

**CHA CONTRACT NO. 11430**

**AGREEMENT FOR THE ADMINISTRATION AND  
OPERATION OF  
THE CHICAGO HOUSING AUTHORITY'S SECTION 8  
PROGRAMS**

**BETWEEN**

**NAN MCKAY ASSOCIATES, INC.**

**AND**

**THE CHICAGO HOUSING AUTHORITY**

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## **EXHIBITS**

- A. Illinois Equal Opportunity Clause**
- B. Section 3 Utilization Plan**
- C. MBE/WBE/DBE Utilization Plan**
- D. General Conditions for Non-Construction Contracts (HUD Form 5370-C (10/2006))**
- E. Contractor’s Affidavit Signed Certifications, Representations of Offerors Non-Construction (HUD Form 5369C) and Equal Opportunity Compliance**

**AGREEMENT**

**THIS AGREEMENT FOR THE ADMINISTRATION AND OPERATION OF THE CHICAGO HOUSING AUTHORITY'S SECTION 8 PROGRAMS** (hereinafter, "**Agreement**") is made as of 1st day of April, 2014 (the "Effective Date") by and between the **CHICAGO HOUSING AUTHORITY** (hereinafter, the "**CHA**"), a municipal corporation organized under the Illinois Housing Authority Act, 310 ILCS 10/1 et seq., with offices at 60 E. Van Buren St., Chicago, Illinois 60605, and **NAN MCKAY & ASSOCIATES, INC.** (hereinafter the "**Contractor**"), a California corporation authorized to do business in the State of Illinois with offices located at 1855 Gillespie Way, El Cajon, CA 92020.

**RECITALS**

**WHEREAS**, the CHA is engaged in the development, operation and subsidization of housing throughout the City of Chicago for low-income families, in accordance with the United States Housing Act of 1937, 42 U.S.C. §1437 et seq., regulations promulgated by the United States Department of Housing and Urban Development ("**HUD**"), the Illinois Housing Authorities Act, 310 ILCS 10/1 et seq., as amended, and other applicable laws, regulations and ordinances;

**WHEREAS**, the CHA requires certain work, duties, services, and responsibilities as set forth in Article 3 of the Agreement (collectively the "**Contractor's Services**") in connection with the administration and operation of the CHA's Section 8 Programs (defined below);

**WHEREAS**, the CHA released Request for Proposal No. 13-01196 ("**RFP**") on or about August 15, 2013 to procure and retain the services of an independent contractor to administer the CHA's Section 8 Programs and perform the Contractor's Services;

**WHEREAS**, the Contractor submitted a proposal to the RFP on or about September 19, 2013 and desires to be retained by the CHA to administer a portion of the Section 8 Programs and perform the Contractor's Services as set forth in Article 3;

**WHEREAS**, the Contractor has represented to the CHA that it is ready, willing and able and has the knowledge, skill, experience and other resources necessary to perform the Contractor's Services in the manner herein provided and under all the terms and conditions hereof and desires to enter into this Agreement with the CHA; and

**WHEREAS**, the CHA has materially relied on the representations made in the Contractor's proposal and desires to enter into this Agreement with the Contractor to perform the Contractor's Services as set forth in Article 3.

**NOW, THEREFORE**, in consideration of the mutual promises and the terms and conditions set forth herein, the CHA and the Contractor agree as follows:

## **ARTICLE 1. INCORPORATION OF RECITALS AND DEFINITIONS**

### **Section 1.01 Incorporation of Recitals**

The recitals set forth above are incorporated by reference as if fully set forth herein.

### **Section 1.02 Definitions**

Words and phrases shall be defined according to their ordinary usage and meaning except as otherwise specifically defined in this Section or elsewhere in the Agreement. The definitions in this Section shall apply throughout the Agreement, unless specifically provided otherwise:

**“50058 Forms”** shall mean that 50058 Forms are transmitted electronically to HUD for completed transactions

**“ACC”** shall mean the Annual Contributions Contracts between the CHA and HUD under the United States Housing Act of 1937 (42 U.S.C. § 1437 et seq.), pursuant to which HUD provides funding to the CHA for the administration of the CHA’s Section 8 Programs.

**“ADA Section 504 Program”** shall mean the CHA program to effectuate section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which aims to prevent otherwise qualified individuals with disabilities in the United States from being excluded, solely by reason of his or her disability, from the participation in, being denied the benefits of, or being subjected to discrimination under any program or activity receiving Federal financial assistance from HUD (24 C.F.R. Part 8).

**“Agreement”** shall have the meaning set forth in the preamble and shall include all exhibits attached hereto which are hereby incorporated by reference.

**“CEO”** shall mean the CHA’s Chief Executive Officer, or his/her designee.

**“CHA”** shall mean the Chicago Housing Authority.

**“CHA Administrative Plan”** shall mean the administrative plan that describes the CHA’s policies for administering the Section 8 Programs and includes the CHA’s policies on matters for which the CHA has discretion to establish local policies that may vary from HUD regulations and requirements as authorized under the MTW Agreement.

**“CHA Advisory”** shall mean written instructions provided to the Contractor by the Deputy Chief Housing Office of the Housing Choice Voucher Program or her/his designee.

**“CHA Documents”** shall mean all documents of any type, including but not limited to writings, drawings, graphs, charts, photographs, logs, notes, contracts, rules, policies, manuals, training materials, presentations, receipts, purchase orders, electronic communications, time sheets, findings, reports, tenant/voucher holder records or other records, studies, other data compilations, and raw or un-compiled data from which information can be obtained, provided to the Contractor or prepared by or assembled by the Contractor (including but not limited to all

Deliverables as hereinafter defined) pursuant to and in performance of the Agreement between the CHA and the Contractor, but shall not include any Contractor Materials.

“CHA HCV Procedural Manual” shall mean the written documentation of process related to performing functions of Housing Choice Voucher Program administration subject to update and revision from time to time.

“CHA Intellectual Property” shall mean patent rights, copyrights, trade secret rights, *sui generis* database rights, and all other intellectual property rights of the CHA anywhere in the world.

“CHA Personal Property” shall mean all tangible personal property, including but not limited to materials, equipment, furniture, ITS equipment, including but not limited to computers, scanners and other computer related hardware, supplied by the CHA to the Contractor on or before the Effective Date of the Agreement, or otherwise provided to the Contractor by the CHA before or after the Effective Date of the Agreement.

“CHA Plan Forward: Communities That Work” ” (formerly known as Plan For Transformation) shall mean the CHA’s revised business, policy and organizational initiatives to transform public and assisted housing in Chicago.

“Claims” shall mean all liabilities, losses, penalties, damages, settlements, environmental liability, costs, charges, professional fees (including attorney’s fees) and other expenses or liabilities of every kind, nature and character arising out of or relating to any and all claims, liens, demands, obligations, actions, suits, judgments or settlements, proceedings or causes of action of every kind, nature and character in connection with or arising directly or indirectly out of the Contractor’s performance of the Agreement and/or the acts and omissions of the Contractor, its subcontractors or their respective officers, officials, agents, and employees (including but not limited to the enforcement of Section 7.02).

“Confidential Information” shall mean all information relating to the Contractor’s Services for the administration and operation of the CHA’s Section 8 Programs and all Deliverables, Work Product, CHA Documents, financial data or internal budget information related specifically to the business operations of the CHA or the Section 8 Programs that are prepared or assembled by the Contractor or provided to or encountered by the Contractor pursuant to the Agreement, but shall not include any Contractor Materials.

“Contractor” shall have the meaning set forth in the recitals of this Agreement.

“Contractor’s Affidavit” shall mean the Contractor’s Affidavit, along with the signed Certifications and Representations of Offerors Non-Construction (HUD Form 5369C) and Equal Opportunity Compliance Certificate.

“Contractor Confidential Information” shall mean any internal financial data or internal budget information related specifically to the business operations of the Contractor, including but not limited to proprietary financial information and personnel information, which the Contractor has clearly marked or indicated to the CHA is confidential or would reasonably be understood to be confidential information, as well as Contractor Materials.

**“Contractor’s Intellectual Property”** shall mean all patent rights, copyrights, trade secret rights, and all other intellectual property rights of Contractor anywhere in the world.

**“Contractor Materials”** shall have the meaning set forth in Section 5.06.

**“Contractor’s Services”** shall have the meaning set forth in the recitals of this Agreement.

**“Contracting Officer”** shall mean the CHA’s CEO or his/her designee.

**“Copyright Act”** shall mean the United States Copyright Act, 17 U.S.C. §101 et seq.

**“Corrective Action Plan (or CAP)”** shall mean an official request from CHA to take specific actions to improve performance and attain specified goals.

**“Customer Service Call Center”** shall mean the operational full-service customer service call center which responds to questions from applicants, families, owners, and the general public.

**“Deliverables”** shall mean (i) reports to HUD and the CHA in accordance with the requirements of the Agreement or as otherwise required by HUD or the CHA and (ii) all work materials, devices, documents, data, studies, reports, submittals, documents, plans, findings or information in any form prepared or assembled in either hard copy or on diskette in connection with the Contractor’s Services as set forth in Article 3.

**“Director”** shall mean CHA’s Director of the CHA’s HCV Programs.

**“Effective Date”** shall mean April 1, 2014 for the general operations of Housing Choice Voucher Programs. .

**“EIV”** shall mean enterprise income verification.

**“Event of Default”** shall mean any of the following occurrences, taken separately or together:

- A. any misrepresentation, whether negligent or willful and whether in the inducement or in the performance, made by the Contractor to HUD or the CHA,
- B. failure to achieve SEMAP “ Standard Performer” status for the Contractor’s Services as set forth in Section 4.03;
- C. following notice from CHA and a reasonable opportunity to cure, failure to perform the Contractor’s Services in a manner satisfactory to the CHA, or inability to perform the Contractor’s Services satisfactorily as a result of insolvency, filing for bankruptcy or assignment for the benefit of creditors;
- D. failure to operate the Section 8 Programs without fraud, mismanagement, or material waste;
- E. following notice from CHA and a reasonable opportunity to cure, failure to provide cooperation to the CHA or the CHA’s other Section 8 Program contractor with respect to



the timely and efficient and overall administration and operation of the Section 8 Programs in accordance with Section 10.09;

- F. discontinuance of any aspect of the Contractor's Services by the Contractor for reasons or circumstances not beyond the Contractor's reasonable control;
- G. following notice from CHA and a reasonable opportunity to cure, failure to comply with any term of the Agreement or perform any obligation under the Agreement, including but not limited to the provisions concerning Deliverables, insurance requirements, compliance with all laws, including but not limited to nondiscrimination, HUD regulations, and governmental orders;
- H. any change in majority ownership or majority control of the Contractor without the prior approval of the CHA's CEO, which shall not be unreasonably withheld;
- I. the Contractor's default under any other agreement it may presently have or may enter into with the CHA during the term of the Agreement (in the case of an Event of Default under this Agreement, the CHA may also declare a default under any such other agreements);
- J. the breach of the representations and warranties made by the Contractor in Section 9.01.M, or Section 9.01.N;
- K. the failure to achieve in the time allotted the goals of a CAP;
- L. a pattern of unreasonably delaying program enforcement activities against ineligible program participants; or
- M. a pattern of maintaining otherwise ineligible participants on the program for the purposes of earning fees.

"Excellent Customer Service" shall mean the ability to consistently meet or exceed participant, owners, and CHA partner's expectations.

"Executive Log" shall mean the system for tracking constituent issues presented to the CHA from HUD, elected officials, City of Chicago departments and CHA Executive Staff, the party assigned to respond to such issues and the resolution thereof.

"Family Unification Program" shall mean the HUD program to make specific vouchers available to families for whom the lack of adequate housing is a primary factor in the separation, or threat of imminent separation, of children from their families or in the prevention of reunifying the children with their families. Family unification vouchers enable these families to lease or purchase decent, safe and sanitary housing that is affordable in the private housing market.

"FileNet" shall mean FileNet Enterprise Content Manager produced by IBM which is the CHA's enterprise content and document image management system and any subsequent document management system designed to replace it.

"FOIA" shall mean the Freedom of Information Act

“GAAP” shall mean generally accepted accounting principles.

“General Conditions” shall mean HUD’s General Conditions for Non-Construction Contracts (HUD form 5370-C (10/2006)).

“HAP” shall mean Housing Assistance Payments.

“HCV” shall mean Section 8 Housing Choice Voucher(s).

“HCV Program” shall mean the Section 8 Housing Choice Voucher Program under 24 C.F.R. Part 982.

“HQS” shall mean the housing quality standards as set forth in HUD’s regulations at 24 C.F.R. § 982.401 and consist of performance requirements and acceptability criteria or HUD approved variations in the acceptability criteria. Performance and acceptability criteria are set forth for these key aspects of housing quality: (i) sanitary facilities; (ii) food preparation and refuse disposal; (iii) space and security; (iv) thermal environment; (v) illumination and electricity; (vi) structure and materials; (vii) interior air quality; (viii) water supply; (ix) lead-based paint; (x) access; (xi) site and neighborhood; (xii) sanitary condition; and (xiii) smoke detectors. All program housing must meet the HQS performance requirements both at commencement of assisted occupancy, and throughout the assisted tenancy.

“HQS Inspection” shall mean inspections of housing quality standards pursuant to 24 C.F.R. § 982.405). A public housing authority must inspect the unit leased to a family prior to the initial term of the lease, at least annually during assisted occupancy, and at other times as needed, to determine if the unit meets the HQS. A public housing authority must conduct supervisory quality control HQS Inspections, consider complaints and any other information brought to the attention of the public housing authority and notify the owner of defects shown by the inspection.

“HUD” shall have the meaning set forth in the recitals of this Agreement.

“HUD Procurement Handbook” shall mean the HUD Procurement Handbook 7460.8 REV 2 (24 C.F.R. § 85.36).

“IMS” shall mean the Public & Indian Housing’s Inventory Management System.

“IMS-PIC” shall mean HUD’s terminology for the Public & Indian Housing Information Center (PIC) and IMS systems. IMS-PIC is responsible for maintaining and gathering data about all of Public & Indian Housing’s inventories. During the transition period from PIC to IMS, HUD is the terminology IMS-PIC to refer to the evolving system.

“IPI” shall mean the Improving Property Initiative.

“ITS” shall mean information technology systems.

**“Key Personnel”** shall mean, for purposes of performance under this contract, the Contractor’s deputy program director and his or her direct reports; including direct reports that are employees, contractors, or consultants.

**“Mainstream Program”** shall mean the commitment of funds under Section 811 of the Cranston-Gonzalez National Affordable Housing Act of 1992 to provide tenant-based rental assistance to persons with disabilities.

**“MBE/WBE/DBE”** shall mean the CHA’s Minority and Women and Disadvantaged Business Enterprise.

**“Mixed Income Portfolio”** shall mean developments that are typically structured as 1/3 reserved CHA leaseholders, 1/3 affordably priced; 1/3 market rate, and also includes the administration of Project Based Vouchers and the Moderate Rehabilitation Programs.

**“Moderate Rehabilitation Program”** shall mean the Moderate Rehabilitation Program under 24 C.F.R. Part 882 or the Single Room Occupancy Moderate Rehabilitation Program where rental assistance is limited to properties previously rehabilitated pursuant to a HAP contract between an owner and a public housing authority.

**“Money Follows the Person - Deinstitutionalization Program”** shall mean HUD’s Money Follows the Person Rebalancing Initiative where specific voucher commitments are made that will assist in the deinstitutionalization of inappropriately institutionalized persons.

**“MTW Agreement”** means the Amended and Restated Moving to Work (MTW) Demonstration Agreement entered into on June 26, 2008 by and between HUD and the CHA.

**“MTW Program”** shall mean the Moving to Work (MTW) Demonstration Program pursuant to Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134). The MTW Program is a demonstration program for public housing authorities that provides them the opportunity to design and test innovative, locally-designed strategies that use federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. The MTW Program gives public housing authorities exemptions from many existing public housing and voucher rules and more flexibility with how they use their federal funds. Under the MTW Program, public housing authorities are expected to use the opportunities presented by the MTW Program to inform HUD about ways to better address local community needs.

**“Non-Elderly Disabled Program”** shall mean the HUD program where HUD provides Section 8 rental vouchers to public housing authorities that have approved plans to designate certain housing as elderly-only, disabled-only, or mixed elderly and disabled households to enable persons with disabilities to rent affordable housing. This program offers assistance by allocating Section 8 vouchers to the public housing authorities for use by affected non-elderly, disabled families. Non-elderly, disabled households who live in public housing that has been designated for occupancy by the elderly only or disabled families who are on a public housing authority’s waiting list may receive a rental voucher in conjunction with a designated housing allocation plan approved by HUD.

**“Notice of Default”** shall mean a written notice of default delivered to the Contractor by the CHA after an Event of Default has occurred.

**“Office of the General Counsel”** shall mean the legal department of the CHA.

**“Owner Excellence Program”** shall mean the program in which the CHA provides “bonuses” or “incentives” to owners and landlords who demonstrate exceptional program participation.

**“Owner Services”** shall mean the Service Area responsible for providing excellent customer service as well as timely and consistent program information to landlords and owners.

**“Project-Based Voucher and Moderate Rehabilitation Services”** shall mean the Contractor’s Services as set forth in Section 3.06.

**“Project-Based Voucher Program”** shall mean the Project-Based Voucher Program under 24 C.F.R. Part 983.

**“PUC”** shall mean the Contractor’s per unit cost.

**“Quality Assurance”** shall mean the overall activity of defining a strategic approach to maintaining a required, predetermined level of quality. This approach includes systematically upholding all quality standards and corresponding tasks to enforce those standards. The quality standards cover all aspects of operational performance encompassing Quality Control.

**“Quality Control”** shall mean the standards and the set of tasks executed, to maintain and measure performance against the required operational standards of performance. Examples include compliance with HUD regulations, customer satisfaction, workload measurement, SEMAP evaluations and response to customer inquiries. Quality Control is a normal operational activity exercised by an organization over its own performance. The Quality Control process shall include, but not be limited to: (i) observing and quantifying actual performance; (ii) comparing actual performance to established standards and controls as set forth in the Agreement; and (iii) taking appropriate action to ensure that Contractor’s performance is in conformance with identified controls and meets or exceeds the specific performance standards and SEMAP goals.

**“RTA”** shall mean Request for Tenancy Approval.

**“RFP”** shall have the meaning set forth in the recitals of this Agreement.

**“Regional Office Administration”** shall mean the Contractor’s Services as set forth in Section 3.02.

**“Regional Offices”** shall mean the three (3) CHA HCV Section 8 offices, which include the (Central, West and South offices). Section 8 Program activities stemming from the Central and South offices are part of the Contractor’s Services.

“Section 8 Program(s)” shall mean the CHA’s (i) HCV Program, (ii) Project-Based Voucher Program and (iii) Moderate Rehabilitation Program, including the special admissions management program which may include targeted funded vouchers or other tenant-based assistance as specified in Article 3 or otherwise.

“SEMAP” means the Section 8 Management Assessment Program (24 C.F.R. Part 985).

“Timely” shall mean acting or performing within the appropriate or proper time parameters as set forth in this agreement, in the Administrative Plan, or in the procedures manual.

“UML” shall mean unit months leased.

“VASH Program” shall mean the HUD-Veterans Affairs Supported Housing voucher program as authorized under section 8(o)(19) of the United States Housing Act of 1937. The VASH Program combines HUD HCV rental assistance for homeless veterans with case management and clinical services provided by the Veterans Affairs at its medical centers and in the community.

“Victim Assistance Program” shall mean vouchers that have been authorized by the CHA for families that are victims of crimes in other CHA programs.

“VMS” shall mean the HUD Voucher Management System.

“Waiting List and Admissions Services” shall mean the Service Area responsible for program utilization, management of the waiting list, and the portability liaison.

“Withdrawn Services” shall mean those services the CHA has withdrawn from the Contractor’s Services pursuant to Section 8.03.C.

“Witness Protection Program” shall mean vouchers that have been authorized by the CHA for families that are referred by the State Attorney’s Office as part of the Federal Witness Protection Program.

“Work Product” shall mean all Deliverables in any form, including but not limited to work papers, reports, spreadsheets, data, databases, documentation, general instructional or training materials, instructional or training materials for installation, operation, repair or maintenance, manuals, drawings, photographs, film and all negatives, software, tapes and the masters thereof, prototypes, and other materials, or other work product generated and assembled either in hard copy or on diskette pursuant to the Contractor’s Services.

“Yardi” shall mean Yardi Voyager PHA (Public Housing Authority) which is a business processing system for public housing authorities.

## **ARTICLE 2. TERM OF AGREEMENT**

### **Section 2.01 Term of Agreement**

On the Effective Date, this Agreement shall continue for a period of two (2) years through March 31, 2016, unless the Agreement is terminated in accordance with its terms, whichever occurs first.

### **Section 2.02 Contract Extension Options**

The CHA, at its sole discretion, may extend this Agreement for 2 additional 1-year options periods, subject to approval of the CHA's Board of Commissioners, if required. Any extension shall be under the same terms and conditions as this original Agreement and by written notice to the Contractor, unless otherwise agreed to by the parties. The Agreement shall be modified to reflect the time extension and such other agreed upon terms in accordance with the provisions of Section 10.03 of this Agreement.

## **ARTICLE 3. CONTRACTOR'S SCOPE OF SERVICES**

### **Section 3.01 General Responsibilities; Relationship of Parties**

CHA's HCV Programs consist of the following administrative components:

- A. Regional Office Administration
  - i. Central Regional Office
  - ii. South Regional Office
  - iii. West Regional Office Administration
- B. PBV and Mod Rehab Administration
- C. HCV Waitlist & Admissions, including PBV and Mod Rehab
- D. (i) Owner Administration, (ii) Customer Service Call Center; and (iii) Marketing & Events Management
- E. HCV Inspections, including PBV and Mod Rehab

The CHA hereby retains the Contractor to perform the Contractor's Services for the following administrative components of CHA's HCV Programs for which Contractor shall have full responsibility: (A) HCV Regional Office Administration for the (iii) West Regional Office; (B) PBV and Mod Rehab Administration; and (C) HCV Waitlist & Admissions, including PBV and Mod Rehab. Although the scope of work requirements for all HCV Program components are set forth in Article 3, the Contractor shall only be responsible for those administrative components listed immediately above. The scope of the Contractor's Services may be amended from time to time by written agreement of the parties, in accordance with Section 10.03. The Contractor hereby acknowledges that neither this Agreement nor the performance of any of the Contractor's Services creates any employer-employee relationship between the CHA and the

Contractor, any of the Contractor's employees, any subcontractors or any subcontractors' employees.

**A. Existing Management Information Systems**

**1. Introduction**

CHA has implemented a variety of technology solutions to meet the needs of its business users. Currently, CHA uses formal software systems to manage and track its clients. These systems are complemented by business use of office applications (e.g., Microsoft Access databases and Excel spreadsheets) to manage and track data that may not be captured in core systems.

**2. System Architecture**

CHA espouses a standardized technology environment that emphasizes the strategic use of technology and provides for appropriate access to the use its data. **CHA requires that any new technology proposed by the Contractor meets compatibility with existing environments, adheres to CHA standards and policies, and maximizes the use of existing technology platforms and systems.** CHA's existing technology environment is characterized by the following:

- i. **Business Application Standards**
  - a) Database: Oracle 11g, SQL Server 2008 R2
  - b) Web Application Server: IIS 7.0; Apache, Oracle AS, WebSphere, SharePoint 2010
  - c) Operating Systems: Sun Solaris Version 10;, Windows 2008 R2, VMWare
- ii. **Network Infrastructure**
  - a) Network Backbone: Sonet OC3 network for PRI service and AT&T OptEman backbone for communications between strategic buildings or node sites within the CHA.
  - b) Network Operating: Cisco IOS, Windows 2008
  - c) Network Protocols: TCP-IP
- iii. **Cable Infrastructure**
  - a) File and Print Services- Windows 2008 R2
  - b) Application Servers- HP Proliant Servers
  - c) E-mail Server- Microsoft Exchange 2010
- iv. **Desktop Environment**
  - a) Desktop Machines (Minimum Configuration): Dell OptiPlex 380 Minitower 2GB-4GB, 160GB hard drive, 16X DVD +/-RW
  - b) Business Software Suite: Microsoft Office 2010
  - c) Browser: Microsoft Internet Explorer 9

d) E-mail Client: Microsoft Outlook 2010

v. Laptop

a) Dell Latitude E64XX, 4.0GB – 16GB

### 3. System Information

The charts below summarize information for CHA's System(s) to provide the Contactor with an understanding of how technology systems are utilized throughout the CHA. This section includes a brief summary of each relevant CHA technology system used in the HCV Program.

#### i. Yardi

<b>System Name</b>	Yardi
<b>Current Version</b>	Voyager 6.0
<b>Primary Purpose</b>	Property management system that serves as the core application for the HCV, PH and PBV housing programs. The system serves as the central repository of housing unit and resident data and interfaces with several client-related applications, including Salesforce.com. It manages key client functions that must be reported to HUD through the Public and Indian Housing Information Center ["PIC"] including rent calculation, units, landlords, contracts, re-examinations and PIC submissions.
<b>Year Implemented</b>	2005
<b>Estimated Number of Users</b>	600

#### ii. FileNet

<b>System Name</b>	FileNet
<b>Current Version</b>	Currently 3.0
<b>Primary Purpose</b>	Document management system (stores over 5 million documents) that allows users to retain and retrieve documents from a single centralized document repository. The HCV program's daily work processes require staff to access FileNet-stored documents through a thin client. This internally supported application involves data capture with Quillix by Prevalent Software.  <b>Note:</b> CHA is in the process of replacing FileNet with KnowledgeLake SharePoint ECM solution.
<b>Year Implemented</b>	2006
<b>Estimated Number of Users</b>	600

#### iii. Quillix

<b>System Name</b>	Quillix
<b>Current Version</b>	2.3
<b>Primary Purpose</b>	Bar coding and scanning software used by the HCV Program to scan documents and manage electronic files. As documents are returned to CHA by participants, each document is scanned in with a corresponding bar code and stored in the appropriate participant's electronic file.  <b>Note:</b> CHA is in the process of replacing FileNet with KnowledgeLake SharePoint ECM solution.



<b>Year Implemented</b>	2006
<b>Estimated Number of Users</b>	100

iv. **SalesForce**

<b>System Name</b>	Salesforce.com
<b>Primary Purpose</b>	This hosted solution is used in the HCV Program to track call center internal interactions, record case notes and facilitate customer service through escalation protocols and other event tracking mechanisms. It is also used as a case management system by service providers to track client progress toward goals.
<b>Year Implemented</b>	2004
<b>Estimated Number of Users</b>	325

v. **Cisco IVR**

<b>System Name</b>	Cisco Unified Contact Center Express
<b>Current Version</b>	5.0
<b>Primary Purpose</b>	Customer interaction management solution. This Interactive Voice Response [“IVR”] system is used to provide a call center interface for HCV Program stakeholders (e.g., owners, participants, etc.) The IVR integrates with Yardi and Salesforce.com.
<b>Year Implemented</b>	2006
<b>Estimated Number of Users</b>	65

vi. **Oracle OBIEE**

<b>System Name</b>	CHARTS
<b>Current Version</b>	Oracle 11g; Oracle Business Intelligence Enterprise Edition 10.1.3.4
<b>Primary Purpose</b>	Data Warehouse used to provide business unit reports. Oracle Business Intelligence Enterprise Edition [“OBIEE”] is used to provide analytic and reporting capabilities, particularly related to financial information for the HCV Program.
<b>Year Implemented</b>	2009
<b>Estimated Number of Users</b>	Enterprise

vii. **Microsoft SharePoint**

<b>System Name</b>	Microsoft SharePoint
<b>Current Version</b>	2010
<b>Primary Purpose</b>	SharePoint is a set of tools used for a variety of purposes such as electronic collaboration, application development, and internet and intranet sites. HCV currently uses SharePoint to manage some operational functions (including tracking transfers, monitoring audits, etc.)
<b>Year Implemented</b>	2009
<b>Estimated Number of Users</b>	850

In addition to these various technology systems, contractors have developed their own “offline” tracking systems to manage their portfolios in order to ensure the highest level of customer service. Other technologies currently used in the HCV program include:

- i. Owner portal - The HCV Owner Portal connects owners to the HCV Program with secure access 24/7, providing self-serve access to view/print/and export remittances or inspection letters, update property listings, and receive HCV program updates.
- ii. Owner symposium website – (<http://chaownersymposium.org/index.php>) Website that provides information on CHA Annual Owner Symposium.
- iii. Echo Sign – An adobe solution that provides a secure and real-time signature on documents.
- iv. Inspections Portal - Online solution that provides up to date Inspections information.

The Contractor shall use these technologies and participate in any modification or enhancement to the capabilities of the CHA's systems, including without limitation, definition and/or clarification of system requirements, participation in design, configuration, test script and scenario development, report definition, specification and testing. The Contractor shall also utilize any new software the CHA leases, develops or otherwise implements for use with the CHA's systems. Prior to the use of any software or computer systems other than the software and computer systems set forth above or in Article 3, including but not limited to software or computer systems related to spreadsheet tracking tools or access databases hosted or otherwise, the Contractor shall obtain prior written approval of the CHA.

#### **4. Planned Technology Implementation**

CHA has embarked on a number of technology projects slated to help maximize resources and facilitate continuous improvement. The Electronic Content Management ["ECM"] Project is a major in-progress initiative expected to significantly impact the HCV Program. The ECM Project is slated to replace the CHA's existing document management and capture system (FileNet and Quillix). This project includes the implementation of the KnowledgeLake SharePoint ECM system as an integrated enterprise content management solution intended to effectively manage documents and electronic content; support the creation, capture, indexing, storage, editing, retrieval, disposition, and reporting of CHA documents; and institute streamlined business processes and workflows. MS Office. The Contractor is required to use this system.

#### **B. Contractor Software and Computer Systems Requirements**

The Contractor shall participate in any modification or enhancement to the capabilities of the CHA's systems, including without limitation, definition and/or clarification of system requirements, participation in design, configuration, test script and scenario development, report definition, specification and testing. The Contractor shall also utilize any new software the CHA leases, develops or otherwise implements for use with the CHA's systems. Prior to the use of any software or computer systems other than the software and computer systems set forth above or in Article 3, including but not limited to software or computer systems related to spreadsheet tracking tools or access databases hosted or otherwise, the Contractor shall obtain prior written approval of the CHA.

### **Section 3.02 Regional Office Administration**

The Contractor shall be responsible for the daily Regional Administration operations conducted at the Regional Office(s) and, as representative(s) of the CHA's Section 8 Programs, is responsible to provide Excellent Customer Service to participants.

A. Annual, Biennial and Interim Certifications: The Contractor shall (i) schedule and conduct certification interviews per the CHA's Administrative Plan, (ii) complete all required verifications for on-going program eligibility in accordance with the CHA's Administrative Plan, (iii) ensure that the proper documentation is in the electronic file and indexed appropriately within forty-eight (48) hours of receiving documents provided FileNet is functioning properly, (iv) ensure the voucher size and unit size are accurate, (v) ensure that the income and tenant portion of rent is calculated correctly, (vi) ensure that the proper utility allowance is calculated correctly, (vii) ensure that the proper payment standard is applied correctly, (viii) ensure that the proper HAP are made timely and accurately, (ix) ensure that rent increases are processed timely (must work collaboratively with third party firm to the processing of rent reasonableness) (x) perform criminal background checks in accordance with the CHA's Administrative Plan, and (xi) submit and correct files for the HUD IMS.

B. Transfers and Moves: The Contractor shall document all transfer and move requests and timely schedule the following activities: (i) conduct participant briefings to properly educate families on program rules and regulations; (ii) conduct interviews and verifications to determine continued eligibility with the Section 8 Programs; (iii) perform criminal background checks in accordance with the CHA's Administrative Plan and at CHA's expense; (iv) issue vouchers as appropriate; (v) process the receipt of RTAs, (vi) request HQS Inspections and follow through on the request; (vii) electronically process the participant's move within CHA's system of record; (viii) process all necessary documents for out-bound portability and coordinate with the contractor awarded the Central Office for mailing/faxing to receiving agency; and (ix) ensure rents are reasonable.

C. HQS Enforcement: HQS Inspection results are interfaced to Yardi, the CHA system of record. Pursuant to the CHA's Administrative Plan, the Contractor shall perform the following activities to enforce HQS Inspection results as required: (i) appropriately place and lift abatements, (ii) terminate HAP contracts and/or (iii) enforce family obligations.

D. Quality Assurance: The Contractor shall ensure Quality Control of the CHA's HCV participant files at its respective Regional Offices. The Contractor must conduct a full Quality Control review on its respective participant portfolio in a manner consistent with its approved quality control plan. The sample size will consider all families under management and will be conducted via a random sample or other appropriate risk based approach to selecting files. The CHA Quality Assurance team also performs random sample review of files each month and agrees to perform such quality assurance review using reasonable sample sizes. The summary of the file reviews and findings will be provided to the Contractor in an electronic format. The Contractor shall take all actions necessary to correct the cited deficiencies prior to effective date of transaction if feasible and report back to the CHA within thirty (30) days. Repeated incidents of failed items indicating erroneous processes or understanding of the HCV Program operations may result in the CHA issuance or a request from the contractor of

Corrective Action Plan to address the repeated failures.

1. Tenant File Quality Assurance: The Contractor shall review (i) family composition, (ii) appropriate documentation of initial and continued eligibility, (iii) asset verification, (iv) income verification, (v) deductions, (vi) tenant rent determination, (vii) utility allowance, (viii) HAP contracts and (ix) other items as may be appropriate. To the extent necessary, the Contractor shall take appropriate action to correct or remedy any discrepancies discovered in any of the foregoing, regardless of when the error occurred. With respect to rent increases in subsection (vi), the Contractor shall correctly process ninety-five percent (95%) of the requests in less than fourteen (14) calendar days from receipt of complete documentation required from the owner.

2. HUD/EIV Systems Quality Control: The Contractor shall be required to maintain IMS-PIC submissions error free of ninety-five percent (95%) or greater of the files submitted. The Contractor will be required, pursuant to the CHA Administrative Plan, to run the following EIV reports on an ongoing basis and take appropriate action. The EIV reports include (i) deceased tenants reports, (ii) Multiple Subsidy report, (iii) Identity verification report, (iv) Immigration report, (v) Debts Owed to PHA's and (vi) other reports as determined necessary by HUD or the CHA. To the extent necessary, the Contractor shall take appropriate action to correct or remedy any discrepancies discovered in any of the foregoing, regardless of when the error occurred.

E. HAP Payment/Check Review and Approval: The CHA's Section 8 Program currently conducts bi-monthly processing of HAP. The Contractor shall perform reviews throughout the HAP process to ensure owners are paid the proper HAP. The Contractor shall review all transactions for either approval or withholding from processing, including but not limited to (i) payments for participants who move or transfer to ensure that no additional HAP payments are made to former owners, (ii) where property ownership has changed, that the proper owner has been paid; (iii) HAP register to ensure that no unauthorized or inaccurate HAP transactions are to be paid, (iv) manual adjustments to be paid to owners to ensure that they are accurate, (v) payments exceeding three (3) months of HAP for a single participant and (vi) payments exceeding three thousand (\$3,000) of HAP for a single participant.

F. HCV Program Issues Escalation and Resolution: The Contractor shall make customer relations a high priority. All three major customer groups (participants, owners and community) must feel that the CHA is responsive to their concerns and that satisfactory action is being taken to resolve problems. The Customer Service Call Center responds to questions from applicants, families and owners and if the operator cannot resolve the concern (i) the call is transferred to the appropriate department or (ii) a "case" is created in Salesforce.com where additional information must be gathered or further action must be taken to resolve the caller's issue. The case is then assigned to the appropriate Regional Office for resolution.

The Contractor shall provide dedicated staff to 3 business days from receipt of the case, review open cases and provide resolution strategy and provide on-going case review and resolution within the above established timelines.

G. CHA Executive Issues: The HCV Program maintains an on-line system of

logging, tracking and reporting on FOIA requests and issues that have been escalated to the CHA Executive Management from local elected officials, HUD, or other senior level stakeholders. The Contractor shall (i) determine the appropriate staffing requirement, (ii) select and train personnel on systems, (iii) review open cases and provide a resolution, (iv) provide on-going case review and a resolution within established timelines and (v) when the resolution requires correspondence, the Contractor shall draft such correspondence for review and approval by the CHA. The Contractor shall make the Executive Log a top priority in administration of any service area and ensure that ninety-nine percent (99%) of the cases are handled within the established timelines and extensions.

H. Improving Properties Initiative (IPI): The CHA has partnered with local elected officials, police, and city departments and taken a proactive approach to address property owners and HCV participants to end illegal or other undesirable activities at Chicago properties identified to be a problem where a federal subsidy is utilized. The IPI includes certain committees, forums and other initiatives. The HCV Program holds meetings with aldermen and community residents who have expressed an interest in building a stronger partnership with the CHA and its participants. During these meetings, problem properties are identified and submitted for follow-up and resolution. The residents are informed of HCV Program procedures and obligations of both owners and participants.

The Contractor shall be assigned cases, entered into a centralized repository by the CHA, to perform the necessary activities and documentation to resolve the issue presented. Activities may include (i) written correspondence to participants and owners, (ii) conducting interviews with participants and owners related to program compliance, (iii) conducting further review of family or owner information and (iv) attending community meetings on behalf of and with the CHA.

I. HCV Program Enforcement: The Contractor shall be responsible for the enforcement of the HCV Program requirements from non-compliant participants and/or owners. In such cases as the participant is not in compliance, the Contractor will be required to develop a well-documented and sustainable case for termination or, if appropriate, shall create and enforce a repayment agreement with the participant in accordance with the CHA's Administrative Plan. In cases where the owner is not in compliance or has violated the HAP Contract, the Contractor will work with the Owner Services group, where necessary, and shall terminate the HAP contract and shall issue a voucher to the family with authorization to move. In cases of termination, where the participant has requested an informal hearing pursuant to the CHA Administrative Plan, the CHA has a third party perform the role of hearing officer. In such instances where an informal hearing is requested, the Contractor shall work collaboratively with the CHA to ensure all proper documentation is provided and shall attend the hearing to respond to any and all questions.

J. Office Administration: The CHA currently leases office space for the Regional Office operations. The CHA also provides these offices with computer and telephone equipment as well as telecommunication connectivity. The Contractor shall be responsible to provide all other office related equipment and supplies to facilitate the services described herein, including but not limited to (i) mail service, (ii) reproduction and printing equipment and service, and (iii) office supplies.

### **Section 3.03 Owner Services**

The Contractor shall provide owners with Excellent Customer Service as well as timely and consistent program information. The Contractor shall provide Excellent Customer Service and information regardless of which Regional Office may be servicing the participant in the owner's property.

The Contractor shall provide the following owner services: (i) register owners for electronic funds payment; (ii) collect re-inspection fees from owners; (iii) in conjunction with CHA legal department place liens on properties of owners that default on repayment agreements; (iv) assist in the listing of available units on the CHA website; (v) assist with the application of tax liens; (vi) conduct owner briefings to educate them on program rules and regulations; (vii) respond to owner inquiries; (viii) verify and make changes of property ownership in the system of record in accordance with CHA's Administrative Plan; (ix) manage the Owner Excellence Program (as set forth in the CHA Administrative Plan); (x) remove owners from the program as authorized and required by CHA's Administrative Plan; (xi) participate in all owner symposiums; (xii) participate in all owner councils; and (xiii) manage discovery of assets.

### **Section 3.04 Waiting List and Admissions**

CHA conducted a wait list update and purge in 1<sup>st</sup> Quarter of 2013, 47% of the applicants completed the wait list update. The HCV Program wait list currently has sixteen thousand, six hundred and forty-seven (16,647) applicants. The wait list is currently closed and is expected to be opened during the initial term of the contract. In addition, referrals are provided to owners in Mod-Rehab and PBV Programs. Collaboration with all other Administration Components teams is required for the successful administration of the HCV Program.

A. Maintenance of the Waiting List: The Contractor shall (i) manage access to the CHA's system for waiting list functions, (ii) update changes reported by the family, (iii) answer any and all inquiries related to the waiting list, (iv) conduct all special admissions, (v) remove/withdraw applications in accordance with CHA's Administrative Plan, (vi) reinstate applicants as necessary and (vii) take all measures not to erroneously update public housing applicant data without proper coordination in such situations as warranted.

B. Select applicants for admission: The Contractor shall (i) perform selection of applicants from the waiting list in accordance with the CHA Administrative Plan, (ii) ensure the application is documented and appropriately filed, (iii) determine program eligibility and verification, (iv) issue vouchers as appropriate, (v) request HQS Inspections and follow up with the request, (vi) process received RTAs, (vii) generate accurate HAP contracts and (viii) conduct electronic move-in process for participant in CHA's system of record. The Contractor will provide the CHA Inspections Department the necessary information from all RTAs within three (3) business day of receipt of a completed RTA.

C. Admissions: The Contractor shall ensure that for each admission the Contractor properly completes all necessary paperwork, including but not limited to the appropriate HUD-IMS action.

D. Informal review of denial: The Contractor shall conduct informal review of denial

determinations and take appropriate actions.

E. Manage Portability: The Contractor shall be the main point of contact for the CHA regarding incoming portability issues. The Contractor shall (i) receive all in-bound portable families in accordance with the CHA's Administrative Plan, (ii) track and bill all in-bound portable families if the CHA is not absorbing (CHA Finance Department monitors the collection of funds after the initial billing has been set up by the Contractor), (iii) process all absorptions if the CHA makes a decision to absorb existing billable families and (iv) interact as the portability liaison with other public housing authorities and all HCV departments.

F. Special Admissions Management: The CHA Administrative Plan describes the conditions under which non-applicants may be entered into the waiting list to become participants in the HCV Program.

G. Utilization: The Contractor shall ensure that all MTW and non-MTW vouchers are at least 98% utilized pursuant to SEMAP Requirements unless given alternate direction from the CHA. The Contractor shall process Moderate Rehabilitation referrals in a timely fashion not to exceed 60 days,

1. CHA Relocation: The Contractor shall be responsible for admitting and the initial leasing to eligible relocation families under the CHA's Plan Forward: Communities That Work. The process for admission for public housing relocation to the HCV Program requires coordination with many partners in the CHA, including the CHA Resident Services and Asset Management Divisions and the Legal Department. The Contractor will be responsible for (i) ensuring that all timelines are met, (ii) attending coordination meetings as needed; including those conducted on CHA Public Housing Properties, and (iii) conducting all other intake functions.

2. Targeted Funded Vouchers: The CHA has been awarded special targeted funding vouchers from HUD which must be administered pursuant to the terms of each respective award. The Contractor shall be responsible to ensure that the CHA is partnered with organizations to make the appropriate referrals to the waiting list and shall otherwise select from the existing applicant population according to the special conditions of those allocations. Currently, the CHA administers certain special purpose vouchers, such as Family Unification Program, Non-Elderly Disabled, and Mainstream, and all but the VASH Program vouchers are operated under the terms of the MTW Program although the targeted population for which the vouchers were awarded must be met. Separate reporting is required for each type of voucher in the VMS.

3. Conversion of Opt Out Vouchers: Conversion vouchers assist public housing authorities with relocation or replacement housing needs that result from the demolition, disposition, or mandatory conversion of public housing units. Also, conversion vouchers include providing assistance to families living in HCV Program projects for which the owner is opting out of the HAP contract, or where HUD is taking enforcement action against owners with project-based assistance, and projects for which the owner is prepaying the mortgage.

The Contractor shall be responsible for the initial admissions of special vouchers allocated by HUD to assist families that will lose their housing subsidies because of an owner decision to opt-out of a HCV Program project-based contract or prepay the mortgage on a HUD-insured project. HUD also provides a special allocation of vouchers for families living in HCV Program projects for which the contract is being terminated by HUD. These vouchers are limited for initial use by families that are living in projects affected by owner decisions to opt-out or prepay mortgages of HUD-insured projects, or families living in projects for which HUD terminates the HCV Program project-based contract. Because such events are not known, the CHA cannot predict the volume of opt-out vouchers that may occur in the next two years.

There are special rules related to opt-out vouchers such as calculating family contribution toward rent if the family stays in the same unit and reexamination of income. The Contractor shall be responsible for the following types of additional functions: (i) providing information about the available housing in the private market; providing staff at the individual HCV Program projects when needed to help families complete applications for the voucher program and (ii) conducting on-site briefings about the voucher program.

The CHA shall notify the Contractor when the CHA becomes aware of such special allocations, so that the Contractor can assign staff and plan for the additional workload.

4. CHA Administrative Admissions: The CHA Administrative Plan also sets forth special admissions to the following categories of individuals: (i) ADA Section 504 Program - (ii) Money Follows the Person - Deinstitutionalization Program (iii) Witness Protection Program (iv) Victim Assistance Program. The Contractor shall ensure the initial admissions for each of the foregoing programs or others as approved by HUD or the CHA in the CHA Administrative Plan.

H. Quality Assurance: The Contractor shall ensure Quality Control of the CHA's HCV (owner) (participant) files at its respective Regional Office(s). The Contractor must conduct a full Quality Control review on its respective (owner) (participant) portfolio in a manner consistent with its approved quality control plan. (The sample size will consider all families selected, admitted, ported, and denied and will be conducted via a random sample or other appropriate risk based approach to selecting files.) The CHA Quality Assurance team also performs random sample review of files each month and agrees to perform such quality assurance review using reasonable sample sizes. The summary of the file reviews and findings will be provided to the Contractor in an electronic format. The Contractor shall take all actions necessary to correct the cited deficiencies and report back to the CHA within thirty (30) days. Repeated incidents of failed items indicating erroneous processes or understanding of the HCV Program Operations may result in the CHA issuance or a request from the Contractor of Corrective Action Plan to address the repeated failures.

1. Tenant File Quality Assurance: The Contractor shall review (i) family composition, (ii) appropriate documentation of initial and continued eligibility, (iii) asset verification, (iv) income verification, (v) deductions, (vi) Tenant rent determination, (vii) utility allowance, (viii) HAP contracts and (ix) other items as may be appropriate. To the extent necessary, the Contractor shall take appropriate action to correct or remedy any discrepancies



discovered in any of the foregoing, regardless of when the error occurred. With respect to rent increases in subsection (vi), the Contractor shall correctly process ninety-five percent (95%) of the requests in less than fourteen (14) calendar days from receipt of complete documentation required from the owner.

2. HUD/EIV Systems Quality Control: The Contractor shall be required to maintain IMS-PIC submissions error free of ninety-five percent (95%) or greater of the files submitted. The Contractor will be required, pursuant to the CHA Administrative Plan, to run the following EIV reports and take appropriate action. The EIV reports include (i) deceased tenants reports, (ii) EIV multiple subsidy report, (iii) immigration report, (iv) Debt's Owed and (vi) other reports as determined necessary by HUD or the CHA. Once a family has been admitted, the family must be properly leased-up in CHA's system of record. Once the initial HAP has been paid to the owner, all subsequent activities are the responsibility of Regional Office Administration. However, the Contractor shall always be responsible for results of Quality Control at the time of admission for all families admitted by the Contractor.

J. HCV Program Issues Escalation and Resolution: The Contractor shall make customer relations a high priority. All three major customer groups (participants, owners and community) must feel that the CHA is responsive to their concerns and that satisfactory action is being taken to resolve problems. The Customer Service Call Center responds to questions from applicants, families and owners and if the operator cannot resolve the concern (i) the call is transferred to the appropriate department or (ii) a "case" is created in Salesforce.com where additional information must be gathered or further action must be taken to resolve the caller's issue. The case is then assigned to the appropriate Regional Office for resolution.

The Contractor shall provide dedicated staff to (i) provide an initial call-back to the family within 24 hours of receipt of the case, (ii) resolve issues within 72 hours from receipt of the case, (iii) review open cases and provide resolution strategy and (iv) provide on-going case review and resolution within the above established timelines.

K. CHA Executive Issues: The HCV Program maintains an on-line system of logging, tracking and reporting on FOIA requests and issues that have been escalated to the CHA Executive Management from local elected officials, HUD, or other senior level stakeholders. The Contractor shall (i) determine the appropriate staffing requirement, (ii) select and train personnel on systems, (iii) review open cases and provide a resolution, (iv) provide on-going case review and a resolution within established timelines and (v) when the resolution requires correspondence, the Contractor shall draft such correspondence for review and approval by the CHA. The Contractor shall make the Executive Log a top priority in administration of any service area and ensure that 99% of the cases are handled within the established Service Level Agreements.

L. Office Administration: The CHA currently leases office space for the Regional Office operations. The CHA also provides these offices with computer and telephone equipment as well as telecommunication connectivity. The Contractor shall be responsible to provide all other office related equipment and supplies to facilitate the services described herein, including but not limited to (i) mail service, (ii) reproduction and printing equipment and service, (iii) office supplies and (iv) janitorial services (if not included in the office space lease).

### **Section 3.05 Inspections for HCV Related Programs**

The Contractor shall conduct initial, special, move, quality control and annual unit inspections to ensure compliance with HUD's and CHA's housing quality standards, as amended, for the tenant based and project based voucher programs and the moderate rehabilitation program, including enforcement of lead-based paint requirements. Contractor shall maintain a Call Center that respond to all calls related to inspections and rent negotiations. This call center shall be open Monday through Friday from 8:00AM to 5PM. The call center should make every effort to answer detailed questions and research CHA systems of records to properly respond to the caller. The call center should refer calls or transfer them to the main call center when detailed information needed to respond to the caller is not related to the inspections department. During the term of this contract, the main customer service call center and the inspections call center shall be maintained and supervised separately. At no time shall a business model be implemented that would divert inspection calls from the Inspections Department to the main customer service call center. The contractor shall work with the CHA to continuously improve the IVR and reduce the number of calls presented to the Inspections call center. The contractor shall also closely monitor abandon rates, average queue times, average handle times, and percent of overall answered calls and make it a priority to ensure that the CHA continues to provide excellent customer service.

The Contractor shall conduct special emergency inspections requested by CHA's Executive staff in accordance with CHA's Administrative Plan, CHA HQS Guidebook, and/or a CHA Advisory. The Contractor shall also conduct enhanced inspections for CHA's Owner Excellence Program in accordance with the HQS Guidebook.

The Contractor shall not conduct a second re-inspection where the owner has deficient items, without the prior approval of Owner Services. Once the approval and notification is received the Contractor shall contact the owner and schedule the re-inspection within 2 business days of receiving the request.

A. Quality Assurance: The Contractor shall ensure Quality Control of the HQS Inspections Performed by the Contractor. The Contractor must conduct a full Quality Control review on its respective portfolio consistent with the approved quality control plan. The sample size will consider all inspection types and will be conducted via a random sample or other appropriate risk based approach to selecting files. The CHA Quality Assurance team also performs random sample review of inspections each month and agrees to perform such quality assurance review using reasonable sample sizes. The summary of the Quality Control and findings will be provided to the Contractor in an electronic format. The Contractor shall take all actions necessary to correct the cited deficiencies and report back to the CHA within 30 days. Repeated incidents of failed items indicating erroneous processes or understanding of the HCV Program operations may result in the CHA issuance of a request from the Contractor of Corrective Action Plan to address the repeated failures.

### **Section 3.06 Project-Based Voucher Program and Moderate Rehabilitation Program**

The CHA, under the Mixed Income Portfolio, currently administers the Project-Based

Voucher Program and Moderate Rehabilitation Program. There are approximately 1,900 units under HAP contract among 77 properties in the Project Based Voucher Program.

The Moderate Rehabilitation Program provides project-based rental assistance for low income families. The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a HAP contract between an owner and a public housing authority. There are approximately 1,277 units under 27 properties under the Moderate Rehabilitation Program and the single room occupancy Moderate Rehabilitation Program.

A. Re-certifications: Responsibilities associated with re-certifications (annual, interim and biennial recertification) include the following tasks: (i) scheduling and conducting certification interviews per the CHA's Administrative Plan, (ii) completing all required verifications for on-going program eligibility in accordance with the CHA's Administrative Plan, (iii) ensuring the proper documentation is in the electronic file and indexed appropriately within forty-eight (48) hours of receiving documents or, where there may be exception, ensuring the courteous and timely collection of re-stated documents to complete the file, (iv) ensuring that the income and tenant portion of rent is calculated correctly, (v) ensuring that the proper utility allowance is calculated correctly, (vi) ensuring that the proper payment standard is applied correctly, (vii) ensuring that the proper HAP are made timely and accurately, (viii) ensuring that property based rent increased are processed timely and (ix) submitting and correcting files for the HUD IMS.

B. Quality Assurance: The Contractor shall ensure Quality Control of the CHA's HCV participant files at its respective Regional Offices. The Contractor must conduct a full Quality Control review on its respective participant portfolio in a manner consistent with its approved quality control plan. The sample size will consider all families under management and will be conducted via a random sample or other appropriate risk based approach to selecting files. The CHA Quality Assurance team also performs random sample review of files each month and agrees to perform such quality assurance review using reasonable sample sizes. The summary of the file reviews and findings will be provided to the Contractor in an electronic format. The Contractor shall take all actions necessary to correct the cited deficiencies and report back to the CHA within 30 days. Repeated incidents of failed items indicating erroneous processes or understanding of the HCV Program Operations may result in the CHA issuance or a request from the contractor of Corrective Action Plan to address the repeated failures.

1. Tenant File Quality Assurance: The Contractor shall review (i) family composition, (ii) appropriate documentation of initial and continued eligibility, (iii) asset verification, (iv) income verification, (v) deductions, (vi) Tenant rent determination, (vii) utility allowance, (viii) HAP contracts and (ix) other items as may be appropriate. To the extent necessary, the Contractor shall take appropriate action to correct or remedy any discrepancies discovered in any of the foregoing, regardless of when the error occurred. With respect to rent increases in subsection (vi), the Contractor shall correctly process 95% of the requests in less than 14 calendar days from receipt of complete documentation required from the owner.

2. HUD/EIV Systems Quality Control: The Contractor shall be required to maintain IMS-PIC submissions error free of 95% or greater of the files submitted. The

Contractor will be required to run the following EIV reports on an ongoing basis and take appropriate action. The EIV reports include (i) deceased tenants reports, (ii) EIV multiple subsidy report, (iii) failed verification report, (iv) income discrepancy report, (v) new hires report and (vi) other reports as determined necessary by HUD or the CHA. To the extent necessary, the Contractor shall take appropriate action to correct or remedy any discrepancies discovered in any of the foregoing, regardless of when the error occurred.

D. HAP Payment/Check Review and Approval: The CHA's HCV Program currently conducts bi-monthly processing of HAP. The Contractor shall perform reviews throughout the HAP process to ensure owners are paid the proper HAP. The Contractor shall review all transactions for either approval or withholding from processing, including but not limited to (i) payments for participants who move or transfer to ensure that no additional HAP payments are made to former owners, (ii) where property ownership has changed, that the proper owner has been paid; (iii) HAP register to ensure that no unauthorized or inaccurate HAP transactions are to be paid, (iv) manual adjustments to be paid to owners to ensure that they are accurate, (v) payments exceeding 3 months of HAP for a single participant and (vi) payments exceeding \$3,000 of HAP for a single participant.

E. HCV Program Issues Escalation and Resolution: The Contractor shall make customer relations a high priority. All three major customer groups (participants, owners and community) must feel that the CHA is responsive to their concerns and that satisfactory action is being taken to resolve problems. The Customer Service Call Center responds to questions from applicants, families and owners and if the operator cannot resolve the concern (i) the call is transferred to the appropriate department or (ii) a "case" is created in Salesforce.com where additional information must be gathered or further action must be taken to resolve the caller's issue. The case is then assigned to the appropriate Regional Office for resolution.

The Contractor shall provide dedicated staff to (i) provide an initial call-back to the family within 24 hours of receipt of the case, (ii) resolve issues within 3 business days from receipt of the case, (iii) review open cases and provide resolution strategy and (iv) provide on-going case review and resolution within the above established timelines.

F. CHA Executive Issues: The HCV Program maintains an on-line system of logging, tracking and reporting on FOIA requests and issues that have been escalated to the CHA Executive Management from local elected officials, HUD, or other senior level stakeholders. The Contractor shall (i) determine the appropriate staffing requirement, (ii) select and train personnel on systems, (iii) review open cases and provide a resolution, (iv) provide on-going case review and a resolution within established timelines and (v) when the resolution requires correspondence, the Contractor shall draft such correspondence for review and approval by the CHA. The Contractor shall make the Executive Log a top priority in administration of any service area and ensure that 99% of the cases are handled within the established timelines and extensions.

G. Office Administration: The CHA provides limited office space with computer and telephone equipment as well as telecommunication connectivity. The Contractor shall be responsible to provide all other office related equipment and supplies to facilitate the services described herein,

including but not limited to (i) mail service, (ii) reproduction and printing equipment and service, (iii) and office supplies

H. **Rent Reasonableness:** The CHA will perform Quality Control New Admissions, Rent Increases, Portability Move-ins, and Moves to ensure that the rent to owner is reasonable based on current rents for comparable unassisted units. All documents must be properly indexed in the tenant file at the time of CHA review and must support that each review took into consideration location, size, type, quality and age of the units, and the amenities, housing services, and maintenance and utilities provided by the owners in determining comparability and the reasonable rent. All rent reasonableness determinations must be in compliance with requirements established by HUD, CHA's Administrative Plan, CHA's Procedural Manual, and CHA Advisories.

I. **HQS Enforcement:** The CHA will perform Quality Control on a sample of failed HQS Inspections for HQS enforcement. Following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life-threatening HQS deficiencies are corrected within 24 hours from the inspection, as defined by CHA's HQS Procedural Manual or Administrative Plan, and all other cited HQS deficiencies are re-inspected within no more than 30 calendar days from the inspection or any approved extension.

### **Section 3.07 HCV Marketing and Events Management**

The Contractor shall be responsible for developing informational materials on the voucher program and shall formulate and implement a CHA approved plan to disseminate information regarding the voucher program to the community, including but not limited to, municipal leaders, property owners, program participants, and neighborhood groups. CHA shall be identified on all printed materials and should not reference the Contractor, a subcontractor, or other program administrator without prior written approval from the CHA. The Contractor shall be engaged with all HCV program service areas to understand program strengths and weaknesses and develop program materials that will aid in the betterment of the program. This service area's priorities shall be established by the Contractor. However, when the CHA suspects or is aware of conflicting priorities, the CHA shall have final decision on the order of priorities. A monthly activity report along with the order of priorities shall be submitted to the CHA on a monthly basis.

The Contractor shall be responsible for planning and managing all major HCV events as requested and approved by the CHA, and the CHA agrees to pay for all non-employee expenses associated with such events.

The Contractor shall be responsible to provide all other office related equipment and supplies to facilitate the services described herein, including but not limited to (i) mail service, (ii) reproduction and printing equipment and service, (iii) office supplies and (iv) janitorial services (if not included in the office space lease).

### **Section 3.08 Customer Service Call Center**

The CHA HCV Customer Service Call Center handles an average of approximately 23,000 calls per month. The Contractor shall be responsible for the operation and staffing of efficient and effective call center that provides excellent customer service. The call center shall be opened from 8:00AM to 5PM Monday through Friday. The CHA will make every effort to notify the Contractor with at least 2 weeks' notice of any major announcement, initiative, or event that may impact the call

center. The call center should respond to generic calls of a general nature, such as application procedures, overall HCV program procedures, explanation of forms and notices a family may have received, status on the waiting list, and overall program knowledge. The call center should make every effort to answer detailed questions and research CHA systems of records to properly respond to the caller. The call center should refer calls to the appropriate service area through Salesforce.com when detailed information needed to respond to the caller is not available or not properly documented in CHA systems of its records. The call center software shall be provided and owned by the CHA. The Contractor must provide the CHA with the following current plans: (1) Customer Service Plan, (2) Quality Control Plan and (3) Training Plan. The requirements of this provision shall not be subject to compensation disincentives.

### **Section 3.09 Additional Overall Contractor Responsibilities**

The Contractor must comply with the following general program administration requirements:

A. **File Maintenance**: All files must be maintained in an auditable format at all times. The Contractor must index and electronically store all documents within 48 hours of generating or receiving any program document as long as FileNet is functioning properly. The Contractor must establish business processes that enable the viewing and processing of documents electronically in FileNet. At no time shall the Contractor have participant or confidential documents exposed in cubicles, offices or other areas. All documents must be electronically stored or locked in a file cabinet at all times.

B. **SEMAP**: The CHA performs a SEMAP review at the end of each fiscal year. The Contractor must ensure that it meets "Standard Performer" in any and all applicable indicators within each service area awarded, as set forth in more detail in Section 4.03.

C. **Titles**: To ensure consistent communication and representation in the community at large, the following titles are to be used by the Contractor's management team in connection with performance of CHA functions under this agreement: (i) Deputy Program Director; (ii) Assistant Program Director; (iii) Supervisor; (iv) Manager; (v) Team Leader; or (vi) other titles as approved by the CHA. The following are specifically prohibited: (A) Program Director; (B) Executive Program Director; (C) President; (D) Vice- President; (E) Sr. Vice-President; (F) Executive Vice President; (G) Chief Operating Officer; (H) Chief Housing Officer; or (I) Chief Executive Officer.

D. **Working Hours**: The Contractor shall use its best efforts to schedule its hours of operation for all offices in a manner that is consistent with CHA's hours of operation. The Contractor shall submit to CHA for approval its proposed hours of operation, which approval shall not unreasonably be withheld.

E. **Reports, Report Design and Testing**: For each component of the Services assigned to the Contractor under the Agreement, the Contractor shall provide monthly (or as otherwise required by the CHA) reports, including but not limited to (i) HUD IMS, (ii) Quality Assurance, (iii) leasing/utilization, (iv) SEMAP, (v) HAP and (vi) other reports as directed by the CHA.

The Contractor shall cooperate with the CHA in connection with all reports prepared by the Contractor. The Contractor shall work with the CHA on all report designs

F. Audit Coordination: The Contractor will provide support and work collaboratively with CHA to prepare reports, gather information and file documentation, and prepare timely responses to all audit inquiries and shall assist and participate in the defense of any program findings. The CHA and Contractor shall work together in good faith to ensure that all appropriate, applicable and available defenses have been raised and asserted against the HUD findings. CHA shall have final approval of all written responses to program findings. In the event that an audit results in corrective action, the Contractor shall also work within the designated timelines to ensure that all corrective actions are taken and proper documentation of such corrective actions are maintained and provided to CHA. In the event that an audit finds that errors in program administration resulted in monetary damages which are required by HUD to be repaid or refunded, Contractor shall reimburse CHA for all such damages to the extent that the erroneous actions that resulted in the repayment obligation were performed by or under the control of the Contractor at the time that the damages were incurred. The CHA shall also be entitled to offset the amount of damages from any fees owed by CHA to the Contractor in the event that Contractor fails or refuses to reimburse CHA within 30 days of receipt of notice from HUD that such payment is required.

G. Training/Certification: The Contractor shall ensure that all personnel performing any of the services hereunder are certified within 120 days of their commencement of work by an entity recognized by the Housing Choice Voucher/Public Housing Industry. All personnel performing services hereunder shall hold certification in the area of work that they perform and shall also receive general education and certification regarding the HCV Programs.

I. Community Meetings and Customer Service: The Contractor or its employees or subcontractors shall, with the CHA's prior request or approval, (i) attend community meetings which may be scheduled after normal business hours, either at the CHA's direction or when such community meetings will include discussion of matters related to the Contractor's Services and (ii) provide private transportation to and from any community meetings and shall not use any vehicles in the CHA fleet of vehicles for purposes of attending such community meetings. The Contractor shall participate in such community meetings on behalf of, or in conjunction with, the CHA and shall give the CHA prior notification of requests to attend and give presentations by elected officials and community groups. The Contractor shall maintain the highest of professional standards of customer service with, including but not limited to, members of the public, participants, owners and any other individuals encountered while performing the Contractor's Services.

J. Dress Code: The Contractor shall establish a dress code policy that reflects a professional business environment. Such policy shall be approved by the CHA.

K. Program Education and Program Marketing: The Contractor shall educate families only with literature previously approved by the CHA. The Contractor shall market and advertise the program only with literature previously approved by the CHA. The Contractor shall not otherwise market the CHA or the HCV program without prior written approval of the CHA.

L. Transition: The Contractor shall begin on-site transition activities no later than 60 days prior to commencement of the Scope of Work. Transition activities must be carried out in accordance with the Transition Plans approved by the CHA.

M. Provide outstanding Level of Customer Service through the transparent and respectful interactions of a diverse workforce with a high level of integrity:

1. Implement the following Customer Service components into business practice:
  - i. Accountability: Maintain strict HR Policies, ensuring contract compliance, prompt implementation of CHA directives; collaboration across work teams and Administration Components and communication (lateral, vertical, internal and external);
  - ii. Timeliness: Provide prompt response times (meet deadlines), maintain punctuality, present progress reports and manage priorities and deliverables effectively;
  - iii. Internal Controls: Document and maintain clear processes, procedures and systems;
  - iv. Organization Standards: Maintain well organized filing, labeling and documentation.
  - v. Professionalism: Provide respectful interactions that include, but are not limited to, verbal and written communications, appropriate work attire and provide superior deliverables;
  - vi. Recruitment and Retention of Personnel: Staff, train and retain outstanding employees; and
  - vii. Collaboration: Participate in pilots of new services, business processes or technologies and cooperate with internal and external partners.
3. Provide bilingual services to CHA clients with Limited English Proficiency ("LEP");
4. Monitor internal customer service through online evaluations;
5. Perform random audits of participant and owner files in CHA's System(s) to ensure proper implementation of CHA's policies, advisories and HUD PIH-Notices;
6. Ensure that all documents are retained in CHA's electronic filing System(s)
7. Ensure timely response to internal and external customers.

N. Ensure seamless and courteous services to internal and external customers:

1. Immediately report to CHA any personnel or technical incidents related to Regional Offices and/or the inadequate/unsatisfactory or fraudulent behavior of Selected Respondent(s)'s personnel;
2. Ensure all correspondence related to Administration Component(s) is properly scanned and indexed into CHA's System(s) within forty-eight (48) hours of receipt or issuance;



3. Pull data directly from CHA's System(s) to monitor compliance and determine appropriate corrective actions; and
4. Regularly share data, progress reports and maintain open lines of communication with all other Administration Component teams to ensure program compliance.

**O. Foster Partnerships and Expand Education Opportunities for CHA Clients through Community Engagement:**

1. Solidify CHA's reputation as a reliable and accessible resource in the community; and
2. Develop new and beneficial partnerships that engage participants and owners solidifying CHA's presents in the City of Chicago communities.

**P. Support CHA's New Initiatives and Program Development:**

1. Assist in the development and implementation of MTW and non-MTW policies; and
2. Assist CHA with the implementation of special initiatives.

**Q. Adhere to CHA's branding:** The "Chicago Housing Authority" or any other language that references the Chicago Housing Authority may only be used upon written approval from CHA; which shall not be unreasonably withheld. CHA reserves the right to revoke such approval at any time.

**S. Case Follow-Up and Resolution:** Ensure that cases created in CHA's System(s) are assigned, followed-up and resolved within established timeframes

## **ARTICLE 4. COMPENSATION**

### **Section 4.01 General Compensation and Payment**

This Agreement is a performance-based firm fixed fee contract for the operation of each service area or a combination of service areas described in the table below. Each service area may be subject to one (1) or more performance standards, the achievement of which shall affect the Contractor's compensation. The Contractor shall be compensated for the Contractor's Services performed hereunder pursuant to: (i) the monthly per unit fixed fee cost table below; and (ii) any performance-based adjustments based on Section 4.03.

The contractor will be paid monthly in advance based on units under lease on the first of the month for component A and for the number of new contracts/leases executed and inspections performed in the preceding month for Components C & E. CHA will generate a leasing report, based on data from Yardi, on the first of each month and the Contractor will provide an invoice, within the first 5 business days of the month, for compensation based on such unit data and shall work with the CHA's Finance Department to ensure the accuracy and relevance of the data. CHA reserves the right to withhold a sufficient amount from the monthly advance payments if CHA believes the calculation VMS based on Yardi data will result in an overpayment to the Contractor at the end of the first 12 months of the Agreement. At the end of the first 12 months

of the Agreement, CHA will reconcile the initial units paid with the units reported in VMS and make all final adjustments to compensation based on the final results of this reconciliation. If the reconciliation reflects that the Contractor has been overpaid, such amount that has been overpaid will be withheld from the next advance payment due the Contractor in the event such overpayment is greater than the amount CHA may have withheld in reserve. If at the termination or expiration of the Agreement no further payments are owed to the Contractor, the Contractor shall be obligated to immediately reimburse the CHA for such amounts that have been overpaid in excess of any amount CHA may have withheld in reserve.

#### **Section 4.02 Per Voucher or Per Transaction Compensation**

##### **A. Basic compensation**

<b>Service Area</b>	<b>Location</b>	<b>Estimated Volume</b>	<b>Monthly Per Unit Fixed Fee Cost</b>	
			<b>Unit</b>	<b>Monthly PUC</b>
Regional Office Administration – West	2750 W Roosevelt Road	14,588 (monthly)	Per Voucher Administered on the 1 <sup>st</sup> of the month	\$24.17
PBV And Mod Rehab Administration	60 E. Van Buren St	3,338 (monthly)	Per Voucher Administered on the 1 <sup>st</sup> of the month	\$31.00
Wait List & Admissions	60 E. Van Buren St	260 (monthly)	Per Contracts Executed Per Month	\$567.50

##### **B. Cost Savings and Sharing**

During the term of the Agreement, if cost savings efficiencies or measures are introduced into the HCV Programs by either the CHA or the Contractor, which will or could reduce the Contractor's cost of performing its required services under the Agreement, the CHA and the Contractor agrees that they will in good faith negotiate a reduction of the Contractor's fees as identified above in Section 4.02.A for the affected Administration Components for the remainder of the term of the Agreement for the remaining term of the Agreement and for the available option terms set forth in Section 2.02 above, subject to the following conditions:

1. For any cost savings efficiencies or measures that are demonstrably originated and implemented by the Contractor, the Contractor shall, as an incentive, be entitled to a

percentage of the total realized cost savings resulting from the negotiated fee reduction(s) for the remainder of the term of the Agreement as follows:

- i. 50% of the realized cost savings for the remainder of the term of the Agreement if such cost savings efficiencies or measures are implemented in the first year of the Agreement;
  - ii. 30% of the realized cost savings for the remainder of the term of the Agreement if such cost savings efficiencies or measures are implemented in the second year of the Agreement;
  - iii. 50% of the realized cost savings for the remainder of the term of the Agreement if such cost savings efficiencies or measures are implemented in the first option year of the Agreement; and
  - iv. 30% of the realized cost savings for the remainder of the term of the Agreement if such cost savings efficiencies or measures are implemented in the second option year of the Agreement.
2. For any cost savings efficiencies or measures that are demonstrably originated and implemented by the CHA, CHA shall be entitled to keep all such costs savings resulting from any such negotiated reduction in fees.

#### **Section 4.03 Performance Adjustments**

The Contractor is expected to consistently perform at no less than the minimum performance requirements listed herein. Each service area (and Regional Office) will be evaluated independently. While all minimum performance requirements are important, incentives and disincentives may be earned for performance of the subject area. Each performance standard will be measured by the CHA on a monthly basis and monthly payments will be adjusted accordingly based on the net performance result. The Contractor will be provided with an opportunity to review and if necessary dispute CHA data. The Contractor may also be asked to provide supporting documentation to support a decision. The CHA, unless otherwise specifically indicated, will use standard rounding rules in the scoring of performance standards. For example, 94.5 will be scored as 95% and 94.3 will be scored as 94%. The CHA will make every effort to assess performance standards within 120 days from the last day of the month. In the rare event that the CHA is unable to audit a performance area, the Contractor will be rated "standard" until such time the CHA is able to perform the audit.

In the rare event that the CHA is unable to audit a performance area, the CHA, at its sole discretion, may utilize data and reports provided by the contractor in support of an incentive or disincentive. Under no circumstances will a contractor report supersede a pre-existing CHA report.

Incentives and disincentives will be determined on an annual basis at the end of the first 12 months of the Agreement. CHA will calculate on a monthly basis, to the extent possible, potential adjustments for incentives and disincentives based on the Performance Standards set

forth below. CHA reserves the right to withhold a sufficient amount from the monthly advance payments if CHA believes the calculation of incentives based on the Performance Standards will result in a negative amount. The earned incentive amount will be paid after CHA completes the entire year performance review. If the calculation of the incentives/disincentives based on the Performance Standards reflects that the Contractor has earned disincentives, such amounts will be withheld from the next advance payment due the Contractor, if the amounts are greater than the reserve amount CHA may have withheld. All disincentive fees shall be deducted from any fees the CHA may owe the Contractor. If at the termination or expiration of the Agreement no further payments are owed to the Contractor, the Contractor shall be obligated to immediately reimburse the CHA for such disincentive amounts in the event that the disincentives are greater than the amount CHA may have withheld as a reserve.

**A. Performance Standards and Adjustments to Compensation:**

Below are the performance standards and adjustments to compensation based on the Contractor's performance. All requirements are critical to the success of the HCV Program. A ninety (90) day grace period will be provided against any disincentives.

The CHA requires that the Contractor correct deficiencies found through Quality Control or file audit review processes. All corrections must be in accordance with requirements established by HUD, CHA's Administrative Plan, CHA's Procedural Manual, and/or a formal CHA Advisory. Corrections made as a direct result of CHA Quality Control will not be used in the evaluation of performance standards.

**1. Quality Control of Participant Files**

All documents required by HUD, CHA's Administrative Plan, or a formal CHA Advisory must be properly indexed in the participant's electronic file at the time of CHA review. Along with this, the Contractor shall ensure that all items associated with annual income, adjusted income, and HAPs are properly indexed and calculated correctly in accordance with requirements established by HUD, CHA's Administrative Plan, CHA's Procedural Manual, or a formal CHA Advisory.

In the rating of the Contractor's performance for incentive fee purposes, errors found and corrected by the Contractor prior to CHA review is acceptable under the following conditions: (1) the error was caught prior to the CHA review and (2) the error was corrected properly in accordance with requirements published by HUD, CHA's Administrative Plan, CHA's Procedure Manual, or a formal CHA Advisory.

**Components Subject to Review:** (A) HCV Regional Office Administration; (B) PBV and Mod Rehab Administration; and (C) HCV Waitlist and Admission Administration (including PBV and Mod Rehab).

**Minimum Performance Requirement: 85-94%) pass rate.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's monthly score falls within this range for the applicable Administration Component(s).

**Incentive:** If the Contractor received a pass rate of 95%-100% during a given month, the Contractor shall be entitled to an additional payment 3% of the total monthly cost for the applicable Administration Component(s).

**Disincentive:** If the Contractor receives a Rate of below 85%, the Contractor shall be assessed a disincentive fee of 3% of the total monthly cost for the applicable Administration Component(s).

## **2. Quality Control of Owner Files**

CHA will perform Quality Control on owner files and change of ownership files. The Contractor will ensure that all documents required by HUD, CHA's Administrative Plan, CHA's Procedural Manual, or a formal CHA Advisory must be properly indexed in the owner's electronic file at the time of CHA review. Along with this, the Contractor shall ensure that all items associated with the property and tax information are in accordance with requirements established by HUD, CHA's Administrative Plan, CHA's Procedural Manual, or a formal CHA Advisory.

**Components Subject to Review:** (A) HCV Regional Office Administration; (D) Owner Administration

**Minimum Performance Requirement: 95-97% pass rate.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's monthly score falls within this range for the applicable Administration Component(s).

**Incentive:** If the Contractor received a pass rate above 97% during a given month, the Contractor shall be entitled to an additional payment of 2% of the total monthly cost for the applicable Administration Component(s).

**Disincentive:** If the Contractor receives a pass rate of below 95%, the Contractor shall be assessed a disincentive fee of 2% of the total monthly cost for the applicable Administration Component(s).

## **3. Selection from HCV Wait List**

CHA will perform Quality Control on the New Admission Process and all new families admitted to the program. The Contractor will ensure that all documents are properly indexed in the participant's electronic document file at the time of the CHA review to support that families are selected from the wait list according to provisions set forth in the CHA's Administrative Plan, CHA Advisories and PIH Notices.

**Components Subject to Review:** (C) HCV Waitlist and Admission Administration; (including PBV and Mod Rehab).

**Minimum Performance Requirement: 98% pass rate.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's monthly pass rate is 98% for the applicable Administration Component(s).

**Incentive:** If the Contractor received a pass rate of 99%-100% during a given month, the Contractor shall be entitled to an additional payment of 1% of the total monthly cost for the applicable Administration Component(s).

**Disincentive:** If the Contractor receives a pass rate of below 98%, the Contractor shall be assessed a disincentive fee of 1% of the total monthly cost for the applicable Administration Component(s).

#### **4. CHA HQS Quality Control**

CHA will perform Quality Control on a sample of Inspections performed by the Contractor. Generally, units that passed inspection in the review month are subject to quality control by CHA regardless of when the first inspection took place. All documents required by HUD, CHA's Administrative Plan, CHA's Procedures Manual, or a formal CHA advisory must be properly indexed in the participant file at the time of CHA review. Along with this, all units must be decent, safe, and sanitary and must be inspected in accordance with requirements established by HUD, CHA's Administrative Plan, CHA's Procedural Manual, or a formal CHA advisory.

**Components Subject to Review:** (E) HCV Inspections (including PBV and Mod Rehab).

**Minimum Performance Requirements: 85-94% pass rate.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's monthly score falls within this range for the applicable Administration Component(s).

**Incentive:** If the Contractor received a pass rate of 95%-100% during a given month, the Contractor shall be entitled to an additional payment of 2% of the total monthly cost for the applicable Administration Component(s).

**Disincentive:** If the Contractor receives a pass rate of below 85%, the Contractor shall be assessed a disincentive fee of 2% of the total monthly cost for the applicable Administration Component(s).

#### **5. HAP Contract Execution**

CHA will perform Quality Control on a sample of Moves and New Admissions based on the documents available in the CHA's System of Record. The Contractor shall ensure the minimum standards as follows: Initial HAP contracts must be mailed, faxed, emailed, personally delivered, or otherwise received by Owner Administration within five (5) days of the

unit passing inspection; and the payment to the owner must happen in the first check run following receipt of signed contract from owner. Along with this, the Contractor must also ensure that all newly leased units have a passed inspection on or before the beginning date of the housing assistance contract; the rent reasonable determination has been made, approved and documented; and the unit is affordable to the family as required by CHA's Administrative Plan and the contract must be executed by the CHA and the owner within thirty (30) days of the unit passing inspection.

**Components Subject to Review:** (A) HCV Regional Office Administration; and (C) HCV Waitlist and Admission Administration (including PBV and Mod Rehab).

**Minimum Performance Requirement: 98% pass rate.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's monthly score is 98% for the applicable Administration Component(s).

**Incentive:** If the Contractor received a pass rate of 99%-100% during a given month, the Contractor shall be entitled to an additional payment of 2% of the total monthly cost for the applicable Administration Component(s).

**Disincentive:** If the Contractor receives a pass rate of below 98%, the Contractor shall be assessed a disincentive fee of 2% of the total cost for the applicable Administration Component(s).

## **6. Check Run**

CHA will perform Quality Control on the Check Run process. The Contractor will ensure that all payments to owners are paid correctly and that collection efforts are performed timely.

**Components Subject to Review:** (A) HCV Regional Office Administration; and (B) PBV and Mod Rehab Administration.

**Minimum Performance Requirements: 85-90% pass rate.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's monthly score falls within this range for the applicable Administration Component(s).

**Incentive:** If the Contractor receives a Pass Rate above 90% during a given month, the Contractor shall be entitled to an additional payment of 2% of the total monthly cost for the applicable Administration Component(s).

**Disincentive:** If the Contractor receives a Rate below 85%, the Contractor shall be assessed a disincentive fee of 2% of the total monthly cost for the applicable Administration Component(s).

## **7. Portability**

CHA will perform Quality Control on the Portability process. The Contractor will ensure that all portability documents are properly indexed in the participant's electronic document file at the time CHA review to support that Portability was process correctly and timely. The Contractor will ensure that payments are made or received for the correct amount and in a timely fashion.

**Components Subject to Review:** (C) HCV Waitlist and Admission Administration (including PBV and Mod Rehab) (A) Central office only.

**Minimum Performance Requirements: 80%-89% pass rate.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's monthly score falls within this range for the applicable Administration Component(s).

**Incentive:** If the Contractor receives a pass rate above 89% during a given month, the Contractor shall be entitled to an additional payment of 1% of the total monthly cost for the applicable Administration Component(s).

**Disincentive:** If the Contractor receives a Rate below 80%, the Contractor shall be assessed a disincentive fee of 1% of the total monthly cost for the applicable Administration Component(s).

## **8. Case Follow-up and Resolution**

CHA will use CHA's System(s) SharePoint and Salesforce to determine whether the Contractor meets the service level agreements for all cases created requiring follow-up and resolution. This includes the Executive Log and Call Center cases.

**Components Subject to Review:** (A) HCV Regional Office Administration; (B) PBV and Mod Rehab Administration; (C) HCV Waitlist and Admission Administration (including PBV and Mod Rehab); (D) Owner Administration, Customer Service Call Center and HCV Marketing; and (E) HCV Inspections (including PBV and Mod Rehab).

**Minimum Performance Requirement: 90% - 95% pass rate.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's quarterly score falls within this range for the applicable Administration Component(s).

**Incentive:** If the Contractor receives a pass rate above 95% during a given quarter, the Contractor shall be entitled to an additional payment of 2% of the total monthly cost for the applicable Administration Component(s).



**Disincentive:** If the Contractor receives a pass rate below 90%, the Contractor shall be assessed a disincentive fee of 2% of the total monthly cost for the applicable Administration Component(s)

**9. Calls on Hold and Average Handle Time**

CHA will use Cisco's data to determine whether the Contractor handles calls within 120 seconds 2 minutes of being placed on hold, upon the completion of the IVR tree sequence. In addition, CHA will use Cisco's data to determine whether the Contractor handles calls within 10 minutes from the time that the Customer Service Representative answers the phone to when the call ends.

**Components Subject to Review:** (D) Owner Administration, Customer Service Call Center and HCV Marketing).

**Minimum Performance Requirement: 90% - 95% pass rate.** The Contractor shall not earn either an incentive or a disincentive when the monthly score falls within this range.

**Incentive:** If the Contractor achieves a pass rate of 96% or above, the Contractor shall be entitled to an additional payment of 3% of the total monthly cost for the applicable Administration Component(s).

**Disincentive:** If the Contractor receive a pass rate below 90%, the Contractor shall be assessed a disincentive fee of 3% of the total monthly costs for the applicable Administration Component(s).

**10. HQS Enforcement**

CHA will perform Quality Control on a sample of failed HQS Inspections for HQS enforcement. The Contractor shall ensure that in the event HQS deficiencies are not corrected within 30 (thirty) days after the initial fail (pursuant to the CHA Administrative Plan), the Contractor has stopped (abated) HAPs to the owner or, for participant-caused defects, enforced family obligations in accordance with CHA's Administrative Plan.

**Components Subject to Review:** (A) HCV Regional Office Administration; and (B) PBV and Mod Rehab Administration;

**Minimum Performance Requirement: 98% pass rate.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's monthly score is 98% for the applicable Administration Component(s).

**Incentive:** If the Contractor received a score of 99%-100% during a given month, the Contractor shall be entitled to an additional payment of 1% (one percent) of the total monthly cost for the applicable Administration Component(s).

**Disincentive:** If the Contractor receives a score of below 98%, the Contractor shall be assessed a disincentive fee of 1% (one percent) for every 5% (five percent), or part thereof, below 98% (ninety-eight percent) not to exceed 2% (two percent) of the total monthly cost for the applicable Administration Component(s).

#### **11. Annual Customer Service Survey**

At the end of the second year of the base term of the Agreement and for each option term, if exercised by the CHA, CHA will perform a customer service survey per component area, which is part of the Contractor's responsibilities, and provide an annual score. CHA will review the survey tool with the Contractor prior to distribution, either electronically or by site visit. The Contractor must provide an outstanding level of customer service and must have business models in place that address issues and concerns as they arise.

**Components Subject to Review:** (A) HCV Regional Office Administration; (B) PBV and Mod Rehab Administration; (C) HCV Waitlist and Admission Administration (including PBV and Mod Rehab); (D) Owner Administration, Customer Service Call Center and HCV Marketing; and (E) HCV Inspections (including PBV and Mod Rehab).

**Minimum Performance Requirement: (Score TBD) satisfaction rate on a five point zero (5.0) scale.** The Contractor shall not earn either an incentive or a disincentive when the Contractor's annual score falls within this range for the applicable Administration component(s).

**Incentive:** If the Contractor achieves an average score of (TBD) or better, the Contractor shall be entitled to an additional payment of (TBD)% of the total fixed fee cost for the year for the applicable Administration component(s).

**Disincentive:** If the Contractor receives an average score of below (TBD), the Contractor shall be assessed a disincentive fee (TBD)% for every 0.5, or part thereof, below (TBD) not to exceed (TBD)% of the total fix fee cost for the year for the applicable Administration component (s).

#### **12. SEMAP High Performer**

CHA commands collaboration and effective communication between Administration Components. At the conclusion of the fiscal year, CHA will perform an annual review to determine compliance with HUD SEMAP requirements.

**Components Subject to Review:** (A) HCV Regional Office Administration; (C) HCV Waitlist and Admission Administration (including PBV and Mod Rehab); and (E) HCV Inspections (including PBV and Mod Rehab).

**Minimum Performance Requirement:** The Contractor will not receive an incentive or disincentive if the SEMAP score is “Standard Performer”.

**Incentive:** If the SEMAP score is of “High Performer”, the Contractor shall be entitled to an additional payment of 2% of the total fixed fees for the applicable Administration Component(s).

### **13. General Performance Standards**

The Contractor shall perform the services in a manner that meet or exceed the performance standards. In addition, the Contractor’s performance must satisfy the following performance standards. Below are additional performance requirements that the Contractor must achieve. In the event that CHA determines that the Contractor’s performance of its obligations are unsatisfactory, CHA may at any time and at its sole discretion issue a Warning Letter that will be followed by a Notice of Default if the Contractor fails to submit and implement timely Corrective Action Plan (“CAP”) to improve Contractor’s performance. The CAP shall:

- i. Specify goals to be achieved;
- ii. Identify obstacles to goal achievement and ways to eliminate or avoid them;
- iii. Identify resources that will be used or sought to achieve goals;
- iv. Identify staff person with lead responsibility for completing each goal;
- v. Identify key tasks to reach each goal;
- vi. Specify time frames for achievement of each goal, including intermediate time frames to complete each key task;
- vii. Provide for regular evaluation of progress toward improvement; and
- viii. Be signed by the CHA’s Deputy Chief Housing Officer for HCV Programs and by the Contractor’s CEO and both CHA and Contractor each acknowledge that such persons have all requisite authority to bind CHA and Contractor to the terms of the CAP.

If the Contractor fails to comply and implement the terms of the CHA approved CAP within established timeframes, CHA may issue a Notice of Default.

Throughout the initial term of the contract, the Contractor may only be allowed to execute 3 CHA approved CAPs. If a fourth Warning Letter is issued, a Notice of Default will be issued.

Throughout the extension term of the contract, the Contractor may only be allowed to execute 2 CHA approved CAPs. If a third Warning Letter is issued, a Notice of Default will be issued.

Service Area	Performance Indicator	Min Performance Requirement	Frequency of Report Submission
<b>HCV Regional Office Administration &amp; PBV/Mod Rehab</b>	Re-examinations	Ninety to ninety-seven percent (90%-97%) of re-examinations shall be completed within established timeframes.	Quarterly
<b>HCV Inspections, including PBV and Mod Rehab</b>	HQS Inspections	Ninety to ninety-five percent (90-95%) of completion HQS inspections.	Quarterly
<b>HCV Regional Office Administration &amp; PBV/Mod Rehab Regional Office Administration</b>	IMS-PIC Transmission of 50058 forms	Ninety-five to ninety-seven percent (95-97%) of 50058 forms shall be transmitted within sixty (60D) days of re-examination.	Quarterly
<b>All Service Areas</b>	Data Entry	Ninety to ninety-five percent (90-95%) data accuracy.	Quarterly

**B. Summary of Performance Standards, Incentives and Disincentives:**

The following chart is a summary of all performance standards, which apply only to assigned administrative components.

Please see chart on the following page:

Performance Indicator	Review	Components Subject to Review	Frequency	Min Performance Requirement	Incentive Performance	Disincentive Performance
1. Quality Control of Participant Files	QC of HUD-50058 Form and supporting documentation	A, B, C	Monthly	85% – 94% Pass Rate	At or above 95% Pass Rate	Below 85%
			<i>Incentive or Disincentive Payment</i>	<i>None</i>	<i>3% of total monthly cost of Admin Component</i>	<i>3% of total monthly cost of Admin Component</i>
2. Quality Control of Owner Files	QC of Owner Files and supporting documentation. Eligibility and on-going enforcement process	A, D (i)	Monthly	95% – 97% Pass Rate	At or above 98% Pass Rate	Below 95%
			<i>Incentive or Disincentive Payment</i>	<i>None</i>	<i>2% of total monthly cost of Admin Component</i>	<i>2% of total monthly cost of Admin Component</i>
3. Selection from HCV Wait List	QC of HUD-50058 Form and supporting documentation; Selection and eligibility process	C	Monthly	98% Pass Rate	At or above 99% Pass Rate	Below 98%
			<i>Incentive or Disincentive Payment</i>	<i>None</i>	<i>1% of total monthly cost of Admin Component</i>	<i>1% of total monthly cost of Admin Component</i>
4. Quality Control of HQS	QC inspections of units with a passed inspection result	E	Monthly	85% – 94% Pass Rate	At or above 95% Pass Rate	Below 85%
			<i>Incentive or Disincentive Payment</i>	<i>None</i>	<i>2% of total monthly cost of Admin Component</i>	<i>2% of total monthly cost of Admin Component</i>
Performance Indicator	Review	Components Subject to Review	Frequency	Min Performance Requirement	Incentive Performance	Disincentive Performance
5. HQS Enforcement	QC inspections of units with a failed inspection result	A, B	Monthly	98% Pass Rate	At or above 99% Pass Rate	Below 98%
			<i>Incentive or Disincentive Payment</i>	<i>None</i>	<i>1% of total monthly cost of Admin Component</i>	<i>1% of total monthly cost of Admin Component</i>

6. HAP Contract Execution	QC of HAP process (including reasonableness & affordability test)	A, C	Monthly	98% Pass Rate	At or above 99% Pass Rate	Below 98%
			<i>Incentive or Disincentive Payment</i>	None	2% of total monthly cost of Admin Component	2% of total monthly cost of Admin Component
7. Check Run	QC of check run process (including timely and accurate HAP issuance and collection efforts)	A, B	Monthly	85% – 90% Pass Rate	At or above 91% Pass Rate	Below 85%
			<i>Incentive or Disincentive Payment</i>	None	2% of total monthly cost of Admin Component	2% of total monthly cost of Admin Component
8. Portability	QC of HUD-50058 & 52665 Forms and supporting documentation; Portability process (including timely and accurate HAP issuance)	A(Central Office Only, C	Monthly	80% – 89% Pass Rate	At or above 90% Pass Rate	Below 80%
			<i>Incentive or Disincentive Payment</i>	None	1% of total monthly cost of Admin Component	1% of total monthly cost of Admin Component
9. Case Follow-up and Resolution	Timely (meet CHA's Service Level Agreements) and accurately follow-up and resolution of assigned cases	All Options	Monthly	90% – 95% Pass Rate	At or above 96% Pass Rate	Below 90%
			<i>Incentive or Disincentive Payment</i>	None	2% of total monthly cost of Admin Component	2% of total monthly cost of Admin Component
10. Calls on Hold & Average Handle Time	Handle calls within two (2) minutes of being placed on hold, upon completion of IVR tree sequence & Average Handle Time of ten (10) minutes	Option D (ii)	Monthly	90% – 95% Pass Rate	At or above 96% Pass Rate	Below 90%
			<i>Incentive or Disincentive Payment</i>	None	3% of total monthly cost of Admin Component	3% of total monthly cost of Admin Component

Performance Indicator	Review	Components Subject to Review	Frequency	Min Performance Requirement	Incentive Performance	Disincentive Performance
11. SEMAP High Performer	QC review of HUD SEMAP requirements	A, C, E	Annual	Standard Performer Status	High Status	N/A
			Incentive	None	2% of total monthly cost of Admin Component	N/A
12. Customer Service Survey	CHA's survey based on a five (5) point scale	All Options	Annual –At the end of the second year of the Agreement and at the end of each option year, if exercised	(TBD)	At or above (TBD)	Below (TBD)
			Incentive or Disincentive Payment	None	(TBD)% of total monthly cost of Admin Component	(TBD)% of total monthly cost of Admin Component

Additional General Performance Indicators (No Payment Based Incentive)					
Performance Indicator	Review	Components Subject to Review	Frequency	Min Performance Requirement	
1. VMS Utilization	QC review of VMS utilization	C	Monthly	98% Annual Utilization	
2. Re-examinations	QC review of timely completion of re-examinations	A, B	Quarterly	90% – 97% Pass Rate	
3. Annual HQS Inspections	QC review of timely annual inspections	E	Quarterly	90% – 95% Pass Rate	
4. IMS-PIC Transmission of 50058 Forms	QC review of transmission within 60 days of re-examination	A, B	Quarterly	95% – 97% Pass Rate	
5. UEP Occupied Count	Maintenance of 500 UEP occupied and compliant units per month	D (ii)	Biannual	Monthly count of 500 UEP occupied units	
6. Marketing & Events Plan	Meet quarterly marketing & events plan quota	D (iii)	Quarterly	90% – 95% completion	

**C. Example of Monthly Performance Calculation:**

The following is an example of a monthly performance payment calculation.

**Monthly Performance Calculation Example<sup>1</sup>**

Review Month	December, 2012			
Contractor	Contractor's Name			
Administration Component	HCV Regional Office Administration			
Description	Minimum Performance Range	Potential Incentive Disincentive	Actual Performance	Incentive/ Disincentive
Quality Control	80-89%	+3% / -3%	87%	0.00%
HQS Enforcement	98%	+1% / -1%	100%	1.00%
Re-examinations	90-95%	+3% / -3%	99%	1.00%
HAP Contract Execution	98%	+2% / -2%	95%	-1.00%
Check Run	95-97%	+1% / -1%	95%	0.00%
Annual Customer Service Survey	4.00	+2% / -2%	4.00	0.00%
<b>Total</b>		<b>+11% / -11%</b>		<b>1.00%</b>

Total Incentive/Disincentive Calculation		
Payment adjustments based on actual recorded VMS Units and performance standards measured by CHA.		
Per Unit Cost	\$ 50.00	
Initial Units	12,749	Units from leasing report ran the beginning of the month for initial payment
Initial Payment	\$ 637,450.00	PUC x Units Leased First of the month
Reconciled VMS Units	13,209	Units from reconciled VMS report
As of: 2/26/2013		
Total Service Cost	\$ 660,450.00	PUC x VMS Units
Additional Units Owed	\$ 23,000.00	Additional amount owed after reconciling VMS

<sup>1</sup> This is an illustration of a monthly performance calculation. This is presented as an example only for purposes of the RFP.



Amount		units
Incentive/Disincentive %	3.00%	Total percentage incentive
Total Incentive/Disincentive Amount	\$ 19,813.50	Total Incentive/Disincentive calculated on reconciled VMS units
Incentive/Disincentive + Additional Units	\$ 42,813.50	Additional amount owed/withheld

#### **Section 4.04 Authorized Units**

The maximum number of units that can be assisted with HAP under the Agreement is governed by the ACCs between HUD and the CHA. The Contractor is prohibited from signing HAP contracts that would result in claims for HAP payments in excess of those authorized under the relevant ACCs. During the term of the Agreement, the CHA may unilaterally request the Contractor to assume administration of additional HCVs under the same terms and conditions as provided in the Agreement. In addition, CHA reserves the right to allocate or re-allocate vouchers by Regional Offices, by zip-code, political boundaries, geographic designations, or as otherwise deemed necessary by CHA within its sole discretion. CHA will provide ninety (90) days' written notice of voucher allocation changes in excess of five hundred (500) vouchers.

#### **Section 4.05 Funding Methods**

The Contractor shall establish an account in a financial institution of its choice for the deposit of funds in order for the Contractor to make payments for the performance of the Contractor's Services during the term of the Agreement. The CHA shall deposit funds in the account identified by the Contractor, by wire-transfer or other appropriate method as determined by both parties. The Contractor shall maintain detailed records of all transactions involving this account or accounts in accordance with generally accepted accounting principles and HUD Cash Management Guidelines.

#### **Section 4.06 Non-Appropriation of Funds**

Funding for the Agreement is subject to and contingent on: (1) availability of federal funds from HUD; (2) the approval of funding by the CHA's Board of Commissioners; and (3) the satisfactory performance of the Contractor's Services. Furthermore, in the event that Congress does not appropriate funds for the CHA's HCV Programs, insufficient funds are appropriated and budgeted, or appropriated funds are rescinded by Congress in any contract year of the Agreement, then the CHA shall promptly notify the Contractor of such occurrence, and the Agreement shall be amended to reflect the reduced appropriations or, at the CHA's option, shall be terminated on the earlier of the last day of the contract year for which sufficient appropriation was made or whenever the funds appropriated for payment under the Agreement are exhausted. The Contractor shall flow down the provisions of Section 4.05 to its subcontractors at every tier.

#### **Section 4.07 Compensation Solely as Described Herein**

The Contractor shall be entitled only to compensation as set forth in Article 4. Other than as set forth in Article 4, no additional monies shall be provided to the Contractor for any costs associated with the performance of the Contractor's Services.

### **ARTICLE 5. CONDUCT AND RESPONSIBILITIES OF CONTRACTOR**

#### **Section 5.01 General Performance**

A. The Contractor shall perform the Contractor's Services with the highest degree of skill, professional care and due diligence reasonably expected of an entity performing services of a scope, purpose and magnitude comparable with the nature of the Contractor's Services to be provided under the Agreement. The Contractor shall administer and operate the HCV Programs in accordance with the following:

1. Current and future requirements of applicable federal, State and local laws, HUD program regulations, notices, agreements and other requirements;
2. The CHA's Administrative Plan;
3. The specific requirements of this Agreement;
4. Court orders and consent decrees, directives and guidance applicable to the specified programs or settlement agreements resulting from litigation related to the HCV Programs; and
5. The MTW Agreement, as amended, and all related documents.

B. Except to the extent provided for in Section 5.14 below, the Contractor shall perform the Contractor's Services in a manner that meets or exceeds the performance standards set forth in Section 4.03.

#### **Section 5.02 Deliverables**

In performing the Contractor's Services, the Contractor shall prepare, maintain and submit all Deliverables in connection with the Contractor's Services as set forth in Article 3. The CHA reserves the right to reject any and all Deliverables which in the judgment of the CHA or HUD do not adequately represent the intended level of completion or standard of performance, do not include relevant information or data, or do not include all documents specified in the Agreement or reasonably necessary for the purposes for which the CHA made the Agreement with the Contractor or for which the CHA intends to use the Deliverables. The CHA shall notify the Contractor in writing regarding the rejection of any Deliverables. Partial or incomplete Deliverables may be accepted for review only when required for a specific purpose and when consented to in advance by the CHA. Acceptance by the CHA of partial or incomplete Deliverables shall not be considered as satisfying the Contractor's obligations under the Agreement, and partial or incomplete Deliverables shall in no way relieve the Contractor of its

obligations hereunder, or constitute a waiver of the CHA's right to insist on full performance in accordance with the Agreement.

The Contractor shall deliver to the CHA by the 10<sup>th</sup> day of each month, all major monthly reports as defined by the CHA including but not limited to: monthly operational reports (as defined by CHA during transition and as may be updated from time to time), by service area; monthly SEMAP report per applicable indicators; detailed relocation report for waitlist and admissions; report of ITTs issued, hearings requested, and EOPs issued; and all request for reasonable accommodations. During the transition period, the Contractor shall by April 1, 2014 provide: (1) definition of security system roles in Yardi for each user role; (2) personnel security forms to be used as personnel are hired; (3) office inventory; (4) space plan for Regional Office(s); and (5) executed subcontracts.

### **Section 5.03 Timeliness of Performance**

The Contractor shall provide the Contractor's Services and required Deliverables as set forth in the Agreement or as otherwise reasonably required by the CHA from time to time, in a timely manner. The Contractor and the CHA acknowledge that deadlines for certain portions of the Contractor's Services to be performed under the Agreement are dictated by the requirements of HUD or local governmental agencies or events outside the control of the CHA and/or the Contractor, and the failure by the Contractor to meet such deadlines may significantly affect the CHA. To the extent that such deadlines are dictated by the Agreement, by HUD, local governmental agencies, or as otherwise identified and required, from time to time, by the CHA, time is of the essence with respect to the Contractor meeting such deadlines.

### **Section 5.04 Key Personnel**

As of the Effective Date, the Contractor shall inform the CHA of whom it intends to name as Key Personnel. The CHA shall have the right to make the final determination of which of the Contractor's employees shall be named Key Personnel. Key Personnel shall be responsible for supervision of the Contractor's performance of the Contractor's Services. The Contractor may not change any of the Key Personnel without the prior written consent of the CHA, which shall not be unreasonably withheld. The CHA may request that the Contractor modify which employees are Key Personnel and the CHA shall have the right to make the final determination of which of the Contractor's employees shall be named new Key Personnel. Key Personnel shall be available to the CHA for meetings and to address any program planning or issues. The Contractor shall promptly notify the CHA in advance where any Key Personnel will be absent from the office or work generally for more than two (2) consecutive business days. The Contractor shall name those employees or personnel who will be covering such Key Personnel's responsibilities during such absence. The Contractor and CHA each agree that neither will hire current employees of the other without prior written notification to the other.

## **Section 5.05 Non-Discrimination; Compliance with HUD Regulations and Other Laws**

### **A. Non-Discrimination**

The Contractor shall comply with all federal, state and local non-discrimination laws, rules, regulations and ordinances, including, but not limited to the Civil Rights Act of 1964, 42 U.S.C. § 2000 et seq. (1989), as amended, and all regulations promulgated thereto. The Contractor shall particularly remain in compliance at all times with:

- Exec. Order No. 11246, 30 Fed. Reg. 12319 (1965), reprinted in 42 U.S.C. § 2000 (e) note, as amended by Exec. Order No. 11375, 32 Fed. Reg. 14303 (1967) and by Exec. Order No. 12086, 43 Fed. Reg. 46,501 (1978);
- Age Discrimination Act, 42 U.S.C. §§ 6101-6106 (1989);
- Rehabilitation Act of 1973, 29 U.S.C. §§ 793-794 (1988);
- Fair Housing Amendments Act, 42 U.S.C. § 3601 et seq., (1988);
- Americans with Disabilities Act of 1990, 42 U.S.C. § 12201 and 41 C.F.R. Part 60 et seq., (1990);
- Sections 501 and 504 of the Rehabilitation Act of 1973, as amended;
- Architectural Barriers implementing regulations (24 C.F.R. 40);
- Illinois Human Rights Act, 775 ILCS 5/2-101 et seq., amended, and regulations promulgated in accordance therewith, including but not limited to the Equal Employment Opportunity Clause, 111. Admin. Code Tit. 44 § 750 Appendix A, which is attached hereto as Exhibit A and incorporated by reference herein;
- Public Works Employment Discrimination Act, 775 ILCS 10/0.01 et seq., as amended;
- Chicago Human Rights ordinance, § 2-160-010 et seq., of the Municipal Code of Chicago, as amended; and
- Chicago Fair Housing Regulations, § 5-8-010 et seq., of the Municipal Code of Chicago, as amended.

In addition, the Contractor must furnish such reports and information as requested by the Chicago Commission on Human Relations.

### **B. Compliance with HUD Regulations and Other Laws**

In addition to complying with the federal, state and local non-discrimination laws, rules, regulations and ordinances set forth in Section 5.05.A., the Contractor shall comply with all HUD regulations, notices or other requirements and all other applicable federal, state and local requirements, including but not limited to the following:

- Uniform Administrative Requirements contained in 24 C.F.R. § 851 et seq., (1993), as amended;
- Exec. Order No. 11063, as amended by Exec. Order No. 12259;
- Davis-Bacon Act, as amended (40 U.S.C. § 276a et seq.) as supplemented by Department of Labor regulations (29 C.F.R. Part 5);

- Section 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. § 327 et seq.) as supplemented by Department of Labor regulations (29 C.F.R. Part 5);
- National Environmental Policy Act of 1969 (24 C.F.R. Part 58);
- Clean Air Act (42 U.S.C. § 1851 et seq.);
- Section 306 of the Clean Air Act (42 U.S.C. § 1857(h));
- Section 508 of the Clean Water Act (33 U.S.C. § 1368);
- Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), as amended;
- Solid Waste Disposal Act as amended by the Resources Conservation and Recovery Act of 1976 (42 U.S.C. § 6901, et seq.) and any amendments thereto;
- Toxic Substance Control Act (15 U.S.C. § 2601, et seq.) and any amendments thereto;
- Occupational Safety and Health Administration regulations and any amendments thereto;
- Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601, et seq.) and any amendments thereto;
- Illinois Environmental Protection Agency regulations and any amendments thereto;
- The laws of the State of Illinois regarding Equal Employment Opportunity required by the Illinois Fair Employment Practices Commission and the Illinois Department of Labor regulations and any amendments thereto;
- Exec. Order No. 11738 and Environmental Protection Agency regulations (40 C.F.R. Part 15) and any amendments thereto;
- Exec. Order No. 12372;
- Copeland “Anti-Kickback” Act (18 U.S.C. § 874 and 40 U.S.C. § 276) as supplemented in Department of Labor regulation (29 C.F.R. Part 3);
- Byrd “Anti-Lobbying” Amendment (31 U.S.C. § 1352);
- Debarment and Suspension (Exec. Order No. 12549 and Exec. Order No. 12689); and
- Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with Energy Policy and Conservation Act (Pub. L. 94-163, 89 stat. 871).
- Applicable provisions of OMB Circulars A-133, A-102, A-122, A-110 and A-87, as amended.

## **Section 5.06 Property Rights and Inventory**

### **A. Personal Property Ownership**

All CHA Personal Property shall always be and remain the property of the CHA. The Contractor shall have the right to use such CHA Personal Property as the CHA’s assignee only for purposes of performing the Contractor’s Services in accordance with and during the Agreement.

The Contractor shall be responsible for the proper care and accounting for any and all CHA Personal Property in its possession and control. The Contractor shall be liable for any loss

or damage to CHA Personal Property under its control, other than normal wear and tear. The Contractor shall not dispose of any CHA Personal Property without first having obtained the CHA's written approval.

During the term of the Agreement, the Contractor shall maintain an inventory schedule of all such non-expendable CHA Personal Property. The inventory schedule shall include historical asset information for each asset, including but not limited to cost data and purchase date if purchased by the Contractor, serial number, physical location, and asset identification number. The beginning inventory shall be posted to an inventory records system (manual and/or electronic) approved by the CHA. All acquisitions and dispositions by the Contractor shall be posted in a timely manner. The Contractor shall tag or label all CHA Personal Property under its control using the capitalization policy of the CHA. An inventory shall be conducted within sixty (60) days of the Effective Date of the Agreement, and shall be updated and the assets listed on said inventory schedule matched to a physical count of the assets within thirty (30) days of the end of each contract year and at the expiration or termination of the Agreement. The CHA shall be advised in writing five (5) business days in advance of each planned inventory and offered the opportunity to witness the inventory process. The CHA reserves the right to conduct or have a third party conduct an inventory of CHA Personal Property in the Contractor's possession and control if the Contractor fails to perform such an inventory, and the expense thereof shall be borne entirely by the Contractor.

#### C. Intellectual Property Ownership

All ITS, management information systems, software, and software licenses and other forms of proprietary information, methods, processes, business practices or materials of any kind, whether copyrighted, copyrightable, patented, patent-pending or patentable, which are made available, provided or supplied by the CHA to the Contractor in association with the Contractor's duties and obligations under this Agreement shall always be and remain the property of the CHA.

Any software, system, tools or other items (whether tangible or intangible) developed by the Contractor specifically for the CHA to perform the Contractor's Services during the term of and under the Agreement shall always be and remain CHA Intellectual Property, and is conclusively deemed "Work Product".

All software and software licenses or other form of copyrighted materials of any kind, such as but not limited to, training material, PowerPoint's, certification exams, handbooks, master books, PIH Alerts, form templates, software, documentation, Contractor Confidential Information, and any derivatives and modifications of, and intellectual property rights in, any of the foregoing, that were developed or owned by the Contractor prior to the Effective Date of the Agreement, or are subsequently developed by or for the Contractor outside of the Agreement ("Contractor Materials"), shall always be and remain the Contractor's Intellectual Property. The Contractor shall provide to the CHA a list of all mission critical Contractor Materials the Contractor desires to use in the performance of the Contractor's Services and shall request in writing and obtain the CHA's prior written approval from the CHA's Director of Procurement and Contracts and General Counsel before using such Contractor's Contractor Materials in the performance of the Contractor's Services. The CHA's decision to approve any request to use

any such Contractor's Contractor Materials is within the sole discretion of the CHA. In the event the CHA approves the use of Contractor's mission-critical Contractor Materials for the performance of the Contractor's Services, the Contractor shall make available such approved Contractor's Contractor Materials for use by the CHA or other HCV Program contractors with the understanding that such Contractor's Contractor Materials shall be used by the CHA or other HCV Program contractors solely for the administration and operation of the CHA's HCV Programs. The Contractor shall also provide all necessary licenses for such approved Contractor's mission-critical Contractor Materials in accordance with Section 5.07.

C. The provisions of Section 5.06 shall survive the expiration or termination of the Agreement

D. The Contractor shall flow down the provisions of Section 5.06 to its subcontractors at every tier.

#### **Section 5.07 Patents and Copyrights**

Subject to the terms of this Agreement, the Contractor grants to the CHA a non-exclusive, personal, perpetual and irrevocable (except for any unexcused material breach by the CHA), license to reproduce, publish or otherwise use, and to authorize others to use, for CHA or HUD internal purposes only, and expressly excluding any commercial exploitation: (a) all mission-critical Contractor Materials and (b) any rights, copyright, patent or other form of intellectual property right, claim or interest to which the Contractor purchases, licenses or otherwise acquires any interest or ownership entirely with funds awarded or disbursed pursuant to this Agreement for the specific and exclusive purpose of meeting the objectives of this Agreement. The Contractor warrants and represents that it has or will have the right, through written agreements with its employees, agents and representatives, to secure for the CHA, the rights provided for in this Section and Section 5.06. Further, in the event the Contractor uses any subcontractor, or other third party to perform any of the services contracted for under this Agreement, the Contractor agrees to enter into such written agreements with such subcontractor or other third party, and to take such other steps as are, or may be, required to secure for the CHA the rights provided for in this Section and in Section 5.06.

The provisions of Section 5.07 shall survive the expiration or termination of the Agreement.

The Contractor shall flow down the provisions of Section 5.07 to its subcontractors at every tier.

#### **Section 5.08 Ownership of Work Product, Documents, Records and Reports**

A. The Contractor acknowledges that all Work Product will belong solely to the CHA and the CHA acknowledges that all Contractor Materials will belong solely to the Contractor. The CHA will have exclusive, unlimited rights in, and the Contractor will retain no rights to, such Work Product. The Work Product, but not any Contractor Materials, is conclusively deemed by the parties as "works made for hire" within the meaning and purview of the Copyright Act, and the CHA will be the copyright owner thereof and of all aspects, elements and components thereof in which copyright can subsist.

To the extent the Work Product does not qualify as “work made for hire,” the Contractor hereby irrevocably grants, conveys, bargains, sells, assigns, transfers and delivers to the CHA, its successors and assigns, all right, title and interest in and to the copyrights and all U.S. and foreign copyright registrations, copyright applications and copyright renewals therefor, and other intangible, intellectual property embodied in or pertaining to the Work Product, free and clear of any liens, claims or other encumbrances, to the fullest extent permitted by law. The Contractor will execute assignments in the forms attached if requested by the CHA, without additional compensation. The Contractor will document all work performed for the CHA in creating Work Product and will turn such documentation over to the CHA on completion of the Contractor’s services hereunder or earlier, if requested by the CHA. The Contractor will make no use of the Work Product generated during the course of its work for the CHA during or after the term of this Agreement except to perform the work requested by the CHA, for which it will have a royalty-free, worldwide, nonexclusive license for such use. CHA agrees to and hereby does unconditionally and irrevocably grant, convey, bargain, sell, assign, transfer and deliver to the Contractor, its successors and assigns, all right, title, and interest that it may have in and to any and all Contractor Materials, free and clear of any liens, claims, offsets, or other encumbrances, to the fullest extent permitted by law.

In addition, each party agrees that it will not do anything contrary to the other’s ownership in the Work Product or Contractor Materials, as the case may be, or which might impair the value of such ownership. Each party further agrees to execute and deliver to the other without additional consideration any transfers, assignments, documents or other instruments that the other may reasonably deem necessary to effect such assignments and to evidence complete title and ownership of any or all Work Product or Contractor Materials, as the case may be, and all rights therein.

B. Subject to Sections 5.07 and 5.08.A, all Work Product and CHA Documents provided to, or prepared or assembled by the Contractor for CHA in connection with the performance of the Contractor’s Services under this Agreement shall be the property of the CHA. The Contractor shall establish precautions against the destruction of all such CHA Documents. Contractor shall be responsible for restoring CHA Documents to the extent it caused them to be lost or damaged, or reasonably should have prevented such loss or damage. Otherwise, CHA shall bear the risk of loss of its own CHA Documents, whether caused by CHA or a third party over which the Contractor lacked reasonable control. C. The Contractor shall deliver or cause to be delivered all Work Product and/or CHA Documents, including but not limited to all Deliverables prepared for the CHA under the Agreement, to the CHA promptly in accordance with the time limits prescribed in the Agreement, or if no time limit is specified, then upon reasonable demand thereof or upon termination or completion of the Contractor’s Services or expiration of the Agreement hereunder. In the event of the failure by the Contractor to make such delivery, then and in that event, subject to Section 5.08B, the Contractor shall pay to the CHA any damages the CHA may sustain by reason thereof. The Contractor shall maintain all CHA Documents not previously delivered to the CHA for a period of three (3) years after final payment made in connection with the Agreement.

D. The provisions of Section 5.08 shall survive the expiration or termination of the Agreement.



E. The Contractor shall flow down the provisions of Section 5.08 to its subcontractors at every tier.

#### **Section 5.09 Audit or Inspection of Records**

A. The Contractor shall maintain and retain all books, records, documents, papers, and other materials related to the performance of the Agreement for a period of three (3) years following the expiration or termination of the Agreement and after final payment and all other pending matters related to the Agreement or Contractor's Services are closed, and adopt accounting procedures and practices sufficient to reflect properly all costs of whatever nature claimed to have been incurred or anticipated to be incurred for or in connection with the performance of the Contractor's Services under the Agreement. The Contractor shall maintain its accounting system, books and records in a manner that complies with GAAP, consistently applied throughout.

B. The Contractor agrees to make available all books, records, documents, papers, and other materials related to the performance of the Agreement. The CHA retains an irrevocable right on behalf of itself, HUD, the Comptroller General of the United States or any of their duly authorized representatives to independently, or through a third party, review, examine or audit the Contractor's books, records, documents, papers, and other materials related to the Agreement or Contractor's Services and disallow any inappropriate billing upon written notice to the Contractor. The Contractor further agrees to provide all other such information that the CHA may request relating in any way to the Contractor's performance of the Contractor's Services and the costs incurred in rendering the Contractor's Services. The CHA shall retain the right to conduct the audit for three (3) years after the CHA makes final payment and all other pending matters related to the Agreement or Contractor's Services are closed.

C. The CHA may disallow any invoiced item not payable under the Agreement, as disclosed by any such inspection or audit, and may set-off any over-billing determined by an inspection or audit against any funds which are due or become due to the Contractor or if the Agreement has been terminated or expired and no other funds are due to the Contractor, the Contractor shall be required to re-pay the CHA for any disallowed invoiced items not payable under the Agreement.

D. The provisions of Section 5.09 shall survive the expiration or termination of the Agreement.

E. The Contractor shall flow down the provisions of Section 5.09 to its subcontractors at every tier.

#### **Section 5.10 Confidentiality**

A. The Contractor agrees to maintain CHA's Confidential Information confidential and use it solely for the purposes of performing the Contractor's Services under the Agreement, except to the extent (i) the Confidential Information has been released or published by the CHA, HUD, or a third party who did not receive the Confidential Information from the Contractor and is not under an obligation or duty to keep such information confidential, or (ii) when disclosed to

approved subcontractor(s) subject to the same confidentiality requirements of the Agreement and solely for purposes of and use by the subcontractor(s) performing services under the Agreement.

Further, the Contractor agrees that CHA's Confidential Information shall not be made available to any individual or organization, other than to courts of competent jurisdiction or administrative agencies pursuant to a subpoena or an agency of the federal or state government, without the prior written approval of the CHA. In the event the Contractor is presented with a subpoena regarding such Confidential Information, which may be in the Contractor's possession by reason of this Agreement, the Contractor must immediately give notice to the CHA's Chief Executive Officer and General Counsel with the understanding that the CHA will have the opportunity to contest such process by any means available to it before the Confidential Information is submitted to a court or other third party. The Contractor, however, shall not withhold the delivery of such Confidential Information beyond the time ordered by the court or administrative agency, unless the subpoena or request is quashed or the time to produce is otherwise extended.

The Contractor further agrees that, if it receives a request made under the Freedom of Information Act, or similar state act, for information, it shall immediately notify the CHA and forward such request to the CHA for further handling and response and cooperate with the CHA to provide such requested information to be released per the CHA's determination. The obligations of confidentiality created herein shall survive the expiration or termination of the Agreement.

B. The CHA agrees to maintain all Contractor Confidential Information confidential and to use it only for CHA's own internal business purposes related to this Agreement. The parties agree further that the confidentiality provided herein shall not apply with respect to (i) any information which, at the time access is granted, is already in the recipient's possession or available to it or its employees from any other source, (ii) such information that is or at any time hereafter becomes available to the public not in violation of any obligation of confidentiality, or (iii) such information, which is at any time obtained by the recipient from any other person having no obligation to keep such information confidential. Further, the CHA agrees that Contractor Confidential Information shall not be made available to any individual or organization, other than to courts of competent jurisdiction or administrative agencies pursuant to a subpoena or an agency of the Federal or State Government, without the prior written approval of the Contractor. In the event the CHA is presented with a *subpoena* regarding such Contractor Confidential Information, which may be in the CHA's possession by reason of this Agreement, the CHA must immediately give notice to the Contractor as provided herein with the understanding that the Contractor will have the opportunity to contest such process by any means available to it before the Contractor Confidential Information is submitted to a court or other third party. The CHA, however, shall not withhold the delivery of such Contractor Confidential Information beyond the time ordered by the court or administrative agency, unless the subpoena or request is quashed or the time to produce is otherwise extended.

C. The provisions set forth in Section 5.10 shall survive the expiration or termination of this Agreement.

D. The Contractor shall flow down the provisions of Section 5.10 to its subcontractors at every tier.

#### **Section 5.11 Assignments and Subcontracts**

The Contractor agrees that the Contractor's Services shall be performed only by the Contractor. No other entity, whether related or unrelated to the Contractor, shall perform any of the Contractor's Services without the prior written approval of the CHA, such approval granted at the sole discretion of the CHA. The Contractor shall not assign any of its duties or obligations under this Agreement or subcontract any part hereof to any individual or entity without prior written approval of the CHA. All subcontractors to be employed by the Contractor, if not identified as part of the Contractor's bid proposal or offer submission, must receive prior written approval from the CHA's Contracting Officer prior to commencing any of the Contractor's Services. Any CHA approved subcontract of the Contractor's Services or duties or obligations under the Agreement, shall comply with the requirements of Section 5.15 and Section 5.16. Any subcontract for the performance of the Contractor's Services or duties or obligations under the Agreement shall not operate to relieve the Contractor of any of its obligations or liabilities hereunder. Additionally, the Contractor shall include in its subcontracts all provisions of the Agreement that are required as flow-down provisions and also require its subcontractor(s) to comply with applicable CHA and HUD policies and regulations and applicable state and federal laws and the provisions of the Agreement. Furthermore, the Contractor shall not conduct business with any subcontractor(s) who is ineligible to do business with the CHA (as determined by the CHA's Department of Procurement and Contracts).

#### **Section 5.12 Drug-Free Workplace**

The Contractor shall establish procedures and policies to promote a drug-free workplace. Further, the Contractor shall notify all employees and subcontractors of its policy for maintaining a drug-free workplace, and the penalties that may be imposed on any employee of the Contractor or subcontractor's employees for drug abuse violations occurring in the workplace. Further, the Contractor shall notify the CHA if any of its employees performing services in connection with the Agreement are arrested for or convicted of a criminal drug offense in the workplace. Such notification shall occur immediately upon Contractor's receipt of such information but in no later than twenty-four (24) hours after the Contractor knows or should have known of such an arrest or conviction.

#### **Section 5.13 Force Majeure**

Notwithstanding any other provision in the Agreement, neither party shall be liable to the other or held responsible for any failure to perform or for delays in performing its obligation under the Agreement, including but not limited to the Contractor's Services or the CHA's responsibilities as set forth hereunder which result from circumstance or causes beyond their reasonable control, including without limitation fire or casualty, acts of God, , war or violence, or any order or requirement of any government agency or authority. In each instance, the failure to perform must be beyond the control and without the material fault or negligence of the Contractor or the CHA.

## **Section 5.14 Section 3 and MBE/WBE/DBE Participation and Requirements**

- A. Section 3 – Compliance:** The CHA has determined that the contract awarded under this solicitation is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, (Section 3), and Title 24 of Subchapter B, Part 135 – Economic Opportunities for Low- and Very Low-Income Persons, 24 CFR 135.3. Section 3 Compliance requires that any contract or subcontract entered into for the benefit of public housing residents shall require that, to the greatest extent feasible, economic opportunity in the form of training, employment, contracting, and other economic opportunities arising from the expenditure of public housing assistance for housing rehabilitation and housing construction be directed to low- and very low-income persons.

### **1. Section 3 - Clause**

- i. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- ii. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- iii. The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- iv. The Contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the

subcontractor has been found in violation of the regulations in 24 CFR Part 135.

- v. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the Contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.
- vi. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

## 2. Section 3 Compliance Goals

- i. Contractors and their subcontractors may demonstrate compliance by committing to employ section 3 residents and by subcontracting with section 3 business concerns in accordance with the requirements of 24 CFR Part 135.

### **A Section 3 Business concern is a business concern under HUD Regulations:**

- (a) 51 percent or more owned by section 3 residents; or
  - (b) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently section 3 residents, or within three years of the date of first employment with the business concern were section 3 residents; or
  - (c) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of "section 3 business concern."
- ii. Contractor and sub-contractors may demonstrate compliance with the requirements for contracting with Section 3 Business Concerns by committing to award to Section 3 Business Concerns at least 10 percent of the total dollar amount of the contract awarded to the contractor for building trades work for maintenance, repair modernization or development of public housing, or for building trades work arising in connection with housing rehabilitation, housing construction and other public construction and at least 3 percent of the total dollar amount of all other Section 3 covered contracts.
- iii. In evaluating compliance with 24 CFR Part 135, contractors and their subcontractors have the burden of demonstrating to the greatest extent feasible their ability or inability to meet the goals set forth in 24 CFR Part 135 for providing training, employment and contracting opportunities to section 3 residents and section 3 business concerns.

- iv. Contractors and their subcontractors are also encouraged to provide other economic opportunities to train and employ section 3 residents including, but not limited to, use of “upward mobility”, “bridge” and trainee positions to fill vacancies, and hiring section 3 residents in part-time positions (24 CFR 135.40).

### 3. Documenting and Reporting

- i. Contractor agrees to comply with the above Section 3 requirements in accordance with the Contractor’s Section 3 Utilization Plan, which shall be prepared by the Contractor and agreed to by CHA. CHA shall not be required to agree to the Contractor’s Utilization Plan until the Contractor meets its burden to establish that it will comply with 24 CFR Part 135 and otherwise comply with CHA’s Section 3 Policy (see [http://www.thecha.org/pages/section\\_3/65.php](http://www.thecha.org/pages/section_3/65.php) or the copy included in the solicitation) as may be required. Contractor’s Section 3 Utilization Plan is attached hereto as Exhibit B and is incorporated by reference herein.
- ii. The Contractor and its subcontractors shall provide all required compliance data with respect to Contractor’s Section 3 requirements to the CHA via CHA’s electronic system available at <https://cha.diversitycompliance.com/>. The Contractor and its subcontractors shall be responsible for responding to any requests for data or information by the noted response due dates, and shall check the electronic system on a regular basis to manage contact information and contract records. The Contractor shall also be responsible for ensuring that all subcontractors have completed all requested items with complete and accurate information and that their contact information is current.

- 4. This Section 3 Contract Provision shall flow down to each subcontract at every tier.

- B. **MBE/WBE/DBE Compliance.** Contractor agrees to comply with the CHA’s Minority and Women Disadvantaged Business Enterprise (“MBE/WBE/DBE”) requirements in accordance with the Contractor’s MBE/WBE/DBE Utilization Plan, which is attached hereto as Exhibit C and incorporated by reference herein, and otherwise comply with the CHA’s MBE/WBE Policy (see [http://www.thecha.org/pages/mbe\\_wbe\\_dbc/36.php](http://www.thecha.org/pages/mbe_wbe_dbc/36.php) or the copy included in the RFP),.

**Documenting and Reporting.** The Contractor and its subcontractors shall provide all required compliance data with respect to Contractor’s MBE/WBE/DBE to the CHA via CHA’s electronic system available at <https://cha.diversitycompliance.com/>. The Contractor and its subcontractors shall be responsible for responding to any requests for data or information by the noted response due dates, and shall check the electronic system on a regular basis to manage contact information and contract records. The Contractor shall also be responsible for ensuring that all subcontractors have completed all requested items with complete and accurate information and that their contact information is current.

## **Section 5.16 General Conditions for Non-Construction Contracts**

The Contractor agrees to comply with the terms and conditions of the General Conditions for Non-Construction Contracts which is attached hereto as Exhibit D and incorporated by reference as if fully set forth herein. In the event of a conflict between the terms and conditions of General Conditions and the Agreement, the terms and conditions of the Agreement shall control.

## **Section 5.17 Advertising and Marketing Materials**

During the term of this Agreement, the Contractor shall not use "Chicago Housing Authority", "CHA", or any other language that references the Chicago Housing Authority in any advertising or marketing materials without prior written approval from CHA, which approval shall not be unreasonably withheld. Such approval will be deemed granted in the event that CHA does not respond to a submission within 5 business days from receipt of such submission. This paragraph is not intended to include bids or proposals submitted by Contractor in response to Requests for Proposals issued by other housing authorities or other governmental agencies or entities.

## **ARTICLE 6. DISPUTES**

### **Section 6.01 Disputes**

In the event of a dispute, see the HUD General Conditions for Non-Construction Contracts, Exhibit D, paragraph 7.

## **ARTICLE 7. RISK MANAGEMENT**

### **Section 7.01 Insurance**

A. Prior to the commencement of the Agreement, the Contractor agrees to procure and maintain at all times during the term of the Agreement, the types of insurance specified below in order to protect the CHA from the acts, omissions and negligence of the Contractor, its officers, officials, subcontractors, joint ventures, partners, agents or employees. The insurance carriers used by the Contractor must be authorized to conduct business in the State of Illinois and shall have a Best Rating of not less than an "A" and shall be subject to the approval of the CHA, which approval shall not be unreasonably withheld. The insurance provided shall cover all operations under the Agreement, whether performed by the Contractor or by its subcontractors, joint ventures, partners, agents, officers or employees. The required Insurance Coverage is as follows:

#### **1. Workers Compensation**

Workers Compensation and Occupation Disease Insurance in accordance with the laws of the State of Illinois (Statutory), Coverage A, and Employer's Liability, Coverage B, in an amount of not less than five hundred thousand dollars (\$500,000)/five hundred thousand dollars (\$500,000)/five hundred thousand dollars (\$500,000).

2. Commercial Liability Insurance (Primary and Excess)

Commercial Liability Insurance or equivalent, with limits of not less than \$1,000,000 per occurrence, and \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage liability.

Coverage extensions shall include the following: All premises and operations, products/completed operations (for a minimum of 2 years following project completion), personal and advertising injury, independent contractors, cross liability, broad form property damage, and blanket contractual liability. Coverage shall also include any injury to the Contractor's officers, directors, employees, agents, subcontractors, invitees and guests and their personal property. The CHA is to be endorsed as an additional insured on the Contractor's policy without restriction on a primary and non-contributory basis with any other insurance available to the CHA for any liability arising directly or indirectly from the Contractor's Services.

3. Automobile Liability Insurance (Primary and Excess)

When any motor vehicles (owned, leased, non-owned or hired) are used in connection with the Contractor's Services to be performed, the Contractor shall provide Comprehensive Automobile Liability Insurance with limits of not less than \$1,000,000 combined single limit, for bodily injury and property damage. The CHA is to be endorsed as an additional insured on the Contractor's policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to the CHA.

4. Professional Liability Insurance

Professional Liability Insurance covering acts, errors, or omissions shall be maintained with limits of not less than \$5,000,000 per occurrence and in the aggregate. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, the start of the Contractor's Services under the Agreement. A claims-made policy, which is not renewed or replaced, must have an extended reporting period of 2 years.

5. Valuable Papers Insurance

Valuable Papers Insurance of \$500,000 aggregate shall be maintained to insure against any loss whatsoever, and shall have limits sufficient to pay for the re-creation and reconstruction of such records.

6. Fidelity/Crime Insurance

Fidelity/Crime Insurance in the amount of \$1,000,000 to protect the CHA against misapplication of HCV Program funds by the Contractor and its employees. The other terms and conditions of the Fidelity/Crime Insurance shall be subject to the approval of the CHA, but at a minimum must contain third party coverage with the CHA endorsed as a loss payee.



## **7. Business Personal Property Coverage**

Business Personal Property Coverage based on accepted commercial practices for a program of this size and value.

## **8. Excess Liability**

Excess Liability coverage, if applicable, is to follow the form of the Primary Insurance requirements outlined above.

### **B. Related Requirements**

The Contractor or its subcontractors shall furnish the Procurements and Contracts Department of the Chicago Housing Authority, 60 E. Van Buren St., 13th Floor, Chicago, Illinois 60605, original certificates of insurance evidencing that the required coverage is in force on the Effective Date of the Agreement. In addition, copies of the endorsement(s) adding the CHA to the Contractor's policies as an additional insured are required. The required documentation must be received prior to the Effective Date.

Renewal certificates of insurance, or such similar evidence, if the coverage has an expiration or renewal date occurring during the term of the Agreement, are to be received by the Department of Procurement and Contracts prior to the expiration or renewal date occurring during the term of the Agreement or extensions thereof. At the CHA's option, non-compliance will result in one or more of the following actions: (1) the CHA will purchase insurance on behalf of the Contractor and will charge back all costs to the Contractor; (2) the Contractor will be immediately removed from CHA property and the Agreement revoked; (3) all payments due the Contractor will be withheld until the Contractor has complied with the Agreement; or (4) the Contractor will be assessed \$500 for every day of non-compliance. The receipt of any certificate does not constitute agreement by the CHA that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements, and the Contractor shall provide copies of its insurance policies to the CHA upon request. The failure of the CHA to obtain certificates or other insurance evidence from the Contractor shall not be deemed to be a waiver by the CHA of the Contractor's obligations under Section 7.01. The Contractor shall advise all insurers of the Agreement provisions regarding insurance and the failure of the Contractor to notify insurers shall not relieve the Contractor from its insurance obligations under the Agreement. The lack of compliance with the insurance provisions contained herein shall constitute an Event of Default under the Agreement for purposes of and pursuant to Section 7.01.

The insurance shall provide for 30 days prior written notice to be given to the CHA in the event coverage is substantially changed, canceled, or not renewed.

If any of the insurance required herein is underwritten on a claims made basis, the retroactive date shall be prior to or coincident with the date of the Agreement and the certificate of insurance shall state the coverage is "claims made" and also the retroactive date. The Contractor shall maintain coverage for the duration of the Agreement. Any extended reporting period premium (tail coverage) shall be paid by the Contractor. On an annual basis, the Contractor shall provide to the CHA a certified copy of the insurance policies obtained pursuant

hereto. It is further agreed that the Contractor shall provide the CHA a thirty (30) days notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the retroactive date, cancellation and/or non-renewal.

The Contractor shall require all subcontractors to carry the insurance required herein with the CHA endorsed as an additional insured as set forth in Section 7.01.A.2. and Section 7.01.A.3., or the Contractor may provide the coverage for any or all subcontractors and consultants, and if it does, the evidence of insurance must be submitted to the CHA and shall so stipulate and adhere to the same requirements and conditions as outlined herein.

The Contractor and each subcontractor agree that insurers shall be requested to waive their rights of subrogation against the CHA.

Except as expressly provided otherwise herein, the Contractor understands and agrees that any insurance, self-insurance, or reserve insurance programs maintained by the CHA shall apply in excess of and not in addition to insurance provided by the Contractor under the Agreement.

The required insurance to be carried shall not be limited by any limitations expressed in Section 7.02.

The CHA maintains the right to reasonably modify, delete, alter or change the insurance requirements set forth in Section 7.01.A.

## **Section 7.02 Indemnification**

### **A. Contractor's Indemnity to the CHA**

The Contractor agrees to protect, defend, indemnify, keep save, and hold the CHA, its officers, officials, employees and agents and contractors free and harmless from and against any and all liabilities, losses, penalties, damages, settlements, environmental liability, costs, charges, professional fees, including attorney fees, or other expenses or liabilities of every kind, nature and character arising out of or relating to any and all claims, liens, demands, obligations, actions, suits, judgments or settlements, proceedings or causes of action of every kind, nature and character (collectively, "Claims") in connection with or arising directly or indirectly out of this Agreement and/or the acts and omissions of the Contractor, its agents, employees, and subcontractors, including but not limited to, the enforcement of this indemnification provision. Without limiting the foregoing, any and all such Claims, relating to personal injury, death, damage to property, defects in material or workmanship, actual or alleged infringement of any patent, trademark, copyright or any other tangible or intangible personal or property right, or any actual or alleged violation of any applicable statute, ordinance, order, rule or regulation, or decree of any court, shall be included in the indemnity hereunder. The Contractor further agrees to investigate, handle, respond to, provide defense for and defend all suits for any and all Claims at its sole expense and agrees to bear all the costs and expenses related thereto, even if the Claims are considered groundless, false or fraudulent.

The CHA shall have the right, at its option and expense, to participate in the defense of any suit, without relieving the Contractor of any of its obligations under this indemnity

provision. The Contractor expressly understands and agrees that the requirements set forth in Section 7.02 to protect, defend, indemnify, keep, save and hold the CHA free and harmless are separate from and not limited by the Contractor's responsibility to obtain, procure and maintain insurance pursuant to this Agreement. Further, the Contractor's indemnities set forth in the Agreement shall survive the expiration or termination of the Agreement.

**B. CHA's Indemnity to Contractor**

CHA agrees to protect, defend, indemnify, keep, save, and hold Contractor, its officers, officials, employees, agents and contractors free and harmless from and against any and all Claims in connection with or arising directly or indirectly out of the CHA's performance of the Agreement and/or the acts and omissions of the CHA, its subcontractors or their respective officers, officials, agents, and employees (including but not limited to the enforcement of this indemnification provision) which relate to personal injury, death, damage to property, defects in material or workmanship, actual or alleged infringement of any patent, trademark, copyright or of any other tangible or intangible personal or property right, or any actual or alleged violation of any applicable statute, ordinance, order, rule or regulation, or decree of any court, and any acts found to be performed with malicious or illegal intent shall be included in the indemnity hereunder. The CHA further agrees to investigate, handle, respond to, provide defense for and defend all suits for any and all such Claims at its sole expense and agrees to bear all the costs and expenses related thereto, even if the Claims are considered groundless, false or fraudulent.

Contractor shall have the right, at its option and expense, to participate in the defense of any suit, without relieving CHA of any of its obligations under this indemnity provision.

**C. Validity/Constitutionality of HCV Programs**

Notwithstanding anything contained in Section 7.02.A. above to the contrary, the CHA agrees to defend, indemnify and hold the Contractor harmless from and against any and all Claims arising after the Effective Date of this Agreement in which the allegations solely challenge the validity and/or constitutionality of the HCV Programs, the HCV governing statute and/or implementing HUD regulations and/or any and all claims regarding or relating to: program eligibility determinations (except for informal reviews); issuance of termination notices that result in informal hearings; and any actions filed in state or federal court relating to such matters. The CHA further agrees to investigate, handle, respond to, provide defense for and defend all suits for any and all such Claims at its sole expense and agrees to bear all the costs and expenses related thereto, even if such Claims are considered groundless, false or fraudulent. Any such Claims that also contain allegations related to the acts, errors, omissions and/or negligence of the Contractor in connection with or arising out of this Agreement shall be handled in accordance with the provisions of Section 7.02.A., and the Contractor shall defend, indemnify and keep and save the CHA harmless in accordance with said provisions through the conclusion of such Claims.

The provisions set forth in Section 7.02 shall survive the expiration or termination of this Agreement.

## **ARTICLE 8. CORRECTIVE ACTION PLANS, EVENTS OF DEFAULT, REMEDIES, TERMINATION, RIGHT TO OFFSET, SUSPENSION**

### **Section 8.01 Corrective Action Plans**

In the event that CHA determines that Contractor's performance of its obligations under this Agreement is unsatisfactory, CHA may at any time and at its sole discretion issue to Contractor a Corrective Action Plan ("CAP") to improve Contractor's performance. The CAP shall: (1) specify goals to be achieved; (2) identify obstacles to goal achievement and ways to eliminate or avoid them; (3) identify resources that will be used or sought to achieve goals; (4) identify staff person with lead responsibility for completing each goal; (5) identify key tasks to reach each goal; (6) specify time frames for achievement of each goal, including intermediate time frames to complete each key task; (7) provide for regular evaluation of progress toward improvement; and (8) be signed by the CHA's Deputy Chief Housing Officer and by Contractor's Deputy Program Director and both CHA and Contractor each acknowledge that such persons have all requisite authority to bind CHA and Contractor to the terms of the CAP.

### **Section 8.02 Declaration of Default**

If an Event of Default shall occur the CHA may, at its sole option, declare the Contractor in default by issuing Notice of Default. The Notice of Default shall include (i) an explanation of the circumstances surrounding the Event(s) of Default with reasonable specificity, (ii) what actions, if any, the Contractor must take to cure such Event(s) of Default and (iii) a statement that a reasonable amount of funds may be withheld from the Contractor until such time as the Event of Default is cured. The Notice of Default also shall include an explanation of the methodology for determining the amount of any funds the CHA has determined to withhold from the Contractor during the cure period. Whether to declare the Contractor in default and send a Notice of Default, and what remedies to exercise, are within the sole discretion of the CHA. If the CHA considers it to be in its best interests, it may elect not to issue a Notice of Default or to exercise any available remedy hereunder. Upon receipt of a Notice of Default issued in accordance with this Section for any curable Event of Default, the Contractor shall have thirty (30) calendar days to cure the default (or, if the default cannot reasonably be cured within such thirty (30) day period, then the Contractor shall commence all efforts to cure within a reasonable period agreed upon by the CHA).

The parties acknowledge that this provision is solely for the benefit of the CHA and that if the CHA permits the Contractor to continue to provide the Contractor's Services despite one or more Events of Default, the Contractor shall in no way be relieved of any of its responsibilities, duties or obligations under the Agreement, nor shall the CHA waive or relinquish any of its rights to declare the Contractor in default and send a Notice of Default based on any current, past or future Event of Default or to exercise any of its remedies under the Agreement. Written notification of the default, and any decision by the CHA to terminate the Agreement, shall be final and effective upon the Contractor's receipt of such notice pursuant to Article 11 and shall not be subject of the provisions of Section 6.01.

### **Section 8.03 Remedies**

Upon the giving of written Notice of Default pursuant to Section 8.01 and the Contractor's failure or inability to cure to the extent allowed, the CHA may invoke any or all of the following remedies:

- A. Take over and complete the Contractor's Services or any part thereof either directly or through others;
- B. Terminate the Agreement as to any or all of the Contractor's Services yet to be performed, effective at a time specified by the CHA;
- C. Obtain specific performance, or an injunction or any other appropriate equitable remedy;
- D. Obtain actual money damages;
- E. Withhold all or any part of the Contractor's compensation hereunder commensurate with those Contractor's Services not substantially completed in accordance with the terms hereof;
- F. Deem the Contractor non-responsible in future contracts to be awarded by the CHA; and
- G. Withhold, on an interim basis, a reasonable amount of funds until the Event of Default is cured.

The remedies provided to the CHA under this Section are not intended to be exclusive of any other remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedies, existing now or hereafter, at law, in equity or by statute. No delay or failure to exercise any right or power accruing, as provided in this Section, upon any Event of Default shall impair any such right or power; nor shall it be construed as a waiver of any Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The remedies provided to the CHA under this Section are not subject to the provisions of Section 6.01 and, with respect to any defaults under this Agreement, the CHA shall not be required to proceed under the dispute mechanism provided for in that section.

### **Section 8.04 Termination for Cause and Convenience; Withdrawing Services**

A. The CHA may terminate the Agreement as a result of (i) any violation by the Contractor of any of the terms and conditions of the Agreement, (ii) any violation by the Contractor of any law, (iii) any violation by the Contractor of the CHA's or HUD's policies, procedures or guidelines or (iv) any inadequacy of the Contractor's performance.

B. Upon a determination that the Agreement is no longer in the best interests of the CHA, the CHA may terminate the Agreement, or any portion of the Contractor's Services, for convenience by thirty (30) days written notice to the Contractor.

C. If the Contractor is assessed a disincentive with respect to its performance of any of the Contractor's Services for any of the areas subject to review as set forth in Section 4.03 for [three (3)] consecutive months, the CHA may withdraw from the Contractor's Services, as provided for in Article 3, that portion of the Contractor's Services which has been assessed such disincentive. Such withdrawal shall be considered "for cause" for purposes of this agreement. The CHA may perform, or engage another contractor to perform, the Withdrawn Services.

#### **Section 8.05 Suspension**

The CHA may at any time suspend the Contractor's performance of the Contractor's Services, or any part thereof, by giving fifteen (15) days prior written notice to the Contractor or upon no notice in the event of an emergency. The Contractor shall not be entitled to compensation for services performed, but may be entitled to reimbursement for reasonable expenses incurred during the period of such suspension, to the extent the Contractor demonstrably establishes said expenses could not reasonably be avoided and were caused by and relate to the suspension. However, there shall be no reimbursement for reasonable expenses resulting from any suspension of the Contractor's Services if said suspension is caused by the fault or negligence of the Contractor. The Contractor shall promptly resume performance of such Contractor's Services under the same terms and conditions as stated herein upon written notice by the CHA and such equitable extension of time as may be mutually agreed upon by the CHA and the Contractor, when necessary for continuation or completion of the Contractor's Services.

No single suspension of this Agreement shall exceed fifteen (15) business days or, in the aggregate, with other suspensions, exceed a period of forty-five (45) business days within any one contract year.

#### **Section 8.06 No Damages for Delay**

The Contractor shall make no claims against the CHA, for damages, charges, interest, or third party costs incurred by reason of delays or suspension caused by the CHA. The Contractor's sole and exclusive remedy for delays or suspension of work caused by the CHA is an extension of time equal to the duration of delay or suspension to allow the Contractor to perform its obligations under the Agreement. However, to the extent an extension of time equal to the duration of delay or suspension is insufficient to permit the Contractor to receive a SEMAP rating of "High Performer" and any performance incentives for those activities within the Contractor's Services, the Contractor shall be credited with receiving a SEMAP rating of "High Performer" and able to receive any performance incentives as set forth in Section 4.03 to the extent the Contractor can demonstrably establish it would have earned such a rating and performance incentives but for the delays or suspension of work. No compensation shall be due to the Contractor for delays or suspension caused by the Contractor. Further, the Contractor shall make no claims against the CHA for damages, charges, interest, or third party costs incurred by reason of delays or suspension if such delays or suspension are deemed necessary or in the best interest of the HCV Program.

## **Section 8.07 Administrative Errors (and Improper Payments)**

A. The Contractor shall be solely responsible for all administrative errors and/or improper payments shown to be performed by or under the control of Contractor resulting in damages of \$10,000 or more for any single transaction. The Contractor shall also be solely responsible for damages arising from multiple transactions involving the same administrative errors and/or improper payments shown to be performed by or under the control of the Contractor which, collectively, result in damages of \$10,000 or more. In the event that Contractor or CHA learns of the occurrence of such administrative errors and/or improper payments resulting in such damages, that party shall immediately notify the other party of such an occurrence. Upon receipt of such notice, Contractor shall immediately implement corrections to program operations to eliminate further administrative errors and/or improper payments and will provide CHA with documentation that such corrective actions have been implemented. Contractor shall have 60 days to collect such erroneous or improper payments from the recipient(s) of those payments using standard means available to Contractor to recover funds overpaid due to erroneous or fraudulent activity on the part of a landlord or other party. In the event that Contractor is not successful in recovering such funds within the 60 day period, CHA and Contractor shall, within 10 business days from the date of the expiration of the 60 day period, negotiate in good faith a process by which Contractor will indemnify and hold CHA harmless from and against any and all such damages of \$10,000 or more. The presumption for such a process is that the Contractor will reimburse CHA in the amount of unrecovered funds, CHA will assign to Contractor its right of recovery for such funds, and Contractor will then have discretion to pursue recovery of said funds as it sees fit.

B. In the event that Contractor makes administrative errors or improper payments which are less than \$10,000 for a single transaction or less than \$10,000 for multiple errors or improper payments arising from the same administrative errors or improper payments, Contractor is nonetheless expected to make every attempt to recover said funds from the recipient of those funds using standard means available to Contractor to recover funds overpaid due to erroneous or fraudulent activity on the part of a landlord or other party.

## **ARTICLE 9. WARRANTIES, REPRESENTATIONS AND SPECIAL CONDITIONS**

### **Section 9.01 Warranties and Representations**

In connection with the execution of the Agreement, the Contractor warrants and represents:

A. That it is financially solvent; and that it and each of its employees, agents or subcontractors at any tier are competent to perform the Contractor's Services required under the Agreement; and that the Contractor is legally authorized to execute and perform or cause to be performed the Agreement under the terms and conditions stated herein;

B. That no officer, agent or employee of the CHA is employed by the Contractor or has a financial interest directly or indirectly in the Agreement or the compensation to be paid hereunder except as may be permitted in writing by the CHA, and that no payment, gratuity or

offer of employment shall be made in connection with the Agreement by or on behalf of any subcontractors to the Contractor or anyone associated therewith, as an inducement for the award of a subcontract or order; and the Contractor further acknowledges that any agreement entered into, negotiated or performed in violation of any of the provisions set forth in this paragraph shall be void; and

C. That the Contractor shall not knowingly use the services of any contractor or consultant deemed ineligible by HUD for any purpose in the performance of the Contractor's Services under the Agreement; and

D. That the Contractor and its subcontractors are not (a) in default at the time of the execution of the Agreement or (b) deemed by the CHA's Department of Procurement and Contracts Department to have, within ten (10) years immediately preceding the Effective Date of the Agreement, been (i) found to be in default on any contract awarded by the CHA and/or HUD, and/or (ii) discharged by the CHA or HUD from its employ; and

E. That the Contractor has carefully examined and analyzed the provisions and requirements of the Agreement and that it fully understands the nature and scope of the Contractor's Services required and otherwise fully understands the parties' duties and obligations hereunder; and

F. That the Agreement is feasible of performance in accordance with all of its provisions and requirements and that the Contractor can and shall perform, or cause to be performed, the Contractor's Services in strict accordance with the provisions and requirements of the Agreement; and

G. That no representation, statement or promise, oral or in writing, or of any kind whatsoever, by the CHA, its officials, agents, or employees, except only for those representations, statements, or promises expressly contained in the Agreement and any exhibits attached hereto and incorporated by reference herein, have induced the Contractor to enter into the Agreement or have been relied upon by the Contractor; and

H. That the Contractor, its employees and, to the best of its knowledge, its subcontractors are not in violation of and during the term of the Agreement will continuously comply with the provisions of 18 U.S.C. § 666 (a)(2) and other Federal criminal laws applicable to public contracts funded with federal government funds, the Illinois Criminal Code, 720 ILCS 5/33E-1 et seq. (1989), as amended; and the CHA's Ethics Policy, as amended (see [http://www.thecha.org/pages/forms\\_documents/66.php](http://www.thecha.org/pages/forms_documents/66.php)).

I. The Contractor understands and agrees that any certification, affidavit or acknowledgment made under oath in connection with the Agreement is made under penalty of perjury and, if false, is also an Event of Default under the Agreement and cause for termination of the Agreement.

J. That the Contractor is a duly organized and validly existing corporation under the laws of the State of California.



K. That the Contractor has, and will continue to have at all times during the term of the Agreement, all licenses and certifications necessary to render the Contractor's Services required hereunder and that the CHA will be promptly notified of any lapse or loss of any licensure or certifications.

L. That the Contractor has the power and authority to enter into and perform all of its obligations under the Agreement, and that the Agreement, when executed will constitute the duly authorized, valid and legally binding obligation of the Contractor.

M. That, in the last five (5) years, the Contractor nor any of its officers, directors, employees or agents or any other individual or corporation, partnership, trust, association, unincorporated business or individually owned business associated with the Contractor has been convicted of, entered a plea of admission of guilt for (whether or not such individual or business entity was subject to prosecution for the offense or offenses admitted to) or entered a plea of nolo contendere to (i) an act of bribery or attempting to bribe an officer or employee of a unit of state or local government or school district in an official capacity, (ii) an act of bid-rigging or attempting to rig bids as defined in the Sherman Anti-Trust Act and Clayton Act (15 U.S.C. § 1 et seq.) or under the laws of the State of Illinois, (iii) an act of price-fixing or attempting to fix prices as defined in the Sherman Anti-Trust Act and Clayton Act (15 U.S.C. § 1 et seq.) or under the laws of the State of Illinois or (iv) defrauding or attempting to defraud any unit of state or local government or school district.

N. That the Contractor (i) does not employ as an officer or director any individual who was an officer or director of another corporation, partnership, trust, association, unincorporated business or individually owned business at the time such an event as described in Section 9.01.M occurred and (ii) is not owned by any individual, corporation, partnership, trust, association, unincorporated business or individually owned business that controls, directly or indirectly, twenty percent (20%) or more of the Contractor who directly or indirectly controlled twenty percent (20%) of another corporation, partnership, trust, association, unincorporated business or individually owned business at the time such an event as described in Section 9.01.M occurred.

#### **Section 9.02 Joint and Several Liability**

In the event that the Contractor, or its successors or permitted assigns, if any, is comprised of more than one legal entity (or a combination thereof), then and in that event, each and every obligation or undertaking herein stated to be fulfilled or performed by the Contractor shall be the joint and several obligation or undertaking of each legal entity.

#### **Section 9.03 Business Documents and Contractor's Affidavit**

The Contractor shall provide to the CHA evidence of its authority to conduct business in the State of Illinois, including without limitation registrations of assumed names or limited partnerships and certifications of good standing with the Office of the Secretary of the State of Illinois. The Contractor's Affidavit, Contractor's Certifications and Representations of Offerors – Non-Construction Contracts (HUD Form 5369-C) and Equal Opportunity Certificate are attached hereto as Exhibit E and incorporated by reference as if fully set forth herein. The

Contractor shall at all times comply with, and be in compliance with the Contractor's Affidavit, Contractor's Certifications and Representations of Offerors – Non-Construction Contracts (HUD Form 5369-C) and Equal Opportunity Certificate.

#### **Section 9.04 Conflict of Interest and Anti-Lobbying**

No member of the governing body of the CHA or other units of government and no other officer, employee, or agent of the CHA or other unit of government who exercises any functions or responsibilities in connection with the Contractor's Services to which the Agreement pertains, shall have any personal interest, direct or indirect, in the Agreement. No member of or delegate to the Congress of the United States or the Illinois General Assembly or CHA employee shall be entitled to any share or part of the Agreement or to any financial benefit to arise from it.

The Contractor covenants that it and its employees, or subcontractors, presently have no interest and shall acquire no interest, direct or indirect, in the Agreement which would conflict in any manner or degree with the performance of the Contractor's Services hereunder. The Contractor further covenants that in the performance of the Agreement no person having any such interest shall be employed by the Contractor. The Contractor agrees that if the CHA determines that any of the services to be performed by the Contractor for others conflict with the Contractor's Services that the Contractor is to render for the CHA under the Agreement, the Contractor shall terminate such other services immediately upon request of the CHA.

The Contractor shall ensure that it and its employees and any subcontractors and subcontractors' employees do not perform any functions for other individuals or entities which would place the Contractor or the CHA in any actual or potential conflicts of interest with any other individual or entity. Further, the Contractor shall ensure that it and its employees and any subcontractors and any subcontractors' employees do not have any financial or ownership interest in any voucher or property which is subject to the Contractor's Service or this Agreement or is otherwise operated by the CHA. The Contractor shall disclose any such financial or ownership interest and shall advise the CHA in writing of the circumstances constituting or appearing to constitute any such actual or potential conflicts of interest. The Contractor shall inform the CHA in such writing of the remedial actions the Contractor may take to eliminate any such conflict of interest.

The Contractor shall ensure that it and its employees and any subcontractors and subcontractors' employees do not perform any functions for other individuals or entities which would place the Contractor or the CHA in any actual or potential conflicts of interest with any other individual or entity. The Contractor shall advise the CHA in writing of the circumstances constituting or appearing to constitute any actual or potential conflicts of interest and shall inform the CHA in such writing of the remedial actions the Contractor may take to eliminate such conflict of interest.

Additionally, pursuant to the conflict of interest requirements in 24 C.F.R. § 85.36(b)(3), no person who is an employee, agent, consultant, officer, or appointed official of the CHA and who exercises or has exercised any functions or responsibilities with respect to HUD assisted activities, or who is in a position to participate in a decision making process or gain inside information with regard to such HUD activities, may obtain a financial interest or benefit from

the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or for those whom he or she has family or business ties, during his or her tenure or for one year thereafter.

Furthermore, the Contractor represents that it is currently and will remain in compliance with federal restrictions on lobbying set forth in Section 319 of the Department of the Interior and Related Agencies Appropriations Act for fiscal year 1990, 31 U.S.C. § 1352, and related rules and regulations set forth at 54 Fed. Reg. 52,309 ff. (1989), as amended.

#### **Section 9.05 Non-Liability of Public Officials**

No official, employee or agent of the CHA shall be personally liable to the Contractor or any subcontractor or their respective successors and permitted assigns, if any, for: (i) any default or breach by the CHA under the Agreement, (ii) any fee due to the Contractor or subcontractors or their respective successors and assigns, or (iii) any other obligation arising under the Agreement.

#### **Section 9.06 Independent Contractor**

The Contractor shall perform under the Agreement as an independent contractor to the CHA and not as a representative, employee, agent, or partner of the CHA.

#### **Section 9.07 Annual Contributions Contracts/MTW Agreement**

Notwithstanding any provision contained herein to the contrary, the Contractor hereby certifies that the Contractor's Services shall be performed in accordance with the provisions of the HCV Annual Contributions Contracts between HUD and CHA and the Consolidated Annual Contributions Contracts and/or the MTW Agreement, as amended, for the HCV Programs.

### **ARTICLE 10. GENERAL CONDITIONS**

#### **Section 10.01 Entire Agreement**

This Agreement and the Exhibits attached hereto and incorporated herein, shall constitute the entire understanding and agreement between the parties hereto relating to the subject matter hereof and supersede any and all prior agreements, arrangements and communications between the parties herein, and no other warranties, inducements, considerations, covenants, conditions, promises, or interpretations shall be implied between the parties that are not set forth herein. In the event of an inconsistency between the terms and conditions of the Agreement and those of any such Exhibits that have been incorporated by reference, the terms and conditions of the Agreement shall control.

#### **Section 10.02 Counterparts**

This Agreement may be executed in several identical counterparts, each of which shall be deemed an original and constitute one Agreement binding on the parties.

### **Section 10.03 Amendments**

No changes, amendments, or modifications of the Agreement, or any part thereof, shall be valid unless in writing and signed by the authorized agent of the Contractor and by the CHA's Contracting Officer. The CHA shall incur no liability for fees or cost reimbursement for existing or additional Services performed by the Contractor without first obtaining a written amendment to the Agreement pursuant to this Section.

Whenever in the Agreement the Contractor is required to obtain prior approval from the CHA, the effect of any approval which may be granted pursuant to the Contractor's request shall be prospective only from the later of: (i) the date approval was requested; or (ii) the date on which the action for which the approval was sought is to begin. In no event may approval apply retroactively to a date before the approval was requested.

### **Section 10.04 Compliance with All Laws/Government Orders**

The Contractor shall at all times observe and comply with all applicable laws, ordinances, rules, regulations and executive orders of the federal, state and local government, now existing or hereinafter in effect, which may in any manner affect the performance of the Agreement. Provision(s) required by law, ordinances, rules, regulations, or executive orders to be inserted shall be deemed inserted whether or not they appear in the Agreement or, upon application by either party, the Agreement shall forthwith be amended to literally make such insertion; however, in no event shall the failure to insert such provision(s) prevent the enforcement of the Agreement.

The Contractor shall take such actions as may be necessary to comply promptly with any and all governmental orders imposed by any duly constituted government authority whether imposed by federal, state, county or municipal authority.

### **Section 10.05 Governing Law**

This Agreement shall be governed as to performance and interpretation in accordance with the laws of the State of Illinois. The Contractor hereby irrevocably submits itself to the original and exclusive jurisdiction of those courts located within the County of Cook, State of Illinois, with regard to any controversy arising out of, relating to, or in any way concerning the execution or performance of the Agreement. The Contractor agrees that service of process on the Contractor may be made, at the option of the CHA, either by registered or certified mail addressed to the applicable office as provided for in the Agreement, by registered or certified mail addressed to the office actually maintained by the Contractor, or by personal delivery on any officer, director, or managing or general agent of the Contractor. If the Contractor brings any action against the CHA concerning the Agreement, the action shall only be brought in those courts located within the County of Cook, State of Illinois, and service of process shall be on the CHA's Office of the General Counsel.

### **Section 10.06 Severability**

If any provision of the Agreement shall be held or deemed to be or shall in fact be inoperative or unenforceable (i) as applied in any particular case in any jurisdiction, or (ii) in all

cases, because it conflicts with any other provision or provisions of the Agreement or of any constitution, statute, ordinance, rule of law or public policy, or (iii) for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or sections contained in the Agreement shall not affect the remaining portions of the Agreement or any part thereof.

#### **Section 10.07 Interpretation**

Any headings and captions of the Agreement are for convenience of reference only and do not define, or limit or otherwise construe or interpret the provisions thereof. Words of any gender shall be deemed and construed to include correlative words of the other genders. Words importing the singular number shall include the plural number and vice versa, unless the context shall otherwise indicate. All references to any exhibit or document shall be deemed to include all supplements and/or amendments to any such exhibits or documents entered into in accordance with the terms and conditions hereof and thereof. All references to any person or entity shall be deemed to include any person or entity succeeding to the rights, duties, and obligations of such persons or entities in accordance with the terms and conditions of the Agreement. The use herein of the word "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.

#### **Section 10.08 Assigns**

All of the terms and conditions of the Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, permitted transferees and permitted assigns, if any.

#### **Section 10.09 Cooperation**

A. The Contractor agrees to act in the CHA's best interest and to cooperate fully with the CHA and the other HCV Program contractors with respect to the efficient and timely and overall administration and operation of the HCV Programs, and HUD and other local governmental agencies. The Contractor shall not take any actions which may negatively impact the reputation of the CHA or any of its other contractors or impair the CHA or any of its other contractors from performing any of their respective functions.

The Contractor's cooperation and serving the best interest of the CHA include but are not limited to:

1. Providing all files and documents required under the Agreement that are requested by the CHA or its contractors in a timely manner;

2. Participating in the development of new workflows and procedures to ensure that documents and processes are managed in a timely, value-added and customer-focus manner;
3. Cooperating with the CHA and other CHA contractors at all times, including during both the transition process and subsequent on-going operations;
4. Providing training material on all agreed upon application software packages;
5. Conducting train-the-trainer sessions for the CHA and the staff of other CHA contractors;
6. Sharing all processes, policies and procedures;
7. Providing access to exception reporting and data as requested by the CHA or by other CHA contractors;
8. Attending meetings called by the CHA or other CHA contractors;
9. Obtaining the CHA's prior approval to present work performed (or any derivative of work performed) at the CHA at conferences, presentations, industry meetings or similar meetings;
10. Not initiating communications with families or owners that fall outside the Contractor's area(s) of responsibility, and expeditiously redirecting any incoming communications from families or owners outside the Contractor's area(s) of responsibility to the other HCV Program contractors.

The Contractor's failure to provide reasonable and timely cooperation shall be sufficient grounds for default under the Agreement and shall not be subject to the provisions of paragraph no. 3 of the General Conditions (as set forth in Exhibit C).

B. If the Agreement or any portion of the Agreement is terminated for any reason, or if it is to expire on its own terms, the Contractor shall make every effort to assure: (i) an orderly transition to the CHA or another person or entity, (ii) orderly demobilization of its own operations in connection with the Contractor's Services, (iii) uninterrupted provision of the Contractor's Services during any transitional period required by the CHA, and (iv) compliance with requests and requirements of the CHA in connection with the termination or expiration of the Agreement. Nothing herein shall be construed to affect the Termination for Convenience provisions set forth in Section 8.03.

C. No less than 90 days prior to the expiration of the Agreement or termination of the Agreement, the Contractor shall take the following actions for the benefit of the CHA:

1. Provide a list of all subcontractors.

2. Provide a copy of the most recently performed inventory of all CHA Property and Contractor Property and a list of any property that has been either acquired or disposed of since the date of the most recently performed inventory.
3. Provide access to necessary data files, operational procedures and data and documentation in the Contractor's possession related to the Contractor's Services, which the CHA has a right to pursuant to the Agreement or any applicable laws.
4. Make arrangements for the return of all CHA Property, CHA Documents, and all other CHA confidential or proprietary information in the Contractor's possession.
5. Work with the CHA to identify all other information, materials and resources the CHA desires to receive.

#### **Section 10.10 Waiver**

Whenever under the Agreement the CHA, by a proper authority, waives the Contractor's performance in any respect or waives a requirement or condition to either the CHA's or the Contractor's performance, the waiver so granted, whether express or implied, shall only apply to the particular instance and shall not be deemed a waiver forever or for subsequent instances of the performance, requirement or condition. No such waiver shall be construed as a modification of the Agreement regardless of the number of times the CHA may have waived the performance, requirement or condition.

#### **Section 10.11 Inspector General**

Each party to the Agreement hereby acknowledges that pursuant to 310 ILCS 10/8, the Inspector General of the Chicago Housing Authority has the authority to conduct certain investigations, and that the Inspector General shall have access, without limitation, to all information and personnel necessary to conduct those investigations. It is the duty of the Contractor and its subcontractors to cooperate with the CHA Inspector General in any investigation or hearing undertaken. The Contractor must flow down this provision in its contracts with their subcontractors and require agreement and compliance with the same.

### **ARTICLE 11. COMMUNICATION AND NOTICES**

#### **Section 11.01 Communication Between the Parties**

All oral and written communication, including required reports and submissions between the Contractor and the CHA, shall be through the CHA's Director or his/her designee, 60 E Van Buren St., 10th Floor, Chicago, IL 60605. Nothing stated herein shall be construed as a waiver or modification of the requirements for notice or service of process for litigation, as set forth in the Illinois Code of Civil Procedure, the Federal Rules of Civil Procedure, the local rules of the Circuit Court of Cook County, and the local rules governing the U.S. District Court for the Northern District of Illinois.

## **Section 11.02 Notices**

Any notices sent to the Contractor shall be mailed by certified mail return receipt requested and postage prepaid, via hand delivery, or prepaid overnight courier with signed receipt requested to:

Nan McKay & Associates, Inc.  
1855 Gillespie Way  
El Cajon, CA 92020  
Attention: John McKay, President

Any notices sent to the CHA shall be mailed by certified mail return receipt requested and postage prepaid, via hand delivery, or prepaid overnight courier with signed receipt requested to:

Chicago Housing Authority  
Chief Executive Officer  
60 E. Van Buren St., 10<sup>th</sup> Floor  
Chicago, Illinois 60605  
Attention: Chief Housing Officer

With copies to:

Office of the General Counsel  
Chicago Housing Authority  
60 E. Van Buren St., 12<sup>th</sup> Floor  
Chicago, Illinois 60605  
Attention: Chief Legal Officer

## **ARTICLE 12. AUTHORITY**

### **Section 12.01 CHA's Authority**

Execution of the Agreement by the CHA is pursuant to the United States Housing Act of 1937, 42 U.S.C. §1437 et seq., regulations promulgated by HUD, and the Illinois Housing Authorities Act, 310 ILCS 10/1 et seq., as amended, and other applicable laws, regulations and ordinances.

### **Section 12.02 Contractor's Authority**

To the extent applicable, execution of the Agreement by the Contractor is authorized by a resolution of its Board of Directors, if a corporation, or the signature(s) of each person signing on behalf of the Contractor has been made with complete and full authority to commit the Contractor to all the terms and conditions of the Agreement, including each and every representation, certification and warranty contained herein, including without limitation such representations, certifications and warranties collectively attached hereto and incorporated by reference herein.

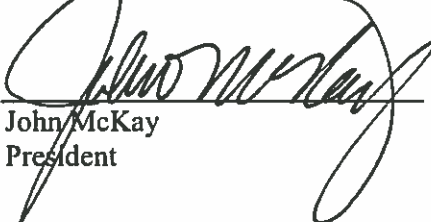


IN WITNESS WHEREOF, the CHA and the Contractor have executed the Agreement on the date as first written above.

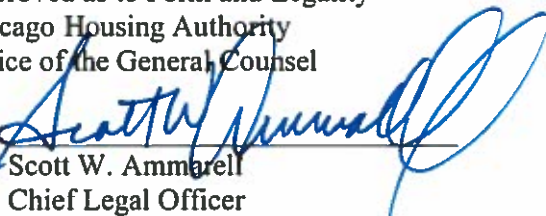
**CHICAGO HOUSING AUTHORITY**

BY:   
Dionna Brookens  
Senior Director, Procurement and Contracts

**NAN MCKAY & ASSOCIATES, INC.**

By:   
John McKay  
President

Approved as to Form and Legality  
Chicago Housing Authority  
Office of the General Counsel

BY:   
Scott W. Ammarell  
Chief Legal Officer