



2017 ANNUAL REPORT

Prepared for:
U.S. Small Business Administration
Houston District Office
8701 South Gessner, Suite 1200
Houston, Texas 77074

INTRODUCTION

The Houston-Galveston Area Local Development Corporation (H-GALDC) is a certified development company (“CDC”) that was created in the early 1980’s by the Houston-Galveston Area Council to promote economic development and job creation throughout the 13-county Upper Gulf Coast Region of Texas. This is primarily accomplished through the servicing of U.S. Small Business Administration 504 loans. Approximately fourteen years ago, the CDC’s charter was expanded to include all of Texas, however, the majority of H-GALDC’s business remains within the 13 counties (Harris, Fort Bend, Montgomery, Austin, Colorado, Waller, Galveston, Chambers, Liberty Brazoria, Wharton, Walker, and Matagorda) served by the Houston-Galveston Area Council. This annual report summarizes the activities of the H-GALDC from January 1, 2017 - December 31, 2017.

This report is divided into six tabs:

1. Economic Development Report
The Economic Development Report provides local economic information as well as analytical data on the impact of the CDC’s non-504 assistance to small business.
2. Operating Report
The Operating Report provides information on the H-GALDC’s membership and methods of operation.
3. Financial Report
The Financial Report includes the CDC’s financial statements, including the Balance Sheet, Income/Expense Statement and Change in Financial Position.
4. Analysis of 504 Employment Impact
The Analysis of 504 Employment Impact provides analytical data on the impact of H-GALDC’s assistance to small business and the status of its loan portfolio.
5. Report Compensation
6. Certification of Board of Directors
Written annual certification by each Board member that he or she has read and understands the requirements set forth in 13 CER 120.823.

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TAB 1

ECONOMIC DEVELOPMENT REPORT

- A.** The Primary area of operations for the Houston-Galveston Area Local Development Corporation (“H-GALDC”) consists of the Greater Houston Metropolitan Area. This area includes Harris, Fort Bend, and Montgomery Counties of Texas; key areas additionally include the remaining 10 counties (Austin, Colorado, Waller, Galveston, Chambers, Liberty, Brazoria, Wharton, Walker, and Matagorda) which collectively comprise the Houston-Galveston Area Council, which staffs H-GALDC. Additionally, since 2003, the CDC charter allows H-GALDC to fund SBA 504 loans throughout the state, however, activities outside of a 100-mile radius in Houston is limited.
- B.** The Houston-Galveston Area Local Development Corporation participates only in the SBA 504 program. Any companion 7(a) loans are referred outside for further action. Focusing solely on the SBA 504 loan program provides for streamlined processing and better customer service.
- C.** Currently, the Houston-Galveston Local Development Corporation only participates in the 504 Loan Program.
- D.** The Houston-Galveston Local Development Corporation, as a non-profit entity, returns a portion of its earnings to communities via downtown beautification monies granted through a Community Investment Committee run by H-GALDC. More than \$1.7 million has been awarded under this program since 2005. Additionally, staff routinely meets and counsels business and community leaders in smaller communities not normally served by mainstream bankers within H-GAC’s 13-county area.

A goal of H-GALDC continues to be increasing the diversity, both geographically and by industry, of the portfolio. Although loans to motels will not be categorically excluded, banks by virtue of the condition of this industry have largely focused on other industries during 2017.

Marketing efforts by H-GALDC include the hiring of a new Business Development Officer as well as interaction between local banks and Economic Development Corporations, event sponsorships, speaking engagements, seminars and other activities focused on educating business and financial leaders about the SBA 504 loan program and increasing the visibility of H-GALDC.

OVERVIEW OF CDC ACTIVITIES

JANUARY 1, 2017 THROUGH DECEMBER 31, 2017

From January 1, 2017 to December 31, 2017, the Houston-Galveston Area Local Development Corporation received numerous inquiries seeking financial assistance. Many of these inquiries did not qualify for a 504 loan. However, many did qualify and received funding from other public financing resources such as: SBA 7a (Guaranteed Loan); Texas Capital Fund Program; Farmers Home Administration Business & Industrial Loan Program; Economic Development Administration Public Works Program; Texas Mezzanine Fund; and Micro Loan Program.

Loans Reviewed by H-GALDC Board since January 1, 2017:

- A. Pamela R Taylor LLC, Toddy Inc.
- B. Texas United Volleyball Club

Loan Authorizations issued since January 1, 2017:

- A. Pamela R Taylor LLC, Toddy Inc.
- B. Texas United Volleyball Club

Loans closed and funded since January 1, 2017:

- A. Shakti Hospitality, LLC dba Sleep Inn
- B. EKDANT, LLC dba Deluxe Inn & Suites-Baytown

Loans cancelled since January 1, 2017:

- A. None

LOAN SERVICING:

Servicing actions and prepaid loans have begun to level off from previous years. The LDC is currently experiencing an average of two to three prepaid loans per month. Monitoring of deferred and problem loans continue. National numbers of prepayments from all the CDC's have increased, however the portfolio has experienced a decrease in the number of requests for deferment of monthly payments as well as liquidations due to non-performance as compared to previous years. The CDC feels that with the slow improvement of the economy, the number of deferral requests peaked in prior years, and the number of deferrals will continue to decrease.

MARKETING

Marketing efforts for the SBA 504 Loan Program continued in 2017, however the H-GALDC Board, and subsequently the SBA, approved 200% more loans in 2017 as in 2016.

During the 2017 Fiscal year, LDC staff has been involved in the following types of activities to market the LDC program:

1. Participated in numerous co-sponsored events on the subject of business financing and technical assistance resources with Small Business Development Centers in the region;
2. Participated in organizations such as the Houston Association of Government Guaranteed Lenders (HAGGL) which promotes the SBA program;
3. Sponsored events such as the HAGGL Golf Tournament and the Sam Houston State University Small Business Development Center conference, and
4. Updated and implemented a Strategic Marketing Plan which focuses on strategies to reclaim market share.

TAB 2

OPERATING REPORT

One alternate Director left and two new Directors and three new alternate Directors were appointed to the H-GALDC Board during 2017. A summary of the directors is included below.

1. BOARD OF DIRECTORS

*Indicates new member.

Officers are designated in bold font.

LDC Board (Loan Committee) 2017-2018

NAME	POSITION	PHONE	FAX
MISSY MALECHEK West Chambers County Chambers of Commerce 11340 Eagle Drive, Suite 4 P O Box 750 Mont Belvieu, TX 77580 missy@thewccccc.com	PRESIDENT	281-576-5440 281-831-6382 cell	
DWIGHT SULLIVAN Galveston County Clerk 600 59 th Street, Ste 2001 Galveston, TX 77551 dwight.sullivan@co.galveston.tx.us	VICE PRESIDENT	409-766-2210 409-457-7265 cell	409-766-4596
JACKIE POTTINGER BRYAN SBA Underwriter- AVP First Service Credit Union 16430 Park Ten Place Houston, Texas 77084 jbryan@fscu.com	SEC/TREAS	713-676-5285 832-468-2382 cell	
DC DUNHAM Bay City Community Development Corp 1900 Fifth Street Bay City, TX 77414 dcdunham@cityofbaycity.org	DIRECTOR	979-245-8081	979-323-1642
CAROLYN GIBSON Executive Director City Development Corporation of El Campo 707 Fahrenthold El Campo, TX 77437 cgibson@elcampoeco.org	DIRECTOR	979-543-6727 979-320-7727 cell	
KIM MELONECK Executive Director Sealy Economic Development Corporation 113 Main Street Sealy, TX 77474 kmeloneck@ci.sealy.tx.us	DIRECTOR	979-627-6121	979-885-3513
CHARLES RUSHING Vice President KKL Enterprises, Inc. dba Abuse Control 7 Robinson Spur	DIRECTOR	936-436-9026	936-435-0578

NAME	POSITION	PHONE	FAX
Huntsville, TX 77320 kkline@wt.net			
COLLEEN MCGRATH* Vice President/SBA Underwriter, Icon Bank 7908 N Sam Houston Pkwy W, Ste100 Houston, TX 77064 cmcgrath@iconbanktx.com	DIRECTOR	281-944-2083	
BEVERLY LAYNE* Prosperity Bank 15650 Hwy 6 Navasota, TX 77868 Beverly.layne@prosperitybankusa.com	DIRECTOR	936-825-7030 713-829-2032 cell	
SALIM NATHANI* Benzer Tax and Business Services, LLC 12946 Dairy Ashford, Suite 330 Sugar Land, Texas 77478 salim@benzertax.com	ALTERNATE	713-979-2310	713-636-3361
WENDY GHORMLEY* Vice President-SBA Lending Texas First Bank 2343 N. Main Pearland, TX77581 Wendy.ghormley@texasfirstbank.com	ALTERNATE	832-291-7868 cell	
RICK BROWN* Liberty County Tax Assessor 1923 Sam Houston Liberty, TX 77575 Richard.brown@co.liberty.tx.us	ALTERNATE	936-336-4636	936-253-8040

Former Members

Virginia Pierson-Turner, SBA Banker

H-GALDC CORPORATE MEMBERS

REPRESENTING

AUSTIN COUNTY

Kim Meloneck***
Executive Director
Sealy Economic Development Corporation
P O Box 517
113 Main Street
Sealy, TX 77474
979-627-6121
979-885-3513 Fax
kmeloneck@ci.sealy.tx.us

Local Government

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Simonton, TX 77476
979-885-3571
bradburttschell@csbsealy.com

Finance

BRAZORIA COUNTY

Wendy Ghormley
Vice President-SBA Lending
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Wendy.Ghormley@texasfirstbank.com

Finance

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281-585-1012 Fax
mike@texasadvantagecommunitybank.com

Finance

CHAMBERS COUNTY

Sarah Cerrone
Director
Chambers County Economic Development
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409-267-2294 Fax
scerrone@co.chambers.tx.us

Local Government

Missy Malechek ***
H-GALDC President
West Chambers County
Chamber of Commerce
11340 Eagle Drive, Suite 4
P O Box 750
Mont Belvieu, TX 77580
281-576-5440
281-831-6382 cell
missy@thewcccc.com

Community Organization

COLORADO COUNTY

Larry Smith
Appraisal Resources of Texas
P O Box 778
508 Main Street
Columbus, Texas 78934
979-733-8000
979-733-8001
lsmith@appraisal-resources.net

Small Business

FORT BEND COUNTY

Jackie Pottinger***
Allegiance Bank
8727 W. Sam Houston N., Suite 210
Houston, TX 77040
jacqueline.pottinger@allegiancebktx.com

Finance

Salim A. Nathani, Managing Partner
Benzer Tax and Business Services, LLC
12946 Dairy Ashford, Suite 330
Sugar Land, Texas 77478
713-979-2310 Phone
713-636-3361 Fax
salim@benzertax.com

Small Business

GALVESTON COUNTY

Dwight D. Sullivan, CIO*** Galveston County Clerk County of Galveston 600 59 th Street, Ste 2001 Galveston, TX 77551 409-766-2210 409-766-4596 fax 409-457-7265 Cell dwight.sullivan@co.galveston.tx.us	Local Government
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HARRIS COUNTY

Virginia Pierson-Turner * Vice President-SBA Lender Integrity Bank 4040 Washington Avenue Houston, TX 77007 832-954-9475 cell Vpierson-turner@ibanktx.com	Finance
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Gary Henderson Allegiance Bank 8727 West Sam Houston Parkway North, Ste 110 Houston, TX 77040 281-894-3224 281-477-3573 Fax gary.henderson@allegiancebktx.com	Finance
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Elfis Cottingham Texan Bank 711 W Bay Area Blvd Ste 530 Webster, TX 77598 (281) 276-1800 elfis.cottingham@texanbank.com	Finance
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Brandi Downey 2525 Robinhood, Ste 108 Houston, TX 77005 832-978-1408 cell brandi@diversecity.us	
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Colleen McGrath*** Icon Bank Vice President/SBA Underwriter 7908 N. Sam Houston Pkwy, W., Suite 100 Houston, TX 77064 281-944-2083 cmcgrath@iconbanktx.com	Finance
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LIBERTY COUNTY

Earle Connevey
First Liberty National Bank
P. O. Box 10109
Liberty, Texas 77575
936-334-3128
936-336-3390 Fax
econnevey@flnb.com

Finance

MATAGORDA COUNTY

Ms. D C Dunham***
Executive Director
Bay City Community Development Corp.
1900 Fifth Street
Bay City, TX 77414
979-245-8081
979-323-1642 Fax
dcdunham@cityofbaycity.org

Community Organization

MONTGOMERY COUNTY

Shannan Reid
Montgomery Economic Development
Director
P O Box 486
Montgomery, TX 77356
936-597-5004 office
936-524-2484 cell
Montgomerytx.edc@gmail.com

Community Organization

WALKER COUNTY

Charles Rushing***
Vice President
KKL Enterprises Inc. dba
Abuse Control Associates
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Huntsville, TX 77320
936-436-9026
936-435-0578 Fax
kkline@wt.net

Small Business

WALLER COUNTY

John Isom
 Director
 Waller Economic Development Corporation
 P O Box 888
 Waller, TX 77484
 936-931-5151
jisom@walleredc.org

Local Government

Beverly Layne ***
 SVP, SBA Dept.
 Prosperity Bank
 15650 Highway 6
 Navasota 77868
 936-825-7030 direct
 713-829-2032 cell
Beverly.Layne@prosperitybankusa.com

Finance

WHARTON COUNTY

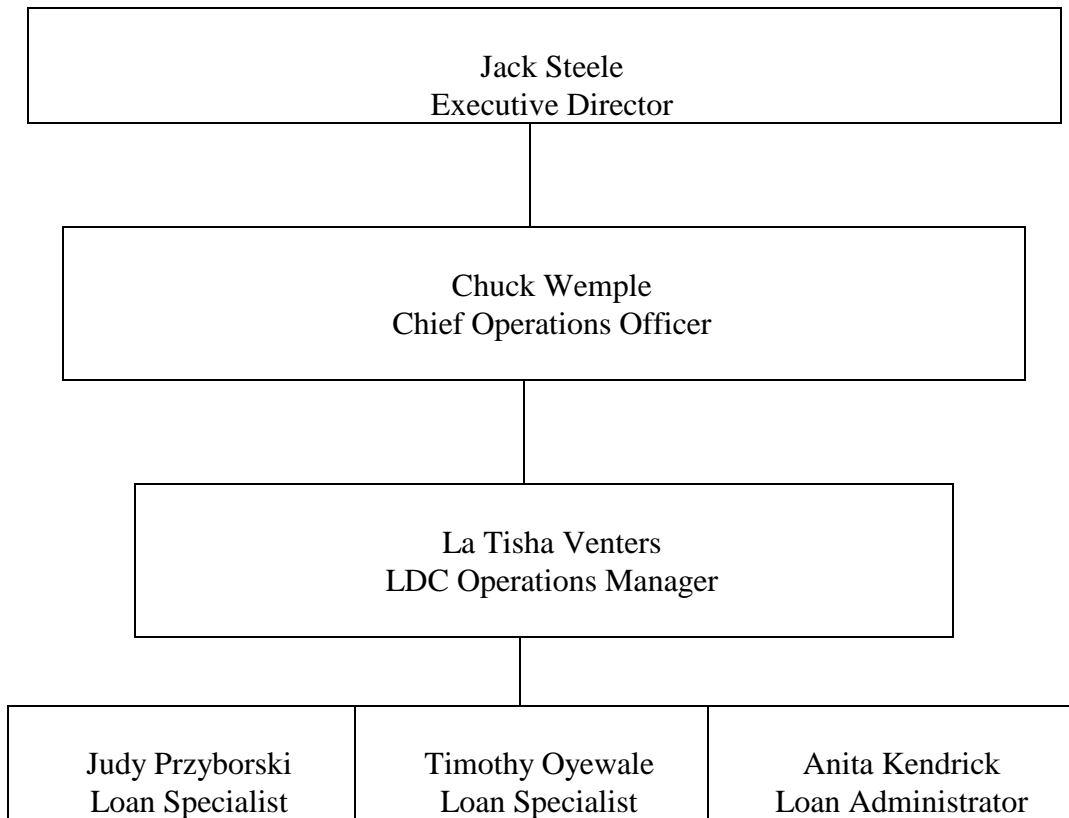
Carolyn Gibson***
 Executive Director,
 City Development Corporation of El Campo
 707 Fahrenthold
 El Campo, TX 77437
 979-543-6727
 979-320-7727 cell
cgibson@elcampoeco.org

Local Government

2. Identification of “Close Relatives”:

There are no known relationships between Directors and/or CDC employees that are defined as “close relatives”

H-GALDC STAFF ORGANIZATIONAL CHART



H-GALDC STAFF

- Jack Steele:** Executive Director of H-GAC & H-GALDC
Directs the professional staff of a regional council serving 150 local government members, a service area of 12,500 square miles, and an annual operating budget of over \$250,000,000 and programming responsibilities for over \$1 billion dollars in services and pass through grants. H-GAC provides comprehensive intergovernmental services to its members in programs ranging from aging to water quality. Its program and fiscal monitoring responsibilities include programs in aging, emergency communications, solid waste management, transportation planning, and workforce development.
- Charles Wemple:** H-GAC's Chief Operating Officer
Chuck Wemple is the Chief Operating Officer for the Houston-Galveston Area Council, the voluntary association of local governments that considers important issues and collaborates on solving area wide problems. Mr. Wemple oversees departments that provide services and planning assistance over a range of topics from public safety and workforce development to transportation, area agency on aging, population growth forecasting, and community development. With over 24 years of experience working in the private, non-profit and government sectors, Mr. Wemple has been directly involved in disaster recovery infrastructure and housing programs, regional environmental studies, downtown revitalization, oil and gas exploration and production, electrical power generation, and small business financing.
- La Tisha Venters:** Operations Manager (40% administration, 60% marketing)
The role of the Operations Manager is to oversee the LDC functions, which include all areas of production, operations and administration of the loan program. Day to day functions include interfacing with H-GAC management, SBA offices and third party lenders. Other job duties include calling on and making SBA 504 presentations to area Economic Development Corporations and other community and civic organizations. La Tisha has 12 years of experience with the 504 program.
- Anita Kendrick** Loan Administrator (30% screening, 70% servicing/liquidations)
The Loan Administrator Role is synonymous with a typical Credit Analyst. Tasks involve qualifying 504 requests utilizing US SBA eligibility standards. Analyzing the overall viability of the borrower to service the additional debt and reviewing each loan annually to ensure no adverse change has occurred.

- Judy Przyborski: Loan Specialist (80% servicing, 20% administrative)
Administrative tasks involve preparing subcontracts, payments for loan packaging and referral and legal fees to closing contractors, maintaining administrative files and track deposits made into the CDC account, provide staff support for loan and corporate meetings, oversee corporate nominations, prepare routine and special H-GALDC Board/committee mailings, support Loan Committee, maintain CDC information on web site, maintain loan status tracking system, and maintain marketing materials.
- Timothy Oyewale: Loan Specialist (50% packaging, 50% servicing)
This role of this individual is to package 504 loans. Employee will gather the necessary documents to submit to underwriting and coordinate with the Business Developer and Loan Administrator to ensure a complete package is submitted to the Loan Committee and SBA for approval.

CONTRACTUAL AGREEMENTS

During the reported fiscal year, the Houston-Galveston Area Local Development Corporation (H-GALDC) have contractual arrangements with the following:

- Management Agreement for CDC employees
- Statesman Business Advisors for packaging services
- Power Steering Unlimited, as third party auditor



AGREEMENT BETWEEN
THE HOUSTON-GALVESTON AREA LOCAL DEVELOPMENT CORPORATION AND
HOUSTON-GALVESTON AREA COUNCIL

WHEREAS, the Houston-Galveston Area Local Development Corporation (Corporation) was created to further the economic development and social welfare of the thirteen county Houston-Galveston region by assisting small business; and

WHEREAS, the Corporation is a Certified Development Company authorized by the U. S. Small Business Administration (SBA) to approve and service loans through SBA's 504 loan program; and

WHEREAS, the Houston-Galveston Area Council (H-GAC) is a regional planning commission created pursuant Chapter 391 of the Local Government Code to plan for the region's future development and encourage intergovernmental cooperation; and

WHEREAS, the Corporation was created by the Houston-Galveston Area Council (H-GAC) Board of Directors and by virtue of the Corporation's bylaws H-GAC's Executive Director serves as the Corporation's Executive Director and H-GAC is responsible for accounting for all corporate funds; and

WHEREAS, management of the Corporation's affairs are vested in its Board of Directors; and

WHEREAS, this Agreement is intended to clarify the roles and responsibilities of the Corporation and H-GAC (parties).

1. Management of the Corporation's affairs is vested in its Board of Directors. The Corporation Board of Directors has sole responsibility for reviewing and approving SBA 504 loans, overseeing the loan portfolio and adopting policies and procedures for conducting its business. No associate of H-GAC or any contractor may be a voting or non-voting member of the Corporation's Board of Directors.
2. The Corporation desires that the Houston-Galveston Area Council provide adequate staff for marketing, loan review, loan packaging, loan closing, loan servicing and other duties necessary to maintain an effective SBA 504 Corporation and comply with SBA regulations. This Agreement between H-GAC and the Corporation is for services actually performed and payment is for services actually rendered.
3. H-GAC will employ a full-time manager responsible for managing the daily operations of the Corporation. The Manager, in consultation with the Corporation President, will develop meeting agenda and assure that all necessary Corporate actions are taken by the Board of Directors. The Manager will be responsible for ensuring the SBA requirements for maintaining certification are fulfilled and will advise the Board about any SBA compliance matters and place recommendations, as needed, before the Corporation Board for approval.
4. The Corporation Manager and other staff supporting the Corporation are H-GAC employees subject to H-GAC personnel policies and receive salaries and benefits in accordance with H-GAC's salary and benefit plans. Staff travel reimbursement will be in accordance with H-GAC travel policies.

5. H-GAC will provide the Corporation office space and meeting facilities.
6. H-GAC will account for Corporation funds, prepare any required financial reports and arrange for audit of Corporation funds as part of the H-GAC audit. H-GAC will provide regular financial reports to the Corporation Board of Directors.
7. Upon request by the Corporation, H-GAC may engage contractors on behalf of the Corporation. Contracts entered into by H-GAC on behalf of the Corporation will be procured in accordance with H-GAC's procurement policy and any applicable SBA rules.
8. The Corporation Board of Directors may enter into contracts directly if it so chooses, using policies and procedures that it develops. The Corporation Manager will advise the Corporation Board of Directors of any applicable SBA requirements that must be met. The Corporation will advise H-GAC of any contracts it enters into so that appropriate accounting and reporting occurs.
9. The Corporation will reimburse H-GAC for direct staffing costs, as well as other indirect and direct cost allocations, at cost. A roster of staff charging to the Corporation, their current (January 2017) hourly compensation, and the approximate percentage of time they charge, is shown in Attachment A to this Agreement. For staff who work less than full-time on H-GALDC operations, a description of the services they provide is included. Attachment A also provides a description of the indirect and allocated direct costs which are charged to the H-GALDC.
10. The source of funds for this reimbursement will come from Corporation revenues from loan origination and servicing. Contract payments for professional services should not exceed 75% of the CDC's 504 processing and servicing income.
11. The Corporation's Board of Directors specifically acknowledges and retains the ultimate responsibility for all loan approvals and loan servicing actions, 13 CFR§120.823, and that such responsibility must be carried out independently of any control by the Contractor.
12. The Corporation may contract directly with third party entities for loan generation, packaging, legal services, and other professional services.
13. H-GAC may not require a 504 applicant or borrower to purchase other services from H-GAC as a condition of H-GAC performing staff or management services for the Corporation
14. Consistent with other provision of this Agreement, the Corporation may undertake program promotion and marketing activities, unless specific activities are prohibited by SBA guidelines and policies.
15. This Agreement may be terminated by either party upon sixty days written notice.
16. This Agreement will continue for five years from the date of execution unless amended or terminated by the parties.
17. All compensation paid to the contractor will be paid by the CDC and the contractor cannot charge the borrower for the same services.

Approved:



Melissa G. Malechek, Board President
Houston-Galveston Area Local Development Corporation

Approved:



Jack Steele, Executive Director
Houston-Galveston Area Council

Date:

7-10-17

Date:

7-10-17

AGREEMENT BETWEEN
THE HOUSTON-GALVESTON AREA LOCAL DEVELOPMENT CORPORATION AND
HOUSTON-GALVESTON AREA COUNCIL

ATTACHMENT A

Staff Charging to the H-GALDC

Name/Title	Hourly Rate	Time Percentage
LaTisha Venters, SBA Program Manager	\$44.28	100%
Michael Minton, SBA Business Development Officer	\$45.67	100%
SBA Credit Administrator (vacant)	\$39.42	50%
Anita Kendrick, SBA Loan Coordinator	\$29.81	100%
Timothy Oyewale, SBA Loan Specialist	\$21.15	100%
Judy Przyborski, Loan Assistant	\$28.81	100%
Nancy Haussler, Chief Financial Officer	\$82.21	4%
Chuck Wemple, Operations Officer	\$72.12	6%
Jeff Taebel, Director, Community and Environmental Planning	\$79.95	6%
Jean Mahood, Assistant Director of Finance and Accounting	\$68.59	4%
Shawn Downie, Accounting Coordinator	\$40.11	5%
Vanessa Salazar, General Accountant	\$25.48	10%
Stephanie Beckford, Senior Financial Analyst	\$37.46	4%
Charles Hill, Internal Auditor Manager	\$47.32	3%
Ricky Porter, Auditor II	\$32.40	3%
Andrea Tantillo, Senior Communications Specialist	\$30.79	3%
Amanda Thorin, Public Outreach and Education Planner	\$31.11	5%
Virgie Hall, Administrative Assistant	\$22.04	3%

Description of Services Provided Under Management Agreement

The SBA Manager, SBA Business Developer, SBA Credit Administrator, SBA Servicing Agent and Loan Assistant all work 100% on H-GALDC operations. The SBA Credit Administrator will work approximately 50% of the time on H-GADC Operations and 50% on other loan programs. A description of the services provided by the other positions which charge portions of their time to the H-GALDC is listed below.

Chief Operating Officer and Director of Community and Environmental Planning: provide high level management oversight, coordinate with the Houston-Galveston Area Council (H-GAC) Board of Directors and other H-GAC programs.

Chief Financial Officer, Assistant Director of Finance and Accounting, Accounting Coordinator, General Accountant, and Senior Financial Analyst: Responsible for overall financial oversight, as well as all H-GALDC accounting, preparation of financial statements, and budgets.

Internal Auditor Manager, Auditor II: responsible for providing periodic internal audits of the H-GALDC.

Public Outreach and Education Planner: responsible for coordinating with H-GAC economic development programs, assist in marketing SBA 504 loans, and administer the H-GALDC's Community Investment Programs.

Senior Communications Specialist: responsible for generating content, editing and layout of publications, brochure and web site.

Administrative Assistant: responsible for processing purchase requisitions, check requests, and travel reimbursements.

Description of Indirect and Direct Cost Allocations

Indirect Costs: H-GAC incurs costs in general administrative functions that benefit all programs. These costs would include costs for the Executive Director's office, Finance, Receptionist, etc. These costs are pooled each month into the indirect cost pool for allocation to all projects/programs. They are allocated to each project based on the approved fixed rate through H-GAC's Cognate agency Texas Workforce Commission. H-GAC defines direct personnel costs as the costs of salaries plus benefits charged to projects other than indirect.

Direct Cost Allocations:

RENT

Basis: Direct Labor Hours

The monthly cost of leased space along with any adjustments imposed by the landlord for utility costs are allocated to the projects based on each project's labor hours as a percentage of total direct labor hours for the agency. Direct labor hours is defined as labor hours relating to all projects except for indirect cost pool projects.

PRINTING

Basis: Direct Labor Hours

All costs associated with operating the xerox and printing operations of H-GAC are pooled on a monthly basis. Examples of such costs would include lease and maintenance of copiers, paper, copier supplies, salary and benefits of print shop personnel, etc. The pooled costs are allocated to the projects based on each project's labor hours as a percentage of total direct labor hours for the agency.

PERSONNEL

Basis: Direct Labor Hours

This pool of costs includes any cost incurred in a personnel or payroll related function. Examples of this cost are salary and benefits of the benefits and payroll clerks, costs of processing payroll checks (if any), personnel and payroll supplies, etc. The pooled costs are allocated to the projects based on each project's labor hours as a percentage of total direct labor hours for the agency.

PURCHASING

Basis: Direct Labor Hours

H-GAC maintains a centralized purchasing function. This function incurs costs in salaries, benefits, supplies, rent, etc necessary to staff and conduct purchasing transactions for the agency. The pooled costs are allocated to the projects based on each project's labor hours as a percentage of total direct labor hours for the agency.

NETWORK ADMINISTRATION

Basis: Direct Labor Hours

The Council operates networked PC's in a LAN environment using Windows NT and an Oracle database. Standard office software such as Microsoft Office and Outlook reside on the network. T-1 lines provide internet access and the accounting software is also distributed to user departments via the computer network. The costs of maintaining the network including software upgrades, hardware enhancements, support salaries and benefits, etc are pooled into the network administration pool on a monthly basis. These costs are allocated to the projects based on direct labor hours.

COMMUNICATION-LOCAL

Basis: Direct Labor Hours

The costs of maintaining and operating H-GAC's telephone system are pooled monthly. Examples of these costs include the monthly lease of telephone equipment, local telephone access costs, and repair and maintenance of the phone system. These pooled costs are allocated monthly based on project labor hours.

FACILITY

Basis: Direct Labor Hours

H-GAC maintains a centralized office operation function. Supervised by the Facility Manager, this function incurs costs in salaries, benefits, supplies, rent, etc necessary to staff and conduct facility related transactions for the agency. The pooled costs are allocated to the projects based on each project's labor hours as a percentage of total direct labor hours for the agency.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

AUG - 2 2017

La Tisha Venters
SBA Program Manager
Houston - Galveston Area Local Development Corporation
3555 Timmons Lane
Houston, TX 77027

Dear Ms. Venters:

SBA has approved the contract between the Houston - Galveston Area Local Development Corporation and the Houston - Galveston Area Council.

We are also approving the request to waive the requirement of the manager being employed directly as permitted in 13 CFR§120.824 (a) (1) as the manager is being provided Houston - Galveston Area Council which is another non-profit entity that has the economic development of the CDC's Area of Operations as one of its principal activities.

We thank you for your support of small business.

If you should have any questions, please contact Warren E. Boyd, Jr., Financial Analyst, 504 Program Branch at 202-205-7534 or warren.boyd@sba.gov

Sincerely,

Dianna L. Seaborn
Director
Office of Financial Assistance

cc: Timothy D. Jeffcoat, District Director, Houston District Office
Hien D. Nguyen, Center Director, Sacramento Loan Processing Center
Joel A. Stiner, Center Director, Fresno Commercial Loan Serving Center
Linda S. Rusche, Director, Office of Credit Risk Management



January 1, 2017

Mr. Scott Actkinson
 Statesman Business Advisors, LLC
 1900 West Loop South, Suite 1010
 Houston, Texas 77027

Dear Mr. Actkinson:

This letter, upon your acceptance, will constitute an agreement between Statesman Business Advisors, LLC (Statesman) and the Houston-Galveston Area Local Development Corporation (H-GALDC) to provide the following services: A) packaging of U.S. Small Business Administration (SBA) 504 loans; (B) providing loan eligibility determination, credit analysis, and other consulting type services; and, (C) SBA 504 loan development.

A. Loan Packaging

Loan packaging services will be provided by Statesman on a fee-for-service basis at a rate of \$100.00 per hour on each application. This fee will be capped at \$3,500 per loan. These services will include, but not necessarily be limited to:

1. Review and processing of loan application and other supporting materials received from H-GALDC.
2. Performance of necessary and reasonable communications with the private lender, borrower, SBA and H-GALDC staff to collect any other information or materials necessary to complete the loan package.
3. Preparation of SBA forms 1244 and accompanying documentation for inclusion in the H-GALDC Loan Committee loan package.
4. Completion of the SBA loan package, including final preparation, compilation of all necessary borrower and corporate documents, and collection of borrower signatures on the IRS tax transcript requests. Statesman will provide one original copy of the completed package to the H-GALDC along with a diskette containing electronic copies of the forms required for SBA authorization of the debenture guarantee.

These services may be performed upon authorization of La Tisha Venters, the H-GALDC SBA Program Manager. Payment will be made upon completion and submittal of the loan package to SBA and receipt by H-GALDC of the package in paper and electronic format, and an invoice from Statesman.

B. Eligibility Determination, Credit Analysis, and other Consulting Services

The Houston-Galveston Area Local Development Corporation may request the following consulting services from Statesman Business Advisors: determination of project and borrower eligibility; credit analysis; preparation of SBA 327 notification requests; and consultation on other matters pertaining to the development and servicing of SBA 504 loans. These services will be performed at the request of H-GALDC staff at a compensation rate of \$100/hour not to exceed 75% of the processing and servicing fee plus reasonable and necessary expenses. The staff who will be billing at this rate are listed in Attachment A, along with a summary of their qualifications. Payment will be based on invoices documenting services rendered, hours of consulting assistance, and necessary and reasonable out-of-pocket expenses.

Mailing Address: PO Box 22777 | Houston, Texas 77227-2777



Physical Address: 3555 Timmons Lane, Suite 120 | Houston, Texas 77027-6466

Phone: 713-627-3200 | Fax: 832-681-2543

Scott Actkinson
January 1, 2017
Page 2 of 4

C. SBA 504 Loan Development

Statesman is also authorized to identify qualified loan candidates and prepare applications for SBA 504 loans. Statesman will be paid for these services at \$200 per hour for an amount not to exceed 1.0% of the SBA 504 portion of the loan. This fee cannot exceed 75% of the processing and servicing fee and will be payable to Statesman, contingent upon: approval of the loan application by the H-GALDC Loan Committee; authorization of the loan by the SBA and, the loan's closing.

Statesman will be responsible for providing the following services:

1. Pre-qualifying the applicant, and preparing all application materials for review by the H-GALDC Loan Committee. These materials will be provided to H-GALDC so that a Loan Committee Meeting can be scheduled (actual meeting or phone conference.) H-GALDC will review the materials for format and completeness and Statesman will be responsible for making any necessary changes. Statesman staff will also attend the Loan Committee meeting.
2. Upon approval by the Loan Committee, Statesman will be responsible for conducting any follow-up work required for SBA approval of the loan.
3. Statesman will be responsible for preparing the loan package and submitting it to the SBA, as outlined in Section A of this agreement.

D. Affirmations for SBA Qualifications

This contract has been drafted by the Houston-Galveston Area Local Development Corporation H-GALDC, and mutually agreed upon to meet the requirements of CFR 120.824, 120.825, and 120.826, and to that reference further shall be stated the following:

1. This contract is between the H-GALDC and Statesman Business Advisors; the only relationship between these two entities is contractual and the H-GALDC is not a shell for another entity as a result of this contract.
2. This contract in no way diminishes the responsibility of the Board of Directors for the operations of the H-GALDC.
3. Furthermore, the H-GALDC's Board of Directors specifically acknowledges and retains the ultimate responsibility for all loan approvals and loan servicing actions, and that such responsibility must be carried out independently of any control by the Contractor.
4. Both the H-GALDC and Statesman Business Advisors acknowledge that no staff members or associates of Statesman Business Advisors are either voting or non-voting members of the H-GALDC Board of Directors.
5. Both H-GALDC and Statesman Business Advisors agree that:
 - a. This contract is only for services performed
 - b. Description of the services that Statesman will perform has been provided in the body of the contract
 - c. Payment is for services actually rendered and for hours actually worked.
 - d. All compensation paid to Statesman will be paid by the H-GALDC; Statesman will not charge borrower(s) for the same services.
 - e. The H-GALDC has a history of prior contracts with professional service providers and finds the fees charged by Statesman for these services to be commercially reasonable for this local market.
 - f. The H-GALDC will pay for this contract from reserves as evidenced in its budget and financial statements; this contract does not, in any way, tie to any specific loan client project.

Scott Actkinson
January 1, 2017
Page 3 of 4

- g. The contractor is prohibited from requiring a 503/504 applicant or borrower to purchase other services from the contractor as a condition of the contractor's performing CDC staff or management functions.

It is understood and agreed that Statesman Business Advisors are independent contractors to H-GALDC for the purposes of developing prospective 504 loan candidates and applications. Statesman agrees that all costs relative to marketing packaging and processing loan applications are the sole responsibility of Statesman. H-GALDC assumes no responsibility/liability for any actions of Statesman.

This agreement for the period January 1, 2017 through December 31, 2018, and may be extended upon agreement of both parties. H-GALDC may terminate this agreement for convenience at any time with ten (10) days' notice. The agreement may also otherwise be amended or terminated upon the concurrence of both parties.

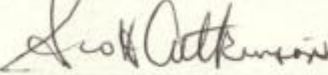
If you accept this agreement, please so indicate by signing in the space provided below.

Sincerely,



Jack Steele

ACCEPTED for Statesman Business Advisors, LLC



Scott Actkinson

2/6/17

Date

Scott Actkinson
January 1, 2017
Page 4 of 4

ATTACHMENT A
Statesman Business Advisors, LLC
Summary of Key Personnel and Qualifications

Scott Actkinson

Principal
713-595-1341

Scott Actkinson is a co-founder and a Managing Director of Statesman's Lender Services Group where he manages the firm's field examination and government guaranteed lending services (Statesman is not a CPA firm). Scott is widely regarded as one of the most knowledgeable authorities on government guaranteed loan structuring and packaging in the country. Prior to founding Statesman, Scott operated an independent financial advisory firm working with small businesses. His previous business experience includes serving as a Vice President and Chief Financial Officer for a registered government securities broker-dealer and an environmental waste company. Scott began his career in the audit practice of a Big 4 accounting firm.

Scott earned his BBA in Accounting and an MBA in Finance from the University of Houston, and is a licensed CPA. He is registered with FINRA as a General Securities Principal / Investment Banker (Series 7, 24, 28, 63, and 79). Scott's professional affiliations include the American Institute of Certified Public Accountants, the Texas Society of CPAs and the Houston Society of CPAs.

Beth Holmgren

Vice President
713-595-1344

Beth has been a member of the Statesman team since its inception in 1995. As Vice President, Beth facilitates all aspects of small business loan applications and oversees our team of underwriters. She has successfully coordinated over 3,500 Small Business Administration (SBA) engagements during her tenure. Clients, lenders, and staff alike know Beth for her dedication and no-nonsense approach that comes from 20 years of SBA loan packaging experience.



Amendment to Contract

This Amendment is made by H-GALDC and Statesman Business Advisors, parties to the Contract, and will serve to define the Contract term listed in the last paragraph of the attached.

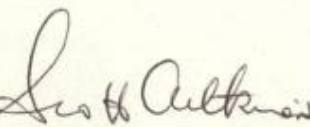
The Contract is amended as follows:

"This agreement for the period January 1, 2017 through December 31, 2018, and may be extended upon agreement of both parties for up to four (4) additional years. H-GALDC may terminate this agreement for convenience at any time with ten (10) days' notice. The agreement may also otherwise be amended or terminated upon the concurrence of both parties."

Except as set forth in this Amendment, the Contract is otherwise unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this Amendment and the Contract or any earlier Amendment, the terms of this Amendment will prevail.

By: 
Jack Steele, H-GALDC

Date: 4-24-17

By: 
Scott Atkinson, Statesman Business Advisors

Date: 4/24/17



Contract for Services CDC contracting with PSUI Page 1

CONTRACT PROPOSAL FOR SERVICES AS FOLLOWS

Independent Loan review – 504 Program (On Site)

Contracting CDC:

LaTisha Venters, SBA Credit Administrator

Houston-Galveston Local Development Corporation (“H-GALDC”)

3555 Timmons Lane, Suite 100, Houston, TX 77027 Phone: (713) 627-3200

(Note: Latisha Venters, SBA Program Manager, will be acting as the agent of the Board of

Directors of H-GALDC during the course of the review; Contract is executed under the guidance

of the Board of Directors, as authorized by Resolution and/or Internal Control Policy and/or

budget designated item, by: Jack Steele, Executive Director)

Professional Service Provider:

Power Steering Unlimited, Inc. (“PSUI”)

SOLEY OWNED AND OPERATED, and ALL SERVICES PERFORMED, BY:

Mary E. Kropp, President

145 SW 54th Terrace, Cape Coral, FL 33914

Phone: (210) 478-1055

Professional Service Contract Timeframe:

On-Site contract, services to begin on September 25, 2017 through a tentative onsite

completion date of September 29, 2017, with report completion by October 6, 2017.

Date: June 16, 2017

EXPECTATIONS FOR PROPOSAL SERVICES & OUTCOMES

A. SBA 504 Loan Portfolio review, primarily based on actual loan file random sampling; the work performed is a

pure loan review (quality of underwriting, loan servicing, and adherence to internal policies), ensuring that

the process and final reports will meet or exceed the requirements as set forth in the CDC Internal Controls

Policy.

B. Board training during ILR exit conference, if requested by CDC.

C. Other mutually agreed upon items as directed while under contract.

In order to complete the Loan Review section of the proposed contract:

1. PSUI provides customized, proprietary Working Papers for each file reviewed in the Sampling. To the limited

extent the OCRM Checklist items may not be covered in the PSUI Working Papers, those items will be

addressed separately to ensure the review meets with the CDC’s internal controls and the guidelines set forth

in the SBA Independent Loan Review Guide, published April 27, 2015.

2. Though the typical file sampling size right now is approximately 5% of active, funded files, it is governed by the

CDC’s Internal Control Policy; A full sampling of Liquidation files are typically not part of PSUI sampling.

However, a directed judgmental sampling of both Liquidation Files, and files Approved Pending Funding, will be required, per SBA OCRM request of PSUI for its independent Loan Review sampling. The active file sampling size will be at least equal to the CDC's last SBA OCRM review sample size or Internal Control Policy specifications. Also, to the extent not covered in the legacy file sampling, a direct judgmental sampling of delinquent, deferred and catch-up status loans will be added to the review. **XX files total will be reviewed as follows: XX Legacy, XX New Fundings, XX Approved not yet funded and XX Active Liquidation files (to be determined upon receipt of the reports noted in Item 4. below).**

3. For a point of reference on fees, a standard sampling loan review takes approximately 40 hours with up to an additional 30 hours for report preparation. PSUI rate is \$150/hour, discounted to \$125/hour, plus reimbursement for travel (if work is performed on site). This would equate to \$8,750 (plus travel, if on site), with the stated discount.

4. In the event that this contract has been specified and required by SBA OCRM, CDC provides via the signatures herein, the SBA OCRM (and any other applicable SBA staff) with permission to speak directly with PSUI

Contract for Services CDC contracting with PSUI Page 2

regarding the reasons for this requirement, along with any OCRM review findings and resulting management letters.

REQUIRED DOCUMENTS:

Of note, for the independent loan review, the typical starting list of baseline data to develop sampling is as follows (in

order to meet the completion dates noted above, all items below must be provided to PSUI on or before **September 18, 2017:**

1. CSA (Wells Fargo Corporate Trust Services) Status of Portfolio report as of "review date" both in PDF and in Excel.
2. CSA Status of Portfolio Non-Current Report as of "review date" (date to be determined).
3. CDC Active, funded files Listing report from its internal loan management software
4. Internal report listing loans in "approved, not yet funded" status (including but not limited to approval type, approval date, debenture amount, SBA loan number, SBA Office from Loan Auth, etc.)
5. Internal report listing loans still active in Liquidation status, as well as a second report listing all historical Liquidation files (including but not limited to approval type, approval date, funding date, Liquidation purchase date, debenture amount, SBA loan number, SBA Office from Loan Auth, etc.)
6. Internal report listing all active loans funded in the 12 months preceding the "review date" of (date to be determined), (including but not limited to approval type, approval date, funding date, current balance, original debenture amount, SBA loan number, SBA Office from Loan Auth, etc.)
7. Internal report listing all active loans and their respective risk ratings (including rating and date rated, plus approval type, approval date, dollar amount, SBA loan number, SBA Office from Loan Auth, etc.)
8. CDC Credit Policy Manual (if any), plus PCLP policies if/where different and if applicable (Or updates since last review by PSUI)
9. CDC Loan Credit Scoring, Loan Grading and Loan Grading Exceptions Policy (Or updates since last review by PSUI)

10. CDC Concentration of Credit (by Industry) report as of "review date" of (date to be determined), both in dollar amount

and in number of loans as follows (with each report totaled):

- a. Concentration by 6-digit NAICS code both in dollar amount and in number of loans
- b. Concentration by 3-digit master NAICS codes both in dollar amount and in number of loans
- c. Top 5 to 10 franchises lent to both in dollar amount and in number of loans.

11. CDC Watch List and/or Critical Asset List (if any)

12. Copies of most recent CDC 60-day and over Quarterly reports submitted to SBA, if any

13. Copies of most recent quarterly Liquidation reports submitted to SBA, if any

14. Other Policies, including but not limited to: CDC Servicing Policy & Procedures (if any), CDC Internal Control Policy,

and Board Manual (Or updates on any of these since last review by PSUI, if applicable)

15. Access to digital loan management systems and files, including but not limited to complete Application, Closing and

Servicing files (or equivalent). **[IMPORTANT: Due to off site service, CDC must be ready to provide organized files**

as noted above in a mutually agreed upon digital format and electronic access to loan management systems;

bulk PDF's without appropriate indexing or bookmarks may not be acceptable]

16. Copies of most recent Independent Loan Review reports, if any, where not completed by PSUI. If ILR completed by

PSUI, then CDC response to ILR findings and recommendations with evidence of Board approval of same.

17. If SBA SMART review has been completed in the preceding 12 months, provide the following dates:

- a. Actual dates Review completed
- b. "As of" date for the Review
- c. Date of SBA Review report
- d. Date of CDC response
- e. Date of SBA acceptance of response.

18. Copies of any Quality Control reviews by the Sacramento, ASM reviews and quarterly Priority Closing reviews, if any. **If**

applicable, copies PCLP reserve reports, backup documentation and evidence of SBA acceptance of same.

19. Most recent CDC Annual Report, and copy of financial statements. Included here would be copies of signed

Board Commitment Statements showing compliance with CFR 120.823.

20. Interim Financials as of the Review "As of" date

21. CDC Bylaws and Articles of Incorporation, plus copies of Board Minutes upon request. Board Committee lists

and Board Policy (if any).

22. Copy of CDC Certificate of Good Standing and copies of most recent 3 years of 990s.

23. CDC Organization Chart (plus work flow chart, if available).

24. CDC Strategic Plan (if any), plus CDC business plan (if any).

25. Recap of CDC loan programs other than SBA504 and support provided by 504 operations to those programs.

**** The information provided from the punch list does not fall under CFR 120.1060 Confidentiality of Reports, Risk Ratings, and Contract for Services CDC contracting with PSUI Page 3 related confidential information, and thus the specific SBA confidentiality agreement as revised 5/20/2016 does not apply to the above information. However, if, during the course of the review, it is determined that the Reviewer needs access to any of the following three identified SBA documents, the approved SBA confidentiality agreement would have to be executed by the CDC, the SBA and the reviewer:*

- 1) SBA Lender Portal Report closest to "review date" of (date to be determined), including Excel spreadsheet of individual ratings
- 2) SBA CDC SMART Portfolio Assessment Scorecard
- 3) Copies of any recent SBA OCRM loan reviews and management letters / responses regarding same

AFFIRMATIONS FOR SBA QUALIFICATIONS:

Affirmations to Meet CFR and SBA SOP Requirements for Professional Services:

****This Contract has been drafted by the CDC and mutually agreed upon to meet the requirements of CFR 120.824 and 120.825, 120.826***

and to that reference further shall be stated the following:

- 1. *This contract is between CDC and Power Steering Unlimited, Inc. and as referenced below and clearly states that*

the only relationship between the two entities is contractual and the CDC is not a shell for another entity as a result of this contract;

2. This contract in no way diminishes the responsibility of the Board of Directors for the operations of the CDC;

3. Further the CDC's Board of Directors specifically acknowledges and retains the ultimate responsibility for all loan approvals and loan servicing actions, 13 CFR 120.823, and that such responsibility must be carried out independently of any control by the Contractor;

4. Both the CDC and Power Steering Unlimited, Inc. acknowledge and state that neither Power Steering Unlimited, Inc. ("contractor") or any associate of the contractor are either voting or non-voting members of the CDC's Board of Directors; Both CDC and Power Steering Unlimited, Inc. agree that:

(a) Contract is only for services performed,

(b) Description of services that the contractor will perform has been provided in the body of the contract in Scope of Work section and below, and

(c) Payment is for services actually rendered and for hours actually worked per Subpart A SOP 50 10 5(I)

Effective Date: 1/1/17. THERE WILL BE NO ADDITIONAL COMPENSATION FROM CDC FEE INCOME, AS MULTIPLIERS OR BONUSES ARE NOT PERMITTED.

5. All Compensation paid to the contractor will be paid by the CDC and the contractor cannot and will not charge borrower(s) for the same services. Outside of reimbursement for travel and lodging, PSUI rates are based on an hourly fee of \$150/hour. This is commercially reasonable and is based on the skill and experience of the contractor as detailed in Item 7. of this section. PSUI's Loan Review work has been accepted by SBA OCRM and is commercially reasonable both in timeframe to complete and amount to be paid. There will be no multipliers or bonuses permitted under this contract.

6. This contract is specifically engaged for capacity building of the CDC staff, management, and/or Board of Directors and for providing quality control checks on procedures framed and/or instituted during the contract period.

7. Contractor background: PSUI is an 13-year old independent consulting firm specializing in commercial and SBA lending organizations. PSUI owner and individual carrying out this contract has over 37 years experience in commercial and SBA lending and

over 21 years of CDC specific experience. CDC's operated under the direct control of this individual passed all benchmarks and

performed superior to those CDC's in its peer group. PSUI provides consulting and on site work for CDC's in all areas of CDC

operations, with a clear record of successful CDC management, industry involvement, process improvement and nationally recognized skill sets in all areas of CDC operations, commercial lending, management and non-profit operations. PSUI's Independent

Loan Review work has been accepted by SBA OCRM and is commercially reasonable both in timeframe to complete and amount to

be paid for this and all other CDC-based services.

8. CDC has a history of prior contracts with professional service providers that provide support and evidence as to the reasonableness of the current rates being assessed in this contract. The CDC Board has investigated the market for these services and finds PSUI fees for services to be commercially reasonable; and

9. CDC will pay for this contract from CDC reserves as evidenced in CDC budget and financial statements; this contract does not, in any way, tie to any specific loan client project.

PROPOSED SCHEDULE DETAIL AND COST ESTIMATES:

This proposal is for an ON-SITE hourly-based fee for services contract, with hours for the work estimated at (up to) 48 hours initially (on-site, 32 hours on-site including travel and up to 16 hours offsite

required for contractor to complete the reporting for the Review). This will be billed on an hourly basis, and added to the final invoice upon delivery of the Review Report. Any additional time outside of the (up to 49 total hours) noted here would be by mutual written agreement as an addendum to this contract, which would then require CDC Board review and approval of the change. The hourly rate will be \$150.00 per hour (discounted to \$125/hour for this client), billable via itemized invoice upon project completion.

Power Steering notes that the actual hours worked on any Independent Loan Review piece will actually

approach 88 hours, but that Power Steering is not including those as payable under the contract but Contract for Services CDC contracting with PSUI Page 4

footnoted here to reflect actual time spent (but not billed for). The same is true for the Board Exit, which

are all included this year under the ILR fee as a special rate structure for this client.

TOTALS PAYABLE UNDER CONTRACT

Both the CDC and PSUI recognize, and affirm that this contract meets all terms and conditions as set forth

by the SBA via CFR and SOP references. This contract is for services to be provided over a specific and close-ended timeframe, "Contract Period," which, initially, will not exceed 60 hours. **The proposed schedule of service will begin on September 25, 2017 continuing through a tentative ILR**

report completion no later than October 6, 2017 (on site portion of review will be completed by noon 9/29/2017).

☐ PSUI has indicated to the CDC that contracts are based on locally and nationally accepted, hourly rate of \$150/hour (discounted to \$125/hour for existing client).

☐ CDC recognizes that due to CDC editorial control over content, ownership of, and future usage of applications completed, templates created, and other work as directed by CDC, CDC assumes all responsibility and any future liability for the work completed by PSUI.

☐ A recap of costs including travel is detailed below. It should be noted that PSUI continues to monitor both hotel and car rental costs up to ensure that the lowest cost rates are incurred:

COST:

It is anticipated that the contract will take up to 48 hours, which equates to up to \$6,000.00, plus estimated travel costs of \$2,277.00. **Thus, the total cost estimate for this contract will not exceed**

\$8,277.00, unless mutually agreed to by both parties below in a written revision to include the added hours.

REQUIRED DEPOSIT:

The CDC, to secure the services it seeks, will provide a deposit of 50% of the subtotaled charges, or \$4,138.50, which will be due at time of signing, said deposit amount to be applied against the hours worked, with final payment of the balance due upon receipt of invoice after completion of the written report.

If, during the course of the contract the CDC opts to terminate the contract, said termination must be with 36 hours notice to PSUI and any and all penalties and expenses related to the change in 2017

Monday-Friday 9/18-22/2017 Loan Review Prep and Sampling 40.00 Provided at no cost

Monday 9/25/2017 Loan Review with part travel day 4.00 4.00 \$ 500.00

Tuesday 9/26/2017 CDC Loan Portfolio Audit & Review 8.00 \$ 1,000.00

Wednesday 9/27/2017 CDC Loan Portfolio Audit & Review 8.00 \$ 1,000.00

Thursday 9/28/2017 CDC Loan Portfolio Audit & Review 8.00 \$ 1,000.00

Friday 9/29/2017 Loan Review with part travel day 4.00 4.00 \$ 500.00

By 10/6/2017 Report Write-up 16.00 \$ 2,000.00

Air Fare Estimate Air fare \$ 500.00

Hotel Estimate Hotel \$ 1,352.00

Car Rental Estimate Car Rental \$ 4 25.00

Per Diem Estimate Per Diem \$50/day (\$250 max weekly) Waived

Subtotal \$ 8,277.00

Contract for Services CDC contracting with PSUI Page 5

travel and other previously fixed expenses (including billable hours) in excess of the deposit already paid would be billed to and paid by the CDC

Contract agreed to in principle this ____ day of , 2017, by

CDC: Contractor:

Houston-Galveston LDC Power Steering Unlimited, Inc.

Jack Steele, Executive Director Mary Kropp, President

ADDENDA: SBA CFR and SOP references regarding Professional Services Contracts

13 CFR § 120.824 Professional management and staff:

A CDC must have full-time professional management, including an Executive Director (or the equivalent) managing daily operations. It

must also have a full-time professional staff qualified by training and experience to market the 504 Program, package and process loan applications, close loans, service, and, if authorized by SBA, liquidate the loan portfolio, and sustain a sufficient level of service and activity in the Area of Operations. CDCs may obtain, under written contract, management, marketing, packaging, processing, closing, servicing or liquidation services provided by qualified individuals and entities under the following circumstances:

(a) The CDC must have at least one salaried professional employee that is employed directly (not a contractor or an Associate of a contractor) full-time to manage the CDC. The CDC manager must be hired by the CDC's board of directors and subject to termination only by the board. A CDC may petition SBA to waive the requirement of the manager being employed directly if:

- (1) Another non-profit entity that has the economic development of the CDC's Area of Operations as one of its principal activities will contribute the management of the CDC, and the management contributed by the other entity also may work on and operate that entity's economic development programs, but must be available to small businesses interested in the 504 program and to 504 loan borrowers during regular business hours; or
 - (2) The CDC petitioning SBA for such waiver is rural; has insufficient loan volume to justify having management employed directly by the CDC; and has contracted with another CDC located in the same general area to provide the management.
- (b) SBA must pre-approve contracts the CDC makes for managing, marketing, packaging, processing, closing, servicing, or liquidation functions. (CDCs may contract for legal and accounting services without SBA approval, except for legal services in connection with loan liquidation or litigation.)
- (c) Contracts must clearly identify terms and conditions satisfactory to SBA that permit the CDC to terminate the contract prior to its expiration date on a reasonable basis.
- (d) The CDC must provide copies of these contracts to SBA for review annually.

(e) If a CDC's Board believes that it is in the best interest of the CDC to contract for a management, marketing, packaging, processing, closing, servicing or liquidation function, the CDC's Board must explain its reasoning to SBA. The

CDC's Board must demonstrate to SBA that:

- (1) The compensation under the contract is only from the CDC, reasonable and customary for similar services in the Area of Operations, and is only for actual services performed;
 - (2) The full term of the contract (including options) is reasonable; and
 - (3) The contract does not evidence any actual or apparent conflict of interest or self-dealing on the part of any of the CDC's officers, management, and staff, including members of the Board and any Loan Committee.
- (f) No contractor (under this section) or Associate of a contractor may be a voting or non-voting member of the CDC's Board.

THIS CONTRACT IS STRICTLY CONFIDENTIAL

This proposal/contract is the intellectual property of Power Steering Unlimited, Inc., and is furnished for the confidential use and consideration by the CDC Client. Under no circumstances shall any recipient of this contract, or its parent company, or any of their directors, officers, employees, attorney or auditors, disclose or make public this document or any portion thereof without prior approval. This contract cannot be shared with outside ILR contractors not employed by PSUI.

Contract for Services CDC contracting with PSUI Page 6

SOP 50 10 5 I reference for the same

CH 3, Section II.A.7.

...

7. CDC Staff 13 CFR §120.824 -

a) A CDC must directly employ full-time professional management, including an Executive Director (or the equivalent) managing daily operations. A CDC may petition SBA to waive the requirement of the manager being employed directly if:

- i. Another non-profit with the same Area of Operations as the CDC and with economic development as one of its principal activities will contribute to the management of the CDC; or
- ii. The petitioning CDC is rural and has insufficient loan volume to justify having management employed directly by the CDC.

b) A CDC must have qualified full-time professional staff to market, package, process, close and service loans.

- c) When any of the functions referred to in 7.a) and b) above are not performed by an employee directly employed by the CDC, the CDC must use a written professional services contract.
- d) Professional services contracts, with the exception of those for accounting and legal services, must be pre-approved by SBA. 13 CFR §120.824(b)-(f). The District Office receives the contract request, reviews the contract, and sends its recommendation to the 504 Program Office in Headquarters. The 504 Program Office reviews the contract and provides its recommendation to the D/FA, who makes the final decision.
- e) The professional services contract must:
- i. Demonstrate that the CDC is not a shell for another entity as a result of the contract;
 - ii. Demonstrate to SBA's satisfaction that any contract with another CDC is limited in time and scope, and has a transition phase leading to contract termination;
 - iii. Not include any contractual services provided by the Executive Director of a CDC unless otherwise authorized under 13 CFR §120.824(a)(2);
 - iv. Not diminish the responsibility of the Board of Directors for the operations of the CDC;
 - v. State that the CDC's Board of Directors specifically acknowledges and retains the ultimate responsibility for all loan approvals and loan servicing actions, and that such responsibility must be carried out independently of any control by the Contractor, 13 CFR §120.823;
 - vi. State that no contractor or associate of the contractor may be a voting or non-voting member of the CDC's Board of Director;
 - vii. Include the following:
 - (a) A description of services that the contractor will perform;
 - (b) A clear statement that payment is for services actually rendered;
 - (c) A breakdown of compensation by individual if more than one person is being compensated under the contract;
 - (d) A description of each individual who is providing services under the contract, whether the individuals are specifically named in the contract;
 - (e) The sources of compensation for services;
 - (f) The rate of compensation for all parts of the contract except servicing must be stated at an hourly rate. The servicing portion may be based on a percentage not to exceed the amount authorized by the regulations. 13 CFR §120.971(a)(3)
 - (g) The basis for its determination that the fees are customary and reasonable for similar services in the area;
 - (h) Additional compensation from CDC fee income such as multipliers or bonuses are not permitted; and
 - (i) Contract payments for professional services should not exceed 75% of the CDC's 504 processing and servicing income; A statement that all compensation paid to the contractor will be paid by the CDC and that the contractor cannot charge the borrower for the same services;
 - viii. Include a provision that allows the CDC to terminate the contract with written notice (usually a 30 to 60 day notice) without penalty at any time prior to the expiration date of the contract;
 - ix. State the term of the contract that is limited in time and scope and has a transition phase leading to contract termination;
 - x. State that the contractor is prohibited from requiring a 503/504 applicant or borrower to purchase other services from the contractor as a condition of the contractor's performing CDC staff or management functions;
- f) A Board of Director's Resolution must accompany the contract and contain a statement:
- i. That the contract is in compliance with 13 CFR §120.824 and 120.825 and SBA Loan Program Requirements;
 - ii. Of understanding that the contract is subject to pre-approval and yearly review by SBA (e.g., when contracted for the specific services noted); and
 - iii. Of understanding that submission of the contract with the Annual Report is required.

CORPORATE MEETINGS MINUTES

The H-GALDC conducted eight Board meetings and two Membership meetings during 2017. Minutes that include meeting dates, Board Members that were present to include years of Commercial Lending experience, and a listing of borrower requests approved in those meetings are included below.

BOARD MEMBERS

Missy Malechek, Community Organization
Dwight Sullivan, Finance
Jackie Pottinger, Commercial Lending (14 years)
Colleen McGrath, Commercial Lending (17 years)
DC Dunham, Local Government
Carolyn Gibson, Local Government
Kim Meloneck, Local Government
Charles Rushing, Small Business
Virginia Pierson-Turner, Commercial Lending (20 years)

BOARD MEETING MINUTES

Houston-Galveston Area Local Development Corporation

LDC Board
Via Email
MARCH 29, 2017

The LDC Board reviewed one loan for approval, via email.

Present: DC Dunham, Carolyn Gibson, Missy Malechek, Colleen McGrath, Kim Meloneck, Virginia Pierson-Turner, Charles Rushing, and Dwight Sullivan.

Abstain: Jackie Pottinger

H-GAC staff: La Tisha Venters, Judy Przyborski.

Loan Presented

Borrower: Pamela R Taylor LLC, Toddy Inc.

Loan: \$1,711,000 Debenture: \$683,000

Bank: Allegiance Bank Grade: 1 -Acceptable

Presented by: La Tisha Venters

Purpose: to provide funds for the expansion of a liquor-flavored wine producing facility, refinance of existing real estate debt and the purchase of new equipment. The business was established in 1996 as a family owned and operated winery and distillery. The proposed facility is located in Katy, Texas, and

will consist of a 6,000 square-foot pre-fabricated metal warehouse building and a 1,000 square-foot brick office building. Project equity is 10%. Credit is given for existing equity in the real estate.

H-GALDC recommends approval based on the strong sales growth over the analyzed years, which leads to Projected Cash Flow of 1.5:1 for the first 2 years, experienced ownership and management, and satisfactory credit.

LDC Board approved unanimously, via email.

Houston-Galveston Area Local Development Corporation
LDC Board
Via Email
April 6, 2017

Present: DC Dunham, Carolyn Gibson, Missy Malechek, Colleen McGrath, Kim Meloneck, Virginia Pierson-Turner, Jackie Pottinger.

Absent: Charles Rushing, Dwight Sullivan.

H-GAC Staff: La Tisha Venters, Judy Przyborski.

Virginia Pierson-Tuner previously served as an alternate member to the LDC Board of Directors. Since there was a vacancy on the board, she agreed to serve as a board member until a replacement was found. Beverly Layne with Prosperity Bank, has agreed to serve on the LDC Board as a director. Beverly Layne was approved by H-GAC Board of Directors to serve on the corporate membership.

LDC board voted, via email, to elect Beverly Layne as a board member to the LDC. Virginia Pierson-Turner will continue to serve as an alternate.

The bylaws allow elections via email. Below is from the bylaws:

- 5.1. Vacancies. In the event that a vacancy on the Board of Directors should occur for any reason, the vacancy shall be filled by the Board of Directors for a term not to exceed the unexpired term.*
 - 5.2. Place of Meeting; Format. Attendance at meetings may be through any format permitted by State law...*
-

Houston-Galveston Area Local Development Corporation
LDC Board
Via Email
April 17, 2017

Present: DC Dunham, Carolyn Gibson, Beverly Layne, Missy Malechek, Colleen McGrath, Kim Meloneck, Jackie Pottinger, Dwight Sullivan, Charles Rushing.

H-GAC Staff: Judy Przyborski, La Tisha Venters, Chuck Wemple.

The LDC Board approves contracts for H-GALDC. The following agreement/contracts were emailed to the LDC Board via email.

- Management Agreement between H-GALDC and H-GAC
- SBA Solutions Contract
- Larry Porterfield Contract

The Management Agreement between H-GALDC and H-GAC was last amended April 2016. The revised agreement removes the percentage-based management fee previously assessed and adds the language necessary for regulatory compliance. The term for this agreement is five (5) years.

SBA Solutions are independent contractors to H-GALDC for the purposes of credit analysis, annual risk rating review, and other consulting services. This agreement is for the five (5) year period February 1, 2017 through January 31, 2022.

Larry Porterfield will perform consulting services for H-GALDC. The term of this contract shall continue for two (2) years.

The LDC Board unanimously approved the agreement/contracts listed above.

Houston-Galveston Area Local Development Corporation

LDC Board
Via Email
May 15, 2017

Present: DC Dunham, Carolyn Gibson, Missy Malechek, Colleen McGrath, Kim Meloneck, Virginia Pierson-Turner, Charles Rushing, and Dwight Sullivan.

Abstain: Jackie Pottinger

H-GAC staff: La Tisha Venters, Judy Przyborski.

Loan Presented

Borrower: Pamela R Taylor LLC, Toddy Inc.

Loan: \$2,389,000 Debenture: \$955,600

Bank: Allegiance Bank Grade: 1 -Acceptable

Presented by: Statesman Business Advisors

Purpose: to provide funds for the expansion of a liquor-flavored wine producing facility, refinance of existing real estate debt and the purchase of new equipment. The business was established in 1996 as a family owned and operated winery and distillery. The proposed facility is located in Katy, Texas, and will consist of a 6,000 square-foot pre-fabricated metal warehouse building and a 1,000 square-foot brick office building. Project equity is 10%. Credit is given for existing equity in the real estate.

This loan was reviewed and approved by the LDC Board, March 29, 2017. The credit memo has been updated to the new project costs/financing, due to an increase in construction costs.

H-GALDC recommends approval of loan with updated costs.

LDC Board approved unanimously, via email.

Houston-Galveston Area Local Development Corporation
LDC Board Meeting
Via Email
May 30, 2017

Present: Carolyn Gibson, DC Dunham, Beverly Layne, Colleen McGrath, Missy Malechek, Kim Meloneck, Jackie Pottinger.

The LDC Board approved (via email) an amended Resolution of the Board of Directors of Houston-Galveston Area Local Development Corporation *Regarding Loan Closings, Sales of 504 Debentures and Other Activities Associated with Funding Small Business Loans*. The resolution designates signature authority to Chuck Wemple, in place of Jeff Taebel.

Houston-Galveston Area Local Development Corporation
LDC Board
Via Email
June 9, 2017

Present: DC Dunham, Carolyn Gibson, Beverly Layne, Missy Malechek, Colleen McGrath, Kim Meloneck, Jackie Pottinger, Charles Rushing, and Dwight Sullivan.

H-GAC staff: La Tisha Venters, Judy Przyborski, Chuck Wemple.

The following items were distributed via email:

- Response letter to SBA
- Internal Control Policy
- Credit Policy Manual
- 2017 Strategic Plan and Pipeline Report
- Email notifications to H-GALDC Board

- SBA Approval of Contract
- Recent Hires and Open Position

La Tisha Venters and Chuck Wemple prepared a thorough response to each unresolved finding of the H-GALDC response to SBA regarding the May 10, 2017 Corrective Action letter, and will work with SBA to resolve any compliance issues. The response letter will be transmitted to SBA.

The following revised documents were approved as distributed:

- Internal Control Policy
- Credit Policy Manual
- 2017 Strategic Plan

Board participation, approval, and acknowledgment is a required part of our process and this is the only part of the response that remains to be fulfilled – and will need to be completed as soon as possible, but no later than close of business June 15, 2017.

Chuck Wemple requested the additional time beyond today's deadline from SBA for two reasons. First - the H-GALDC Board is distributed across a large geographic area and obtaining wet signatures on a single document from several members will require additional routing time. Second - preparing a thorough response to the May 10, 2017 letter included substantial updates to our policies and strategic plan and the additional time will allow us to ensure the H-GALDC Board gives adequate consideration of the response prior to signature.

Chuck Wemple expressed appreciation to the board members for their service on the H-GALDC Board, and looking forward to working together to bring SBA loans to local businesses, create jobs, and improve our local and regional economies.

Houston-Galveston Area Local Development Corporation

LDC Board
Via Email
June 26, 2017

Present: DC Dunham, Carolyn Gibson, Beverly Layne, Missy Malechek, Colleen McGrath, Kim Meloneck, Jackie Pottinger

Charles Rushing, and Dwight Sullivan

H-GAC staff: La Tisha Venters, Judy Przyborski.

The minutes of previous LDC board activity was distributed via email. The minutes for review and approval are listed below.

- May 15, 2017 (Toddy Inc. updated)

- April 17, 2017 (contracts – Management Agreement, SBA Solutions, Larry Porterfield)
- April 6, 2017 (Alternate member)
- March 29, 2017 (Toddy Inc.)
- January 12, 2017 (Stateman Business Advisors contract)
- December 14, 2016 (Alternate member)

LDC Board approved unanimously, via email.

Houston-Galveston Area Local Development Corporation

LDC Board
Via Email
September 6, 2017

Present: DC Dunham, Carolyn Gibson, Beverly Layne, Missy Malechek, Colleen McGrath, Kim Meloneck, Jackie Pottinger, Dwight Sullivan.

Absent: Charles Rushing.

H-GAC staff: La Tisha Venters, Judy Przyborski, Chuck Wemple.

Mary Kropp, Power Steering Unlimited, submitted a proposal to conduct our Independent Loan Review. The contract was distributed via email for review and approval. Based on the fact that Mary Kropp is familiar with the organization and portfolio, as well as pricing structure, it was recommended to engage Mary Kropp for the review.

LDC Board approved unanimously, via email.

Houston-Galveston Area Local Development Corporation

LDC Board
Via Email
November 16, 2017

The LDC Board reviewed one loan for approval, via email.

Present: Jackie Bryan, DC Dunham, Carolyn Gibson, Beverly Layne, Missy Malechek, Colleen McGrath, Kim Meloneck, Charles Rushing.

Absent: Dwight Sullivan.

H-GAC staff: La Tisha Venters, Judy Przyborski.

Loan Presented

Borrower: Texas United Volleyball Club

Loan: \$3,461,574 Debenture: \$1,384,629

Bank: Texas First Bank Grade: 1 -Acceptable

Presented by: La Tisha Venters

Purpose: to provide financing to purchase 4.86 acres of land in Pearland, Texas, and construct a four-court indoor, competitive volleyball club. This is an existing business. Borrower's equity is 10%. Non-project costs will come from H-GAC working capital loan.

H-GAC recommends approval of this project based on the projected income to be generated from the expansion. Although FYE 2016 and FYE 2017 show income that is insufficient to service the debt of the new building, that is mitigated by the fact that the new building will allow for additional paying students that are currently not able to attend the existing facility due to space restraints. Borrower shows minimal debt, excellent credit and more than 14 years of management experience in this industry.

Discussion: How many extra teams will be required? What is the rapidity they can be brought on line to cover the loss? Was any of this presentation plucked from the Austin family members? If not how did I-35 get from Austin-San Antonio-Laredo to the Houston area?

We anticipate that the backfill of new teams will not take long, as they are currently turning additional players away due to space. They are also bringing on a well-known volleyball coach that has placed Olympic teams to be the new head coach. She will also attract new students. This presentation was not plucked from Austin, however in the market research of other comparable facilities, the Austin facility owned by her family member does come up because it is a market comparable.

LDC Board approved unanimously, via email.

LEGAL

No changes have been made to the Articles of Incorporation and one change was made to the Bylaws during the CDC's fiscal year. This change was made in order to bring the CDC's Bylaws into compliance as directed by the 2016 CDC SMART Review.

The H-GALDC's membership, Board of Directors, and Loan Committee are all in compliance with the Small Business Administration's regulations governing CDC's.

The H-GALDC has been involved in one lawsuit as a defendant. SBA was properly notified and the legal proceeding was closed by a Court absolving the CDC of any claim from the plaintiff, however the plaintiff has recently appealed the Court's decision.

During 2017, the CDC has been served notice with a number of property tax lawsuits. These suits are originated by the respective SBA 504 borrower's taxing authorities for unpaid taxes. Lienholders are customarily served since they have an interest in the real property by virtue of their liens, it is also an effective means of providing leverage against the borrower to bring their accounts current. Such suits however, do not imply the lienholders obligation to pay and the "innocent lienholder" doctrine is clearly spelled out by statute. The CDC is obligated to notify the SBA in a timely manner, which has been the case.



Charles Wemple
Executive Director

06/11/2018

Date

TAB 3

**HOUSTON-GALVESTON AREA
LOCAL DEVELOPMENT CORPORATION
INCOME STATEMENT
01/01/17 - 12/31/17**

REVENUES

Application Fees	1,500
Processing Fees	114,675
Service Fees	<u>419,602</u>
Total Fee Revenue	<u>535,777</u>
Interest	5,034
Other Revenue	<u>-</u>
Before Extraordinary Items	540,810
Galveston Recovery Interest Income	<u>671</u>
Total Revenues After Extraordinary Items	<u>541,482</u>

EXPENSES

Personnel	406,494
Indirect Other Contract Service	47,031
Travel	44,580
Legal Consumable Supplies	6,600
Rent	1,975
Other	1,560
	29,937
	<u>71,775</u>
Total Expenses	<u>609,953</u>
Change in fund balance	-
	<u>68,471</u>

Extraordinary

Project
Expenses

Downtown Improvement Community Trees Project	69,397
	<u>13,668</u>

Total 83,065

Change in Fund Balance After Extraordinary Project Expenses	-
	<u><u>151,536</u></u>

**HOUSTON-GALVESTON AREA
LOCAL DEVELOPMENT CORPORATION
BALANCE SHEET
December 31, 2017**

ASSETS

Cash	\$2,392,820
Investments	306,034
Current Assets	2,698,854
Galveston Recovery Loan Receivable	33,974
Galveston Recovery Loan Interest Receivable	0
Fixed Assets	0
Total Assets	<u>\$2,732,828</u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable-H-GAC	\$78,545
Total Liabilities	\$78,545

Fund balances

Reserved for:

Downtown Public Space	52,770
Community Trees Project	96,710

Unreserved, undesignated reported in:

Fund Balance	2,504,803
Total fund balances	<u>2,654,283</u>
Total liabilities and fund balances	<u>\$2,732,828</u>

	<u>Current Period Actual</u>
Revenue	
LOCAL DEVELOPMENT REV	<u>693,017.93</u>
Total Revenue	<u>693,017.93</u>
Expenditures	
Direct Salaries & Wages	
SALARIES	<u>276,226.05</u>
Total Direct Salaries & Wages	276,226.05
Non Labor Cost	
OTHER CONTRACT SERVICES	44,579.84
LEGAL SERVICES	1,975.00
TRAVEL	6,600.06
EXPENDABLE EQUIPMENT	1,427.58
OFFICE SUPPLIES	1,119.46
MEETING EXPENSES	1,639.81
SOFTWARE	2,763.00
EMPLOYEE DEVELOPMENT	4,550.60
PROGRAM PROMOTION	2,358.80
COMMUNICATION	1,567.30
POSTAGE AND DELIVERY	440.62
SUBSCRIPTION MEMBERSHIP	3,674.29
OPERATING EXPENSES	314.58
E&O LIABILITY	(5,408.00)
PASS THROUGH	83,064.90
PERSONNEL ALLOCATION	11,688.82
PURCHASING ALLOCATION	4,118.97
PRINT SHOP ALLOCATION	6,494.73
FACILITY ALLOCATION	4,684.46
NETWORK ALLOCATION	24,201.68
GIS ALLOCATION	7,698.64
ALLOCATED	<u>29,937.17</u>
RENT/COMMUNICATIONS	
Total Non Labor Cost	239,492.31
Indirect Cost	
BENEFIT ALLOCATION	130,268.19
INDIRECT ALLOCATION	<u>47,031.38</u>
Total Indirect Cost	<u>177,299.57</u>
Total Expenditures	<u>693,017.93</u>

ANALYSIS OF INCOME

Houston-Galveston Area Local Development Corporation (H-GALDC) charges the lowest allowable processing fee, 1.5%, and servicing fee of .625% on the outstanding LDC loan balance.

With the exception of expenses noted in Tab 4, CDC Job Creation and Retention Summary, all other operational costs of H-GALDC are provided by Houston-Galveston Area Council (H-GAC) through various other public sources.

H-GALDC STAFFING:

<u>STAFFING</u>	<u>PERCENTAGE OF TIME CHARGED</u>	
	<u>H-GALDC</u>	<u>H-GAC*</u>
H-GAC's Executive Director	0%	100%
H-GAC's Chief Operating Officer	5%	95%
H-GALDC Operations Manager	95%	5%
H-GALDC Loan Administrator	95%	5%
Loan Servicing Coordinator	95%	5%
Loan Specialist	95%	5%
Loan Specialist	95%	5%

* H-GAC may include other programs such as EDA, CDBG, and Local Funds.

Entity Name Houston/Galveston Area COG
 Entity ID 6159
 Contract Type / ID . . LIAB / 17 10-01-15 to 10-01-16

LIABILITY DECLARATIONS OF COVERAGE

GENERAL LIABILITY

Limits of Liability	: \$ 3,000,000	Each Occurrence
Sudden Events		
Involving Pollution	: \$ 2,000,000	Each Occurrence
	: \$ 6,000,000	Annual Aggregate
Deductible	: \$ 5,000	Each Occurrence
Annual Contribution	: \$ 6,152	Effective : 10-01-15
Billable Contribution	: \$ 6,152	Anniversary: 10-01-16

LAW ENFORCEMENT LIABILITY

* * * * Coverage Not Selected * * * *

ERRORS & OMISSIONS LIABILITY

Limits of Liability	: \$ 3,000,000	Each Wrongful Act
	: \$ 6,000,000	Annual Aggregate
Deductible	: \$ 5,000	Deductible Each Wrongful Act
Annual Contribution	: \$ 14,025	Effective : 10-01-15
Billable Contribution	: \$ 14,025	Anniversary: 10-01-16

TOTAL CONTRIBUTION

Total Billable Contribution : \$	20,177	Contract Effective : 10-01-15
		Contract Anniversary: 10-01-16

Coverage is continuous until cancelled. Contributions are subject to adjustment each year on the anniversary date based on updated exposure information and changes in rating.

COWENS	Texas Municipal League Intergovernmental Risk Pool	1201
	7-28-15 14:21:39	3-11-04

Entity Name Houston/Galveston Area COG
 Entity ID 6159
 Contract Type / ID . . LIAB / 17 10-01-15 to 10-01-16

AUTOMOBILE DECLARATIONS OF COVERAGE

AUTOMOBILE LIABILITY

Limit of Liability	: \$ 1,000,000	Each Occurrence
Medical Payments Limit	: \$ 25,000	Each Person
Deductible	: \$ 0	Each Occurrence
Annual Contribution	: \$ 216	Effective : 10-01-15
Billable Contribution	: \$ 216	Anniversary: 10-01-16

AUTOMOBILE PHYSICAL DAMAGE

* * * * Coverage Not Selected * * * *

AUTOMOBILE CATASTROPHE

* * * * Coverage Not Selected * * * *

TOTAL CONTRIBUTION

Total Billable Contribution : \$ 216 Contract Effective: 10-01-15
 Contract Anniversary: 10-01-16

Coverage is continuous until cancelled. Contributions are subject to adjustment each year on the anniversary date based on updated exposure information and changes in rating.

* Automobile Physical Damage Each Occurrence Deductible does not apply to hail.

COWENS

Texas Municipal League Intergovernmental Risk Pool
 7-28-15 14:21:46

L209
 6-08-06

Schedule of Applicable Documents

Entity ID 6159
 Entity Name Houston/Galveston Area COG
 Contract type / ID . . LIAB / 17 10-01-15 to 10-01-16

ID	Document Name	Revision Date
L200	Liability Coverage Document	10-01-14
L201	Liability Declarations of Coverage	3-11-04
L209	Automobile Declarations of Coverage	6-08-06
L105	Liability Schedule	4-14-09
L102-1	Automobile Schedule	9-03-03
EL205	Additional Covered Party-Non-Profit Organization	4-24-04
EL263	Additional Covered Party-Other Governmental Entity	7-31-02
EL206	Indemnification for Premises Leased to the Fund Member	12-09-98
EL287	Hired Automobiles - Auto Physical Damage	4-29-14
EL217	Indemnification Under Contract	8-16-99
EL284	Security Breach Costs	4-27-12
X150	Schedule of Applicable Documents	10-09-97

Texas Municipal League Intergovernmental Risk Pool X150
 10-09-97

MRODRIG 5-05-15 14:58:48

Liability Schedule



Member Name : Houston/Galveston Area COG
 Member ID : 6159
 Contract Type / ID : Liability / 17 10-1-15 to 10-1-16
 Liability Territory : 004
 Population : 0

Class Code	Classification Description	Reported Exposure
Coverage: 20 General Liability 10-01-15 to 10-01-16		
OB100	Operating Budget-Total Expenditures	310,527,305
OB101	Operating Budget-Transfers	70,153,148
OB102	Operating Budget-Capital Improvements	97,500
OB103	Operating Budget-Welfare	0
OB104	Operating Budget-Separately Rated Exposures	207,240,677
OB105	Operating Budget-Contracted Services	8,217,077
OB106	Operating Budget-Other Non-rateable	0
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	1,000
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	2,898,458
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	119,142
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	135,263
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	80,710
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	669,422
SP99991W	Workforce Development Boards Rating Basis : Rateable budget	6,071,719
44100C	Councils of Government Rating Basis : Rateable budget	24,818,903
Coverage: 22 Errors & Omissions Liability 10-01-15 to 10-01-16		
00020	E&O Liability-Other than Housing Authority Rating Basis : Enter 1 to rate	1

Liability Schedule



Member Name : Houston/Galveston Area COG
Member ID : 6159
Contract Type / ID : Liability / 17 10-1-15 to 10-1-18
Liability Territory : 004
Population : 0

Class Code	Classification Description	Reported Exposure
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Notes Applicable to Fireworks and Special Events:

Sponsored Only : The actual operation or display is performed by independent contractors.

Primary Coverage: The actual operation or display is performed by your own employees or volunteers.

ADDITIONAL COVERED PARTY - NON-PROFIT ORGANIZATION

This endorsement forms a part of the Declarations to which attached, effective on the inception date of the coverage unless otherwise stated herein, and modifies such coverage as is afforded by the provisions of the coverage shown below:

General Liability
Law Enforcement Liability
Errors and Omissions Liability
Automobile Liability

It is agreed that the "Covered Parties" provisions of the coverages listed above are amended to include as a covered party the organization named below, subject to the following limitations:

1. Coverage does not apply to any claim or suit arising out of any occurrence or wrongful act related to or concerning projects which are not or will not be located within the geographical boundaries or the extraterritorial jurisdiction of the Member entity named below.
2. Coverage does not include any claim or claims arising from wrongful acts which took place prior to the date such organization was added as a covered party.

Name of Organization(s)

Gulf Coast Small Business Finance Corporation
Emissions Reduction Credit Corporation
H-GAC Energy Purchasing Corporation
Gulf Coast Economic Development District
H-GAC Corporation for Regional Excellence
Houston-Galveston Local Development Corporation

Entity Name Houston/Galveston Area COG
Entity ID 6159

Contract Type / ID . . . LIAB / 17 10-01-15 to 10-01-16
Endorsement ID
Endorsement Effective . . 10-01-15

Texas Municipal League Intergovernmental Risk Pool
COWENS 7-28-15 14:22:11

EL205
4-24-04

Entity Name Houston/Galveston Area COG
 Entity ID 6159
 Contract Type / ID . . LIAB / 18 10-01-16 to 10-01-17

LIABILITY DECLARATIONS OF COVERAGE

GENERAL LIABILITY

Limits of Liability	: \$	3,000,000	Each Occurrence
Sudden Events			
Involving Pollution	: \$	2,000,000	Each Occurrence
	: \$	6,000,000	Annual Aggregate
Deductible	: \$	5,000	Each Occurrence
Annual Contribution	: \$	5,040	Effective : 10-01-16
Billable Contribution	: \$	5,040	Anniversary: 10-01-17

LAW ENFORCEMENT LIABILITY

* * * * Coverage Not Selected * * * *

ERRORS & OMISSIONS LIABILITY

Limits of Liability	: \$	3,000,000	Each Wrongful Act
	: \$	6,000,000	Annual Aggregate
Deductible	: \$	5,000	Deductible Each Wrongful Act
Annual Contribution	: \$	9,935	Effective : 10-01-16
Billable Contribution	: \$	9,935	Anniversary: 10-01-17

TOTAL CONTRIBUTION

Total Billable Contribution : \$	14,975	Contract Effective : 10-01-16
		Contract Anniversary: 10-01-17

Coverage is continuous until cancelled. Contributions are subject to adjustment each year on the anniversary date based on updated exposure information and changes in rating.

COWENS

Texas Municipal League Intergovernmental Risk Pool
 7-07-16 10:30:49

L201
 3-11-04

Entity Name Houston/Galveston Area COG
Entity ID 6159
Contract Type / ID . . LIAB / 18 10-01-16 to 10-01-17

AUTOMOBILE DECLARATIONS OF COVERAGE

AUTOMOBILE LIABILITY

Limit of Liability	: \$	1,000,000	Each Occurrence
Medical Payments Limit	: \$	25,000	Each Person
Deductible	: \$	0	Each Occurrence
Annual Contribution	: \$	214	Effective : 10-01-16
Billable Contribution	: \$	214	Anniversary: 10-01-17

AUTOMOBILE PHYSICAL DAMAGE

* * * * Coverage Not Selected * * * *

AUTOMOBILE CATASTROPHE

* * * * Coverage Not Selected * * * *

TOTAL CONTRIBUTION

Total Billable Contribution : \$	214	Contract Effective: 10-01-16
		Contract Anniversary: 10-01-17

Coverage is continuous until cancelled. Contributions are subject to adjustment each year on the anniversary date based on updated exposure information and changes in rating.

* Automobile Physical Damage Each Occurrence Deductible does not apply to hail.

COWENS

Texas Municipal League Intergovernmental Risk Pool
7-07-16 10:30:56

L209
6-08-06

Schedule of Applicable Documents

Entity ID 6159
 Entity Name Houston/Galveston Area COG
 Contract type / ID . . LIAB / 18 10-01-16 to 10-01-17

ID	Document Name	Revision Date
L200	Liability Coverage Document	10-01-14
L201	Liability Declarations of Coverage	3-11-04
L209	Automobile Declarations of Coverage	6-08-06
L105	Liability Schedule	4-14-09
EL205	Additional Covered Party-Non-Profit Organization	4-24-04
EL263	Additional Covered Party-Other Governmental Entity	7-31-02
EL206	Indemnification for Premises Leased to the Fund Member	12-09-98
EL287	Hired Automobiles - Auto Physical Damage	4-29-14
EL217	Indemnification Under Contract	8-16-99
EL284	Security Breach Costs	4-27-12
X150	Schedule of Applicable Documents	10-09-97

Texas Municipal League Intergovernmental Risk Pool X150
 10-09-97
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Liability Schedule



Member Name : Houston/Galveston Area CO
 Member ID : 6159
 Contract Type / ID : Liability / 18 10-1-16 to 10-1-17
 Liability Territory : 004
 Population : 0

Class Code	Classification Description	Reported Exposure
Coverage: 20 General Liability 10-01-16 to 10-01-17		
OB100	Operating Budget-Total Expenditures	283,463,982
OB101	Operating Budget-Transfers	53,506,245
OB102	Operating Budget-Capital Improvements	93,500
OB103	Operating Budget-Welfare	0
OB104	Operating Budget-Separately Rated Exposures	203,784,739
OB105	Operating Budget-Contracted Services	3,205,380
OB106	Operating Budget-Other Non-rateable	0
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	1,000
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	145,194
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	423,160
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	490,771
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	190,926
SP99991D	Non-Profit Organizations-COG Rating Basis : Rateable budget	49,272
SP99991W	Workforce Development Boards Rating Basis : Rateable budget	5,334,688
44100C	Councils of Government Rating Basis : Rateable budget	22,874,118
Coverage: 22 Errors & Omissions Liability 10-01-16 to 10-01-17		
00020	E&O Liability-Other than Housing Authority Rating Basis : Enter 1 to rate	1

Liability Schedule



Member Name : Houston/Galveston Area CO
Member ID : 6159
Contract Type / ID : Liability / 18 10-1-16 to 10-1-17
Liability Territory : 004
Population : 0

Class Code	Classification Description	Reported Exposure
------------	----------------------------	-------------------

Notes Applicable to Fireworks and Special Events:

Sponsored Only : The actual operation or display is performed by independent contractors.

Primary Coverage: The actual operation or display is performed by your own employees or volunteers.

ADDITIONAL COVERED PARTY - NON-PROFIT ORGANIZATION

This endorsement forms a part of the **Declarations** to which attached, effective on the inception date of the coverage unless otherwise stated herein, and modifies such coverage as is afforded by the provisions of the coverage shown below:

General Liability
Law Enforcement Liability
Errors and Omissions Liability
Automobile Liability

It is agreed that the **"Covered Parties"** provisions of the coverages listed above are amended to include as a **covered party** the organization named below, subject to the following limitations:

1. Coverage does not apply to any **claim** or **suit** arising out of any **occurrence** or **wrongful act** related to or concerning projects which are not or will not be located within the geographical boundaries or the extraterritorial jurisdiction of the **Member** entity named below.
2. Coverage does not include any **claim** or **claims** arising from **wrongful acts** which took place prior to the date such organization was added as a **covered party**.

Name of Organization(s)

Gulf Coast Small Business Finance Corporation
Emissions Reduction Credit Corporation
H-GAC Energy Purchasing Corporation
Gulf Coast Economic Development District
H-GAC Corporation for Regional Excellence
Houston-Galveston Local Development Corporation

Entity Name Houston/Galveston Area COG
Entity ID 6159

Contract Type / ID . . . LIAB / 18 10-01-15 to 10-01-17
Endorsement ID
Endorsement Effective . . 10-01-16

Texas Municipal League Intergovernmental Risk Pool

EL205
4-24-04

COWENS 7-07-16 10:33:18

INDEMNIFICATION FOR PREMISES LEASED TO THE FUND MEMBER

This endorsement forms a part of the **Declarations** to which attached, effective on the inception date of the coverage unless otherwise stated herein, and clarifies such coverage as is afforded by the provisions of the coverage shown below:

- ☒ **GENERAL LIABILITY**
☐ **AIRPORT OWNERS AND OPERATORS
GENERAL LIABILITY**

Entity Name : Houston/Galveston Area COG
Entity ID : 6159
Effective Date : 10/1/16

It is agreed that the **Fund Member** is provided coverage for the liability assumed under the lease agreement between the person or organization designated below and the **Fund Member** for that part of the premises designated below. Such coverage shall not apply to:

- (1) Any **occurrence** which takes place after the **Fund Member** ceases to be a tenant in such premises.
- (2) Any structural alterations, new construction or demolition operations performed by or on behalf of the person or organization designated below.

Name : Fortis Private Equity, Inc.
Address : 1 Chase Manhattan Plaza, 41st Floor
City, State, Zip : New York, NY 1005

Designated Premises

3555 Timmons Ln, Houston, TX

TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL

EL206
12/09/98

INDEMNIFICATION FOR PREMISES LEASED TO THE FUND MEMBER

This endorsement forms a part of the **Declarations** to which attached, effective on the inception date of the coverage unless otherwise stated herein, and clarifies such coverage as is afforded by the provisions of the coverage shown below:

- ☒ **GENERAL LIABILITY**
☐ **AIRPORT OWNERS AND OPERATORS
GENERAL LIABILITY**

Entity Name : Houston/Galveston Area COG
Entity ID : 6159
Effective Date : 10/1/16

It is agreed that the **Fund Member** is provided coverage for the liability assumed under the lease agreement between the person or organization designated below and the **Fund Member** for that part of the premises designated below. Such coverage shall not apply to:

- (1) Any **occurrence** which takes place after the **Fund Member** ceases to be a tenant in such premises.
- (2) Any structural alterations, new construction or demolition operations performed by or on behalf of the person or organization designated below.

Name : Unilev Management Corp; DAR 3555, LLC, 3555 Holdings, LLC and
3555 Woodbranch, LLC.
Address : 3555 Timmons, Suite 110
City, State, Zip : Houston, TX 77027

Designated Premises

Lease agreement at 3555 Timmons Ln, Houston, TX.

TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL

EL206
12/09/98

INDEMNIFICATION UNDER CONTRACT

This endorsement forms a part of the **Declarations** to which attached, effective on the inception date of the coverage unless otherwise stated herein, and clarifies such coverage as is afforded by the provisions of the coverage shown below:

- ☒ **GENERAL LIABILITY**
- ☐ **AUTOMOBILE LIABILITY**
- ☐ **LAW ENFORCEMENT LIABILITY**
- ☐ **AIRPORT (GENERAL LIABILITY HAZARDS) PREMISES LIABILITY**

Entity Name : Houston/Galveston Area COG
Entity ID : 6159
Effective Date : 10/1/16

It is agreed that coverage is provided for the liability assumed by the **Fund Member** to indemnify the person or organization named below under a contract between such person or organization and the **Fund Member**, but such coverage shall not exceed the limits of coverage set forth in the **Declarations**.

Person or Organization :Hewlett-Packard Financial Services Company
Address :200 Connell Dr. Ste 5000
City, State & Zip Code :Berkeley Heights, NJ 07922-2816

Description
Evidence of Coverage
Lease/Finance of Computer Equipment, Value \$10,122

TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL

EL217
08/16/99

INDEMNIFICATION UNDER CONTRACT

This endorsement forms a part of the **Declarations** to which attached, effective on the inception date of the coverage unless otherwise stated herein, and clarifies such coverage as is afforded by the provisions of the coverage shown below:

- ☒ **GENERAL LIABILITY**
- ☐ **AUTOMOBILE LIABILITY**
- ☐ **LAW ENFORCEMENT LIABILITY**
- ☐ **AIRPORT (GENERAL LIABILITY
HAZARDS) PREMISES LIABILITY**

Entity Name : Houston/Galveston Area COG
Entity ID : 6159
Effective Date : 10/1/16

It is agreed that coverage is provided for the liability assumed by the **Fund Member** to indemnify the person or organization named below under a contract between such person or organization and the **Fund Member**, but such coverage shall not exceed the limits of coverage set forth in the **Declarations**.

Person or Organization : Sanwa Leasing Corporation
Address : 15325 SE 30th Pl, Ste 100
City, State & Zip Code : Bellevue, WA 98007

Description

Sharp Copier, Lease #002-1294973, Value \$4,500

TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL

EL217
08/16/99

ADDITIONAL COVERED PARTY – OTHER GOVERNMENTAL ENTITY

This endorsement forms a part of the **Declarations** to which attached, effective on the inception date of the coverage unless otherwise stated herein, and modifies such coverage as is afforded by the provisions of the coverages shown below:

GENERAL LIABILITY
AUTOMOBILE LIABILITY
LAW ENFORCEMENT LIABILITY
ERRORS OMISSIONS LIABILITY

Entity Name : Houston/Galveston Area COG
Entity ID : 6159
Effective Date : 10/01/2016

It is agreed that the "Covered Parties" provisions of the coverages listed above are amended to include as a **covered party** the governmental entity named below. Such coverage shall not exceed the limits of coverage as set forth in the **Declarations**.

Governmental Entity

Gulf Coast Workforce Development Board

TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL

EL263
09/20/07

SECURITY BREACH COSTS

This endorsement forms a part of the **Declarations** to which attached, effective on the inception date of the coverage unless otherwise stated herein, and modifies such coverage as is afforded by the provisions of the coverage shown below:

GENERAL LIABILITY COVERAGE

Entity Name : Houston/Galveston Area COG
 Entity ID : 6159
 Effective Date : 10/01/16

1. The **Fund** will pay on behalf of the **Member** or **Covered Party** all sums which the **Member** or **Covered Party** shall become legally obligated to pay as **damages** arising out of a **security breach** that takes place during the **Fund Year** and within the **Agreement Territory**.
2. The **Fund** will also pay on behalf of the **Member** or **Covered Party** the following additional costs directly resulting from a **security breach**:
 - a. required notice of **security breach** to affected individuals;
 - b. hiring a public relations firm or consultant to restore damage to the **Member's** or **Covered Party's** reputation as a result of a **security breach**;
 - c. credit monitoring services of one year for individuals affected by a **security breach** whose personal non-public information was disclosed as a result of such **security breach**.
 - d. The total liability of the **Fund** for coverage provided in a. through c. above shall not exceed \$25,000 each occurrence and \$50,000 annual aggregate. Coverage shall be excess over any policy of insurance that provides coverage for the **Member** or **Covered Party** and applies only after all other available insurance coverage is exhausted.

Security breach means unauthorized access of a computer system or unauthorized use of computer systems including unauthorized access or unauthorized use resulting from the theft of a password from a computer system; a denial of service attack against computer systems; or infection of a computer system by malicious code or transmission of malicious code from computer systems.

TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL

EL284
04/27/12

HIRED AUTOMOBILES - AUTO PHYSICAL DAMAGE

This endorsement forms a part of the Declarations to which attached, effective on the inception date of the coverage unless otherwise stated herein, and clarifies such coverage as is afforded by the provisions of the coverage shown below:

AUTOMOBILE LIABILITY

Hired Automobiles covered under the Automobile Liability coverage shall also be covered under the Automobile Physical Damage coverage, subject to a deductible of \$500 per occurrence.

Entity Name Houston/Galveston Area COG
Entity ID 6159

Contract Type / ID . . LIAB / 18 10-01-16 to 10-01-17
Coverage Type Hired & Non-Owned Automobile
Endorsement ID
Endorsement Effective . 10-01-16 to 10-01-17

Texas Municipal League Intergovernmental Risk Pool EL287
COWENS 7-07-16 10:35:23 04-29-14

Page 1
7-07-16
10:37:19

Texas Municipal League Intergovernmental Risk Pool
General Liability Limit & Deductible Options

L289: 01-28-02
R289__01
CORENS

Entity ID / Name . . . 6159 / Houston/Galveston Area COG
Contract Type / ID . . LIAS / 18 10-01-16 to 10-01-17

Coverage Type . . . General Liability
Coverage Effective . . 10-01-16 to 10-01-17

Limit Each Occurrence	Deductible per Occurrence									
	0	250	500	1,000	2,500	5,000	10,000	25,000	50,000	100,000
300,000	5,746	5,594	5,441	5,263	4,924	4,557	4,091	3,315	2,632	1,890
500,000	5,817	5,665	5,512	5,334	4,995	4,628	4,162	3,386	2,703	1,961
1,000,000	5,873	5,721	5,568	5,390	5,051	4,684	4,218	3,442	2,759	2,017
2,000,000	6,076	5,924	5,771	5,593	5,254	4,887	4,421	3,645	2,962	2,220
3,000,000	6,229	6,077	5,924	5,746	5,407	5,040	4,574	3,798	3,115	2,373
5,000,000	6,484	6,332	6,179	6,001	5,662	5,295	4,829	4,053	3,370	2,628
10,000,000	6,843	6,691	6,538	6,360	6,021	5,654	5,188	4,412	3,729	2,987

Limit shown is each occurrence. Unless otherwise noted, annual aggregate limit is twice the each occurrence limit except limits over 5 million. 10 million aggregate applies to all occurrence limits over 5 million. Contributions represented on the grid are annual contributions. Estimates based on simple prozation for other than an annual term may vary from actual calculated contributions due to rounding.

TAB 4

See Attached Exhibit 1

TAB 5

REPORT ON COMPENSATION

None of the H-GALDC officers (both former and current) receive any monetary compensation for their work with the CDC.


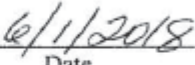
H-GALDC had one contractor and one Service Agreement in effect during the calendar year. Neither was paid more than \$100,000 in Year 2017

The H-GALDC does not have employees, all staff are leased from H-GAC, the sponsoring organization

TAB 6

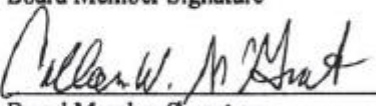
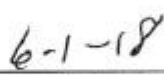
BOARD MEMBER ACKNOWLEDGEMENT

The Board Members of H-GALDC acknowledge that they have read and understand the requirements as set forth in the Federal Register, §13 CFR 120.23, CDC Board of Directors.

DC Dunham	_____	_____
	Board Member Signature	Date
Carolyn Gibson	_____	_____
	Board Member Signature	Date
Beverly Layne	_____	_____
	Board Member Signature	Date
Missy Malechek	_____	_____
	Board Member Signature	Date
Collen McGrath	_____	_____
	Board Member Signature	Date
Kim Meloneck		
	Board Member Signature	Date
Jackie Pottinger Bryan	_____	_____
	Board Member Signature	Date
Charles Rushing	_____	_____
	Board Member Signature	Date
Dwight Sullivan	_____	_____
	Board Member Signature	Date

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Missy Malechek	_____ Board Member Signature	_____ Date
Collen McGrath	 _____ Board Member Signature	 _____ Date
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DC Dunham	_____	_____
	Board Member Signature	Date
Carolyn Gibson	_____	_____
	Board Member Signature	Date
Beverly Layne		<u>6-2-18</u>
	Board Member Signature	Date
Missy Malechek	_____	_____
	Board Member Signature	Date
Collen McGrath	_____	_____
	Board Member Signature	Date
Kim Meloneck	_____	_____
	Board Member Signature	Date
Jackie Pottinger Bryan	_____	_____
	Board Member Signature	Date
Charles Rushing	_____	_____
	Board Member Signature	Date
Dwight Sullivan	_____	_____
	Board Member Signature	Date

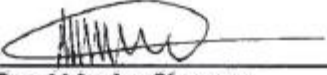
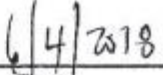
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Charles Rushing	_____ Board Member Signature	_____ Date
Dwight Sullivan	_____ Board Member Signature	_____ Date

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	Board Member Signature	Date
Jackie Pottinger Bryan	 _____	
	Board Member Signature	Date
Charles Rushing	_____	_____
	Board Member Signature	Date
Dwight Sullivan	_____	_____
	Board Member Signature	Date

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DC Dunham

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Date

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Board Member Signature_____
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Date

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Date

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Board Member Signature_____
Date

Kim Meloneck

Board Member Signature_____
Date

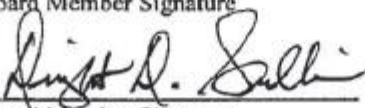
Jackie Pottinger Bryan

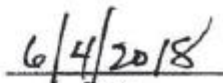
Board Member Signature_____
Date

Charles Rushing

Board Member Signature_____
Date

Dwight Sullivan



Board Member Signature

Date

BOARD MEMBER ACKNOWLEDGEMENT

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DC Dunham

Board Member Signature

Date

Carolyn Gibson

Carolyn Gibson
Board Member Signature

6/7/2018
Date

Beverly Layne

Board Member Signature

Date

Missy Malechek

Board Member Signature

Date

Collen McGrath

Board Member Signature

Date

Kim Meloneck

Board Member Signature

Date

Jackie Pottinger Bryan

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Date

Charles Rushing

Board Member Signature

Date

Dwight Sullivan

Board Member Signature

Date

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DC Dunham

Board Member Signature_____
Date

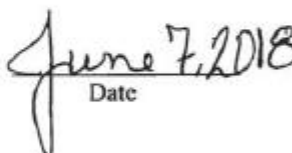
Carolyn Gibson

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Date

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Board Member Signature
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Date

Charles Rushing

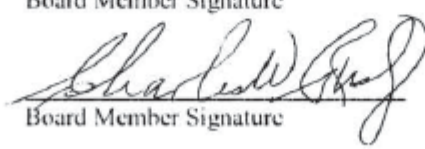
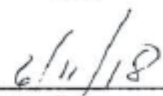
Board Member Signature_____
Date

Dwight Sullivan

Board Member Signature_____
Date

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The Board Members of H-GALDC acknowledge that they have read and understand the requirements as set forth in the Federal Register, §13 CFR 120.23, CDC Board of Directors.

DC Dunham	_____	_____
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Collen McGrath	_____	_____
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Kim Meloneck	_____	_____
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Jackie Pottinger Bryan	_____	_____
	Board Member Signature	Date
Charles Rushing		
	Board Member Signature	Date
Dwight Sullivan	_____	_____
	Board Member Signature	Date