

## Susana Brito

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**From:** director@baycitypha.org  
**Sent:** Thursday, February 4, 2021 2:58 PM  
**To:** Mayor's Office  
**Cc:** 'boutique.babybottoms'; 'Smith, Phillip E'; 'Walls, Lorraine D'  
**Subject:** FW: Letter to the City Council of Bay City, Texas

City Manager,

This is a letter written by The Housing Authority Of Bay City FIYA Accountant concerning the importance of the City Council waiving of PILOT Fees along with the impact this balance has on the Housing Authority.

La Wanda

**From:** Neil Arnold <Neil.Arnold@mrisoftware.com>  
**Sent:** Thursday, February 4, 2021 2:48 PM  
**To:** director@baycitypha.org  
**Cc:** Morgan Mays <Morgan.Mays@mrisoftware.com>  
**Subject:** Letter to the City Council of Bay City, Texas

To: Members of the Bay City, Texas City Council

Re: Housing Authority of Bay City, Texas

My name is Neil Arnold and I lead the Accounting Services division of MRI Software. MRI serves as the fee accountant for the Bay City Housing Authority (BHA). As you may know, the Housing Authority has faced several challenges over the past few years including financial challenges. Our job as the fee accountant is to produce monthly financial statements for BHA and notify management and the board of commissioners of financial irregularities or other concerns. We also look for ways to help BHA improve their operations to further the housing authority's mission – "providing safe, decent and sanitary housing and improved living conditions for every low-income family."

The housing authority has been working hard to improve processes and live within their means. A lot of good progress has been made over the last year and the Section 8 program is beginning to show an improved financial condition. I am writing to ask for your help with the Public Housing program. Public housing authorities are allowed to pay PILOT (Payment In Lieu Of Taxes) to the local government instead of real estate taxes. Due to the financial troubles at BHA, the housing authority has been unable to pay the annual PILOT to the city for the past few years. BHA current owes \$91,253.30 to the city for PILOT for the years 2012-2021. This liability shows on the balance sheet of the housing authority and negatively affects the financial ratios that HUD uses to assess the financial condition of BHA. BHA management and board are working hard to make changes that will improve the scoring and allow BHA to come off of HUD's "Troubled PHA" list. The city can play a BIG part in making that happen by agreeing to forgive the past year's PILOT owed to the city by BHA.

I respectfully ask that you consider forgiving the prior years' PILOT balance due to the city to help the Bay City Housing Authority improve their financial scoring and come off of HUD's troubled list.

Please feel free to contact me with any questions. Thanks in advance for your consideration.

Sincerely,

Neil Arnold, CPA Director – Accounting Services  
Lindsey Software - An MRI Software Company Little Rock  
+1.501.319.6598 [lindseysoftware.com](http://lindseysoftware.com)



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**Computation of Payments  
in Lieu of Taxes**

**U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing**

For Fiscal Year Ended 3/31/2016

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

<b>Name of Local Agency:</b> Bay City Housing Authority	<b>Location:</b> 3012 Sycamore Street	<b>Contract Number:</b> FW259	<b>Project Number:</b> TX24P035001
<b>Part I - Computation of Shelter Rent Charged.</b>			
1. Tenant Rental Revenue (FDS Line 703)		\$172,516.15	
2. Tenant Revenue Other (FDS Line 704)			
3. Total Rental Charged (Lines 1 & 2)			<b>\$172,516.15</b>
4. Utilities Expense (FDS Line 931 - 939)			<b>\$10,212.67</b>
5. Shelter Rent Charged (Line 3 minus Line 4)			<b>\$162,303.48</b>
<b>Part II - Computation of Shelter Rent Collected.</b> To be completed only if Cooperation Agreement provides for payment of PILOT on basis of Shelter Rent Collected.)			
1. Shelter Rent Charged (Line 5 of Part I, above)			
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year			
3. Less: Tenant Bad Debt Expense (FDS Line 964)			
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at end of fiscal year			
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)			
<b>Part III - Computation of Approximate Full Real Property Taxes.</b>			
(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes
County	\$649,690.00	0.004200	\$2,728.70
City	\$649,690.00	0.006000	\$3,898.14
School	\$649,690.00	0.013300	\$8,640.88
<b>Total</b>			<b>\$15,267.72</b>
<b>Part IV - Computation of Approximate Full Real Property Taxes.</b> (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)			
1. Approximate full real property taxes			
2. Accruing annual contribution for all projects under the contract			
3. Prorate share of accruing annual contribution*			
4. 20% of accruing annual contribution (20% of Line 3)			
5. Approximate full real property taxes Less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)			
<b>Part V - Computation of Approximate Full Real Property Taxes.</b>			
1. 10% of shelter rent (10% of Line 5 of Part I or 10% of Line 5 of Part II, whichever is applicable)**			<b>\$16,230.35</b>
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower.)			<b>\$15,267.72</b>
* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project. ** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.			
<b>Warning:</b> HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 u.s.c 3729, 3802).			
<b>Prepared By:</b>		<b>Approved By:</b>	
Name: Lindsey & Company, Inc.		Name: LaWanda Davis	
Title: Fee Accountant	Date: 12/30/1899	Title: Executive Director	Date: 12/30/1899

# Computation of Payments in Lieu of Taxes

# U.S. Department of Housing and Urban Development Office of Public and Indian Housing

For Fiscal Year Ended 3/31/2017

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

<b>Name of Local Agency:</b> Bay City Housing Authority	<b>Location:</b> 3012 Sycamore Street	<b>Contract Number:</b> FW259	<b>Project Number:</b> TX24P035001
<b>Part I - Computation of Shelter Rent Charged.</b>			
1. Tenant Rental Revenue (FDS Line 703)		<u>\$186,332.26</u>	
2. Tenant Revenue Other (FDS Line 704)			
3. Total Rental Charged (Lines 1 & 2)			<u>\$186,332.26</u>
4. Utilities Expense (FDS Line 931 - 939)			<u>\$9,030.77</u>
5. Shelter Rent Charged (Line 3 minus Line 4)			<u>\$177,301.49</u>
<b>Part II - Computation of Shelter Rent Collected.</b> To be completed only if Cooperation Agreement provides for payment of PILOT on basis of Shelter Rent Collected.)			
1. Shelter Rent Charged (Line 5 of Part I, above)			
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year			
3. Less: Tenant Bad Debt Expense (FDS Line 964)			
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at end of fiscal year			
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)			
<b>Part III - Computation of Approximate Full Real Property Taxes.</b>			
(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes
County	\$649,690.00	0.004200	\$2,728.70
City	\$649,690.00	0.006600	\$4,287.95
School	\$649,690.00	0.014400	\$9,355.54
<b>Total</b>			<b>\$16,372.19</b>
<b>Part IV - Computation of Approximate Full Real Property Taxes.</b> (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)			
1. Approximate full real property taxes			
2. Accruing annual contribution for all projects under the contract			
3. Prorate share of accruing annual contribution*			
4. 20% of accruing annual contribution (20% of Line 3)			
5. Approximate full real property taxes Less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)			
<b>Part V - Computation of Approximate Full Real Property Taxes.</b>			
1. 10% of shelter rent (10% of Line 5 of Part I or 10% of Line 5 of Part II, whichever is applicable)**			<u>\$17,730.15</u>
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower.)			<u>\$16,372.19</u>
* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project.			
** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.			
<b>Warning:</b> HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 u.s.c 3729, 3802).			
<b>Prepared By:</b>		<b>Approved By:</b>	
Name: Lindsey & Company, Inc.		Name: LaWanda Davis	
Title: Fee Accountant	Date: 12/30/1899	Title: Executive Director	Date: 12/30/1899

# Computation of Payments in Lieu of Taxes

# U.S. Department of Housing and Urban Development Office of Public and Indian Housing

For Fiscal Year Ended 3/31/2018

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

<b>Name of Local Agency:</b> Bay City Housing Authorit	<b>Location:</b> 3012 Sycamore Street	<b>Contract Number:</b> FW259	<b>Project Number:</b> TX24P035001
<b>Part I - Computation of Shelter Rent Charged.</b>			
1. Tenant Rental Revenue (FDS Line 703)	_____	<b>\$196,210.49</b>	
2. Tenant Revenue Other (FDS Line 704)	_____		
3. Total Rental Charged (Lines 1 & 2)	_____		<b>\$196,210.49</b>
4. Utilities Expense (FDS Line 931 - 939)	_____		<b>\$11,322.40</b>
5. Shelter Rent Charged (Line 3 minus Line 4)	_____		<b>\$184,888.09</b>
<b>Part II - Computation of Shelter Rent Collected.</b> To be completed only if Cooperation Agreement provides for payment of PILOT on basis of Shelter Rent Collected.)			
1. Shelter Rent Charged (Line 5 of Part I, above)	_____		
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year	_____		
3. Less: Tenant Bad Debt Expense (FDS Line 964)	_____		
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at end of fiscal year	_____		
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)	_____		
<b>Part III - Computation of Approximate Full Real Property Taxes.</b>			
(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes
County	\$649,690.00	0.004200	\$2,728.70
City	\$649,690.00	0.006600	\$4,287.95
School	\$649,690.00	0.015500	\$10,070.20
<b>Total</b>			<b>\$17,086.85</b>
<b>Part IV - Computation of Approximate Full Real Property Taxes.</b> (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)			
1. Approximate full real property taxes	_____		
2. Accruing annual contribution for all projects under the contract	_____		
3. Prorate share of accruing annual contribution*	_____		
4. 20% of accruing annual contribution (20% of Line 3)	_____		
5. Approximate full real property taxes Less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)	_____		
<b>Part V - Computation of Approximate Full Real Property Taxes.</b>			
1. 10% of shelter rent (10% of Line 5 of Part I or 10% of Line 5 of Part II, whichever is applicable)**	_____		<b>\$18,488.81</b>
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower.)	_____		<b>\$17,086.85</b>
* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project.			
** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.			
<b>Warning:</b> HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 u.s.c 3729, 3802).			
<b>Prepared By:</b>		<b>Approved By:</b>	
Name: Lindsey & Company, Inc.		Name: LaWanda Davis	
Title: Fee Accountant		Title: Executive Director	
Date: 12/30/1899		Date: 12/30/1899	

# Computation of Payments in Lieu of Taxes

## U.S. Department of Housing and Urban Development Office of Public and Indian Housing

For Fiscal Year Ended 3/31/2019

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

<b>Name of Local Agency:</b> Bay City Housing Authority	<b>Location:</b> 3012 Sycamore Street	<b>Contract Number:</b> FW259	<b>Project Number:</b> TX24P035001
<b>Part I - Computation of Shelter Rent Charged.</b>			
1. Tenant Rental Revenue (FDS Line 703)	_____	\$168,975.50	
2. Tenant Revenue Other (FDS Line 704)	_____		
3. Total Rental Charged (Lines 1 & 2)			_____ <b>\$168,975.50</b>
4. Utilities Expense (FDS Line 931 - 939)			_____ \$13,376.13
5. Shelter Rent Charged (Line 3 minus Line 4)			_____ <b>\$155,599.37</b>
<b>Part II - Computation of Shelter Rent Collected.</b> To be completed only if Cooperation Agreement provides for payment of PILOT on basis of Shelter Rent Collected.)			
1. Shelter Rent Charged (Line 5 of Part I, above)			_____
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year			_____
3. Less: Tenant Bad Debt Expense (FDS Line 964)			_____
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at end of fiscal year			_____
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)			_____
<b>Part III - Computation of Approximate Full Real Property Taxes.</b>			
(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes
County	\$649,690.00	0.004300	\$2,793.67
City	\$649,690.00	0.006600	\$4,287.95
School	\$649,690.00	0.015400	\$10,005.23
<b>Total</b>			<b>\$17,086.85</b>
<b>Part IV - Computation of Approximate Full Real Property Taxes.</b> (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)			
1. Approximate full real property taxes			_____
2. Accruing annual contribution for all projects under the contract			_____
3. Prorate share of accruing annual contribution*			_____
4. 20% of accruing annual contribution (20% of Line 3)			_____
5. Approximate full real property taxes Less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)			_____
<b>Part V - Computation of Approximate Full Real Property Taxes.</b>			
1. 10% of shelter rent (10% of Line 5 of Part I or 10% of Line 5 of Part II, whichever is applicable)**			_____ <b>\$15,559.94</b>
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower.)			_____ \$15,559.94
* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project.			
** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.			
<b>Warning:</b> HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012: 31 u.s.c 3729, 3802).			
<b>Prepared By:</b>		<b>Approved By:</b>	
Name: Lindsey & Company, Inc.		Name: LaWanda Davis	
Title: Fee Accountant	Date: 12/30/1899	Title: Executive Director	Date: 12/30/1899