agreement and the endorsements required by this Agreement (including but not limited to additional insured endorsements naming Owner and Manager as additional insureds as outlined in Section 9.2); any issues or conditions that are material to the management of this Project (including but not limited to existing or future issues or conditions that impact the physical property or the Owner financially); and policies and procedures for reporting claims and evaluating safety and loss prevention conditions. If the Project is HUD-financed, Owner shall notify Manager immediately upon being made aware by the Department of Housing and Urban Development of any proposed or scheduled Management Organization Review and/or REAC inspection related to the Project, and shall provide the Project's MOR and/or REAC scores and results immediately upon the availability of or Owner's receipt of same, and a copy of the same for the past two years. All of the information outlined in this Section 8.1 shall be provided by Owner to Manager upon the execution of this Agreement.

8.2 **Information Relating to Litigation**. Within ten (10) days of the Execution Date of this Agreement, Owner shall fully disclose all details, including but not limited to case numbers, case files, and correspondence, relating to past, pending, current, anticipated, and threatened litigation relating to the Project during the last seven (7) years. Owner's disclosure obligations shall also extend to any facts of which it has actual or constructive notice that may give rise to a lawsuit or insurance claim relating to the Project, as well as all past, pending, current, anticipated, and threatened insurance claims, disputes, administrative agency complaints, demands (regardless of type), records of property losses and damage relating to the Project during the last seven (7) years, records of all actual or alleged personal injuries sustained on the Project during the last seven (7) years, police reports relating to activity at the Project, records relating to fire damage or other physical losses at the Project, and actual or alleged workers compensation injuries and claims. Manager shall be compensated for any time spent in excess of five (5) hours responding to any single legal claim (regardless of governmental forum or stage of proceeding), legal dispute, administrative agency complaint, pre-lawsuit or legal demand, or actual or threatened litigation-related inquiries (including but not limited to compiling documents responsive to discovery requests) at the rate of $225 per hour.

8.3 **Employee Oversight**. Should Owner for any reason instruct Manager to terminate, hire, or retain any employee of Manager, and should Manager consider that such decision may result in an unlawful termination proceeding, administrative agency complaint, or other employment-related claims against Manager, the Parties agree to seek independent advice of counsel experienced in labor and employment issues on the propriety of such Owner decision prior to implementation. Further, in the event of commencement of any unlawful termination proceeding, administrative agency complaint, or any employment-related claims by an employee terminated upon the instruction of Owner, Owner agrees to indemnify, immediately defend, and hold Manager harmless against all such claims, whether or not there are claims of negligence by Manager, whether reduced to judgment, or hearing officer decision, whether by monetary judgment, or other award. Owner agrees to immediately pay Manager's reasonable attorney fees and costs of any resulting suit, claim, or administrative costs.

8.4 **Notification of Changes in Ownership.** Owner agrees to notify Manager in writing within 10 days after any change in ownership (full or partial), change of name of the ownership entity, or any other change related to ownership of the Project. The notice to Manager will include copies of the documents showing any such change.

## ARTICLE IX
## INSURANCE

9.1 **Owner's Insurance**. Owner shall carry, at its sole expense, and to be made effective starting on the Execution Date, the following insurance policies to cover, defend, indemnify, and protect Owner and Manager in the operation, management, improvement, and enhancement of the Project, including any Project or Project Management services Manager may perform:

(a) "All-risk" broad form property damage insurance including replacement cost terms for the full value of the structure and improvements, loss of income, builder's risk insurance where applicable, and demolition, building ordinance coverage to cover the Project, coverage for earthquake sprinkler leakage where applicable, debris removal, and increased cost of construction coverage, earthquake, and flood coverage where lender demands and where applicable, to cover physical loss or damage to the Project from fire and extended coverage perils, including but not limited to vandalism and malicious mischief, as well as other coverages as shall be determined and required by Manager depending on the location and special needs of the Project.

(b) Commercial general liability insurance (on an occurrence, not claims-made form), including coverage for bodily injury (including death), third-party personal injury, property damage, personal and advertising injury coverage, medical expense coverage (in the value of at least $5,000 per claim), and host liquor liability. This general liability coverage shall have aggregate limits in an amount not less than $2,000,000 with a $1,000,000 per occurrence limit. Owner shall also purchase an excess or umbrella policy in the amount of $5,000,000. The carrier(s) for each liability policy shall have an A.M. Best Rating of A-/VIII or higher, and the policies shall each include coverage for losses arising from the ownership, management, and operation of the Project. Each liability policy shall name Manager as an additional insured by endorsement. Each liability policy shall be written or endorsed to apply primary and non-contributory to insurance maintained by Manager. If the insurance has a deductible or similar clause, Owner shall be responsible for paying any losses within said deductible, retention, or other clause. Owner's insurance under this clause shall not be canceled or modified without at least thirty (30) days written notice to Manager. Owner shall require its insurance carrier(s) issuing coverage required by this subsection to confirm coverage for ownership, management, and operation of the Project, the additional insured status of Manager, the primary and non-contribution nature of the policy, and the cancellation notice requirements by endorsement to its policy;

(c) Environmental or pollution legal liability coverage, which shall include remediation, clean-up and reconstruction coverage for mold, asbestos, pollution, toxic materials, and other environmental issues associated with liability or property losses/claims naming both Manager and Owner as named insureds with minimum aggregate limits of $1,000,000. The deductible under this policy shall not exceed $25,000, and Owner shall be responsible for losses within such deductible;

(d) Boiler and machinery insurance covering the building, fixtures, and equipment located at the Project for mechanical failure or explosion of pipes and boilers; and
(e) Cyber liability, including coverage to guard against unauthorized access to or disclosure of personal identification information of a tenant in an amount no less than $1,000,000 and naming Manager as an additional insured by endorsement.

Owner's insurers issuing coverages required by Section 9.1 must be licensed to do business in the state in which the Project is located and must have a Best's rating of A-VIII or better for the most current reporting period. Owner shall be solely responsible for the payment of deductibles and self-insured retentions, if any. To the extent Owner uses any deductibles or self-insured retentions to reduce or mitigate premium or risk cost, such deductibles or retentions will be entirely borne by and apply to the credit of the account of Owner, and with respect to Manager, such insurance will be treated as first-dollar insurance.

All policies shall waive the insurer's right of subrogation against Manager and Manager's affiliates and respective employees, insurers, shareholders, and authorized agents. Manager's officers and directors shall be included as insureds in Owner's policies of insurance required by this Section by definition or endorsement. Owner's policies of insurance required by this Section shall be primary for all claims arising at or on the Project, and any insurance policy maintained by Manager shall be excess and non-contributing in all respects.

Manager shall have an unconditional right to thirty (30) days written notice of an insurer's decisions to cancel a policy impacting the Project or any insurance policy required by this Section.

Within three (3) days of the Execution Date, Owner shall provide Manager complete copies of each policy required by this Section evidencing such coverage and with the declarations and coverage(s) pages listed above, and further evidencing that Manager and Manager's officers and directors are included as an insured by definition or endorsement.

9.2 **Manager's Insurance**. Manager agrees to purchase and shall carry the following policies of insurance for the duration of this Agreement commencing on the Execution Date:

(a) Commercial or general liability insurance with a combined single per occurrence limit of at least $1,000,000 for bodily injury, contractual, property damage, and personal and advertising liability;
(b) Comprehensive or commercial automobile liability insurance for all owned vehicles of Manager with a combined single limit per occurrence of $1,000,000 for personal injury and property damage liability;
(c) Excess liability with a combined single limit of $5,000,000;
(d) Worker's compensation and employer's liability insurance for Manager's employees in an amount equal to the greater of (i) $1,000,000 or (ii) the minimum amount required by the state in which the employee is working;
(e) Insurance against the risk of physical damage to or loss of personal property belonging to Manager in amounts sufficient to replace such property.

Upon written request, Manager shall furnish Owner with certificates of insurance evidencing the insurance coverage required under this Section. Such certificates will be issued by the insurer(s) or its authorized agent(s) and shall provide Owner will be given thirty (30) days prior written notice of cancellation of Manager's coverage by underwriters, or ten (10) days notice if cancelled for non-payment of premium. Except for workers' compensation or as otherwise set forth in any Budget, all Manager's insurance policies required under this Section shall be at Manager's sole cost, unless Owner requests specific coverage for Owner or the Project. Manager may maintain the coverage required by Section with "blanket coverage."

9.3 **Primary Coverages**. Owner's policies shall be primary for all claims arising at or on the Project and any policy of Manager shall be excess and non-contributing in all respects.

9.4 **Manager's Responsibilities**. Manager shall use commercially reasonable efforts to comply with all terms and conditions of Owner's insurance and shall notify Owner within forty-eight (48) hours after receiving actual notice of any loss, damage, claim, or injury that could give rise to a claim under Owner's insurance. Manager shall not knowingly take any action that may prejudice Owner in its defense of any such claim.

9.5 **Referral to Broker**. Upon Owner's request, Manager may refer Owner to a qualified insurance agent or broker to assist Owner in procuring insurance, including environmental insurance, for the Project. Owner agrees that Manager provides no guaranty, warranty, or representations for the types or amounts of insurance provided under any issued policies arising from such referral, and Manager assumes no responsibility or liability for the financial viability of the broker or the company issuing such policies. Owner acknowledges that Manager may receive a third-party referral fee or other profits in connection therewith.

9.6 **Resident Services.** Resident services include placement of liability insurance and additional services not specified in this Agreement utilizing Manager's technology and expertise to attract responsible renters, reliably keep units filled, and protect Owner's investment.

Subject to applicable law, Owner requires residents to purchase and maintain liability insurance for the financial protection of Project.

Manager or an affiliate will manage resident compliance with insurance requirements.

Owner acknowledges Manager or an affiliate may offer residents a compliance option allowing residents to purchase a liability insurance policy for the protection of Project while also providing convenience and higher resident satisfaction.

Manager or an affiliate will monitor resident compliance and automatically place a policy for the protection of Project whenever a resident's liability policy is no longer in force for any reason.

Owner acknowledges Manager and affiliates are providing additional value and operate on a for profit basis when offering a compliance option to purchase liability insurance, when monitoring compliance, when automatically placing insurance policies, when processing insurance information, documentation, and premiums for all policies, and when providing other resident services benefiting Project.

Owner acknowledges Manager and affiliates are entitled to receive incentive fees from third parties in connection with resident services with those fees not considered part of Gross Monthly Collections but rather to encourage innovative resident services, attract responsible renters, keep units filled, and protect Owner's investment.

## ARTICLE X
## INDEMNIFICATION

10.1 **Indemnification by Owner**. Owner agrees to indemnify, immediately defend, and hold harmless Manager, its affiliates (including without limitation any person who holds a direct or indirect ownership interest in Manager), and each of Manager's respective officers, directors, owners, shareholders, principals, insurers, employees, partners, agents, representatives, successors, and assigns ("Manager Indemnitees"), whether or not there are claims of negligence against Manager or Manager's Indemnitees, from and against all liabilities, obligations, claims, losses, causes of action, suits, proceedings, awards, judgments, settlements, demands, injury, damages, costs, expenses, fines, penalties, and fees (including attorney's fees) ("Claims") arising out of or relating to: (a) the ownership, maintenance, or operation of the Project (including claims made by vendors or suppliers to the Project); (b) the performance by Manager of its responsibilities under this Agreement; (c) any action undertaken by Manager at the express or implied direction of Owner; (d) Manager's status as property manager for the Project, including Manager's efforts to enforce the Project's compliance with any federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (e) Owner's violation or alleged violation of any applicable federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (f) any errors, omissions, negligence, actions or inactions or alleged errors, omissions, negligence, actions or inactions taken by Owner and/or Owner's agents or consultants (including environmental consultants) concerning the Project or the premises upon which the Project is located (g) any actual or alleged debts, liabilities, or payments for which Manager is not liable pursuant to this Agreement; and (h) any attempt by any person, group, entity, or agency to designate or allege Manager as "operator" or "regulated facility" under the Resource Conservation and Recovery Act (RCRA) or a Potentially Responsible Party (PRP) under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), or otherwise make or allege Manager as being liable as a party under any environmental law, or make or allege Manager or its insurer as being a party in a claim for contribution, cost recovery, or indemnity. As set forth more fully in Article VII, Owner's responsibility under this defense and indemnity provision shall specifically extend to the presence or alleged presence of hazardous or toxic substances or materials, toxic wastes and similar substances, as well as insects, microorganisms and other substances, including fungi, mold and mold spores, upon, within, above or beneath the Project, that could cause or allegedly cause property damage or pose a threat to human health, and to costs incurred by Manager or any third party, in connection with any alleged, actual or failed investigation of site conditions or any alleged, actual or failed compliance by Manager with Owner's or Owner's consultant's directions, because of the presence or alleged presence of any hazardous or toxic materials, toxic wastes and similar substances, including but not limited to insects, microorganisms, fungi, mold and mold spores, with respect to the Project. The defense and indemnity provisions of this Section 10.1 shall survive the expiration or termination of this Agreement, and shall apply whether or not there are claims of negligence of Manager, but shall have no application where such Claims can be attributed to the gross negligence or willful misconduct of Manager, its agents, or employees, or Manager Indemnitees. Owner must obtain the consent of Manager to counsel selected by Owner to fulfill the defense obligations of this Section 10.1, such consent to not be unreasonably withheld by Manager.

10.2 **Indemnification by Manager**. Manager shall defend, indemnify, and hold harmless Owner, its affiliates, and each of Owner's respective officers, directors, employees, partners, agents, representatives, contractors, successors, and assigns ("Owner Indemnitees") from all Claims to the extent such Claims arise out of the gross negligence or willful acts of Manager, its agents, or employees and are not otherwise covered by Owner's insurance policies or by policies Owner declined to purchase. Manager shall not be liable to Owner or any other party for Claims relating to alleged or actual terrorist acts.

10.3 **Notice**. An Indemnitee must give the Indemnitor (as those terms are defined in Article I above) prompt written notice of any Claim. Upon receipt of such notice, the Indemnitor shall commence the investigation and defense on Indemnitee's behalf and at Indemnitor's sole expense using counsel acceptable to Indemnitee; provided, however, that the Indemnitee may employ separate counsel at its own expense. An Indemnitor may not settle any Claim against an Indemnitee on terms that (a) provide for a criminal sanction or fine against the Indemnitee, (b) admit to criminal liability on the part of the Indemnitee, or (c) provide for injunctive relief against the Indemnitee.

10.4 **Third Party Beneficiaries**. All Owner Indemnitee and Manager Indemnitee parties are third-party beneficiaries of this Agreement to the extent of their indemnity, defense, and similar rights under this Section, and may enforce that provision against Owner or Manager, as applicable.

10.5 **Survival.** The defense, hold harmless, and indemnity obligations of the Parties shall survive the termination of this Agreement, and shall continue after the termination of this Agreement until such time as any applicable statute of limitation shall have expired as to any claims that may be asserted by any third party or third parties against Manager, Owner or the Project.

**ARTICLE XI**
**DEFAULT; TERMINATION**

11.1 **Default by Manager**. Manager shall be deemed to be in default of this Agreement if Manager commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Owner or, if such default cannot reasonably be cured in thirty (30) days, then within such additional period as shall be reasonably necessary to effect a cure, so long as Manager commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall have the right to terminate this Agreement after the expiration of any notice and cure period, in addition to all other rights and remedies available to Owner at law and in equity.

11.2 **Default by Owner**. Owner shall be deemed to be in default of this Agreement if Owner commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Manager or, if such default cannot reasonably be cured in thirty (30) days, other than financial defaults, then within such additional period as shall be reasonably necessary to effect a cure, so long as Owner commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall be deemed to be in financial default hereunder should it (i) fail to pay any amount due to Manager or (ii) fail to provide funds to operate the Project, and further fails to correct such default(s) within five (5) business days of written notice from Manager of such failure to provide funds. If the Owner is in financial default as described, or is otherwise involved in any actions that, at the sole discretion of the Manager, create a serious risk to the Manager or the community, this default may result in the immediate termination of this Agreement. Should Manager terminate this Agreement pursuant to this Section, Owner shall pay Manager, no later than ten (10) calendar days after receiving notice of such termination, the Termination Fee and Manager is entitled to deduct such fee from the Trust Account. The payment to Manager under this Section shall not affect Manager's right to recover from Owner damages that Manager has suffered due to Owner's default.

11.3 **Termination for Convenience**. Notwithstanding anything to the contrary in this Agreement, during the initial exclusive term, either Party may terminate this Agreement for convenience or in the event of casualty by giving the other Party thirty (30) days written notice and specifying the date of termination in the notice. If Owner gives notice of termination of this Agreement within the initial exclusive term, Owner shall pay Manager the Termination Fee. Should Owner sell or otherwise convey the Project, Manager may terminate this Agreement by giving Owner thirty (30) days written notice. If Owner sells or conveys the Project within the initial exclusive term, Owner shall pay Manager the Termination Fee. Any Termination Fee shall be paid within ten (10) calendar days of the date written notice of termination is sent.

11.4 **Effect of Termination; Obligations of Parties**. Upon expiration or termination of this Agreement, Manager's authority to act for Owner shall cease and Manager shall vacate the Project premises, unless otherwise agreed by the Parties in writing. Within forty-five (45) days after the expiration or earlier termination of this Agreement, Manager shall deliver a final accounting to Owner with respect to the operations of the Project, including a final accounts receivable and accounts payable list and a final bank account reconciliation along with all funds remaining in the Trust Account. Immediately upon termination of this Agreement, Manager shall deliver to Owner all original permits, plans, records, leases, licenses, contracts, books, keys, computer data, records, and other personal property owned by Owner that is in Manager's possession relating to the Project. Within five (5) days of termination, a list of all tenant security deposit obligations shall be delivered to Owner. Within thirty (30) days of termination, Manager will submit a release all funds held except for those necessary to pay unpaid obligations. Upon expiration or termination of this Agreement, Owner shall remain liable for and shall assume all obligations relating to the Project, including those relating to contracts entered into by Manager for Owner's benefit in accordance with this Agreement. Within thirty (30) days of termination, Owner shall pay Manager all amounts due for services rendered prior or after termination under the terms of this Agreement, and Manager retains the right to deduct any such amounts

due from the Trust Account. All records relating to the Project required to be maintained by Manager under Nevada law will be maintained by Manager for the required holding period after the transaction is terminated.

## ARTICLE XII
## ARBITRATION

12.1 **Arbitration**. Any claim or controversy of whatever nature, including but not limited to the issue of arbitrability, arising out of or relating to this Agreement, or the breach of this Agreement, shall be settled by final and binding arbitration. The arbitration shall be conducted by a qualified arbitrator in accordance with the Nevada Arbitration Act ("NAA"). Only one arbitrator shall be used, and the arbitrator shall be selected pursuant to the criteria and processes outlined by the NAA rules. The arbitrator shall have the authority to determine and award costs of arbitration as well as costs incurred by any Party for attorneys, experts, and consultants. Except for cost awards, the arbitrator's award shall be limited to actual damages and will not include consequential, punitive, or exemplary damages. The arbitrator's award shall be final and binding on all Parties. The Parties further agree that such award may be entered as a judgment of any court having jurisdiction.

## ARTICLE XIII
## GENERAL

13.1 **Owner's Representative**. Owner shall designate one person to serve as Owner's representative, and a designee to act as substitute in the absence of Owner's representative, in all communications with Manager. Whenever the approval or consent or other action of Owner is called for, the approval, consent or action by the Owner's representative shall be binding on Owner. Owner's representative and the designee of Owner's representative are identified as follows:

| Representative: | Designee: |
|---|---|
| Hilary Lopez, Executive Director | ________________ |
| 1525 E. Ninth Street | ________________ |
| Reno NV 89512 | ________________ |
| Phone: 775.686.9003 | Phone: ________________ |
| Email: hlopez@renoha.org | Email: ________________ |

Such representative may be changed at the discretion of Owner, at any time, under the provisions of notice in this Agreement.

13.2 **Notices**. Any notices required by this Agreement shall be personally delivered or sent by regular first-class mail, postage prepaid, addressed or by confirmed, received email as follows:

| **To Owner:** | **To Manager:** |
|---|---|
| HOUSING AUTHORITY OF THE CITY OF RENO | CLOUDTEN RESIDENTIAL |
| 1525 E. Ninth Street | 4751 Caughlin Parkway |
| Reno NV 89512 | Reno NV 89519 |
| Attention: Hilary Lopez, Executive Director | Attention: Joseph S. Greenblatt, CPM |
| Email: hlopez@renoha.org | Email: jgreenblatt@livecloudten.com |

or at any other addresses as the Parties may designate to each other in accordance with this Section. A notice shall be deemed effective when an email is sent if the email is sent during business hours of sending party or the next business day if sent after business hours of sending party, provided no "bounceback" response is received and further provided a mail copy is sent concurrently with such email copy. If a "bounceback" response is received to an email notice and a valid replacement email cannot be promptly obtained, notice shall

be effective one (1) business day after deposit of the notice in U.S. mail. All Parties agree to notify the other of any change to their ownership entity or contact information within ten (10) days of the changes.

13.3 **Attorney's Fees**. In the event of any controversy, claim or action filed between the Parties respecting this Agreement or in connection with the Project, the prevailing party shall be entitled, in addition to all expenses, costs, and damages, to reasonable attorney's fees, at trial, on appeal, or in arbitration, whether or not such controversy was litigated, arbitrated, or prosecuted to an award. In the event that any controversy is litigated or arbitrated, the attorney's fees shall be set by the court or arbitrator, as applicable.

13.4 **Complete Agreement**. This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Manager with respect to the management and operation of the Project and supersedes and replaces all previous management or other agreements entered and/or negotiated between Owner and Manager relating to the Project covered by this Agreement. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by Owner and Manager. Except as otherwise provided, all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Owner and Manager in writing. Each Party to this Agreement acknowledges and agrees the other Party has made no warranties, representations, covenants or agreements, express or implied, to such Party, other than those expressly set forth, and each Party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, to such Party, other than those expressly set forth in this Agreement, or as set forth in an exhibit or appendix to this Agreement.

13.5 **Amendment**. Neither this Agreement nor any provision, may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the Party against whom enforcement of the change, waiver, discharge, or termination is sought.

13.6 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

13.7 **Interpretation**. If any part of this Agreement shall be declared invalid or unenforceable, Manager shall have the option to terminate this Agreement by notice to Owner.

13.8 **Governing Law**. This Agreement and the obligations of Owner and Manager shall be interpreted, construed, and enforced in accordance with the laws of Nevada. All Parties agree to abide by all city, county, state, federal (including fair housing) laws.

13.9 **Force Majeure**. Any delays in the performance of any obligation of Manager under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, pandemic, and other similar cases not within the control of Manager, and any time periods required for performance shall be extended accordingly.

13.10 **Non-Assignment**. This Agreement is not assignable unless all Parties agree in writing to the assignment. Approval will not be withheld unreasonably.

Owner and Manager have caused this Agreement to be executed as of the Execution Date.

| **OWNER** | **MANAGER** |
|---|---|
| HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation | CLOUDTEN RESIDENTIAL, a Nevada corporation |
| By: ____________________________<br>Hilary Lopez, Executive Director | By: __________________________________<br>Joseph S. Greenblatt, CPM, CEO, or<br>Jessica Weil, designated broker salesperson |

# MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is entered March __, 2024 ("Execution Date") between HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation ("Owner"), and CLOUDTEN RESIDENTIAL, a Nevada corporation ("Manager"). Owner and Manager are sometimes referred to collectively as "Parties" or individually as "Party."

## RECITALS

A. Owner holds title to that certain real property described and identified as "Project" in Article I below;

B. Owner desires to appoint Manager as sole and exclusive agent of Owner to manage, operate, maintain, service, and supervise the leasing and operations of the Project and such other operations as agreed upon by the Parties, subject to the provisions outlined in this Agreement; and

C. Manager desires to accept and assume such responsibilities, again subject to the provisions of this Agreement.

In consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

## ARTICLE I
## DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 **Budget.** A composite of (a) an Operations Budget, which shall be an estimate of receipts and expenditures for the operation of the Project during a Fiscal Year, including a schedule of expected rentals (excluding security deposits) for the Fiscal Year, and (b) a Capital Budget, which shall be an estimate of capital replacements, substitutions, and additions for the Project (other than routine repairs and maintenance) for the Fiscal Year.

1.2 **Dates.**

1.2.1 **Execution Date.** This Agreement is made effective on the Execution Date.

1.2.2 **Fee Commencement Date.** The Management Fee (defined in Section 4.1) shall be paid from Owner to Manager starting ________ ("Fee Commencement Date").

1.3 **Fiscal Year**.

1.3.1 The "Initial Fiscal Year" shall begin on the Fee Commencement Date and end on December 31 of that year.

1.3.2 "Fiscal Year" shall mean each full calendar year after the Initial Fiscal Year, unless otherwise agreed to by the Parties.

1.4 **Gross Monthly Collections**. All amounts collected relating to the Project, including but not limited to rents, laundry income, late charges, NSF fees, utility payments, fees, and deposit forfeitures. Gross Monthly Collections shall not include the following: security and other deposits paid by Project residents that have not been forfeited; proceeds from property insurance proceeds (excluding rent interruption proceeds relating to the Project); the proceeds received from any

taking by condemnation or eminent domain; and any awards from litigation not relating to the collection of rents and related charges.

1.5 **Indemnitee**. A Party seeking indemnification under this Agreement.

1.6 **Indemnitor.** A Party providing indemnification under this Agreement.

1.7 **Projects**. The 12 unit residential complex known as Colonial Court having a street address of 205 2nd St., Sparks NV.

1.8 **Project Employees**. Those persons employed by Manager on-site as management staff (e.g., senior manager, manager, assistant managers, leasing consultants, maintenance supervisors, van drivers, concierge, et cetera). "Project Employees" shall not include third party vendors with whom Manager contracts on Owner's behalf and at Owner's expense to perform various functions, including but not limited to marketing, administration, repair and maintenance work, at the Project.

1.9 **Project Management**. As outlined more fully in Section 4.6, Project Management services, if agreed to via separate written agreement, fall outside the scope of Manager's day-to-day managerial responsibilities and involve coordination of the work of licensed and insured third party contractors to complete major structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work at the Project.

1.10 **Termination Fee**. The Termination Fee shall be equal to one month's Management Fee calculated as the average of the prior three months' Management Fees.

1.11 **Trust Account**. An account opened and maintained by Manager in Manager's name and on Owner's behalf with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement; provided, however, that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and on Owner's behalf with an FDIC-insured bank selected by Manager. In conformance with Nevada law, Owner shall not be authorized to draw from the Trust Account on its own signature.

1.12 **Owner's Registered Address**. The street address of the state registered office of Owner in the state Project is in is 1525 E. Ninth Street, Reno NV 89512.

## ARTICLE II
## APPOINTMENT AND TERM

2.1 **Appointment**. Owner appoints Manager as sole and exclusive property leasing and management agent for the Project and Manager accepts the appointment. Manager's services shall be provided to Owner on a non-exclusive basis with respect to other multifamily projects. Manager may install one or more signs on or about the Project stating that the Project is under management of Manager, and Manager must use its name and may, in a commercially reasonable manner, use its logo in any display advertising that may be lawfully done on behalf of the Project. Owner shall provide adequate office space at the Project at no cost to Manager for Manager's exclusive use in discharging its duties under this Agreement.

2.2 **Independent Contractor**. Manager shall be an independent contractor of Owner, and nothing contained in this Agreement, or exhibited by the course of dealing between the Parties, shall be construed or

deemed to create an employment, partnership, joint venture, or other relationship between Manager and Owner unless explicitly and unequivocally agreed to by the Parties in writing.

2.3 **Term**. This Agreement shall be effective on the Execution Date. Subject to Article XI, this Agreement shall continue as an exclusive Agreement for a period of one (1) year from the Fee Commencement Date. After the initial exclusive term expires, this Agreement will continue on a month to month basis either Party may terminate for any reason or no reason at all thirty (30) days after delivery of written notice.

## ARTICLE III
## DUTIES AND AUTHORITY OF MANAGER

3.1 **Scope of Duties and Authority**. Manager shall, as agent for and at the expense of Owner, perform all of duties provided in this Agreement and have authority and power to take such other action as Manager deems necessary, in its reasonable discretion, to maintain the Project and comply with all county, state, and federal laws without further approval of Owner, unless specifically required by this Agreement. As Owner's agent, Manager shall have the right to execute and deliver documents on behalf of Owner and to otherwise bind Owner as provided in this Agreement.

3.2 **Rental Activities**. Manager shall, with reasonable diligence, render the following services:

(a) Use commercially reasonable efforts at Owner's expense to maximize occupancy at the Project, including marketing and advertising the Project subject to applicable budgetary limitations, if any;

(b) Negotiate and execute, as Owner's agent, resident leases for the Project;

(c) As set forth more specifically in Section 5.3, collect all rents and other income (including late rent, utility and expense reimbursements, fees for ancillary services, administrative charges, and/or any other fees associated with the lawful use of the Project) that are due for the Project, and, at Manager's discretion, take reasonable steps to enforce the collection of all rents and income for the Project (including but not limited to instituting legal actions or other proceedings, at Owner's cost and on Owner's behalf, to collect delinquent rent or other income and to dispossess residents or other persons from the Project, enter into settlements of such actions, accept promissory notes and other payment arrangements); and

(d) Comply with tax collection and landlord registration requirements, subject to the Owner's duties to promptly notify Manager of accurate ownership and contact information.

3.3 **Budget**.

(a) The proposed Budget for the Initial Fiscal Year shall be submitted to Owner no later than sixty (60) days after the earliest of the following "delivery dates:" the Fee Commencement Date; the projected date for receipt of the first certificate of occupancy for a building to be occupied by residents, or the date Manager occupies a leasing office for the Project.

(b) For each Fiscal Year, Manager shall submit a proposed Budget to Owner for review no later than sixty (60) days prior to the beginning of that Fiscal Year.

(c) If the Initial Fiscal Year proposed Budget delivery date lands in first 60 days of the Fiscal Year, then the Initial Fiscal Year and Fiscal Year proposed Budget shall be combined, shall cover both proposed Budget periods, and shall be delivered on a date mutually agreed to by the Parties.

(d) Owner shall respond to the proposed Budget within thirty (30) days of receipt. Should Owner fail to respond to a proposed Budget (or to any part thereof), the proposed Budget (either in its entirety or any part thereof, as the case may be), shall be deemed approved.

(e) Should Owner disapprove a proposed Budget, Owner shall work with Manager to prepare a Budget within thirty (30) days. During the pendency of that process, Manager shall use the prior Fiscal

Year Budget (as adjusted to reflect changes in the Consumer Price Index – All Urban Consumers for the area in which the Project is located).

(f) The Parties agree Budgets are intended as projections only and Manager shall not be liable for any shortfalls or other losses relating to the failure of Project operations to achieve results projected in any Budget.

3.4 **Operations; Contracts; Supplies**.

(a) Manager shall purchase, at Owner's expense, all equipment, appliances, materials and supplies reasonably necessary for the care, maintenance, and operation of the Project. Owner acknowledges its responsibility to provide funding necessary to allow Manager to comply with all laws and regulations relating to the operation and management of the Project.

(b) Manager is authorized and required to enter into written contracts in the name of and on behalf of Owner, at Owner's sole expense, with third party vendors, contractors, licensees, and suppliers (collectively and interchangeably "service providers" or "third party vendors") for services and supplies relating to the Project, including but not limited to utilities, electricity, water, gas, fuel, telephone, advertising, pest control, waste removal, landscape maintenance, tree trimming, roof maintenance, and general maintenance, or such other contracts as may be necessary for the care, operation and maintenance of the Project. Manager shall utilize a third-party vendor credentialing service to qualify and select third party vendors. Owner shall defend, indemnify, and hold Manager harmless from all damages that arise from the use of any vendor or supplier at the Project, including for claims of negligence by Manager, except to the extent caused by Manager's gross negligence or willful misconduct.

(c) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

3.5 **Repairs and Maintenance**.

(a) Manager shall use commercially reasonable efforts to cause to be made all necessary repairs and to maintain the Project at Owner's expense. Manager shall, in Owner's name and at Owner's expense, utilizing independent contractors approved by a third-party vendor credentialing service, hire independent contractors for the repair and maintenance of the Project to the extent the independent contractor's involvement is, in Manager's discretion, necessary. For purposes of this Agreement, "maintenance" may include, without limitation, normal or customary decorating, maintenance, alterations, and repair work as may be reasonable, advisable, or necessary. Maintenance shall not include structural repairs or substantial alterations to, or improvement, renovation, or rehabilitation of the Project or any Project portion.

(b) Expenditures for maintenance and repair are subject to applicable Budget-related limitations of the Project. However, in the case of an emergency, Manager may make, at Owner's expense, such expenditures as Manager deems reasonably necessary to prevent injury to persons, loss of life, or damage to or loss of property, and to minimize further damage to the Project, without prior approval of Owner. Manager shall promptly notify Owner of any such emergency expenditure, as well as the action taken, and the expenses incurred.

(c) Should structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work be undertaken at the Project and Owner desires Manager's involvement in the oversight of such work, Manager may perform Project Management as provided more specifically in Section 4.6 subject to the Parties entering into a separate written agreement.

(d) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of the indemnification provisions of Section 10.1.

3.6 **Operating Expenses**. Manager shall pay from Gross Monthly Collections all loan payments, real property taxes, insurance, all operating expenses, and other expenses of the Project. Manager shall pay all expenses from funds available in the Project Trust Account(s) or from funds provided by Owner (unless such amounts are being paid by Owner's lender). Owner shall provide Manager with the funds necessary to pay expenses within seven (7) days of notification. Notwithstanding the foregoing, with the exception of expenses included in an approved budget, Manager shall not enter into an agreement for or make expenditures without the prior approval of Owner in excess of one thousand five hundred dollars ($1,500) for any one item, except for monthly recurring operating charges or for emergency repairs as set forth above at Section 3.5(b).

3.7 **Project Employees**. Manager shall hire, train, instruct, pay, and supervise the work of all Project Employees (including but not limited to residential managers, assistants, and rental agents). Project Employees shall be employees of Manager and not of Owner. All wages, salaries, payroll taxes, workers compensation insurance, health insurance costs, related payroll processing and administration and training expenses for such employees or independent contractors shall be paid from Gross Monthly Collections or funds provided by Owner. Project Employees shall not include third party vendors or independent contractors who Manager uses or retains on Owner's behalf and/or as Owner's agent to service and/or supply the Project and/or perform maintenance at the Project. If Project Employees also provide services to properties other than the Project, Owner shall be responsible only for the pro rata share of such Project Employees' costs.

3.8 **Limitation of Liability**. Manager shall have no liability whatsoever with respect to the acts or omissions of Owner, previous owners of the Project, any previous property manager, or any other agent of Owner arising from or related to the Project.

3.9 **Compliance with Nevada Laws.** Owner shall be solely responsible for ensuring it complies with all applicable Nevada laws concerning the operation of a business, including but not limited to, maintaining a valid business license(s) and ensuring it is properly qualified to transact business with the Nevada Secretary of State.

3.10 **Affiliated Entities.** Manager will disclose to Owner in writing any planned use of Manager's employees or any business in which Manager has a pecuniary interest to perform work on the Project to the extent such employees and/or business are not already disclosed in this Agreement.

## ARTICLE IV
## MANAGEMENT FEES; PAYMENT TO MANAGEMENT

4.1 **Management Fee**.

(a) Beginning on the Fee Commencement Date, Owner shall pay Manager, as compensation for Manager's services, the monthly sum of five hundred dollars $500.00 ("Management Fee").

1. Eighty percent (80%) of the estimated Management Fee, based on the prior month's Gross Monthly Collections, shall be payable to Manager by the tenth (10th) day of each calendar month, with the full balance being payable on or prior to the last day of the month to which it relates. Manager is authorized to pay the Management Fee from the Trust Account.

(b) The Management Fee shall be paid directly to Manager from Gross Monthly Collections and may be deducted from the Trust Account concurrent with deposit of collections into the Trust Account or thereafter. Owner shall be responsible for the timely remittance of any tax that may be due with respect to the Management Fee, payroll expenses, or any other sums due or reimbursable to Manager in accordance with the terms of this Agreement. Manager and Owner acknowledge and agree that Manager's fees have been specifically negotiated and approved.

4.2 **Intentionally Left Blank**.

4.3 **Reimbursement of Incidental Operating Expenses.** Owner shall reimburse Manager for such out-of-pocket ancillary fees which Manager may incur on Owner's behalf to cover all operating expenses and direct costs associated with operation of the Project including, but not limited to the cost of online reputation management services which cost shall not exceed $5.50 per unit per year and which shall be billed monthly and in no case shall exceed a cap of $135.00 per month for the Project, postage, courier, site long distance telephone, site employee vehicle mileage allowances, document reproduction, check printing, Trust Account bank fees, site software or data processing services, site office supplies and equipment. Owner recognizes that purchases of, or contracts for, materials or services may be made in bulk by Manager in connection with its operation of multifamily projects generally, and Owner agrees that the pro rata portion of the net costs of such materials or services used in connection with, or for the benefit of, the Project shall be allowed as a reimbursement cost hereunder. Manager may deduct any amounts due for reimbursement of incidental operating expenses from the Trust Account.

4.4 **Initial Deposit**. Owner shall, on the Fee Commencement Date, deposit the amount of ten thousand dollars ($10,000.00) into the Trust Account (defined in Section 5.1) for payment of the Management Fee, startup operations, and ordinary and/or budgeted expenses expected to be incurred at the Project.

4.5 **Payment Obligations Survive Termination**. Upon termination of this Agreement for any reason and regardless of cause, Owner shall continue to be obligated to pay Manager all amounts due with respect to the period prior and subsequent to such termination (including all expenses that are reimbursable in accordance with the terms of this Agreement, the Management Fee for the period ending on the date of termination, any applicable Termination Fee, and additional fee due Manager pursuant to this Agreement), as well as all costs and expenses incurred by Manager in terminating its involvement with the Project.

4.6 **Project Management Services**. Maintenance of the Project shall not include structural repairs or substantial alterations or improvements to the Project, including capital improvements, renovation, or rehabilitation of the Project or a Project portion. In the event substantial construction or renovation work is undertaken at the Project and Owner desires Manager's oversight, Manager may agree to perform Project Management. Manager's fee for such work shall be equal to five percent (5%) of total job costs, with a $500 minimum fee per job assignment and subject to Owner's prior written approval. Each Project Management assignment requires the Parties to enter into a separate written agreement. Manager may deduct the fees it earns for Project Management Services directly from the Trust Account upon completion of services. The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

4.7 **Other Services**. Should Owner engage Manager to perform services that are not otherwise specified under the terms and provisions of this Agreement, the Parties shall meet to discuss and agree in advance to additional compensation to be paid by Owner to Manager for such additional services and shall memorialize the scope of and payment schedule for such services in an addendum to this Agreement signed by both Parties. Such other services may include, but are not limited to, due diligence work associated with future sale of the Project, participating in financial audits, administration of insurance claims, refinancing the Project, common area maintenance reconciliation, or legal dispute resolution. Manager's current standard hourly rates are as follows:

| | | |
|---|---|---|
| a. | Company Principal or Executive | $225 per hour |
| b. | Property Manager/Marketing Manager | $140 per hour |
| c. | Interior/Exterior Design Services | $140 per hour |
| d. | Controller or Accounting Manager | $120 per hour |
| e | Assistant Property Manager | $95 per hour |

| | | |
|---|---|---|
| f. | Staff Accountant | $95 per hour |
| g. | Graphic Design Services | $75 per hour |
| h. | Administrative Staff | $55 per hour |

Manager may deduct the fees it earns for such other services directly from the Trust Account upon completion of the services. In addition to Owner's other indemnification obligations, Owner expressly agrees to defend, indemnify, and hold harmless Manager and its agents, employees, and assigns for all claims arising from these additional services.

4.8 **Post-Engagement Fee**. Should Owner request that Manager provide any services (including but not limited to entering invoices, cutting checks, recording post-closing entries, and preparing financial statements, reconciling bank accounts, or consulting with tax preparers or auditors) for more than thirty (30) days after either Party provides notice of intent to terminate this Agreement, Owner shall pay Manager a Post-Engagement Fee equal to 50% of the last full month's Management Fee. Manager may deduct the Post-Engagement Fee from the Trust Account upon completion of post-engagement services.

## ARTICLE V
## BANK ACCOUNTS AND DISBURSEMENTS

5.1 **Bank Deposits; Trust Accounts**.

(a) Owner authorizes Manager to open, maintain, and operate one or more non-interest-bearing Trust Accounts in Manager's name to benefit the Project with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement as defined in Section 1.11. Owner shall promptly deliver to Manager any documentation reasonably requested by the depository institution which is necessary to establish the Trust Account. Owner agrees that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and for the benefit of Owner and Project. Manager may transfer funds between one or more of Trust Accounts. All such transfers must be in accordance with Nevada law. Manager may transfer funds electronically via the internet or Automated Clearing House (ACH) software to a bank account designated by Owner. Manager may make payments electronically to a vendor's account for expenses related to Project. Manager always agrees funds of Owner will not be commingled or in any way combined with funds of other Owners, or in any way commingled with the operating accounts maintained by Manager for Manager's benefit.

(b) Gross Monthly Collections and other monies received or collected by Manager with respect to the Project, including tenant security deposits described in Section 5.1(c), shall be deposited into the Trust Account. The Trust Account shall accrue credits used to offset bank service charges assessed to Manager. To the extent such credits do not offset bank services charges, such bank services charges are an authorized Project expense. Where security deposits are held in the Trust Account, those security deposits will be accounted for as a liability.

(c) Manager shall, if directed by Owner or if otherwise required by applicable laws, open a separate bank account specifically designated for holding and disbursing security deposits ("Security Deposit Trust Account").

(d) To the extent any security deposit or any portion of any security deposit becomes refundable to a tenant(s) of the Project, Manager shall be authorized to disburse the refund from the Trust Account or Security Deposit Trust Account, as the case may be, without the express written consent of Owner. In no event shall Manager be liable for any tenant security deposits not retained in the Trust Account or Security Deposit Trust Account. In the event a tenant entitled to recover a security deposit makes a security deposit claim, Owner shall defend, indemnify, and hold Manager harmless for, from and against any or all such claims to the extent such claims do not arise from the gross

negligence or willful misconduct of Manager or its agents and employees. Manager shall otherwise be responsible for the disposition and refund of security deposits and shall defend, indemnify, and hold Owner harmless for, from and against claims arising out of any breach of those laws, except where such claims arise from the gross negligence or willful misconduct of Owner, its agents, and/or employees.

(e) At all times, the balance in any Trust Account shall not drop below ten thousand dollars ($10,000). If there are insufficient funds to pay all operating expenses of the Project and maintain this reserve amount, then Manager may pay payroll and related burdens, and any Management Fees and reimbursements due to Manager, before paying other operating expenses of the Project.

(f) Excess funds shall be distributed to Owner at Owner's direction, no less than annually unless otherwise directed.

(g) At Owner's cost and approval, Manager shall employ the use of ACH fraud filters, positive pay services (such as positive pay, positive pay with payee validation, or reverse positive pay) and payment authorization services for all applicable Trust Accounts (collectively "Positive Pay Practices"). If Manager complies with the provisions of this Section, but Owner nevertheless suffers or incurs a loss from payment of fraudulent or unauthorized instruments, Manager shall work with the Trust Account bank and assist Owner in recovering the loss. If Owner declines to utilize Positive Pay Practices, any loss from fraud or unauthorized payments shall be the responsibility of Owner.

5.2 **Disbursement of Funds**. Manager shall disburse funds in the Trust Account on behalf of Owner for payment of Project expenses incurred by Manager in the performance of its duties and other expenses identified by Owner to Manager. Manager is expressly authorized to pay or reimburse itself for all fees (including the Management Fee) and expenses and all other sums due Manager under this Agreement from funds in the Trust Account. Management Fees are earned at the time or date provided in this Agreement and must be disbursed from the Trust Account no later than the last day of the month in which earned. Manager shall designate one or more individuals who shall be the only parties authorized to draw upon such accounts.

5.3 **Collection of Rents and Other Receipts**. Manager shall collect (and give receipts for, if necessary) all rents, charges and other amounts received in connection with the management and operation of the Project. All security deposits shall be deposited into the Security Deposit Trust Account described above and accounted for as a liability of Owner unless otherwise directed by Owner.

5.4 **Fees for Professional Services or Advice**. Owner shall pay reasonable expenses incurred by Manager in obtaining professional services or advice regarding compliance with any law affecting the Project or activities related to the operation of the Project within an approved budget as established. Manager shall obtain the prior consent of Owner for professional service fees expended more than amounts set forth in an approved budget. If any expenditure for professional services also benefits others for whom Manager acts as a property manager, Owner's obligation shall be limited to Owner's pro rata portion of such expense for professional services.

5.5 **Net Proceeds**. To the extent that funds are available, after maintaining a cash contingency reserve amount as specified above and providing for ordinary or budgeted outlays, Manager shall transmit net cash proceeds to Owner monthly at a time reasonably specified by Manager unless otherwise directed by Owner.

## ARTICLE VI
## ACCOUNTING AND RECORDKEEPING

6.1 **Books and Records**. Manager shall maintain in a manner customary and consistent with good management principles, practices and procedures, a system of books, records, and accounts in which shall be entered all receipts and disbursements. The Project books, records and accounts shall be maintained at the Project, at Manager's business address or at any other place as Manager shall select. Owner shall have the right,

at its own expense, to inspect and audit such books, records, and accounts at reasonable times during the period of this Agreement.

6.2 **Reports and Statements**. Manager shall prepare and render to Owner not later than the fifteenth (15th) day of each calendar month (i) a statement of cash receipts and disbursements, (ii) a tenant delinquency report, (iii) a rent roll, (iv) a bank account reconciliation and such other reports as Owner and Manager mutually agree upon for the prior month's operations. All reports provided to Owner in satisfaction of this Article VI shall be deemed accurate and correct between the Parties unless Owner notifies Manager within thirty (30) days after the date of said report and specifically identifies an alleged error or inconsistency.

## ARTICLE VII
## HAZARDOUS MATERIALS AND SUBSTANCES

7.1 **Hazardous and Toxic Materials**. If Manager is specifically notified in writing by a tenant residing at the Project, or any vendor or contractor hired by Manager, that any hazardous or toxic substance or material (i.e. gas, lead, asbestos, radon, or radioactive material), other than mold or fungi addressed below, exists upon, within, above, or beneath the Project, Manager will notify Owner. However, Manager shall not be responsible for evaluating the presence or absence of, abating, cleaning up, or remediating any hazardous or toxic substance or material, including but not limited to gas, liquid, waste materials, lead, asbestos, electromagnetic field, radon, radioactive materials, or other environmentally hazardous substances or concerns, upon, within, above, or beneath the Project. Similarly, Manager bears no responsibility for addressing, maintaining, or evaluating compliance with environmental, hazardous, or solid waste materials or waste laws, rules, and regulations, and shall not be responsible for conducting or ensuring the clean-up or remediation of such substances, or of spills or contamination related to or containing same, as described above. All such responsibilities and obligations outlined above shall be borne solely by Owner, and Owner agrees it will hire a qualified and licensed environmental clean-up company to complete such work and shall maintain responsibility for obtaining all required government approvals and providing applicable notices required by law. Owner may at its sole discretion and expense, obtain an environmental assessment report on the Project from an independent environmental consultant it retains. Owner agrees to make any environmental report on the Project it receives available to Manager for review. Owner also agrees to provide Manager with a copy of its most recent and current Phase I survey covering the Project, which survey shall have been completed within the last three years, and has implemented or will implement within thirty days of the Execution Date of this Agreement an operations and maintenance program consistent with market and industry standards. Owner will also provide Manager with any subsequent or updated Phase I documents and changes to the operations and maintenance program during the pendency of this Agreement.

7.2 **Mold**. Should Manager be put on notice of any actual or potential mold or fungi at the Project, Manager shall notify Owner. Manager may hire qualified contractors or third parties (including without limitation industrial hygienists) to investigate whether mold or fungi is indeed present and/or to perform remediation and/or abatement work. Manager shall administratively oversee the provision of such work, and Owner agrees (a) Owner is responsible for the costs associated with such work (including, but not limited to relocation or other costs required to house tenants during such work); and (b) Manager assumes no liability in connection with the performance of such work.

7.3 **Acknowledgement.** The Parties recognize and agree Manager's performance under this Section shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

## ARTICLE VIII
## RESPONSIBILITIES OF OWNER

8.1 **Information to Be Supplied to Manager**. Owner shall promptly furnish Manager with all information necessary to the management of the Project, including but not limited to: a legal description of the Project and any improvements; site plans and specifications; all current leases, amendments and pertinent correspondence relating thereto; all current tenant files; a current and complete rent roll and details relating to the status of rental payments; identification of all leases currently in dispute or litigation; all files on any litigation and/or disputes relating to all matters during the last seven (7) years; all information, including unredacted documents, which pertain to claims, damages, losses, and insurance claims relating to the Project during the last seven (7) years and which include the claimants' names, if possible; an operating budget and capital budget for the past and current calendar year; income cash flow report and variances from budgets for the prior and current calendar year; mortgage loan information, including mortgagee names and addresses, lien holders, loan payment information and the like; maturity dates and payment instructions; copies of property tax bills for all parcels that comprise the Project, including parcel numbers; copies of service contracts in effect; a list of current independent contractor and/or vendor accounts, including certificates of insurance naming Owner and Manager as additional insureds; all pertinent books and records relating to the management, operation and leasing of the Project; all third party contracts currently in force; utility account and contact information; the identities of all parties with an ownership interest in the Project that will need to be covered under the Project's insurance policies; all applicable insurance policies that are carried by Owner with respect to the Project during the term of this Agreement and the endorsements required by this Agreement (including but not limited to additional insured endorsements naming Owner and Manager as additional insureds as outlined in Section 9.2); any issues or conditions that are material to the management of this Project (including but not limited to existing or future issues or conditions that impact the physical property or the Owner financially); and policies and procedures for reporting claims and evaluating safety and loss prevention conditions. If the Project is HUD-financed, Owner shall notify Manager immediately upon being made aware by the Department of Housing and Urban Development of any proposed or scheduled Management Organization Review and/or REAC inspection related to the Project, and shall provide the Project's MOR and/or REAC scores and results immediately upon the availability of or Owner's receipt of same, and a copy of the same for the past two years. All of the information outlined in this Section 8.1 shall be provided by Owner to Manager upon the execution of this Agreement.

8.2 **Information Relating to Litigation**. Within ten (10) days of the Execution Date of this Agreement, Owner shall fully disclose all details, including but not limited to case numbers, case files, and correspondence, relating to past, pending, current, anticipated, and threatened litigation relating to the Project during the last seven (7) years. Owner's disclosure obligations shall also extend to any facts of which it has actual or constructive notice that may give rise to a lawsuit or insurance claim relating to the Project, as well as all past, pending, current, anticipated, and threatened insurance claims, disputes, administrative agency complaints, demands (regardless of type), records of property losses and damage relating to the Project during the last seven (7) years, records of all actual or alleged personal injuries sustained on the Project during the last seven (7) years, police reports relating to activity at the Project, records relating to fire damage or other physical losses at the Project, and actual or alleged workers compensation injuries and claims. Manager shall be compensated for any time spent in excess of five (5) hours responding to any single legal claim (regardless of governmental forum or stage of proceeding), legal dispute, administrative agency complaint, pre-lawsuit or legal demand, or actual or threatened litigation-related inquiries (including but not limited to compiling documents responsive to discovery requests) at the rate of $225 per hour.

8.3 **Employee Oversight**. Should Owner for any reason instruct Manager to terminate, hire, or retain any employee of Manager, and should Manager consider that such decision may result in an unlawful termination proceeding, administrative agency complaint, or other employment-related claims against Manager, the Parties agree to seek independent advice of counsel experienced in labor and employment issues on the propriety of such Owner decision prior to implementation. Further, in the event of commencement of any

unlawful termination proceeding, administrative agency complaint, or any employment-related claims by an employee terminated upon the instruction of Owner, Owner agrees to indemnify, immediately defend, and hold Manager harmless against all such claims, whether or not there are claims of negligence by Manager, whether reduced to judgment, or hearing officer decision, whether by monetary judgment, or other award. Owner agrees to immediately pay Manager's reasonable attorney fees and costs of any resulting suit, claim, or administrative costs.

8.4 **Notification of Changes in Ownership.** Owner agrees to notify Manager in writing within 10 days after any change in ownership (full or partial), change of name of the ownership entity, or any other change related to ownership of the Project. The notice to Manager will include copies of the documents showing any such change.

## ARTICLE IX
## INSURANCE

9.1 **Owner's Insurance**. Owner shall carry, at its sole expense, and to be made effective starting on the Execution Date, the following insurance policies to cover, defend, indemnify, and protect Owner and Manager in the operation, management, improvement, and enhancement of the Project, including any Project or Project Management services Manager may perform:

(a) "All-risk" broad form property damage insurance including replacement cost terms for the full value of the structure and improvements, loss of income, builder's risk insurance where applicable, and demolition, building ordinance coverage to cover the Project, coverage for earthquake sprinkler leakage where applicable, debris removal, and increased cost of construction coverage, earthquake, and flood coverage where lender demands and where applicable, to cover physical loss or damage to the Project from fire and extended coverage perils, including but not limited to vandalism and malicious mischief, as well as other coverages as shall be determined and required by Manager depending on the location and special needs of the Project.

(b) Commercial general liability insurance (on an occurrence, not claims-made form), including coverage for bodily injury (including death), third-party personal injury, property damage, personal and advertising injury coverage, medical expense coverage (in the value of at least $5,000 per claim), and host liquor liability. This general liability coverage shall have aggregate limits in an amount not less than $2,000,000 with a $1,000,000 per occurrence limit. Owner shall also purchase an excess or umbrella policy in the amount of $5,000,000. The carrier(s) for each liability policy shall have an A.M. Best Rating of A-/VIII or higher, and the policies shall each include coverage for losses arising from the ownership, management, and operation of the Project. Each liability policy shall name Manager as an additional insured by endorsement. Each liability policy shall be written or endorsed to apply primary and non-contributory to insurance maintained by Manager. If the insurance has a deductible or similar clause, Owner shall be responsible for paying any losses within said deductible, retention, or other clause. Owner's insurance under this clause shall not be canceled or modified without at least thirty (30) days written notice to Manager. Owner shall require its insurance carrier(s) issuing coverage required by this subsection to confirm coverage for ownership, management, and operation of the Project, the additional insured status of Manager, the primary and non-contribution nature of the policy, and the cancellation notice requirements by endorsement to its policy;

(c) Environmental or pollution legal liability coverage, which shall include remediation, clean-up and reconstruction coverage for mold, asbestos, pollution, toxic materials, and other environmental issues associated with liability or property losses/claims naming both Manager and Owner as named insureds with minimum aggregate limits of $1,000,000. The deductible under this policy shall not exceed $25,000, and Owner shall be responsible for losses within such deductible;

(d) Boiler and machinery insurance covering the building, fixtures, and equipment located at the Project for mechanical failure or explosion of pipes and boilers; and

(e) Cyber liability, including coverage to guard against unauthorized access to or disclosure of personal identification information of a tenant in an amount no less than $1,000,000 and naming Manager as an additional insured by endorsement.

Owner's insurers issuing coverages required by Section 9.1 must be licensed to do business in the state in which the Project is located and must have a Best's rating of A-VIII or better for the most current reporting period. Owner shall be solely responsible for the payment of deductibles and self-insured retentions, if any. To the extent Owner uses any deductibles or self-insured retentions to reduce or mitigate premium or risk cost, such deductibles or retentions will be entirely borne by and apply to the credit of the account of Owner, and with respect to Manager, such insurance will be treated as first-dollar insurance.

All policies shall waive the insurer's right of subrogation against Manager and Manager's affiliates and respective employees, insurers, shareholders, and authorized agents. Manager's officers and directors shall be included as insureds in Owner's policies of insurance required by this Section by definition or endorsement. Owner's policies of insurance required by this Section shall be primary for all claims arising at or on the Project, and any insurance policy maintained by Manager shall be excess and non-contributing in all respects.

Manager shall have an unconditional right to thirty (30) days written notice of an insurer's decisions to cancel a policy impacting the Project or any insurance policy required by this Section.

Within three (3) days of the Execution Date, Owner shall provide Manager complete copies of each policy required by this Section evidencing such coverage and with the declarations and coverage(s) pages listed above, and further evidencing that Manager and Manager's officers and directors are included as an insured by definition or endorsement.

9.2 **<u>Manager's Insurance</u>**. Manager agrees to purchase and shall carry the following policies of insurance for the duration of this Agreement commencing on the Execution Date:

(a) Commercial or general liability insurance with a combined single per occurrence limit of at least $1,000,000 for bodily injury, contractual, property damage, and personal and advertising liability;
(b) Comprehensive or commercial automobile liability insurance for all owned vehicles of Manager with a combined single limit per occurrence of $1,000,000 for personal injury and property damage liability;
(c) Excess liability with a combined single limit of $5,000,000;
(d) Worker's compensation and employer's liability insurance for Manager's employees in an amount equal to the greater of (i) $1,000,000 or (ii) the minimum amount required by the state in which the employee is working;
(e) Insurance against the risk of physical damage to or loss of personal property belonging to Manager in amounts sufficient to replace such property.

Upon written request, Manager shall furnish Owner with certificates of insurance evidencing the insurance coverage required under this Section. Such certificates will be issued by the insurer(s) or its authorized agent(s) and shall provide Owner will be given thirty (30) days prior written notice of cancellation of Manager's coverage by underwriters, or ten (10) days notice if cancelled for non-payment of premium. Except for workers' compensation or as otherwise set forth in any Budget, all Manager's insurance policies required under this Section shall be at Manager's sole cost, unless Owner requests specific coverage for Owner or the Project. Manager may maintain the coverage required by Section with "blanket coverage."

9.3 **<u>Primary Coverages</u>**. Owner's policies shall be primary for all claims arising at or on the Project and any policy of Manager shall be excess and non-contributing in all respects.

9.4 **Manager's Responsibilities**. Manager shall use commercially reasonable efforts to comply with all terms and conditions of Owner's insurance and shall notify Owner within forty-eight (48) hours after receiving actual notice of any loss, damage, claim, or injury that could give rise to a claim under Owner's insurance. Manager shall not knowingly take any action that may prejudice Owner in its defense of any such claim.

9.5 **Referral to Broker**. Upon Owner's request, Manager may refer Owner to a qualified insurance agent or broker to assist Owner in procuring insurance, including environmental insurance, for the Project. Owner agrees that Manager provides no guaranty, warranty, or representations for the types or amounts of insurance provided under any issued policies arising from such referral, and Manager assumes no responsibility or liability for the financial viability of the broker or the company issuing such policies. Owner acknowledges that Manager may receive a third-party referral fee or other profits in connection therewith.

9.6 **Resident Services.** Resident services include placement of liability insurance and additional services not specified in this Agreement utilizing Manager's technology and expertise to attract responsible renters, reliably keep units filled, and protect Owner's investment.

Subject to applicable law, Owner requires residents to purchase and maintain liability insurance for the financial protection of Project.

Manager or an affiliate will manage resident compliance with insurance requirements.

Owner acknowledges Manager or an affiliate may offer residents a compliance option allowing residents to purchase a liability insurance policy for the protection of Project while also providing convenience and higher resident satisfaction.

Manager or an affiliate will monitor resident compliance and automatically place a policy for the protection of Project whenever a resident's liability policy is no longer in force for any reason.

Owner acknowledges Manager and affiliates are providing additional value and operate on a for profit basis when offering a compliance option to purchase liability insurance, when monitoring compliance, when automatically placing insurance policies, when processing insurance information, documentation, and premiums for all policies, and when providing other resident services benefiting Project.

Owner acknowledges Manager and affiliates are entitled to receive incentive fees from third parties in connection with resident services with those fees not considered part of Gross Monthly Collections but rather to encourage innovative resident services, attract responsible renters, keep units filled, and protect Owner's investment.

## ARTICLE X
## INDEMNIFICATION

10.1 **Indemnification by Owner**. Owner agrees to indemnify, immediately defend, and hold harmless Manager, its affiliates (including without limitation any person who holds a direct or indirect ownership interest in Manager), and each of Manager's respective officers, directors, owners, shareholders, principals, insurers, employees, partners, agents, representatives, successors, and assigns ("Manager Indemnitees"), whether or not there are claims of negligence against Manager or Manager's Indemnitees, from and against all liabilities, obligations, claims, losses, causes of action, suits, proceedings, awards, judgments, settlements, demands, injury, damages, costs, expenses, fines, penalties, and fees (including attorney's fees) ("Claims") arising out of or relating to: (a) the ownership, maintenance, or operation of the Project (including claims made by vendors or suppliers to the Project); (b) the performance by Manager of its responsibilities under this Agreement; (c) any action undertaken by Manager at the express or implied direction of Owner; (d) Manager's status as property

manager for the Project, including Manager's efforts to enforce the Project's compliance with any federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (e) Owner's violation or alleged violation of any applicable federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (f) any errors, omissions, negligence, actions or inactions or alleged errors, omissions, negligence, actions or inactions taken by Owner and/or Owner's agents or consultants (including environmental consultants) concerning the Project or the premises upon which the Project is located (g) any actual or alleged debts, liabilities, or payments for which Manager is not liable pursuant to this Agreement; and (h) any attempt by any person, group, entity, or agency to designate or allege Manager as "operator" or "regulated facility" under the Resource Conservation and Recovery Act (RCRA) or a Potentially Responsible Party (PRP) under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), or otherwise make or allege Manager as being liable as a party under any environmental law, or make or allege Manager or its insurer as being a party in a claim for contribution, cost recovery, or indemnity. As set forth more fully in Article VII, Owner's responsibility under this defense and indemnity provision shall specifically extend to the presence or alleged presence of hazardous or toxic substances or materials, toxic wastes and similar substances, as well as insects, microorganisms and other substances, including fungi, mold and mold spores, upon, within, above or beneath the Project, that could cause or allegedly cause property damage or pose a threat to human health, and to costs incurred by Manager or any third party, in connection with any alleged, actual or failed investigation of site conditions or any alleged, actual or failed compliance by Manager with Owner's or Owner's consultant's directions, because of the presence or alleged presence of any hazardous or toxic materials, toxic wastes and similar substances, including but not limited to insects, microorganisms, fungi, mold and mold spores, with respect to the Project. The defense and indemnity provisions of this Section 10.1 shall survive the expiration or termination of this Agreement, and shall apply whether or not there are claims of negligence of Manager, but shall have no application where such Claims can be attributed to the gross negligence or willful misconduct of Manager, its agents, or employees, or Manager Indemnitees. Owner must obtain the consent of Manager to counsel selected by Owner to fulfill the defense obligations of this Section 10.1, such consent to not be unreasonably withheld by Manager.

10.2 **Indemnification by Manager**. Manager shall defend, indemnify, and hold harmless Owner, its affiliates, and each of Owner's respective officers, directors, employees, partners, agents, representatives, contractors, successors, and assigns ("Owner Indemnitees") from all Claims to the extent such Claims arise out of the gross negligence or willful acts of Manager, its agents, or employees and are not otherwise covered by Owner's insurance policies or by policies Owner declined to purchase. Manager shall not be liable to Owner or any other party for Claims relating to alleged or actual terrorist acts.

10.3 **Notice**. An Indemnitee must give the Indemnitor (as those terms are defined in Article I above) prompt written notice of any Claim. Upon receipt of such notice, the Indemnitor shall commence the investigation and defense on Indemnitee's behalf and at Indemnitor's sole expense using counsel acceptable to Indemnitee; provided, however, that the Indemnitee may employ separate counsel at its own expense. An Indemnitor may not settle any Claim against an Indemnitee on terms that (a) provide for a criminal sanction or fine against the Indemnitee, (b) admit to criminal liability on the part of the Indemnitee, or (c) provide for injunctive relief against the Indemnitee.

10.4 **Third Party Beneficiaries**. All Owner Indemnitee and Manager Indemnitee parties are third-party beneficiaries of this Agreement to the extent of their indemnity, defense, and similar rights under this Section, and may enforce that provision against Owner or Manager, as applicable.

10.5 **Survival.** The defense, hold harmless, and indemnity obligations of the Parties shall survive the termination of this Agreement, and shall continue after the termination of this Agreement until such time as any applicable statute of limitation shall have expired as to any claims that may be asserted by any third party or third parties against Manager, Owner or the Project.

## ARTICLE XI
## DEFAULT; TERMINATION

11.1 **Default by Manager**. Manager shall be deemed to be in default of this Agreement if Manager commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Owner or, if such default cannot reasonably be cured in thirty (30) days, then within such additional period as shall be reasonably necessary to effect a cure, so long as Manager commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall have the right to terminate this Agreement after the expiration of any notice and cure period, in addition to all other rights and remedies available to Owner at law and in equity.

11.2 **Default by Owner**. Owner shall be deemed to be in default of this Agreement if Owner commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Manager or, if such default cannot reasonably be cured in thirty (30) days, other than financial defaults, then within such additional period as shall be reasonably necessary to effect a cure, so long as Owner commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall be deemed to be in financial default hereunder should it (i) fail to pay any amount due to Manager or (ii) fail to provide funds to operate the Project, and further fails to correct such default(s) within five (5) business days of written notice from Manager of such failure to provide funds. If the Owner is in financial default as described, or is otherwise involved in any actions that, at the sole discretion of the Manager, create a serious risk to the Manager or the community, this default may result in the immediate termination of this Agreement. Should Manager terminate this Agreement pursuant to this Section, Owner shall pay Manager, no later than ten (10) calendar days after receiving notice of such termination, the Termination Fee and Manager is entitled to deduct such fee from the Trust Account. The payment to Manager under this Section shall not affect Manager's right to recover from Owner damages that Manager has suffered due to Owner's default.

11.3 **Termination for Convenience**. Notwithstanding anything to the contrary in this Agreement, during the initial exclusive term, either Party may terminate this Agreement for convenience or in the event of casualty by giving the other Party thirty (30) days written notice and specifying the date of termination in the notice. If Owner gives notice of termination of this Agreement within the initial exclusive term, Owner shall pay Manager the Termination Fee. Should Owner sell or otherwise convey the Project, Manager may terminate this Agreement by giving Owner thirty (30) days written notice. If Owner sells or conveys the Project within the initial exclusive term, Owner shall pay Manager the Termination Fee. Any Termination Fee shall be paid within ten (10) calendar days of the date written notice of termination is sent.

11.4 **Effect of Termination; Obligations of Parties**. Upon expiration or termination of this Agreement, Manager's authority to act for Owner shall cease and Manager shall vacate the Project premises, unless otherwise agreed by the Parties in writing. Within forty-five (45) days after the expiration or earlier termination of this Agreement, Manager shall deliver a final accounting to Owner with respect to the operations of the Project, including a final accounts receivable and accounts payable list and a final bank account reconciliation along with all funds remaining in the Trust Account. Immediately upon termination of this Agreement, Manager shall deliver to Owner all original permits, plans, records, leases, licenses, contracts, books, keys, computer data, records, and other personal property owned by Owner that is in Manager's possession relating to the Project. Within five (5) days of termination, a list of all tenant security deposit obligations shall be delivered to Owner. Within thirty (30) days of termination, Manager will submit a release all funds held except for those necessary to pay unpaid obligations. Upon expiration or termination of this Agreement, Owner shall remain liable for and shall assume all obligations relating to the Project, including those relating to contracts entered into by Manager for Owner's benefit in accordance with this Agreement. Within thirty (30) days of termination, Owner shall pay Manager all amounts due for services rendered prior or after termination under the terms of this Agreement, and Manager retains the right to deduct any such amounts

due from the Trust Account. All records relating to the Project required to be maintained by Manager under Nevada law will be maintained by Manager for the required holding period after the transaction is terminated.

## ARTICLE XII
## ARBITRATION

12.1 **Arbitration**. Any claim or controversy of whatever nature, including but not limited to the issue of arbitrability, arising out of or relating to this Agreement, or the breach of this Agreement, shall be settled by final and binding arbitration. The arbitration shall be conducted by a qualified arbitrator in accordance with the Nevada Arbitration Act ("NAA"). Only one arbitrator shall be used, and the arbitrator shall be selected pursuant to the criteria and processes outlined by the NAA rules. The arbitrator shall have the authority to determine and award costs of arbitration as well as costs incurred by any Party for attorneys, experts, and consultants. Except for cost awards, the arbitrator's award shall be limited to actual damages and will not include consequential, punitive, or exemplary damages. The arbitrator's award shall be final and binding on all Parties. The Parties further agree that such award may be entered as a judgment of any court having jurisdiction.

## ARTICLE XIII
## GENERAL

13.1 **Owner's Representative**. Owner shall designate one person to serve as Owner's representative, and a designee to act as substitute in the absence of Owner's representative, in all communications with Manager. Whenever the approval or consent or other action of Owner is called for, the approval, consent or action by the Owner's representative shall be binding on Owner. Owner's representative and the designee of Owner's representative are identified as follows:

| Representative: | Designee: |
|---|---|
| Hilary Lopez, Executive Director | ________________ |
| 1525 E. Ninth Street | ________________ |
| Reno NV 89512 | ________________ |
| Phone: 775.686.9003 | Phone: ________________ |
| Email: hlopez@renoha.org | Email: ________________ |

Such representative may be changed at the discretion of Owner, at any time, under the provisions of notice in this Agreement.

13.2 **Notices**. Any notices required by this Agreement shall be personally delivered or sent by regular first-class mail, postage prepaid, addressed or by confirmed, received email as follows:

| **To Owner:** | **To Manager:** |
|---|---|
| HOUSING AUTHORITY OF THE CITY OF RENO | CLOUDTEN RESIDENTIAL |
| 1525 E. Ninth Street | 4751 Caughlin Parkway |
| Reno NV 89512 | Reno NV 89519 |
| Attention: Hilary Lopez, Executive Director | Attention: Joseph S. Greenblatt, CPM |
| Email: hlopez@renoha.org | Email: jgreenblatt@livecloudten.com |

or at any other addresses as the Parties may designate to each other in accordance with this Section. A notice shall be deemed effective when an email is sent if the email is sent during business hours of sending party or the next business day if sent after business hours of sending party, provided no "bounceback" response is received and further provided a mail copy is sent concurrently with such email copy. If a "bounceback" response is received to an email notice and a valid replacement email cannot be promptly obtained, notice shall

be effective one (1) business day after deposit of the notice in U.S. mail. All Parties agree to notify the other of any change to their ownership entity or contact information within ten (10) days of the changes.

13.3 **Attorney's Fees**. In the event of any controversy, claim or action filed between the Parties respecting this Agreement or in connection with the Project, the prevailing party shall be entitled, in addition to all expenses, costs, and damages, to reasonable attorney's fees, at trial, on appeal, or in arbitration, whether or not such controversy was litigated, arbitrated, or prosecuted to an award. In the event that any controversy is litigated or arbitrated, the attorney's fees shall be set by the court or arbitrator, as applicable.

13.4 **Complete Agreement**. This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Manager with respect to the management and operation of the Project and supersedes and replaces all previous management or other agreements entered and/or negotiated between Owner and Manager relating to the Project covered by this Agreement. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by Owner and Manager. Except as otherwise provided, all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Owner and Manager in writing. Each Party to this Agreement acknowledges and agrees the other Party has made no warranties, representations, covenants or agreements, express or implied, to such Party, other than those expressly set forth, and each Party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, to such Party, other than those expressly set forth in this Agreement, or as set forth in an exhibit or appendix to this Agreement.

13.5 **Amendment**. Neither this Agreement nor any provision, may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the Party against whom enforcement of the change, waiver, discharge, or termination is sought.

13.6 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

13.7 **Interpretation**. If any part of this Agreement shall be declared invalid or unenforceable, Manager shall have the option to terminate this Agreement by notice to Owner.

13.8 **Governing Law**. This Agreement and the obligations of Owner and Manager shall be interpreted, construed, and enforced in accordance with the laws of Nevada. All Parties agree to abide by all city, county, state, federal (including fair housing) laws.

13.9 **Force Majeure**. Any delays in the performance of any obligation of Manager under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, pandemic, and other similar cases not within the control of Manager, and any time periods required for performance shall be extended accordingly.

13.10 **Non-Assignment.** This Agreement is not assignable unless all Parties agree in writing to the assignment. Approval will not be withheld unreasonably.

Owner and Manager have caused this Agreement to be executed as of the Execution Date.

| **OWNER** | **MANAGER** |
| --- | --- |
| HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation | CLOUDTEN RESIDENTIAL, a Nevada corporation |
| By: ___________________________<br>Hilary Lopez, Executive Director | By: _________________________________<br>Joseph S. Greenblatt, CPM, CEO, or<br>Jessica Weil, designated broker salesperson |

# MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is entered March __, 2024 ("Execution Date") between HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation ("Owner"), and CLOUDTEN RESIDENTIAL, a Nevada corporation ("Manager"). Owner and Manager are sometimes referred to collectively as "Parties" or individually as "Party."

## RECITALS

A. Owner holds title to that certain real property described and identified as "Project" in Article I below;

B. Owner desires to appoint Manager as sole and exclusive agent of Owner to manage, operate, maintain, service, and supervise the leasing and operations of the Project and such other operations as agreed upon by the Parties, subject to the provisions outlined in this Agreement; and

C. Manager desires to accept and assume such responsibilities, again subject to the provisions of this Agreement.

In consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

## ARTICLE I
## DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 **Budget.** A composite of (a) an Operations Budget, which shall be an estimate of receipts and expenditures for the operation of the Project during a Fiscal Year, including a schedule of expected rentals (excluding security deposits) for the Fiscal Year, and (b) a Capital Budget, which shall be an estimate of capital replacements, substitutions, and additions for the Project (other than routine repairs and maintenance) for the Fiscal Year.

1.2 **Dates.**

1.2.1 **Execution Date.** This Agreement is made effective on the Execution Date.

1.2.2 **Fee Commencement Date.** The Management Fee (defined in Section 4.1) shall be paid from Owner to Manager starting ________ ("Fee Commencement Date").

1.3 **Fiscal Year**.

1.3.1 The "Initial Fiscal Year" shall begin on the Fee Commencement Date and end on December 31 of that year.

1.3.2 "Fiscal Year" shall mean each full calendar year after the Initial Fiscal Year, unless otherwise agreed to by the Parties.

1.4 **Gross Monthly Collections**. All amounts collected relating to the Project, including but not limited to rents, laundry income, late charges, NSF fees, utility payments, fees, and deposit forfeitures. Gross Monthly Collections shall not include the following: security and other deposits paid by Project residents that have not been forfeited; proceeds from property insurance proceeds (excluding rent interruption proceeds relating to the Project); the proceeds received from any

taking by condemnation or eminent domain; and any awards from litigation not relating to the collection of rents and related charges.

1.5 **Indemnitee**. A Party seeking indemnification under this Agreement.

1.6 **Indemnitor.** A Party providing indemnification under this Agreement.

1.7 **Projects**. The 34 unit residential complex known as Idlewild Park Townhomes having a street address of 1810 Idlewild Dr, Reno NV.

1.8 **Project Employees**. Those persons employed by Manager on-site as management staff (e.g., senior manager, manager, assistant managers, leasing consultants, maintenance supervisors, van drivers, concierge, et cetera). "Project Employees" shall not include third party vendors with whom Manager contracts on Owner's behalf and at Owner's expense to perform various functions, including but not limited to marketing, administration, repair and maintenance work, at the Project.

1.9 **Project Management**. As outlined more fully in Section 4.6, Project Management services, if agreed to via separate written agreement, fall outside the scope of Manager's day-to-day managerial responsibilities and involve coordination of the work of licensed and insured third party contractors to complete major structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work at the Project.

1.10 **Termination Fee**. The Termination Fee shall be equal to one month's Management Fee calculated as the average of the prior three months' Management Fees.

1.11 **Trust Account**. An account opened and maintained by Manager in Manager's name and on Owner's behalf with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement; provided, however, that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and on Owner's behalf with an FDIC-insured bank selected by Manager. In conformance with Nevada law, Owner shall not be authorized to draw from the Trust Account on its own signature.

1.12 **Owner's Registered Address**. The street address of the state registered office of Owner in the state Project is in is 1525 E. Ninth Street, Reno NV 89512.

## ARTICLE II
## APPOINTMENT AND TERM

2.1 **Appointment**. Owner appoints Manager as sole and exclusive property leasing and management agent for the Project and Manager accepts the appointment. Manager's services shall be provided to Owner on a non-exclusive basis with respect to other multifamily projects. Manager may install one or more signs on or about the Project stating that the Project is under management of Manager, and Manager must use its name and may, in a commercially reasonable manner, use its logo in any display advertising that may be lawfully done on behalf of the Project. Owner shall provide adequate office space at the Project at no cost to Manager for Manager's exclusive use in discharging its duties under this Agreement.

2.2 **Independent Contractor**. Manager shall be an independent contractor of Owner, and nothing contained in this Agreement, or exhibited by the course of dealing between the Parties, shall be construed or

deemed to create an employment, partnership, joint venture, or other relationship between Manager and Owner unless explicitly and unequivocally agreed to by the Parties in writing.

2.3 **Term**. This Agreement shall be effective on the Execution Date. Subject to Article XI, this Agreement shall continue as an exclusive Agreement for a period of one (1) year from the Fee Commencement Date. After the initial exclusive term expires, this Agreement will continue on a month to month basis either Party may terminate for any reason or no reason at all thirty (30) days after delivery of written notice.

## ARTICLE III
## DUTIES AND AUTHORITY OF MANAGER

3.1 **Scope of Duties and Authority**. Manager shall, as agent for and at the expense of Owner, perform all of duties provided in this Agreement and have authority and power to take such other action as Manager deems necessary, in its reasonable discretion, to maintain the Project and comply with all county, state, and federal laws without further approval of Owner, unless specifically required by this Agreement. As Owner's agent, Manager shall have the right to execute and deliver documents on behalf of Owner and to otherwise bind Owner as provided in this Agreement.

3.2 **Rental Activities**. Manager shall, with reasonable diligence, render the following services:

(a) Use commercially reasonable efforts at Owner's expense to maximize occupancy at the Project, including marketing and advertising the Project subject to applicable budgetary limitations, if any;
(b) Negotiate and execute, as Owner's agent, resident leases for the Project;
(c) As set forth more specifically in Section 5.3, collect all rents and other income (including late rent, utility and expense reimbursements, fees for ancillary services, administrative charges, and/or any other fees associated with the lawful use of the Project) that are due for the Project, and, at Manager's discretion, take reasonable steps to enforce the collection of all rents and income for the Project (including but not limited to instituting legal actions or other proceedings, at Owner's cost and on Owner's behalf, to collect delinquent rent or other income and to dispossess residents or other persons from the Project, enter into settlements of such actions, accept promissory notes and other payment arrangements); and
(d) Comply with tax collection and landlord registration requirements, subject to the Owner's duties to promptly notify Manager of accurate ownership and contact information.

3.3 **Budget**.

(a) The proposed Budget for the Initial Fiscal Year shall be submitted to Owner no later than sixty (60) days after the earliest of the following "delivery dates:" the Fee Commencement Date; the projected date for receipt of the first certificate of occupancy for a building to be occupied by residents, or the date Manager occupies a leasing office for the Project.
(b) For each Fiscal Year, Manager shall submit a proposed Budget to Owner for review no later than sixty (60) days prior to the beginning of that Fiscal Year.
(c) If the Initial Fiscal Year proposed Budget delivery date lands in first 60 days of the Fiscal Year, then the Initial Fiscal Year and Fiscal Year proposed Budget shall be combined, shall cover both proposed Budget periods, and shall be delivered on a date mutually agreed to by the Parties.
(d) Owner shall respond to the proposed Budget within thirty (30) days of receipt. Should Owner fail to respond to a proposed Budget (or to any part thereof), the proposed Budget (either in its entirety or any part thereof, as the case may be), shall be deemed approved.
(e) Should Owner disapprove a proposed Budget, Owner shall work with Manager to prepare a Budget within thirty (30) days. During the pendency of that process, Manager shall use the prior Fiscal

Year Budget (as adjusted to reflect changes in the Consumer Price Index – All Urban Consumers for the area in which the Project is located).

(f) The Parties agree Budgets are intended as projections only and Manager shall not be liable for any shortfalls or other losses relating to the failure of Project operations to achieve results projected in any Budget.

3.4 **Operations; Contracts; Supplies**.

(a) Manager shall purchase, at Owner's expense, all equipment, appliances, materials and supplies reasonably necessary for the care, maintenance, and operation of the Project. Owner acknowledges its responsibility to provide funding necessary to allow Manager to comply with all laws and regulations relating to the operation and management of the Project.

(b) Manager is authorized and required to enter into written contracts in the name of and on behalf of Owner, at Owner's sole expense, with third party vendors, contractors, licensees, and suppliers (collectively and interchangeably "service providers" or "third party vendors") for services and supplies relating to the Project, including but not limited to utilities, electricity, water, gas, fuel, telephone, advertising, pest control, waste removal, landscape maintenance, tree trimming, roof maintenance, and general maintenance, or such other contracts as may be necessary for the care, operation and maintenance of the Project. Manager shall utilize a third-party vendor credentialing service to qualify and select third party vendors. Owner shall defend, indemnify, and hold Manager harmless from all damages that arise from the use of any vendor or supplier at the Project, including for claims of negligence by Manager, except to the extent caused by Manager's gross negligence or willful misconduct.

(c) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

3.5 **Repairs and Maintenance**.

(a) Manager shall use commercially reasonable efforts to cause to be made all necessary repairs and to maintain the Project at Owner's expense. Manager shall, in Owner's name and at Owner's expense, utilizing independent contractors approved by a third-party vendor credentialing service, hire independent contractors for the repair and maintenance of the Project to the extent the independent contractor's involvement is, in Manager's discretion, necessary. For purposes of this Agreement, "maintenance" may include, without limitation, normal or customary decorating, maintenance, alterations, and repair work as may be reasonable, advisable, or necessary. Maintenance shall not include structural repairs or substantial alterations to, or improvement, renovation, or rehabilitation of the Project or any Project portion.

(b) Expenditures for maintenance and repair are subject to applicable Budget-related limitations of the Project. However, in the case of an emergency, Manager may make, at Owner's expense, such expenditures as Manager deems reasonably necessary to prevent injury to persons, loss of life, or damage to or loss of property, and to minimize further damage to the Project, without prior approval of Owner. Manager shall promptly notify Owner of any such emergency expenditure, as well as the action taken, and the expenses incurred.

(c) Should structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work be undertaken at the Project and Owner desires Manager's involvement in the oversight of such work, Manager may perform Project Management as provided more specifically in Section 4.6 subject to the Parties entering into a separate written agreement.

(d) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of the indemnification provisions of Section 10.1.

3.6 **Operating Expenses**. Manager shall pay from Gross Monthly Collections all loan payments, real property taxes, insurance, all operating expenses, and other expenses of the Project. Manager shall pay all expenses from funds available in the Project Trust Account(s) or from funds provided by Owner (unless such amounts are being paid by Owner's lender). Owner shall provide Manager with the funds necessary to pay expenses within seven (7) days of notification. Notwithstanding the foregoing, with the exception of expenses included in an approved budget, Manager shall not enter into an agreement for or make expenditures without the prior approval of Owner in excess of one thousand five hundred dollars ($1,500) for any one item, except for monthly recurring operating charges or for emergency repairs as set forth above at Section 3.5(b).

3.7 **Project Employees**. Manager shall hire, train, instruct, pay, and supervise the work of all Project Employees (including but not limited to residential managers, assistants, and rental agents). Project Employees shall be employees of Manager and not of Owner. All wages, salaries, payroll taxes, workers compensation insurance, health insurance costs, related payroll processing and administration and training expenses for such employees or independent contractors shall be paid from Gross Monthly Collections or funds provided by Owner. Project Employees shall not include third party vendors or independent contractors who Manager uses or retains on Owner's behalf and/or as Owner's agent to service and/or supply the Project and/or perform maintenance at the Project. If Project Employees also provide services to properties other than the Project, Owner shall be responsible only for the pro rata share of such Project Employees' costs.

3.8 **Limitation of Liability**. Manager shall have no liability whatsoever with respect to the acts or omissions of Owner, previous owners of the Project, any previous property manager, or any other agent of Owner arising from or related to the Project.

3.9 **Compliance with Nevada Laws.** Owner shall be solely responsible for ensuring it complies with all applicable Nevada laws concerning the operation of a business, including but not limited to, maintaining a valid business license(s) and ensuring it is properly qualified to transact business with the Nevada Secretary of State.

3.10 **Affiliated Entities.** Manager will disclose to Owner in writing any planned use of Manager's employees or any business in which Manager has a pecuniary interest to perform work on the Project to the extent such employees and/or business are not already disclosed in this Agreement.

## ARTICLE IV
## MANAGEMENT FEES; PAYMENT TO MANAGEMENT

4.1 **Management Fee**.

(a) Beginning on the Fee Commencement Date, Owner shall pay Manager, as compensation for Manager's services, the monthly sum of one thousand five hundred dollars $1,500.00 ("Management Fee").

1. Eighty percent (80%) of the estimated Management Fee, based on the prior month's Gross Monthly Collections, shall be payable to Manager by the tenth (10th) day of each calendar month, with the full balance being payable on or prior to the last day of the month to which it relates. Manager is authorized to pay the Management Fee from the Trust Account.

(b) The Management Fee shall be paid directly to Manager from Gross Monthly Collections and may be deducted from the Trust Account concurrent with deposit of collections into the Trust Account or thereafter. Owner shall be responsible for the timely remittance of any tax that may be due with respect to the Management Fee, payroll expenses, or any other sums due or reimbursable to Manager in accordance with the terms of this Agreement. Manager and Owner acknowledge and agree that Manager's fees have been specifically negotiated and approved.

4.2 **Intentionally Left Blank**.

4.3 **Reimbursement of Incidental Operating Expenses.** Owner shall reimburse Manager for such out-of-pocket ancillary fees which Manager may incur on Owner's behalf to cover all operating expenses and direct costs associated with operation of the Project including, but not limited to the cost of online reputation management services which cost shall not exceed $5.50 per unit per year and which shall be billed monthly and in no case shall exceed a cap of $135.00 per month for the Project, postage, courier, site long distance telephone, site employee vehicle mileage allowances, document reproduction, check printing, Trust Account bank fees, site software or data processing services, site office supplies and equipment. Owner recognizes that purchases of, or contracts for, materials or services may be made in bulk by Manager in connection with its operation of multifamily projects generally, and Owner agrees that the pro rata portion of the net costs of such materials or services used in connection with, or for the benefit of, the Project shall be allowed as a reimbursement cost hereunder. Manager may deduct any amounts due for reimbursement of incidental operating expenses from the Trust Account.

4.4 **Initial Deposit**. Owner shall, on the Fee Commencement Date, deposit the amount of ten thousand dollars ($10,000.00) into the Trust Account (defined in Section 5.1) for payment of the Management Fee, startup operations, and ordinary and/or budgeted expenses expected to be incurred at the Project.

4.5 **Payment Obligations Survive Termination**. Upon termination of this Agreement for any reason and regardless of cause, Owner shall continue to be obligated to pay Manager all amounts due with respect to the period prior and subsequent to such termination (including all expenses that are reimbursable in accordance with the terms of this Agreement, the Management Fee for the period ending on the date of termination, any applicable Termination Fee, and additional fee due Manager pursuant to this Agreement), as well as all costs and expenses incurred by Manager in terminating its involvement with the Project.

4.6 **Project Management Services**. Maintenance of the Project shall not include structural repairs or substantial alterations or improvements to the Project, including capital improvements, renovation, or rehabilitation of the Project or a Project portion. In the event substantial construction or renovation work is undertaken at the Project and Owner desires Manager's oversight, Manager may agree to perform Project Management. Manager's fee for such work shall be equal to five percent (5%) of total job costs, with a $500 minimum fee per job assignment and subject to Owner's prior written approval. Each Project Management assignment requires the Parties to enter into a separate written agreement. Manager may deduct the fees it earns for Project Management Services directly from the Trust Account upon completion of services. The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

4.7 **Other Services**. Should Owner engage Manager to perform services that are not otherwise specified under the terms and provisions of this Agreement, the Parties shall meet to discuss and agree in advance to additional compensation to be paid by Owner to Manager for such additional services and shall memorialize the scope of and payment schedule for such services in an addendum to this Agreement signed by both Parties. Such other services may include, but are not limited to, due diligence work associated with future sale of the Project, participating in financial audits, administration of insurance claims, refinancing the Project, common area maintenance reconciliation, or legal dispute resolution. Manager's current standard hourly rates are as follows:

| | | |
|---|---|---|
| a. | Company Principal or Executive | $225 per hour |
| b. | Property Manager/Marketing Manager | $140 per hour |
| c. | Interior/Exterior Design Services | $140 per hour |
| d. | Controller or Accounting Manager | $120 per hour |
| e | Assistant Property Manager | $95 per hour |

| | | |
|---|---|---|
| f. | Staff Accountant | $95 per hour |
| g. | Graphic Design Services | $75 per hour |
| h. | Administrative Staff | $55 per hour |

Manager may deduct the fees it earns for such other services directly from the Trust Account upon completion of the services. In addition to Owner's other indemnification obligations, Owner expressly agrees to defend, indemnify, and hold harmless Manager and its agents, employees, and assigns for all claims arising from these additional services.

4.8 **Post-Engagement Fee**. Should Owner request that Manager provide any services (including but not limited to entering invoices, cutting checks, recording post-closing entries, and preparing financial statements, reconciling bank accounts, or consulting with tax preparers or auditors) for more than thirty (30) days after either Party provides notice of intent to terminate this Agreement, Owner shall pay Manager a Post-Engagement Fee equal to 50% of the last full month's Management Fee. Manager may deduct the Post-Engagement Fee from the Trust Account upon completion of post-engagement services.

## ARTICLE V
## BANK ACCOUNTS AND DISBURSEMENTS

5.1 **Bank Deposits; Trust Accounts**.

(a) Owner authorizes Manager to open, maintain, and operate one or more non-interest-bearing Trust Accounts in Manager's name to benefit the Project with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement as defined in Section 1.11. Owner shall promptly deliver to Manager any documentation reasonably requested by the depository institution which is necessary to establish the Trust Account. Owner agrees that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and for the benefit of Owner and Project. Manager may transfer funds between one or more of Trust Accounts. All such transfers must be in accordance with Nevada law. Manager may transfer funds electronically via the internet or Automated Clearing House (ACH) software to a bank account designated by Owner. Manager may make payments electronically to a vendor's account for expenses related to Project. Manager always agrees funds of Owner will not be commingled or in any way combined with funds of other Owners, or in any way commingled with the operating accounts maintained by Manager for Manager's benefit.

(b) Gross Monthly Collections and other monies received or collected by Manager with respect to the Project, including tenant security deposits described in Section 5.1(c), shall be deposited into the Trust Account. The Trust Account shall accrue credits used to offset bank service charges assessed to Manager. To the extent such credits do not offset bank services charges, such bank services charges are an authorized Project expense. Where security deposits are held in the Trust Account, those security deposits will be accounted for as a liability.

(c) Manager shall, if directed by Owner or if otherwise required by applicable laws, open a separate bank account specifically designated for holding and disbursing security deposits ("Security Deposit Trust Account").

(d) To the extent any security deposit or any portion of any security deposit becomes refundable to a tenant(s) of the Project, Manager shall be authorized to disburse the refund from the Trust Account or Security Deposit Trust Account, as the case may be, without the express written consent of Owner. In no event shall Manager be liable for any tenant security deposits not retained in the Trust Account or Security Deposit Trust Account. In the event a tenant entitled to recover a security deposit makes a security deposit claim, Owner shall defend, indemnify, and hold Manager harmless for, from and against any or all such claims to the extent such claims do not arise from the gross

negligence or willful misconduct of Manager or its agents and employees. Manager shall otherwise be responsible for the disposition and refund of security deposits and shall defend, indemnify, and hold Owner harmless for, from and against claims arising out of any breach of those laws, except where such claims arise from the gross negligence or willful misconduct of Owner, its agents, and/or employees.

(e) At all times, the balance in any Trust Account shall not drop below ten thousand dollars ($10,000). If there are insufficient funds to pay all operating expenses of the Project and maintain this reserve amount, then Manager may pay payroll and related burdens, and any Management Fees and reimbursements due to Manager, before paying other operating expenses of the Project.

(f) Excess funds shall be distributed to Owner at Owner's direction, no less than annually unless otherwise directed.

(g) At Owner's cost and approval, Manager shall employ the use of ACH fraud filters, positive pay services (such as positive pay, positive pay with payee validation, or reverse positive pay) and payment authorization services for all applicable Trust Accounts (collectively "Positive Pay Practices"). If Manager complies with the provisions of this Section, but Owner nevertheless suffers or incurs a loss from payment of fraudulent or unauthorized instruments, Manager shall work with the Trust Account bank and assist Owner in recovering the loss. If Owner declines to utilize Positive Pay Practices, any loss from fraud or unauthorized payments shall be the responsibility of Owner.

5.2 **Disbursement of Funds**. Manager shall disburse funds in the Trust Account on behalf of Owner for payment of Project expenses incurred by Manager in the performance of its duties and other expenses identified by Owner to Manager. Manager is expressly authorized to pay or reimburse itself for all fees (including the Management Fee) and expenses and all other sums due Manager under this Agreement from funds in the Trust Account. Management Fees are earned at the time or date provided in this Agreement and must be disbursed from the Trust Account no later than the last day of the month in which earned. Manager shall designate one or more individuals who shall be the only parties authorized to draw upon such accounts.

5.3 **Collection of Rents and Other Receipts**. Manager shall collect (and give receipts for, if necessary) all rents, charges and other amounts received in connection with the management and operation of the Project. All security deposits shall be deposited into the Security Deposit Trust Account described above and accounted for as a liability of Owner unless otherwise directed by Owner.

5.4 **Fees for Professional Services or Advice**. Owner shall pay reasonable expenses incurred by Manager in obtaining professional services or advice regarding compliance with any law affecting the Project or activities related to the operation of the Project within an approved budget as established. Manager shall obtain the prior consent of Owner for professional service fees expended more than amounts set forth in an approved budget. If any expenditure for professional services also benefits others for whom Manager acts as a property manager, Owner's obligation shall be limited to Owner's pro rata portion of such expense for professional services.

5.5 **Net Proceeds**. To the extent that funds are available, after maintaining a cash contingency reserve amount as specified above and providing for ordinary or budgeted outlays, Manager shall transmit net cash proceeds to Owner monthly at a time reasonably specified by Manager unless otherwise directed by Owner.

## ARTICLE VI
## ACCOUNTING AND RECORDKEEPING

6.1 **Books and Records**. Manager shall maintain in a manner customary and consistent with good management principles, practices and procedures, a system of books, records, and accounts in which shall be entered all receipts and disbursements. The Project books, records and accounts shall be maintained at the Project, at Manager's business address or at any other place as Manager shall select. Owner shall have the right,

at its own expense, to inspect and audit such books, records, and accounts at reasonable times during the period of this Agreement.

6.2 **Reports and Statements**. Manager shall prepare and render to Owner not later than the fifteenth (15th) day of each calendar month (i) a statement of cash receipts and disbursements, (ii) a tenant delinquency report, (iii) a rent roll, (iv) a bank account reconciliation and such other reports as Owner and Manager mutually agree upon for the prior month's operations. All reports provided to Owner in satisfaction of this Article VI shall be deemed accurate and correct between the Parties unless Owner notifies Manager within thirty (30) days after the date of said report and specifically identifies an alleged error or inconsistency.

## ARTICLE VII
## HAZARDOUS MATERIALS AND SUBSTANCES

7.1 **Hazardous and Toxic Materials**. If Manager is specifically notified in writing by a tenant residing at the Project, or any vendor or contractor hired by Manager, that any hazardous or toxic substance or material (i.e. gas, lead, asbestos, radon, or radioactive material), other than mold or fungi addressed below, exists upon, within, above, or beneath the Project, Manager will notify Owner. However, Manager shall not be responsible for evaluating the presence or absence of, abating, cleaning up, or remediating any hazardous or toxic substance or material, including but not limited to gas, liquid, waste materials, lead, asbestos, electromagnetic field, radon, radioactive materials, or other environmentally hazardous substances or concerns, upon, within, above, or beneath the Project. Similarly, Manager bears no responsibility for addressing, maintaining, or evaluating compliance with environmental, hazardous, or solid waste materials or waste laws, rules, and regulations, and shall not be responsible for conducting or ensuring the clean-up or remediation of such substances, or of spills or contamination related to or containing same, as described above. All such responsibilities and obligations outlined above shall be borne solely by Owner, and Owner agrees it will hire a qualified and licensed environmental clean-up company to complete such work and shall maintain responsibility for obtaining all required government approvals and providing applicable notices required by law. Owner may at its sole discretion and expense, obtain an environmental assessment report on the Project from an independent environmental consultant it retains. Owner agrees to make any environmental report on the Project it receives available to Manager for review. Owner also agrees to provide Manager with a copy of its most recent and current Phase I survey covering the Project, which survey shall have been completed within the last three years, and has implemented or will implement within thirty days of the Execution Date of this Agreement an operations and maintenance program consistent with market and industry standards. Owner will also provide Manager with any subsequent or updated Phase I documents and changes to the operations and maintenance program during the pendency of this Agreement.

7.2 **Mold**. Should Manager be put on notice of any actual or potential mold or fungi at the Project, Manager shall notify Owner. Manager may hire qualified contractors or third parties (including without limitation industrial hygienists) to investigate whether mold or fungi is indeed present and/or to perform remediation and/or abatement work. Manager shall administratively oversee the provision of such work, and Owner agrees (a) Owner is responsible for the costs associated with such work (including, but not limited to relocation or other costs required to house tenants during such work); and (b) Manager assumes no liability in connection with the performance of such work.

7.3 **Acknowledgement.** The Parties recognize and agree Manager's performance under this Section shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

## <u>ARTICLE VIII</u>
## <u>RESPONSIBILITIES OF OWNER</u>

8.1 **<u>Information to Be Supplied to Manager</u>**. Owner shall promptly furnish Manager with all information necessary to the management of the Project, including but not limited to: a legal description of the Project and any improvements; site plans and specifications; all current leases, amendments and pertinent correspondence relating thereto; all current tenant files; a current and complete rent roll and details relating to the status of rental payments; identification of all leases currently in dispute or litigation; all files on any litigation and/or disputes relating to all matters during the last seven (7) years; all information, including unredacted documents, which pertain to claims, damages, losses, and insurance claims relating to the Project during the last seven (7) years and which include the claimants' names, if possible; an operating budget and capital budget for the past and current calendar year; income cash flow report and variances from budgets for the prior and current calendar year; mortgage loan information, including mortgagee names and addresses, lien holders, loan payment information and the like; maturity dates and payment instructions; copies of property tax bills for all parcels that comprise the Project, including parcel numbers; copies of service contracts in effect; a list of current independent contractor and/or vendor accounts, including certificates of insurance naming Owner and Manager as additional insureds; all pertinent books and records relating to the management, operation and leasing of the Project; all third party contracts currently in force; utility account and contact information; the identities of all parties with an ownership interest in the Project that will need to be covered under the Project's insurance policies; all applicable insurance policies that are carried by Owner with respect to the Project during the term of this Agreement and the endorsements required by this Agreement (including but not limited to additional insured endorsements naming Owner and Manager as additional insureds as outlined in Section 9.2); any issues or conditions that are material to the management of this Project (including but not limited to existing or future issues or conditions that impact the physical property or the Owner financially); and policies and procedures for reporting claims and evaluating safety and loss prevention conditions. If the Project is HUD-financed, Owner shall notify Manager immediately upon being made aware by the Department of Housing and Urban Development of any proposed or scheduled Management Organization Review and/or REAC inspection related to the Project, and shall provide the Project's MOR and/or REAC scores and results immediately upon the availability of or Owner's receipt of same, and a copy of the same for the past two years. All of the information outlined in this Section 8.1 shall be provided by Owner to Manager upon the execution of this Agreement.

8.2 **<u>Information Relating to Litigation</u>**. Within ten (10) days of the Execution Date of this Agreement, Owner shall fully disclose all details, including but not limited to case numbers, case files, and correspondence, relating to past, pending, current, anticipated, and threatened litigation relating to the Project during the last seven (7) years. Owner's disclosure obligations shall also extend to any facts of which it has actual or constructive notice that may give rise to a lawsuit or insurance claim relating to the Project, as well as all past, pending, current, anticipated, and threatened insurance claims, disputes, administrative agency complaints, demands (regardless of type), records of property losses and damage relating to the Project during the last seven (7) years, records of all actual or alleged personal injuries sustained on the Project during the last seven (7) years, police reports relating to activity at the Project, records relating to fire damage or other physical losses at the Project, and actual or alleged workers compensation injuries and claims. Manager shall be compensated for any time spent in excess of five (5) hours responding to any single legal claim (regardless of governmental forum or stage of proceeding), legal dispute, administrative agency complaint, pre-lawsuit or legal demand, or actual or threatened litigation-related inquiries (including but not limited to compiling documents responsive to discovery requests) at the rate of $225 per hour.

8.3 **<u>Employee Oversight</u>**. Should Owner for any reason instruct Manager to terminate, hire, or retain any employee of Manager, and should Manager consider that such decision may result in an unlawful termination proceeding, administrative agency complaint, or other employment-related claims against Manager, the Parties agree to seek independent advice of counsel experienced in labor and employment issues on the propriety of such Owner decision prior to implementation. Further, in the event of commencement of any

unlawful termination proceeding, administrative agency complaint, or any employment-related claims by an employee terminated upon the instruction of Owner, Owner agrees to indemnify, immediately defend, and hold Manager harmless against all such claims, whether or not there are claims of negligence by Manager, whether reduced to judgment, or hearing officer decision, whether by monetary judgment, or other award. Owner agrees to immediately pay Manager's reasonable attorney fees and costs of any resulting suit, claim, or administrative costs.

8.4 **Notification of Changes in Ownership.** Owner agrees to notify Manager in writing within 10 days after any change in ownership (full or partial), change of name of the ownership entity, or any other change related to ownership of the Project. The notice to Manager will include copies of the documents showing any such change.

## ARTICLE IX
## INSURANCE

9.1 **Owner's Insurance**. Owner shall carry, at its sole expense, and to be made effective starting on the Execution Date, the following insurance policies to cover, defend, indemnify, and protect Owner and Manager in the operation, management, improvement, and enhancement of the Project, including any Project or Project Management services Manager may perform:

(a) "All-risk" broad form property damage insurance including replacement cost terms for the full value of the structure and improvements, loss of income, builder's risk insurance where applicable, and demolition, building ordinance coverage to cover the Project, coverage for earthquake sprinkler leakage where applicable, debris removal, and increased cost of construction coverage, earthquake, and flood coverage where lender demands and where applicable, to cover physical loss or damage to the Project from fire and extended coverage perils, including but not limited to vandalism and malicious mischief, as well as other coverages as shall be determined and required by Manager depending on the location and special needs of the Project.

(b) Commercial general liability insurance (on an occurrence, not claims-made form), including coverage for bodily injury (including death), third-party personal injury, property damage, personal and advertising injury coverage, medical expense coverage (in the value of at least $5,000 per claim), and host liquor liability. This general liability coverage shall have aggregate limits in an amount not less than $2,000,000 with a $1,000,000 per occurrence limit. Owner shall also purchase an excess or umbrella policy in the amount of $5,000,000. The carrier(s) for each liability policy shall have an A.M. Best Rating of A-/VIII or higher, and the policies shall each include coverage for losses arising from the ownership, management, and operation of the Project. Each liability policy shall name Manager as an additional insured by endorsement. Each liability policy shall be written or endorsed to apply primary and non-contributory to insurance maintained by Manager. If the insurance has a deductible or similar clause, Owner shall be responsible for paying any losses within said deductible, retention, or other clause. Owner's insurance under this clause shall not be canceled or modified without at least thirty (30) days written notice to Manager. Owner shall require its insurance carrier(s) issuing coverage required by this subsection to confirm coverage for ownership, management, and operation of the Project, the additional insured status of Manager, the primary and non-contribution nature of the policy, and the cancellation notice requirements by endorsement to its policy;

(c) Environmental or pollution legal liability coverage, which shall include remediation, clean-up and reconstruction coverage for mold, asbestos, pollution, toxic materials, and other environmental issues associated with liability or property losses/claims naming both Manager and Owner as named insureds with minimum aggregate limits of $1,000,000. The deductible under this policy shall not exceed $25,000, and Owner shall be responsible for losses within such deductible;

(d) Boiler and machinery insurance covering the building, fixtures, and equipment located at the Project for mechanical failure or explosion of pipes and boilers; and

(e) Cyber liability, including coverage to guard against unauthorized access to or disclosure of personal identification information of a tenant in an amount no less than $1,000,000 and naming Manager as an additional insured by endorsement.

Owner's insurers issuing coverages required by Section 9.1 must be licensed to do business in the state in which the Project is located and must have a Best's rating of A-VIII or better for the most current reporting period. Owner shall be solely responsible for the payment of deductibles and self-insured retentions, if any. To the extent Owner uses any deductibles or self-insured retentions to reduce or mitigate premium or risk cost, such deductibles or retentions will be entirely borne by and apply to the credit of the account of Owner, and with respect to Manager, such insurance will be treated as first-dollar insurance.

All policies shall waive the insurer's right of subrogation against Manager and Manager's affiliates and respective employees, insurers, shareholders, and authorized agents. Manager's officers and directors shall be included as insureds in Owner's policies of insurance required by this Section by definition or endorsement. Owner's policies of insurance required by this Section shall be primary for all claims arising at or on the Project, and any insurance policy maintained by Manager shall be excess and non-contributing in all respects.

Manager shall have an unconditional right to thirty (30) days written notice of an insurer's decisions to cancel a policy impacting the Project or any insurance policy required by this Section.

Within three (3) days of the Execution Date, Owner shall provide Manager complete copies of each policy required by this Section evidencing such coverage and with the declarations and coverage(s) pages listed above, and further evidencing that Manager and Manager's officers and directors are included as an insured by definition or endorsement.

9.2 **Manager's Insurance**. Manager agrees to purchase and shall carry the following policies of insurance for the duration of this Agreement commencing on the Execution Date:

(a) Commercial or general liability insurance with a combined single per occurrence limit of at least $1,000,000 for bodily injury, contractual, property damage, and personal and advertising liability;
(b) Comprehensive or commercial automobile liability insurance for all owned vehicles of Manager with a combined single limit per occurrence of $1,000,000 for personal injury and property damage liability;
(c) Excess liability with a combined single limit of $5,000,000;
(d) Worker's compensation and employer's liability insurance for Manager's employees in an amount equal to the greater of (i) $1,000,000 or (ii) the minimum amount required by the state in which the employee is working;
(e) Insurance against the risk of physical damage to or loss of personal property belonging to Manager in amounts sufficient to replace such property.

Upon written request, Manager shall furnish Owner with certificates of insurance evidencing the insurance coverage required under this Section. Such certificates will be issued by the insurer(s) or its authorized agent(s) and shall provide Owner will be given thirty (30) days prior written notice of cancellation of Manager's coverage by underwriters, or ten (10) days notice if cancelled for non-payment of premium. Except for workers' compensation or as otherwise set forth in any Budget, all Manager's insurance policies required under this Section shall be at Manager's sole cost, unless Owner requests specific coverage for Owner or the Project. Manager may maintain the coverage required by Section with "blanket coverage."

9.3 **Primary Coverages**. Owner's policies shall be primary for all claims arising at or on the Project and any policy of Manager shall be excess and non-contributing in all respects.

9.4 **Manager's Responsibilities**. Manager shall use commercially reasonable efforts to comply with all terms and conditions of Owner's insurance and shall notify Owner within forty-eight (48) hours after receiving actual notice of any loss, damage, claim, or injury that could give rise to a claim under Owner's insurance. Manager shall not knowingly take any action that may prejudice Owner in its defense of any such claim.

9.5 **Referral to Broker**. Upon Owner's request, Manager may refer Owner to a qualified insurance agent or broker to assist Owner in procuring insurance, including environmental insurance, for the Project. Owner agrees that Manager provides no guaranty, warranty, or representations for the types or amounts of insurance provided under any issued policies arising from such referral, and Manager assumes no responsibility or liability for the financial viability of the broker or the company issuing such policies. Owner acknowledges that Manager may receive a third-party referral fee or other profits in connection therewith.

9.6 **Resident Services.** Resident services include placement of liability insurance and additional services not specified in this Agreement utilizing Manager's technology and expertise to attract responsible renters, reliably keep units filled, and protect Owner's investment.

Subject to applicable law, Owner requires residents to purchase and maintain liability insurance for the financial protection of Project.

Manager or an affiliate will manage resident compliance with insurance requirements.

Owner acknowledges Manager or an affiliate may offer residents a compliance option allowing residents to purchase a liability insurance policy for the protection of Project while also providing convenience and higher resident satisfaction.

Manager or an affiliate will monitor resident compliance and automatically place a policy for the protection of Project whenever a resident's liability policy is no longer in force for any reason.

Owner acknowledges Manager and affiliates are providing additional value and operate on a for profit basis when offering a compliance option to purchase liability insurance, when monitoring compliance, when automatically placing insurance policies, when processing insurance information, documentation, and premiums for all policies, and when providing other resident services benefiting Project.

Owner acknowledges Manager and affiliates are entitled to receive incentive fees from third parties in connection with resident services with those fees not considered part of Gross Monthly Collections but rather to encourage innovative resident services, attract responsible renters, keep units filled, and protect Owner's investment.

## ARTICLE X
## INDEMNIFICATION

10.1 **Indemnification by Owner**. Owner agrees to indemnify, immediately defend, and hold harmless Manager, its affiliates (including without limitation any person who holds a direct or indirect ownership interest in Manager), and each of Manager's respective officers, directors, owners, shareholders, principals, insurers, employees, partners, agents, representatives, successors, and assigns ("Manager Indemnitees"), whether or not there are claims of negligence against Manager or Manager's Indemnitees, from and against all liabilities, obligations, claims, losses, causes of action, suits, proceedings, awards, judgments, settlements, demands, injury, damages, costs, expenses, fines, penalties, and fees (including attorney's fees) ("Claims") arising out of or relating to: (a) the ownership, maintenance, or operation of the Project (including claims made by vendors or suppliers to the Project); (b) the performance by Manager of its responsibilities under this Agreement; (c) any action undertaken by Manager at the express or implied direction of Owner; (d) Manager's status as property

manager for the Project, including Manager's efforts to enforce the Project's compliance with any federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (e) Owner's violation or alleged violation of any applicable federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (f) any errors, omissions, negligence, actions or inactions or alleged errors, omissions, negligence, actions or inactions taken by Owner and/or Owner's agents or consultants (including environmental consultants) concerning the Project or the premises upon which the Project is located (g) any actual or alleged debts, liabilities, or payments for which Manager is not liable pursuant to this Agreement; and (h) any attempt by any person, group, entity, or agency to designate or allege Manager as "operator" or "regulated facility" under the Resource Conservation and Recovery Act (RCRA) or a Potentially Responsible Party (PRP) under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), or otherwise make or allege Manager as being liable as a party under any environmental law, or make or allege Manager or its insurer as being a party in a claim for contribution, cost recovery, or indemnity. As set forth more fully in Article VII, Owner's responsibility under this defense and indemnity provision shall specifically extend to the presence or alleged presence of hazardous or toxic substances or materials, toxic wastes and similar substances, as well as insects, microorganisms and other substances, including fungi, mold and mold spores, upon, within, above or beneath the Project, that could cause or allegedly cause property damage or pose a threat to human health, and to costs incurred by Manager or any third party, in connection with any alleged, actual or failed investigation of site conditions or any alleged, actual or failed compliance by Manager with Owner's or Owner's consultant's directions, because of the presence or alleged presence of any hazardous or toxic materials, toxic wastes and similar substances, including but not limited to insects, microorganisms, fungi, mold and mold spores, with respect to the Project. The defense and indemnity provisions of this Section 10.1 shall survive the expiration or termination of this Agreement, and shall apply whether or not there are claims of negligence of Manager, but shall have no application where such Claims can be attributed to the gross negligence or willful misconduct of Manager, its agents, or employees, or Manager Indemnitees. Owner must obtain the consent of Manager to counsel selected by Owner to fulfill the defense obligations of this Section 10.1, such consent to not be unreasonably withheld by Manager.

10.2 **Indemnification by Manager**. Manager shall defend, indemnify, and hold harmless Owner, its affiliates, and each of Owner's respective officers, directors, employees, partners, agents, representatives, contractors, successors, and assigns ("Owner Indemnitees") from all Claims to the extent such Claims arise out of the gross negligence or willful acts of Manager, its agents, or employees and are not otherwise covered by Owner's insurance policies or by policies Owner declined to purchase. Manager shall not be liable to Owner or any other party for Claims relating to alleged or actual terrorist acts.

10.3 **Notice**. An Indemnitee must give the Indemnitor (as those terms are defined in Article I above) prompt written notice of any Claim. Upon receipt of such notice, the Indemnitor shall commence the investigation and defense on Indemnitee's behalf and at Indemnitor's sole expense using counsel acceptable to Indemnitee; provided, however, that the Indemnitee may employ separate counsel at its own expense. An Indemnitor may not settle any Claim against an Indemnitee on terms that (a) provide for a criminal sanction or fine against the Indemnitee, (b) admit to criminal liability on the part of the Indemnitee, or (c) provide for injunctive relief against the Indemnitee.

10.4 **Third Party Beneficiaries**. All Owner Indemnitee and Manager Indemnitee parties are third-party beneficiaries of this Agreement to the extent of their indemnity, defense, and similar rights under this Section, and may enforce that provision against Owner or Manager, as applicable.

10.5 **Survival.** The defense, hold harmless, and indemnity obligations of the Parties shall survive the termination of this Agreement, and shall continue after the termination of this Agreement until such time as any applicable statute of limitation shall have expired as to any claims that may be asserted by any third party or third parties against Manager, Owner or the Project.

## ARTICLE XI
## DEFAULT; TERMINATION

11.1 **Default by Manager**. Manager shall be deemed to be in default of this Agreement if Manager commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Owner or, if such default cannot reasonably be cured in thirty (30) days, then within such additional period as shall be reasonably necessary to effect a cure, so long as Manager commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall have the right to terminate this Agreement after the expiration of any notice and cure period, in addition to all other rights and remedies available to Owner at law and in equity.

11.2 **Default by Owner**. Owner shall be deemed to be in default of this Agreement if Owner commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Manager or, if such default cannot reasonably be cured in thirty (30) days, other than financial defaults, then within such additional period as shall be reasonably necessary to effect a cure, so long as Owner commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall be deemed to be in financial default hereunder should it (i) fail to pay any amount due to Manager or (ii) fail to provide funds to operate the Project, and further fails to correct such default(s) within five (5) business days of written notice from Manager of such failure to provide funds. If the Owner is in financial default as described, or is otherwise involved in any actions that, at the sole discretion of the Manager, create a serious risk to the Manager or the community, this default may result in the immediate termination of this Agreement. Should Manager terminate this Agreement pursuant to this Section, Owner shall pay Manager, no later than ten (10) calendar days after receiving notice of such termination, the Termination Fee and Manager is entitled to deduct such fee from the Trust Account. The payment to Manager under this Section shall not affect Manager's right to recover from Owner damages that Manager has suffered due to Owner's default.

11.3 **Termination for Convenience**. Notwithstanding anything to the contrary in this Agreement, during the initial exclusive term, either Party may terminate this Agreement for convenience or in the event of casualty by giving the other Party thirty (30) days written notice and specifying the date of termination in the notice. If Owner gives notice of termination of this Agreement within the initial exclusive term, Owner shall pay Manager the Termination Fee. Should Owner sell or otherwise convey the Project, Manager may terminate this Agreement by giving Owner thirty (30) days written notice. If Owner sells or conveys the Project within the initial exclusive term, Owner shall pay Manager the Termination Fee. Any Termination Fee shall be paid within ten (10) calendar days of the date written notice of termination is sent.

11.4 **Effect of Termination; Obligations of Parties**. Upon expiration or termination of this Agreement, Manager's authority to act for Owner shall cease and Manager shall vacate the Project premises, unless otherwise agreed by the Parties in writing. Within forty-five (45) days after the expiration or earlier termination of this Agreement, Manager shall deliver a final accounting to Owner with respect to the operations of the Project, including a final accounts receivable and accounts payable list and a final bank account reconciliation along with all funds remaining in the Trust Account. Immediately upon termination of this Agreement, Manager shall deliver to Owner all original permits, plans, records, leases, licenses, contracts, books, keys, computer data, records, and other personal property owned by Owner that is in Manager's possession relating to the Project. Within five (5) days of termination, a list of all tenant security deposit obligations shall be delivered to Owner. Within thirty (30) days of termination, Manager will submit a release all funds held except for those necessary to pay unpaid obligations. Upon expiration or termination of this Agreement, Owner shall remain liable for and shall assume all obligations relating to the Project, including those relating to contracts entered into by Manager for Owner's benefit in accordance with this Agreement. Within thirty (30) days of termination, Owner shall pay Manager all amounts due for services rendered prior or after termination under the terms of this Agreement, and Manager retains the right to deduct any such amounts

due from the Trust Account. All records relating to the Project required to be maintained by Manager under Nevada law will be maintained by Manager for the required holding period after the transaction is terminated.

## ARTICLE XII
## ARBITRATION

12.1 **Arbitration**. Any claim or controversy of whatever nature, including but not limited to the issue of arbitrability, arising out of or relating to this Agreement, or the breach of this Agreement, shall be settled by final and binding arbitration. The arbitration shall be conducted by a qualified arbitrator in accordance with the Nevada Arbitration Act ("NAA"). Only one arbitrator shall be used, and the arbitrator shall be selected pursuant to the criteria and processes outlined by the NAA rules. The arbitrator shall have the authority to determine and award costs of arbitration as well as costs incurred by any Party for attorneys, experts, and consultants. Except for cost awards, the arbitrator's award shall be limited to actual damages and will not include consequential, punitive, or exemplary damages. The arbitrator's award shall be final and binding on all Parties. The Parties further agree that such award may be entered as a judgment of any court having jurisdiction.

## ARTICLE XIII
## GENERAL

13.1 **Owner's Representative**. Owner shall designate one person to serve as Owner's representative, and a designee to act as substitute in the absence of Owner's representative, in all communications with Manager. Whenever the approval or consent or other action of Owner is called for, the approval, consent or action by the Owner's representative shall be binding on Owner. Owner's representative and the designee of Owner's representative are identified as follows:

| | |
|---|---|
| Representative: | Designee: |
| Hilary Lopez, Executive Director | ________________ |
| 1525 E. Ninth Street | ________________ |
| Reno NV 89512 | ________________ |
| Phone: 775.686.9003 | Phone: ________________ |
| Email: hlopez@renoha.org | Email: ________________ |

Such representative may be changed at the discretion of Owner, at any time, under the provisions of notice in this Agreement.

13.2 **Notices**. Any notices required by this Agreement shall be personally delivered or sent by regular first-class mail, postage prepaid, addressed or by confirmed, received email as follows:

| | |
|---|---|
| **To Owner:** | **To Manager:** |
| HOUSING AUTHORITY OF THE CITY OF RENO | CLOUDTEN RESIDENTIAL |
| 1525 E. Ninth Street | 4751 Caughlin Parkway |
| Reno NV 89512 | Reno NV 89519 |
| Attention: Hilary Lopez, Executive Director | Attention: Joseph S. Greenblatt, CPM |
| Email: hlopez@renoha.org | Email: jgreenblatt@livecloudten.com |

or at any other addresses as the Parties may designate to each other in accordance with this Section. A notice shall be deemed effective when an email is sent if the email is sent during business hours of sending party or the next business day if sent after business hours of sending party, provided no "bounceback" response is received and further provided a mail copy is sent concurrently with such email copy. If a "bounceback" response is received to an email notice and a valid replacement email cannot be promptly obtained, notice shall

be effective one (1) business day after deposit of the notice in U.S. mail. All Parties agree to notify the other of any change to their ownership entity or contact information within ten (10) days of the changes.

13.3 **Attorney's Fees**. In the event of any controversy, claim or action filed between the Parties respecting this Agreement or in connection with the Project, the prevailing party shall be entitled, in addition to all expenses, costs, and damages, to reasonable attorney's fees, at trial, on appeal, or in arbitration, whether or not such controversy was litigated, arbitrated, or prosecuted to an award. In the event that any controversy is litigated or arbitrated, the attorney's fees shall be set by the court or arbitrator, as applicable.

13.4 **Complete Agreement**. This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Manager with respect to the management and operation of the Project and supersedes and replaces all previous management or other agreements entered and/or negotiated between Owner and Manager relating to the Project covered by this Agreement. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by Owner and Manager. Except as otherwise provided, all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Owner and Manager in writing. Each Party to this Agreement acknowledges and agrees the other Party has made no warranties, representations, covenants or agreements, express or implied, to such Party, other than those expressly set forth, and each Party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, to such Party, other than those expressly set forth in this Agreement, or as set forth in an exhibit or appendix to this Agreement.

13.5 **Amendment**. Neither this Agreement nor any provision, may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the Party against whom enforcement of the change, waiver, discharge, or termination is sought.

13.6 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

13.7 **Interpretation**. If any part of this Agreement shall be declared invalid or unenforceable, Manager shall have the option to terminate this Agreement by notice to Owner.

13.8 **Governing Law**. This Agreement and the obligations of Owner and Manager shall be interpreted, construed, and enforced in accordance with the laws of Nevada. All Parties agree to abide by all city, county, state, federal (including fair housing) laws.

13.9 **Force Majeure**. Any delays in the performance of any obligation of Manager under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, pandemic, and other similar cases not within the control of Manager, and any time periods required for performance shall be extended accordingly.

13.10 **Non-Assignment.** This Agreement is not assignable unless all Parties agree in writing to the assignment. Approval will not be withheld unreasonably.

Owner and Manager have caused this Agreement to be executed as of the Execution Date.

| **OWNER** | **MANAGER** |
|---|---|
| HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation<br><br>By: ___________________________<br>Hilary Lopez, Executive Director | CLOUDTEN RESIDENTIAL, a Nevada corporation<br><br>By: _________________________________<br>Joseph S. Greenblatt, CPM, CEO, or<br>Jessica Weil, designated broker salesperson |

# MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is entered March __, 2024 ("Execution Date") between HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation ("Owner"), and CLOUDTEN RESIDENTIAL, a Nevada corporation ("Manager"). Owner and Manager are sometimes referred to collectively as "Parties" or individually as "Party."

## RECITALS

A. Owner holds title to that certain real property described and identified as "Project" in Article I below;

B. Owner desires to appoint Manager as sole and exclusive agent of Owner to manage, operate, maintain, service, and supervise the leasing and operations of the Project and such other operations as agreed upon by the Parties, subject to the provisions outlined in this Agreement; and

C. Manager desires to accept and assume such responsibilities, again subject to the provisions of this Agreement.

In consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

## ARTICLE I
## DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 **Budget.** A composite of (a) an Operations Budget, which shall be an estimate of receipts and expenditures for the operation of the Project during a Fiscal Year, including a schedule of expected rentals (excluding security deposits) for the Fiscal Year, and (b) a Capital Budget, which shall be an estimate of capital replacements, substitutions, and additions for the Project (other than routine repairs and maintenance) for the Fiscal Year.

1.2 **Dates.**

1.2.1 **Execution Date.** This Agreement is made effective on the Execution Date.

1.2.2 **Fee Commencement Date.** The Management Fee (defined in Section 4.1) shall be paid from Owner to Manager starting ________ ("Fee Commencement Date").

1.3 **Fiscal Year**.

1.3.1 The "Initial Fiscal Year" shall begin on the Fee Commencement Date and end on December 31 of that year.

1.3.2 "Fiscal Year" shall mean each full calendar year after the Initial Fiscal Year, unless otherwise agreed to by the Parties.

1.4 **Gross Monthly Collections**. All amounts collected relating to the Project, including but not limited to rents, laundry income, late charges, NSF fees, utility payments, fees, and deposit forfeitures. Gross Monthly Collections shall not include the following: security and other deposits paid by Project residents that have not been forfeited; proceeds from property insurance proceeds (excluding rent interruption proceeds relating to the Project); the proceeds received from any

taking by condemnation or eminent domain; and any awards from litigation not relating to the collection of rents and related charges.

1.5 **Indemnitee**. A Party seeking indemnification under this Agreement.

1.6 **Indemnitor.** A Party providing indemnification under this Agreement.

1.7 **Projects**. The 16 unit residential complex known as Prater Way Apartments having a street address of 1559 Prater Way, Sparks NV.

1.8 **Project Employees**. Those persons employed by Manager on-site as management staff (e.g., senior manager, manager, assistant managers, leasing consultants, maintenance supervisors, van drivers, concierge, et cetera). "Project Employees" shall not include third party vendors with whom Manager contracts on Owner's behalf and at Owner's expense to perform various functions, including but not limited to marketing, administration, repair and maintenance work, at the Project.

1.9 **Project Management**. As outlined more fully in Section 4.6, Project Management services, if agreed to via separate written agreement, fall outside the scope of Manager's day-to-day managerial responsibilities and involve coordination of the work of licensed and insured third party contractors to complete major structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work at the Project.

1.10 **Termination Fee**. The Termination Fee shall be equal to one month's Management Fee calculated as the average of the prior three months' Management Fees.

1.11 **Trust Account**. An account opened and maintained by Manager in Manager's name and on Owner's behalf with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement; provided, however, that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and on Owner's behalf with an FDIC-insured bank selected by Manager. In conformance with Nevada law, Owner shall not be authorized to draw from the Trust Account on its own signature.

1.12 **Owner's Registered Address**. The street address of the state registered office of Owner in the state Project is in is 1525 E. Ninth Street, Reno NV 89512.

## ARTICLE II
## APPOINTMENT AND TERM

2.1 **Appointment**. Owner appoints Manager as sole and exclusive property leasing and management agent for the Project and Manager accepts the appointment. Manager's services shall be provided to Owner on a non-exclusive basis with respect to other multifamily projects. Manager may install one or more signs on or about the Project stating that the Project is under management of Manager, and Manager must use its name and may, in a commercially reasonable manner, use its logo in any display advertising that may be lawfully done on behalf of the Project. Owner shall provide adequate office space at the Project at no cost to Manager for Manager's exclusive use in discharging its duties under this Agreement.

2.2 **Independent Contractor**. Manager shall be an independent contractor of Owner, and nothing contained in this Agreement, or exhibited by the course of dealing between the Parties, shall be construed or

deemed to create an employment, partnership, joint venture, or other relationship between Manager and Owner unless explicitly and unequivocally agreed to by the Parties in writing.

2.3 **Term**. This Agreement shall be effective on the Execution Date. Subject to Article XI, this Agreement shall continue as an exclusive Agreement for a period of one (1) year from the Fee Commencement Date. After the initial exclusive term expires, this Agreement will continue on a month to month basis either Party may terminate for any reason or no reason at all thirty (30) days after delivery of written notice.

## ARTICLE III
## DUTIES AND AUTHORITY OF MANAGER

3.1 **Scope of Duties and Authority**. Manager shall, as agent for and at the expense of Owner, perform all of duties provided in this Agreement and have authority and power to take such other action as Manager deems necessary, in its reasonable discretion, to maintain the Project and comply with all county, state, and federal laws without further approval of Owner, unless specifically required by this Agreement. As Owner's agent, Manager shall have the right to execute and deliver documents on behalf of Owner and to otherwise bind Owner as provided in this Agreement.

3.2 **Rental Activities**. Manager shall, with reasonable diligence, render the following services:

(a) Use commercially reasonable efforts at Owner's expense to maximize occupancy at the Project, including marketing and advertising the Project subject to applicable budgetary limitations, if any;
(b) Negotiate and execute, as Owner's agent, resident leases for the Project;
(c) As set forth more specifically in Section 5.3, collect all rents and other income (including late rent, utility and expense reimbursements, fees for ancillary services, administrative charges, and/or any other fees associated with the lawful use of the Project) that are due for the Project, and, at Manager's discretion, take reasonable steps to enforce the collection of all rents and income for the Project (including but not limited to instituting legal actions or other proceedings, at Owner's cost and on Owner's behalf, to collect delinquent rent or other income and to dispossess residents or other persons from the Project, enter into settlements of such actions, accept promissory notes and other payment arrangements); and
(d) Comply with tax collection and landlord registration requirements, subject to the Owner's duties to promptly notify Manager of accurate ownership and contact information.

3.3 **Budget**.

(a) The proposed Budget for the Initial Fiscal Year shall be submitted to Owner no later than sixty (60) days after the earliest of the following "delivery dates:" the Fee Commencement Date; the projected date for receipt of the first certificate of occupancy for a building to be occupied by residents, or the date Manager occupies a leasing office for the Project.
(b) For each Fiscal Year, Manager shall submit a proposed Budget to Owner for review no later than sixty (60) days prior to the beginning of that Fiscal Year.
(c) If the Initial Fiscal Year proposed Budget delivery date lands in first 60 days of the Fiscal Year, then the Initial Fiscal Year and Fiscal Year proposed Budget shall be combined, shall cover both proposed Budget periods, and shall be delivered on a date mutually agreed to by the Parties.
(d) Owner shall respond to the proposed Budget within thirty (30) days of receipt. Should Owner fail to respond to a proposed Budget (or to any part thereof), the proposed Budget (either in its entirety or any part thereof, as the case may be), shall be deemed approved.
(e) Should Owner disapprove a proposed Budget, Owner shall work with Manager to prepare a Budget within thirty (30) days. During the pendency of that process, Manager shall use the prior Fiscal

Year Budget (as adjusted to reflect changes in the Consumer Price Index – All Urban Consumers for the area in which the Project is located).

(f) The Parties agree Budgets are intended as projections only and Manager shall not be liable for any shortfalls or other losses relating to the failure of Project operations to achieve results projected in any Budget.

3.4 **Operations; Contracts; Supplies**.

(a) Manager shall purchase, at Owner's expense, all equipment, appliances, materials and supplies reasonably necessary for the care, maintenance, and operation of the Project. Owner acknowledges its responsibility to provide funding necessary to allow Manager to comply with all laws and regulations relating to the operation and management of the Project.

(b) Manager is authorized and required to enter into written contracts in the name of and on behalf of Owner, at Owner's sole expense, with third party vendors, contractors, licensees, and suppliers (collectively and interchangeably "service providers" or "third party vendors") for services and supplies relating to the Project, including but not limited to utilities, electricity, water, gas, fuel, telephone, advertising, pest control, waste removal, landscape maintenance, tree trimming, roof maintenance, and general maintenance, or such other contracts as may be necessary for the care, operation and maintenance of the Project. Manager shall utilize a third-party vendor credentialing service to qualify and select third party vendors. Owner shall defend, indemnify, and hold Manager harmless from all damages that arise from the use of any vendor or supplier at the Project, including for claims of negligence by Manager, except to the extent caused by Manager's gross negligence or willful misconduct.

(c) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

3.5 **Repairs and Maintenance**.

(a) Manager shall use commercially reasonable efforts to cause to be made all necessary repairs and to maintain the Project at Owner's expense. Manager shall, in Owner's name and at Owner's expense, utilizing independent contractors approved by a third-party vendor credentialing service, hire independent contractors for the repair and maintenance of the Project to the extent the independent contractor's involvement is, in Manager's discretion, necessary. For purposes of this Agreement, "maintenance" may include, without limitation, normal or customary decorating, maintenance, alterations, and repair work as may be reasonable, advisable, or necessary. Maintenance shall not include structural repairs or substantial alterations to, or improvement, renovation, or rehabilitation of the Project or any Project portion.

(b) Expenditures for maintenance and repair are subject to applicable Budget-related limitations of the Project. However, in the case of an emergency, Manager may make, at Owner's expense, such expenditures as Manager deems reasonably necessary to prevent injury to persons, loss of life, or damage to or loss of property, and to minimize further damage to the Project, without prior approval of Owner. Manager shall promptly notify Owner of any such emergency expenditure, as well as the action taken, and the expenses incurred.

(c) Should structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work be undertaken at the Project and Owner desires Manager's involvement in the oversight of such work, Manager may perform Project Management as provided more specifically in Section 4.6 subject to the Parties entering into a separate written agreement.

(d) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of the indemnification provisions of Section 10.1.

3.6 **Operating Expenses**. Manager shall pay from Gross Monthly Collections all loan payments, real property taxes, insurance, all operating expenses, and other expenses of the Project. Manager shall pay all expenses from funds available in the Project Trust Account(s) or from funds provided by Owner (unless such amounts are being paid by Owner's lender). Owner shall provide Manager with the funds necessary to pay expenses within seven (7) days of notification. Notwithstanding the foregoing, with the exception of expenses included in an approved budget, Manager shall not enter into an agreement for or make expenditures without the prior approval of Owner in excess of one thousand five hundred dollars ($1,500) for any one item, except for monthly recurring operating charges or for emergency repairs as set forth above at Section 3.5(b).

3.7 **Project Employees**. Manager shall hire, train, instruct, pay, and supervise the work of all Project Employees (including but not limited to residential managers, assistants, and rental agents). Project Employees shall be employees of Manager and not of Owner. All wages, salaries, payroll taxes, workers compensation insurance, health insurance costs, related payroll processing and administration and training expenses for such employees or independent contractors shall be paid from Gross Monthly Collections or funds provided by Owner. Project Employees shall not include third party vendors or independent contractors who Manager uses or retains on Owner's behalf and/or as Owner's agent to service and/or supply the Project and/or perform maintenance at the Project. If Project Employees also provide services to properties other than the Project, Owner shall be responsible only for the pro rata share of such Project Employees' costs.

3.8 **Limitation of Liability**. Manager shall have no liability whatsoever with respect to the acts or omissions of Owner, previous owners of the Project, any previous property manager, or any other agent of Owner arising from or related to the Project.

3.9 **Compliance with Nevada Laws.** Owner shall be solely responsible for ensuring it complies with all applicable Nevada laws concerning the operation of a business, including but not limited to, maintaining a valid business license(s) and ensuring it is properly qualified to transact business with the Nevada Secretary of State.

3.10 **Affiliated Entities.** Manager will disclose to Owner in writing any planned use of Manager's employees or any business in which Manager has a pecuniary interest to perform work on the Project to the extent such employees and/or business are not already disclosed in this Agreement.

## ARTICLE IV
## MANAGEMENT FEES; PAYMENT TO MANAGEMENT

4.1 **Management Fee**.

(a) Beginning on the Fee Commencement Date, Owner shall pay Manager, as compensation for Manager's services, the monthly sum of one thousand dollars $1,000.00 ("Management Fee").

1. Eighty percent (80%) of the estimated Management Fee, based on the prior month's Gross Monthly Collections, shall be payable to Manager by the tenth (10th) day of each calendar month, with the full balance being payable on or prior to the last day of the month to which it relates. Manager is authorized to pay the Management Fee from the Trust Account.

(b) The Management Fee shall be paid directly to Manager from Gross Monthly Collections and may be deducted from the Trust Account concurrent with deposit of collections into the Trust Account or thereafter. Owner shall be responsible for the timely remittance of any tax that may be due with respect to the Management Fee, payroll expenses, or any other sums due or reimbursable to Manager in accordance with the terms of this Agreement. Manager and Owner acknowledge and agree that Manager's fees have been specifically negotiated and approved.

4.2 **Intentionally Left Blank**.

4.3 **Reimbursement of Incidental Operating Expenses.** Owner shall reimburse Manager for such out-of-pocket ancillary fees which Manager may incur on Owner's behalf to cover all operating expenses and direct costs associated with operation of the Project including, but not limited to the cost of online reputation management services which cost shall not exceed $5.50 per unit per year and which shall be billed monthly and in no case shall exceed a cap of $135.00 per month for the Project, postage, courier, site long distance telephone, site employee vehicle mileage allowances, document reproduction, check printing, Trust Account bank fees, site software or data processing services, site office supplies and equipment. Owner recognizes that purchases of, or contracts for, materials or services may be made in bulk by Manager in connection with its operation of multifamily projects generally, and Owner agrees that the pro rata portion of the net costs of such materials or services used in connection with, or for the benefit of, the Project shall be allowed as a reimbursement cost hereunder. Manager may deduct any amounts due for reimbursement of incidental operating expenses from the Trust Account.

4.4 **Initial Deposit**. Owner shall, on the Fee Commencement Date, deposit the amount of ten thousand dollars ($10,000.00) into the Trust Account (defined in Section 5.1) for payment of the Management Fee, startup operations, and ordinary and/or budgeted expenses expected to be incurred at the Project.

4.5 **Payment Obligations Survive Termination**. Upon termination of this Agreement for any reason and regardless of cause, Owner shall continue to be obligated to pay Manager all amounts due with respect to the period prior and subsequent to such termination (including all expenses that are reimbursable in accordance with the terms of this Agreement, the Management Fee for the period ending on the date of termination, any applicable Termination Fee, and additional fee due Manager pursuant to this Agreement), as well as all costs and expenses incurred by Manager in terminating its involvement with the Project.

4.6 **Project Management Services**. Maintenance of the Project shall not include structural repairs or substantial alterations or improvements to the Project, including capital improvements, renovation, or rehabilitation of the Project or a Project portion. In the event substantial construction or renovation work is undertaken at the Project and Owner desires Manager's oversight, Manager may agree to perform Project Management. Manager's fee for such work shall be equal to five percent (5%) of total job costs, with a $500 minimum fee per job assignment and subject to Owner's prior written approval. Each Project Management assignment requires the Parties to enter into a separate written agreement. Manager may deduct the fees it earns for Project Management Services directly from the Trust Account upon completion of services. The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

4.7 **Other Services**. Should Owner engage Manager to perform services that are not otherwise specified under the terms and provisions of this Agreement, the Parties shall meet to discuss and agree in advance to additional compensation to be paid by Owner to Manager for such additional services and shall memorialize the scope of and payment schedule for such services in an addendum to this Agreement signed by both Parties. Such other services may include, but are not limited to, due diligence work associated with future sale of the Project, participating in financial audits, administration of insurance claims, refinancing the Project, common area maintenance reconciliation, or legal dispute resolution. Manager's current standard hourly rates are as follows:

| | | |
|---|---|---|
| a. | Company Principal or Executive | $225 per hour |
| b. | Property Manager/Marketing Manager | $140 per hour |
| c. | Interior/Exterior Design Services | $140 per hour |
| d. | Controller or Accounting Manager | $120 per hour |
| e | Assistant Property Manager | $95 per hour |

| | | |
|---|---|---|
| f. | Staff Accountant | $95 per hour |
| g. | Graphic Design Services | $75 per hour |
| h. | Administrative Staff | $55 per hour |

Manager may deduct the fees it earns for such other services directly from the Trust Account upon completion of the services. In addition to Owner's other indemnification obligations, Owner expressly agrees to defend, indemnify, and hold harmless Manager and its agents, employees, and assigns for all claims arising from these additional services.

4.8 **Post-Engagement Fee**. Should Owner request that Manager provide any services (including but not limited to entering invoices, cutting checks, recording post-closing entries, and preparing financial statements, reconciling bank accounts, or consulting with tax preparers or auditors) for more than thirty (30) days after either Party provides notice of intent to terminate this Agreement, Owner shall pay Manager a Post-Engagement Fee equal to 50% of the last full month's Management Fee. Manager may deduct the Post-Engagement Fee from the Trust Account upon completion of post-engagement services.

## ARTICLE V
## BANK ACCOUNTS AND DISBURSEMENTS

5.1 **Bank Deposits; Trust Accounts**.

(a) Owner authorizes Manager to open, maintain, and operate one or more non-interest-bearing Trust Accounts in Manager's name to benefit the Project with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement as defined in Section 1.11. Owner shall promptly deliver to Manager any documentation reasonably requested by the depository institution which is necessary to establish the Trust Account. Owner agrees that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and for the benefit of Owner and Project. Manager may transfer funds between one or more of Trust Accounts. All such transfers must be in accordance with Nevada law. Manager may transfer funds electronically via the internet or Automated Clearing House (ACH) software to a bank account designated by Owner. Manager may make payments electronically to a vendor's account for expenses related to Project. Manager always agrees funds of Owner will not be commingled or in any way combined with funds of other Owners, or in any way commingled with the operating accounts maintained by Manager for Manager's benefit.

(b) Gross Monthly Collections and other monies received or collected by Manager with respect to the Project, including tenant security deposits described in Section 5.1(c), shall be deposited into the Trust Account. The Trust Account shall accrue credits used to offset bank service charges assessed to Manager. To the extent such credits do not offset bank services charges, such bank services charges are an authorized Project expense. Where security deposits are held in the Trust Account, those security deposits will be accounted for as a liability.

(c) Manager shall, if directed by Owner or if otherwise required by applicable laws, open a separate bank account specifically designated for holding and disbursing security deposits ("Security Deposit Trust Account").

(d) To the extent any security deposit or any portion of any security deposit becomes refundable to a tenant(s) of the Project, Manager shall be authorized to disburse the refund from the Trust Account or Security Deposit Trust Account, as the case may be, without the express written consent of Owner. In no event shall Manager be liable for any tenant security deposits not retained in the Trust Account or Security Deposit Trust Account. In the event a tenant entitled to recover a security deposit makes a security deposit claim, Owner shall defend, indemnify, and hold Manager harmless for, from and against any or all such claims to the extent such claims do not arise from the gross

negligence or willful misconduct of Manager or its agents and employees. Manager shall otherwise be responsible for the disposition and refund of security deposits and shall defend, indemnify, and hold Owner harmless for, from and against claims arising out of any breach of those laws, except where such claims arise from the gross negligence or willful misconduct of Owner, its agents, and/or employees.

(e) At all times, the balance in any Trust Account shall not drop below ten thousand dollars ($10,000). If there are insufficient funds to pay all operating expenses of the Project and maintain this reserve amount, then Manager may pay payroll and related burdens, and any Management Fees and reimbursements due to Manager, before paying other operating expenses of the Project.

(f) Excess funds shall be distributed to Owner at Owner's direction, no less than annually unless otherwise directed.

(g) At Owner's cost and approval, Manager shall employ the use of ACH fraud filters, positive pay services (such as positive pay, positive pay with payee validation, or reverse positive pay) and payment authorization services for all applicable Trust Accounts (collectively "Positive Pay Practices"). If Manager complies with the provisions of this Section, but Owner nevertheless suffers or incurs a loss from payment of fraudulent or unauthorized instruments, Manager shall work with the Trust Account bank and assist Owner in recovering the loss. If Owner declines to utilize Positive Pay Practices, any loss from fraud or unauthorized payments shall be the responsibility of Owner.

5.2 **Disbursement of Funds**. Manager shall disburse funds in the Trust Account on behalf of Owner for payment of Project expenses incurred by Manager in the performance of its duties and other expenses identified by Owner to Manager. Manager is expressly authorized to pay or reimburse itself for all fees (including the Management Fee) and expenses and all other sums due Manager under this Agreement from funds in the Trust Account. Management Fees are earned at the time or date provided in this Agreement and must be disbursed from the Trust Account no later than the last day of the month in which earned. Manager shall designate one or more individuals who shall be the only parties authorized to draw upon such accounts.

5.3 **Collection of Rents and Other Receipts**. Manager shall collect (and give receipts for, if necessary) all rents, charges and other amounts received in connection with the management and operation of the Project. All security deposits shall be deposited into the Security Deposit Trust Account described above and accounted for as a liability of Owner unless otherwise directed by Owner.

5.4 **Fees for Professional Services or Advice**. Owner shall pay reasonable expenses incurred by Manager in obtaining professional services or advice regarding compliance with any law affecting the Project or activities related to the operation of the Project within an approved budget as established. Manager shall obtain the prior consent of Owner for professional service fees expended more than amounts set forth in an approved budget. If any expenditure for professional services also benefits others for whom Manager acts as a property manager, Owner's obligation shall be limited to Owner's pro rata portion of such expense for professional services.

5.5 **Net Proceeds**. To the extent that funds are available, after maintaining a cash contingency reserve amount as specified above and providing for ordinary or budgeted outlays, Manager shall transmit net cash proceeds to Owner monthly at a time reasonably specified by Manager unless otherwise directed by Owner.

## ARTICLE VI
## ACCOUNTING AND RECORDKEEPING

6.1 **Books and Records**. Manager shall maintain in a manner customary and consistent with good management principles, practices and procedures, a system of books, records, and accounts in which shall be entered all receipts and disbursements. The Project books, records and accounts shall be maintained at the Project, at Manager's business address or at any other place as Manager shall select. Owner shall have the right,

at its own expense, to inspect and audit such books, records, and accounts at reasonable times during the period of this Agreement.

6.2 **Reports and Statements**. Manager shall prepare and render to Owner not later than the fifteenth (15th) day of each calendar month (i) a statement of cash receipts and disbursements, (ii) a tenant delinquency report, (iii) a rent roll, (iv) a bank account reconciliation and such other reports as Owner and Manager mutually agree upon for the prior month's operations. All reports provided to Owner in satisfaction of this Article VI shall be deemed accurate and correct between the Parties unless Owner notifies Manager within thirty (30) days after the date of said report and specifically identifies an alleged error or inconsistency.

## ARTICLE VII
## HAZARDOUS MATERIALS AND SUBSTANCES

7.1 **Hazardous and Toxic Materials**. If Manager is specifically notified in writing by a tenant residing at the Project, or any vendor or contractor hired by Manager, that any hazardous or toxic substance or material (i.e. gas, lead, asbestos, radon, or radioactive material), other than mold or fungi addressed below, exists upon, within, above, or beneath the Project, Manager will notify Owner. However, Manager shall not be responsible for evaluating the presence or absence of, abating, cleaning up, or remediating any hazardous or toxic substance or material, including but not limited to gas, liquid, waste materials, lead, asbestos, electromagnetic field, radon, radioactive materials, or other environmentally hazardous substances or concerns, upon, within, above, or beneath the Project. Similarly, Manager bears no responsibility for addressing, maintaining, or evaluating compliance with environmental, hazardous, or solid waste materials or waste laws, rules, and regulations, and shall not be responsible for conducting or ensuring the clean-up or remediation of such substances, or of spills or contamination related to or containing same, as described above. All such responsibilities and obligations outlined above shall be borne solely by Owner, and Owner agrees it will hire a qualified and licensed environmental clean-up company to complete such work and shall maintain responsibility for obtaining all required government approvals and providing applicable notices required by law. Owner may at its sole discretion and expense, obtain an environmental assessment report on the Project from an independent environmental consultant it retains. Owner agrees to make any environmental report on the Project it receives available to Manager for review. Owner also agrees to provide Manager with a copy of its most recent and current Phase I survey covering the Project, which survey shall have been completed within the last three years, and has implemented or will implement within thirty days of the Execution Date of this Agreement an operations and maintenance program consistent with market and industry standards. Owner will also provide Manager with any subsequent or updated Phase I documents and changes to the operations and maintenance program during the pendency of this Agreement.

7.2 **Mold**. Should Manager be put on notice of any actual or potential mold or fungi at the Project, Manager shall notify Owner. Manager may hire qualified contractors or third parties (including without limitation industrial hygienists) to investigate whether mold or fungi is indeed present and/or to perform remediation and/or abatement work. Manager shall administratively oversee the provision of such work, and Owner agrees (a) Owner is responsible for the costs associated with such work (including, but not limited to relocation or other costs required to house tenants during such work); and (b) Manager assumes no liability in connection with the performance of such work.

7.3 **Acknowledgement.** The Parties recognize and agree Manager's performance under this Section shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

## ARTICLE VIII
## RESPONSIBILITIES OF OWNER

8.1 **Information to Be Supplied to Manager**. Owner shall promptly furnish Manager with all information necessary to the management of the Project, including but not limited to: a legal description of the Project and any improvements; site plans and specifications; all current leases, amendments and pertinent correspondence relating thereto; all current tenant files; a current and complete rent roll and details relating to the status of rental payments; identification of all leases currently in dispute or litigation; all files on any litigation and/or disputes relating to all matters during the last seven (7) years; all information, including unredacted documents, which pertain to claims, damages, losses, and insurance claims relating to the Project during the last seven (7) years and which include the claimants' names, if possible; an operating budget and capital budget for the past and current calendar year; income cash flow report and variances from budgets for the prior and current calendar year; mortgage loan information, including mortgagee names and addresses, lien holders, loan payment information and the like; maturity dates and payment instructions; copies of property tax bills for all parcels that comprise the Project, including parcel numbers; copies of service contracts in effect; a list of current independent contractor and/or vendor accounts, including certificates of insurance naming Owner and Manager as additional insureds; all pertinent books and records relating to the management, operation and leasing of the Project; all third party contracts currently in force; utility account and contact information; the identities of all parties with an ownership interest in the Project that will need to be covered under the Project's insurance policies; all applicable insurance policies that are carried by Owner with respect to the Project during the term of this Agreement and the endorsements required by this Agreement (including but not limited to additional insured endorsements naming Owner and Manager as additional insureds as outlined in Section 9.2); any issues or conditions that are material to the management of this Project (including but not limited to existing or future issues or conditions that impact the physical property or the Owner financially); and policies and procedures for reporting claims and evaluating safety and loss prevention conditions. If the Project is HUD-financed, Owner shall notify Manager immediately upon being made aware by the Department of Housing and Urban Development of any proposed or scheduled Management Organization Review and/or REAC inspection related to the Project, and shall provide the Project's MOR and/or REAC scores and results immediately upon the availability of or Owner's receipt of same, and a copy of the same for the past two years. All of the information outlined in this Section 8.1 shall be provided by Owner to Manager upon the execution of this Agreement.

8.2 **Information Relating to Litigation**. Within ten (10) days of the Execution Date of this Agreement, Owner shall fully disclose all details, including but not limited to case numbers, case files, and correspondence, relating to past, pending, current, anticipated, and threatened litigation relating to the Project during the last seven (7) years. Owner's disclosure obligations shall also extend to any facts of which it has actual or constructive notice that may give rise to a lawsuit or insurance claim relating to the Project, as well as all past, pending, current, anticipated, and threatened insurance claims, disputes, administrative agency complaints, demands (regardless of type), records of property losses and damage relating to the Project during the last seven (7) years, records of all actual or alleged personal injuries sustained on the Project during the last seven (7) years, police reports relating to activity at the Project, records relating to fire damage or other physical losses at the Project, and actual or alleged workers compensation injuries and claims. Manager shall be compensated for any time spent in excess of five (5) hours responding to any single legal claim (regardless of governmental forum or stage of proceeding), legal dispute, administrative agency complaint, pre-lawsuit or legal demand, or actual or threatened litigation-related inquiries (including but not limited to compiling documents responsive to discovery requests) at the rate of $225 per hour.

8.3 **Employee Oversight**. Should Owner for any reason instruct Manager to terminate, hire, or retain any employee of Manager, and should Manager consider that such decision may result in an unlawful termination proceeding, administrative agency complaint, or other employment-related claims against Manager, the Parties agree to seek independent advice of counsel experienced in labor and employment issues on the propriety of such Owner decision prior to implementation. Further, in the event of commencement of any

unlawful termination proceeding, administrative agency complaint, or any employment-related claims by an employee terminated upon the instruction of Owner, Owner agrees to indemnify, immediately defend, and hold Manager harmless against all such claims, whether or not there are claims of negligence by Manager, whether reduced to judgment, or hearing officer decision, whether by monetary judgment, or other award. Owner agrees to immediately pay Manager's reasonable attorney fees and costs of any resulting suit, claim, or administrative costs.

8.4 **Notification of Changes in Ownership.** Owner agrees to notify Manager in writing within 10 days after any change in ownership (full or partial), change of name of the ownership entity, or any other change related to ownership of the Project. The notice to Manager will include copies of the documents showing any such change.

## ARTICLE IX
## INSURANCE

9.1 **Owner's Insurance**. Owner shall carry, at its sole expense, and to be made effective starting on the Execution Date, the following insurance policies to cover, defend, indemnify, and protect Owner and Manager in the operation, management, improvement, and enhancement of the Project, including any Project or Project Management services Manager may perform:

(a) "All-risk" broad form property damage insurance including replacement cost terms for the full value of the structure and improvements, loss of income, builder's risk insurance where applicable, and demolition, building ordinance coverage to cover the Project, coverage for earthquake sprinkler leakage where applicable, debris removal, and increased cost of construction coverage, earthquake, and flood coverage where lender demands and where applicable, to cover physical loss or damage to the Project from fire and extended coverage perils, including but not limited to vandalism and malicious mischief, as well as other coverages as shall be determined and required by Manager depending on the location and special needs of the Project.

(b) Commercial general liability insurance (on an occurrence, not claims-made form), including coverage for bodily injury (including death), third-party personal injury, property damage, personal and advertising injury coverage, medical expense coverage (in the value of at least $5,000 per claim), and host liquor liability. This general liability coverage shall have aggregate limits in an amount not less than $2,000,000 with a $1,000,000 per occurrence limit. Owner shall also purchase an excess or umbrella policy in the amount of $5,000,000. The carrier(s) for each liability policy shall have an A.M. Best Rating of A-/VIII or higher, and the policies shall each include coverage for losses arising from the ownership, management, and operation of the Project. Each liability policy shall name Manager as an additional insured by endorsement. Each liability policy shall be written or endorsed to apply primary and non-contributory to insurance maintained by Manager. If the insurance has a deductible or similar clause, Owner shall be responsible for paying any losses within said deductible, retention, or other clause. Owner's insurance under this clause shall not be canceled or modified without at least thirty (30) days written notice to Manager. Owner shall require its insurance carrier(s) issuing coverage required by this subsection to confirm coverage for ownership, management, and operation of the Project, the additional insured status of Manager, the primary and non-contribution nature of the policy, and the cancellation notice requirements by endorsement to its policy;

(c) Environmental or pollution legal liability coverage, which shall include remediation, clean-up and reconstruction coverage for mold, asbestos, pollution, toxic materials, and other environmental issues associated with liability or property losses/claims naming both Manager and Owner as named insureds with minimum aggregate limits of $1,000,000. The deductible under this policy shall not exceed $25,000, and Owner shall be responsible for losses within such deductible;

(d) Boiler and machinery insurance covering the building, fixtures, and equipment located at the Project for mechanical failure or explosion of pipes and boilers; and

(e) Cyber liability, including coverage to guard against unauthorized access to or disclosure of personal identification information of a tenant in an amount no less than $1,000,000 and naming Manager as an additional insured by endorsement.

Owner's insurers issuing coverages required by Section 9.1 must be licensed to do business in the state in which the Project is located and must have a Best's rating of A-VIII or better for the most current reporting period. Owner shall be solely responsible for the payment of deductibles and self-insured retentions, if any. To the extent Owner uses any deductibles or self-insured retentions to reduce or mitigate premium or risk cost, such deductibles or retentions will be entirely borne by and apply to the credit of the account of Owner, and with respect to Manager, such insurance will be treated as first-dollar insurance.

All policies shall waive the insurer's right of subrogation against Manager and Manager's affiliates and respective employees, insurers, shareholders, and authorized agents. Manager's officers and directors shall be included as insureds in Owner's policies of insurance required by this Section by definition or endorsement. Owner's policies of insurance required by this Section shall be primary for all claims arising at or on the Project, and any insurance policy maintained by Manager shall be excess and non-contributing in all respects.

Manager shall have an unconditional right to thirty (30) days written notice of an insurer's decisions to cancel a policy impacting the Project or any insurance policy required by this Section.

Within three (3) days of the Execution Date, Owner shall provide Manager complete copies of each policy required by this Section evidencing such coverage and with the declarations and coverage(s) pages listed above, and further evidencing that Manager and Manager's officers and directors are included as an insured by definition or endorsement.

9.2 **<u>Manager's Insurance</u>**. Manager agrees to purchase and shall carry the following policies of insurance for the duration of this Agreement commencing on the Execution Date:

(a) Commercial or general liability insurance with a combined single per occurrence limit of at least $1,000,000 for bodily injury, contractual, property damage, and personal and advertising liability;
(b) Comprehensive or commercial automobile liability insurance for all owned vehicles of Manager with a combined single limit per occurrence of $1,000,000 for personal injury and property damage liability;
(c) Excess liability with a combined single limit of $5,000,000;
(d) Worker's compensation and employer's liability insurance for Manager's employees in an amount equal to the greater of (i) $1,000,000 or (ii) the minimum amount required by the state in which the employee is working;
(e) Insurance against the risk of physical damage to or loss of personal property belonging to Manager in amounts sufficient to replace such property.

Upon written request, Manager shall furnish Owner with certificates of insurance evidencing the insurance coverage required under this Section. Such certificates will be issued by the insurer(s) or its authorized agent(s) and shall provide Owner will be given thirty (30) days prior written notice of cancellation of Manager's coverage by underwriters, or ten (10) days notice if cancelled for non-payment of premium. Except for workers' compensation or as otherwise set forth in any Budget, all Manager's insurance policies required under this Section shall be at Manager's sole cost, unless Owner requests specific coverage for Owner or the Project. Manager may maintain the coverage required by Section with "blanket coverage."

9.3 **<u>Primary Coverages</u>**. Owner's policies shall be primary for all claims arising at or on the Project and any policy of Manager shall be excess and non-contributing in all respects.

9.4 **Manager's Responsibilities**. Manager shall use commercially reasonable efforts to comply with all terms and conditions of Owner's insurance and shall notify Owner within forty-eight (48) hours after receiving actual notice of any loss, damage, claim, or injury that could give rise to a claim under Owner's insurance. Manager shall not knowingly take any action that may prejudice Owner in its defense of any such claim.

9.5 **Referral to Broker**. Upon Owner's request, Manager may refer Owner to a qualified insurance agent or broker to assist Owner in procuring insurance, including environmental insurance, for the Project. Owner agrees that Manager provides no guaranty, warranty, or representations for the types or amounts of insurance provided under any issued policies arising from such referral, and Manager assumes no responsibility or liability for the financial viability of the broker or the company issuing such policies. Owner acknowledges that Manager may receive a third-party referral fee or other profits in connection therewith.

9.6 **Resident Services.** Resident services include placement of liability insurance and additional services not specified in this Agreement utilizing Manager's technology and expertise to attract responsible renters, reliably keep units filled, and protect Owner's investment.

Subject to applicable law, Owner requires residents to purchase and maintain liability insurance for the financial protection of Project.

Manager or an affiliate will manage resident compliance with insurance requirements.

Owner acknowledges Manager or an affiliate may offer residents a compliance option allowing residents to purchase a liability insurance policy for the protection of Project while also providing convenience and higher resident satisfaction.

Manager or an affiliate will monitor resident compliance and automatically place a policy for the protection of Project whenever a resident's liability policy is no longer in force for any reason.

Owner acknowledges Manager and affiliates are providing additional value and operate on a for profit basis when offering a compliance option to purchase liability insurance, when monitoring compliance, when automatically placing insurance policies, when processing insurance information, documentation, and premiums for all policies, and when providing other resident services benefiting Project.

Owner acknowledges Manager and affiliates are entitled to receive incentive fees from third parties in connection with resident services with those fees not considered part of Gross Monthly Collections but rather to encourage innovative resident services, attract responsible renters, keep units filled, and protect Owner's investment.

## ARTICLE X
## INDEMNIFICATION

10.1 **Indemnification by Owner**. Owner agrees to indemnify, immediately defend, and hold harmless Manager, its affiliates (including without limitation any person who holds a direct or indirect ownership interest in Manager), and each of Manager's respective officers, directors, owners, shareholders, principals, insurers, employees, partners, agents, representatives, successors, and assigns ("Manager Indemnitees"), whether or not there are claims of negligence against Manager or Manager's Indemnitees, from and against all liabilities, obligations, claims, losses, causes of action, suits, proceedings, awards, judgments, settlements, demands, injury, damages, costs, expenses, fines, penalties, and fees (including attorney's fees) ("Claims") arising out of or relating to: (a) the ownership, maintenance, or operation of the Project (including claims made by vendors or suppliers to the Project); (b) the performance by Manager of its responsibilities under this Agreement; (c) any action undertaken by Manager at the express or implied direction of Owner; (d) Manager's status as property

manager for the Project, including Manager's efforts to enforce the Project's compliance with any federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (e) Owner's violation or alleged violation of any applicable federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (f) any errors, omissions, negligence, actions or inactions or alleged errors, omissions, negligence, actions or inactions taken by Owner and/or Owner's agents or consultants (including environmental consultants) concerning the Project or the premises upon which the Project is located (g) any actual or alleged debts, liabilities, or payments for which Manager is not liable pursuant to this Agreement; and (h) any attempt by any person, group, entity, or agency to designate or allege Manager as "operator" or "regulated facility" under the Resource Conservation and Recovery Act (RCRA) or a Potentially Responsible Party (PRP) under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), or otherwise make or allege Manager as being liable as a party under any environmental law, or make or allege Manager or its insurer as being a party in a claim for contribution, cost recovery, or indemnity. As set forth more fully in Article VII, Owner's responsibility under this defense and indemnity provision shall specifically extend to the presence or alleged presence of hazardous or toxic substances or materials, toxic wastes and similar substances, as well as insects, microorganisms and other substances, including fungi, mold and mold spores, upon, within, above or beneath the Project, that could cause or allegedly cause property damage or pose a threat to human health, and to costs incurred by Manager or any third party, in connection with any alleged, actual or failed investigation of site conditions or any alleged, actual or failed compliance by Manager with Owner's or Owner's consultant's directions, because of the presence or alleged presence of any hazardous or toxic materials, toxic wastes and similar substances, including but not limited to insects, microorganisms, fungi, mold and mold spores, with respect to the Project. The defense and indemnity provisions of this Section 10.1 shall survive the expiration or termination of this Agreement, and shall apply whether or not there are claims of negligence of Manager, but shall have no application where such Claims can be attributed to the gross negligence or willful misconduct of Manager, its agents, or employees, or Manager Indemnitees. Owner must obtain the consent of Manager to counsel selected by Owner to fulfill the defense obligations of this Section 10.1, such consent to not be unreasonably withheld by Manager.

10.2 **Indemnification by Manager**. Manager shall defend, indemnify, and hold harmless Owner, its affiliates, and each of Owner's respective officers, directors, employees, partners, agents, representatives, contractors, successors, and assigns ("Owner Indemnitees") from all Claims to the extent such Claims arise out of the gross negligence or willful acts of Manager, its agents, or employees and are not otherwise covered by Owner's insurance policies or by policies Owner declined to purchase. Manager shall not be liable to Owner or any other party for Claims relating to alleged or actual terrorist acts.

10.3 **Notice**. An Indemnitee must give the Indemnitor (as those terms are defined in Article I above) prompt written notice of any Claim. Upon receipt of such notice, the Indemnitor shall commence the investigation and defense on Indemnitee's behalf and at Indemnitor's sole expense using counsel acceptable to Indemnitee; provided, however, that the Indemnitee may employ separate counsel at its own expense. An Indemnitor may not settle any Claim against an Indemnitee on terms that (a) provide for a criminal sanction or fine against the Indemnitee, (b) admit to criminal liability on the part of the Indemnitee, or (c) provide for injunctive relief against the Indemnitee.

10.4 **Third Party Beneficiaries**. All Owner Indemnitee and Manager Indemnitee parties are third-party beneficiaries of this Agreement to the extent of their indemnity, defense, and similar rights under this Section, and may enforce that provision against Owner or Manager, as applicable.

10.5 **Survival.** The defense, hold harmless, and indemnity obligations of the Parties shall survive the termination of this Agreement, and shall continue after the termination of this Agreement until such time as any applicable statute of limitation shall have expired as to any claims that may be asserted by any third party or third parties against Manager, Owner or the Project.

## ARTICLE XI
## DEFAULT; TERMINATION

11.1 **Default by Manager**. Manager shall be deemed to be in default of this Agreement if Manager commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Owner or, if such default cannot reasonably be cured in thirty (30) days, then within such additional period as shall be reasonably necessary to effect a cure, so long as Manager commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall have the right to terminate this Agreement after the expiration of any notice and cure period, in addition to all other rights and remedies available to Owner at law and in equity.

11.2 **Default by Owner**. Owner shall be deemed to be in default of this Agreement if Owner commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Manager or, if such default cannot reasonably be cured in thirty (30) days, other than financial defaults, then within such additional period as shall be reasonably necessary to effect a cure, so long as Owner commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall be deemed to be in financial default hereunder should it (i) fail to pay any amount due to Manager or (ii) fail to provide funds to operate the Project, and further fails to correct such default(s) within five (5) business days of written notice from Manager of such failure to provide funds. If the Owner is in financial default as described, or is otherwise involved in any actions that, at the sole discretion of the Manager, create a serious risk to the Manager or the community, this default may result in the immediate termination of this Agreement. Should Manager terminate this Agreement pursuant to this Section, Owner shall pay Manager, no later than ten (10) calendar days after receiving notice of such termination, the Termination Fee and Manager is entitled to deduct such fee from the Trust Account. The payment to Manager under this Section shall not affect Manager's right to recover from Owner damages that Manager has suffered due to Owner's default.

11.3 **Termination for Convenience**. Notwithstanding anything to the contrary in this Agreement, during the initial exclusive term, either Party may terminate this Agreement for convenience or in the event of casualty by giving the other Party thirty (30) days written notice and specifying the date of termination in the notice. If Owner gives notice of termination of this Agreement within the initial exclusive term, Owner shall pay Manager the Termination Fee. Should Owner sell or otherwise convey the Project, Manager may terminate this Agreement by giving Owner thirty (30) days written notice. If Owner sells or conveys the Project within the initial exclusive term, Owner shall pay Manager the Termination Fee. Any Termination Fee shall be paid within ten (10) calendar days of the date written notice of termination is sent.

11.4 **Effect of Termination; Obligations of Parties**. Upon expiration or termination of this Agreement, Manager's authority to act for Owner shall cease and Manager shall vacate the Project premises, unless otherwise agreed by the Parties in writing. Within forty-five (45) days after the expiration or earlier termination of this Agreement, Manager shall deliver a final accounting to Owner with respect to the operations of the Project, including a final accounts receivable and accounts payable list and a final bank account reconciliation along with all funds remaining in the Trust Account. Immediately upon termination of this Agreement, Manager shall deliver to Owner all original permits, plans, records, leases, licenses, contracts, books, keys, computer data, records, and other personal property owned by Owner that is in Manager's possession relating to the Project. Within five (5) days of termination, a list of all tenant security deposit obligations shall be delivered to Owner. Within thirty (30) days of termination, Manager will submit a release all funds held except for those necessary to pay unpaid obligations. Upon expiration or termination of this Agreement, Owner shall remain liable for and shall assume all obligations relating to the Project, including those relating to contracts entered into by Manager for Owner's benefit in accordance with this Agreement. Within thirty (30) days of termination, Owner shall pay Manager all amounts due for services rendered prior or after termination under the terms of this Agreement, and Manager retains the right to deduct any such amounts

due from the Trust Account. All records relating to the Project required to be maintained by Manager under Nevada law will be maintained by Manager for the required holding period after the transaction is terminated.

## ARTICLE XII
## ARBITRATION

12.1 **Arbitration**. Any claim or controversy of whatever nature, including but not limited to the issue of arbitrability, arising out of or relating to this Agreement, or the breach of this Agreement, shall be settled by final and binding arbitration. The arbitration shall be conducted by a qualified arbitrator in accordance with the Nevada Arbitration Act ("NAA"). Only one arbitrator shall be used, and the arbitrator shall be selected pursuant to the criteria and processes outlined by the NAA rules. The arbitrator shall have the authority to determine and award costs of arbitration as well as costs incurred by any Party for attorneys, experts, and consultants. Except for cost awards, the arbitrator's award shall be limited to actual damages and will not include consequential, punitive, or exemplary damages. The arbitrator's award shall be final and binding on all Parties. The Parties further agree that such award may be entered as a judgment of any court having jurisdiction.

## ARTICLE XIII
## GENERAL

13.1 **Owner's Representative**. Owner shall designate one person to serve as Owner's representative, and a designee to act as substitute in the absence of Owner's representative, in all communications with Manager. Whenever the approval or consent or other action of Owner is called for, the approval, consent or action by the Owner's representative shall be binding on Owner. Owner's representative and the designee of Owner's representative are identified as follows:

| Representative: | Designee: |
|---|---|
| Hilary Lopez, Executive Director | ________________ |
| 1525 E. Ninth Street | ________________ |
| Reno NV 89512 | ________________ |
| Phone: 775.686.9003 | Phone: ________________ |
| Email: hlopez@renoha.org | Email: ________________ |

Such representative may be changed at the discretion of Owner, at any time, under the provisions of notice in this Agreement.

13.2 **Notices**. Any notices required by this Agreement shall be personally delivered or sent by regular first-class mail, postage prepaid, addressed or by confirmed, received email as follows:

| **To Owner:** | **To Manager:** |
|---|---|
| HOUSING AUTHORITY OF THE CITY OF RENO | CLOUDTEN RESIDENTIAL |
| 1525 E. Ninth Street | 4751 Caughlin Parkway |
| Reno NV 89512 | Reno NV 89519 |
| Attention: Hilary Lopez, Executive Director | Attention: Joseph S. Greenblatt, CPM |
| Email: hlopez@renoha.org | Email: jgreenblatt@livecloudten.com |

or at any other addresses as the Parties may designate to each other in accordance with this Section. A notice shall be deemed effective when an email is sent if the email is sent during business hours of sending party or the next business day if sent after business hours of sending party, provided no "bounceback" response is received and further provided a mail copy is sent concurrently with such email copy. If a "bounceback" response is received to an email notice and a valid replacement email cannot be promptly obtained, notice shall

be effective one (1) business day after deposit of the notice in U.S. mail. All Parties agree to notify the other of any change to their ownership entity or contact information within ten (10) days of the changes.

13.3 **Attorney's Fees**. In the event of any controversy, claim or action filed between the Parties respecting this Agreement or in connection with the Project, the prevailing party shall be entitled, in addition to all expenses, costs, and damages, to reasonable attorney's fees, at trial, on appeal, or in arbitration, whether or not such controversy was litigated, arbitrated, or prosecuted to an award. In the event that any controversy is litigated or arbitrated, the attorney's fees shall be set by the court or arbitrator, as applicable.

13.4 **Complete Agreement**. This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Manager with respect to the management and operation of the Project and supersedes and replaces all previous management or other agreements entered and/or negotiated between Owner and Manager relating to the Project covered by this Agreement. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by Owner and Manager. Except as otherwise provided, all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Owner and Manager in writing. Each Party to this Agreement acknowledges and agrees the other Party has made no warranties, representations, covenants or agreements, express or implied, to such Party, other than those expressly set forth, and each Party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, to such Party, other than those expressly set forth in this Agreement, or as set forth in an exhibit or appendix to this Agreement.

13.5 **Amendment**. Neither this Agreement nor any provision, may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the Party against whom enforcement of the change, waiver, discharge, or termination is sought.

13.6 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

13.7 **Interpretation**. If any part of this Agreement shall be declared invalid or unenforceable, Manager shall have the option to terminate this Agreement by notice to Owner.

13.8 **Governing Law**. This Agreement and the obligations of Owner and Manager shall be interpreted, construed, and enforced in accordance with the laws of Nevada. All Parties agree to abide by all city, county, state, federal (including fair housing) laws.

13.9 **Force Majeure**. Any delays in the performance of any obligation of Manager under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, pandemic, and other similar cases not within the control of Manager, and any time periods required for performance shall be extended accordingly.

13.10 **Non-Assignment**. This Agreement is not assignable unless all Parties agree in writing to the assignment. Approval will not be withheld unreasonably.

Owner and Manager have caused this Agreement to be executed as of the Execution Date.

| **OWNER** | **MANAGER** |
|---|---|
| HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation | CLOUDTEN RESIDENTIAL, a Nevada corporation |
| By: ___________________________<br>Hilary Lopez, Executive Director | By: _________________________________<br>Joseph S. Greenblatt, CPM, CEO, or<br>Jessica Weil, designated broker salesperson |

# MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is entered March __, 2024 ("Execution Date") between HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation ("Owner"), and CLOUDTEN RESIDENTIAL, a Nevada corporation ("Manager"). Owner and Manager are sometimes referred to collectively as "Parties" or individually as "Party."

## RECITALS

A. Owner holds title to that certain real property described and identified as "Project" in Article I below;

B. Owner desires to appoint Manager as sole and exclusive agent of Owner to manage, operate, maintain, service, and supervise the leasing and operations of the Project and such other operations as agreed upon by the Parties, subject to the provisions outlined in this Agreement; and

C. Manager desires to accept and assume such responsibilities, again subject to the provisions of this Agreement.

In consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

## ARTICLE I
## DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 **Budget.** A composite of (a) an Operations Budget, which shall be an estimate of receipts and expenditures for the operation of the Project during a Fiscal Year, including a schedule of expected rentals (excluding security deposits) for the Fiscal Year, and (b) a Capital Budget, which shall be an estimate of capital replacements, substitutions, and additions for the Project (other than routine repairs and maintenance) for the Fiscal Year.

1.2 **Dates.**

1.2.1 **Execution Date.** This Agreement is made effective on the Execution Date.

1.2.2 **Fee Commencement Date.** The Management Fee (defined in Section 4.1) shall be paid from Owner to Manager starting ________ ("Fee Commencement Date").

1.3 **Fiscal Year**.

1.3.1 The "Initial Fiscal Year" shall begin on the Fee Commencement Date and end on December 31 of that year.

1.3.2 "Fiscal Year" shall mean each full calendar year after the Initial Fiscal Year, unless otherwise agreed to by the Parties.

1.4 **Gross Monthly Collections**. All amounts collected relating to the Project, including but not limited to rents, laundry income, late charges, NSF fees, utility payments, fees, and deposit forfeitures. Gross Monthly Collections shall not include the following: security and other deposits paid by Project residents that have not been forfeited; proceeds from property insurance proceeds (excluding rent interruption proceeds relating to the Project); the proceeds received from any

taking by condemnation or eminent domain; and any awards from litigation not relating to the collection of rents and related charges.

1.5 **Indemnitee**. A Party seeking indemnification under this Agreement.

1.6 **Indemnitor.** A Party providing indemnification under this Agreement.

1.7 **Projects**. The 53 unit residential complex known as Sarrazin Arms Apartments having a street address of 541 West Third St., Reno NV 89503.

1.8 **Project Employees**. Those persons employed by Manager on-site as management staff (e.g., senior manager, manager, assistant managers, leasing consultants, maintenance supervisors, van drivers, concierge, et cetera). "Project Employees" shall not include third party vendors with whom Manager contracts on Owner's behalf and at Owner's expense to perform various functions, including but not limited to marketing, administration, repair and maintenance work, at the Project.

1.9 **Project Management**. As outlined more fully in Section 4.6, Project Management services, if agreed to via separate written agreement, fall outside the scope of Manager's day-to-day managerial responsibilities and involve coordination of the work of licensed and insured third party contractors to complete major structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work at the Project.

1.10 **Termination Fee**. The Termination Fee shall be equal to one month's Management Fee calculated as the average of the prior three months' Management Fees.

1.11 **Trust Account**. An account opened and maintained by Manager in Manager's name and on Owner's behalf with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement; provided, however, that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and on Owner's behalf with an FDIC-insured bank selected by Manager. In conformance with Nevada law, Owner shall not be authorized to draw from the Trust Account on its own signature.

1.12 **Owner's Registered Address**. The street address of the state registered office of Owner in the state Project is in is 1525 E. Ninth Street, Reno NV 89512.

## ARTICLE II
## APPOINTMENT AND TERM

2.1 **Appointment**. Owner appoints Manager as sole and exclusive property leasing and management agent for the Project and Manager accepts the appointment. Manager's services shall be provided to Owner on a non-exclusive basis with respect to other multifamily projects. Manager may install one or more signs on or about the Project stating that the Project is under management of Manager, and Manager must use its name and may, in a commercially reasonable manner, use its logo in any display advertising that may be lawfully done on behalf of the Project. Owner shall provide adequate office space at the Project at no cost to Manager for Manager's exclusive use in discharging its duties under this Agreement.

2.2 **Independent Contractor**. Manager shall be an independent contractor of Owner, and nothing contained in this Agreement, or exhibited by the course of dealing between the Parties, shall be construed or

deemed to create an employment, partnership, joint venture, or other relationship between Manager and Owner unless explicitly and unequivocally agreed to by the Parties in writing.

2.3 **Term**. This Agreement shall be effective on the Execution Date. Subject to Article XI, this Agreement shall continue as an exclusive Agreement for a period of one (1) year from the Fee Commencement Date. After the initial exclusive term expires, this Agreement will continue on a month to month basis either Party may terminate for any reason or no reason at all thirty (30) days after delivery of written notice.

## ARTICLE III
## DUTIES AND AUTHORITY OF MANAGER

3.1 **Scope of Duties and Authority**. Manager shall, as agent for and at the expense of Owner, perform all of duties provided in this Agreement and have authority and power to take such other action as Manager deems necessary, in its reasonable discretion, to maintain the Project and comply with all county, state, and federal laws without further approval of Owner, unless specifically required by this Agreement. As Owner's agent, Manager shall have the right to execute and deliver documents on behalf of Owner and to otherwise bind Owner as provided in this Agreement.

3.2 **Rental Activities**. Manager shall, with reasonable diligence, render the following services:

(a) Use commercially reasonable efforts at Owner's expense to maximize occupancy at the Project, including marketing and advertising the Project subject to applicable budgetary limitations, if any;

(b) Negotiate and execute, as Owner's agent, resident leases for the Project;

(c) As set forth more specifically in Section 5.3, collect all rents and other income (including late rent, utility and expense reimbursements, fees for ancillary services, administrative charges, and/or any other fees associated with the lawful use of the Project) that are due for the Project, and, at Manager's discretion, take reasonable steps to enforce the collection of all rents and income for the Project (including but not limited to instituting legal actions or other proceedings, at Owner's cost and on Owner's behalf, to collect delinquent rent or other income and to dispossess residents or other persons from the Project, enter into settlements of such actions, accept promissory notes and other payment arrangements); and

(d) Comply with tax collection and landlord registration requirements, subject to the Owner's duties to promptly notify Manager of accurate ownership and contact information.

3.3 **Budget**.

(a) The proposed Budget for the Initial Fiscal Year shall be submitted to Owner no later than sixty (60) days after the earliest of the following "delivery dates:" the Fee Commencement Date; the projected date for receipt of the first certificate of occupancy for a building to be occupied by residents, or the date Manager occupies a leasing office for the Project.

(b) For each Fiscal Year, Manager shall submit a proposed Budget to Owner for review no later than sixty (60) days prior to the beginning of that Fiscal Year.

(c) If the Initial Fiscal Year proposed Budget delivery date lands in first 60 days of the Fiscal Year, then the Initial Fiscal Year and Fiscal Year proposed Budget shall be combined, shall cover both proposed Budget periods, and shall be delivered on a date mutually agreed to by the Parties.

(d) Owner shall respond to the proposed Budget within thirty (30) days of receipt. Should Owner fail to respond to a proposed Budget (or to any part thereof), the proposed Budget (either in its entirety or any part thereof, as the case may be), shall be deemed approved.

(e) Should Owner disapprove a proposed Budget, Owner shall work with Manager to prepare a Budget within thirty (30) days. During the pendency of that process, Manager shall use the prior Fiscal

Year Budget (as adjusted to reflect changes in the Consumer Price Index – All Urban Consumers for the area in which the Project is located).

(f) The Parties agree Budgets are intended as projections only and Manager shall not be liable for any shortfalls or other losses relating to the failure of Project operations to achieve results projected in any Budget.

3.4 **Operations; Contracts; Supplies**.

(a) Manager shall purchase, at Owner's expense, all equipment, appliances, materials and supplies reasonably necessary for the care, maintenance, and operation of the Project. Owner acknowledges its responsibility to provide funding necessary to allow Manager to comply with all laws and regulations relating to the operation and management of the Project.

(b) Manager is authorized and required to enter into written contracts in the name of and on behalf of Owner, at Owner's sole expense, with third party vendors, contractors, licensees, and suppliers (collectively and interchangeably "service providers" or "third party vendors") for services and supplies relating to the Project, including but not limited to utilities, electricity, water, gas, fuel, telephone, advertising, pest control, waste removal, landscape maintenance, tree trimming, roof maintenance, and general maintenance, or such other contracts as may be necessary for the care, operation and maintenance of the Project. Manager shall utilize a third-party vendor credentialing service to qualify and select third party vendors. Owner shall defend, indemnify, and hold Manager harmless from all damages that arise from the use of any vendor or supplier at the Project, including for claims of negligence by Manager, except to the extent caused by Manager's gross negligence or willful misconduct.

(c) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

3.5 **Repairs and Maintenance**.

(a) Manager shall use commercially reasonable efforts to cause to be made all necessary repairs and to maintain the Project at Owner's expense. Manager shall, in Owner's name and at Owner's expense, utilizing independent contractors approved by a third-party vendor credentialing service, hire independent contractors for the repair and maintenance of the Project to the extent the independent contractor's involvement is, in Manager's discretion, necessary. For purposes of this Agreement, "maintenance" may include, without limitation, normal or customary decorating, maintenance, alterations, and repair work as may be reasonable, advisable, or necessary. Maintenance shall not include structural repairs or substantial alterations to, or improvement, renovation, or rehabilitation of the Project or any Project portion.

(b) Expenditures for maintenance and repair are subject to applicable Budget-related limitations of the Project. However, in the case of an emergency, Manager may make, at Owner's expense, such expenditures as Manager deems reasonably necessary to prevent injury to persons, loss of life, or damage to or loss of property, and to minimize further damage to the Project, without prior approval of Owner. Manager shall promptly notify Owner of any such emergency expenditure, as well as the action taken, and the expenses incurred.

(c) Should structural repairs, substantial alterations to, or improvement, renovation, or rehabilitation work be undertaken at the Project and Owner desires Manager's involvement in the oversight of such work, Manager may perform Project Management as provided more specifically in Section 4.6 subject to the Parties entering into a separate written agreement.

(d) The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of the indemnification provisions of Section 10.1.

3.6 **Operating Expenses**. Manager shall pay from Gross Monthly Collections all loan payments, real property taxes, insurance, all operating expenses, and other expenses of the Project. Manager shall pay all expenses from funds available in the Project Trust Account(s) or from funds provided by Owner (unless such amounts are being paid by Owner's lender). Owner shall provide Manager with the funds necessary to pay expenses within seven (7) days of notification. Notwithstanding the foregoing, with the exception of expenses included in an approved budget, Manager shall not enter into an agreement for or make expenditures without the prior approval of Owner in excess of one thousand five hundred dollars ($1,500) for any one item, except for monthly recurring operating charges or for emergency repairs as set forth above at Section 3.5(b).

3.7 **Project Employees**. Manager shall hire, train, instruct, pay, and supervise the work of all Project Employees (including but not limited to residential managers, assistants, and rental agents). Project Employees shall be employees of Manager and not of Owner. All wages, salaries, payroll taxes, workers compensation insurance, health insurance costs, related payroll processing and administration and training expenses for such employees or independent contractors shall be paid from Gross Monthly Collections or funds provided by Owner. Project Employees shall not include third party vendors or independent contractors who Manager uses or retains on Owner's behalf and/or as Owner's agent to service and/or supply the Project and/or perform maintenance at the Project. If Project Employees also provide services to properties other than the Project, Owner shall be responsible only for the pro rata share of such Project Employees' costs.

3.8 **Limitation of Liability**. Manager shall have no liability whatsoever with respect to the acts or omissions of Owner, previous owners of the Project, any previous property manager, or any other agent of Owner arising from or related to the Project.

3.9 **Compliance with Nevada Laws.** Owner shall be solely responsible for ensuring it complies with all applicable Nevada laws concerning the operation of a business, including but not limited to, maintaining a valid business license(s) and ensuring it is properly qualified to transact business with the Nevada Secretary of State.

3.10 **Affiliated Entities.** Manager will disclose to Owner in writing any planned use of Manager's employees or any business in which Manager has a pecuniary interest to perform work on the Project to the extent such employees and/or business are not already disclosed in this Agreement.

## ARTICLE IV
## MANAGEMENT FEES; PAYMENT TO MANAGEMENT

4.1 **Management Fee**.

(a) Beginning on the Fee Commencement Date, Owner shall pay Manager, as compensation for Manager's services, a monthly sum equal to five percent (5.00%) of Gross Monthly Collections, collected during each month from the Project, or a minimum monthly fee of one thousand two hundred twenty three dollars ($1,223.00) per month ("Management Fee").

1. Eighty percent (80%) of the estimated Management Fee, based on the prior month's Gross Monthly Collections, shall be payable to Manager by the tenth (10th) day of each calendar month, with the full balance being payable on or prior to the last day of the month to which it relates. Manager is authorized to pay the Management Fee from the Trust Account.

(b) The Management Fee shall be paid directly to Manager from Gross Monthly Collections and may be deducted from the Trust Account concurrent with deposit of collections into the Trust Account or thereafter. Owner shall be responsible for the timely remittance of any tax that may be due with respect to the Management Fee, payroll expenses, or any other sums due or reimbursable to Manager in accordance with the terms of this Agreement. Manager and Owner acknowledge and agree that Manager's fees have been specifically negotiated and approved.

4.2 **Intentionally Left Blank**.

4.3 **Reimbursement of Incidental Operating Expenses.** Owner shall reimburse Manager for such out-of-pocket ancillary fees which Manager may incur on Owner's behalf to cover all operating expenses and direct costs associated with operation of the Project including, but not limited to the cost of online reputation management services which cost shall not exceed $5.50 per unit per year and which shall be billed monthly and in no case shall exceed a cap of $135.00 per month for the Project, postage, courier, site long distance telephone, site employee vehicle mileage allowances, document reproduction, check printing, Trust Account bank fees, site software or data processing services, site office supplies and equipment. Owner recognizes that purchases of, or contracts for, materials or services may be made in bulk by Manager in connection with its operation of multifamily projects generally, and Owner agrees that the pro rata portion of the net costs of such materials or services used in connection with, or for the benefit of, the Project shall be allowed as a reimbursement cost hereunder. Manager may deduct any amounts due for reimbursement of incidental operating expenses from the Trust Account.

4.4 **Initial Deposit**. Owner shall, on the Fee Commencement Date, deposit the amount of ten thousand dollars ($10,000.00) into the Trust Account (defined in Section 5.1) for payment of the Management Fee, startup operations, and ordinary and/or budgeted expenses expected to be incurred at the Project.

4.5 **Payment Obligations Survive Termination**. Upon termination of this Agreement for any reason and regardless of cause, Owner shall continue to be obligated to pay Manager all amounts due with respect to the period prior and subsequent to such termination (including all expenses that are reimbursable in accordance with the terms of this Agreement, the Management Fee for the period ending on the date of termination, any applicable Termination Fee, and additional fee due Manager pursuant to this Agreement), as well as all costs and expenses incurred by Manager in terminating its involvement with the Project.

4.6 **Project Management Services**. Maintenance of the Project shall not include structural repairs or substantial alterations or improvements to the Project, including capital improvements, renovation, or rehabilitation of the Project or a Project portion. In the event substantial construction or renovation work is undertaken at the Project and Owner desires Manager's oversight, Manager may agree to perform Project Management. Manager's fee for such work shall be equal to five percent (5%) of total job costs, with a $500 minimum fee per job assignment and subject to Owner's prior written approval. Each Project Management assignment requires the Parties to enter into a separate written agreement. Manager may deduct the fees it earns for Project Management Services directly from the Trust Account upon completion of services. The Parties recognize and agree Manager's performance under this subsection shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

4.7 **Other Services**. Should Owner engage Manager to perform services that are not otherwise specified under the terms and provisions of this Agreement, the Parties shall meet to discuss and agree in advance to additional compensation to be paid by Owner to Manager for such additional services and shall memorialize the scope of and payment schedule for such services in an addendum to this Agreement signed by both Parties. Such other services may include, but are not limited to, due diligence work associated with future sale of the Project, participating in financial audits, administration of insurance claims, refinancing the Project, common area maintenance reconciliation, or legal dispute resolution. Manager's current standard hourly rates are as follows:

| | | |
|---|---|---|
| a. | Company Principal or Executive | $225 per hour |
| b. | Property Manager/Marketing Manager | $140 per hour |

| | | |
|---|---|---|
| c. | Interior/Exterior Design Services | $140 per hour |
| d. | Controller or Accounting Manager | $120 per hour |
| e | Assistant Property Manager | $95 per hour |
| f. | Staff Accountant | $95 per hour |
| g. | Graphic Design Services | $75 per hour |
| h. | Administrative Staff | $55 per hour |

Manager may deduct the fees it earns for such other services directly from the Trust Account upon completion of the services. In addition to Owner's other indemnification obligations, Owner expressly agrees to defend, indemnify, and hold harmless Manager and its agents, employees, and assigns for all claims arising from these additional services.

4.8 **Post-Engagement Fee**. Should Owner request that Manager provide any services (including but not limited to entering invoices, cutting checks, recording post-closing entries, and preparing financial statements, reconciling bank accounts, or consulting with tax preparers or auditors) for more than thirty (30) days after either Party provides notice of intent to terminate this Agreement, Owner shall pay Manager a Post-Engagement Fee equal to 50% of the last full month's Management Fee. Manager may deduct the Post-Engagement Fee from the Trust Account upon completion of post-engagement services.

## ARTICLE V
## BANK ACCOUNTS AND DISBURSEMENTS

5.1 **Bank Deposits; Trust Accounts**.

(a) Owner authorizes Manager to open, maintain, and operate one or more non-interest-bearing Trust Accounts in Manager's name to benefit the Project with an FDIC-insured bank selected in Manager's reasonable discretion, into which deposits and from which disbursements are made pursuant to this Agreement as defined in Section 1.11. Owner shall promptly deliver to Manager any documentation reasonably requested by the depository institution which is necessary to establish the Trust Account. Owner agrees that when any sum on deposit in such Trust Account exceeds $250,000 (or the then-existing FDIC maximum for such accounts), Manager may open another Trust Account (or as many Trust Accounts as may be necessary to stay within FDIC insurance limitations) in Manager's name and for the benefit of Owner and Project. Manager may transfer funds between one or more of Trust Accounts. All such transfers must be in accordance with Nevada law. Manager may transfer funds electronically via the internet or Automated Clearing House (ACH) software to a bank account designated by Owner. Manager may make payments electronically to a vendor's account for expenses related to Project. Manager always agrees funds of Owner will not be commingled or in any way combined with funds of other Owners, or in any way commingled with the operating accounts maintained by Manager for Manager's benefit.

(b) Gross Monthly Collections and other monies received or collected by Manager with respect to the Project, including tenant security deposits described in Section 5.1(c), shall be deposited into the Trust Account. The Trust Account shall accrue credits used to offset bank service charges assessed to Manager. To the extent such credits do not offset bank services charges, such bank services charges are an authorized Project expense. Where security deposits are held in the Trust Account, those security deposits will be accounted for as a liability.

(c) Manager shall, if directed by Owner or if otherwise required by applicable laws, open a separate bank account specifically designated for holding and disbursing security deposits ("Security Deposit Trust Account").

(d) To the extent any security deposit or any portion of any security deposit becomes refundable to a tenant(s) of the Project, Manager shall be authorized to disburse the refund from the Trust Account or Security Deposit Trust Account, as the case may be, without the express written consent of Owner. In no event shall Manager be liable for any tenant security deposits not retained in the Trust

Account or Security Deposit Trust Account. In the event a tenant entitled to recover a security deposit makes a security deposit claim, Owner shall defend, indemnify, and hold Manager harmless for, from and against any or all such claims to the extent such claims do not arise from the gross negligence or willful misconduct of Manager or its agents and employees. Manager shall otherwise be responsible for the disposition and refund of security deposits and shall defend, indemnify, and hold Owner harmless for, from and against claims arising out of any breach of those laws, except where such claims arise from the gross negligence or willful misconduct of Owner, its agents, and/or employees.

(e) At all times, the balance in any Trust Account shall not drop below ten thousand dollars ($10,000). If there are insufficient funds to pay all operating expenses of the Project and maintain this reserve amount, then Manager may pay payroll and related burdens, and any Management Fees and reimbursements due to Manager, before paying other operating expenses of the Project.

(f) Excess funds shall be distributed to Owner at Owner's direction, no less than annually unless otherwise directed.

(g) At Owner's cost and approval, Manager shall employ the use of ACH fraud filters, positive pay services (such as positive pay, positive pay with payee validation, or reverse positive pay) and payment authorization services for all applicable Trust Accounts (collectively "Positive Pay Practices"). If Manager complies with the provisions of this Section, but Owner nevertheless suffers or incurs a loss from payment of fraudulent or unauthorized instruments, Manager shall work with the Trust Account bank and assist Owner in recovering the loss. If Owner declines to utilize Positive Pay Practices, any loss from fraud or unauthorized payments shall be the responsibility of Owner.

5.2 **Disbursement of Funds**. Manager shall disburse funds in the Trust Account on behalf of Owner for payment of Project expenses incurred by Manager in the performance of its duties and other expenses identified by Owner to Manager. Manager is expressly authorized to pay or reimburse itself for all fees (including the Management Fee) and expenses and all other sums due Manager under this Agreement from funds in the Trust Account. Management Fees are earned at the time or date provided in this Agreement and must be disbursed from the Trust Account no later than the last day of the month in which earned. Manager shall designate one or more individuals who shall be the only parties authorized to draw upon such accounts.

5.3 **Collection of Rents and Other Receipts**. Manager shall collect (and give receipts for, if necessary) all rents, charges and other amounts received in connection with the management and operation of the Project. All security deposits shall be deposited into the Security Deposit Trust Account described above and accounted for as a liability of Owner unless otherwise directed by Owner.

5.4 **Fees for Professional Services or Advice**. Owner shall pay reasonable expenses incurred by Manager in obtaining professional services or advice regarding compliance with any law affecting the Project or activities related to the operation of the Project within an approved budget as established. Manager shall obtain the prior consent of Owner for professional service fees expended more than amounts set forth in an approved budget. If any expenditure for professional services also benefits others for whom Manager acts as a property manager, Owner's obligation shall be limited to Owner's pro rata portion of such expense for professional services.

5.5 **Net Proceeds**. To the extent that funds are available, after maintaining a cash contingency reserve amount as specified above and providing for ordinary or budgeted outlays, Manager shall transmit net cash proceeds to Owner monthly at a time reasonably specified by Manager unless otherwise directed by Owner.

## ARTICLE VI
## ACCOUNTING AND RECORDKEEPING

6.1 **Books and Records**. Manager shall maintain in a manner customary and consistent with good management principles, practices and procedures, a system of books, records, and accounts in which shall be entered all receipts and disbursements. The Project books, records and accounts shall be maintained at the Project, at Manager's business address or at any other place as Manager shall select. Owner shall have the right, at its own expense, to inspect and audit such books, records, and accounts at reasonable times during the period of this Agreement.

6.2 **Reports and Statements**. Manager shall prepare and render to Owner not later than the fifteenth (15th) day of each calendar month (i) a statement of cash receipts and disbursements, (ii) a tenant delinquency report, (iii) a rent roll, (iv) a bank account reconciliation and such other reports as Owner and Manager mutually agree upon for the prior month's operations. All reports provided to Owner in satisfaction of this Article VI shall be deemed accurate and correct between the Parties unless Owner notifies Manager within thirty (30) days after the date of said report and specifically identifies an alleged error or inconsistency.

## ARTICLE VII
## HAZARDOUS MATERIALS AND SUBSTANCES

7.1 **Hazardous and Toxic Materials**. If Manager is specifically notified in writing by a tenant residing at the Project, or any vendor or contractor hired by Manager, that any hazardous or toxic substance or material (i.e. gas, lead, asbestos, radon, or radioactive material), other than mold or fungi addressed below, exists upon, within, above, or beneath the Project, Manager will notify Owner. However, Manager shall not be responsible for evaluating the presence or absence of, abating, cleaning up, or remediating any hazardous or toxic substance or material, including but not limited to gas, liquid, waste materials, lead, asbestos, electromagnetic field, radon, radioactive materials, or other environmentally hazardous substances or concerns, upon, within, above, or beneath the Project. Similarly, Manager bears no responsibility for addressing, maintaining, or evaluating compliance with environmental, hazardous, or solid waste materials or waste laws, rules, and regulations, and shall not be responsible for conducting or ensuring the clean-up or remediation of such substances, or of spills or contamination related to or containing same, as described above. All such responsibilities and obligations outlined above shall be borne solely by Owner, and Owner agrees it will hire a qualified and licensed environmental clean-up company to complete such work and shall maintain responsibility for obtaining all required government approvals and providing applicable notices required by law. Owner may at its sole discretion and expense, obtain an environmental assessment report on the Project from an independent environmental consultant it retains. Owner agrees to make any environmental report on the Project it receives available to Manager for review. Owner also agrees to provide Manager with a copy of its most recent and current Phase I survey covering the Project, which survey shall have been completed within the last three years, and has implemented or will implement within thirty days of the Execution Date of this Agreement an operations and maintenance program consistent with market and industry standards. Owner will also provide Manager with any subsequent or updated Phase I documents and changes to the operations and maintenance program during the pendency of this Agreement.

7.2 **Mold**. Should Manager be put on notice of any actual or potential mold or fungi at the Project, Manager shall notify Owner. Manager may hire qualified contractors or third parties (including without limitation industrial hygienists) to investigate whether mold or fungi is indeed present and/or to perform remediation and/or abatement work. Manager shall administratively oversee the provision of such work, and Owner agrees (a) Owner is responsible for the costs associated with such work (including, but not limited to relocation or other costs required to house tenants during such work); and (b) Manager assumes no liability in connection with the performance of such work.

7.3 **Acknowledgement.** The Parties recognize and agree Manager's performance under this Section shall be considered part of Manager's performance of its responsibilities under this Agreement for purposes of indemnification provisions of Section 10.1.

**ARTICLE VIII**
**RESPONSIBILITIES OF OWNER**

8.1 **Information to Be Supplied to Manager**. Owner shall promptly furnish Manager with all information necessary to the management of the Project, including but not limited to: a legal description of the Project and any improvements; site plans and specifications; all current leases, amendments and pertinent correspondence relating thereto; all current tenant files; a current and complete rent roll and details relating to the status of rental payments; identification of all leases currently in dispute or litigation; all files on any litigation and/or disputes relating to all matters during the last seven (7) years; all information, including unredacted documents, which pertain to claims, damages, losses, and insurance claims relating to the Project during the last seven (7) years and which include the claimants' names, if possible; an operating budget and capital budget for the past and current calendar year; income cash flow report and variances from budgets for the prior and current calendar year; mortgage loan information, including mortgagee names and addresses, lien holders, loan payment information and the like; maturity dates and payment instructions; copies of property tax bills for all parcels that comprise the Project, including parcel numbers; copies of service contracts in effect; a list of current independent contractor and/or vendor accounts, including certificates of insurance naming Owner and Manager as additional insureds; all pertinent books and records relating to the management, operation and leasing of the Project; all third party contracts currently in force; utility account and contact information; the identities of all parties with an ownership interest in the Project that will need to be covered under the Project's insurance policies; all applicable insurance policies that are carried by Owner with respect to the Project during the term of this Agreement and the endorsements required by this Agreement (including but not limited to additional insured endorsements naming Owner and Manager as additional insureds as outlined in Section 9.2); any issues or conditions that are material to the management of this Project (including but not limited to existing or future issues or conditions that impact the physical property or the Owner financially); and policies and procedures for reporting claims and evaluating safety and loss prevention conditions. If the Project is HUD-financed, Owner shall notify Manager immediately upon being made aware by the Department of Housing and Urban Development of any proposed or scheduled Management Organization Review and/or REAC inspection related to the Project, and shall provide the Project's MOR and/or REAC scores and results immediately upon the availability of or Owner's receipt of same, and a copy of the same for the past two years. All of the information outlined in this Section 8.1 shall be provided by Owner to Manager upon the execution of this Agreement.

8.2 **Information Relating to Litigation**. Within ten (10) days of the Execution Date of this Agreement, Owner shall fully disclose all details, including but not limited to case numbers, case files, and correspondence, relating to past, pending, current, anticipated, and threatened litigation relating to the Project during the last seven (7) years. Owner's disclosure obligations shall also extend to any facts of which it has actual or constructive notice that may give rise to a lawsuit or insurance claim relating to the Project, as well as all past, pending, current, anticipated, and threatened insurance claims, disputes, administrative agency complaints, demands (regardless of type), records of property losses and damage relating to the Project during the last seven (7) years, records of all actual or alleged personal injuries sustained on the Project during the last seven (7) years, police reports relating to activity at the Project, records relating to fire damage or other physical losses at the Project, and actual or alleged workers compensation injuries and claims. Manager shall be compensated for any time spent in excess of five (5) hours responding to any single legal claim (regardless of governmental forum or stage of proceeding), legal dispute, administrative agency complaint, pre-lawsuit or legal demand, or actual or threatened litigation-related inquiries (including but not limited to compiling documents responsive to discovery requests) at the rate of $225 per hour.

8.3 **Employee Oversight**. Should Owner for any reason instruct Manager to terminate, hire, or retain any employee of Manager, and should Manager consider that such decision may result in an unlawful termination proceeding, administrative agency complaint, or other employment-related claims against Manager, the Parties agree to seek independent advice of counsel experienced in labor and employment issues on the propriety of such Owner decision prior to implementation. Further, in the event of commencement of any unlawful termination proceeding, administrative agency complaint, or any employment-related claims by an employee terminated upon the instruction of Owner, Owner agrees to indemnify, immediately defend, and hold Manager harmless against all such claims, whether or not there are claims of negligence by Manager, whether reduced to judgment, or hearing officer decision, whether by monetary judgment, or other award. Owner agrees to immediately pay Manager's reasonable attorney fees and costs of any resulting suit, claim, or administrative costs.

8.4 **Notification of Changes in Ownership.** Owner agrees to notify Manager in writing within 10 days after any change in ownership (full or partial), change of name of the ownership entity, or any other change related to ownership of the Project. The notice to Manager will include copies of the documents showing any such change.

**ARTICLE IX**
**INSURANCE**

9.1 **Owner's Insurance**. Owner shall carry, at its sole expense, and to be made effective starting on the Execution Date, the following insurance policies to cover, defend, indemnify, and protect Owner and Manager in the operation, management, improvement, and enhancement of the Project, including any Project or Project Management services Manager may perform:

(a) "All-risk" broad form property damage insurance including replacement cost terms for the full value of the structure and improvements, loss of income, builder's risk insurance where applicable, and demolition, building ordinance coverage to cover the Project, coverage for earthquake sprinkler leakage where applicable, debris removal, and increased cost of construction coverage, earthquake, and flood coverage where lender demands and where applicable, to cover physical loss or damage to the Project from fire and extended coverage perils, including but not limited to vandalism and malicious mischief, as well as other coverages as shall be determined and required by Manager depending on the location and special needs of the Project.

(b) Commercial general liability insurance (on an occurrence, not claims-made form), including coverage for bodily injury (including death), third-party personal injury, property damage, personal and advertising injury coverage, medical expense coverage (in the value of at least $5,000 per claim), and host liquor liability. This general liability coverage shall have aggregate limits in an amount not less than $2,000,000 with a $1,000,000 per occurrence limit. Owner shall also purchase an excess or umbrella policy in the amount of $5,000,000. The carrier(s) for each liability policy shall have an A.M. Best Rating of A-/VIII or higher, and the policies shall each include coverage for losses arising from the ownership, management, and operation of the Project. Each liability policy shall name Manager as an additional insured by endorsement. Each liability policy shall be written or endorsed to apply primary and non-contributory to insurance maintained by Manager. If the insurance has a deductible or similar clause, Owner shall be responsible for paying any losses within said deductible, retention, or other clause. Owner's insurance under this clause shall not be canceled or modified without at least thirty (30) days written notice to Manager. Owner shall require its insurance carrier(s) issuing coverage required by this subsection to confirm coverage for ownership, management, and operation of the Project, the additional insured status of Manager, the primary and non-contribution nature of the policy, and the cancellation notice requirements by endorsement to its policy;

(c) Environmental or pollution legal liability coverage, which shall include remediation, clean-up and reconstruction coverage for mold, asbestos, pollution, toxic materials, and other environmental issues associated with liability or property losses/claims naming both Manager and Owner as named insureds with minimum aggregate limits of $1,000,000. The deductible under this policy shall not exceed $25,000, and Owner shall be responsible for losses within such deductible;

(d) Boiler and machinery insurance covering the building, fixtures, and equipment located at the Project for mechanical failure or explosion of pipes and boilers; and
(e) Cyber liability, including coverage to guard against unauthorized access to or disclosure of personal identification information of a tenant in an amount no less than $1,000,000 and naming Manager as an additional insured by endorsement.

Owner's insurers issuing coverages required by Section 9.1 must be licensed to do business in the state in which the Project is located and must have a Best's rating of A-VIII or better for the most current reporting period. Owner shall be solely responsible for the payment of deductibles and self-insured retentions, if any. To the extent Owner uses any deductibles or self-insured retentions to reduce or mitigate premium or risk cost, such deductibles or retentions will be entirely borne by and apply to the credit of the account of Owner, and with respect to Manager, such insurance will be treated as first-dollar insurance.

All policies shall waive the insurer's right of subrogation against Manager and Manager's affiliates and respective employees, insurers, shareholders, and authorized agents. Manager's officers and directors shall be included as insureds in Owner's policies of insurance required by this Section by definition or endorsement. Owner's policies of insurance required by this Section shall be primary for all claims arising at or on the Project, and any insurance policy maintained by Manager shall be excess and non-contributing in all respects.

Manager shall have an unconditional right to thirty (30) days written notice of an insurer's decisions to cancel a policy impacting the Project or any insurance policy required by this Section.

Within three (3) days of the Execution Date, Owner shall provide Manager complete copies of each policy required by this Section evidencing such coverage and with the declarations and coverage(s) pages listed above, and further evidencing that Manager and Manager's officers and directors are included as an insured by definition or endorsement.

9.2 **Manager's Insurance**. Manager agrees to purchase and shall carry the following policies of insurance for the duration of this Agreement commencing on the Execution Date:

(a) Commercial or general liability insurance with a combined single per occurrence limit of at least $1,000,000 for bodily injury, contractual, property damage, and personal and advertising liability;
(b) Comprehensive or commercial automobile liability insurance for all owned vehicles of Manager with a combined single limit per occurrence of $1,000,000 for personal injury and property damage liability;
(c) Excess liability with a combined single limit of $5,000,000;
(d) Worker's compensation and employer's liability insurance for Manager's employees in an amount equal to the greater of (i) $1,000,000 or (ii) the minimum amount required by the state in which the employee is working;
(e) Insurance against the risk of physical damage to or loss of personal property belonging to Manager in amounts sufficient to replace such property.

Upon written request, Manager shall furnish Owner with certificates of insurance evidencing the insurance coverage required under this Section. Such certificates will be issued by the insurer(s) or its authorized agent(s) and shall provide Owner will be given thirty (30) days prior written notice of cancellation of Manager's coverage by underwriters, or ten (10) days notice if cancelled for non-payment of premium. Except for workers' compensation or as otherwise set forth in any Budget, all Manager's insurance policies required under this Section shall be at Manager's sole cost, unless Owner requests specific coverage for Owner or the Project. Manager may maintain the coverage required by Section with "blanket coverage."

9.3 **Primary Coverages**. Owner's policies shall be primary for all claims arising at or on the Project and any policy of Manager shall be excess and non-contributing in all respects.

9.4 **Manager's Responsibilities**. Manager shall use commercially reasonable efforts to comply with all terms and conditions of Owner's insurance and shall notify Owner within forty-eight (48) hours after receiving actual notice of any loss, damage, claim, or injury that could give rise to a claim under Owner's insurance. Manager shall not knowingly take any action that may prejudice Owner in its defense of any such claim.

9.5 **Referral to Broker**. Upon Owner's request, Manager may refer Owner to a qualified insurance agent or broker to assist Owner in procuring insurance, including environmental insurance, for the Project. Owner agrees that Manager provides no guaranty, warranty, or representations for the types or amounts of insurance provided under any issued policies arising from such referral, and Manager assumes no responsibility or liability for the financial viability of the broker or the company issuing such policies. Owner acknowledges that Manager may receive a third-party referral fee or other profits in connection therewith.

9.6 **Resident Services.** Resident services include placement of liability insurance and additional services not specified in this Agreement utilizing Manager's technology and expertise to attract responsible renters, reliably keep units filled, and protect Owner's investment.

Subject to applicable law, Owner requires residents to purchase and maintain liability insurance for the financial protection of Project.

Manager or an affiliate will manage resident compliance with insurance requirements.

Owner acknowledges Manager or an affiliate may offer residents a compliance option allowing residents to purchase a liability insurance policy for the protection of Project while also providing convenience and higher resident satisfaction.

Manager or an affiliate will monitor resident compliance and automatically place a policy for the protection of Project whenever a resident's liability policy is no longer in force for any reason.

Owner acknowledges Manager and affiliates are providing additional value and operate on a for profit basis when offering a compliance option to purchase liability insurance, when monitoring compliance, when automatically placing insurance policies, when processing insurance information, documentation, and premiums for all policies, and when providing other resident services benefiting Project.

Owner acknowledges Manager and affiliates are entitled to receive incentive fees from third parties in connection with resident services with those fees not considered part of Gross Monthly Collections but rather to encourage innovative resident services, attract responsible renters, keep units filled, and protect Owner's investment.

## ARTICLE X
## INDEMNIFICATION

10.1 **Indemnification by Owner**. Owner agrees to indemnify, immediately defend, and hold harmless Manager, its affiliates (including without limitation any person who holds a direct or indirect ownership interest in Manager), and each of Manager's respective officers, directors, owners, shareholders, principals, insurers, employees, partners, agents, representatives, successors, and assigns ("Manager Indemnitees"), whether or not there are claims of negligence against Manager or Manager's Indemnitees, from and against all liabilities, obligations, claims, losses, causes of action, suits, proceedings, awards, judgments, settlements, demands, injury, damages, costs, expenses, fines, penalties, and fees (including attorney's fees) ("Claims") arising out of or relating to: (a) the ownership, maintenance, or operation of the Project (including claims made by vendors or suppliers to the Project); (b) the performance by Manager of its responsibilities under this Agreement; (c) any action undertaken by Manager at the express or implied direction of Owner; (d) Manager's status as property manager for the Project, including Manager's efforts to enforce the Project's compliance with any federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (e) Owner's violation or alleged violation of any applicable federal, state, or local law or regulation, including any such regulation or law concerning hazardous materials or housing statutes; (f) any errors, omissions, negligence, actions or inactions or alleged errors, omissions, negligence, actions or inactions taken by Owner and/or Owner's agents or consultants (including environmental consultants) concerning the Project or the premises upon which the Project is located (g) any actual or alleged debts, liabilities, or payments for which Manager is not liable pursuant to this Agreement; and (h) any attempt by any person, group, entity, or agency to designate or allege Manager as "operator" or "regulated facility" under the Resource Conservation and Recovery Act (RCRA) or a Potentially Responsible Party (PRP) under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), or otherwise make or allege Manager as being liable as a party under any environmental law, or make or allege Manager or its insurer as being a party in a claim for contribution, cost recovery, or indemnity. As set forth more fully in Article VII, Owner's responsibility under this defense and indemnity provision shall specifically extend to the presence or alleged presence of hazardous or toxic substances or materials, toxic wastes and similar substances, as well as insects, microorganisms and other substances, including fungi, mold and mold spores, upon, within, above or beneath the Project, that could cause or allegedly cause property damage or pose a threat to human health, and to costs incurred by Manager or any third party, in connection with any alleged, actual or failed investigation of site conditions or any alleged, actual or failed compliance by Manager with Owner's or Owner's consultant's directions, because of the presence or alleged presence of any hazardous or toxic materials, toxic wastes and similar substances, including but not limited to insects, microorganisms, fungi, mold and mold spores, with respect to the Project. The defense and indemnity provisions of this Section 10.1 shall survive the expiration or termination of this Agreement, and shall apply whether or not there are claims of negligence of Manager, but shall have no application where such Claims can be attributed to the gross negligence or willful misconduct of Manager, its agents, or employees, or Manager Indemnitees. Owner must obtain the consent of Manager to counsel selected by Owner to fulfill the defense obligations of this Section 10.1, such consent to not be unreasonably withheld by Manager.

10.2 **<u>Indemnification by Manager</u>**. Manager shall defend, indemnify, and hold harmless Owner, its affiliates, and each of Owner's respective officers, directors, employees, partners, agents, representatives, contractors, successors, and assigns ("Owner Indemnitees") from all Claims to the extent such Claims arise out of the gross negligence or willful acts of Manager, its agents, or employees and are not otherwise covered by Owner's insurance policies or by policies Owner declined to purchase. Manager shall not be liable to Owner or any other party for Claims relating to alleged or actual terrorist acts.

10.3 **<u>Notice</u>**. An Indemnitee must give the Indemnitor (as those terms are defined in Article I above) prompt written notice of any Claim. Upon receipt of such notice, the Indemnitor shall commence the investigation and defense on Indemnitee's behalf and at Indemnitor's sole expense using counsel acceptable to Indemnitee; provided, however, that the Indemnitee may employ separate counsel at its own expense. An Indemnitor may not settle any Claim against an Indemnitee on terms that (a) provide for a criminal sanction or fine against the Indemnitee, (b) admit to criminal liability on the part of the Indemnitee, or (c) provide for injunctive relief against the Indemnitee.

10.4 **<u>Third Party Beneficiaries</u>**. All Owner Indemnitee and Manager Indemnitee parties are third-party beneficiaries of this Agreement to the extent of their indemnity, defense, and similar rights under this Section, and may enforce that provision against Owner or Manager, as applicable.

10.5 **<u>Survival.</u>** The defense, hold harmless, and indemnity obligations of the Parties shall survive the termination of this Agreement, and shall continue after the termination of this Agreement until such time as any applicable statute of limitation shall have expired as to any claims that may be asserted by any third party or third parties against Manager, Owner or the Project.

**ARTICLE XI**
**DEFAULT; TERMINATION**

11.1 **Default by Manager**. Manager shall be deemed to be in default of this Agreement if Manager commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Owner or, if such default cannot reasonably be cured in thirty (30) days, then within such additional period as shall be reasonably necessary to effect a cure, so long as Manager commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall have the right to terminate this Agreement after the expiration of any notice and cure period, in addition to all other rights and remedies available to Owner at law and in equity.

11.2 **Default by Owner**. Owner shall be deemed to be in default of this Agreement if Owner commits a material breach of any term or condition of this Agreement and fails to cure such default within thirty (30) days after receiving written notice from Manager or, if such default cannot reasonably be cured in thirty (30) days, other than financial defaults, then within such additional period as shall be reasonably necessary to effect a cure, so long as Owner commences efforts to cure within the original thirty (30) day period and thereafter diligently pursues the cure. Owner shall be deemed to be in financial default hereunder should it (i) fail to pay any amount due to Manager or (ii) fail to provide funds to operate the Project, and further fails to correct such default(s) within five (5) business days of written notice from Manager of such failure to provide funds. If the Owner is in financial default as described, or is otherwise involved in any actions that, at the sole discretion of the Manager, create a serious risk to the Manager or the community, this default may result in the immediate termination of this Agreement. Should Manager terminate this Agreement pursuant to this Section, Owner shall pay Manager, no later than ten (10) calendar days after receiving notice of such termination, the Termination Fee and Manager is entitled to deduct such fee from the Trust Account. The payment to Manager under this Section shall not affect Manager's right to recover from Owner damages that Manager has suffered due to Owner's default.

11.3 **Termination for Convenience**. Notwithstanding anything to the contrary in this Agreement, during the initial exclusive term, either Party may terminate this Agreement for convenience or in the event of casualty by giving the other Party thirty (30) days written notice and specifying the date of termination in the notice. If Owner gives notice of termination of this Agreement within the initial exclusive term, Owner shall pay Manager the Termination Fee. Should Owner sell or otherwise convey the Project, Manager may terminate this Agreement by giving Owner thirty (30) days written notice. If Owner sells or conveys the Project within the initial exclusive term, Owner shall pay Manager the Termination Fee. Any Termination Fee shall be paid within ten (10) calendar days of the date written notice of termination is sent.

11.4 **Effect of Termination; Obligations of Parties**. Upon expiration or termination of this Agreement, Manager's authority to act for Owner shall cease and Manager shall vacate the Project premises, unless otherwise agreed by the Parties in writing. Within forty-five (45) days after the expiration or earlier termination of this Agreement, Manager shall deliver a final accounting to Owner with respect to the operations of the Project, including a final accounts receivable and accounts payable list and a final bank account reconciliation along with all funds remaining in the Trust Account. Immediately upon termination of this Agreement, Manager shall deliver to Owner all original permits, plans, records, leases, licenses, contracts, books, keys, computer data, records, and other personal property owned by Owner that is in Manager's possession relating to the Project. Within five (5) days of termination, a list of all tenant security deposit obligations shall be delivered to Owner. Within thirty (30) days of termination, Manager will submit a release all funds held except for those necessary to pay unpaid obligations. Upon expiration or termination of this Agreement, Owner shall remain liable for and shall assume all obligations relating to the Project, including those relating to contracts entered into by Manager for Owner's benefit in accordance with this Agreement. Within thirty (30) days of termination, Owner shall pay Manager all amounts due for services rendered prior or after termination under the terms of this Agreement, and Manager retains the right to deduct any such amounts

due from the Trust Account. All records relating to the Project required to be maintained by Manager under Nevada law will be maintained by Manager for the required holding period after the transaction is terminated.

## ARTICLE XII
## ARBITRATION

12.1 **Arbitration**. Any claim or controversy of whatever nature, including but not limited to the issue of arbitrability, arising out of or relating to this Agreement, or the breach of this Agreement, shall be settled by final and binding arbitration. The arbitration shall be conducted by a qualified arbitrator in accordance with the Nevada Arbitration Act ("NAA"). Only one arbitrator shall be used, and the arbitrator shall be selected pursuant to the criteria and processes outlined by the NAA rules. The arbitrator shall have the authority to determine and award costs of arbitration as well as costs incurred by any Party for attorneys, experts, and consultants. Except for cost awards, the arbitrator's award shall be limited to actual damages and will not include consequential, punitive, or exemplary damages. The arbitrator's award shall be final and binding on all Parties. The Parties further agree that such award may be entered as a judgment of any court having jurisdiction.

## ARTICLE XIII
## GENERAL

13.1 **Owner's Representative**. Owner shall designate one person to serve as Owner's representative, and a designee to act as substitute in the absence of Owner's representative, in all communications with Manager. Whenever the approval or consent or other action of Owner is called for, the approval, consent or action by the Owner's representative shall be binding on Owner. Owner's representative and the designee of Owner's representative are identified as follows:

| | |
|---|---|
| Representative: | Designee: |
| Hilary Lopez, Executive Director | ________________ |
| 1525 E. Ninth Street | ________________ |
| Reno NV 89512 | ________________ |
| Phone: 775.686.9003 | Phone: ________________ |
| Email: hlopez@renoha.org | Email: ________________ |

Such representative may be changed at the discretion of Owner, at any time, under the provisions of notice in this Agreement.

13.2 **Notices**. Any notices required by this Agreement shall be personally delivered or sent by regular first-class mail, postage prepaid, addressed or by confirmed, received email as follows:

| **To Owner:** | **To Manager:** |
|---|---|
| HOUSING AUTHORITY OF THE CITY OF RENO | CLOUDTEN RESIDENTIAL |
| 1525 E. Ninth Street | 4751 Caughlin Parkway |
| Reno NV 89512 | Reno NV 89519 |
| Attention: Hilary Lopez, Executive Director | Attention: Joseph S. Greenblatt, CPM |
| Email: hlopez@renoha.org | Email: jgreenblatt@livecloudten.com |

or at any other addresses as the Parties may designate to each other in accordance with this Section. A notice shall be deemed effective when an email is sent if the email is sent during business hours of sending party or the next business day if sent after business hours of sending party, provided no "bounceback" response is received and further provided a mail copy is sent concurrently with such email copy. If a "bounceback" response is received to an email notice and a valid replacement email cannot be promptly obtained, notice shall

be effective one (1) business day after deposit of the notice in U.S. mail. All Parties agree to notify the other of any change to their ownership entity or contact information within ten (10) days of the changes.

13.3 **Attorney's Fees**. In the event of any controversy, claim or action filed between the Parties respecting this Agreement or in connection with the Project, the prevailing party shall be entitled, in addition to all expenses, costs, and damages, to reasonable attorney's fees, at trial, on appeal, or in arbitration, whether or not such controversy was litigated, arbitrated, or prosecuted to an award. In the event that any controversy is litigated or arbitrated, the attorney's fees shall be set by the court or arbitrator, as applicable.

13.4 **Complete Agreement**. This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Manager with respect to the management and operation of the Project and supersedes and replaces all previous management or other agreements entered and/or negotiated between Owner and Manager relating to the Project covered by this Agreement. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by Owner and Manager. Except as otherwise provided, all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Owner and Manager in writing. Each Party to this Agreement acknowledges and agrees the other Party has made no warranties, representations, covenants or agreements, express or implied, to such Party, other than those expressly set forth, and each Party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, to such Party, other than those expressly set forth in this Agreement, or as set forth in an exhibit or appendix to this Agreement.

13.5 **Amendment**. Neither this Agreement nor any provision, may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the Party against whom enforcement of the change, waiver, discharge, or termination is sought.

13.6 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

13.7 **Interpretation**. If any part of this Agreement shall be declared invalid or unenforceable, Manager shall have the option to terminate this Agreement by notice to Owner.

13.8 **Governing Law**. This Agreement and the obligations of Owner and Manager shall be interpreted, construed, and enforced in accordance with the laws of Nevada. All Parties agree to abide by all city, county, state, federal (including fair housing) laws.

13.9 **Force Majeure**. Any delays in the performance of any obligation of Manager under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, pandemic, and other similar cases not within the control of Manager, and any time periods required for performance shall be extended accordingly.

13.10 **Non-Assignment.** This Agreement is not assignable unless all Parties agree in writing to the assignment. Approval will not be withheld unreasonably.

Owner and Manager have caused this Agreement to be executed as of the Execution Date.

| OWNER | MANAGER |
| --- | --- |
| HOUSING AUTHORITY OF THE CITY OF RENO, a Nevada Municipal corporation | CLOUDTEN RESIDENTIAL, a Nevada corporation |
| By: ___________________________<br>Hilary Lopez, Executive Director | By: _________________________________<br>Joseph S. Greenblatt, CPM, CEO, or<br>Jessica Weil, designated broker salesperson |

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 12** **March 26, 2024**

SUBJECT: Discussion and possible amendment to Resolution 23-04-02 RH to identify an RHA Seller's Note in the approximate amount of $17.7 million as part of the financing for the Silverada Manor rehabilitation and preservation project. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Possible Action

**Background:**

In April 2023, the RHA Board of Commissioners passed Resolution 23-04-02, which authorized RHA's Executive Director to submit a RAD application for Silverada Manor as well as a variety of applications for financing related to the project. At this point, RHA has submitted nearly all the documents related to this resolution and is in the final stretch of the RAD application process.

The last major step includes the submission of a financing plan. As part of this submission HUD requires documentation that all funding sources have been committed in the form of an award letter or resolution. One funding source that still needs proof of commitment is RHA's Seller's Note related to the "sale" of Silverada Manor to the new tax credit sole purpose entity, Silverada LLC, as part of the transaction. In place of purchasing the property upfront, RHA will issue a Seller's Note for the appraised value of the property, currently estimated at $17,658,000, that is secured by the new ownership entity (which includes the LIHTC investor, RHA, and Brinshore) through a 99-year lease agreement with payment of $1.00 per year.

This kind of "paper transaction" is very common in deals of this type and allows for the agency to leverage the value of the property to attract more equity to the project, through 4% LIHTC Acquisition credits. In the case of Silverada Manor, this will bring nearly $2 million in additional tax-credit equity into the project. The Seller's Note will be subordinate financing repaid through the cash flow waterfall to the extent cash is available and based on its priority for repayment. It is anticipated that the Seller's Note will be subordinate to conventional financing, State of Nevada loans for HMNI and/or other funds, other RHA capital fund loans, and deferred developer fee repayment.

RHA staff believes the most straightforward way for the Board to show proof of commitment for the Seller's Note is to amend Resolution 23-04-02 to include language addressing the Seller's Note. A redlined and clean version of the amended resolution have been included along with this staff report.

*Staff Recommendation and Motion*

Staff recommends that the Board of Commissioners approve the amendment to Resolution 23-04-02.

HOUSING AUTHORITY OF THE CITY OF RENO

RESOLUTION **23-04-02**
AMENDED MARCH 2024

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A RESOLUTION AUTHORIZING THE HOUSING AUTHORITY OF THE CITY OF RENO ("THE AUTHORITY") TO EXECUTE ANY AND ALL DOCUMENTS NECESSARY TO PREPARE AND SUBMIT A RENTAL ASSISTANCE DEMONSTRATION (RAD) PROGRAM APPLICATION TO HUD FOR SILVERADA MANOR AND AUTHORIZING THE AUTHORITY'S EXECUTIVE DIRECTOR AND DEPUTY EXECUTIVE DIRECTOR TO EXECUTE ALL DOCUMENTS RELATED TO THE SUBMISSIONS

**WHEREAS**, the Authority was organized for the purpose, among others, of developing and operating low-income housing; and

**WHEREAS**, the Authority is authorized to prepare, carry out, and operate projects, and provide for the acquisition, construction, reconstruction, rehabilitation, improvement, extension, alteration or repair of any project within its area of operation; and

**WHEREAS**, the Authority wishes to reposition a Low Income Public Housing project known as Silverada Manor, consisting of one hundred and fifty (150) units located in Reno, Nevada, which it operates as housing for low-income seniors and individuals with disabilities located at 1400 Silverada Blvd, Reno, Nevada (the "Project"); and

**WHEREAS,** the Authority wishes to apply to the U.S. Department of Housing and Urban Development ("HUD") under the Rental Assistance Demonstration ("RAD") program in order to convert the Project from Low Income Public Housing to subsidized housing under the Project-Based Section 8 Program in order to finance the redevelopment of the Project and its long-term operation as affordable housing; and

**WHEREAS,** as a critical element of the RAD financing, and in order to qualify for non-competitive 4% Low-Income Housing Tax Credits, the Authority wishes to request private activity bond volume cap from the City of Reno and to apply to the Nevada Housing Division for tax-exempt bond financing ; and

**WHEREAS,** as a critical element of the RAD financing, the Authority wishes to apply to the Washoe County HOME Consortium's Affordable Housing Municipal Loan Program for HOME Investment Partnership Program (HOME) funds; and

**WHEREAS,** the Board of Commissioners of the Authority deems it to be in the best interests of the Authority to take all actions to facilitate the application to HUD under the RAD program; the request of private activity volume cap from the City of Reno; the application to the Nevada Housing Division for tax-exempt bond financing; and subsequent application for low income housing tax credits to the Nevada Housing

Division; the application to the Washoe County HOME Consortium's Affordable Housing Municipal Loan Program for HOME funds; and to apply for any other financing , including Federal Home Loan Bank AHP Funds related to the project; and

**WHEREAS,** the Board is amending the Resolution to indicate they also deem it to be in the best interests of the Authority to provide ~~the issuing of~~ a Seller's Note for the appraised value of the Project as part of the financing stack for the project;

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the Board of Commissioners of the Housing Authority of the City of Reno that the Authority is hereby authorized to enter into, execute, ~~and~~ deliver, and issue the following documents;

1. HUD RAD Application for the Project; and
2. City of Reno Private Activity Bond Volume Cap request; and
3. Nevada Housing Division Multi-Family Bond Application and subsequent Low Income Housing Tax Credit Application; and
4. Washoe County HOME Consortium's Affordable Housing Municipal Loan
5. Program Application; and Applications for any other financing, including the Federal Home Loan Bank Affordable Housing Program (AHP) Application.

~~5.~~6. Seller's Note for the appraised value of the Project.

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**BE IT FURTHER RESOLVED,** that Dr. Hilary Lopez, the Executive Director of Authority, or in her absence, Heidi McKendree, the Deputy Executive Director of the Authority, are hereby authorized, empowered and directed, on behalf of the Authority for its own account, to take such actions set forth and take such further actions, and to execute such additional documents or instruments, as the persons taking such actions, or executing such documents or instruments, may deem necessary or appropriate in connection with matters authorized in the foregoing resolutions, and the signature of such Executive Director or Deputy Executive Director or any documents of instrument or the performance of any such actions shall be conclusive evidence of such Executive Director and Deputy Executive Director's authority to take such actions or execute such documents or instrument on behalf of the Authority for its own account; and

**RESOLVED FURTHER,** that any and all acts heretofore taken by such Executive Director and Deputy Executive Director of the Authority in connection with the matters authorized by the foregoing resolutions are hereby ratified, confirmed, adopted and approved by the Board of Commissioners of the Authority.

ADOPTED THIS __25th_____ DAY OF___April__, 2023.

ATTEST

| | |
|---|---|
| CHAIRMAN | SECRETARY |

HOUSING AUTHORITY OF THE CITY OF RENO

RESOLUTION **23-04-02**
**AMENDED MARCH 2024**

A RESOLUTION AUTHORIZING THE HOUSING AUTHORITY OF THE CITY OF RENO ("THE AUTHORITY") TO EXECUTE ANY AND ALL DOCUMENTS NECESSARY TO PREPARE AND SUBMIT A RENTAL ASSISTANCE DEMONSTRATION (RAD) PROGRAM APPLICATION TO HUD FOR SILVERADA MANOR AND AUTHORIZING THE AUTHORITY'S EXECUTIVE DIRECTOR AND DEPUTY EXECUTIVE DIRECTOR TO EXECUTE ALL DOCUMENTS RELATED TO THE SUBMISSIONS

**WHEREAS**, the Authority was organized for the purpose, among others, of developing and operating low-income housing; and

**WHEREAS**, the Authority is authorized to prepare, carry out, and operate projects, and provide for the acquisition, construction, reconstruction, rehabilitation, improvement, extension, alteration or repair of any project within its area of operation; and

**WHEREAS**, the Authority wishes to reposition a Low Income Public Housing project known as Silverada Manor, consisting of one hundred and fifty (150) units located in Reno, Nevada, which it operates as housing for low-income seniors and individuals with disabilities located at 1400 Silverada Blvd, Reno, Nevada (the "Project"); and

**WHEREAS,** the Authority wishes to apply to the U.S. Department of Housing and Urban Development ("HUD") under the Rental Assistance Demonstration ("RAD") program in order to convert the Project from Low Income Public Housing to subsidized housing under the Project-Based Section 8 Program in order to finance the redevelopment of the Project and its long-term operation as affordable housing; and

**WHEREAS,** as a critical element of the RAD financing, and in order to qualify for non-competitive 4% Low-Income Housing Tax Credits, the Authority wishes to request private activity bond volume cap from the City of Reno and to apply to the Nevada Housing Division for tax-exempt bond financing; and

**WHEREAS,** as a critical element of the RAD financing, the Authority wishes to apply to the Washoe County HOME Consortium's Affordable Housing Municipal Loan Program for HOME Investment Partnership Program (HOME) funds; and

**WHEREAS,** the Board of Commissioners of the Authority deems it to be in the best interests of the Authority to take all actions to facilitate the application to HUD under the RAD program; the request of private activity volume cap from the City of Reno; the application to the Nevada Housing Division for tax-exempt bond financing; and subsequent application for low income housing tax credits to the Nevada Housing Division; the application to the Washoe County HOME Consortium's Affordable Housing Municipal Loan Program for HOME funds; and to apply for any other financing , including Federal Home Loan Bank AHP Funds related to the project; and

**WHEREAS,** the Board is amending the Resolution to indicate they also deem it to be in the best interests of the Authority to provide a Seller's Note for the appraised value of the project as part of the financing stack for the project.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the Board of Commissioners of the Housing Authority of the City of Reno that the Authority is hereby authorized to enter into, execute, deliver, and issue the following documents;

1. HUD RAD Application for the Project; and
2. City of Reno Private Activity Bond Volume Cap request; and
3. Nevada Housing Division Multi-Family Bond Application and subsequent Low Income Housing Tax Credit Application; and
4. Washoe County HOME Consortium's Affordable Housing Municipal Loan
5. Program Application; and Applications for any other financing, including the Federal Home Loan Bank Affordable Housing Program (AHP) Application.
6. Seller's Note for the appraised value of the Project.

**BE IT FURTHER RESOLVED,** that Dr. Hilary Lopez, the Executive Director of Authority, or in her absence, Heidi McKendree, the Deputy Executive Director of the Authority, are hereby authorized, empowered and directed, on behalf of the Authority for its own account, to take such actions set forth and take such further actions, and to execute such additional documents or instruments, as the persons taking such actions, or executing such documents or instruments, may deem necessary or appropriate in connection with matters authorized in the foregoing resolutions, and the signature of such Executive Director or Deputy Executive Director or any documents of instrument or the performance of any such actions shall be conclusive evidence of such Executive Director and Deputy Executive Director's authority to take such actions or execute such documents or instrument on behalf of the Authority for its own account; and

**RESOLVED FURTHER,** that any and all acts heretofore taken by such Executive Director and Deputy Executive Director of the Authority in connection with the matters authorized by the foregoing resolutions are hereby ratified, confirmed, adopted and approved by the Board of Commissioners of the Authority.

ADOPTED THIS 25th DAY OF April, 2023.

ATTEST

______________________________ ______________________________

CHAIRMAN SECRETARY

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 13** **March 26, 2024**

SUBJECT: Discussion and possible approval to reclassify the Public Affairs Officer position from Grade 8 to Grade 3 based on a change in the position responsibilities and duties. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Possible Action

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**Background:**

Staff is requesting the Board reclassify the Public Affairs Officer position from a Grade 8 salary range to a Grade 3 salary range. The current Grade 8 salary range goes from $62,857.60 to $92,913.60. The Grade 3 salary ranges from $88,233.60 to $130,395.20. The Executive Director is requesting this change to better align the salary for this position with its current task, responsibilities, and management levels. As outlined below, the position has evolved over time and has substantially expanded in the past year to better align with Board goals and the new Authority direction. Given the new job scope, the position needs to be reclassified. This will also assist RHA with retaining and recruiting quality job candidates. Further, this promotes the Board's goals of adjusting staffing levels to better meet the current workload and reclassifying internal positions to gain efficiency.

The history of this position classification is as follows:

10/2017 - The classification was established as a grade 8, non-exempt position and titled Community Outreach Coordinator. The primary job duties related to the implementation, monitoring, and dissemination of Agency information, and educating the public on RHA's mission, programs, and current projects.

03/2020 - The primary job duties were not changed but the FLSA status for the classification was changed from non-exempt to exempt. The classification remained at grade level 8.

02/2021 - The classification job duties were updated to include the below listed additional responsibilities:

- Respond to requests, inquiries and complex complaints from elected officials, government agencies and the public.
- Oversite of social media as it relates to agency updates and assist in keeping the RHA website current.

To better reflect the classifications' responsibilities the title was also changed to Public Information Officer. The classification remained at grade level 8.

04/2022 – Additional job duties and responsibilities were assigned to the classification, and it was re-titled as the Public Affairs Officer (PAO). The classification remained at grade level 8. The primary job duties included research, development and implementation of complex communication, marketing, and media initiatives and strategies for the Reno Housing Authority. The job description also identified that the PAO provides oversight for RHA website content and social media platforms, creates written and graphical content for a variety of media to support and promote the goals of the RHA, and provides independent professional advice and consultation to various stakeholders, the Executive Director, and the Board of Commissioners.

03/2024 – In response to the assignment of additional job duties for this position as a result of the Agency's new direction and board goals, a classification review was conducted. The classification responsibilities now also include planning, directing, and implementing comprehensive public affairs, community and government relations, outreach, marketing, and media relations programs, projects, and strategies for the Reno Housing Authority. The position now supervises a Social Media Specialist and also manages RHA's growing internal and external events and collaborative efforts with partner agencies. A redlined draft of the revised job description is attached for reference and indicates areas of change.

The Department of Human Resources' recent classification review determined the level and complexity of responsibilities, the exercise of discretion, and the degree of independent judgement with respect to matters of significance has increased significantly for this position since it was established in 2017.

In response to this, a market compensation study was completed by Human Resources. The classification was compared to similar classifications in five (5) governmental agencies within Nevada. It was found that the current salary grade for the classification is approximately 31% below the median market salary for similar classifications in Nevada.

| | Salary Range | | | Range |
|---|---|---|---|---|
| | Minimum | Mid Point | Maximum | Spread |
| **MEDIAN (Nevada Region)** | $ 82,896.00 | $ 102,371.20 | $ 121,846.40 | 147% |
| **RHA Classification** | $ 62,857.60 | $ 77,885.60 | $ 92,913.60 | 148% |
| **DIFFERENCE** | $ (20,038.40) | $ (24,485.60) | $ (28,932.80) | |
| **VARIANCE FROM MARKET MEDIAN** | -32% | -31% | -31% | |

Industry standard typically identifies a salary difference of greater than 15% as the position is misaligned and should be reviewed for possible realignment. Given this, there is strong evidence to support the reclassification which will keep RHA competitive in its recruitment efforts.

Funding is available through our MTW flexibility to support the additional salary for this position going forward.

*Staff Recommendation and Motion*

The Board moves to approve and authorize the reclassification of the Public Affairs Officer classification from grade 8 to grade 3 effective RHA pay period starting April 1, 2024.

**Housing Authority of the City of Reno**

GOVERNMENT AND PUBLIC AFFAIRS MANAGER~~OFFICER~~

| | |
|---|---|
| DEPARTMENT: | Executive |
| REPORTS TO: | Executive Director |
| Exempt/Grade: | Exempt / Grade ~~8~~3 |


**SUMMARY**

Under general direction, the Public Affairs ~~Officer~~ Manager ~~i~~plans, directs, and implements comprehensive public affairs, community and government relations, outreach, marketing, and media relations programs, projects, ~~s responsible for the research, development and implementation of complex communication, marketing, and media initiatives~~ and strategies for the Reno Housing Authority. ~~-~~Provides expert professional assistance and guidance to the Executive Director, the Board of Commissioners, RHA executives, managers, and staff on media relations, public and legislative affairs.

~~Provides oversight for RHA website content and social media platforms. Creates written and graphical content for a variety of media to support and promote the goals of the RHA.~~


**EXAMPLES OF IMPORTANT & ESSENTIAL DUTIES**

- Serves as the public relations liaison with the media, public and other government agencies. Uses public relations and media expertise to enhance public understanding of the goals and operations of the Reno Housing Authority proactively and reactively.
- Develops and implements overall legislative and communications strategy and policy, developing position, messaging, marketing, and branding strategies and outreach programs, media outreach and response to inquiries, and writing and creating RHA information materials.
- ~~Oversees the formulation, strategic development, implementation, and evaluation of the RHA communications, education, government, and community relations programs, projects, policies, and activities.~~
- Lead strategic engagements with elected and appointed officials, government agencies, legislative staff, community groups, business leaders through a solid understanding of the structures and processes of the local, state, and federal governments to ensure the agency's interests are represented.~~Represent RHA and serves as primary communicator at functions and in meetings with governmental agencies, community groups, various business, professional, and regulatory organizations, and with clients.~~
- Serve as ~~Is~~ the Agency contact for media interviews and press conferences. Organizes press conferences, facilitates media interviews, and responds to media inquiries.
- Responds to media inquiries and/or provides background and talking points to Executive Director; responds to difficult and sensitive media and public inquiries and complaints and assists with resolutions and alternative recommendations.
- Prepares, edits and publishes media releases, speeches, newsletters, informational brochures, media advisories, and other media publications.
- Develops and manages marketing and branding programs to increase awareness of programs and services including review of materials developed by other departments for public distribution and outreach programs, projects, and issues of importance. Ensures consistent, timely, and accurate messages across department functions; assesses and provides advice on impacts to agency's image and public perception.
- Provides oversight for RHA website content and social media platforms. Creates written and graphical content for a variety of media to support and promote the goals of the RHA. ~~Create, implement, and M~~Monitor content on all RHA social media platforms.
- Advise the Executive Director and Board of commissioners on public relations matters and issues. ~~Participate~~ Coordinate ~~in~~ the development of key communication messages to achieve RHA strategic goals.
- Manages the planning of events, ceremonies, and public activities.

Reviews new or revised regulations affecting housing programs; interprets new and revised legislation and collaborates with agency leaders to disseminate the impact on operations/business services; prepares and distributes related information to appropriate staff.

- Coordinates RHA responses to inquiries from elected officials, government agencies, and the public.
- ~~Participate in the development and implementation of agency goals and objectives.~~ Participates in the development of Agency plans and programs as a



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- Develop, plan, organize, and conduct public relations educational seminars, trainings, and presentations to elected officials, government agencies, and community groups.
- Monitor compliance with laws, rules and regulations related to provision of public communication services.
- Participate in professional organizations relating to the agency goals and mission.
- Keeps apprised of industry trends, communication technologies, and social media use. Advises the Executive Director on strategic changes to maximize positive internal and external communication and media coverage.
- ~~Interview employees, department heads, elected officials and citizens to develop articles and media information.~~
- Promote activities designed to open avenues of communication, promote public understanding, and gain support for RHA's activities and objectives. Participates in community events and workshops in order to advance RHA goals and objectives.
- Coordinate and provide technical support and training on communication practices and media responses to key staff members.
- ~~Support intergovernmental relationships between multiple agencies and community associations.~~ Develops, proposes, and takes proactive steps to establish and build collaborative relationships between the Agency and advocacy organizations, community representatives, the media, and the public.
- ~~Establish new contacts and partnerships to assist in furthering the RHA mission.~~
- Lead, coach and manage assigned staff which includes selecting, training, supervising, evaluating, developing, counseling and, when necessary, appropriately managing performance in accordance with approved policies and procedures.
- Participates in after-hours meetings and activities as needed.
- Performs other related tasks and duties as assigned.

## MINIMUM QUALIFICATIONS

- Bachelor's degree from an accredited college or university with major course work in marketing, public relations, communications, journalism, public administration, marketing, or a related field.
- ~~Three (3)~~Four (4) years of increasingly responsible experience in public communications, community relations, government affairs, media coverage or a related field, with ~~and/or any combination of education and experience that would likely provide the required knowledge, skills and abilities.~~ At least one (1) year working in a government or legislative environment.
- One (1) year of supervisory or lead experience is preferred.
- Or an equivalent combination of education, training and experience which provides the knowledge and abilities necessary to perform the work as determined by Human Resources.

## KNOWLEDGE, SKILLS & ABILITIES

- Knowledge of the principles, practices, and techniques used in an effective marketing and public relations program, including governmental relations, advertising, strategic communications, and community relations.
- Knowledge of content strategy, public engagement, and cross-platform communication.
- Knowledge of communication and marketing principles, methods, and materials; website content development and management; graphic design and social media platforms.
- Knowledge of crisis communications best practices, ability to exercise good judgement and personal initiative during emergency situations.
- Knowledge of applicable federal, state, and local laws, rules, regulations, ordinance, and procedures relevant to assigned area of responsibility.
- Knowledge of City, County, State and Federal government organization and legislative processes, including budget and appropriations processes.
- Knowledge of bill enactment process and bill tracking systems.
- Knowledge of the structure and content of the English language, including the meaning and spelling of words, rules of composition, and grammar.
- Knowledge of principles and practices of copy writing, editing, video production, news gathering and journalism.
- Ability to effectively plan, organize, and manage a variety of public information, media, design, and legislative related activities and programs.
- Ability to think critically and strategically, problem solve, exercise independent judgment, manage multiple tasks and deadlines, and work under deadline pressure.
- Ability to respond effectively to a variety of questions

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- Ability to effectively represent the agency in meetings with governmental agencies, community groups; various business, professional, and regulatory organizations; and with individuals and clients.
- Ability to develop and implement internal policies and controls relating to the agency's public information guidelines.
- Ability to communicate clearly and concisely, both orally and in writing, using appropriate English grammar and syntax to ensure accuracy, thoroughness, and clarity in all work product.
- Ability to interpret and explain Federal Regulations, and Agency policies and procedures.
- Ability to foster good public/media relations and provide staff with guidelines when addressing the media and/or the public.
- Ability to organize and coordinate community programs, activities, and special events.
- Ability to establish and maintain positive and cooperative working relationships with media representatives and elected local and State officials, Board of Commissioners, the public, and co-workers.
- Ability to handle confidential information with discretion and independent judgement, and in compliance with regulations, laws and policies.
- Ability to attend meetings outside working hours, and to travel to different sites and locations as required to perform job requirements.
- Ability to drive a vehicle to different RHA properties and locations, requiring a valid Nevada Driver's License in good standing.
- Skilled in developing written documents for a variety of audiences, including executive memos, position papers, public relations documents, etc.
-

**WORK ENVIRONMENT & PHYSICAL DEMANDS**

- Mobility, balance, coordination, vision, hearing, and dexterity levels appropriate to the functions performed. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.
- Work indoors in an office setting with the need to meet strict deadlines, regularly operate standard office equipment including computers, printers, telephones, and copiers.
- Stamina to sit for extended periods of time; vision to read printed materials; hearing and speech to communicate in person or over the telephone.
- Exposure to traffic conditions and external environment when traveling from one office to another.
- Lift, carry, push, and pull materials and objects up to 10 pounds. Occasionally bend, stoop, kneel, and reach.

**ADDITIONAL REQUIREMENTS**

- A valid Nevada Driver's License at time of appointment with an acceptable driving record throughout employment is required.
- Obtain and maintain certifications, licensure or credentials that relate to the position as directed by the Authority.
- Provide a copy of current driving history (dated within six (6) months from the date printed) issued by the Department of Motor Vehicles at time of offer.

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 14** **March 26, 2024**

SUBJECT: Closed Session: The Board may give direction to staff in closed session regarding the position or positions to be taken or the strategy to be employed, and staff may provide the Board with an update, regarding:

- Per NRS 288.220(4), to discuss labor relations with RHA's management representatives, including without limitation, the position or positions to be taken or the strategy to be employed leading to the execution of a new Collective Bargaining Agreement (CBA), the upcoming expiration of the current CBA expiring June 30, 2024, potential items for negotiation in a new CBA and associated fiscal impacts. There will be no approval of the collective bargaining agreement during the course of the closed session.

FROM: Executive Director RECOMMENDATION: For Discussion

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 15** **March 26, 2024**

SUBJECT: Reconvene Open Session: Discussion and possible approval of a Subcommittee of the Board to liaison with staff on labor negotiations and matters related thereto. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Discussion

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 16** **March 26, 2024**

SUBJECT: Discussion on the status, funding, and related matters for proposed RHA housing development projects including, but not limited to:

- Dick Scott Manor
- Hawk View Apartments
- Silverada Manor
- John McGraw/Silver Sage Court
- Stead Manor
- Essex Manor
- Railyard Flats (previously 419 10th Street)
- Carville Court
- Paradise Plaza (Discussion)

FROM: Executive Director RECOMMENDATION: For Discussion

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# 2024 Quarter 1 Development Project Updates

## Staff Report

**Background:**

Please find the 2024 Quarter 1 updates for all active Development Department projects attached:

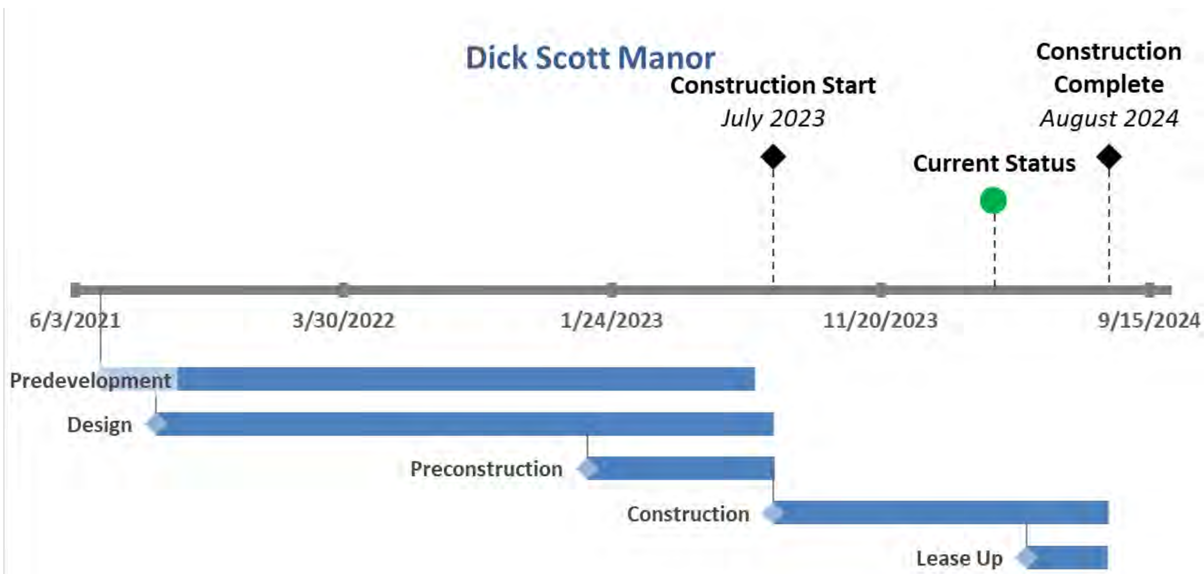
# Dick Scott Manor

## Q1 2024 Update

### Project Info

- $5M Budget
    - Funding sources: City of Reno ARPA, HMNI, Home Depot Foundation, Deferred Developer Fee
- 12 units
- New Construction; Permanent Supportive Housing utilizing PBV HUD-VASH

### Project Status




### Project Updates

- Construction is proceeding ahead of schedule with majority of exterior and interior work complete.
- No major change orders or challenges this past quarter.
- Majority of the City of Reno ARPA award has been expended and RHA staff submitted initial draw request for HMNI funds on 3/15/24.

### Upcoming Milestones

- Construction is scheduled to be complete in August, but because construction is ahead of schedule, the project may be complete as early as June. RHA is waiting on updated schedule from project CMAR, Plenium Builders.
- RHA will begin lease-up process with VA no later than May.

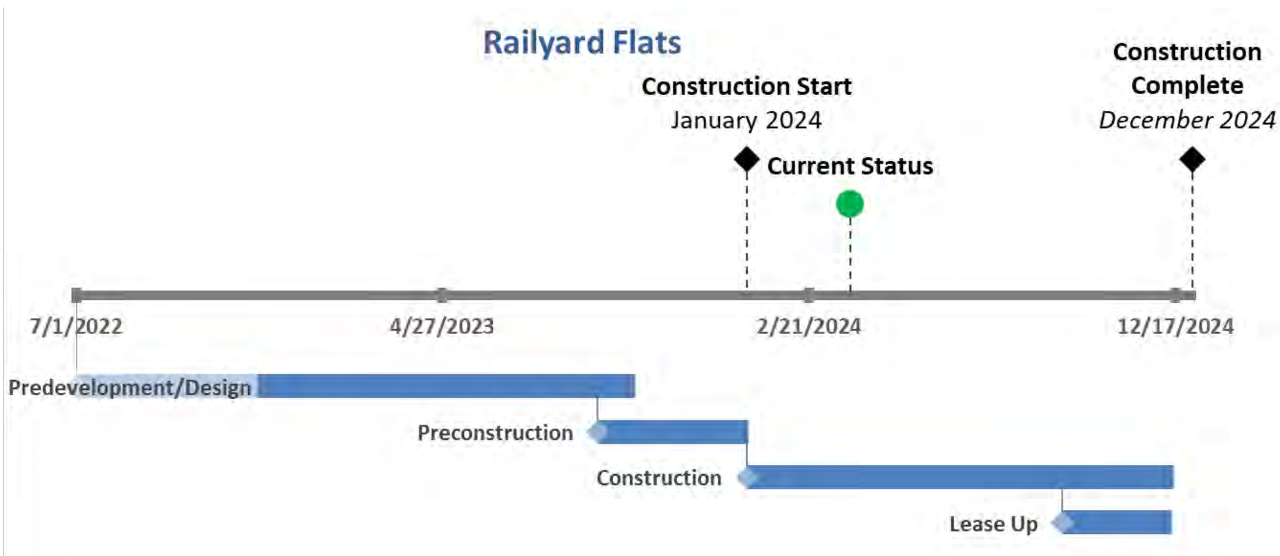
# Railyard Flats

## Q1 2024 Update

### Project Info

- $6.8M Budget
  - Funding sources: HMNI, HOME-ARP, RHA Funds, Deferred Developer Fee
- 15 units
- New Construction

### Project Status




### Project Updates

- Construction is proceeding ahead of schedule. All utilities have been brought on site. Foundation has been laid. First and second floor framing is complete and third floor is in progress.
- No major change orders or challenges this past quarter.
- Officially closed on HOME-ARP with City of Reno.

### Upcoming Milestones

Major construction milestones expected to be completed in the next quarter include:

- Framing and sheeting
- Rough plumbing
- Installation of electrical and mechanical systems

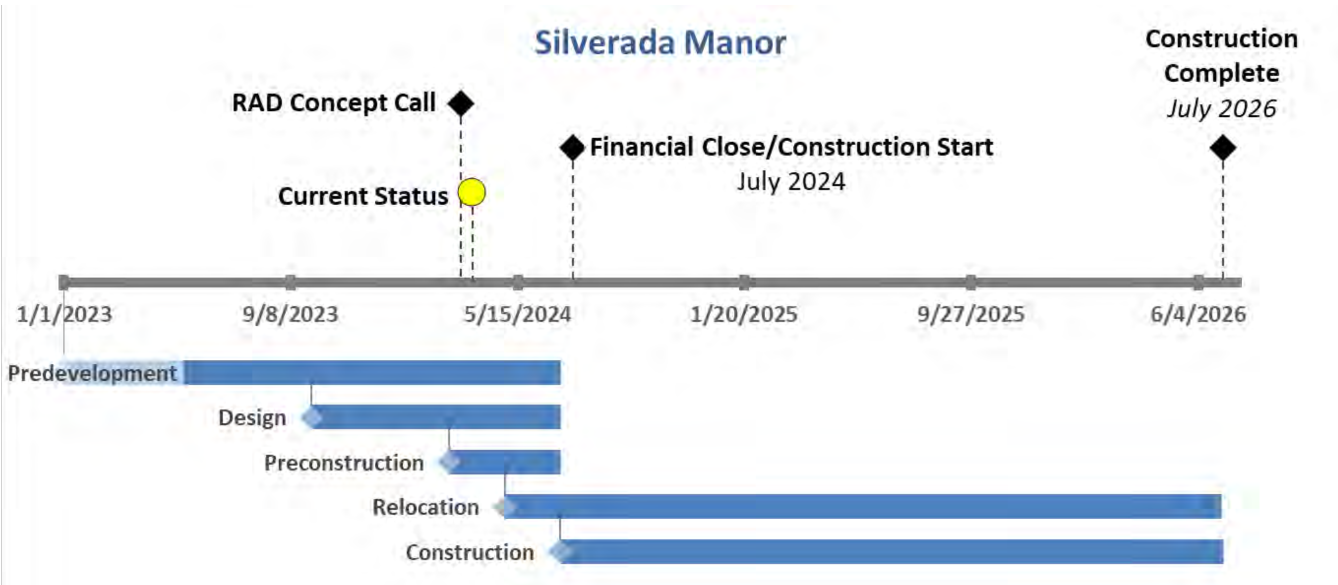
# Silverada Manor

## Q1 2024 Update

### Project Info

- $70M Budget
  - Funding sources: Tax-Exempt Bonds, 4% LIHTC, HMNI, RHA Seller's Note, Capital Funds Deferred Developer Fee
- 150 units
- RAD/Section 18 conversion and substantial rehab of Public Housing property

### Project Status




### Project Updates

- After a significant delay in HUD review of RAD application, RHA was able to schedule the Concept Call, which occurred on 3/14/24.
- To move project through HUD FHEO review in a timely manner, it was decided to not pursue a senior preference or reduce the number of 2-BR units.
- Selected Hudson Housing as project equity investor and Bellwether as the project construction/permanent debt lender
- State Bond Application was submitted on 3/15/24 and will go to the Board of Finance in April.

- The project is a couple months behind schedule due to a delay in HUD review and changes in design/scope of work following FHEO and City of Reno design feedback. However, the project will still meet HMNI obligation/expenditure deadlines.

Upcoming Milestones

- RAD Financing Plan will be submitted in early April.
- Resident Meetings will occur on April 10th with HousingToHome and Brinshore in attendance.
- Resident relocation counseling will begin in May and tenants in Phase 1 will be temporarily relocated starting in June.
- Financial Closing will occur in July 2024 with construction beginning shortly after.

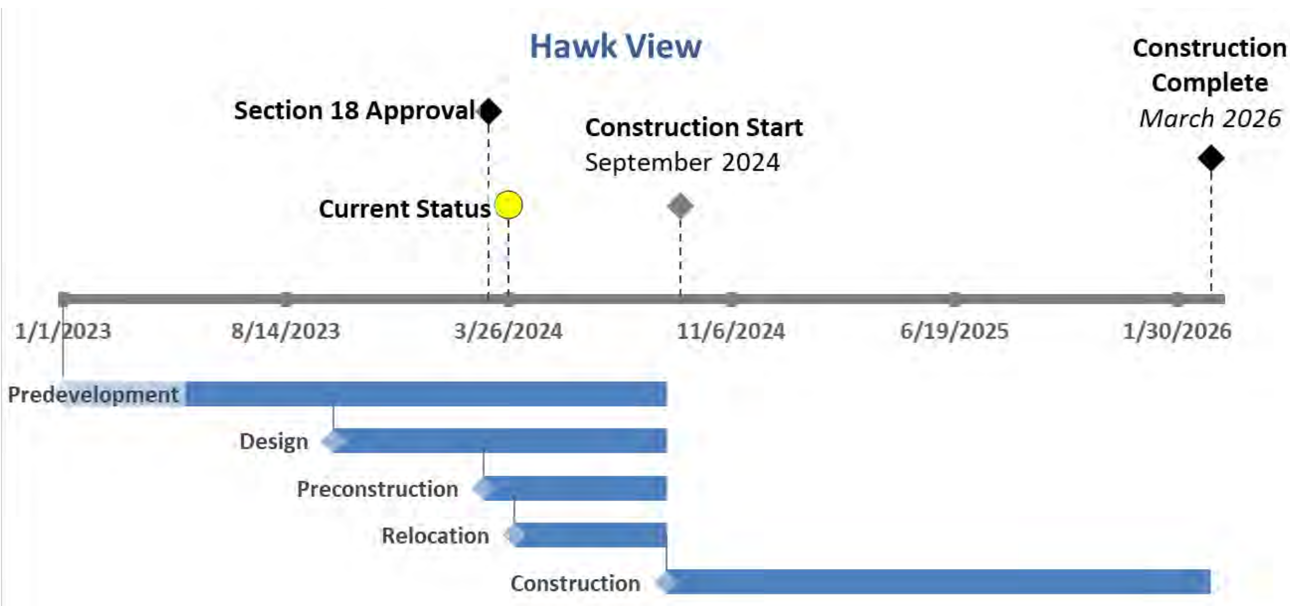
# Hawk View Apartments

## Q1 2024 Update

### Project Info

- $80M Budget
  - Funding sources: Tax-Exempt Bonds, 4% LIHTC, HMNI, RHA Funds, Capital Funds, HOME, FHLB AFP, Deferred Developer Fee
- 199 units
- Section 18 disposition of Public Housing property followed by demolition and redevelopment.

### Project Status




### Project Updates

- After a significant delay in HUD review of Section 18 application, RHA received application approval on 3/6/24.
- Submitted HOME and FHLB AHP applications.
- Released Lender/Investor RFP on 3/11/24.
- The delay in HUD Section 18 approval significantly pushed back resident relocation efforts. This coupled with delays in design have pushed construction start to September. However, the project will still meet HMNI obligation/expenditure deadlines.

## Upcoming Milestones

- Resident Meetings will occur on April 9th with HousingToHome and Brinshore in attendance.
- Resident relocation counseling will begin in April and relocation efforts taking place through September.
- Project Lender and Investor will be selected in April.
- State Bond Application will be submitted in April and go to the Board of Finance in June.

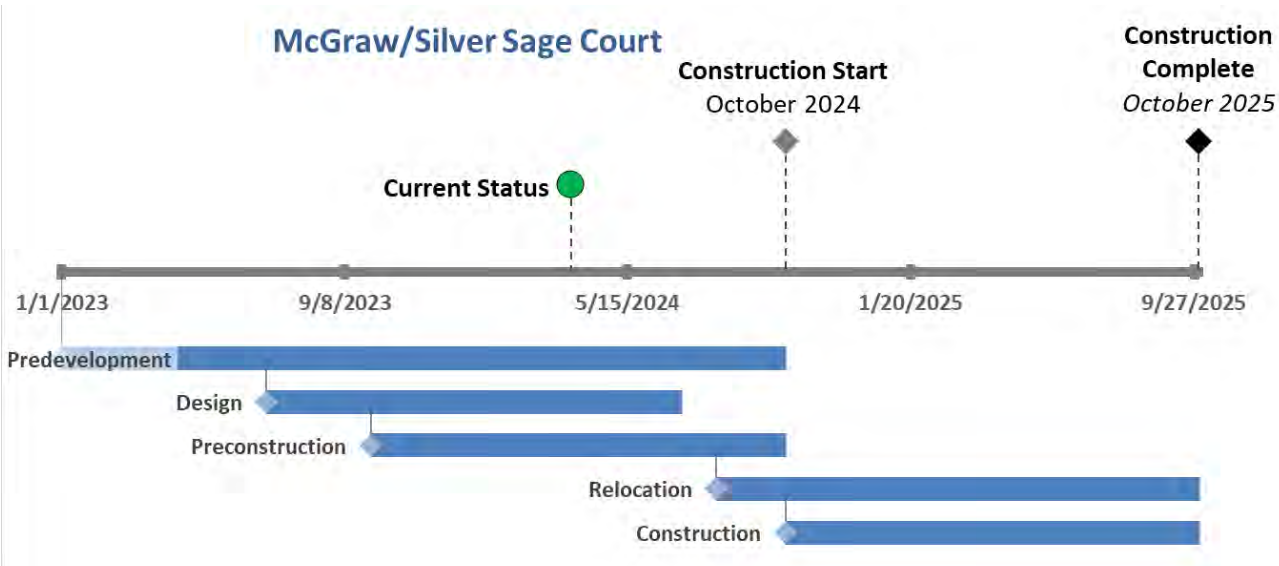
# McGraw/Silver Sage Court

## Q1 2024 Update

### Project Info

- $6.5M Budget
    - Funding sources: HMNI, HOME, Capital Funds, Deferred Developer Fee
- 50 units (34 PH units @ McGraw | 16 units @ Silver Sage)
- Moderate rehab of Public Housing property and adjacent affordable housing property

### Project Status




### Project Updates

- Predevelopment, design, and preconstruction activities are continuing to move forward on schedule.
- Project will begin in October, following CMAR's bidding efforts to deliver a GMP.
- Received verbal confirmation from NHD on additional $2M HMNI funding for project but are still waiting on official notice before bringing amended grant agreement to Board.

### Upcoming Milestones

- Resident Meetings will occur on April 9th and 11th with HousingToHome in attendance.
- Confirm and finalize amended HMNI award for $5.5M.
- Complete design phase and begin bidding for CMAR GMP.

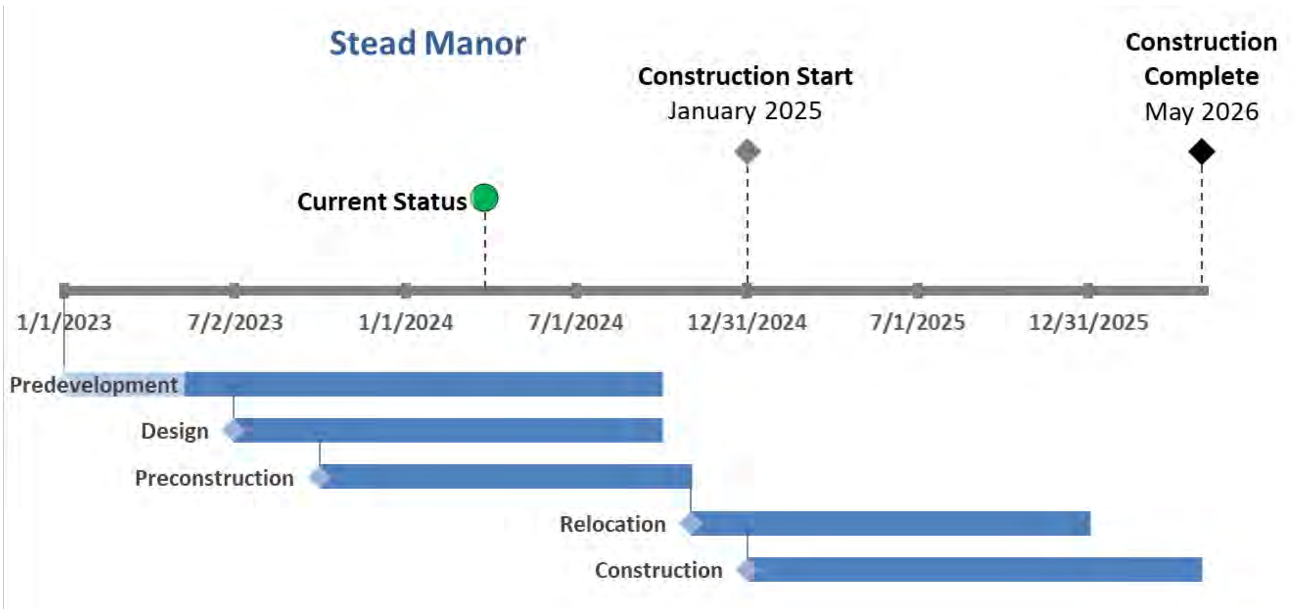
# Stead Manor

## Q1 2024 Update

### Project Info

- $18.5M Budget
    - Funding sources: HMNI, Capital Funds
- 68 units
- Substantial rehab of Public Housing property

### Project Status




### Project Updates

- Predevelopment, design, and preconstruction activities are continuing to move forward on schedule.
- Project will begin by January 2025. This timeline allows for better resource management by spacing out relocation efforts for Stead Manor, Silverada Manor, and McGraw/Silver Sage Court.
- Received design development docs from architect and updated estimates from CMAR in March.
    - Following a thorough review of documents and estimates, the Development Department may request transferring some or all of Essex Manor's HMNI Award ($1.5M) to Stead Manor to complete the full scope of work.

## Upcoming Milestones

- Resident Meetings will occur on April 11th with HousingToHome in attendance.
- Finalize HMNI funding amount.
- Complete design phase.

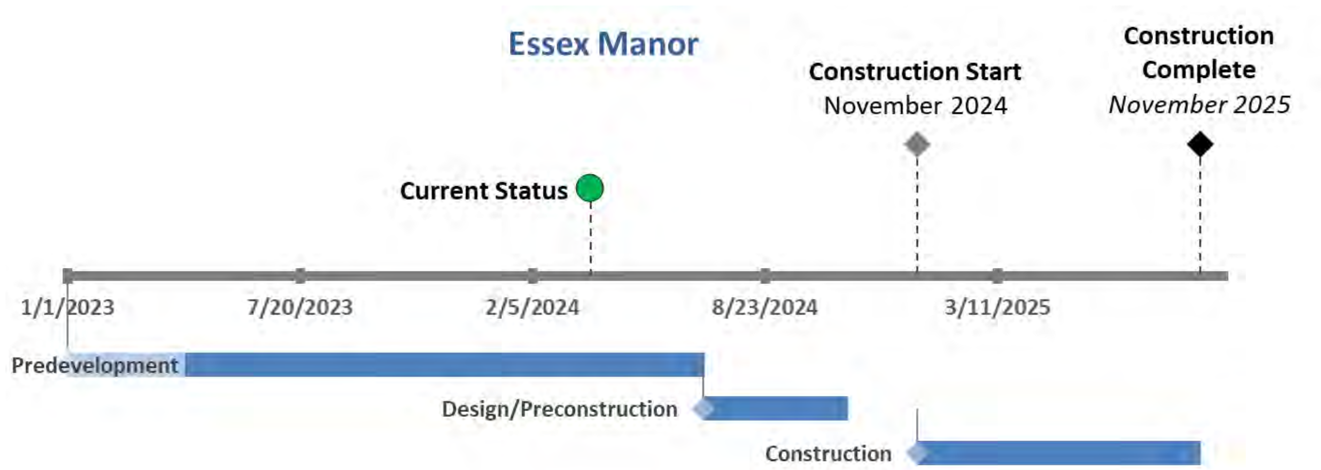
# Essex Manor

## Q1 2024 Update

### Project Info

- $1.5M Budget
  - Funding sources: HMNI
- 106 units
- Minor capital improvements of Public Housing property.

### Project Status




### Project Updates

- Development Department has thoroughly reviewed the most recent Capital Needs Assessment for Essex Manor.
  - All critical need repairs identified in report have already been addressed.
  - The non-critical repairs identified in the report far exceed the available $1.5M in HMNI funds.
- Development Department is developing a scope of work that prioritizes addressing accessibility issues identified as non-critical repairs.
  - Once scope of work is finalized, Development Department will see if it should be bid out as one project or broken up into smaller projects.
    - This will impact timeline and also opens up possibilities of using Capital Funds for some projects.

- Following a thorough review of design documents and estimates for Stead Manor, the Development Department may request transferring some or all of Essex Manor's HMNI Award ($1.5M) to Stead Manor to complete the full scope of work.

## Upcoming Milestones

- Finalize scope of work.
- Finalize HMNI funding amount.
- Begin Design phase.

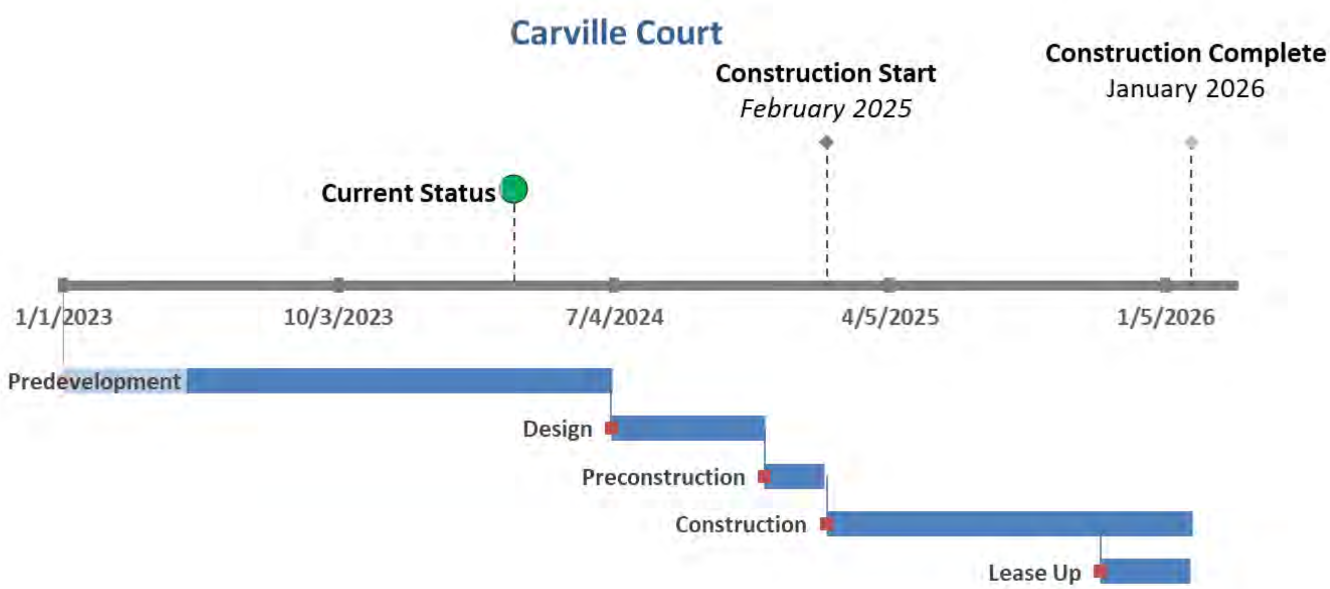
# Carville Court

## Q1 2024 Update

### Project Info

- $5.4M Budget
  - Funding sources: HMNI, State HOME-ARP (not yet awarded)
- 11 units
- Demolition and redevelopment; supportive housing project

### Project Status




### Project Updates

- RHA is still waiting for final HOME-ARP award notice from the State of Nevada
- If awarded, RHA will request a design proposal from H&K Architects and move into the design phase.
- If not awarded, RHA will need to identify other sources of gap financing.

### Upcoming Milestones

- Finalize project budget and funding sources.
- Begin Design phase.

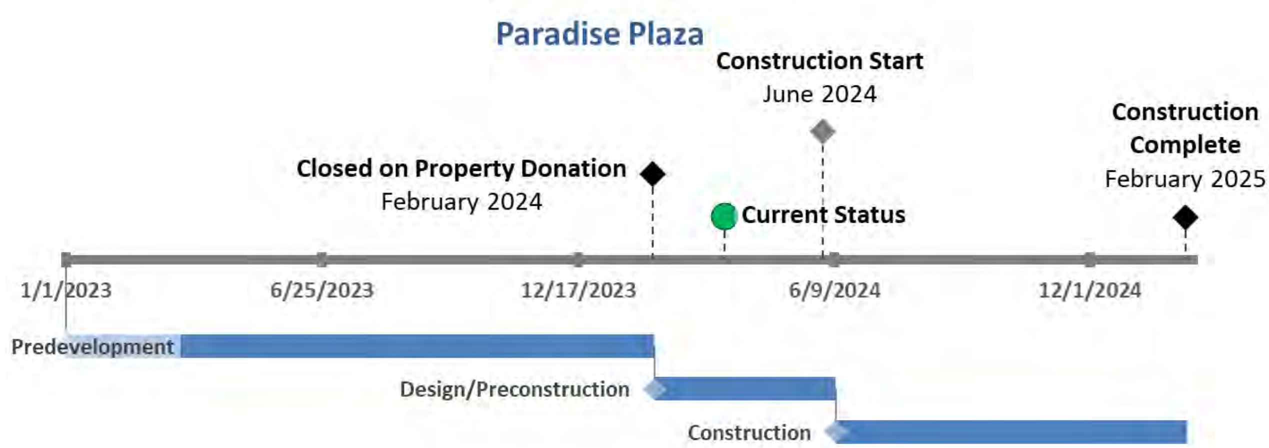
# Paradise Plaza

## Q1 2024 Update

### Project Info

- $1.3M Budget
  - Funding sources: RHA MTW Funds, Washoe County ARPA
- Commercial Rehab; Resident Services Hub

### Project Status




### Project Updates

- RHA closed on the property donation on February 6.
- H&K developing proposal for design
  - Pre-Application with the City of Sparks happened on March 12 and resulted in no additional scope beyond that already anticipated.
- RHA consultants are working on HUD Environmental Review required before construction can begin in June.

### Upcoming Milestones

- Complete HUD ER and receive HUD approval.
- Bid and select general contractor.
- Begin construction.
  - First priority will be to complete the scope of work described in the post-closing agreement between RHA and CIRE.

**RENO HOUSING AUTHORITY**

**AGENDA ITEM NUMBER: 17** **March 26, 2024**

SUBJECT: Additional Items:

a) Possible change in day/time of Board meetings (Discussion)
b) General matters of concern to Board Members regarding matters not appearing on the agenda. (Discussion)
c) Reports on conferences and trainings. (Discussion)
d) Old and New Business. (Discussion)
e) Request for Future Agenda Topics (Discussion)
f) Schedule of next meeting. The following dates have been scheduled in advance but are subject to change at any time: Tuesday, April 23, 2024; and Tuesday, May 28, 2024. (For Possible Action)

FROM: Executive Director RECOMMENDATION: For Discussion