Memorandum

MIAMI-DADE COUNTY

Agenda Item No. 14(A)(5)

Date: October 2, 2007

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

R.A. Cuevas, Jr.
County Attorney

Subject: Resolution Authorizing the Execution of Settlement Agreement resolving federal litigation between the United States Department of Housing and Urban Development and Miami-Dade County

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RECOMMENDATION

It is recommended that the Board of County Commissioners (BCC) authorize the execution of the attached Settlement Agreement resolving the federal litigation with the United States Department of Housing and Urban Department (US HUD) relating to the possession and control of the Miami-Dade Housing Agency (MDHA).

BACKGROUND

There has been an ongoing dispute between Miami-Dade County (County) and US HUD regarding US HUD's efforts to take possession and control of MDHA. The BCC authorized the County Manager's Office and the County Attorney's Office to negotiate with US HUD regarding this matter and, if unsuccessful, to seek to prevent a takeover by filing a lawsuit.

On August 7, 2007, US HUD issued its final Declaration of Substantial Default (Public Housing Annual Contributions) and Declaration of Default (Section 8 Consolidated Annual Contributions Contract) (Declarations). The Declarations were based on alleged reporting irregularities. Pursuant to the BCC's directive, the County Attorney's Office filed litigation which was assigned to U.S. District Court Judge Donald Graham, who referred the matter for mediation before U.S. District Court Magistrate Judge William Turnoff.

Following extensive mediation with US HUD attended by the County's Mayor, the Chairperson of the Board, and the County Manager, as well as the County's attorneys and staff, the parties have reached an agreement that would resolve this litigation. The major points of the Settlement Agreement are described below:

1. The County agrees to the "temporary possession" of the projects and programs of MDHA by US HUD, until all items identified in the attached Work Plan are accomplished, or, in US HUD's discretion, performance thereof is waived, for a period of nine months. During this period an Oversight Administrator (OA) will be appointed by US HUD to manage the operations of HUD funded projects and programs, and make decisions regarding those matters which would ordinarily have been made by the BCC, the Mayor, and the Department Director, pursuant to the Settlement Agreement. The OA will be obligated to meet every three months with County representatives to consult on the overall efforts to complete the Work Plan.

2. The County may apply to US HUD for return of the projects and programs of MDHA at nine months. If US HUD determines that the Work Plan is not complete after nine months, the County will have a right to appeal that decision to the Secretary of US HUD.

3. If that appeal is unsuccessful, the County will have the right to request return of the projects and programs after 12 months, if it believes the Work Plan is completed. If HUD denies this request, the County may go to court to litigate the matter.

4. US HUD will not dispose or demolish of any of the County's property without the County's consent, as it would have been permitted under federal law without this agreement.

5. US HUD agrees to review, in good faith, any future revitalization plan that increases the number of housing units, including public housing and Section 8 project-based housing, onsite for the Scott-Carver HOPE VI project. If the plan is approved, the OA will select a development partner in consultation with the County and its community partners.

6. US HUD agrees any local or state revenues appropriated to the County for affordable housing projects and programs or other programs, which are not committed or budgeted by the County to support federally-funded Public Housing and Section 8 programs, cannot be expended, loaned, pledged or otherwise utilized by US HUD without prior approval of the County Commission.

7. No County funds must be obligated for the completion of the work plan, with the exception of:

   A. Payment for the re-audit of MDHA's financial statements for fiscal year 2006, to be performed by MDHA's newly-engaged auditor, Berman Hopkins.

   B. Payment of costs, if any, associated with investigations or audits by state or federal agencies, excluding US HUD or any US HUD commissioned investigations or audits, regarding MDHA activities occurring prior to Effective Date.

   C. Costs, if any, associated with the transfer of state and local programs out of MDHA.

8. The County agrees to provide certain services (e.g. fire, police, trash collection) to MDHA under existing cooperative agreements or will enter into cooperative agreements with MDHA for services for a reasonable fee to be paid by US HUD to the County.

9. The Work Plan provides that the OA shall ensure MDHA positions are staffed appropriately by retaining, recruiting, and hiring qualified staff, within budgetary limitations.

10. Any party may seek enforcement of the Settlement Agreement in court.

The Agreement is conditioned on the Board, the Mayor and the Department of Justice's approval of the Agreement and the execution by the parties.

Attachment

Assistant County Manager

County Attorney

MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners

DATE: October 2, 2007

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 14(A)(5)

Please note any items checked.

✓ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised

____ 6 weeks required between first reading and public hearing

____ 4 weeks notification to municipal officials required prior to public hearing

____ Decreases revenues or increases expenditures without balancing budget

____ Budget required

____ Statement of fiscal impact required

____ Bid waiver requiring County Manager's written recommendation

____ Ordinance creating a new board requires detailed County Manager's report for public hearing

____ Housekeeping item (no policy decision required)

✓ No committee review

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 14(A)(5)
10-2-07

RESOLUTION NO. _____

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF SETTLEMENT AGREEMENT RESOLVING PENDING FEDERAL LITIGATION BETWEEN MIAMI-DADE COUNTY AND THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board hereby approves the execution of a Settlement Agreement of the pending federal litigation between the County and the United States Department of Housing and Urban Development relating to the temporary possession of the Miami-Dade Housing Agency, in substantially the form attached hereto and made a part hereto; and authorizes the Chair of the Board of County Commissioners, the Mayor, and County Attorney to execute same for and on behalf of Miami-Dade County.

The foregoing resolution was offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Bruno A. Barreiro, Chairman
Barbara J. Jordan, Vice-Chairwoman

Jose "Pepe" Diaz	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Joe A. Martinez	Dennis C. Moss
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 2nd day of October, 2007. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF COUNTY
COMMISSIONERS

HARVEY RUVIN, CLERK

By:_____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Cynthia Johnson-Stacks
Terrence A. Smith

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

Case No. 1:07-21259-CIV-GRAHAM/O'SULLIVAN

MIAMI-DADE COUNTY,

Plaintiff,

v.

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
and ALPHONSO JACKSON, Secretary of the
United States Department of Housing and
Urban Development, in his official capacity,

Defendants.
_____/

SETTLEMENT AGREEMENT

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This AGREEMENT (the "Agreement") is entered into as of this ___ day of _____, 2007 by MIAMI-DADE COUNTY ("County") and UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD").

The parties agree as follows:

1. The County agrees to the temporary possession of the projects and programs of the Miami-Dade Housing Agency ("MDHA") by the United States Department of Housing and Urban Development ("HUD") until all items identified in the work plan agreed upon by the parties ("Work Plan"), which is attached hereto and incorporated herein by reference, are accomplished, or, in HUD's discretion, performance thereof is waived. During this time period, decisions that would otherwise have been made by the County, including the Mayor and the Board of Commissioners, with respect to MDHA will be made by a HUD-designated Oversight Administrator ("OA"). Upon completion of all identified items in the Work Plan, HUD agrees that it will return MDHA's projects and programs to the County.

2. The County will designate the County representatives with whom the OA will consult and maintain regular communications related to the Work Plan activities. The agreement between HUD and the County will become effective five business days after approval by the signatories to this agreement ("Effective Date"). Commencing on the Effective Date and until such time as all items in the Work Plan have been accomplished, the OA and the County's designees will consult at three-month intervals regarding the status of each of the items in the Work Plan. During these three-month interval consultations the OA will provide the County with an assessment of the overall efforts to complete each of the items in the Work Plan and the remaining actions that would be required to complete the Work Plan. The parties agree that nothing communicated by HUD or HUD representatives at these meetings constitutes final agency action as that term is used in 5 U.S.C. § 704.

3. Nine months after the Effective Date, if the County believes that all items in the Work Plan have been met, it may request that HUD return the projects and programs to the County. If HUD agrees that all items in the Work Plan have been accomplished, within 10 business days it will return MDHA's projects and programs. If HUD determines that one or more of the items on the Work Plan have not been accomplished, HUD shall not be required to return the programs and projects. In this event, HUD shall notify the County in writing of items which are incomplete within 10 business days. If the County disagrees with HUD's determination, it may appeal the decision to the Secretary of HUD, whose decision shall be final and unreviewable by a court.

4. Twelve months after the effective date of the Agreement, if the County believes that all items in the Work Plan have been met, it may request that HUD return the programs and projects to the County. If HUD agrees that all items in the Work Plan have been accomplished, within 10 business days it will return the programs and projects to the

County. If HUD determines that one or more of the items in the Work Plan have not been accomplished, HUD shall not be required to return the programs and projects. In this event, HUD shall notify the County in writing of items which are incomplete within 10 business days. If the County disagrees with HUD's determination that all of the Work Plan items have not been accomplished or the performance of those items excused by HUD, it may appeal the decision to the Secretary of HUD. Nothing herein prevents the County from challenging, in court, HUD's decision not to return the programs and projects to MDHA after 12 months.

5. To the extent that the County is required by state law to adopt a budget that includes the operations of MDHA, the County shall be obliged to approve the budget proposed by the OA insofar as it pertains to federal revenues and other income generated by MDHA (e.g., tenant and commercial rent), and expenditures for MDHA.

6. The OA will consult with County Manager and Mayor on any proposed significant actions relating to contracting, closing of any public housing projects, or termination of MDHA's projects and programs.

7. HUD agrees that it will not demolish or dispose of County property designated for use by MDHA for the administration of HUD's federally funded programs, including but not limited to administrative offices and public housing developments, without the approval of the County. The parties recognize that such approval may only be given by the County in accordance with applicable provisions of Florida law.

8. HUD will review in good faith, a revised revitalization plan for the Scott-Carver Hope VI Project that may increase the density on the Scott-Carver site to up to 850 units, 450 of which may be comprised of public housing and Section 8 project-based housing units.

9. HUD, in its discretion, may provide available technical assistance to MDHA to facilitate accomplishment of the items on the Work Plan. Compliance with the Work Plan, however, shall not be contingent on the provision of any technical assistance or other discretionary assistance being provided by HUD.

10. The parties understand and acknowledge that local or state revenues appropriated to the County for affordable housing projects and programs or other programs which are not committed or budgeted by the County to support federally-funded Public Housing and Section 8 programs, cannot be expended, loaned, pledged or otherwise utilized by HUD without approval of the County Commission.

11. Each party expresses its intent that it will carry out the provisions of this settlement Agreement in a spirit of cooperation and good faith.

12. While in control of MDHA, HUD will work diligently to complete those items in the Work Plan that are the responsibility of MDHA, but prioritization of work will be within the discretion of the OA, and HUD will not be required to assign a lower priority to performing the day-to-day tasks of operating the MDHA. The County may offer, and

HUD may in its discretion accept, additional County assistance to expedite completion of Work Plan items.

13. The County agrees to continue providing all services to MDHA that it provided prior to the Effective Date, including baseline services (e.g., fire, police, trash collection) as well as administrative services (e.g., procurement, IT support), subject to the execution or continuation of cooperative agreements and reasonable payment by MDHA for these services.

14. To the extent that the County is required by state or local law in the opinion of the County Attorney's Office, or a court, to carry out specific functions of the MDHA, the County shall take all steps determined by the OA to be necessary to operate the MDHA or to facilitate completion of the Work Plan, subject to paragraph 13 of this Agreement.

15. The County agrees to take all necessary steps to remove any liability owed by MDHA to the County for the County's loan of Documentary Stamp Surtax. This transaction must be reported in accordance with accounting principles generally accepted in the United States.

16. The County represents that it has transferred the Documentary Stamp Surtax, State Housing Initiative Partnership (SHIP), and Infill Housing Initiative programs from MDHA to other County departments. Such transfers included all assets, liabilities, revenues and expenditures related to these programs, including but not limited to any receivables owed by the MDHA Development Corporation to the Surtax program. To the extent the County has or intends to undertake the transfer of any other state or local programs from MDHA to another County department(s), the County will complete those transfers. These transactions must be reported in accordance with accounting principles generally accepted in the United States.

17. Except as to the following items, which the County agrees to pay, no Work Plan item will be contingent on the provision of funds by the County:

    A. Payment for the re-audit of MDHA's financial statements for fiscal year 2006, to be performed by MDHA's newly-engaged auditor, Berman Hopkins.

    B. Payment of costs, if any, associated with investigations or audits by state or federal agencies, excluding HUD or any HUD commissioned investigations or audits, regarding MDHA activities occurring prior to Effective Date.

    C. Costs, if any, associated with the transfer of state and local programs out of MDHA.

18. HUD acknowledges and commends the County's efforts and reforms in connection with recent service improvements in MDHA and its outreach efforts to residents over the last year and a half.

19. The parties do not waive their rights to seek judicial enforcement of this Agreement.

20. The County will dismiss its pending lawsuit against HUD with prejudice.

21. This Agreement constitutes the entire, integrated agreement made by and among the parties. This Agreement fully supersedes any and all prior or contemporaneous understandings, representations, warranties, and agreements, pertaining to the subject matter hereof.

22. Each party will bear its own attorneys fees and costs.

23. In the event of any conflict between the terms set forth in the Work Plan and the terms of the Settlement Agreement, the terms of this Work Plan shall control.

24. Each party has participated in the drafting and preparation of this Agreement and this Agreement shall be construed as a whole according to the fair meaning and not for or against any party.

25. Each of the parties hereto represents and warrants that it has full and complete authority to enter into and execute this Agreement under the terms set forth above.

26. This Agreement may be executed and delivered in separate counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts together shall constitute but one and the same instrument and agreement.

IN WITNESS HEREOF, the parties have entered into this Agreement as of the Effective Date.

MIAMI-DADE COUNTY

_____
Carlos Alvarez, Mayor

_____
Bruno A. Barreiro, Chairman
Miami-Dade Board of County Commissioners

R. A. CUEVAS, JR.
Miami-Dade County Attorney

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Attorneys for Defendants

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WORK PLAN

A. Tasks for Miami-Dade County

1. Commissioners on the Miami-Dade County Board of Commissioners ("County Commissioners") shall attend a workshop, provided either by U.S. Department of Housing and Urban Development ("HUD") or using federal funds provided to Miami-Dade Housing Agency ("MDHA") using federal funding, regarding best practices as a board and their role and responsibility in the oversight of MDHA. The County Commissioners shall also establish a protocol to be followed upon completion of the Work Plan, for their oversight role toward MDHA that shall include procedures and activities that a board of directors of a public housing authority undertakes in the ordinary course of business.

2. Miami-Dade County, through the County Commissioners and/or the Office of the Mayor ("County"), shall coordinate with MDHA and any other County departments administering relevant programs to ensure that the PHA plan is complete, current and in compliance with Section 5A(b)(1) of the U.S. Housing Act of 1937 and 24 CFR 903.4(a) which coordination, shall include:
    a. Revise the PHA plan adopted by the Commission on July 2007, to ensure the PHA plan addresses all activities of the PHA. Information regarding the activities of the MDHA shall be provided to the County Commissioners by the HUD Oversight Administrator ("HUD-OA") for inclusion in the PHA plan.
    b. Ensure that the PHA plan complies with all federal requirements and any additional requirements under Florida state law and local law. The County Attorney's Office shall provide an opinion to the County regarding the plan's compliance with state and local law.
    c. Obtain HUD approval for any revisions to the PHA plan.

3. To the extent that the County is required by state law to adopt a budget that includes the operations of MDHA, the County shall be obliged to approve the budget proposed by the HUD-OA insofar as it pertains to federal revenues and other income generated by MDHA (e.g., tenant and commercial rent), and expenditures for MDHA. In addition, the County shall consider any additional budget recommendations or requests for funds made by the HUD-OA for the expenditure of any other funds by MDHA.

4. The County shall maintain a current executed Conflict of Interest Statement for each County Commissioner. The County shall ensure that each Commissioner is advised of federal regulations and requirements pertaining to conflicts of interest.

5. The County shall disclose in writing any open findings from HUD reviews and/or audits, and pending litigation and outstanding judgments against MDHA, prior to the commencement of the period covered by the Work Plan.

6. The County shall provide to HUD copies of audits or documentation showing the sources and uses of federal dollars utilized by the MDHA Development Corporation ("Development Corporation") as

required by federal law or HUD requirements, including any grant agreements, for each of the past five (5) reporting periods.

7. The County shall execute Cooperative Agreements (e.g. HUD form 52481) between MDHA and the County, or other such County departments as necessary to cover:
   a. Baseline services (e.g. police services, water, sewer, trash collection, fire protection, ambulance/emergency services, etc.);
   b. Payment in Lieu of Taxes ("PILOT"), if applicable; and
   c. Additional administrative services required by MDHA during period covered by the Work Plan (e.g. procurement, legal services, technical support, etc.).

8. The County shall provide funds for the performance of the FY 2006 financial statement re-audit in accordance with C(4)(a)(2) below.

9. The County represents and will confirm that it has transferred the Documentary Stamp Surtax, State Housing Initiative Partnership (SHIP), and Infill Housing Initiative programs from MDHA to other County departments. Such transfers included all assets, liabilities, revenues and expenditures related to these programs, including but not limited to any receivables owed by the MDHA Development Corporation to the Surtax program. To the extent the County has or intends to undertake the transfer of any other federal, state or local programs, including SRO Moderate Rehabilitation, Moderate Rehabilitation, Section 8 New Construction, Shelter Plus Care, Substantial Rehabilitation from MDHA to another County department(s), the County will complete those transfers. These transactions must be reported in accordance with Generally Accepted Accounting Principles ("GAAP") and all other federal requirements. The County must pay any costs associated with the transfer of any program from MDHA.

10. The County agrees to take all necessary steps to remove any liability owed by MDHA to the County for the County's loan of Documentary Stamp Surtax. This transaction must be reported in accordance with GAAP and all other federal requirements.

11. If MDHA is subject to or implicated in any investigations or audits by state or federal agencies, excluding HUD or any HUD commissioned investigations or audits, regarding MDHA activities occurring prior to period covered by the Work Plan, including the use of Surtax funds, the County shall provide funds necessary to respond to the investigation or audit. This includes but is not limited to, any funds necessary to engage attorneys, experts or consultants, to repay improperly used funds, or to perform any remedial actions required as a result of the investigation or audit.

12. Upon the request of the County, the County Attorney's Office will provide legal opinions to the County regarding whether under state or local laws the County is required to carry out specific functions of the MDHA. The County shall be afforded a reasonable time to issue any opinion before the HUD-OA takes any action related to the opinion.

B. Tasks for HUD

1. Review in good faith any submissions from the County or the HUD-OA required to be made pursuant to

this Work Plan.

2. Review and verify completion of items required by this Work Plan, upon their completion.

C. Tasks for HUD-OA

1. HUD-OA'S OVERSIGHT OF MDHA. The HUD OA shall:

   a. Review, modify, and as necessary, approve the existing activities of MDHA that relate to Miami-Dade County, its departments, affiliates, or the Development Corporation as described in the PHA plan.

   b. To the extent that MDHA provides funds to subgrantees, including the Development Corporation, ensure MDHA's oversight of the subgrantee complies with all federal requirements, including those for reviewing the use of any federal funds granted to or expended by any subgrantee.

   c. Budget
      1. Prepare balanced operating budgets for each Federal awards program prepared at the program and project level.
      2. Provide the operating budget covering federal funds (e.g. public housing, Section 8 Housing Choice Vouchers, HOPE VI, and Capital Fund) administered by MDHA to the County Commissioners for adoption. Recommend a budget for any additional local funds that MDHA requests from the County.
      3. Ensure MDHA does not incur any operating expenditures except pursuant to approved budgets, except in the case of emergency where necessary to eliminate serious hazards to life, health and safety.
      4. In the event that unbudgeted expenditures are incurred in emergencies to eliminate serious hazards to life, health and safety, where required by County procedures, amend the operating budget and present to the County for approval in accordance with C(1)(c)(2) above.
      5. Monitor budgeted expenses in relation to actual expenses on a monthly basis:
         i. compare budgeted expenses to actual expenses for the month;
         ii. compare cumulative budget to actual expenditures for the fiscal year; and
         iii. document any approved changes to the budget.

   d. Outstanding findings and judgments.
      1. Develop a plan, subject to the approval of County if beyond the oversight period, for resolution of any open findings and outstanding judgments identified by the County in A(5) above.
      2. Develop a plan for resolution of any findings from any HUD Reviews and/or audits that are made or discovered, or judgments that are incurred, during the period covered by

the Work Plan.

3. Develop and implement procedures to track general liability claims and ensure such claims are submitted to HUD for approval.

e. Execute the Interagency Cooperative Agreements referenced in A(7) above.

f. Conduct Resident Satisfaction Surveys.

2. ORGANIZATION AND STAFFING

a. HUD-OA shall review and revise the overall organizational structure of MDHA for consistency with Asset Based Management implementation and development of decentralized cost centers.
   1. Provide a staffing plan for managing its public housing and Section 8 Housing Choice Voucher programs. The plan must include comparable staffing levels to PHAs of similar size and address the necessary skills to perform the functions of MDHA.
   2. Develop and implement a plan for transitioning the decentralized functions into individual cost centers consistent with Asset Based Management.
   3. Provide staff with training for Asset Based Management.

b. HUD-OA shall ensure positions are staffed appropriately.
   1. Retain, recruit and hire qualified staff, within budgetary limitations.

c. HUD-OA shall ensure training/technical assistance is provided to all staff, within budgetary limitations.
   1. Complete training needs assessment.
   2. Establish training requirements for MDHA employees. Training areas may include, but not be limited to the following:
      i. general administrative
      ii. computer training
      iii. ethics
      iv. SEMAP
      v. PHAS
      vi. Asset Based Management
      vii. procurement
      viii. contract administration
      ix. cost principles
      x. uniform grant administration requirements,
      xi. business skills, and
      xii. other HUD program specific trainings, as applicable.
   3. Develop a training plan.
   4. Develop and maintain a current reference library, which includes applicable statutes, regulations, HUD Handbooks and Notices, and any additional training materials.

d. HUD-OA shall ensure adequate management and supervision of staff.
    1. Develop and implement a plan for conversion to asset based management, including operational policies and procedures for all agency departments.
    2. If feasible, consolidate Section 8 program operations, Private Rental Housing service administrative offices, the HQS inspections office and the Applicant Leasing Center, subject to site availability and budget limitations, or if the County approves additional funds for this purpose.

e. HUD-OA shall review, and revise as necessary, existing plans to improve the technology used by MDHA.
    1. Conduct, either in-house or through a consultant, a comprehensive, MDHA-wide assessment of MDHA's technology needs and determine what improvements are needed, if any, to the current system.
    2. Project needs for the next five (5) years, and prepare a five (5) year MIS plan as necessary.
    3. Update computer systems pursuant to MIS plan, within budget limitations or if the County approves additional funds for this purpose.

3. PROCUREMENT
    a. HUD-OA will evaluate procurement policies and practices applicable to MDHA and revise in order to ensure compliance with the requirements of 24 C.F.R. part 85, the *Procurement Handbook for Public and Indian Housing Authorities 7460.8 Rev 1*, as well as other applicable Federal, Florida State, local procurement laws and administrative orders.
    b. HUD-OA will have final approval over all procurement actions.
    c. Monitor MDHA's procurement practices during the period covered by the Work Plan.

4. FINANCIAL RECORDS AND CONTROLS
    a. Financial Statements
        1. HUD-OA will ensure all financial information is presented in conformity with GAAP, and all other federal requirements. In addition, HUD-OA will:
            i. Engage a contractor to research and perform a valuation of fixed assets, for fiscal years 2006 and 2007.
            ii. Ensure Tenant Receivables Outstanding are maintained on an aging basis.
            iii. Ensure any and all existing errors in the HOPE VI and Capital Fund Program ("CFP") Capital Assets general ledger accounts are corrected.
            iv. Ensure that any and all accounting errors in the Housing Choice Voucher program are identified and corrected.

        2. HUD-OA will utilize Berman Hopkins, an independent public accountant ("IPA") engaged by the County and approved by HUD, to perform a re-audit of MDHA's fiscal year 2006 financial statement, which re-audit shall be paid for by the County using non-federal funds. In addition, HUD-OA will:
            i. Submit restated financial statements, including audit reports, supplemental schedules and FASS certifications to HUD.

ii. HUD-OA must obtain all re-audited financial statements from IPA no later than nine months after the County approves funding for the re-audit.

b. Internal/Financial Controls.

1. HUD-OA will review, and revise as necessary, existing systems of financial internal controls to ensure that MDHA's financial statements are presented in accordance with GAAP and all other federal requirements.

2. HUD-OA will review, and revise as necessary, existing systems of Internal Controls over payments and/or disbursements made to subgrantees, including the Development Corporation, to provide reasonable assurance that disbursements are accurate and in conformance with HUD requirements, as well as any applicable state or local law.

3. HUD-OA will review existing systems of allocation of costs, to conform to OMB Circular A-87, Allocable Costs/Cost Principles, and will revise as necessary. HUD-OA will develop a plan for transitioning from cost allocation plan to fee-for-service under Asset Management.

4. HUD-OA will review, and revise as necessary, existing systems of Internal Control over payments made in the Section 8 Housing Choice Voucher Program to provide reasonable assurance that disbursements are for the approved Contract amount. In addition, HUD-OA will:
   i. Ensure that data reported in the Voucher Management System ("VMS") reconciles with financial statements restated under C(4)(a)(2) above.
   ii. Establish proper controls to ensure accurate data is entered in VMS.

5. HUD-OA will review, and revise as necessary, existing controls to ensure that withdrawals are not made for specific federal award programs in excess of the funds available on deposit for that program during the period of HUD's possession.

c. Provide copies of existing General Depository Agreements for all financial institutions to HUD, and execute as necessary new Depository Agreements.

5. PROGRAM MANAGEMENT

a. HUD-OA will review and modify, if necessary, policies and procedures for evictions, occupancy, unit turnaround, expense management/utilities, quality control, and all other related MDHA activities.

b. HUD-OA will review the current Admissions and Continuing Occupancy ("ACOP") and Administrative Plan to ensure conformity to current HUD guidance, and revise as necessary.

c. HUD-OA will ensure that the tenant and project-based waiting lists accounts for all relevant factors (e.g., income tier, preferences, date and time of application), if applicable, when placing applicants on the lists, so that the list accurately reflects MDHA's policies and is in compliance with the Adkler Consent Decree.

d. HUD-OA will review, and revise as necessary, existing MDHA procedures for ensuring that all tenants' income and assets are properly verified and files are properly documented.

HUD-OA will review, and revise as necessary, existing utility consumption data in accordance with 24 C.F.R. 965, Subpart E.

e. HUD-OA will review and adjust the MDHA comprehensive Maintenance Plan, as necessary.

f. HUD-OA will ensure that MDHA property inspections conform to HUD requirements, and are conducted and recorded in accordance with HQS, UPCS and local building code requirements.

g. HUD-OA will procure services for a capital needs assessment of all MDHA properties, within budgeted federal resources.

h. HUD-OA will ensure compliance with five (5) year energy audit requirements and will incorporate results of any Energy Audit in five (5) year plan.

i. HUD-OA will ensure MDHA complies with environmental requirements.

j. Scott Carver HOPE VI Revitalization Plan ("RP")

1. If so requested by the County, HUD-OA will submit to HUD for review and approval, a revised RP that would include a change to increase the number of onsite units, to include additional public housing and Section 8 project-based units to HUD for review and approval.

2. HUD-OA will conduct appropriate solicitation for any RP approved by HUD. HUD-OA will then select development partner in consultation with the County and its community partners. HUD-OA will negotiate with selected vendor and have appropriate agreements executed.

k. HUD-OA will develop a plan to update and record all deeds of trust in conformity with HUD requirements. Any conflicts of title shall be identified. Current copies of all deeds of trust will be provided to HUD.