July 6, 2017

Sandra Chapman, Chairperson
Housing Authority of the City of Annapolis
1217 Madison St.
Annapolis, MD 21403

SUBJECT: Public Housing Agency & Sustainability (PHARS) Proposed Recovery Agreement

Dear Ms. Chapman,

This letter is to convey a proposed Recovery Agreement for the Housing Authority of the City of Annapolis (HACA). This Agreement outlines the next steps to be taken by HACA and HUD, so that HACA may achieve an overall designation of “Standard” or better by HUD’s Real Estate Assessment Center (REAC) for the fiscal year ending June 30, 2018.

The ongoing discussions with HACA, routine monitoring, and the recently issued compliance review have all been used by HUD as sources to prepare a Recovery Agreement, as required by federal statute, which proposes performance standards, timelines, and specifies remedies to achieve agreed-upon levels of performance. The Recitals and proposed Actions of the Recovery Agreement are enclosed. As soon as can be arranged, HUD will return to the Housing Authority of the City of Annapolis to negotiate and execute the final Recovery Agreement and to assist the agency in initiating the development of a Sustainability Plan.

We appreciate your cooperation and look forward to working with the Housing Authority of the City of Annapolis to recover and achieve sustainable performance. If you have any questions, please contact me at William.D.Tamburino@HUD.gov or (410) 209-6595. Thank you for your ongoing assistance in this matter.

Sincerely,

Bill Tamburino
Director, Baltimore Office of Public Housing

Enclosures

cc:

Mike Pantelides, Mayor
160 Duke of Gloucester Street
Annapolis, MD 21401
mayor@annapolis.gov

Thomas C. Andrews, City Manager
160 Duke of Gloucester Street
Annapolis, MD 21401
TCAndrews@annapolis.gov

Beverly Wilbourn, Executive Director
1217 Madison St
Annapolis, MD 21403
bwilbourn@hacamd.org

Deborah Johnson, Vice Chair
dajohnson1253@gmail.com

Chip Doordan, Commissioner
cdoordan@hacamd.org

Jacqueline Wells, Commissioner
jwells203@yahoo.com

Christopher Flynn, Commissioner
cbflynn3@gmail.com

John Dillon, Commissioner
dillonjr@gmail.com

Kimberlee Cornett, Commissioner
krcornett@aol.com
Recovery Agreement between
Housing Authority of the City of Annapolis
And
the United States Department of Housing and Urban Development

This Recovery Agreement is entered into between the Housing Authority of the City of Annapolis, the UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (“HUD”) as of this ___ day of _________________, 2017.

RECITALS

WHEREAS, under the United States Housing Act of 1937, as amended, (“Act”), 42 U.S.C. § 1437 et seq., the United States Department of Housing and Urban Development (“HUD”) is responsible for administering low income housing programs, and pursuant to the Act, HUD has entered into an Annual Contributions Contract (“ACC”) with the Housing Authority of the City of Annapolis to develop and operate public housing projects of the Housing Authority of the City of Annapolis; and

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

WHEREAS, on the basis of an annual PHAS score, the Housing Authority of the City of Annapolis has been designated Troubled or Substandard for financial, physical and/or management indicators, or other such deficiencies as HUD has identified; and

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

WHEREAS, the recovery of performance is intended to lead to a sustainable sound fiscal management and good governance; and

WHEREAS, the parties desire to correct all HUD-identified deficiencies through the implementation of this Recovery Agreement, (“Agreement”);

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, HUD, the Housing Authority of the City of Annapolis agree as follows:

I. The Housing Authority of the City of Annapolis agrees to achieve the outcomes outlined in the Action Plan and incorporated into this Agreement as Exhibit A.

II. The Housing Authority of the City of Annapolis and the City of Annapolis agree to work together to develop and implement a Sustainability Plan if necessary to achieve recovery.
III. The Action Plan describes the results following HUD’s review and assessments of PHA performance, the measures that need to be implemented to improve the performance and the desired outcomes to be achieved and establishes a timetable to achieve those outcomes. The Action Plan also identifies the available remedies to resolve HUD’s determination of non-performance.

IV. Upon execution of the Agreement, the Housing Authority of the City of Annapolis will commence with the required actions listed in the Plan within the timeframes set forth therein.

V. The Housing Authority of the City of Annapolis will cure identified deficiencies within the timeframes established in the Action Plan.

VI. Subject to section XII, regardless of possible changes in the Housing Authority of the City of Annapolis’s Board composition, or the decision-making individuals for HUD or The City of Annapolis, the term of this Agreement is effective as of the execution date of this document and will continue until completion of the Action Plan in accordance with 6(j) (2) and (3) of the Act, and any agreed upon extensions. This Agreement will remain in effect until the Housing Authority of the City of Annapolis has completed all items listed in the Plan, even if HUD removes the Housing Authority of the City of Annapolis’s troubled/substandard designation.

VII. HUD, in its discretion, may provide technical assistance, including training or contract support, to the Housing Authority of the City of Annapolis to facilitate accomplishment of the items in the Action Plan. The Housing Authority of the City of Annapolis’s compliance with the Action Plan, however, shall not be contingent on HUD’s provision of any technical assistance or other discretionary assistance.

VIII. The Housing Authority of the City of Annapolis shall provide HUD with written progress reports as identified in the Action Plan. The report shall detail the Housing Authority of the City of Annapolis’s progress towards the completion of the items required by the Action Plan. The reports shall identify those items that have been completed and provide any necessary documentation to support this determination.

IX. HUD will review the Action Plan progress reports submitted by the Housing Authority of the City of Annapolis and supporting documentation. HUD will confirm in writing to the Housing Authority of the City of Annapolis the items that HUD determines to have been successfully completed, those that require additional documentation and those that are past due.

X. If the Housing Authority of the City of Annapolis disagrees with HUD’s determination concerning the completion of any item, the Housing Authority of the City of Annapolis may request a reconsideration of the determination and submit additional information to support its position. HUD will provide the Housing Authority of the City of Annapolis with a written notice of its decision.
XI. The failure of the Housing Authority of the City of Annapolis, its employees, officers, agents, or contractors to comply with this Agreement, including the failure to achieve the agreed upon outcomes or to take the actions or comply with the time frame set forth in the Action Plan, may result in HUD seeking any available remedies, including any of the following actions sequentially or simultaneously:

a. Consolidation;
b. Consortia/Joint Venture;
c. Contraction of Operational Activities;
d. Cooperative Endeavor Agreement;
e. Debarment;
f. Deliver possession and control of project(s) to HUD;
g. Limited Denial of Participation;
h. Receivership; and/or
i. Suspension.

XII. The parties by mutual written agreement may agree to extend the timeframes set forth in the Action Plan from time to time. In the event said timeframes are extended, HUD agrees that it will not take any of the actions against the Housing Authority of the City of Annapolis as set forth in this section of the Agreement for noncompliance with original timeframes.

XIII. Communication related to the Recovery Agreement and Action Plan shall be provided to the Public Housing Director and the HUD Recovery Team leader, if applicable.

XIV. HUD, the Housing Authority of the City of Annapolis and their employees, subcontractors, partners or assigns, shall comply with all applicable federal, state, and local laws and regulations relating to the performance of this Agreement to which their activities are subject.

XV. Notwithstanding any provisions of this Agreement to the contrary, the parties shall not be held liable for any failure or delay in the performance of this Agreement that arises from fires, floods, strikes, embargoes, acts of the public enemy, unusually severe weather, outbreak of war, riots, civil commotion, force majeure, acts of God, or for any other cause of same character which is unavoidable through the exercise of due care and beyond the control of the parties, provided that said failure or delay in the performance of this Agreement attributed to any of the events described herein is acknowledged in writing by HUD. Upon the issuance of HUD’s written acknowledgement, the failure to perform shall be deemed excused during the continuance of such circumstances as determined by HUD, but this Agreement shall otherwise remain in effect.
XVI. In the event of any conflict between terms in this Agreement, including all exhibits, attachments and all other documents specifically incorporated by reference, and HUD’s applicable Public Housing requirements including, but not limited to, the Act, HUD regulations there under (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, HUD notices, the HUD-approved Declaration of Trust or Declaration of Restrictive Covenants in favor of HUD, and all applicable Federal statutory, executive order and regulatory requirements, as those requirements may be amended from time to time, the applicable Public Housing requirements shall prevail. HUD reserves the right to resolve any conflict.

XVII. Any modification or amendment of any condition or provision in this Agreement by either party will not imply or constitute a further modification or amendment of the same or any other condition or provision, nor shall it relieve the parties from performing any subsequent obligations strictly in accordance with the terms of this Agreement. No modification or amendment shall be effective unless in writing and signed by the party against whom enforcement is sought. Such modification or amendment shall be limited to provisions of the Agreement specifically referred to therein and shall not be deemed a modification or amendment of any other provision. No modification or amendment of this Agreement shall constitute a HUD-approved waiver of regulatory requirements.

XVIII. Should any term or provision of this Agreement be held, to any extent invalid or unenforceable, as against any person, entity or circumstance during the term hereof, by force of any statute, law, or ruling of any forum of competent jurisdiction, such invalidity shall not affect any other term or provision of this Agreement to the extent that the Agreement shall remain operable, enforceable and in full force and effect to the extent permitted by law.

XIX. To the extent authorized by the Act and HUD regulations, HUD can unilaterally amend this Agreement. Otherwise, this agreement may be amended by mutual agreement of the parties.

XX. This Agreement states the entire understanding and agreement between the parties and supersedes any and all written or oral representations, statements, negotiations, or agreements previously existing between the parties with respect to the subject matter of this Agreement. However, this Agreement does not supersede, modify or amend the ACC as further described in Paragraph XXII. The parties recognize that any representations, statements or negotiations made by the staff of either party does not suffice to legally bind either party in a contractual relationship unless they have been reduced to writing and signed by their authorized representative(s). This Agreement shall inure to the benefit of and shall be binding upon the parties, their respective assigns, and successors in interest.

XXI. This Agreement may be executed and delivered in separate counterparts, which, when so executed and delivered, shall be deemed an original.

XXII. This Agreement does not supersede, modify or amend the ACC between HUD and the Housing Authority of the City of Annapolis, or in any way excuse the Housing Authority of the City of Annapolis from complying fully with its obligations under the ACC. HUD
does not waive its statutory, regulatory or contractual rights. Nothing contained in this Agreement shall serve to limit, modify or preclude HUD’s right to take any remedial action allowed by the ACC or any provision of the Act or related regulations. Nothing contained in this Agreement shall serve to limit, modify or preclude HUD or the Housing Authority of the City of Annapolis’s right to take any remedial action allowed by the Agreement.

XXIII. The parties agree that any cost associated with the implementation of this Agreement, the Action Plan and the Sustainability Plan shall be their individual responsibility unless specifically agreed in writing between the parties.

XXIV. The City of Annapolis, through its Appointing Authority, acknowledges the importance of effective governance as part of the recovery and sustainability of the Housing Authority of the City of Annapolis. As a signatory of this Agreement, The City of Annapolis commits to oversee and monitor its duly appointed agents, the appointees to the Housing Authority of the City of Annapolis Governing Board, in the discharge of their duties. Upon the discovery of any failure of the Housing Authority of the City of Annapolis Board to discharge its duties under this Agreement, The City of Annapolis will take all necessary steps to correct the Board's actions or omissions and ensure compliance with the terms of this Agreement.

IN WITNESS WHEREOF, the parties or their duly authorized representatives hereby execute this Agreement on the date first written above.

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: ________________________________
Bill Tamburrino, Director
Baltimore Office of Public Housing
Housing Authority of the City of Annapolis
ATTEST: BY ITS BOARD OF COMMISSIONERS

By: ___________________________________
Sandra Chapman
Board Chair
Housing Authority of the City of Annapolis

By: ___________________________________
Beverly Wilbourn
Executive Director
Housing Authority of the City of Annapolis

By: ___________________________________
Honorable Michael Pantelides
Mayor
The City of Annapolis
### AREA: GOVERNANCE

For the past two years, the Field Office has worked with the Appointing Official to assure the selection of well-qualified board members and with the Board to provide training.

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<th>Results and Determinations from Assessment</th>
<th>Desired Outcome</th>
<th>Statutory Measurement</th>
<th>Remedies</th>
<th>Comments/Accomplishments</th>
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|        |                                            | A diverse board with full membership that is ready, willing, and able to serve ethically as commissioners. That the board receive training, including:  
- Lead the Way online training  
- The development of skills in Asset Management | FYE 06/30/15  
PHAS score: 59/100 points | HACA increases its PHAS score to at least 60/100 points.  
FYE 06/30/18 score to be released 09/01/18 | If performance targets are not met, Appointing officials & HUD will evaluate the effectiveness of the existing Management and consider alternative measures. This most likely would take the form of an Interagency Agreement. |
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<th>Desired Outcome</th>
<th>Baseline Data and PHAS Score</th>
<th>Required Accomplishment or PHAS Score</th>
<th>Target Accomplishment Date</th>
<th>Actual Accomplishment Date</th>
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</thead>
<tbody>
<tr>
<td>AREA: FINANCE and PROCUREMENT</td>
<td>Separate budget and expense reports have not been maintained for each PH development per Asset management requirements. HACA did not submit required (FASS) reports timely. HACA’s Procurement policy is not in compliance with current HUD regulations. Existing policies require revisions/updates.</td>
<td>Ensure Asset management requirements are properly implemented and enforced. Train staff to ensure compliance Implement policies and/or procedures to avoid failed/late submissions. Train staff to ensure enforcement. HACA finds way to decrease its costs, either through reduced expenditures or increased revenue. HACA updates its Procurement Policy to comply with policy and regulatory requirements as outlined in the compliance and monitoring review report dated 5/31/2017. Train staff to ensure compliance</td>
<td>FYE 06/30/2015 FASS: 0/25</td>
<td>HACA increases its Financial Indicator score to 15/25</td>
<td>FYE 06/30/18 score to be released 09/01/18</td>
<td>12/31/2017</td>
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<td><strong>AREA: OCCUPANCY</strong></td>
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<td>HACA does not have an inventory control system to effectively manage work orders. Evictions cannot be enforced because HACA record keeping systems contain technical errors.</td>
<td>HACA must become efficient at managing occupancy, which includes implementing an effective work order system, timely turnaround of units by maintenance, strategic management of the waiting list by housing management staff, classification of unit status in PIC, maintaining current rent rolls/payments and marketing available units.</td>
<td>Baseline Data and PHAS Score: FYE 06/30/2015 MASS/occupancy sub-indicator score: 0/16.</td>
<td>Meet each quarterly target. FYE 06/30/18 score to be released approximately 09/01/18</td>
<td>Repositioning measures as described above.</td>
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<td>HACA does not have a current physical needs assessment. There is a backlog of work orders for Newtowne 20.</td>
<td>Conduct a physical needs assessment. Evaluate HA provides training to its staff on the UPCS, applies these standards to its annual inspection protocol, and completes all related Recommendations as outlined in the Independent Assessment.</td>
<td>FYE 06/30/2015 PASS indicator score: 29 /40 (73 percent).</td>
<td>HACA increases score to at least 30 points (75 percent).</td>
<td>FYE 06/30/18 score to be released 09/01/18</td>
<td>Repositioning measures as described above.</td>
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<td>AREA:</td>
<td>HACA does not have a system for tracking HCV utilization and HAP costs.</td>
<td>Utilize forecasting tool or/own system to track attrition, spending, and leasing.</td>
<td>Implement policies and/or procedures to avoid failed/late submissions.</td>
<td>Train staff to ensure enforcement.</td>
<td>12/31/2017</td>
<td>Repositioning measures as described above.</td>
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