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REQUEST FOR PROPOSALS (RFP) 17-03 PROPERTY MANAGEMENT SERVICES FOR SIERRA MEADOWS

A. Introduction/Background

Harris County Housing Authority (HCHA), referred to as the “Owner,” is requesting proposals from property management companies, referred to as the “Offeror,” to provide Property Management Services for Sierra Meadows, a 90-unit senior housing development for residents ages 55 years and older.

It is the Owner’s intention to solicit proposals, evaluate the proposals, conduct oral presentations with the Offerors in the competitive range, verify the information presented, and award a contract to the responsible firm whose proposal is most advantageous to the Owner, with price and other factors considered.

The Owner will enter into a two-year contract for property management services with an option to renew the contract for an additional two years. The renewal period is subject to the Owner’s approval. The property management services will include, but will not be limited to, the following duties and responsibilities:

1. New tenant intake, including marketing, establishing and maintaining site based waiting list, determination of applicant eligibility, applicant screening, and tenant selection;
2. Lease execution, including explaining the lease and all attachments;
3. Collection of rent and charges in addition to rent;
4. Lease enforcement;
5. Full maintenance repair of the development;
6. Full responsibility for hiring and firing of staff, and staff training;
7. Annual reexaminations of income and family composition;
8. Annual unit inspections;
9. Unit turnover, including preparing vacated units for leasing;
10. Capital improvements and repairs;
11. Purchase of all required supplies and services. Full fiscal management responsibilities including preparing annual operating budgets, monthly financial reporting and keeping expenses and income within approved budget amounts;
12. Providing weekly and monthly reports as specified by the Owner;
13. Signage packet, brochure design, and area market rent analysis.

B. Submission Package

Three (3) copies of the complete submission package must be received by HCHA (the Owner), by 3:00 p.m. on May 30, 2017. All copies of the submission package must be submitted in a sealed envelope and labeled as follows:

RFP #17-03 - Property Management Sierra Meadows Apartments

Due Date and Time: May 30, 2017, 3:00 p.m.

Name of Offeror _____

The submission package must be signed by an officer of the Offeror who is legally authorized to enter into a contractual relationship in the name of the Offeror. RFP submissions may also be emailed as a PDF attachment to Samson.Babalola@hchatexas.org.

C. Anticipated Schedule of Events

The anticipated schedule for the RFP and contract approval is as follows:

Public Posting	May 14, 2017 and May 21, 2017
Last date for questions to HCHA	May 23, 2017
Closing Date	May 30, 2017
Interviewing Finalists	June 5, 2017
Contract drafted for Approval	June 13, 2017
HCHA Board Approval	June 21, 2017

D. Expense of Submission Package

Expenses involved with the preparation and submission of the proposal, site visit, and all oral interviews must be borne by the Offeror.

E. Overview – Development

- Sierra Meadows Apartments**
9835 N. Sam Houston Pkwy E, Humble, Texas 77396
- Census Tract:** 2322
- Acreage:** 9.7
- Date of Initial Occupancy:** June 2011
- Current Occupancy:** 98%
- Building Type:** The development is comprised of 90 units of affordable senior housing for residents age 55 and older, comprising of 35 one-bedroom/one-bathroom units and 53 two-bedroom/two-bathroom units. The community design features a three-story L-shape tower and nine one-story four-plex and five-plex villas. The site features a landscaped 18-hole putting golf course with a fountain, and sidewalk areas surrounding the landscaped green space. The clubhouse features a spacious activity room, business center, fitness center, hair salon, swimming pool and covered porch. The architectural design is of a Mediterranean style with a stucco and stone exterior.
- Rent restrictions:**

1 bedroom	3 units	30% AMI or below
1 bedroom	20 units	50% AMI or below
1 bedroom	17 units	60% AMI or below
2 bedroom	5 units	Unrestricted
2 bedroom	2 units	30% AMI or below
2 bedroom	19 units	50% AMI or below
2 bedroom	24 units	60% AMI or below

- Area Resources:** Shopping, restaurants and medical clinics available in the area.

F. General Requirements

The selected Offeror must be prepared to assume management responsibilities beginning July 1, 2017.

HCHA (the Owner) may utilize a two-stage selection process. The Owner will rate and rank written proposals based on the selection criteria contained herein. The Offerors who fall in the most competitive range will be invited to an interview, if necessary, and may also be asked to provide best and final offers. Selection will be made based on those who score the highest in qualifications, price and other factors considered, and the results of the interviews as stated in the evaluation and selection criteria.

The Owner is looking for competitive pricing from Offerors with demonstrated and successful property management experience and with knowledge of managing senior developments.

Although all federal, state, and local regulations must be followed in providing management services, there are some matters for the Offerors to consider, however, when submitting their proposal package, these special considerations include but are not limited to the following:

1. The successful Offeror will be responsible for marketing, screening of applicants, and leasing units.
2. The selected Offeror will be required to create and maintain a process of procurement that encourages competitive prices.
3. The operating budget does not include the real estate taxes. Offerors should be aware that the Owner does not pay real estate taxes, but instead, makes a payment in lieu of taxes. It is the Owner's position that the revenue available to manage these properties is sufficient for effective professional management. Offerors must be fully confident that they can provide the services they claim they can provide, given the "total revenue" assigned to the development.
4. For financial reporting, Offerors should anticipate that they will be using their own financial management computer systems and either submits data electronically or via hard copy.
5. The successful Offeror shall be required to comply with certain services, reporting, compliance and eligibility requirements that are unique to low income housing tax credit developments.

G. HCHA Options

1. HCHA (the Owner) may, at its sole and absolute discretion for any reason, reject any and all proposals; re-advertise this RFP; postpone or cancel, at any time, this RFP process; or waive any irregularities in this RFP or in the proposals received as a result of this RFP. Any decision as to who shall receive a contract award, or whether or not an award shall ever be made as a result of this RFP, shall be at the sole and absolute discretion of the Owner.
2. In no event will the Owner permit modifications to a response statement after the submission deadline, unless such modification is of a non-substantive nature.

H. Qualification Statements Open to Public

Prospective Offerors are hereby notified that all information submitted as part of, or in support of this RFP may be subject to public disclosure in compliance with state and federal laws.

MINIMUM REQUIREMENTS

The Offeror will be deemed unresponsive to this RFP if it does not meet the following minimum criteria:

1. Currently manages a portfolio in excess of 500 units
2. Possesses a Certified Property Management certificate.
3. Has current or previous experience directly managing low income tax credit developments.
4. Complies with all of the submission requirements.

If the Offeror does not meet the above minimum requirements, its proposal may not be evaluated.

TERMS AND CONDITIONS

Rules, Regulations, and Licensing Requirements

A. Rules, Regulations, and Licensing Requirements

The Offeror and staff must possess all necessary required license(s) to do business in Harris County and the State of Texas. Additionally, the Offeror shall comply with all laws, ordinances, and regulations applicable to the services contemplated herein. Offerors are presumed to be familiar with all federal, state, and local laws, ordinances, codes, rules, and regulations that may in any way affect the services.

B. Term of Management Agreement

The successful Offeror shall enter into a management agreement. The term of the management agreements to be awarded shall be for two (2) years with a two (2) year renewal option. The renewal option is subject to HCHA's (the Owner's) approval. The management agreement includes a provision for termination for convenience by Offeror or owner with a 30-day written notice. The agreement will also outline situations where the successful Offeror can be terminated immediately "for cause."

C. Performance Standards

1. Vacancy Turnaround.

The Owner's monthly standard for vacancy turnaround time is 30 days. This includes make ready and lease-up time. The monthly report must include the following for each vacated unit:

- i. The date the unit was vacated.
- ii. The name of the former resident who vacated.
- iii. The unit number of the vacated unit.
- iv. The size of the vacated unit.
- v. Reason tenant vacated unit.
- vi. The date maintenance began to "make ready" the unit.
- vii. The date maintenance completed all "make ready" repairs.
- viii. The date the unit was re-leased.

2. Work Orders

i. Emergency.

Emergency work orders are those that address an immediate threat to life, health, safety to property or to the resident or are related to fire safety. The Owner's standard for completion of an emergency work order is for all orders to be completed or abated within 24 hours.

ii. Non-Emergency.

Non-emergency work orders are those that address conditions that do not pose an immediate threat to life, health, safety to property or to the resident and not related to fire safety. The Owner's standard for the completion of non-emergency work

orders is within four (4) days.

iii. **Inspections.**

The Owner's annual standard for inspections is for all Housing Quality Standards (HQS) inspections to be conducted each year. Further, all units must be inspected the property manager within 12 months of the previous HQS inspection.

3. **Re-certifications.**

The Owner's annual standard for re-certifications as applicable is that each tenant household must be recertified no more than 90 days and no less than 30 days prior to the tenant's lease expiration. Tenants may be contacted regarding recertification no earlier than 120 days prior to the tenant household's lease expiration. The monthly report must indicate for each tenant whose lease expired during the preceding month the date the tenant was contacted regarding recertification and the date recertification was completed.

4. **Resolving Conflicts and Ambiguities**

All of the remaining provisions in the Management Agreement shall remain in full force and effect. In the event that any of the provisions herein conflict or create ambiguities with the Agreement, the resolution of such conflict or ambiguity shall be that which most benefits the Owner.

D. Retention of Management Fee

For each performance standard that is not met monthly by the Offeror, the Owner may retain a portion of the monthly base fee to be paid to the Offeror. The terms defining the amount of retention by Owner and the opportunity for cure by Manager are set forth below:

1. **10% Retention.**

The Owner may retain up to 10% of the monthly base fee if the Offeror fails to meet the required performance standards in any of the following areas in a given month: Tenant Accounts Receivable, Vacancy rate, Vacant Unit Turn-around, and Work Order completion time. The 10% retention shall apply to each performance standard separately. For example, if the Offeror fails to meet three performance standards in a month, the retention for that month would be 30%.

The Offeror may cure any monthly deficiency for the above performance areas by bringing the cumulative average for all completed months in the previous quarter into compliance with the performance standard, which will entitle the Offeror to payment of any fee retained for that performance standard.

2. **Unit-based Retention.**

For the Inspection and Recertification performance measures, the Owner may retain an amount equal to the annual fee per unit (i.e. the monthly per unit fee multiplied by 12) if the Offeror fails to meet the required performance standard for any unit during the calendar year. See the following examples:

- i. **Example 1:** The Offeror fails to meet the inspection standard for three (3) units in a given month. The Owner may retain an amount equal to the annual fee per unit multiplied by 3.
- ii. **Example 2:** The Offeror fails to meet the performance standard for recertification for 2 units and inspection for two (2) units. The Owner may retain an amount equal to the annual fee per unit multiplied by 4.
- iii. **Example 3:** The Offeror fails to meet both the inspection and recertification performance for the same unit. The Owner may retain an amount equal to the annual fee per unit multiplied by 2.

For the retention based on annual fee per unit under this section, the Manager cannot cure any failure to meet the required performance standard.

Manager may submit, as part of its regular monthly report, an explanation for any failure to meet a performance standard; and, the Owner shall determine in its sole discretion whether an explanation is sufficient to avoid retention by Owner. The Owner shall notify Manager in writing within 15 days of the receipt of any monthly report if the Owner decides to retain any portion of the management fee.

3. Appealing The Owner's Retention of Management Fee

The Offeror may appeal the Owner's decision to retain a percentage of the management fee. Appeals must be submitted in writing to the Owner to the attention of the Chief Executive Officer of HCHA (the Owner). Appeals must contain as attachments any evidence necessary to support any assertion made in the appeal. The Owner shall respond to a properly submitted appeal within 15 days of its receipt and shall state its decision regarding the appeal. Decisions regarding any appeal shall be made in the sole discretion of the Owner and shall be final.

E. Assignment

The successful Offeror shall not enter into any subcontract, retain consultants, or assign, transfer, convey, sublet, or otherwise dispose of this contract, or any or all of its rights, title, or interest therein, or its power to execute such contract, to any person, company or corporation without the prior written consent of the Owner and HUD. In the event of a change of control of the successful Offeror, the Owner will have the option to either continue the Property Management Agreement in effect or immediately terminate the Property Management Agreement upon written notice of such termination to the successful Offeror.

F. Pertinent Federal Regulations with Regard to Nondiscrimination and Equal Opportunity

The requirements of Title VIII of the Civil Rights Act of 1968 and Title VI of the Civil Rights Act of 1964, relating to prohibitions against discrimination in housing and the benefits of federally funded programs because of race, color, religion, sex or national origin must be met by the Offeror.

The Offeror must adhere to federal regulations prohibiting discrimination on the basis of age under the Age Discrimination Act of 1975, and prohibit discrimination against individuals with disabilities under Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990.

The requirements of Executive Order 11246, relating to equal employment opportunity in connection with federally funded programs must be met by the Offeror and as amended by executive Order No. 11375, as supplemented by the Department of Labor Regulations (41 CFR, Part 60).

The Offeror must meet the requirements of Executive Orders 11625, 12432, and 12138 relating to the use of minority and women's business enterprises in connection with federally funded programs.

G. Personnel

In submitting their proposals, Offerors are representing that the personnel described in their proposals shall be available to perform the services described, barring illness, accident, or other unforeseeable events of a similar nature, in which case the Offeror must be able to provide a qualified replacement. Furthermore, all personnel shall be considered to be, at all times, the sole employees of the Offeror under its sole direction, and not employees or agents of the Owner.

H. Availability of Records

The U. S. Department of Housing and Urban Development, the Inspector General of the United States, HCHA, Harris County Community Services Department, Texas Department of Housing and Community Affairs and any duly authorized representatives of each, shall have access to, and the right to examine any and all pertinent books, records, documents, invoices, papers, and the like, of the firm(s) office or firm, which shall relate to the performance of the services to be provided.

I. Conflict of Interest

No employee, officer or agent of the HCHA shall participate directly or indirectly in the selection or in the award of any contract if a conflict, real or apparent, would be involved. Such conflict would arise when a financial or other interest in an agency selected for award is held by the following:

An employee, officer, or agent involved in making the award; or his/her relative including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, domestic partner, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, step father, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, or professional business partner, or organization that employs or negotiates to employ concerning prospective or has an arrangement for employment of any of the above.

J. Conditions and Limitations

This RFP does not represent a commitment or offer by HCHA (the Owner) to enter into a contract, or other agreement with an Offeror. All costs incurred in the preparation of this proposal are to be borne by the Offeror. The proposal and any information made a part of the proposal will become a part of the Owner official files without any obligation on the Owner part to return it to the individual offeror. This RFP and the selected Offeror's proposal will, by reference, become a part of any formal agreement between the Offeror and the Owner resulting from this solicitation.

The Owner reserves the right to waive any irregularities or informalities in any or all proposals or any part thereof. Failure to furnish all information requested may disqualify an Offeror.

The Owner reserves the right to request clarification of proposal data without changing the terms of the proposal.

The Offeror shall not offer any gratuities, favors, or anything of monetary value to any official or employee of the Owner for the purpose of influencing consideration of a proposal.

The Offeror shall not collude in any manner or engage in any practices with any other Offeror(s), which may restrict or eliminate competition or otherwise restrain trade. Violation of this instruction will cause the proposal to be rejected. This prohibition is not intended to preclude joint ventures or subcontracts.

SUBMISSION REQUIREMENTS

Document Requirements

Offerors are requested to submit proposals based on the exact requirements specified in this RFP.

The following is a description of the minimum information, which must be supplied by Offerors in their proposals. It is open to all Offerors to give such supplementary facts or materials that they consider may be of assistance in the evaluation of the proposal submitted. Proposals that omit critical elements may be considered non-responsive. Each proposal shall include a Table of Contents listing the proposal contents. Proposal packages must contain, at a minimum, the following information and materials:

A. Letter of Transmittal

Signed by the person authorized to commit the organization to perform the services in the proposal.

B. Proposal Table of Contents

C. Offeror Experience

Offerors shall provide the following as evidence of Offeror's experience in the order listed:

1. Provide a description of the firm including a list of the principals and their resumes and joint venture partnerships in response to this RFP.
2. A listing of all public, low income housing tax credit and private housing currently managed by Offeror, with the name and contract representative of the property owners (who may be contacted as references), the length of the contract, address of the property, form of subsidy (if applicable), type of property (elderly, family, mixed), number of units, and whether the property is an assisted housing or tax credit development.
3. Evidence of the firm's experience managing low-income housing and/or assisted housing projects, and that the firm currently manages a portfolio in excess of 500 units.
4. Evidence of experience in management and lease-up, including experience in screening a high volume of tenant candidates.
5. Evidence of experience in resident participation initiatives and the delivery of resident social supportive services.
6. Demonstration of knowledge of the management in the Houston rental market.
7. Evidence of the ability to develop and implement an effective marketing and pre-leasing plan.
8. Resumes and position descriptions of senior management members who would be assigned to oversee the project (for example, the regional property manager). Show an organization chart of your staffing structure, including regional office locations.
9. An actual or prototypical budget and income and expense report for a property managed by the Offeror as evidence of the Offeror's financial reporting systems and expertise in operating matters.
10. Year-end financial statements for the past three completed fiscal years for the Offeror.

D. Company's Affirmative Action Policy and Accomplishments

Provide a description of the Offeror's accomplishments related to ownership, personnel, and purchase of goods and services to this end.

E. Certifications and Affidavits

Offerors shall submit the following certifications and affidavits:

1. Complete Attachments A through K. All forms after page 9 of the document.
2. A copy of the Offeror's applicable license to operate in the State of Texas or Corporate Property Management Certification.
3. Insurance certification showing minimum limitation required in the management agreement.

F. Management Fee

Offeror shall state its proposed management fee. See Attachment A.

G. References

The Offeror shall submit five (5) references. Three of the five references should be owners of properties which are currently being managed by the Offeror and one of the five references should be a financial institution doing business with the Offeror.

IV. GENERAL REQUIREMENTS OF MANAGEMENT AGREEMENT

Offerors will be responsible for the full range of services customary of a property management company. In the performance of these duties, the Offeror must comply with all applicable federal, state, and local laws.

V. EVALUATION/SELECTION PROCESS AND SELECTION CRITERIA

Proposals will be evaluated by an Evaluation/Selection Committee comprised of the appropriate HCHA staff with the appropriate experience and/or knowledge.

The Committee will present its recommendations to the Board of Commissioners of HCHA. Offerors will be evaluated on the following five factors. After the initial scoring of proposals, those deemed by the Committee to be within the competitive range will become finalists and be asked to appear for an oral interview to clarify issues and, if necessary following the interview, to submit “best and final” offers. After interviews, if elected by HCHA, the receipt of best and final offers from each of those Offerors will be re-evaluated and rescored using six factors. The Offeror with the highest overall score will be selected as the property manager of choice. Prior to final selection of the Property Manager, HCHA (the Owner) will undertake due diligence of the Property Manager including, but not limited to reference checks, affirmation of financial condition, etc. Any material discrepancies found as a result of due diligence may cause the Owner to eliminate the Offeror from further consideration. The Owner, in its sole discretion, may then undertake due diligence on the Offeror with the next highest score from among those Offerors in the competitive range or undertake a new procurement.

1. Experience in operations and maintenance of low income housing tax credit senior communities. **(25 points)**
 2. Experience in the administration of the delivery of resident social supportive services. **(15 points)**
 3. Experience in maintenance of extensive green space. **(15 points)**
 4. Extensive and established financial management system and tenant database capability. **(25 points)**
 5. Site visit and management of Offeror’s properties **(10 points - after interviews)**
 6. Fee for management services. **(10 points)**
- TOTAL - 100 points**

VII. DISCLAIMER

The Owner reserves the right to refuse and reject all proposals and not award any contract. Further, except for the date of acknowledgement and date of proposal as due, the Owner is not obligated to meet the schedules contained in their solicitation, but fully intends to do so.

I. Attachments

All attachments of this RFP are incorporated herein, as if fully copied verbatim and made part of this RFP.

Attachment A

Offerors please complete:

Our proposed management fee for Sierra Meadows RFP 17-03

is \$_____.

Attachment B

Sample HCHA Management Agreement

MANAGEMENT AGREEMENT

This Management Agreement, effective as of the 1st day of July 2017, by and between Sierra Meadows, Ltd., a Texas limited partnership (hereinafter called the "**Owner**"), and ----- (hereinafter called the "**Manager**").

RECITALS:

The Owner is the owner of long term lease on the real property described in **Exhibit "A"**, attached hereto, and the 90-unit apartment community constructed thereon known as "Sierra Meadows" (said real property and the buildings and improvements thereon are hereinafter called the "**Property**").

The Owner desires to engage the services of the Manager as an independent contractor to operate and manage the Property, and the Manager desires to accept such engagement.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Amended and Restated Partnership Agreement of Limited Partnership of Owner.

NOW, THEREFORE, in consideration of the premises, the Owner and the Manager agree as follows:

ARTICLE 1

ENGAGEMENT OF THE MANAGER

1.1 **Engagement.** On the terms and conditions herein provided, the Owner hereby engages the Manager as an independent contractor and the Manager hereby accepts such engagement to be manager of the Property.

1.2 **Owner's Report.** Upon the assumption of the management and operation of the Property, Owner shall submit to Agent any property information regarding deferred maintenance, cash flow problems, outstanding lawsuits, ownership issues, or other problems that will influence the efficient management and operation of the Property.

ARTICLE 2

DUTIES AND AUTHORITY OF THE MANAGER

2.1 **Duties and Authority of the Manager.** The Manager shall operate and manage the Property and shall render services and perform duties (or cause such services or duties to be rendered and performed) and shall have authority as hereinafter described in this Article 2.

2.2 **Leasing.** The Manager shall use all reasonable efforts to keep the Property fully rented by procuring tenants and by effecting timely renewals and extensions or existing leases. Using the standard form of lease for the Property which has been approved by the Owner, as same may be modified from time to time with the Owner's prior written approval (as well as the approval of any other party whose consent is required, including Owner's lenders and the Texas Department of Housing and Community Development ("**TDHCA**"), the Manager shall negotiate, execute and deliver on behalf of the Owner all

leases for apartments at the Property, together with any modifications, cancellations, renewals or extensions thereof. There shall be no concessions without the Owner's written approval, and all leases (including any lease modifications, cancellations, renewals or extensions) shall be in writing. In order to promote such leasing, the Manager may engage in advertising and other promotional activities, provided all such advertising and promotion is subject to Owner's approval as to the budget therefore. The actual third party cost of negotiating and obtaining leases (including leasing commissions, and advertising and promotion) shall be considered an operating expense borne by the Owner, provided that no leasing commissions shall be due to Manager. The lease rates for all leases at the Property shall be set by the Owner from time to time, and the Manager shall not enter into a lease which does not meet or exceeds said lease rate without the Owner's prior written consent. The Owner shall also establish from time to time the amount that may be expended for tenant improvements for any tenant at the Property, and the Manager shall not contract for or spend more than the amount set forth by the Owner without the Owner's prior written consent. All lease rates must conform to TDHCA and HOME requirements.

2.3 Lease Enforcement. The Manager shall (i) secure, as fully as practicable, the compliance of all tenants with the terms, covenants and conditions of their leases; (ii) keep tenants informed of all rules and regulations affecting the Property; and (iii) receive, consider and handle service requests by tenants and/or Owner and maintain systematic records showing the action taken with respect to each request.

2.4 Tenant Relations. The Manager shall maintain business-like relations with tenants whose service requests shall be received, considered and acted upon and recorded in a fashion and in an order that shows the action taken with respect to each request.

(a) The Manager shall, and is hereby authorized:

(i) to request, demand, collect, receive and receipt all monthly rents, sales tax (if applicable), rental escalation, or any utility charges or HVAC charges and any other taxes or charges due from tenants of the Property permitted or required to be collected by the Owner under any lease or rental agreement with such tenant in the name of and/or on behalf of the Owner (hereinafter collectively called "**Rents**") as such Rents become due, all in compliance with TDHCA and HOME approved Rents;

(ii) to institute and prosecute actions or proceedings in the name of and/or on behalf of the Owner and at the Owner's expense for the collection of rents or charges due from tenants or for eviction of tenants and the recovery of possession of the leased premises (the apartments), and such expense may include the engagement of counsel for any such matter; provided, however, the Manager shall not initiate any such legal action without the Owner's consent.

(b) Manager shall use commercially reasonable efforts to lease vacant apartments without regard to race, color, religion, sex, age, national origin or handicap; and to lease and renew existing leases with tenants in accordance with the Internal Revenue Code ("**Code**") and regulations thereunder, all TDHCA requirements, including applicable rents, and all applicable HOME requirements (including the regulations of the United States Department of Housing and Urban Development and Harris County). In renting units in the Project, Manager shall comply with the Americans With Disabilities Act and federal and state fair housing laws (as such, laws may be amended from time to time) and all related regulations.

(c) Manager shall perform actual screening and selection processes in accordance with the requirements of the Code, the regulations thereunder, TDHCA, and the HOME monies Grant ("**Grant**") from Harris County to Harris County Housing Authority ("**HCHA**"). Owner shall have the right to review the Manager's determination of tenant selection and eligibility. In addition to Manager's standard application, an additional form shall be added in order to obtain all necessary information as may be required in order to comply with the Code, the regulations there under, TDHCA requirements and the Grant. In addition to Manager's standard qualifications of credit references, character references, employment/income verifications and the like, Manager shall use commercially reasonable efforts to assure that each tenant complies and remains in compliance with the applicable provisions of the Code, the regulations thereunder, TDHCA and the Grant for the HOME units.

(d) Manager shall recertify each resident's eligibility annually. At least 75 days prior to the recertification date of a tenant's move into the Property, Manager shall provide a notice to the tenant including a request for the tenant to provide all necessary information for the Manager to recertify the tenant's eligibility prior to the recertification date. If the resident fails or has not visited the on-site manager and provided the information necessary to recertify the tenant at least 30-days prior to the recertification date, additional attempts shall be made by the on-site manager to reach the tenant, including notifying the tenant by certified mail. The on-site manager shall then verify all information necessary for the qualification of each tenant as soon as possible after the information is received. Manager shall properly train all on-site personnel to properly administer the qualification and recertification requirements.

(e) All tenants' certifications and recertifications will be maintained either on-site or at the Manager's offices. All former tenant files shall be kept separately alphabetically for such period as required by the Code. Rejected applicant files shall also be kept in a similar manner.

(f) Manager shall prepare all reports as may be required by the Code, the regulations thereunder, TDHCA and the Grant in order to maintain compliance.

2.5 Operating Accounts. The Manager shall promptly deposit all Rents, income and other receipts received from the operation of the Property in a commercial interest-bearing checking account (hereinafter called the "**Operating Account**") at such bank as the Owner shall designate. Manager shall cause Owner to be a signatory, and authorized user, of the Operating Account and all funds in the Operating Account and interest thereon shall at all times be and shall remain the property of the Owner, and shall be indicated as such on the records of the bank. No other funds shall in any way be commingled with the funds in the Operating Account. The Manager is authorized to withdraw funds from the Operating Account on behalf of the Owner only for the purpose of making payment of operating expenses pursuant to §4.1 herein, payment of debt service to Owner's lenders and disbursements authorized herein. Within fifteen (15) days after the end of each calendar month, the Manager shall disburse to the Owner the amount due to the Owner from the operation of the Property during the preceding month, such disbursement to be made by a check or checks drawn on the Operating Account, leaving as a balance the Working Capital Reserve provided for in §4.3 herein.

2.6 Security Deposits. The Manager shall cause all tenant security deposits to be deposited in a separate trust account until forfeited and to be disbursed in accordance with the available lease agreements pursuant to which such deposits have been made. Manager shall cause Owner to be a signatory, and authorized user, of the trust account.

2.7 Maintenance, Repairs, Purchase Orders and Contracts. The Manager shall cause the building, appurtenances and grounds of the Property to be maintained in accordance with all applicable laws and standards applicable to comparable apartment complexes in the Houston area, such maintenance to include: (1) performing (or causing to be performed) interior and exterior cleaning, painting, decorating, plumbing, steam fitting, carpentry and such other normal maintenance and repair work as may be necessary; (2) performing such necessary preventive maintenance as may be necessary or desirable; (3) purchasing supplies, materials and services; and (4) executing contracts in the name and on behalf of the Owner for utilities, vermin extermination, janitorial services, laundry service, trash removal and other services deemed by the Manager to be necessary or advisable. Notwithstanding the foregoing, the Manager shall not make or incur expenditures which exceed the Approved Budget (as defined in §2.15 herein) by more than five percent (5%) for repairs, replacements, alterations, or improvements to or of the Property or the equipment thereon, without first obtaining bids from contractors for the work to be performed and without the prior approval of the Owner, except in those cases in which, in the best judgment of the Manager, an emergency necessitates so doing before any such bids or the prior approval of the Owner can be obtained. The inclusion of any such expenditure in the Approved Budget shall be deemed prior approval of the Owner of such expenditure. An emergency shall be deemed to exist if, in the reasonable opinion of the Manager, repairs are immediately necessary to comply with any applicable law, order or regulation or any space or ground lease, or for the preservation of the Property or for the safety of the occupants of the Property, or if repairs are required to avoid the suspension of any necessary service to the Property. Every maintenance or operating contract or order shall be for a term not exceeding one (1) year, shall be terminable by either the Manager or the Owner, for any reason, without penalty, either at will or within not more than thirty (30) days advance notice, and shall be subject to the Owner's prior written approval unless said contract does not exceed either \$25,000.00 per annum or the amount specified on the Approved Budget for the expense item(s) covered by such contract. When taking bids or issuing purchase orders, the Manager shall secure and credit to the Owner all discounts, rebates or commissions obtainable with respect to purchases, service contracts, maintenance and repair work or other transactions made on the Owner's behalf (which shall include the Owner's share of any discounts, rebates or commissions based on purchases made in common with or for the benefit of other parties). The Manager shall promptly notify the Owner in the event that (i) the Manager becomes aware that the condition of the Property, or any part thereof, requires expenditures for any repairs, replacements, or structural alterations in excess of the amount budgeted for such repairs, or (ii) any part of the Property fails to meet the standards set forth in any federal, state or local law, ordinance or regulation of which the Manager has actual knowledge.

2.8 Employ and Supervise Employees. The Manager shall employ, train, supervise and discharge such employees as are necessary for the efficient and economical operation and management of the Property. All employees shall be employees of the Manager and not the Owner, but their wages and other benefits which are considered part of operating expenses under §4.1 herein shall be subject to the approval of the Owner. The wages, salaries and other compensation, including Social Security taxes, unemployment insurance taxes, unemployment compensation fringe benefits, medical and health insurance and similar items, shall be deemed to be expenses of operation; provided, however, no penalty or interest imposed by the IRS for the Manager's failure to pay timely to the IRS the Social Security taxes, unemployment insurance taxes or withholding taxes of such employees shall be an expense of operation. The Manager shall, at the Owner's expense, procure and maintain adequate workers' compensation insurance or an equivalent thereof covering all employees and shall prepare and file all returns and other documents required under the Federal Unemployment Tax Act, or any similar federal or state legislation,

and all withholding tax returns required for employees. All compensation fixed by the Manager for employees, as provided in this Agreement, shall be reasonably comparable to the compensation paid for similar work performed in the same geographic area. The Manager will not retain union employees without the Owner's prior approval. Owner shall have the right to disapprove the on-site Property manager, only to the extent the Owner has good cause for such disapproval.

2.9 Insurance. Manager shall cause to be placed and kept in force all forms of liability, casualty and other insurance relating to the Property required by the Owner, the Grant, or TDHCA from time to time or by the terms of any deed of trust or other security instrument, ground lease, or similar instrument (including the Owner's partnership agreement) covering any portion of the Property. All insurance coverage shall be placed with such companies, in such amounts, and with such beneficial interests appearing therein as shall be acceptable to the Owner and shall include Manager as an additional insured and/or include a waiver of subrogation in favor of Manager as applicable and as discussed in §7.2 below. All policies will meet the requirements of TDHCA, Owner's lenders and the Grant. Manager shall be required to maintain workers compensation insurance as may be required by law in respect of its employees with statutory limits. The cost of all such insurance shall be considered part of operating expenses under §4.1 below and subject to approval by Owner; provided, however, only that portion of the cost of Manager's workers compensation insurance fairly and equitably allocated and attributable to its employees retained to perform the services hereunder for the management of the Property shall be included as an operating expense. The Manager shall promptly investigate and make a full written report as to all accidents or claims for damage relating to the ownership, operation, and maintenance of the Property, and including any damage or destruction to the Property and the estimated cost of repair. Manager shall fully cooperate with and make all reports required by any insurance company. The Manager shall not vary or change any portion of the insurance program required by the Owner but shall review annually the insurance program and make such recommendations to the Owner as to such changes as the Manager shall deem advisable or necessary.

2.10 Government and Mortgage Compliance. The Manager shall comply with all present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, courts, departments, commissions, boards and officers, or any other body exercising the functions similar to those of any of the foregoing which may be applicable to the Property, and attempt to obtain and maintain all certificates of occupancy, licenses and/or operating permits, if any, for the Property. The Owner agrees to execute and deliver any and all applications and other documents and to otherwise cooperate to the fullest extent with the Manager in applying for, obtaining and maintaining such certificates, licenses and permits. The Manager shall also use all reasonable efforts to cause the Property to comply with all terms, covenants and provisions contained in any deed of trust or mortgage, operating agreement or other agreement now or hereafter encumbering or affecting the Property, or any portion of the Property, and any security agreement now or hereafter encumbering or affecting the personal property located on the Property or any portion thereof, including the Grant and all agreements of Owner with TDHCA.

2.11 Taxes, Loans and Other Payments. The Manager shall pay when due all taxes, assessments, rents and other impositions applicable to the Property and all loan payments (including required escrows of taxes and/or insurance premiums, if any), all operating expenses, and all authorized expenses relating to the operation and maintenance of the Property.

2.12 Books and Records. The Manager shall maintain complete and accurate books, records and

accounts of all costs and expenses incurred and all income and receipts received in connection with the operation or the Property. The books and records regarding the Property shall be kept in such detail as the Owner shall reasonably require. All such books and records of the Manager which relate to the Property shall be available for inspection and audit by the Owner or any of its partners at all reasonable times during normal business hours.

2.13 Inventories, Rent Rolls and Reports. The Manager shall prepare, keep current and submit to the Owner within thirty (30) days after the close of each calendar month, the following: (1) an inventory of the Owner's equipment and personal property located at or on the Property; (2) a rent roll of existing leases in form satisfactory to the Owner; (3) a schedule of tenant security deposits being held by the Manager on behalf of the Owner; (4) reports of existing vacancies and occupancy; and (5) on a semi-annual basis, tenant data as specified by Owner. In addition, the Manager shall prepare and submit to the Owner at least sixty (60) days prior to the commencement of each fiscal year of the Owner a leasing schedule showing proposed lease rates and concessions proposed to be granted at the Property, including the formula for granting such concessions, and the projected net annual effect of leasing activity at the Property for the upcoming fiscal year.

2.14 Statements of Operations. The Manager shall prepare and submit to the Owner within thirty (30) days after the end of each calendar month, a statement of the operations of the Property and shall make supporting data therefore available upon request of the Owner. In addition, the Manager shall prepare and submit to the Owner within thirty (30) days after the end of each month, a monthly operating statement, a balance sheet, a statement of income, a statement of cash receipts and disbursements for the month then ended, a comparison of expenditures projected in an approved budget for the month then ended, and the actual expenditures for such month, and any other reports required by TDHCA, HUD, HCHA, Owner's lenders or Harris County. The Manager shall also prepare and submit to the Owner within ninety (90) days after the end of each fiscal year of the Owner, an annual operating statement, a balance sheet (as of the end of the fiscal year), a statement of cash receipts and disbursements for the fiscal year then ended, and a statement of changes in financial position and a statement of sources and application of funds during such fiscal year, such statements to be prepared in accordance with generally accepted accounting principles and audited and reported upon by an independent certified public accountant approved by the Owner. Manager shall also prepare and submit to the Owner, within a reasonable time after the Owner shall have requested, such other reports and financial statements as the Owner shall from time to time reasonably request.

2.15 Budgets. The Manager shall prepare and submit to the Owner for the Owner's review and approval, the following:

(a) At least thirty (30) days prior to the commencement of each fiscal year of the Owner, or such earlier date as TDHCA or any of Owner's lenders may require, an operating budget, which when approved by Owner shall be the "**Approved Budget**," setting forth the Manager's detailed projection of cash receipts, cash expenditures, working capital and other necessary reserves and capital improvements and expenditures (all on a month-to-month basis) for such period in connection with the operation of the Property.

(b) At least thirty (30) days prior to commencement of each quarter of each fiscal year of the Owner, a forecast of such items as are shown on the most recent annual Approved Budget for the balance of such fiscal year.

(c) From time to time in the Manager's discretion, or at the direction of the Owner, one or more supplements to or revisions of an Approved Budget.

2.16 **Manager's Duties.** The Manager shall perform other normal business functions and otherwise operate and manage the business and affairs of the Owner with respect to the Property in accordance with and as limited by this Agreement and shall perform such other duties with respect to the Property as it shall deem necessary and proper. Notwithstanding any other provision of this Agreement, the Manager is required to perform its duties only to the extent that funds are available to the Manager in the Operating Account and in no event shall the Manager be required to use its own funds for such purposes. If and to the extent the Manager does use its own funds, it is entitled to reimburse itself out of the Operating Account. Manager shall notify Owner in writing when Manager uses its own funds and when it reimburses itself out of the Operating Account.

2.17. **Inspection.** Manager shall respond to all requests for information from Owner, Harris County, HUD, TDHCA, and Owner's lenders from time to time and permit Owner, Harris County, HUD, TDHCA and Owner's lenders and their representative access to and inspection of the Property and Manager's records with respect to the Property, tenant qualification, accounting and other matters relating to Manager's duties. Manager shall allow Owner's accountant or other representative to review the books and records of the Property during reasonable business hours. Manager shall cooperate during any program or financial monitoring visits and/or investigations performed by the staff of the Harris County Community Services Department, the Harris County Auditor, TDHCA and BUD. Manager shall provide to Owner, within three days, a copy of all correspondence between Manager and any of TDHCA, HUD, or Harris County relating in any way to the Property.

ARTICLE 3

LIMITATIONS ON AUTHORITY

3.1 **Limitations on Authority.** Notwithstanding any other provision of this Agreement, the Manager shall have no authority, except upon the prior written approval of the Owner, to take the actions described herein in §§3.2, 3.3, and 3.4.

3.2 **Land Acquisitions.** The Manager shall not acquire any real property or interest therein on behalf of the Owner.

3.3 **Sale or Encumbrance of the Property.** The Manager shall not sell or otherwise transfer or mortgage the Property or any part thereof, except the sale of worn out or obsolete personal property or other personal property no longer useful in the operation of the Property.

3.4 **Expenditures.** The Manager shall not make any expenditure or incur any obligation for any item or transaction or group of similar items or transactions which would cause an Approved Budget to be exceeded by more than five percent (5%) except in the case of an emergency as provided in §2.7. Any emergency expenditures shall be immediately reported to Owner.

3.5 **Review by the Owner.** The Manager and the Owner shall meet periodically to discuss and review the management activities to be conducted by the Manager hereunder.

ARTICLE 4

COSTS AND EXPENSES

4.1 Operating Expenses. The Owner shall be responsible for the payment of all costs of operating and managing the Property. To the extent that funds are available, the Manager shall pay all such costs out of the rents and receipts generated by its operation of the Property. In the event, however, that such rents and receipts do not generate sufficient funds to pay all such costs, the Manager shall promptly notify the Owner and the Owner shall advance funds to the Manager to pay such deficiency, or otherwise instruct the Manager as to the application of existing funds. The Manager shall not be held responsible for any act or failure to act which is occasioned by the failure of the Owner to provide funds or to assure the Manager of the provision for such funds to cover the cost or expense of any item which is required to be paid for by the Owner.

4.2 Management Costs. The Management Fee is intended to compensate Manager for the expertise and time spent by the management personnel of the Manager in connection with the operation and management of the Property and the performance of the services contemplated herein and to cover the general office overhead expenses of the Manager to the extent they are related to management personnel of the Manager and to the extent they are related to the conduct of the business of the Manager rather than the direct management of the Property. Subject to Section 3.4 of this Agreement, the Manager shall be reimbursed for all other expenses incurred by the Manager in connection with the performance of the services contemplated herein, including, without limitation, the following:

(a) All out-of-pocket expenses paid to third parties in connection with the rendition of the services contemplated herein, including travel, entertainment, printing, long distance telephone expenses and delivery costs for the Property;

(b) The allocable portion of all compensation of personnel employed by the Manager to perform any portion of the services contemplated herein from on-site management office or from or at any other location, including all storage and workshop areas, maintained solely for the benefit of the Property (collectively, "On-Site Locations"), together with all costs of rental or purchase of such On-Site Locations or of equipment, supplies, utilities and other materials or services required in order to enable such personnel to perform their respective duties at such On-Site Locations; and

(c) The allocable portion of the salaries, other compensation and office overhead relating only to supervisors employed by the Manager who perform any portion of the OnSite services, which portion shall be determined by multiplying (1) the monthly base salary of each such supervisor by (2) the percentage of such supervisor's time devoted to the Property during such month.

In no event shall the Manager be reimbursed for the costs of compensation or overhead relating to any employee of the Manager or any affiliate of the Manager with respect to obtaining or negotiating leases of space in the Property other than pursuant to subparagraph (b) above.

4.3 Working Capital Reserve. The Manager shall establish and maintain a working capital reserve by setting aside out of the monthly gross receipts from the Property such amount as shall be prescribed by any of Owner's lenders and/or in the most recently Approved Budget or as shall be

determined jointly by the Manager and the Owner from time to time to be necessary to meet reasonably anticipated operating expenses for the next succeeding calendar month. Any deficit in the working capital reserve shall be replenished by a deposit into said reserve within thirty (30) days after the withdrawal from the working capital reserve which occasioned such deficit; provided, however, that in the event gross receipts in any calendar month are insufficient to permit the setting aside of the applicable amount set forth above, such deficient amount shall be set aside from gross receipts in the next succeeding month(s) until the amount of such deficit has been placed in the working capital reserve. No expenditures shall be made by the Manager from the working capital reserve except as permitted by Owner's lenders.

ARTICLE 5

COMPENSATION

5.1 Management Fee. Owner shall pay monthly to Manager as compensation for Manager's duties and obligations under this Agreement an amount equal to the greater of five percent (5%) of the Gross Income or a fixed minimum fee of three thousand dollars (\$3,00000) (the "**Management Fee**"). Manager shall submit to Owner an invoice detailing the calculation of the Management Fee each month, no later than the fifth (5th) day of the next succeeding month. If the first or last month of this Management Agreement is not a complete calendar month, the Management Fee for such month shall be calculated on the basis of Gross Income for the entire month, and the amount payable for such month shall then be prorated based on the number of days during such month that this Agreement was in effect. Notwithstanding the foregoing, twenty percent (20%) of such Management Fee (1% of Gross Income) (the "**Deferred Portion**") shall be subordinated to the Property's debt service. To the extent payment of the Deferred Portion would cause Owner to experience an operating deficit, the Deferred Portion will be deferred and paid out of Owner's net cash flow. The Manager shall be required to prepare monthly operating statements with respect to the Property which statements shall be provided to the Owner no later than thirty (30) days following the end of each month and which statement shall disclose any event or occurrence with respect to the Property which is asserted by a governmental authority to be violation of any Federal, state or local statute or regulation. For the purpose of this Management Agreement, "Gross Income" shall mean gross income of Owner for any Fiscal Year (or portion thereof) derived from all sources (other than from Capital Contributions and loans to Owner and other than Book Gain or Loss from a Capital Transaction) during such period, as calculated for book purposes in accordance with federal income tax accounting principles.

ARTICLE 6

TERM AND TERMINATION

6.1 Term and Termination of Agreement. This Agreement shall be in effect for a period of three (3) months, beginning as of the date hereof, unless either party shall give the other thirty (30) days notice of nonrenewal. Owner (i) may, upon receiving the approval of Integrated Sierra Meadows SLP, LLC ("**SLP**") (so long as it is not an affiliate of the Manager) and receiving any required approval of TDHCA and/or the a third party lender, dismiss or not renew the Manager as the entity responsible for the Property under the terms of this Management Agreement, or (ii) without approval of SLP, dismiss the Manager if it is declared bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or there has been any intentional misconduct by the Manager or gross negligence, fraud, or malfeasance in the discharge of its duties and obligations as Manager (subject to the fulfillment and expiration of any

notice and/or opportunity to cure provisions herein), including, without limitation, for any action or failure to take any action which:

- (a) violates in any material respect any provision of this Management Agreement and/or material provisions of the Project Documents;
- (b) violates any provision of applicable law which causes material detriment to Owner or the Property;
- (c) violates the Ground Lease for the Property;
- (d) violates any regulatory agreement applicable to the Property;
- (e) causes the Property to be operated in a manner which if continued would be likely to give rise to an event which would cause a breach of any requirement of any lender to Owner, or any of the requirements of HUD, Harris County or TDHCA applicable to the Property (including any deed of trust or the Subaward Agreement with TDHCA);

provided that Owner provides Manager written notice of any such violation or event and thirty (30) days from Manager's receipt of said written notice within which to cure such violation or event, or such shorter period to cure as may be required to prevent Owner and/or the Property to be default under or subject to recapture under any loan agreement, deed of trust or requirement of TDHCA, HUD, HCBA, the Grant, Harris County or Owner's lenders. Upon termination, Owner and Manager shall account to each other with respect to all matters outstanding and all sums owing each other as of the date termination becomes effective. The operating account, books and records of the Property are and shall continue to be the property of the Owner, and Manager will immediately upon termination (whether by expiration of the term or otherwise) turn over the operating account, the tenant deposit account, all monies and the books and records of the Property.

Notwithstanding the foregoing, so long as Owner has any outstanding obligations to TDHCA under the Housing Tax Credit Exchange Program, TDHCA shall have the right to replace the Manager engaged for the Property in the event of a default under any documents pertaining to the award of funds from the Exchange Program to Owner (after notice and opportunity to cure in accordance with such documents) or if the Property becomes in Material Non-Compliance, as such term is defined in Chapter 60 of Title 10 of the Texas Administrative Code.

6.2 Sale, Destruction or Taking. In the event that the Property is sold, by foreclosure or otherwise, or in the event of a substantial casualty to the Property and the Owner elects not to rebuild, or in the event of the taking of substantially all the Property through condemnation proceedings, either the Owner or the Manager may terminate this Agreement upon thirty (30) days prior written notice to the other party.

6.3 Final Accounting. At the time that this Agreement is terminated, for whatever reason, a final accounting shall be caused to be made at the Owner's sole cost and expense of all transactions theretofore completed. Any sums then owing to the Manager, whether for reimbursement of expenses or on account of its fee hereunder, shall be paid to the Manager. Upon termination, all books and records and all original leases and contracts relating to the Property which are in the Manager's possession shall be

To the Manager: _____

Attention: _____

Any such notice sent by mail shall be presumed to have been received by the addressee on the earlier of personal delivery or three (3) business days after posting in the United States mail. Each party may designate up to two (2) additional persons to whom copies of any notices to such party shall be sent at the same time that notices are sent to such party. Either party may change its address and change the name or address of the persons to whom copies of notices are to be sent by giving the other party written notice of its new address or any other change as herein provided.

8.2 Assignment. The Manager shall have no power or right to assign or delegate any of its obligations or responsibilities hereunder to any other person, firm or corporation without the prior written consent of the Owner, TDHCA and Owner's lenders, if required.

8.3 Qualifications of the Manager. The Manager hereby represents and warrants to the Owner that it is qualified to do business in the state where the Property is located and possesses all licenses and other qualifications required by all governmental authorities for the Manager to exercise all the functions set forth in this Agreement. The Manager further represents that it is familiar with the laws, rules and regulations applicable to the operation of the Property, operation as a tax credit project and of a recipient of Grant monies, as well as Owner's obligations to TDHCA, Harris County and Owner's lenders.

8.4 Parties are not Partners; No Agency. It is the intention of the parties hereto that the Manager shall be, and remain, an independent contractor. The parties do not intend and nothing contained herein shall be deemed to create a partnership, co-tenancy, joint venture or agency of any kind.

8.5 Attorneys' Fees. In the event of any action between the Manager and the Owner seeking enforcement of any of the terms and conditions of this Agreement, or in connection with the Property, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable costs and expenses, not limited to taxable costs and reasonable attorneys' fees.

8.6 Liability of the Owner. **The Owner's liability arising under and by virtue of this Agreement shall be limited to and restricted by the Owner's interest in the Property, the operating revenues therefrom and the proceeds of any sale or financing thereof, and neither' the Owner nor any partner of the Owner shall have any personal liability under this Agreement, nor shall resort be had to their private property except their interest in the Property for the satisfaction of any claims under this Agreement.**

8.7 Entire Agreement; Amendments. This Agreement and the items incorporated herein contain all of the agreements of the parties hereto with respect to the matters contained herein, and no prior agreement or understanding pertaining to any such matter shall be effective. No provisions of this Agreement may be amended or modified in any manner whatsoever except by an agreement in writing signed by each of the parties hereto.

8.8 Captions. Captions to articles, sections and paragraphs of this Agreement are not a part of this Agreement and shall not be deemed to affect the meaning or construction of any of its provisions.

8.9 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remaining terms and provisions of this Agreement, or the application of such terms or provisions to the person or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

8.10 Governing Law. This Agreement shall be construed in accordance with the laws, including the conflict of law rules, of the State of Texas. Venue for any suit hereunder shall be in the state or federal courts in Houston, Texas.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

OWNER:

Sierra Meadows, Ltd.,
a Texas limited partnership

By: **HCHA** Sierra Meadows, LLC,
a Texas limited liability company
its general partner

Horace Allison, Manager

MANAGER:

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EXHIBIT A
METES & BOUNDS DESCRIPTION HARRIS COUNTY, TEXAS

EXHIBIT A

A 9.22 acre tract of land situated in the Edwin Stimpson Survey, Abstract Number 702, Harris County, Texas, being a portion of a called 32.47 acre tract conveyed to Canyon Project, Ltd. by Special Warranty Deed with Vendor's Lien filed for record under Clerk's File Number 20080221294 of the Harris County Official Public Records of Real Property; said 9.22 acres being more particularly described as follows with all bearings being based on the Texas Coordinate System, South Central Zone Number 4204 (NAD 83):

BEGINNING at a found 3/4-inch iron rod (with cap stamped "Cotton Surveying") for an interior corner of Restricted Reserve "D", of Canyon Gate at Park Lakes, Sec. 8 as recorded under Film Code No. 573056 of the Harris County Map Records and being the northeast corner of said 32.47 acre tract and of the herein described tract;

THENCE, South 02°52'57" East, along a west line of said Restricted Reserve "D" passing at 349.26 feet a found 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the northwest corner of Restricted Reserve "F" of said Canyon Gate at Park Lakes, Sec. 8, and continuing for a total distance of 705.50 feet to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, South 44°17'11" West, 134.28 feet continuing along the west line of said Restricted Reserve "F" to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying") on the north line of Existing Lockwood Road (called 60 feet wide) as recorded under Volume 834, Page 515 of the Harris County Deed Records also being the north line of a called 1.174 acre tract conveyed to Lisa Lee De Montaigu by Warranty Deed as recorded under Clerk's File No. V870185 Harris County Official Public Records of Real Property and being the southeast corner of the herein described tract;

THENCE, South 87°23'48" West, 233.58 feet along north line of said 1.174 acre tract and the north right-of-way line of said Lockwood Road to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the southwest corner of the herein described tract;

THENCE, North 02°36'12" West, 350.00 feet departing said north line, over and across said 32.47 acres to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, South 87°23'48" West, 127.55 feet continuing over and across said 32.47 acres to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, North 84°17'09" West, 168.71 feet continuing over and across said 32.47 acres to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, North 00°00'36" East, 493.39 feet continuing over and across said 32.47 acres to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") in the north line of said 32.47 acre tract and in the south line of Restricted Reserve "E", of said Canyon Gate at Park Lakes, Sec. 8 and being the northwest corner of the herein described tract;

THENCE, South 88°20'06" East, 53.19 feet along the north line of said 32.47 acre tract and the south line of said Restricted Reserve "E" to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, South 83°33'12" East, 374.13 feet continuing along the north line of said 32.47 acre tract and the south line of said Restricted Reserve "E" to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the southeast corner of said Restricted Reserve "E" and in the west right-of-way line of

Lakeside View Drive (called 50 feet wide) as recorded under Film Code No. 573056 of the Harris County Map Records;

THENCE, South 02°50'22" East, 7.21 feet along the west right-of-way of said Lakeside View Drive to a found 3/4-inch iron rod (with cap stamped "Cotton Surveying") for an interior corner of said 32.47 acre tract;

THENCE, North 87°23'48" East, 177.61 feet along a south line of said Restricted Reserve "D" to the **PLACE OF BEGINNING, CONTAINING 9.22 acres** of land in Harris County, Texas, as shown by drawing number 1506 in the office of Cotton Surveying Company, The Woodlands, Texas.

Attachment C

Sierra Meadows Operations Budget

Year 2017

Sierra Meadows
Humble, TX
2017

ACCT	DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	
OPERATING EXPENSES																			
Salaries & Payroll																			
5300	Manager	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	35,700	8,925	8,925	8,925	8,925	8,925
5302	Assistant Manager	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	2,185	26,223	6,556	6,556	6,556	6,556	6,556
5303	Marketing/Leasing Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5304	Leasing Specialists	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5306	Concierge/Front Desk (PT)	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	38,264	9,566	9,566	9,566	9,566	9,566
5308	Lead Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5310	Porter/Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5312	Housekeeper (4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5314	Contract Labor/Temps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5315	Resident Lifestyle Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5317	Dining Supervisor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5318	Compliance Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5319	Scheduled Transportation (PT)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5320	Commissions/Bonuses	1,050	200	200	1,050	200	200	1,050	200	200	1,050	200	200	5,800	1,450	1,450	1,450	1,450	1,450
5322	Apartment Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5324	Payroll Taxes	963	876	876	963	876	876	963	876	876	963	876	876	10,864	2,716	2,716	2,716	2,716	2,716
5326	Worker's Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5328	Group Benefits	1275	1275	1275	1275	1275	1275	1275	1275	1275	1275	1275	1275	15,300	3,825	3,825	3,825	3,825	3,825
5330	401K Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5332	Payroll Processing	100	50	50	50	50	50	50	50	50	50	50	50	650	150	150	150	150	150
5333	Executive Chef	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5334	Assistant Chief/Cook	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5335	Preparation Chef	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5336	Servers/Kitchen Utility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL PAYROLL	11,737	10,750	10,750	11,687	10,750	10,750	11,687	10,750	10,750	11,687	10,750	10,750	132,800	33,238	33,188	33,188	33,188	33,188
Administrative Expenses																			
5600	Credit Reports	105	105	105	105	105	105	105	105	105	105	105	105	1,264	316	316	316	316	316
5700	Answering Service/Pagers	31	31	31	31	31	31	31	31	31	31	31	31	372	93	93	93	93	93
5702	Bank Charges	150	150	150	150	150	150	150	150	150	150	150	150	1,800	450	450	450	450	450
5704	Computer Services & Fees	175	175	175	175	175	175	175	175	175	175	175	175	2,100	525	525	525	525	525
5706	Decorations	10	10	10	10	10	10	10	10	10	10	10	10	265	30	30	30	30	30
5708	Dues & Subscriptions- One Site	311	311	311	311	311	311	311	311	311	311	311	311	3,726	932	932	932	932	932
5710	Dues & Subscriptions-Other	40	40	40	40	40	40	40	40	40	40	40	40	480	120	120	120	120	120
5712	Employee Recruiting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5713	Bad Debt	500	500	500	500	500	500	500	500	500	500	500	500	6,000	1,500	1,500	1,500	1,500	1,500
5714	Evictions	100	100	100	100	100	100	100	100	100	100	100	100	1,200	300	300	300	300	300
5715	Legal (G&A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5716	Meals & Entertainment	-	-	-	-	-	-	-	-	-	-	-	-	600	-	-	-	-	-
5718	Mileage/Travel	100	100	100	100	100	100	100	100	100	100	100	100	1,200	300	300	300	300	300
5720	Office Equipment/Rental	100	100	100	100	100	100	100	100	100	100	100	100	1,200	300	300	300	300	300
5722	Office Supplies/Forms	150	150	150	150	150	150	150	150	150	150	150	150	1,800	450	450	450	450	450
5724	Permits/Licenses	50	50	50	50	50	50	50	50	50	50	50	50	600	150	150	150	150	150
5726	Postage/Delivery	25	25	25	25	25	25	25	25	25	25	25	25	300	75	75	75	75	75
5728	Seminars/Training	50	50	50	50	50	50	50	50	50	50	50	50	800	200	200	200	200	200
5732	Uniforms	10	10	10	10	10	10	10	10	10	10	10	10	120	30	30	30	30	30
5734	Key/Track	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL ADMINISTRATIVE EXPENSES	1,802	1,802	1,852	1,802	1,802	1,852	1,802	1,802	1,852	1,832	1,917	2,452	22,563	5,455	5,455	5,455	5,455	5,455
Marketing																			
5602	Gift/Welcome Package	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5603	Resident Free Move Voucher	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5604	Locator Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5606	Model/Guest Suites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ACCT	DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR		
5608	Product/Leasing Binders																			
5610	Prospect Refreshments/Meals	25	25	25	25	25	25	25	25	25	25	25	25	300	75	75	75	75		
5612	Resident Referral																			
5614	Shopping Reports																			
5620	Banners/Balloons/Flags/Signage	150	150	150	150	150	150	150	150	150	150	150	150	1,800	450	450	450	450		
5622	Direct Mailers/Flyers																			
5624	Leasing Cart																			
5624	Materials/Brochure/Stationery	75	75	75	75	75	75	75	75	75	75	75	75	900	225	225	225	225		
5626	Out-reach Marketing																			
5628	Publications/NewsPaper	75	75	75	75	75	75	75	75	75	75	75	75	900	225	225	225	225		
5630	Set-up Marketing/Special Events																			
5632	Web-site/Internet	150	150	150	150	150	150	150	150	150	150	150	150	1,800	450	450	450	450		
5634	Memberships/Donations																			
	TOTAL MARKETING	475	475	475	475	475	475	475	475	475	475	475	475	5,700	1,425	1,425	1,425	1,425		

Utilities	(pool/gates)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR
5400	Electricity - Clubhouse	1,000	1,000	1,000	1,000	1,025	1,050	1,050	1,050	1,025	1,000	1,000	1,000	12,200	3,000	3,075	3,125	3,000
5402	Electricity - Common	1,100	1,100	1,350	1,350	1,350	1,350	1,250	1,200	1,200	1,200	1,100	1,100	14,650	3,550	4,050	3,650	3,400
5404	Electricity - Vacant Units	120	120	120	120	120	120	120	120	120	120	120	120	1,440	360	360	360	360
5406	Natural Gas																	
5408	Trash Removal	300	300	300	300	300	300	300	300	300	300	300	300	3,600	900	900	900	900
5410	Water - Irrigation	800	800	900	1,400	1,450	1,450	1,500	1,500	1,500	1,500	800	800	13,800	2,500	4,300	4,500	2,500
5412	Water and Sewer - Common	525	525	525	525	525	525	525	525	525	525	525	525	6,300	1,575	1,575	1,575	1,575
5414	Water and Sewer - Units	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344	40,128	10,032	10,032	10,032	10,032
5416	Reimbursed Utilities																	
5482	Bulk Cable TV/Internet/Service/Maint.																	
5730	Telephone/Internet Lines	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	21,900	5,475	5,475	5,475	5,475
	TOTAL UTILITIES	9,014	9,014	9,364	9,864	9,839	9,964	9,914	9,864	9,839	9,214	9,014	9,014	114,018	27,392	29,767	29,617	27,242

Operating & Maintenance Expenses	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	
5450	Grounds Supplies	50	50	50	50	50	50	50	50	50	50	50	50	600	150	150	150	150
5452	Irrigation Repairs/Supplies	25	25	25	25	25	25	25	25	25	25	25	25	300	75	75	75	75
5454	Landscape (minor)																	
5456	Landscaping Contract	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	31,800	7,950	7,950	7,950	7,950
5480	Alarm Monitoring/Maintenance	125	125	125	125	125	125	125	125	125	125	125	125	1,500	375	375	375	375
5484	Courtesy Patrol																	
5486	Elevator Contract	270	270	270	270	270	270	270	270	270	270	270	270	3,240	810	810	810	810
5487	Clubhouse Cleaning	100	100	100	100	100	100	100	100	100	100	100	100	1,200	300	300	300	300
5408	Trash Removal	300	300	300	300	300	300	300	300	300	300	300	300	3,600	900	900	900	900
5488	Pest Control	9,300	125	125	125	125	125	125	125	125	125	125	125	10,675	9,550	375	375	375
5489	Lake/Fountains	50	50	50	50	50	50	50	50	50	50	50	50	600	150	150	150	150
	TOTAL Operating & Maintenance Expense	12,870	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	3,695	53,515	20,260	11,085	11,085	11,085

Repairs & Maintenance	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	
5500	Carpet Cleaning/Repairs	100	100	100	100	100	100	100	100	100	100	100	100	1,200	300	300	300	300
5502	Cleaning Contract/Supplies	50	50	50	50	50	50	50	50	50	50	50	50	600	150	150	150	150
5504	Cabinet Repair	20	20	20	20	20	20	20	20	20	20	20	20	240	60	60	60	60
5506	Flooring Repairs	30	30	30	30	30	30	30	30	30	30	30	30	360	90	90	90	90
5508	Painting Contract/Supplies	100	100	100	100	100	100	100	100	100	100	100	100	1,200	300	300	300	300
5510	Sheetrock Repair	10	10	10	10	10	10	10	10	10	10	10	10	120	30	30	30	30
5512	Window Treatment	10	10	10	10	10	10	10	10	10	10	10	10	120	30	30	30	30
5514	Make Ready Other	30	30	30	30	30	30	30	30	30	30	30	30	360	90	90	90	90
5550	Appliance	100	100	100	100	100	100	100	100	100	100	100	100	1,200	300	300	300	300
5552	Carpentry	5	5	5	5	5	5	5	5	5	5	5	5	60	15	15	15	15
5554	Electrical	125	125	125	125	125	125	125	125	125	125	125	125	1,500	375	375	375	375
5555	Light Bulbs	250	250	250	250	250	250	250	250	250	250	250	250	3,000	750	750	750	750
5556	Elevator	25	25	25	25	25	25	25	25	25	25	25	25	300	75	75	75	75
5558	Exterior Buildings																	
5560	Grounds/Fences/Gates	25	25	25	25	25	25	25	25	25	25	25	25	300	75	75	75	75
5562	Fire Sprinkler	50	50	50	50	50	50	50	50	50	50	50	50	2,750	150	150	150	2,300
5564	Fire Extinguishers																	
5564	HVAC	250	250	250	250	250	250	250	250	250	250	250	250	3,000	750	750	750	750
5566	Interior Buildings																	
5568	Janitorial Supplies	75	75	75	75	75	75	75	75	75	75	75	75	900	225	225	225	225

ACCT	DESCRIPTION	JAN		FEB		MAR		APR		MAY		JUN		JUL		AUG		SEP		OCT		NOV		DEC		TOTAL		1ST QTR		2ND QTR		3RD QTR		4TH QTR		
		15	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
5570	Locks and Keys	15																								180	45	45	45	45	45	45	45	45	45	
5572	Maintenance Supplies	100																								1,200	300	300	300	300	300	300	300	300	300	
5574	Carports/Garages																																			
5575	Maintenance Cart	10																								120	30	30	30	30	30	30	30	30	30	
5576	Parking Lot	10																								120	30	30	30	30	30	30	30	30	30	
5578	Plumbing	125																								1,500	375	375	375	375	375	375	375	375	375	
5580	Pool	75																								1,600	400	400	400	400	400	400	400	400	400	
5582	Roof Repair																																			
5584	Security Equipment/Camera																																			
5585	Maintenance Tools	10																								120	30	30	30	30	30	30	30	30	30	
5586	Trash Compactor																																			
5588	Windows/Screens/Blinds																																			
TOTAL REPAIRS & MAINTENANCE		1,600																								22,050	4,875	4,875	4,875	4,875	4,875	4,875	4,875	4,875	4,875	4,875

Management Fee		5.00%	
5750	Management Fee	3,270	3,270
TOTAL MANAGEMENT FEE		3,270	3,270

Property Taxes		0.00000%	
5800	Property Taxes		
5802	Personal Property Taxes		
TOTAL PROPERTY TAXES			

Insurance		\$ 464.80	
5830	Insurance - Property	3,486	3,486
5852	Insurance - General Liability		
TOTAL INSURANCE		3,486	3,486

ACCT	DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	
Resident Services																			
5650	Programs & Supplies	750	750	750	750	750	750	750	750	750	750	1,050	1,050	9,600	2,250	2,250	2,250	2,250	2,850
5651	Aerobics and Exercise	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5652	Beverages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5653	Banking Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5654	Dining Room Supplies/Linens	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5655	Kitchen Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5656	Meals (Food Only 66¢ x 1.15 x \$3 x 25)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5657	Continental Breakfast	66	66	66	66	66	66	66	66	66	66	66	66	792	198	198	198	198	198
5658	Newsletter/Calendar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5665	Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5667	Housekeeping Supplies (66¢ - \$11/unit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5668	ERS (\$17/unit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5669	Posit/Memory Care Science	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5670	Full-Count	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5671	Chaplain Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RESIDENTIAL SERVICES		816	1,116	1,116	10,392	2,448	2,448	2,448	2,448	3,048									

ACCT DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	
Debt Service																		
5900 Debt Service - Interest - Mortgage	12,093	12,093	12,093	12,093	12,093	12,093	12,093	12,093	12,093	12,093	12,093	12,093	145,116	36,279	36,279	36,279	36,279	
5901 Debt Service - Principal - Mortgage	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	31,152	7,788	7,788	7,788	7,788	
5902 Debt Service - Interest - Home Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5903 Debt Service - Principal - Home Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5907 Credit Enhancement Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5910 Lender Servicing Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL DEBT SERVICE	14,689	14,689	14,689	14,689	14,689	14,689	14,689	14,689	14,689	14,689	14,689	14,689	176,268	44,067	44,067	44,067	44,067	
Partnership Expenses																		
5950 Auditing	710	710	710	710	710	710	710	710	710	710	710	710	8,520	2,130	2,130	2,130	2,130	
5952 Legal Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5953 HCHA Ground Lease Payment	84	84	84	84	84	84	84	84	84	84	84	84	1,008	252	252	252	252	
5954 Partnership Acctg./Tax Return	300	300	300	300	300	300	300	300	300	300	300	300	3,600	900	900	900	900	
5956 Partnership Consulting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5958 Travel Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5960 Insurance Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5962 Incentive Mgt. Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5964 Asset Mgmt Fee	386	386	386	386	386	386	386	386	386	386	386	386	4,635	1,159	1,159	1,159	1,159	
5966 Issuer Compliance Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5968 Tax Credit Compliance Fee	283	283	283	283	283	283	283	283	283	283	283	283	3,396	849	849	849	849	
5970 State Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL PARTNERSHIP EXPENSES	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763	21,159	5,290	5,290	5,290	5,290	
Depreciation / Amortization																		
5980 Amortization	5,049	5,049	5,049	5,049	5,049	5,049	5,049	5,049	5,049	5,049	5,049	5,049	60,588	15,147	15,147	15,147	15,147	
5982 Depreciation	31,131	31,131	31,131	31,131	31,131	31,131	31,131	31,131	31,131	31,131	31,131	31,131	373,572	93,393	93,393	93,393	93,393	
TOTAL DEPRECIATION/AMORTIZATION	36,180	36,180	36,180	36,180	36,180	36,180	36,180	36,180	36,180	36,180	36,180	36,180	434,160	108,540	108,540	108,540	108,540	

ACCT	DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	
Replacement Rsrvs/Non-Routine Maintenance																			
9500	Appliances	200	200	200	200	200	200	200	200	200	200	200	200	2,400	600	600	600	600	600
9502	Boiler	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9504	Electrical	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9505	HVAC Replacement	200	200	200	200	200	200	200	200	200	200	200	200	2,400	600	600	600	600	600
9506	Elevators	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9509	Interior Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9508	Exterior Buildings	200	200	200	200	200	200	200	200	200	200	200	200	2,400	600	600	600	600	600
9510	Floor Covering	875	875	875	875	875	875	875	875	875	875	875	875	10,500	2,625	2,625	2,625	2,625	2,625
9512	Heating and AC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9514	Irrigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9516	Life Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9518	Maintenance Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9520	Office Equipment (copier, Post. Kyrk)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9522	Paint Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9524	Parking Lot	100	100	100	100	100	100	100	100	100	100	100	100	1,200	300	300	300	300	300
9526	Playground/Puppy Park	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9528	Plumbing	200	200	200	200	200	200	200	200	200	200	200	200	2,400	600	600	600	600	600
9530	Pool/furniture	100	8,600	100	100	100	100	100	100	100	100	100	100	9,700	8,800	300	300	300	300
9532	Window Treatments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9534	Yard & Grounds/Gates	-	-	-	8,775	-	-	-	-	-	-	-	-	8,775	-	8,775	-	-	-
TOTAL RPLCMT RSRVS/NON-ROUT MAINT		1,875	10,375	1,875	10,650	1,875	39,775	14,125	14,400	5,625	5,625	5,625							

Prepared by: L. Hendricks
Reviewed by: R. Johnson
Version Date: 11/03/16

Attachment D

Listing of Current Properties Under Management

Attachment E

M/WBE Participation Form

M/WBE PARTICIPATION

M/WBE PARTICIPATION: The Offeror agrees to use his/her best efforts to subcontract with minority business enterprises and/or women business enterprises (herein called (M/WBE) certified as such or recognized by Harris County Housing Authority as a certified M/WBE. Offeror shall make a good faith effort to subcontract a sufficient dollar amount with M/WBEs to ensure that a minimum of 30 percent of the final contract dollars are expended on one or more M/WBEs. All adjustments that cause the contract price to increase will also increase the total amount that Offeror must make a good faith effort to expend on M/WBEs.

USING BEST EFFORTS TO FULFILL M/WBE REQUIREMENT: In the event HCHA has a reasonable belief that Offeror will not use his/her/its best efforts to meet the 30 percent M/WBE participation goal, Harris County Housing Authority reserves the right to pull work from the contract. Best efforts may be established by a showing that Offeror has contacted and solicited bids/quotes from subcontractors and worked with the Housing Authority to seek assistance in identifying M/WBEs.

NOTIFICATION OF M/WBE PARTICIPATION: Offeror agrees to promptly complete and return all M/WBE Confirmation of Participation and M/WBE Confirmation of Payment forms utilized by Harris Housing Authority to confirm M/WBE subcontracting by submitting copies of checks made payable to the respective M/WBE subcontractor(s) signed by the Offeror.

OFFEROR

DATE

Note: This form must bear a signature

M/WBE PARTICIPATION

JOB CATEGORY	TOTAL ESTIMATED POSITIONS NEEDED FOR PROJECT	NO. POSITIONS OCCUPIED BY PERMANENT EMPLOYEES	NUMBER OF POSITIONS NOT OCCUPEID	NUMBER OF POSITIONS TO BE FILLED WITH M/WBE
OFFICER/SUPERVISOR				
PROFESSIONAL				
TECHNICAL				
HEAD QTR. MANAGEMENT				
OFFICE/CLERICAL				
SERVICE WORKERS				
TRADE:				
JOURNEYMAN				
HELPERS				
APPRENTICES				
TRAINEES				
CONTRACTS:				
OTHERS				

Company

Project Name

Person Completing Form

Date

Attachment F

Form of Non-Collusive Affidavit

FORM OF NON-COLLUSIVE AFFIDAVIT

**STATE OF TEXAS
COUNTY OF HARRIS**

_____, being first duly sworn, deposes and says that he is

(a partner or officer of the firm of, etc.)

the party making the foregoing proposal or bid, that such proposal or bid is genuine and not collusive or sham; that said bidder has not colluded, conspired, connived or agreed, directly or indirectly, with any manner, directly or indirectly, sought by agreement or collusion, or communication or conference with any person to fix the bid price or affiant or of any other bidder, or to fix any overhead, profit, or cost element of said bid price, or of that of any other bidder, or to secure any advantage against **HARRIS COUNTY HOUSING AUTHORITY** of any person interested in the proposed Contract; and that all statements in said proposal or bid are true.

Signature of Bidder, if Bidder is an Individual

Signature of Bidder, if Bidder is a Partnership

Signature of Officer, if Bidder is a Corporation

Subscribed and sworn to before me this ____ day of _____, 2017

Notary Public

My Commission expires _____

Attachment G

Affirmative Action Regulations of Disabled Workers

Attachment H

Conflict of Interest Questionnaire Form (CIQ)

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

FORM CIQ

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session. This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

2 Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

Yes No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7 _____
Signature of vendor doing business with the governmental entity Date

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

- (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
- (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
- (3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

- (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
- (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

- (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
- (B) that the vendor has given one or more gifts described by Subsection (a); or
- (C) of a family relationship with a local government officer.

Attachment I

Instructions to Offerors for Non- Construction Contracts

Form HUD-5369-B

And

Certifications and Representations of Offerors for Non-Construction Contracts –

Form HUD-5269-C

Instructions to Offerors Non-Construction

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



- 03291 -

1. Preparation of Offers

(a) Offerors are expected to examine the statement of work, the proposed contract terms and conditions, and all instructions. Failure to do so will be at the offeror's risk.

(b) Each offeror shall furnish the information required by the solicitation. The offeror shall sign the offer and print or type its name on the cover sheet and each continuation sheet on which it makes an entry. Erasures or other changes must be initialed by the person signing the offer. Offers signed by an agent shall be accompanied by evidence of that agent's authority, unless that evidence has been previously furnished to the HA.

(c) Offers for services other than those specified will not be considered.

2. Submission of Offers

(a) Offers and modifications thereof shall be submitted in sealed envelopes or packages (1) addressed to the office specified in the solicitation, and (2) showing the time specified for receipt, the solicitation number, and the name and address of the offeror.

(b) Telegraphic offers will not be considered unless authorized by the solicitation; however, offers may be modified by written or telegraphic notice.

(c) Facsimile offers, modifications or withdrawals will not be considered unless authorized by the solicitation.

3. Amendments to Solicitations

(a) If this solicitation is amended, then all terms and conditions which are not modified remain unchanged.

(b) Offerors shall acknowledge receipt of any amendments to this solicitation by

- (1) signing and returning the amendment;
- (2) identifying the amendment number and date in the space provided for this purpose on the form for submitting an offer,
- (3) letter or telegram, or
- (4) facsimile, if facsimile offers are authorized in the solicitation. The HA/HUD must receive the acknowledgment by the time specified for receipt of offers.

4. Explanation to Prospective Offerors

Any prospective offeror desiring an explanation or interpretation of the solicitation, statement of work, etc., must request it in writing soon enough to allow a reply to reach all prospective offerors before the submission of their offers. Oral explanations or instructions given before the award of the contract will not be binding. Any information given to a prospective offeror concerning a solicitation will be furnished promptly to all other prospective offerors as an amendment of the solicitation, if that information is necessary in submitting offers or if the lack of it would be prejudicial to any other prospective offerors.

5. Responsibility of Prospective Contractor

(a) The HA shall award a contract only to a responsible prospective contractor who is able to perform successfully under the terms and conditions of the proposed contract. To be determined responsible, a prospective contractor must -

- (1) Have adequate financial resources to perform the contract, or the ability to obtain them;

- (2) Have a satisfactory performance record;
- (3) Have a satisfactory record of integrity and business ethics;
- (4) Have a satisfactory record of compliance with public policy (e.g., Equal Employment Opportunity); and
- (5) Not have been suspended, debarred, or otherwise determined to be ineligible for award of contracts by the Department of Housing and Urban Development or any other agency of the U.S. Government. Current lists of ineligible contractors are available for inspection at the HA/HUD.

(b) Before an offer is considered for award, the offeror may be requested by the HA to submit a statement or other documentation regarding any of the foregoing requirements. Failure by the offeror to provide such additional information may render the offeror ineligible for award.

6. Late Submissions, Modifications, and Withdrawal of Offers

(a) Any offer received at the place designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before award is made and it -

- (1) Was sent by registered or certified mail not later than the fifth calendar day before the date specified for receipt of offers (e.g., an offer submitted in response to a solicitation requiring receipt of offers by the 20th of the month must have been mailed by the 15th);
- (2) Was sent by mail, or if authorized by the solicitation, was sent by telegram or via facsimile, and it is determined by the HA/ HUD that the late receipt was due solely to mishandling by the HA/ HUD after receipt at the HA;
- (3) Was sent by U.S. Postal Service Express Mail Next Day Service - Post Office to Addressee, not later than 5:00 p.m. at the place of mailing two working days prior to the date specified for receipt of proposals. The term "working days" excludes weekends and U.S. Federal holidays; or
- (4) Is the only offer received.

(b) Any modification of an offer, except a modification resulting from the HA's request for "best and final" offer (if this solicitation is a request for proposals), is subject to the same conditions as in subparagraphs (a)(1), (2), and (3) of this provision.

(c) A modification resulting from the HA's request for "best and final" offer received after the time and date specified in the request will not be considered unless received before award and the late receipt is due solely to mishandling by the HA after receipt at the HA.

(d) The only acceptable evidence to establish the date of mailing of a late offer, modification, or withdrawal sent either by registered or certified mail is the U.S. or Canadian Postal Service postmark both on the envelope or wrapper and on the original receipt from the U.S. or Canadian Postal Service. Both postmarks must show a legible date or the offer, modification, or withdrawal shall be processed as if mailed late. "Postmark" means a printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action as having been supplied and affixed by employees of the U.S. or Canadian Postal Service on the date of mailing. Therefore, offerors should request the postal clerk to place a hand cancellation bull's-eye postmark on both the receipt and the envelope or wrapper.

(e) The only acceptable evidence to establish the time of receipt at the HA is the time/date stamp of HA on the offer wrapper or other documentary evidence of receipt maintained by the HA.

(f) The only acceptable evidence to establish the date of mailing of a late offer, modification, or withdrawal sent by Express Mail Next Day Service-Post Office to Addressee is the date entered by the post office receiving clerk on the "Express Mail Next Day Service-Post Office to Addressee" label and the postmark on both the envelope or wrapper and on the original receipt from the U.S. Postal Service. "Postmark" has the same meaning as defined in paragraph (c) of this provision, excluding postmarks of the Canadian Postal Service. Therefore, offerors should request the postal clerk to place a legible hand cancellation bull's eye postmark on both the receipt and the envelope or wrapper.

(g) Notwithstanding paragraph (a) of this provision, a late modification of an otherwise successful offer that makes its terms more favorable to the HA will be considered at any time it is received and may be accepted.

(h) If this solicitation is a request for proposals, proposals may be withdrawn by written notice, or if authorized by this solicitation, by telegram (including mailgram) or facsimile machine transmission received at any time before award. Proposals may be withdrawn in person by an offeror or its authorized representative if the identity of the person requesting withdrawal is established and the person signs a receipt for the offer before award. If this solicitation is an invitation for bids, bids may be withdrawn at any time prior to bid opening.

7. Contract Award

(a) The HA will award a contract resulting from this solicitation to the responsible offeror whose offer conforming to the solicitation will be most advantageous to the HA, cost or price and other factors, specified elsewhere in this solicitation, considered.

(b) The HA may

- (1) reject any or all offers if such action is in the HA's interest,
- (2) accept other than the lowest offer,
- (3) waive informalities and minor irregularities in offers received, and (4) award more than one contract for all or part of the requirements stated.

(c) If this solicitation is a request for proposals, the HA may award a contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the offeror's best terms from a cost or price and technical standpoint.

(d) A written award or acceptance of offer mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer shall result in a binding contract without further action by either party. If this solicitation is a request for proposals, before the offer's specified expiration time, the HA may accept an offer, whether or not there are negotiations after its receipt, unless a written notice of withdrawal is received before award. Negotiations conducted after receipt of an offer do not constitute a rejection or counteroffer by the HA.

(e) Neither financial data submitted with an offer, nor representations concerning facilities or financing, will form a part of the resulting contract.

8. Service of Protest

Any protest against the award of a contract pursuant to this solicitation shall be served on the HA by obtaining written and dated acknowledgment of receipt from the HA at the address shown on the cover of this solicitation. The determination of the HA with regard to such protest or to proceed to award notwithstanding such protest shall be final unless appealed by the protestor.

9. Offer Submission

Offers shall be submitted as follows and shall be enclosed in a sealed envelope and addressed to the office specified in the solicitation. The proposal shall show the hour and date specified in the solicitation for receipt, the solicitation number, and the name and address of the offeror, on the face of the envelope.

It is very important that the offer be properly identified on the face of the envelope as set forth above in order to insure that the date and time of receipt is stamped on the face of the offer envelope. Receiving procedures are: date and time stamp those envelopes identified as proposals and deliver them immediately to the appropriate contracting official, and only date stamp those envelopes which do not contain identification of the contents and deliver them to the appropriate procuring activity only through the routine mail delivery procedure.

[Describe bid or proposal preparation instructions here:]

Certifications and Representations of Offerors
Non-Construction Contract

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

OMB Approval No: 2577-0180 (exp. 7/30/96)

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This form includes clauses required by OMB's common rule on bidding/offering procedures, implemented by HUD in 24 CFR 85.36, and those requirements set forth in Executive Order 11625 for small, minority, women-owned businesses, and certifications for independent price determination, and conflict of interest. The form is required for nonconstruction contracts awarded by Housing Agencies (HAs). The form is used by bidders/offerors to certify to the HA's Contracting Officer for contract compliance. If the form were not used, HAs would be unable to enforce their contracts. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

1. Contingent Fee Representation and Agreement

(a) The bidder/offeror represents and certifies as part of its bid/offer that, except for full-time bona fide employees working solely for the bidder/offeror, the bidder/offeror:

- (1) has, has not employed or retained any person or company to solicit or obtain this contract; and
- (2) has, has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) If the answer to either (a)(1) or (a) (2) above is affirmative, the bidder/offeror shall make an immediate and full written disclosure to the PHA Contracting Officer.

(c) Any misrepresentation by the bidder/offeror shall give the PHA the right to (1) terminate the resultant contract; (2) at its discretion, to deduct from contract payments the amount of any commission, percentage, brokerage, or other contingent fee; or (3) take other remedy pursuant to the contract.

2. Small, Minority, Women-Owned Business Concern Representation

The bidder/offeror represents and certifies as part of its bid/offer that it:

- (a) is, is not a small business concern. "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding, and qualified as a small business under the criteria and size standards in 13 CFR 121.
- (b) is, is not a women-owned small business concern. "Women-owned," as used in this provision, means a small business that is at least 51 percent owned by a woman or women who are U.S. citizens and who also control and operate the business.
- (c) is, is not a minority enterprise which, pursuant to Executive Order 11625, is defined as a business which is at least 51 percent owned by one or more minority group members or, in the case of a publicly owned business, at least 51 percent of its voting stock is owned by one or more minority group members, and whose management and daily operations are controlled by one or more such individuals.

For the purpose of this definition, minority group members are:
(Check the block applicable to you)

- Black Americans Asian Pacific Americans
- Hispanic Americans Asian Indian Americans
- Native Americans Hasidic Jewish Americans

3. Certificate of Independent Price Determination

(a) The bidder/offeror certifies that—

- (1) The prices in this bid/offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other bidder/offeror or competitor relating to (i) those prices, (ii) the intention to submit a bid/offer, or (iii) the methods or factors used to calculate the prices offered;
- (2) The prices in this bid/offer have not been and will not be knowingly disclosed by the bidder/offeror, directly or indirectly, to any other bidder/offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and
- (3) No attempt has been made or will be made by the bidder/offeror to induce any other concern to submit or not to submit a bid/offer for the purpose of restricting competition.

(b) Each signature on the bid/offer is considered to be a certification by the signatory that the signatory:

- (1) Is the person in the bidder/offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above; or
- (2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above (insert full name of person(s) in the bidder/offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the bidder/offeror's organization);
(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above.

(c) If the bidder/offeror deletes or modifies subparagraph (a)2 above, the bidder/offeror must furnish with its bid/offer a signed statement setting forth in detail the circumstances of the disclosure.

4. Organizational Conflicts of Interest Certification

(a) The Contractor warrants that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of work under a proposed contract and a prospective contractor's organizational, financial, contractual or other interest are such that:

(i) Award of the contract may result in an unfair competitive advantage;

(ii) The Contractor's objectivity in performing the contract work may be impaired; or

(iii) That the Contractor has disclosed all relevant information and requested the HA to make a determination with respect to this Contract.

(b) The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the HA which shall include a description of the action which the Contractor has taken or intends to eliminate or neutralize the conflict. The HA may, however, terminate the Contract for the convenience of HA if it would be in the best interest of HA.

(c) In the event the Contractor was aware of an organizational conflict of interest before the award of this Contract and intentionally did not disclose the conflict to the HA, the HA may terminate the Contract for default.

(d) The Contractor shall require a disclosure or representation from subcontractors and consultants who may be in a position to influence the advice or assistance rendered to the HA and shall include any necessary provisions to eliminate or neutralize conflicts of interest in consultant agreements or subcontracts involving performance or work under this Contract.

5. Authorized Negotiators (RFPs only)

The offeror represents that the following persons are authorized to negotiate on its behalf with the PHA in connection with this request for proposals: (list names, titles, and telephone numbers of the authorized negotiators):

6. Conflict of Interest

In the absence of any actual or apparent conflict, the offeror, by submission of a proposal, hereby warrants that to the best of its knowledge and belief, no actual or apparent conflict of interest exists with regard to my possible performance of this procurement, as described in the clause in this solicitation titled "Organizational Conflict of Interest."

7. Offeror's Signature

The offeror hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

Signature & Date:

Typed or Printed Name:

Title:

Attachment J

HCHA Section 3 Policy

Harris County Housing Authority
Section 3 Policy

STATEMENT OF PURPOSE

The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, is to "ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed toward low-and very low income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low-and very low-income persons." The 1992 Act sets forth:

- The types of HUD financial assistance, activities, and recipients subject to the requirements of Section 3;
- The specific individuals and business concerns who are the intended beneficiaries of the economic opportunities generated from HUD-assisted activities; and
- The order of priority in which these individuals and business concerns should be recruited and solicited for the employment and other economic opportunities generated from HUD-assisted activities.

The Harris Housing Authority's Section 3 Policy is expressed in this statement, the goal statement, and the preference tiers. Implementation procedures may be amended periodically to insure that the policy requirements are being met or to bring about efficiencies in the implementation of the program based on the practice and experience of running the program.

*Note that supply and delivery contracts are exempted from these Section 3 Policy requirements.

HARRIS COUNTY HOUSING AUTHORITY PREFERENCE TIERS

Harris County Housing Authority's preference is to ensure that as many housing authority residents as possible are employed. In an effort to further that goal, the Authority has created the following preference tier structure. Vendors are asked to comply with Section 3 by first considering Category I, hiring at the site where work is being performed. If the vendor demonstrates to the Authority's satisfaction the inability to hire at the site, the Authority's next preference is for the vendor to hire residents from other Authority properties and/or programs (Category II). If the vendor cannot meet its Section 3 goal in this manner and needs to move to other categories, the vendor must document this inability to comply with the preference.

I. Preference for Section 3 Residents in Training and Employment Opportunities

Category I Train/hire residents from the site where the work is being performed

Category II Train/hire residents of other housing developments and/or programs managed by the housing authority that is expending the covered assistance

Category III Train/hire participants in a HUD Youthbuild-like program being carried out in the metropolitan area or Non-metropolitan County in which the covered assistance is expended

Category IV Train/hire other Section 3 residents

II. Preference for Section 3 Business Concerns in Contracting Opportunities

Category I Businesses

Business concerns that are 51 percent or more owned by residents of the housing development or developments for which the Section 3 covered assistance is expended and whose full-time permanent workforce includes 30 percent of these persons as employees (or 30% of persons who were Section 3 residents within 3 years of their first employment)

Category II Businesses

Business concerns that are 51 percent or more owned by residents of other housing developments or developments managed by the housing authority that is expending the Section 3 covered assistance and whose full-time, permanent workforce includes 30 percent of these persons as employees (or 30% of persons who were Section 3 residents within 3 years of their first employment)

Category III Businesses

Business concerns that are 51 percent or more owned by residents of the housing development or developments for which the Section 3 covered assistance is expended

Category IV Businesses

Business concerns that are 51 percent or more owned by residents of other housing developments or developments managed by the housing authority that is expending the Section 3 covered assistance

Category V Businesses

HUD Youthbuild-like programs being carried out in the metropolitan area in which the Section 3 covered assistance is expended

Category VI Businesses

Business concerns that are 51 percent or more owned by Section 3 residents and:

- i. whose permanent, full-time workforce includes no less than 30 percent Section 3 residents; or
- ii. that subcontract 20 percent or more of the total amount of the contract (including modifications) and subcontracts 25 percent of the subcontracted amount to Section 3 business concerns

Category VII Businesses

Business concerns that are 51 percent or more owned by Section 3 residents

NOTE: For contracts or purchase orders \$100,000 or less, other economic opportunities can be identified without regard for the Harris County Housing Authority's preference requirements.

SECTION 3 COMPLIANCE REQUIREMENTS

Hiring

A. Background

1. The Section 3 regulations provide that recipients, their contractors, and any subcontractors demonstrate compliance by employing Section 3 residents as 5% of the aggregate number of new hires.

2. The Section 3 Regulations, at CFR Part 135, require that in affordable housing programs, compliance efforts shall be directed to provide training and employment opportunities to Section 3 residents in accordance with the HCHA preference tier structure.
3. If a new hire is needed and a Section 3 resident is identified, that Section 3 resident will be required to submit evidence of Section 3 status to the recipient, contractor or subcontractor.
4. The Harris County Housing Authority requires a preference for hiring from the development where work is being performed. However, the Harris County Housing Authority will not require a vendor to hire from the development at the site if:
 - a. A pre-identified list of Section 3 residents from a job site contains no persons qualified to perform the work. Qualified residents from other developments shall then be considered.
 - b. The vendor's workforce is adequate to do the job and no new hiring is needed. In the event that no new hires are needed, vendors must pursue other avenues of compliance as set forth in the Harris County Housing Authority's preference tier structure.

B. Compliance

1. As part of each bid or proposal submitted, the respondent must document their workforce by position. Such information will be re-verified at the commencement of the contract.
2. Vendors will be required to submit documentation in the form of payroll forms submitted weekly that clearly identify the Section 3 hires. The vendor must comply with the Section 3 requirement throughout the life of the contract. Harris County Housing will periodically audit this information. Failure to comply with the weekly submittal of payroll shall result in the delay of payment.
3. Harris County Housing Authority residents by virtue of their income are Section 3 residents. Contractors employing Harris County Housing Authority residents must retain documentation that demonstrates any Harris County Housing Authority residents hired to meet Section 3 employment goals are:
 - a. identified on the lease of household, that is lease compliant; and
 - b. able to provide to the contractor or subcontractor the client number for the household where Harris County Housing Authority residency is claimed. This client number must appear on the certified payrolls submitted by the vendor to verify a Section 3 hire.
4. Non-Harris County Housing Authority households claiming Section 3 status must be prepared to submit evidence of income and residency in Harris County at the time of hire. As part of the Section 3 compliance process, vendors will be required to document that employees hired meet the residency and income requirements.

Contracting

A. Background

1. The Section 3 Regulations, at 24 CFR Part 135, provide that the Harris County Housing Authority, its contractors and subcontractors may demonstrate compliance by awarding contracts to Section 3 business concerns or to vendors who contract with such firms.
2. Harris County Housing Authority's contracting goals require that Section 3 firms receive at least:
 - a. 10 percent of the total dollar of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public or Indian housing; or
 - b. 10 percent of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and
 - c. 3 percent of the total dollar amount of all other Section 3 covered contracts.
3. Goals apply to the entire amount of Section 3 covered assistance awarded to a recipient in any federal fiscal year (FFY), October 1- September 30. Correspondingly, Harris County Housing Authority's goals shall apply to the total dollar amount of each contract or purchase order.

4. Recipients that award contracts to contractors that will provide training or hiring, must ensure that contractors provide training, employment and contracting opportunities to Section 3 residents and Section 3 business concerns.
5. Efforts shall be directed to award contracts to Section 3 business concerns according to HCHA preference categories.

B. Compliance

1. Business concerns claiming Section 3 status based on ownership and workforce or workforce only (as applicable) must meet that status at the time the bid or proposal is submitted to the Harris County Housing Authority.
2. Anyone claiming to be a Section 3 resident or business concern shall be required, as set forth by procedure, to provide evidence of such status.
3. Pursuant to 24 CFR 135.36 (c) any firm, prime or subcontractor claiming Section 3 status must demonstrate to the Authority's satisfaction that the business concern is responsible and has the ability to complete the work under the terms and conditions of the proposed contract. In evaluating firms under this provision the Authority will examine:
 - a. the work history and prior performance of the firm;
 - b. the requirements of the job versus the skills evidenced by the firm through its owners, officers, principals, and key staff;
 - c. technical and logistical capacity to complete the work considering contracts already awarded to the firm by the Authority or others;
 - d. bonding capacity and ability to obtain required insurance (with allowances for disadvantaged or startup firms);
 - e. evidence of past sanctions imposed by the Authority or others; and
 - f. evidence that the firm, its principals, associates, partners, subcontractors or others have not acted or colluded in order to circumvent the compliance process by structuring contractual or other relationships or engaging in practices designed to comply with Section 3 only to obtain the preference without regard to the work requirements of the job.
4. A business concern need not hire to be considered a Section 3 business provided that:
 - a. the business concern is 51 % or more owned by a Section 3 resident; or
 - b. the business concern's workforce consists of sufficient numbers of Section 3 residents to qualify the vendor as a Section 3 business (30% or more of the full-time workforce consists of Section 3 residents, or persons who were Section 3 residents within 3 years of first employment); or
 - c. the business concern subcontracts 20% or more of the total amount of the contract (including modifications) and in turn subcontracts 25% of the subcontracted amount to Section 3 business concerns (25% of 20%); or
5. After award of a contract, if a business concern must hire to maintain the Section 3 workforce percentage, new hiring efforts must be made in accordance with the Harris County Housing Authority preference tier for hiring (Category D).
6. If a business concern claims Section 3 status by virtue of workforce composition, documentation of the 30% workforce requirement must be submitted to the Authority as part of the response to the bid, quote, or proposal. Further, the firm must maintain the Section 3 workforce percentage throughout the life of the contract. Workforce composition is subject to audit.
7. A business concern (including joint-ventures) seeking to qualify for a Section 3 preference shall certify and submit evidence that they are entitled to the applicable Section 3 preference and that they are a Section 3 business concern as defined in 24 CFR, Part 135 and by the Harris County Housing Authority pursuant to this policy. Prime or subcontractors must submit documentation (including workforce composition data) as part of any bid, quote, or proposal submitted to the Harris County Housing Authority. Additional documentation is required for joint-ventures.

8. Firms that claim Section 3 business status by subcontracting (25% of 20%) of the total contract) to other Section 3 businesses must require that the subcontractor(s) provide ownership or workforce documentation as applicable. The prime contractors must keep such records on file and available for review by the Authority. Such documentation must also be submitted as part of any bid, quote or proposal.
9. Subcontractors identified by any prime contractor claiming Section 3 status per item 6 must be a Section 3 business by ownership and/or workforce as defined in this policy. Subcontractors used by prime contractors to comply with item 6 cannot claim Section 3 status by further subcontracting.
10. Section 3 Joint-Ventures - to meet Section 3 contracting goals the Authority is permitted to contract with an association of firms as least one of which meets the Authority's definition of a Section 3 business concern. A definition of a joint venture is provided in the definition section of this policy. Compliance requirements for joint-ventures are discussed below.
11. Joint-Ventures are subject to the following documentation requirements:
 - a. The joint-venture agreement must be in writing and must be submitted as part of the response to any bid or proposal solicited by the Harris County Housing Authority. In order for the Authority to evaluate the "adequacy" and "capacity", the agreement must describe in sufficient detail the area(s) of work assigned to each member of the joint-venture.
 - b. The joint-venture agreement must reference a completed and fully executed joint-venture certification, as provided by the Authority, which must also be attached to the joint-venture agreement as an exhibit.
 - c. The Harris County Housing Authority requires that the Section 3 joint-venture partner is a bona-fide Section 3 business; therefore, the joint-venture shall provide documentation that shows that the Section 3 partner meets the ownership and workforce, or workforce requirements established in this policy. Section 3 joint-venture partners cannot use subcontracting to establish their status as a Section 3 business concern.
 - d. Section 3 requires that the joint-venture partner be responsible for a clearly defined portion of the work. Proposals or bids must specify the labor hours assigned to and the compensation to be received by the Section 3 joint-venture firm.
 - e. Section 3 firms in the joint-venture must be qualified to perform the scope of work and have the capacity to complete the work assigned under the joint-venture agreement (see item b above).

Bid or Proposal Evaluation

- A. Vendors who fail to address Section 3 requirements will be deemed nonresponsive. This means that in the proposal or bid documents submitted to the Harris County Housing Authority, the Contractor's Affidavit and Compliance commitment must be completed including applicable attachments and supporting documentation to support claims of compliance by hiring, contracting, or other economic opportunities.
- B. After written notice from the Harris County Housing Authority specifying the defects in the Section 3 information, vendors will be given no more than 5 business days to complete the form and provide all required documents. Failure to respond within the 5 days will result in the Authority declaring the bidder or respondent non-responsive. The contract or bid will then be awarded to the next lowest bidder or to the respondent with the next highest score. Where the selection is a qualifications-based procurement, the Harris County Housing Authority will award to the firm that is the next highest ranked.

DEFINITIONS

NEW HIRES- Persons selected to fill full-time, temporary or seasonal employment opportunities.

RESIDENT OWNED BUSINESS (ROB)- A ROB is a business concern owned or controlled by affordable housing residents, that is: (a) at least 51 % owned by one or more affordable housing residents; and (b) whose management and daily business operations are controlled by one or more such individuals. For the purpose of Section 3 compliance, a ROB must also meet the Housing Authority's definitions of a Section 3 business concern as described below.

EMPLOYMENT OPPORTUNITIES GENERATED BY SECTION 3 COVERED ASSISTANCE- All employment opportunities generated by the expenditure of Section 3 covered PIH assistance (i.e. operating assistance, development assistance, and modernization assistance) and with respect to Section 3 covered housing and community development assistance, all employment opportunities arising in connection with Section 3 covered projects, including management and administrative jobs (including architectural, engineering, or related professional services and jobs directly related to administrative support of these activities) connected with the Section 3 covered project.

RECIPIENT- Any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian Tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

SECTION 3- Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

SECTION 3 BUSINESS CONCERN- As defined by the Harris County Housing Authority, a Section 3 business concern is one:

- A. That is fifty-one (51 %) or more owned by Section 3 residents; or
- B. Whose full-time employees includes persons, at least 30 percent of whom are current Section 3 residents, or were Section 3 residents within three (3) years of the date of first employment with the business concern; or
- C. That provides evidence of a commitment to: (1) subcontract 25 percent or more of the total amount of the contract (including any modification); and (2) in turn subcontracts in excess of 25 percent of the amount from (1) to Section 3 business concerns as defined in A or B (25% of 20%).

Example: If the contract amount is \$1,000,000, vendor must subcontract at least 20% or \$200,000. Of the \$200,000, 25% or \$50,000 must go to Section 3 business concern(s) as defined in A or B.

SECTION 3 CLAUSE- The contract provisions and sanction set forth in 24 CFR 135.8.

SECTION 3 COVERED ACTIVITY- Any activity that is funded by Section 3 covered assistance including Affordable housing assistance.

SECTION 3 COVERED ASSISTANCE- There are no dollar amount thresholds for PIH (Public and Indian Housing) funded Section 3 covered activities. Section 3 applies to all contractors and

subcontractors performing work in connection with the following assistance regardless of the amount of the contract or subcontract:

- Public and Indian housing development assistance provided pursuant to Section 5 of the 1937 Act;
- Public and Indian housing operating assistance provided pursuant to Section 9 of the 1937 Act;
- Public and Indian housing modernization assistance provided pursuant to Section 14 of the 1937 Act;
- Section 8 assistance for work arising in connection with; housing rehabilitation, housing construction, or other public construction projects.

SECTION 3 COVERED CONTRACT- A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts for the purchase of supplies and materials except, whenever a contract for materials includes the installation of the materials, the contract constitutes a "Section 3 covered contract."

SECTION 3 COVERED PROJECT- The construction, reconstruction, conversion, or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

SECTION 3 JOINT VENTURE- An association of business concerns, one of which qualifies as a Section 3 business concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the business concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 business concern:

- Is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
- Performs at least 25% of the work and is contractually entitled to compensation proportional to its work.

SECTION 3 RESIDENT-

- A. An affordable housing resident or
- B. An individual who resides in Harris County and who meets the following criteria:
 - i. Low-income persons-families (or single persons) whose incomes do not exceed 80 per centum of the median income for the area.
 - ii. Very low-income persons-families (or single persons) whose incomes do not exceed 50 per centum of the median income for the area.

Attachment K

HCHA Ethics Policy

HARRIS COUNTY HOUSING AUTHORITY
Ethics Policy

Effective: August 15, 2012
Last Revised: August 5, 2015

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A. PURPOSE

As a county housing authority and public corporation, the Harris County Housing Authority ("Authority") is obligated to achieve and maintain certain standards of ethics under state law and under its Annual Contributions Contract ("ACC") with the U. S. Department of Housing and Urban Development ("HUD"). To achieve the highest standard of ethics and propriety, the Board of Commissioners adopted and established an Ethics Policy on August 15, 2012, to describe in a single document the various obligations of the Authority prescribed by federal and state law, and its contractual obligations with HUD. The purpose of the Ethics Policy is to maintain the reputation and goodwill of the Authority in Harris County and the state of Texas by ensuring that the public and other governmental entities have confidence in the integrity, independence, and impartiality of the commissioners, officers, employees, and other contractors of the Authority.

B. ENFORCEMENT

The board of commissioners shall recommend to any commissioner appropriate action to remediate or resolve any conflict or violation or shall refer to the Harris County Attorney's Office the facts and issues regarding any unresolved conflict or violation by a

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commissioner that could constitute inefficiency, neglect of duty, or misconduct in office that might justify removal of the commissioner from office. The board of commissioners shall direct the executive director to remediate or resolve any conflict or violation involving an Authority employee. The executive director may take appropriate action to remedy or resolve an employee conflict or violation, including disciplinary action under the Employee Handbook.

C. ETHICS POLICY

All commissioners and employees shall abide by the provisions of Texas State law and the HUD ACC contained in the Sources of Law and Policy section below. To the extent allowed by federal or state law or the HUD ACC, the following rules shall further regulate the conduct of commissioners and employees to avoid the appearance or risk of impropriety:

Economic Benefit

A commissioner or employee shall not take any official action that he or she knows is likely to affect the economic interest of the commissioner or employee or their immediate family; an outside client or customer; a household member; the outside employer or a parent, child or spouse; a business entity or its affiliate of the commissioner or employee or their immediate family; a person or business entity from whom the commissioner or employee, or a spouse, has, within the previous 12 months, solicited, received and not rejected, or accepted an offer of employment, or with whom the commissioner or employee, or a spouse, has engaged in negotiations pertaining to business opportunities. Any commissioner or employee shall disclose such a relationship or interest and refrain from participation in any discussion or official action in the affected matter. A commissioner who is required to refrain from participation or action under this Section shall not be counted as "absent" for purposes of making a quorum under Article III, Section 7 of the Authority's Bylaws, because of the commissioner's refrainment.

Unfair Participation

A commissioner or employee may not use his or her official position to unfairly advance or impede private interests, or to grant or secure, or attempt to grant or secure, for any person, including himself or herself, any form of special consideration, treatment, exemption, or advantage beyond that which is lawfully available to other persons. A commissioner or employee shall not acquire an interest in, or acquire an interest affected by, any contract, transaction, decision or other matter, if the commissioner or employee knows that the interest will be affected by the impending official action by the Authority. A commissioner or employee may not enter into any agreement or understanding with any person that official action by the commissioner or employee will be rewarded or reciprocated by the other person. A commissioner or employee shall not appoint or employ, or vote to appoint or employ, any relative within the third degree of consanguinity or second degree of affinity to any office or position within the Authority. No commissioner or employee shall supervise a relative in the third degree of consanguinity or second degree of affinity. If an employee, because of marriage,

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promotion, reorganization, or otherwise, is placed into the line of supervision of a proscribed relative, one of the employees must be reassigned or other arrangements made for supervision. Any commissioner or employee shall disclose such a relationship or interest and refrain from participation in any discussion or official action in the affected matter.

Gifts

A commissioner or employee, and second degree relatives or outside business associates, shall not solicit, accept, or agree to accept any gift to benefit for himself or herself or an interested business entity that reasonably tends to influence or reward official conduct or that the commissioner or employee knows is being offered with the intent to influence or reward official conduct. A commissioner or employee shall not solicit any gift or benefit but may accept or agree to accept a non-cash gift of nominal value and meals in an individual expense of \$50 or less at any occurrence from any individual or business entity doing or seeking to do business with the Authority. However, except as provided in the sentence immediately below, such gifts may not in aggregate exceed \$250 during any 12-month period. Gifts of reasonable value related to a special occasion and the relationship between the donor and recipient, reasonable public awards, or rewards for meritorious service or professional achievement, scholarships and fellowships, admissions to events in his or her official capacity or a spouse's position, and solicitations for civic or charitable causes are excluded from this rule.

Confidential Information

A commissioner or employee shall not use his or her official position to obtain official information about any person or entity for any purpose other than in the performance of official duties. A commissioner or employee shall not intentionally, knowingly, or recklessly disclose any confidential information concerning the property, operations, policies, affairs, or tenants of the Authority excepted as permitted by the Texas Public Information Law or applicable federal law or regulation.

Representation of Private Interests

A commissioner or employee shall not represent any person, group, or entity before the Authority's board of commissioners or before staff having policy-making or decision-making responsibility. A commissioner or employee shall not assert the prestige of the commissioner's or employee's position for the purpose of advancing private interests or state, or imply that he or she is able to influence Authority action on any basis other than the merits.

Outside Employment

A commissioner or employee shall not solicit, accept, or engage in concurrent outside employment which could be reasonably expected to impair independence of judgment in or faithful performance of official duties. A commissioner or employee shall not provide services to an outside employer related to the commissioner or employee's official duties. A commissioner or employee shall disclose any outside employment to the Authority board of commissioners upon initial appointment and annually thereafter.

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Authority Property and Resources

A commissioner or employee shall not use, request, or permit the use of Authority facilities, personnel, vehicles, equipment, tools, supplies, property, or resources for personal, private, or political activities or purposes.

Political Activity

A commissioner or employee shall not induce or attempt to induce any commissioner or employee to participate in a partisan election campaign, contribute to a candidate or political action committee, or engage in any other political activity relating to a particular party, candidate, or issue, or to refrain from engaging in any lawful political activity. A commissioner or employee may encourage another to vote generally. A commissioner or employee shall not accept any compensation for services in any political activity related to any federal, state or local election for a candidate or issue.

Third-Party Actions

A commissioner or employee shall not assist or induce, or attempt to assist or induce, any person to violate any provision in the Ethics Policy. A commissioner or employee shall not circumvent the Ethics Policy through the acts of another person.

Interest in Contracts

A commissioner or employee shall not have a private or personal financial interest in any contract with the Authority or in the sale to the Authority of any land, materials, supplies, or service. A private or personal financial interest arises when a party to the contract or sale involves the commissioner or employee, or a parent, child or spouse, or a business entity in which the commissioner or employee, or a parent, child or spouse, owns 10% of the voting stock or shares, or of the fair market value of the business entity, or a business entity that is a subcontractor on an Authority contract, a partner, or a parent, or subsidiary business entity.

Disclosure, Determination, and Resolution of Conflicts and Violations

A commissioner or employee shall disclose any known conflicts of interest, proscribed relationships, or apparent or potential violations of the laws, HUD's ACC, or Ethics Policy to the board of commissioners and executive director upon initial appointment or employment and annually upon the beginning of each fiscal year. The Authority's counsel shall prepare disclosure forms, and amendments as necessary or reasonable for approval of the board of commissioners. The board of commissioners shall submit all disclosure forms to Authority counsel for review. Authority counsel shall determine whether there is any actual or potential conflict or violation of the laws, HUD's ACC, or Ethics Policy, and recommend action by the board of commissioners or executive director to resolve any conflict or violation.

Interpretation

Actions subject to the Ethics Policy shall be opined by the counsel to the Authority based on the known facts and issues and reported to the board of commissioners and executive

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director with recommended resolution of a conflict or violation of the law or general rules.

Annual Trainings

Commissioners are required to attend annual program and Board of Commissioners training to review the requirements of this Ethics Policy and their other responsibilities as Commissioners for Harris County Housing Authority.

D. SOURCES OF LAW AND POLICY

Certain Texas laws govern the ethics of commissioners and employees of housing authorities. The Ethics Policy will be amended automatically to incorporate any legislative amendments to these statutes that become law.

Texas Housing Authorities Law

The Texas Housing Authorities Law, Tex. Local Government Code, Chapter 392, includes two provisions regarding conflicts of interest affecting commissioners and employees:

Sec. 392.042. Interested Commissioners.

- (a) In this section, "housing project" includes, in addition to the works or undertakings described by Subdivision (6) of Section 392.002:
- (1) a work or undertaking implemented for a reason described by Subdivision (6) of Section 392.002 that is financed in any way by public funds or tax-exempt revenue bonds; or
 - (2) a building over which the housing authority has jurisdiction and of which a part is reserved for occupancy by persons who receive income or rental supplements from a governmental entity.
- (b) Except as provided by Subsection (c), a commissioner of an authority may not have dealings with a housing project for pecuniary gain and may not own, acquire, or control a direct or indirect interest in a:
- (1) housing project;
 - (2) property included or planned to be included in a housing project;
 - (3) contract or proposed contract for the sale of land to be used for a housing project;
 - (4) contract or proposed contract for the construction of a housing project; or
 - (5) contract or proposed contract for the sale of materials or services to be furnished or used in connection with a housing project.
- (c) A commissioner may:
- (1) manage a housing project;
 - (2) own, acquire, or control a management company that renders management services to a housing project;
 - (3) continue to own or control an interest in a housing project held by the commissioner before the commissioner's term of office began; or

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- (4) own, acquire, or control an interest in, or have dealings with, a housing project over which the commissioner's housing authority does not have jurisdiction.
- (d) If a commissioner manages, owns, acquires, or controls a direct or indirect interest in property included or planned to be included in a housing project or has any other dealings for pecuniary gain with a housing project, the commissioner shall immediately disclose the interest or dealings to the authority in writing. The disclosure shall be entered in the minutes of the authority. The failure to disclose the interest constitutes misconduct of office.
- (e) A commissioner who knowingly or intentionally violates Subsection (b) or (d) commits an offense. An offense under this subsection is a felony of the third degree.
- (f) A person finally convicted under Subsection (e) is ineligible for future employment with the state, a political subdivision of the state, or a public corporation formed under the authority of the state or a political subdivision of the state.

§ 392.043. Interested Employees

- (a) Except as provided by Subsection (b), (c), or (f), an employee of an authority may not have dealings with a housing project for pecuniary gain and may not own, acquire, or control a direct or indirect interest in a:
- (1) housing project;
 - (2) property included or planned to be included in a housing project;
 - (3) contract or proposed contract for the sale of land to be used for a housing project;
 - (4) contract or proposed contract for the construction of a housing project; or
 - (5) contract or proposed contract for the sale of materials or services to be furnished or used in connection with a housing project.
- (b) An employee may not have any dealings with a housing project for pecuniary gain except in the performance of duties as an employee of the housing authority.
- (c) Except as otherwise permitted by this chapter or another law, an employee of an authority may not be employed by or otherwise contract to provide services to another authority unless the first authority gives its written consent to the employment or contract. An employee of an authority who is employed by or who contracts to provide services to another authority under this subsection does not violate Subsection (a) or (b).
- (d) An employee who knowingly or intentionally violates Subsection (a) or (c) commits an offense. An offense under this subsection is a felony of the third degree.
- (e) A person finally convicted under Subsection (d) is ineligible for future employment with the state, a political subdivision of the state, or a public corporation formed under the authority of the state or a political subdivision of the state.
- (f) An employee of an authority may be a party to or otherwise participate in a contract or agreement for assistance under a housing program, including a contract or agreement for public housing, Section 8 housing assistance, low-interest home loans, lease-purchase assistance, or down payment assistance, to the same extent as a member of the public if the employee qualifies for assistance under the program.
- (g) In this section, "Section 8 housing assistance" means housing assistance provided under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f).

Local Public Official Conflict of Interest

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The Texas Government Code, Chapter 171, establishes conflict of interest boundaries for local public officials. Those applicable to housing authority commissioners and officers are included below:

§ 171.001. Definitions

In this chapter:

- (1) "Local public official" means a member of the governing body or another officer, whether elected, appointed, paid, or unpaid, of any district (including a school district), county, municipality, precinct, central appraisal district, transit authority or district, or other local governmental entity who exercises responsibilities beyond those that are advisory in nature.
- (2) "Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law.

§ 171.002. Substantial Interest in Business Entity

- (a) For purposes of this chapter, a person has a substantial interest in a business entity if:
 - (1) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or
 - (2) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.
- (b) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.
- (c) A local public official is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a substantial interest under this section.

§ 171.003. Prohibited Acts; Penalty

- (a) A local public official commits an offense if the official knowingly:
 - (1) violates Section 171.004;
 - (2) acts as surety for a business entity that has work, business, or a contract with the governmental entity; or
 - (3) acts as surety on any official bond required of an officer of the governmental entity.
- (b) An offense under this section is a Class A misdemeanor.

§ 171.004. Affidavit and Abstention From Voting Required

- (a) If a local public official has a substantial interest in a business entity or in real property, the official shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:
 - (1) in the case of a substantial interest in a business entity the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or

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- (2) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
- (b) The affidavit must be filed with the official record keeper of the governmental entity.
- (c) If a local public official is required to file and does file an affidavit under Subsection (a), the official is not required to abstain from further participation in the matter requiring the affidavit if a majority of the members of the governmental entity of which the official is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.

§ 171.005. Voting on Budget

- (a) The governing body of a governmental entity shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a member of the governing body has a substantial interest.
- (b) Except as provided by Section 171.004(c), the affected member may not participate in that separate vote. The member may vote on a final budget if:
- (1) the member has complied with this chapter; and
 - (2) the matter in which the member is concerned has been resolved.

§ 171.006. Effect of Violation of Chapter

The finding by a court of a violation under this chapter does not render an action of the governing body voidable unless the measure that was the subject of an action involving a conflict of interest would not have passed the governing body without the vote of the person who violated the chapter.

§ 171.007. Common Law Preempted; Cumulative of Municipal Provisions

- (a) This chapter preempts the common law of conflict of interests as applied to local public officials.
- (b) This chapter is cumulative of municipal charter provisions and municipal ordinances defining and prohibiting conflicts of interests.

§ 171.009. Service on Board of Corporation for No Compensation

It shall be lawful for a local public official to serve as a member of the board of directors of private, nonprofit corporations when such officials receive no compensation or other remuneration from the nonprofit corporation or other nonprofit entity.

Texas Nepotism Law

The Texas Nepotism Law, Texas Government Code, Chapter 573, limits the relationships of a public official to employees and candidates for public positions:

§ 573.001. Definitions

In this chapter:

- (1) "Candidate" has the meaning assigned by Section 251.001, Election Code.
- (2) "Position" includes an office, clerkship, employment, or duty.
- (3) "Public official" means:

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- (A) an officer of this state or of a district, county, municipality, precinct, school district, or other political subdivision of this state;
- (B) an officer or member of a board of this state or of a district, county, municipality, school district, or other political subdivision of this state; or
- (C) a judge of a court created by or under a statute of this state.

§ 573.002. Degrees of Relationship

Except as provided by Section 573.043, this chapter applies to relationships within the third degree by consanguinity or within the second degree by affinity.

SUBCHAPTER B. RELATIONSHIPS BY CONSANGUINITY OR BY AFFINITY

§ 573.021. Method of Computing Degree of Relationship

The degree of a relationship is computed by the civil law method.

§ 573.022. Determination of Consanguinity

- (a) Two individuals are related to each other by consanguinity if:
 - (1) one is a descendant of the other; or
 - (2) they share a common ancestor.
- (b) An adopted child is considered to be a child of the adoptive parent for this purpose.

§ 573.023. Computation of Degree of Consanguinity

- (a) The degree of relationship by consanguinity between an individual and the individual's descendant is determined by the number of generations that separate them. A parent and child are related in the first degree, a grandparent and grandchild in the second degree, a great-grandparent and great-grandchild in the third degree and so on.
- (b) If an individual and the individual's relative are related by consanguinity, but neither is descended from the other, the degree of relationship is determined by adding:
 - (1) the number of generations between the individual and the nearest common ancestor of the individual and the individual's relative; and
 - (2) the number of generations between the relative and the nearest common ancestor.
- (c) An individual's relatives within the third degree by consanguinity are the individual's:
 - (1) parent or child (relatives in the first degree);
 - (2) brother, sister, grandparent, or grandchild (relatives in the second degree); and
 - (3) great-grandparent, great-grandchild, aunt who is a sister of a parent of the individual, uncle who is a brother of a parent of the individual, nephew who is a child of a brother or sister of the individual, or niece who is a child of a brother or sister of the individual (relatives in the third degree).

§ 573.024. Determination of Affinity

- (a) Two individuals are related to each other by affinity if:
 - (1) they are married to each other; or
 - (2) the spouse of one of the individuals is related by consanguinity to the other individual.

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(b) The ending of a marriage by divorce or the death of a spouse ends relationships by affinity created by that marriage unless a child of that marriage is living, in which case the marriage is considered to continue as long as a child of that marriage lives.

(c) Subsection (b) applies to a member of the board of trustees of or an officer of a school district only until the youngest child of the marriage reaches the age of 21 years.

§ 573.025. Computation of Degree of Affinity

(a) A husband and wife are related to each other in the first degree by affinity. For other relationships by affinity, the degree of relationship is the same as the degree of the underlying relationship by consanguinity. For example: if two individuals are related to each other in the second degree by consanguinity, the spouse of one of the individuals is related to the other individual in the second degree by affinity.

(b) An individual's relatives within the third degree by affinity are:

- (1) anyone related by consanguinity to the individual's spouse in one of the ways named in Section 573.023(c); and
- (2) the spouse of anyone related to the individual by consanguinity in one of the ways named in Section 573.023(c).

SUBCHAPTER C. NEPOTISM PROHIBITIONS

§ 573.041. Prohibition Applicable to Public Official

A public official may not appoint, confirm the appointment of, or vote for the appointment or confirmation of the appointment of an individual to a position that is to be directly or indirectly compensated from public funds or fees of office if:

- (1) the individual is related to the public official within a degree described by Section 573.002; or
- (2) the public official holds the appointment or confirmation authority as a member of a state or local board, the legislature, or a court and the individual is related to another member of that board, legislature, or court within a degree described by Section 573.002.

§ 573.062. Continuous Employment

(a) A nepotism prohibition prescribed by Section 573.041 or by a municipal charter or ordinance does not apply to an appointment, confirmation of an appointment, or vote for an appointment or confirmation of an appointment of an individual to a position if:

- (1) the individual is employed in the position immediately before the election or appointment of the public official to whom the individual is related in a prohibited degree; and
- (2) that prior employment of the individual is continuous for at least:
 - (A) 30 days, if the public official is appointed;
 - (B) six months, if the public official is elected at an election other than the general election for state and county officers; or
 - (C) one year, if the public official is elected at the general election for state and county officers.

(b) If, under Subsection (a), an individual continues in a position, the public official to whom the individual is related in a prohibited degree may not participate in any

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deliberation or voting on the appointment, reappointment, confirmation of the appointment or reappointment, employment, reemployment, change in status, compensation, or dismissal of the individual if that action applies only to the individual and is not taken regarding a bona fide class or category of employees.

SUBCHAPTER E. ENFORCEMENT

§ 573.081. Removal In General

(a) An individual who violates Subchapter C or Section 573.062(b) shall be removed from the individual's position. The removal must be made in accordance with the removal provisions in the constitution of this state, if applicable. If a provision of the constitution does not govern the removal, the removal must be by a quo warranto proceeding.

(b) A removal from a position shall be made immediately and summarily by the original appointing authority if a criminal conviction against the appointee for a violation of Subchapter C or Section 573.062(b) becomes final. If the removal is not made within 30 days after the date the conviction becomes final, the individual holding the position may be removed under Subsection (a).

§ 573.082. Removal by Quo Warranto Proceeding

(a) A quo warranto proceeding under this chapter must be brought by the attorney general in a district court in Travis County or in a district court of the county in which the defendant resides.

(b) The district or county attorney of the county in which a suit is filed under this section shall assist the attorney general at the attorney general's discretion.

§ 573.083. Withholding Payment of Compensation

A public official may not approve an account or draw or authorize the drawing of a warrant or order to pay the compensation of an ineligible individual if the official knows the individual is ineligible.

§ 573.084. Criminal Penalty

(a) An individual commits an offense involving official misconduct if the individual violates Subchapter C or Section 573.062(b) or 573.083.

(b) An offense under this section is a misdemeanor punishable by a fine not less than \$100 or more than \$1,000.

HUD Annual Contributions Contract

The Annual Contributions Contract (Form HUD-53012A) (ACC) between HUD and the Housing Authority prohibits certain interests involving commissioners and employees:

Section 19 – Conflict of Interest

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(A)(1) In addition to any other applicable conflict of interest requirements, neither the Authority nor any of its contractors or their contractors may enter into any contract, subcontract, or arrangement in connection with a project under this ACC in which any of the following classes of people has an interest, direct or indirect, during his or her tenure or for one year thereafter:

(i) Any present or former member or officer of the governing body of the HA, or any member of the officer's immediate family. There shall be excepted from this prohibition any present or former tenant commissioner who does not serve on the governing body of a resident corporation, and who otherwise does not occupy a policymaking position with the resident corporation, the Authority or a business entity.

(ii) Any employee of the Authority who formulates policy or who influences decisions with respect to the project(s), or any member of the employee's immediate family, or the employee's partner.

(iii) Any public official, member of the local governing body, or State or local legislator, or any member of such individual's immediate family, who exercises functions or responsibilities with respect to the project(s) or the HA.

(2) Any member of these classes of persons must disclose the member's interest or prospective interest to the Authority and HUD.

(3) The requirements of this subsection (A)(1) may be waived by HUD for good cause, if permitted under State and local law. No person for whom a waiver is requested may exercise responsibilities or functions with respect to the contract to which the waiver pertains.

(4) The provisions of this subsection (A) shall not apply to the General Depository Agreement entered into with an institution regulated by a Federal agency, or to utility service for which rates are fixed or controlled by a State or local agency.

(5) Nothing in this section shall prohibit a tenant of the Authority from serving on the governing body of the HA.

(B)(1) The Authority may not hire an employee in connection with a project under this ACC if the prospective employee is an immediate family member of any person belonging to one of the following classes:

(i) Any present or former member or officer of the governing body of the HA. There shall be excepted from this prohibition any former tenant commissioner who does not serve on the governing body of a resident corporation, and who otherwise does not occupy a policymaking position with the HA.

(ii) Any employee of the Authority who formulates policy or who influences decisions with respect to the project(s).

(iii) Any public official, member of the local governing body, or State or local legislator, who exercises functions or responsibilities with respect to the project(s) or the HA.

(2) The prohibition referred to in subsection (B)(1) shall remain in effect throughout the class member's tenure and for one year thereafter.

(3) The class member shall disclose to the Authority and HUD the member's familial relationship to the prospective employee.

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(4) The requirements of this subsection (B)(1) may be waived by the Authority Board of Commissioners for good cause, provided such waiver is permitted by State and local law.

(C) [applies only to an Indian Housing Authority]

(D) For purposes of this section, the term "immediate family member" means the spouse, mother, father, brother, sister, or child of a covered class member (whether related as a full blood relative, or as a "half" or "step" relative, e.g., a half-brother or stepchild).