

Housing Authority's Factual Response to Unfounded Allegations Raised by Pablo Salcido About Two Housing Authority Business Relationships

July 12, 2007 – From the Board of Commissioners of the Housing Authority of the City of El Paso

Last week Pablo Salcido filed suit against the Housing Authority of the City of El Paso claiming he was improperly forced to leave his job as President & CEO and that he is owed money by the agency. In the alleged facts supporting his lawsuit, Mr. Salcido asserts that the Housing Authority engaged in inappropriate dealings with two separate contractors – Basic Industries and Aliviane.

The Housing Authority flatly denies the existence of any inappropriate or unethical dealings with these two businesses. The Housing Authority's dealings with Basic Industries and Aliviane were conducted in an open, transparent, and appropriate manner. There was no impropriety in any of its dealings or business with either of these reputable organizations.

A. Basic Industries

Mr. Salcido's lawsuit suggests that Board Chairperson Kenna Ramirez inappropriately influenced the Housing Authority's dealings with Basic Industries based on her personal relationship with a management employee based in Basic Industries' El Paso office. This suggestion is false and incorrect.

For the record, Ms. Ramirez specifically denies that any Housing Authority vendor or any person associated with a vendor ever paid for her travel or gave her improper gifts as falsely alleged by Mr. Salcido in his lawsuit.

The Housing Authority's business relationship with Basic Industries began in 2005, prior to Ms. Ramirez's appointment to the Housing Authority board in January 2006. Ms. Ramirez therefore could not have influenced the commencement of this relationship. Basic Industries is a well-known regional specialty services contractor with a branch office in El Paso. Among other services, Basic Industries offers a pre-approved procurement system for governmental entities such as the Housing Authority. In April 2006, after the Housing Authority began using Basic Industries' procurement services, Basic Industries made a proposal to provide site improvement services, primarily landscaping, at a public housing complex using public housing residents as the primary source of labor for the project.

On June 28, 2006, after having publicly vetted the merits of the program, the Housing Authority posted the approval of a contract for Basic Industries on the agenda for its regular board meeting. The Housing Authority's board proceeded to discuss in open session and then approve a contract for Basic Industries to perform site improvement work with public housing residents performing the labor on the project. The primary goal of the project was to increase employment opportunities for public housing residents, under the federally mandated "Section 3 program," as part of a normal

construction project at a housing authority community. The board members noted that this was a novel and innovative project to assist public housing residents. Ms. Ramirez abstained from the vote on this worthy project. Mr. Salcido signed and approved the contract with Basic Industries without any objection. Basic Industries began performing its services while Mr. Salcido was President & CEO and has since completed its work on the project. Residents who were offered employment to work on the project obtained full time employment as a result of the project.

In his lawsuit, Mr. Salcido further alleges that Ms. Ramirez failed to disclose the fact she had a personal relationship with a management employee of Basic Industries. Ms. Ramirez told Mr. Salcido about her friendship shortly after her appointment. Ms. Ramirez abstained from voting on the approval of Basic Industries' construction and trade training contract and did not speak with the Housing Authority staff about the item. She also later obtained a written legal opinion from the Housing Authority's legal counsel to ensure there was no improper conflict of interest on her part and then discussed the matter with HUD officials in Ft. Worth. Ms. Ramirez voluntarily made the legal opinion public at a Housing Authority board meeting. HUD did not then and does not now have any concerns with Ms. Ramirez's role in this matter.

Against this factual background, it is clear that there are no improprieties with respect to Ms. Ramirez and the Housing Authority's decision to contract with Basic Industries. The project that Mr. Salcido is now making allegations about in support of his lawsuit was simply an innovative contract designed to assist public housing residents to obtain employment and become self-sufficient.

B. Aliviane

In his lawsuit Mr. Salcido alleges that Housing Authority board members inappropriately or improvidently awarded a contract for parenting services to Aliviane. This suggestion is also false and incorrect. All of the Housing Authority's decision-making regarding Aliviane occurred in public meetings and was subject to HUD review and guidance. The decision to award a contract to Aliviane was thoroughly discussed and carefully considered in public meetings taking place over a six month time period, before a pilot program for family-related services with Aliviane as the contractor was finally approved.

On August 29, 2006, Aliviane made a written proposal to provide unique and innovative family-related services to families that resided in public housing. The proposal was later presented to the Housing Authority's board, in a duly posted public meeting held on September 27, 2006. The board felt that the services were unique and would be of benefit to public housing residents who needed assistance becoming self sufficient. During October 2006, the Housing Authority's staff internally discussed and assessed the Aliviane proposal and possible contract.

On December 15, 2006, three months after Aliviane's public presentation and after the staff had time to review the proposal and negotiate a potential contract with Aliviane, the Housing Authority's board voted to approve a pilot program with Aliviane to provide services to families in public housing, with the express understanding the contract was

subject to HUD approval. There was an open discussion at the meeting that HUD approval was necessary for a contract for this particular pilot program to be finalized. The Housing Authority proceeded to write to HUD disclosing the terms of the proposed contract, providing backup documentation, and asking for HUD approval of the procurement of Aliviane's services.

HUD advised the Housing Authority on January 11, 2007 that the Housing Authority was required to publicly bid out the services offered to Aliviane, so that any potential interested vendor could bid to offer the services. Accordingly, in early February 2007, the Housing Authority developed a written bid proposal package and publicly announced it was accepting bids for family-related services for public housing residents from anyone who was interested in providing such services. Aliviane was the only agency to respond to the public request for proposals.

Due to the fact there was only one response to the request for proposals, the Housing Authority wrote HUD a second time asking for guidance on the approval of a possible contract with Aliviane. On March 14, 2007, HUD responded to the Housing Authority providing technical guidance on the possible approval of a contract with Aliviane. HUD did not object to, or raise any concerns about, the possible approval of a contract with Aliviane.

On March 23, 2007, at a public meeting, the Housing Authority's board approved the contract with Aliviane. Commissioner Jaime Rubinstein commented prior to the board's approval that the contract was for a pilot program to provide new and innovative family-related services to public housing residents. The board had determined there was a need to provide family-related services to public housing residents. The board had heard proposals from two different agencies that provide such services several months earlier and had ultimately asked the staff upon HUD's advice to issue a public request for proposals for any interested party to submit bids to provide these innovative family services. Only one agency – Aliviane – responded and submitted a bid to provide family-related services. Commissioner Rubinstein further commented during the discussion of this item that HUD had responded that the Housing Authority should exercise its sound judgment in considering the approval of a possible contract for these services. Commissioner Rubinstein further explained that the board had very carefully and closely examined the proposal submitted by Aliviane and, in view of Aliviane's qualifications and the terms of its proposal, that he supported approval of the contract. The rest of the board agreed, and the contract was approved. The final agreement between the Housing Authority and Aliviane was entered into in May 2007.

In view of the forgoing facts, it is clear that the Housing Authority deliberated about its contract with Aliviane for over six months, assessed the value of the services, disclosed the terms of the contract to HUD, determined that there was an important justification for the services, and received HUD's guidance on a possible contract, all prior to entering into an agreement with Aliviane. HUD has not expressed any concerns about this matter.

Exhibits

- Exhibit 1 Pablo Salcido's Original Petition (July 5, 2007)
- Exhibit 2 Aliviane's letter proposal to the Housing Authority (August 29, 2006)
- Exhibit 3 Housing Authority's sole-source procurement approval request to HUD (December 19, 2006)
- Exhibit 4 Letter from HUD to the Housing Authority advising public bid for services (January 11, 2007)
- Exhibit 5 Request for proposals ("RFP"), or bid package (February 2, 2007)
- Exhibit 6 Aliviane's bid materials in response to the RFP (February 16, 2007)
- Exhibit 7 Letter from Housing Authority to HUD regarding only one response to RFP for family-related services (February 21, 2007)
- Exhibit 8 HUD's letter regarding technical guidance on possible procurement of Aliviane's services (March 14, 2007)
- Exhibit 9 Agreement executed with Aliviane (May 7, 2007)