

CONSULTING AGREEMENT

THIS AGREEMENT is made and entered into as of the 16th day of October 2013 by and between the Harris County Housing Authority, 8933 Interchange, Houston, Texas 77054, (AUTHORITY) and The Cornwell Associates, Accountants, Inc., 4421 Northwest 39th Avenue, Building #3, Gainesville, Florida, 32606-7223 (ACCOUNTANT);

WHEREAS, AUTHORITY desires to obtain a knowledgeable and experienced Department of Housing and Urban Development (HUD) Fee Accountant and ACCOUNTANT has such knowledge;

WHEREAS, AUTHORITY has obtained the consulting services through a procurement process in compliance with its policy and applicable State and Federal law;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, AUTHORITY and ACCOUNTANT hereby agree as follows:

SECTION ONE

TERM

The term of this contract shall be for a period of two (2) years from date hereof, provided however, that either party may terminate this contract subject to Section Ten — Cancellation. AUTHORITY, at their sole option, may elect to extend this contract for two additional one year periods, subject to fee negotiation between AUTHORITY and ACCOUNTANT.

SECTION TWO

SCOPE OF POSITION

For purposes of designation within the Internal Revenue guidelines, ACCOUNTANT does not have employment rights, is not set to regular working hours, does not work at the day to day direction of any individual of AUTHORITY, and does not receive any benefits normally accorded employees of AUTHORITY. ACCOUNTANT will be responsible for the deposit of Federal Income Taxes, Older Americans Security and Disability Insurance, Medicare Taxes, and any other taxes that may arise from this agreement.

SECTION THREE

SCOPE OF SERVICES

Using Generally Accepted Accounting Principles (GAAP) as proscribed by the Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB), wherein FASB takes precedence over GASB, the following scope of services applies:

1. Review the March 31, 2013 audit and ensure the audit adjustments have been applied to all lines of business (LOBs) in order to produce a proper equity roll forward.
2. Review all general ledgers (G/Ls) and trial balances (T/Bs) for the period 04-01-2012 through current to recommend adjustments and entries necessary for HUD & GAAP compliance.

3. Review reports from HUD-QA, HUD-IG & other oversight agencies and determine applicability to the books, records and year end closing.
4. Provide support through the acceptance of the unaudited REAC F/S submission.
5. Prepare a transition from a pooled cash system to a revolving fund with separate cash accounts and interfund accounts for all LOBs.
6. Provide support, if needed during the audit period.
7. Submit the audited F/S to REAC through the final submittal after IPA Accept.
8. Recommend changes to general ledgers to be consistent with HUD protocol & GAAP, if necessary.
9. Prepare and review monthly F/S to GAAP specifications & review G/L for propriety
10. Review and advise on HCHA's internal control system in its accounting functions.
11. Train Accounting staff on accounting issues as needed.
12. Advise the CEO and the Board of the financial implications of management proposals and participate in HCHA planning efforts as requested.
13. Any other tasks as assigned by the CEO.

SECTION FOUR **LOCATION OF WORK**

Work locations will vary depending on the task involved; however the majority will be performed in ACCOUNTANT's main office. If on-site, AUTHORITY agrees to provide ACCOUNTANT with a workspace & desk normally accorded an employee, in or near the Accounting offices.

SECTION FIVE **PROCUREMENT**

In the event ACCOUNTANT purchases other goods or services on behalf of AUTHORITY, ACCOUNTANT will seek pre-approved, written authorization.

SECTION SIX **BILLING PROCEDURES**

ACCOUNTANT will incur costs, subject to Section Nine – Consideration, including but not limited to, travel, hotels, airfare, and meals when conducting business on behalf of AUTHORITY. ACCOUNTANT must submit an invoice to AUTHORITY'S Chief Executive Officer (CEO) stating days of work, task completed, expenses broken down by daily fee, hotel, car, food or food per diem, airfare, mileage, and out-of-pocket (tolls, parking, miscellaneous costs). AUTHORITY will be expected to pay all outstanding invoices from ACCOUNTANT within 30 days of submission. All submitted invoices will contain copies of the original receipts.

ACCOUNTANT reserves the right to cease work tasks, without notice, should any invoices, for any amount, become past due 31 days or more.

All invoices, bills, or statements rendered by ACCOUNTANT or pursuant to this Agreement are due and payable in full thirty (30) days from the date thereof and shall accrue interest at 1% per month (12% per year), calculated from the date of the invoice with simple interest

thereafter; said interest shall accrue on all amounts due under this Agreement including any costs, fees, or other charges including any court judgment for money damages; additionally, should ACCOUNTANT incur any costs of collection of any kind whatsoever, including placement of this Agreement with an attorney for collection or enforcement, ACCOUNTANT shall be entitled to collect all such costs, including court costs and reasonable attorney's fee whether suit is filed or not, from the other party to this Agreement which amounts shall be added to any other indebtedness hereunder for any interest calculation.

SECTION SEVEN
WORK SCHEDULE

Travel time to and from the AUTHORITY'S location of business by ACCOUNTANT or ACCOUNTANTS representatives will not be billed.

SECTION EIGHT
TURN-AROUND TIME FOR SERVICE

ACCOUNTANT agrees to complete the work tasks described in Section Three – Scope of Services in a timely manner according to mutually agreed upon deadlines generally tied to AUTHORITY'S Board of Commissioner meetings. Since ACCOUNTANT frequently depends on AUTHORITY staff or AUTHORITY funding sources for information, ACCOUNTANT will provide timely responses to work tasks given adequate time to review, analyze and compile data from the requested information. The CEO will be consulted on the options & reasons available in the event of an expiring deadline.

SECTION NINE
CONSIDERATION

AUTHORITY shall pay ACCOUNTANT the following:

Hourly rates:

Certified Public Accountant - \$105.00 per hour,
Senior Accountants - \$65.00 per hour.

Time is charged in tenths of an hour (6 minute increments) and is gathered and documented by an automated time management system.

Financial Statement, Budgets, Other tasks

All other special projects as assigned by the CEO will be charged at the same rates above. ACCOUNTANT will track work tasks outside of the original scope of work and keep the CEO apprised of the tasks and costs on a periodic basis.

Communication costs incurred by ACCOUNTANT on behalf of AUTHORITY, including the CEO, Staff Members, Board members, external communications with oversight agencies, or other communications for business related to the AUTHORITY, will be reimbursed to ACCOUNTANT by AUTHORITY. For purposes of this contract, communications include charges incurred by common carriers (US Postal Service, United Parcel Service, Federal Express, etc.).

ACCOUNTANT will submit a billing on a monthly basis, providing detail of the charges. Reimbursement will be expected within thirty days of the date of the invoice.

Telephonic costs of any kind (land line, cell phone, facsimile costs, internet) initiated by ACCOUNTANT will not be billed with the exception of the costs of external conference calling services when executed on behalf of AUTHORITY by ACCOUNTANT.

All communications initiated by and invoiced to AUTHORITY or AUTHORITY's representatives or agents, of any kind whatsoever, are the responsibility of AUTHORITY.

Travel reimbursement will be made as follows:

AUTHORITY agrees to reimburse ACCOUNTANT as follows:

1. Hotel expenses not to exceed the maximum lodging per diem as outlined on the U.S. General Services Administration (GSA) website for Houston, Texas (taxes and additional add-on costs by the hotel are not part of the GSA maximum and will be billed and paid by AUTHORITY),
2. Mileage based on the Internal Revenue Service allowable rates at the time,
3. Per diem meal costs based on the GSA website for Houston, Texas,
4. Actual cost of airfare and/or rental car;
5. Actual and proper out of pocket expenses as allowed by the GSA (parking, taxi, etc.),
6. Travel by ACCOUNTANT's representatives in private aircraft will be charged at the Internal Revenue Service mileage rates in effect at the time. Mileage will be documented using www.Mapquest.com in order to document the mileage as if the travel had been performed in ACCOUNTANT's automobile. Miles charged will be equivalent to the normal and actual mileage if travel was performed in an automobile on the most direct and efficient route.

Mileage and meal allowances are subject to change by the IRS and GSA and will not require a contract revision if the reimbursement amounts should increase/decrease.

Maximum Fee

The maximum fee for services identified in Section Three and for travel is \$100,000 per fiscal year. For the current fiscal year, the fee limitation shall be measured from the date of this contract through March 31, 2014. Billings under the cap will not carry over into the following fiscal year.

SECTION TEN **CANCELLATION**

Either party, subject to Section Thirteen, may cancel this Agreement at any time, for any reason, with thirty (30) days written notice.

SECTION ELEVEN
SECURITY AND CONFIDENTIALITY

Should information be requested under the Public Records Act, Freedom of Information, or other records release Act or directive, ACCOUNTANT will, after notifying AUTHORITY, release only those items required by law, unless the CEO or Board of Commissioners directs the release of additional information.

SECTION TWELVE
INSURANCE

ACCOUNTANT warrants that adequate insurance exists in the event of an accident on AUTHORITY property by ACCOUNTANT, of any nature, while contracting with AUTHORITY, and also agrees to HOLD HARMLESS AUTHORITY in any such accident. ACCOUNTANT further agrees to maintain \$1,000,000.00 professional liability insurance and State of Florida workmen's compensation insurance for the life of the contract.

SECTION THIRTEEN
NOTICES

Any notice shall be given by first class mail, registered or certified, return receipt requested, postage prepaid, to the respective addresses first set forth above or to such other address as either party may from time to time designate in writing.

SECTION FOURTEEN
FINANCIAL REPORTS

Accuracy and appropriateness of all source documentation and resulting financial statements are the responsibility of the Management and Board of Commissioners of AUTHORITY. All financial reports prepared by ACCOUNTANT shall be signed without qualification. Such signature shall be construed only as certification of the accuracy of the report according to the best of his/her knowledge and belief, based on information and data furnished by AUTHORITY, or which is readily available to the ACCOUNTANT.

SECTION FIFTEEN
INTERNAL CONTROLS

AUTHORITY agrees to adhere to standard internal controls and reasonable business practices as outlined in the Board approved policies and procedures, regulations, local, state and federal laws and standard industry practice.

Deviations from the prescribed internal controls must be disclosed immediately to ACCOUNTANT (via phone, email or fax) in order to assess the impact on both AUTHORITY and ACCOUNTANT.

Fraud and embezzlement committed by AUTHORITY due to the lack of controls, or monitoring of controls, is solely the responsibility of AUTHORITY. ACCOUNTANT will, if such fraud or embezzlement is uncovered through normal monthly processes, notify appropriate

federal, state or local agencies as proscribed from time to time in the Code of Federal Regulations.

SECTION SIXTEEN
CONFLICT OF INTEREST

The parties further agree to the following: "no member officer, or employee of the local authority, no member of the governing body of the locality in which the project is situated, no member of the governing body of the locality in which the local authority was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the AUTHORITY, during his tenure or for one year thereafter, shall have any interest, direct or indirect, in this contract or the proceeds thereof."

SECTION SEVENTEEN
NON-DISCRIMINATION

In connection with the performance of work under this contract, ACCOUNTANT agrees not to discriminate against any employee or applicant for employment because of race, creed, color, national origin, or religion. ACCOUNTANT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, national origin, or religion. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

SECTION EIGHTEEN
COMPLETE UNDERSTANDING; MODIFICATION

This Agreement constitutes the full and complete understanding and agreement of the parties hereto and supersedes all prior negotiations, understandings, and agreements. Any waiver, modification, or amendment or any provision of this Agreement shall be effective only if in writing and signed by the parties hereto. AUTHORITY acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms. This Agreement shall be governed by and construed in accordance with the laws and trade tariffs of the State of Florida and those of the United States of America.

Any dispute, controversy, or claim arising out of or relating to the services or the performance or breach of this Agreement (including disputes regarding the termination, validity or enforceability of this Agreement) or any prior services or agreements between the parties shall be finally resolved by arbitration in accordance with the American Arbitration Association as to time and place set by ACCOUNTANT.

The arbitration shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages.

Such arbitration shall be binding and final. In agreeing to arbitration, the parties acknowledge that in the event of any dispute (including a dispute over fees) the parties are

APPENDIX A

Mandatory Contract Clauses for Small Purchases Other Than Construction and Maintenance Work

Examination and Retention of Contractor's Records. The PHA, HUD, or Comptroller General of the United States, or any of their duly authorized representatives shall, until three years after final payment under this contract, have access to and the right to examine any of the Contractor's directly pertinent books, documents, papers, or other records involving transactions related to this contract for the purpose of making audit, examination, excerpts, and transcriptions.

Right in Data and Patent Rights (Ownership and Proprietary Interest). The PHA shall have exclusive ownership of, all proprietary interest in, and the right to full and exclusive possession of all information, materials, and documents discovered or produced by Contractor pursuant to the terms of this Contract, including, but not limited to, reports, memoranda or letters concerning the research and reporting tasks of the Contract.

Energy Efficiency. The Contractor shall comply with all mandatory standards and policies relating to energy efficiency which are contained in the energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub.L. 94-163) for the State in which the work under this contract is performed.

Procurement of Recovered Materials

(a) In accordance with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, the Contractor shall procure items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. The Contractor shall procure items designated in the EPA guidelines that contain the highest percentage of recovered materials practicable unless the Contractor determines that such items: (1) are not reasonably available in a reasonable period of time; (2) fail to meet reasonable performance standards, which shall be determined on the basis of the guidelines of the National Institute of Standards and Technology, if applicable to the item; or (3) are only available at an unreasonable price.

(b) Paragraph (a) of this clause shall apply to items purchased under this contract where: (1) the Contractor purchases in excess of \$10,000 of the item under this contract; or (2) during the preceding Federal fiscal year, the Contractor: (i) purchased any amount of the items for use under a contract that was funded with Federal appropriations and was with a Federal agency or a State agency or agency of a political subdivision of a State; and (ii) purchased a total of in excess of \$10,000 of the item both under and outside that contract.

Termination for Cause and for Convenience (contracts of \$10,000 or more).

(a) The PHA may terminate this contract in whole, or from time to time in part, for the PHA's convenience or the failure of the Contractor to fulfill the contract obligations (cause/default). The PHA shall terminate by delivering to the Contractor a written Notice of Termination specifying the nature, extent, and effective date of the termination. Upon receipt of the notice, the Contractor shall: (1) immediately discontinue all services affected (unless the notice directs otherwise), and (2) deliver to the PHA all information, reports, papers, and other materials accumulated or generated in performing the contract, whether completed or in process.

(b) If the termination is for the convenience of the PHA, the PHA shall be liable only for payment for services rendered before the effective date of the termination.

(c) If the termination is due to the failure of the Contractor to fulfill its obligations under the contract (cause/default), the PHA may (1) require the Contractor to deliver to it, in the manner and to the extent directed by the PHA, any work described in the Notice of Termination; (2) take over the work and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable for any additional cost incurred by the PHA; and (3) withhold any payments to the Contractor, for the purpose of set-off or partial payment, as the case may be, of amounts owned by the PHA by the Contractor. In the event of termination for cause/default, the PHA shall be liable to the Contractor for reasonable costs incurred by the Contractor before the effective date of the termination. Any dispute shall be decided by the Contracting Officer.