



Texas Department of Housing and Community Affairs

Manufactured Housing Division

FINANCE AND AUDIT COMMITTEE MEETING

August 7, 2009

Pablo Schneider, Committee Chair

Devora D. Mitchell, Member

Texas Department of Housing and Community Affairs
Manufactured Housing Division
FINANCE AND AUDIT COMMITTEE MEETING
August 7, 2009

ROLL CALL

	<u>Present</u>	<u>Absent</u>
Pablo Schneider, Committee Chair	_____	_____
Devora D. Mitchell, Member	_____	_____
Number Present	_____	
Number Absent		_____

_____, Committee Chair

**FINANCE AND AUDIT COMMITTEE MEETING
MANUFACTURED HOUSING DIVISION
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Rusk State Office Building, 208 E. 10th Street, Room 227
Austin, Texas 78701
August 7, 2009 10:00 a.m.**

AGENDA

CALL TO ORDER, ROLL CALL

Chair

CERTIFICATION OF QUORUM

Chair

The Finance and Audit Committee of the Board of the Manufactured Housing Division of the Texas Department of Housing and Community Affairs (TDHCA) will meet to consider:

ACTION ITEMS

- | | | |
|---------|---|-------------|
| Item 1. | Presentation and discussion of the FY 2010 Operating Budget. | Kassu Asfaw |
| Item 2. | Presentation and discussion of the execution of amendment to the Administrative Services Agreement for FY 2010 between the Manufactured Housing Division and TDHCA. | Kassu Asfaw |

PUBLIC COMMENT

Chair

ADJOURN

Chair

To access this agenda or request information, please visit our website at www.tdhca.state.tx.us or contact Sharon Choate, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-2206, sharon.choate@tdhca.state.tx.us.

Individuals who require auxiliary aids, services or translators for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.

Texas Department of Housing and Community Affairs
 Historical Budget Analysis
 Manufactured Housing Division
 For FY 2010 and 2009

Committee Item No. 1

D R A F T

Budget Categories	FY 10 Budget (a)	FY 09 Budget (b)	Variance (a-b)	Percentage Change
Salaries and Wages	\$ 3,418,627	\$ 3,343,627	\$ 75,000	2%
Payroll Related Costs	957,216	946,216	11,000	1%
Travel In-State	300,000	200,000	100,000	50%
Travel Out-of State	0	0	0	0%
Home Owner Consumer Claims (Rider # 13)	300,000	300,000	0	0%
Professional Fees	44,000	209,000	-165,000	-79%
Materials and Supplies	105,250	146,790	-41,540	-28%
Repairs/Maintenance	74,279	55,000	19,279	35%
Printing and Reproduction	40,160	56,000	-15,840	-28%
Rental/Lease	163,209	55,000	108,209	197%
Membership Dues	500	802	-302	-38%
Staff Development	33,400	36,978	-3,578	-10%
Texas Online	19,120	19,120	0	0%
Employee Tuition	500	0	500	100%
Advertising	0	250	-250	-100%
Freight/Delivery	1,500	1,500	0	0%
Temporary Help	62,000	100,000	-38,000	-38%
Furniture/Equipment	12,000	12,150	-150	-1%
Communications/Utilities	110,000	107,000	3,000	3%
Capital Outlay - Computers/Server	35,772	32,566	3,206	10%
State Office of Risk Management	10,000	10,000	0	0%
Subtotal	5,687,533	5,631,999	55,534	1%
Indirect Support	512,127	512,127	-	0%
Total Manufactured Housing *	\$ 6,199,660	\$ 6,144,126	\$ 55,534	1%
FTE's	64	64	-	0%
Method of Finance:				
General Revenue	19,120	19,120	-	0%
Appropriated Receipts	5,880,540	5,825,006	55,534	1%
Federal Funds	300,000	300,000	-	0%
Total Method of Finance	\$ 6,199,660	\$ 6,144,126	\$ 55,534	1%

*** NOTE: Breakdown of the Total Budget:**

- \$ 4,730,317 - Total Direct Strategies Appropriations to MHD
 - \$ 957,216 - Payroll related costs - an indirect appropriation, which is a state-wide allocation by the Comptroller; it's included here for assessment or information purpose.
 - \$ 512,127 - Administrative Support costs - an indirect appropriation, which is the service contract fees with the TDHCA; it's included here for assessment or information purpose.
- \$6,199,660**

**Texas Department of Housing and Community Affairs
 Manufactured Housing Division
 Operating Budget Allocation to Direct Strategies
 For FY 2010**

Description	Expenditures	E.1.1. SOL& Licensing	E.1.2. Inspections	E.1.3. Enforcement	E.1.4. Texas Online	Total Budget
Salaries and Wages	\$ 3,418,627	1,240,738	1,113,774	1,064,115	\$ -	\$ 3,418,627
Payroll Related Costs	957,216	379,245	301,508	276,463	-	957,216
Travel In-State	300,000	12,000	284,000	4,000	-	300,000
Travel Out-of State	0	0	0	0	-	0
Home Owner Consumer Claims (Rider # 13)	300,000	0	0	300,000	-	300,000
Professional Fees	44,000	15,400	14,520	14,080	-	44,000
Materials and Supplies	105,250	81,057	12,937	11,257	-	105,250
Repairs/Maintenance	74,279	25,998	24,512	23,769	-	74,279
Printing and Reproduction	40,160	29,160	0	11,000	-	40,160
Rental/Lease	163,209	57,123	53,859	52,227	-	163,209
Membership Dues	500	175	165	160	-	500
Registration Fees	33,400	11,690	11,022	10,688	-	33,400
Texas Online	19,120		0	0	19,120	19,120
Employee Tuition	500	175	165	160	-	500
Advertising	0	0	0	0	-	0
Freight/Delivery	1,500	525	495	480	-	1,500
Temporary Help	62,000	54,000	4,000	4,000	-	62,000
Furniture/Equipment	12,000	4,200	3,960	3,840	-	12,000
Communications/Utilities	110,000	38,500	43,723	27,777	-	110,000
Capital Outlay - Computers/Server	35,772	12,520	11,805	11,447	-	35,772
State Office of Risk Management	10,000	3,500	3,300	3,200	-	10,000
\$	5,687,533	\$ 1,966,006	\$ 1,883,744	\$ 1,818,663	\$ 19,120	\$ 5,687,533

FTE's 64 29 19.6 15.4 64

Method of Finance:

	General Revenue	Appropriated Receipts	Federal Funds	Total
Strategy One	1,966,006	0	1,966,006	1,966,006
Strategy Two	1,883,744	0	200,000	1,883,744
Strategy Three	1,818,663	0	100,000	1,818,663
Strategy Four	19,120	19,120	0	19,120
\$	5,687,533	\$ 19,120	\$ 300,000	5,687,533

Indirect Support:

	F.1.1.	F.1.2.	F.1.3.	Total
Financial Administration	179,075	179,075		179,075
Information Resource Technologies	174,506	174,506		174,506
Operating Support	158,546		158,546	158,546
\$	512,127	\$ 179,075	\$ 158,546	\$ 512,127

Method of Finance:

Appropriated Receipts **\$ 512,127** **\$ 179,075** **\$ 174,506** **\$ 158,546** **\$ 512,127**

**Manufactured Housing Division
Revenue Summary and Projections
For FY 2010-09**

FEE TYPE	FY 2010 Projected (c)	FY 2009 Act/Est. (d)	Variance (c-d)	Percentage Change
Training	141,254	141,254	-	0%
SOL - Titles	3,715,379	3,715,379	-	0%
Licenses	1,242,672	725,000	517,672	71%
Inspections	1,196,821	1,196,821	-	0%
Admin. Penalties	6,000	6,000	-	0%
Public Information	5,755	5,755	-	0%
Reimbursement - HORTF	235,064	235,064	-	0%
Returned Check Charge	-	-	-	0%
	6,542,945	6,025,273	517,672	9%
Federal Fund	591,708	591,708	-	0%
Total	\$ 7,134,653	\$ 6,616,981	\$ 517,672	8%

** Note: The assumptions for FY 2010 revenues use the actual/estimates for FY 2009 and modified historical trends.*

**Texas Department of Housing and Community Affairs
Manufactured Housing Division
Budget and Expense Status
September 1, 2008 - August 31, 2009
For FY 2009**

Budget Categories	Annual Budget (a)	*1 YTD Act/Est. Expenses Sep - Aug (b)	Remaining Budget As of August	Remaining Budget Not Used %
Salaries and Wages	\$ 3,343,627	3,185,708	157,920	5%
Payroll Related Costs	946,216	844,073	102,144	11%
Travel In-State	200,000	197,868	2,132	1%
Travel Out-of State	0	0	0	0%
Home Owner Consumer Claims (Rider # 13)	300,000	269,190	30,810	10%
Professional Fees	209,000	204,362	4,639	2%
Materials and Supplies	146,790	127,236	19,554	13%
Repairs/Maintenance	55,000	56,424	(1,424)	-3%
Printing and Reproduction	56,000	32,764	23,237	41%
Rental/Lease	55,000	54,821	180	0%
Membership Dues	802	750	52	6%
Registration Fees	36,978	26,848	10,131	27%
Texas Online	19,120	15,472	3,649	19%
Employee Tuition	0	0	0	0%
Advertising	250	0	250	100%
Freight/Delivery	1,500	1,206	294	20%
Temporary Help	100,000	67,938	32,063	32%
Furniture/Equipment	12,150	6,996	5,154	42%
Communications/Utilities	107,000	97,038	9,963	9%
Capital Outlay	32,566	30,966	1,600	5%
State Office of Risk Management	10,000	9,183	817	8%
Subtotal	5,631,999	5,228,839	403,161	7%
Indirect Support	512,127	498,466	13,661	3%
Total Manufactured Housing	\$ 6,144,126	\$ 5,727,305	\$ 416,822	7%

* 1 YTD expenses column represents actual expenditures from September to June, and
projected expenditures from July to August

Exhibit A

**Manufactured Housing
Administrative Support Schedule
Fiscal Year 2010**

	FTE's	Salaries	Payroll Related Costs	Total
Support:				
Executive Office	0.10	\$ 11,653	\$ 2,680	\$ 14,334
Internal Audit	0.40	26,740	6,150	32,890
Policy and Public Affairs	0.22	18,436	4,240	22,676
Human Resources	0.40	24,410	5,614	30,025
Purchasing and Facilities Management	0.90	47,659	10,962	58,621
Information Systems	2.08	141,875	32,631	174,506
Financial Administration:				
Director, Financial Administration	0.10	10,175	2,340	12,515
Payroll	0.20	12,982	2,986	15,968
Accounting Manager	0.15	14,245	3,276	17,521
Travel	0.50	26,702	6,141	32,843
Payables	0.45	26,329	6,056	32,384
Program Accountant	1.00	55,158	12,686	67,844
Total Support, Manufactured Housing	6.50	\$ 416,364	\$ 95,762	\$ 512,127

Committee Item No. 2

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
AND
MANUFACTURED HOUSING DIVISION'S
ADMINISTRATIVE SERVICES AND COST REIMBURSEMENT AGREEMENT

This Administrative Services and Cost Reimbursement Agreement ("Agreement") is made effective as of September 1, 2009 by and between the **Texas Department of Housing and Community Affairs**, a public and official department of the State of Texas ("TDHCA"), and the **Manufactured Housing Division** of TDHCA.

RECITALS:

WHEREAS, Subchapter AA, Sections 2306.6001 through 2306.6023 of the Texas Government Code, requires:

- (1) that beginning on September 1, 2001, TDHCA began to administer and enforce the Texas Manufactured Housing Standards Act (Chapter 1201 of the Texas Occupations Code) through the Manufactured Housing Division ("MH Division");
- (2) that the MH Division be governed by a five member board that is to be an independent entity within TDHCA, administratively attached to TDHCA, and not an advisory board to TDHCA ("MH Board");
- (3) that the MH Board and the division director of the MH Division are to exercise authority and responsibilities assigned to them under the Texas Manufactured Housing Standards Act (Chapter 1201 of the Texas Occupations Code); and
- (4) that the MH Board shall develop a budget for the operations of the department relating to the MH Division and shall reduce administrative costs by entering into an agreement with TDHCA to enable the sharing of department personnel, equipment, and facilities.

NOW THEREFORE, TDHCA has agreed to provide for indirect and direct administrative services as hereinafter provided for a monthly administrative fee described herein to be paid by the MH Division to TDHCA. The parties, TDHCA and the MH Division, agree as follows:

1. ADMINISTRATIVE SERVICES AND REIMBURSEMENT OF OPERATING COSTS

1.1 Scope of Services

During the term of this Agreement, TDHCA shall continue to provide for the budgeted costs and expenses set out on the annual operating budget for the MH Division attached as Exhibit "A" in the manner contemplated by the annual operating budget for TDHCA and to account for all such actual payments and receipts. These services, will include, but not be limited to, administrative support services from TDHCA's Executive Office; Internal Audit; Policy and Public Affairs; Human Resources; Purchasing and Facilities Management; Information Systems; and Financial Administration (collectively the "Services").

2. TERM

2.1 Term

This Agreement shall be effective September 1, 2009 and shall continue in full force and effect until August 31, 2010, unless sooner terminated pursuant to Section 4.1 of this Agreement.

3. ADMINISTRATIVE SERVICES FEES AND COST REIMBURSEMENTS

3.1 Reimbursement to TDHCA for Operating Costs

TDHCA shall be reimbursed by the MH Division for all operating costs incurred by TDHCA on their behalf out of budgeted receipts attributable to the MH Division as set out on Exhibit "A".

3.2 Payments to TDHCA for Services

As compensation for the Services performed by TDHCA personnel pursuant to this Agreement, TDHCA shall be paid \$42,677.25 monthly by the MH Division (or a total annual amount not to exceed \$512,127.00) for each month during the term of this Agreement.

4. TERMINATION OF AGREEMENT

4.1 Early Termination

Either party and the duly constituted MH Board contemplated by Sections 2306 once appointed may terminate this Agreement prior to the August 31, 2010 term provided in Section 2.1 upon 30 days' written notice to the other party. Administrative fees due for Services provided up to and including the date of such early termination shall be prorated and shall be payable in full to TDHCA upon such early termination. If this Agreement is terminated by an MH Board, TDHCA agrees to take all actions necessary to deliver to the MH Board possession or control of all books, records, and property of the MH Division in TDHCA's possession in an orderly manner and without interruption of the MH Division's business.

5. FORCE MAJEURE

5.1 Force Majeure

In the event that performance by a party of any of its obligations under the terms of this Agreement shall be interrupted or delayed by an act of God, by acts of war, riot, or civil commotion, by an act of State, by strikes, fire, or flood, or by the occurrence of any other event beyond the control of such party, such party shall be excused from such performance during the period of time when the interruption occurred and for such period of time as is reasonably necessary after such occurrence abates for the effects thereof to have dissipated.

6. MISCELLANEOUS

6.1 Notices

All notices, requests, demands and other communications under this Agreement shall be deemed to be duly given if delivered or sent and effective in accordance with this Section 6.1 and all of its subsections and if addressed as follows:

If to TDHCA to:

Texas Department of Housing and Community Affairs
221 E. 11th Street, Third Floor
Austin, Texas 78701
ATTENTION: Michael Gerber, TDHCA Executive Director
FAX: (512) 469-9606

If to the Manufactured Housing Division to:

Manufactured Housing Division
1106 Clayton LN. Twin Towers
Austin, Texas 78723
ATTENTION: Joe Garcia, MH Division, Executive Director
FAX: (512) 475-0495

or to such other address or to the attention of such other person as the recipient party has specified in accordance with this Section 6.1 by prior written notice to the sending party. Every notice required or contemplated by this Agreement to be given, delivered or sent by any party may be delivered in person or may be sent by courier, facsimile, e-mail, first class mail, or certified mail (or its equivalent under the laws of the country where mailed), addressed to the party for whom it is intended, at the address specified in this Agreement. Any party may change its address for notice by giving notice to the other parties of the change. Any written notice will be effective no later than the date actually received. Unless otherwise provided in this Agreement, notice by courier, express mail, certified mail, or registered mail will be effective on the date it is officially recorded as delivered by return receipt or equivalent and in the absence of such record of delivery it will be presumed to have been delivered on the fifth business day after it was deposited, first-class postage prepaid, in the United States first class mail. Notice not given in writing will be effective only if acknowledged in writing by a duly authorized officer of the party to whom it was given.

6.2 Entire Agreement

This Agreement contains the entire agreement of the parties with respect to the matters covered by its terms. Any written or oral representations, promises, agreements or understandings concerning the subject matter of this Agreement that is not contained in this Agreement shall be of no force or effect. No change, modification or waiver of any of the terms of this Agreement shall be binding unless reduced to writing and signed by authorized representatives of both parties.

6.3 Assignment

This Agreement shall be binding upon and inure to the benefit of the parties hereto, and the legal representatives, successors in interest and assigns, respectively, of each such party. Notwithstanding the preceding sentence, this Agreement shall not be assigned in whole or in part by either party without the prior written consent of the other party.

6.4 Governing Law

This Agreement shall be construed under and governed in all respects, including without limitation issues of validity, interpretation, performance and enforcement, by the laws, and not the conflicts law, of the State of Texas.

6.5 No Waiver

The failure of any party hereto at any time to require performance of any provision of this Agreement shall in no way affect the right of such party to require performance of that provision. Any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself or a waiver of any right under this Agreement.

6.6 Partial Invalidity

If any one or more of the provisions of this Agreement should be ruled wholly or partly invalid or unenforceable by a court or other government body of competent jurisdiction, then:

- (A) the validity and enforceability of all provisions of this Agreement not ruled to be invalid or unenforceable will be unaffected;
- (B) the effect of the ruling will be limited to the jurisdiction of the court or other government body making the ruling;
- (C) the provision(s) held wholly or partly invalid or unenforceable will be deemed amended, and the court or other government body is authorized to reform the provision(s), to the minimum extent necessary to render them valid and enforceable in conformity with the parties' intent as manifested herein; and
- (D) if the ruling, and/or the controlling principle of law or equity leading to the ruling, is subsequently overruled, modified, or amended by legislative, judicial, or administrative action, then the provision(s) in question as originally set forth in this Agreement will be deemed valid and enforceable to the maximum extent permitted by the new controlling principle of law or equity.

6.7 Time

Time is of the essence under this Agreement. If the last day permitted for the performance of any act required or permitted under this Agreement falls on a Saturday, Sunday, or legal holiday in the State of Texas, the time for such performance shall be extended to the next succeeding business day that is not a legal holiday.

6.8 Jurisdiction and Venue

Suit to enforce this Agreement or any provision thereof will be brought exclusively in the state or federal courts located in Austin, Travis County, Texas.

6.9 Section Headings

The article and section headings contained in this Agreement are for reference purposes only and shall not in any way control the meaning or interpretation of this Agreement. Each person signing below represents that he or she has read this Agreement in its entirety (including any and all Schedules and Exhibits); understands its terms; is duly authorized to execute this Agreement on behalf of the party indicated below by his name; and agrees on behalf of such party that such party will be bound by those terms.

IN WITNESS WHEREOF, the parties have signed this Agreement to be effective as of September 1, 2009.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
Michael G. Gerber
Executive Director

MANUFACTURED HOUSING DIVISION

By: _____
Joe A. Garcia
Executive Director

ADMINISTRATIVE SERVICES AGREEMENT AND COST REIMBURSEMENT AGREEMENT

Exhibit A

**Manufactured Housing
Administrative Support Schedule
Fiscal Year 2010**

	FTEs	Salaries	Payroll Related Costs	Total
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