

COOPERATIVE ENDEAVOR AGREEMENT

This Cooperative Endeavor Agreement is entered into this 30th day of July 2013, by and between the City of Gary (City) and the United States Department of Housing and Urban Development (HUD). The signatories to this agreement are the Honorable Karen Freeman-Wilson, Mayor of the City of Gary (Mayor), and the Honorable Sandra B. Henriquez, Assistant Secretary for Public and Indian Housing, U. S. Department of Housing and Urban Development.

RECITALS

WHEREAS, under the United States Housing Act of 1937, as amended, (“Act”), 42 U.S.C. § 1437 et seq., HUD is responsible for administering low income housing programs; and pursuant to the Act, HUD has entered into an Annual Contributions Contract (“ACC”) with the Housing Authority of the City of Gary, Indiana, also referred to as Gary Housing Authority (“GHA”) to provide funding to public housing programs administered by GHA; and

WHEREAS, pursuant to the Act, HUD must evaluate PHA performance and has instituted the Public Housing Assessment System (PHAS); and

WHEREAS, on the basis of its annual PHAS score and its financial audit, GHA has been designated troubled for the last decade, for deficient physical indicators, and other such deficiencies as identified; and

WHEREAS, the City and HUD both recognize and acknowledge that the problems at GHA developed over many years and that extraordinary levels of expertise and resources are now required to improve the quality of life of the residents of GHA facilities; and

WHEREAS, deficient planning, capacity and financial practices have placed many federal grants in jeopardy of being recaptured and have caused a severe underutilization of housing assistance made available to GHA through HUD programs; and

WHEREAS, GHA has an unacceptably high overall vacancy rate of 27.7%, ineffective and costly security services, and its maintenance activities are unable to address emergency needs or routine items in a timely manner; and

WHEREAS, GHA is in financial crises, with rapidly declining operating capital, due to spending on excessive staff, large budget overruns for ineffective security management, inadequate rent collection resulting in lost revenue, and loss of operating fund revenue due to excessive vacancies, and

WHEREAS, the Act requires HUD to enter into agreements that establish performance targets, strategies for meeting targets, as well as incentives and sanctions for effective implementation of the strategies leading to recovery of performance and an improved status of at least a Standard Performer; and

WHEREAS, the purpose of this voluntary Agreement is to facilitate cooperation and coordination between HUD and the City during the term of this Agreement;

NOW, THEREFORE, the City and HUD, in consideration for their mutual promises, agree to be legally bound, as follows:

A. COOPERATIVE ENDEAVOR REPRESENTATIVES' SCOPE AND AUTHORITY TO ACT

1. The City and HUD agree to cooperate in and take all necessary actions to facilitate achievement of, the objectives of this Cooperative Endeavor Agreement.
2. The City and HUD acknowledge that GHA is in substantial breach of its Annual Contributions Contract (ACC) and that such breach constitutes a substantial default within the meaning of Section 6(j) of the United States Housing Act of 1937 and 24 CFR Part 907.
3. HUD and the City acknowledge that HUD has authority, pursuant to 24 CFR Section 907.7 to require GHA to make other arrangements for the management of public housing. The Parties further acknowledge that HUD has authority pursuant to 24 CFR Section 907.7(c) and the ACC to assume possession of and operational responsibility for public housing.
4. The GHA agrees to provide the appropriate resolutions transferring possession of GHA's assets, projects and programs to HUD, and the City agrees to take appropriate action to dissolve the GHA Board of Commissioners. HUD will appoint a HUD official to temporarily manage day-to-day administration and a HUD official to fulfill the duties of the Board.
5. HUD and GHA retain all rights granted under applicable statutes, regulations and the ACC and will conduct audits, reviews, or assessments as appropriate or required by the statute or program regulations. Neither HUD nor GHA waives any rights under state or federal law if the requirements under this Cooperative Endeavor Agreement are not accomplished.
6. Representatives of the parties to the Agreement shall meet or consult on a bi-weekly basis.

B. SPECIFIC ACTIONS

To implement this Cooperative Endeavor Agreement, HUD, with the assistance of the City, will work with the GHA staff, as appropriate, to undertake and complete the following priorities:

1. Develop and implement a Recovery Plan that outlines actions necessary to improve the performance of GHA and remove it from "troubled" status.
2. Provide HUD technical assistance in the areas of Recovery Administration and Financial Management.
3. Review existing contracts and agreements and modify the terms or terminate based on the current needs of the agency and the financial feasibility of continuing the existing contracts.
4. Provide oversight of the management of all operations of GHA and all of its subsidiaries and/or joint venture partnerships.
5. Oversee changes to existing management plans, systems, methods, and procedures where necessary in effecting procedures appropriate to carry out policies and programs consistent with HUD regulations.
6. Terminate, retain, train, or if necessary, recruit, permanent, competent, responsible staff, including but not limited to, the executive management staff, technical support staff, maintenance staff, clerical staff, and any other personnel, necessary to operate the programs.
7. Prepare, submit and revise all reports required by HUD contained in the Recovery Plan and applications for funding to HUD and other available sources.
8. Provide assistance regarding the financial management and operations (tracking, reporting, budgeting, timely accomplishment and overall effectiveness of strategies and initiatives) of GHA and guidance in financial management systems, PHAS financial indicators, annual audit, financial planning, generally accepted accounting principles, financial policies, and internal controls.
9. Identify and implement strategies to ensure passing PHAS scores and Section 8 Management Assessment Programs (SEMAP) scores.
10. Identify and implement immediate, short-term, and long-term action items to improve property management, maintenance, modernization, financial management, general management processes, occupancy, resident services, and Section 8 management.

11. Provide adequate plans and employ implementation strategies for security and law enforcement services that meet the baseline service requirements agreed to in the Cooperation Agreement with the City.

12. Provide a comprehensive plan to address resident services.

B. MODIFICATION OF AGREEMENT

This Agreement may be modified by written agreement of the City and HUD.

C. INTEGRATION CLAUSE

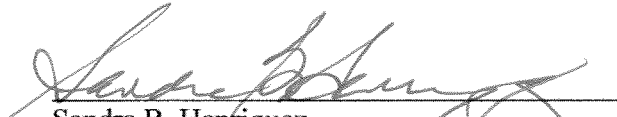
This Agreement shall express the entire agreement of the parties hereto, written or oral with respect to the subject matter hereof. If there is any conflict between this Agreement and a provision of any other existing agreement, the provisions of this Agreement shall prevail.

D. TERM OF THIS AGREEMENT

This Agreement shall terminate two years from the date of execution and shall be renewable in one year increments thereafter, or until such time as to be mutually determined by the Assistant Secretary for Public and Indian Housing on behalf of HUD and the Mayor on behalf of the City that GHA has either built sufficient capacity to be self-supportive or to reposition the Agency, programs or assets.

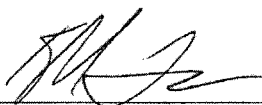
E. SEVERABILITY

If any part of this Agreement is found to be contrary to law, that part may be severed from the Agreement and the remainder of the Agreement shall remain in full force and effect. The remaining Agreement shall be construed as far as is lawful and practicable to enforce the overall intent of the original Agreement.



Sandra B. Henriquez
Assistant Secretary for Public and Indian Housing
U.S. Department of Housing & Urban Development

07/30/2013
Date



Karen Freeman-Wilson
Mayor, City of Gary

7/30/13
Date