

# AGREEMENT FOR PROPERTY MANAGEMENT OF SCATTERED SITE RESIDENTIAL BUILDINGS

This Residential Rental Property Management Contract ("Management Contract") entered into on 11/1/16 ("Commencement Date"), by and between the City of Milwaukee, a Wisconsin municipal corporation, and Friends of Housing Corporation, a domestic non-stock corporation existing under the laws of the State of Wisconsin, shall set forth the terms and provisions by which the City shall pay FOH, as an independent contractor, to perform residential rental property management for certain real properties previously acquired by the City through tax foreclosure.

## 1. DEFINITIONS

Within this Management Contract, the terms below are defined as follows:

- A. "City" means the City of Milwaukee and its departments, officers, employees, or agents.
- B. "DCD" means the City of Milwaukee's Department of City Development, its officers, employees, or agents.
- C. "FOH" means Friends of Housing Corporation and its officers, employees, or agents.
- D. "Parties" means the City and FOH.
- E. "Management Expenses" means any costs associated with FOH's duties and responsibilities under this Management Contract that are not chargeable to the City as management fees under § 4 including, but not limited to, advertising costs, utility costs, unit visits for conflict resolution, maintenance and repair work, snow and ice removal, or lawn care.
- F. "Management Portfolio" means each and every parcel of real property, including land and improvements thereon, which has been added to this Management Contract and not removed under § 2.
- G. "Small Business Enterprise" or "SBE" means a business that has been certified by the City's office of small business development based on the requirements specified in § 370-25 of the Milwaukee Code of Ordinances.

## 2. MANAGEMENT PORTFOLIO

### A. *Adding property to the Management Portfolio*

When DCD approves a real property for which FOH has notified DCD of completed renovations for occupancy and a range of rents to be charged, it shall be added to the Management Portfolio.

### B. *Removing property from the Management Portfolio*

The City may, during the term of this Management Contract, remove from the Management Portfolio any real property or group of real properties by notifying FOH of removal at least thirty (30) days prior to the removal date.

## 3. PROPERTY MANAGEMENT

FOH shall manage and maintain each and every property in the Management Portfolio pursuant to the terms of this Management Contract.

### A. *Term of rental property management*

This Management Contract commences on the Commencement Date and terminates three (3) years after the Commencement Date.

B. *Rental management operations*

1. Leasing activity: FOH shall negotiate, prepare, execute, and terminate or modify (as necessary) all leases on behalf of the City and use the most recent forms available at Wisconsin Legal Blank ([www.wilegalblank.com](http://www.wilegalblank.com)) to accomplish the same.
2. Rent schedule: FOH shall charge rent within the range of rents approved by DCD
3. Late fees: FOH shall charge late fees to tenants who fail to pay rent within five (5) days after rent is due.
4. Utilities: FOH shall be liable for the cost of all utilities for any property in the Management Portfolio, but shall make tenants of occupied properties liable for the cost of natural gas and electrical service. FOH will place utility service (gas and electric) for vacant properties in the Management Portfolio into the name of FOH. FOH shall pay for the cost of utilities from Milwaukee Water Works for all occupied or vacant properties. FOH will deduct any utility expenses from the tenant rent account.
5. Tenant screening practices: FOH will perform tenant screenings using FOH standard practices. FOH will use screening requirements for all applicants that are in compliance with all federal, state and local laws.
6. Pets: FOH shall not allow tenants to keep or harbor any pets in any properties in the Management Portfolio, unless required by law as a reasonable accommodation for a verified disability.
7. Marketing practices: FOH will advertise apartments online, with photographs of completed properties as they become available. Properties are to be advertised until a lease is signed.
8. Security deposits: FOH will hold security deposits equal to at least one month's rent in a separate non-interest bearing security deposit account. Reporting to City: FOH will provide City with portfolio management reports at least once per calendar month, and at any time requested by the City. Management Portfolio management reports shall include physical and financial occupancy, income and expenses, tenant rosters, rent and security deposit account statements, inspection results and any other report requested by the City.

C. *Property maintenance*

1. FOH shall maintain each property in the Management Portfolio during the term of this Management Contract in conformance with the Housing Quality Standards (HQS) set forth by the US Department of Housing and Urban Development in Federal Code Section 982.40 and Chapter 275 of the Milwaukee Code of Ordinances.
2. Apartment turnover shall be completed within fifteen (15) days of a tenant vacating. DCD may authorize an extension at the request of FOH to account for extraordinary circumstances or if necessary to repair excessive property damage. Turnover of units shall restore units to HQS. City expects FOH to use discretion when completing turnover repairs. Evaluations should be made based on restoring function to all fixtures and amenities, while making the unit attractive to new renters. For example, carpet should be patched and not replaced, or replaced on a room-by-room basis, if possible. Painting should be touched up, if possible. If unit is occupied for one (1) year or greater, fixtures should be repaired instead of replaced, if possible.
3. Notice to Tenants: Proper notice of entry must be given to tenants to enter a leased unit. Exceptions allowed by State and local law are permitted.

4. Permits: If any repair or replacement maintenance work requires a permit, FOH or its contractors will seek the appropriate permit prior to commencing any work.
5. Habitability Inspection: FOH shall inspect all units in the Management Portfolio no less than every six (6) months for habitability and maintenance issues. During that inspection, all faucets, spigots, toilets, washtubs and other water apparatus will be checked for leaking and repaired as needed. Furnaces, boilers, water heaters, and appliances will be checked for proper functioning. Gutters and downspouts will be checked for proper functioning, and gutters will be cleaned out as needed, but not less than 1 time per year.
6. Smoke and Carbon Detector Maintenance: FOH shall inspect all units in the Management Portfolio no less than every six (6) months to test smoke and carbon detection equipment, and replace batteries in the same. A written inspection log must be kept and provided to the City on an annual basis.
7. Heating: Heating apparatus must be maintained to allow temperatures to be held at no less than sixty-seven (67) degrees in compliance with City of Milwaukee Code of Ordinances.
8. Pest Management: FOH shall use industry standard pest management practices, and provide ongoing pest management service when appropriate.
9. Maintenance Requests: Tenants shall be furnished with a procedure for maintenance requests at the time of leasing. Procedures must include an afterhours/emergency contact and guidelines for when to use emergency contacting information. All maintenance requests must be addressed in a timely fashion, based on the severity of the request.
10. Tenant Chargebacks: FOH is authorized to charge tenants for repairs as allowed under all applicable federal, state and local laws.
11. Documentation: All maintenance requests will be recorded and documented by FOH, who will produce maintenance records upon City request. Records shall contain the date contact was received from tenants, a description of the person assigned, the names of all contractors involved in resolution of the issue, and documentation of the conclusion and close of the request. Any return trips or call backs shall be documented, along with the resolution of the request.

D. *Deposit accounts*

1. Rent deposit account. All rents received shall be deposited into a non-interest bearing account designated for receiving rents. This account may be used to pay for Management Expenses.
2. Security deposit account. All security deposits received shall be deposited into a non-interest bearing account designated for receiving security deposits. FOH shall comply with the provisions of Wis. Stat. § 704.28 for the receipt of, withholding from, and return of security deposits.

E. *Management Expenses*

FOH shall pay for all Management Expenses out of the rent deposit account. FOH may withdraw funds from the rent deposit account to compensate FOH for Management Expenses at the following rates:

- a. Unit visits for conflict resolution: \$30 per hour
- b. Showing rental unit: \$30 per showing appointment, not to exceed \$150 per week
- c. Posting notices on tenant properties: \$30 per hour, not to exceed \$150 per week

- d. Maintenance work: \$45 per hour plus cost of materials
- e. Snow, ice, and grass removal: \$20 per hour
- f. Repair work: actual time and materials costs as documented by invoices
- g. Utilities: actual cost of utilities not paid by tenants as documented by invoices
- h. Other expenses: actual cost as documented by invoices

*F. Limitation on large Management Expenses*

Any single payment of or sum of installment payments totaling Five Hundred Dollars (\$500) or more to a single payee for a non-emergency Management Expense shall be first approved by DCD. FOH shall notify DCD as soon as possible after incurring any cost of over Five Hundred Dollars (\$500) for an emergency Management Expense.

*G. Report on Management Expenses*

Quarterly, FOH shall provide to DCD a complete list of all Management Expenses, invoices to document same, and the rent roll for the quarter. FOH shall retain surplus rents in the rent deposit account, and use proceeds in that account to pay shortfalls.

*H. Annual rent deposit account settlement*

In the event that the rent deposit account shows a balance at the end of each calendar year, FOH shall provide a check made payable to "City of Milwaukee" for the balance of the account less an amount necessary to cover possible repairs and vacancies. FOH shall explain how it computed the amount necessary to cover possible repairs and vacancies at the time it submits the settlement check.

*I. Action after expiration*

Any or all of the properties in the Management Portfolio may be retained by the City or marketed for sale after the expiration of the term of this Management Contract.

*J. Lease-to-own provision*

At any time during or after the term of this Management Contract, the City may, in its sole discretion, sell any property in the Management Portfolio to the tenant-occupant of that property. If a tenant-occupant of a property purchases the home occupied by that tenant, the City shall remove that property from the Management Portfolio effective on the day title transfers to the tenant-occupant.

**4. PAYMENT**

*A. Management fee schedule*

FOH may only charge the management fees below to the City to compensate FOH for performing rental property management for the Management Portfolio.

1. The City agrees to pay FOH for management services at the following rates:
  - a. Base fee:
    - i. \$46 per vacant rental unit per month
    - ii. \$60 per occupied rental unit per month
  - b. Accounting fee: \$300 per month for the Management Portfolio
  - c. Software fee: \$23 per rental unit per year or actual expense billed by software company for software fee per year.
2. The City agrees to pay FOH for tenant placement services at the following rates:
  - a. Application review: \$35 per application
  - b. Credit/criminal history report: \$20 per report
  - c. Unit showings: \$30 per hour up to \$150 per week
  - d. Posting notices on tenant property \$30 per hour up to \$150 per week

B. *Submission of invoices*

FOH shall submit invoices for management services to the City on a monthly basis, for which the City shall have thirty (30) days after the date of the invoice to pay the amount stated thereon or dispute the invoice. Invoices are for expenses greater than the balance of the rent payment account held by FOH on behalf of the City.

C. *Invoice disputes*

If an invoice or any portion of an invoice is disputed by the City, the City shall notice FOH of the disputed amount. The parties may negotiate a payment amount to settle a disputed invoice. If no settlement is reached, the City may choose not to pay the disputed invoice, and FOH may seek any remedies allowed by law to recover the unpaid amount of the disputed invoice. FOH's duties under this Management Contract and any other agreement with the City shall not be affected by the City refusing to pay a disputed invoice.

D. *Wisconsin Use and Sales Tax exempt*

Pursuant to Wis. Stat. § 77.54(9a), the City is exempt from Wisconsin Use and Sales Tax. Wisconsin Use and Sales Tax shall not be reimbursed to FOH for any taxes paid directly as the consumer, when obtaining materials, etc. to fulfill the contract requirements. FOH is responsible for determining whether it is exempt from Wisconsin Use and Sales Tax under Wis. Stat. § 77.54(9m).

**5. EMPLOYEES AND SUBCONTRACTORS**

A. *City Resident Employees*

FOH and its subcontractors shall employ City residents to perform management services in compliance with MCO § 309-41.

B. *Living wages*

The hourly wages paid to any FOH employee shall be in compliance with the City's Service Contract Wage Requirements, including a minimum living wage as computed by the City's Department of Administration under MCO § 310-13.

C. *Subcontractors; Small Business Enterprises*

FOH may utilize subcontractors to perform duties under this Management Contract only in accordance with the provisions herein.

1. FOH is liable for the actions of any of its subcontractors.
2. FOH shall contract with SBEs for at least 40% of all renovation work not undertaken by FOH's employees.
3. FOH shall contract with SBEs for at least 40% of all management and maintenance work not undertaken by FOH's employees.

D. *Equal opportunity employer*

FOH shall not discriminate as to race, sex, sexual orientation, religion, color, age, creed, or national origin in regard to obligation, work, and services performed under the terms of this Management Contract. FOH shall comply with Executive Order No. 11246, entitled "Equal Employment Opportunity" and as amended by Executive Order No. 11375, as supplemented by the Department of Labor Regulations (41 CFR, Part 60).

**6. INSURANCE**

A. *Management insurance standards*

While conducting any property management and maintenance services under this

Management Contract, FOH shall obtain and maintain the following types of insurance coverage in the amounts indicated below.

- a. Workers' compensation – Statutory Limit
- b. Comprehensive general liability
  - i. Bodily injury - \$500,000 per occurrence/\$1,000,000 aggregate
  - ii. Property damage - \$500,000 per occurrence
- c. Automobile liability
  - i. Bodily injury - \$500,000 per occurrence/\$1,000,000 aggregate
  - ii. Property damage - \$500,000 per occurrence
- d. Crime insurance (employee dishonesty) – \$250,000 per loss

B. *Additional insured*

1. For coverage referred to herein, the City shall be named as an additional insured.
2. FOH shall provide the City with Certificates of Insurance evidencing the coverage referenced herein.
3. The insurance carrier must be licensed to do business in the State of Wisconsin.
4. The City, as an additional insured, shall be provided with at least thirty (30) days' written notice of cancellation, non-renewal, or material limitation of coverage of any and all insurance policies required by this Management Contract for any reason, including nonpayment of premium, via an endorsement to the policies providing Earlier Notice of Cancellation or Non-Renewal.
5. Such endorsement must contain the following stipulation:  
“[Insurance Company] will mail notice of cancellation (including for non-payment of premium), non-renewal or material limitation of coverage to the organization shown in the schedule above. [Insurance Company] will mail the notice at least 30 days before the effective date of our action. The Agency shall not permit the coverage to lapse and shall furnish evidence of coverage to the City.”
6. The certificate holder shall be noted as:  
Department of City Development  
Attn: Purchasing/Contract Services, 3rd Floor  
809 N. Broadway  
Milwaukee, WI 53202

**7. INDEMNIFICATION**

FOH shall indemnify, save and hold harmless the City, its officers, employees, or agents, from and against all claims, demands, actions, damages, loss, costs, liabilities, expenses, judgments, and litigation costs, including reasonable attorney's fees, photocopying expenses and expert witness fees, recovered from or asserted against the City on account of injury or damage to person or property or breach of contract to the extent that such damage, injury, or breach may be incident to, arising out of, or be caused, either directly or proximately, wholly or in part, by an act or omission, negligence or misconduct on the part of FOH or any of its agents, servants, employees or subcontractors. The City shall tender the defense of any claim or action at law or in equity, arising out of or otherwise related to an act or omission, negligence, misconduct, or breach of contract on the part of FOH or any of its agents, servants, employees or subcontractors, to FOH or its insurer and, upon such tender, it shall be the duty of FOH and its insurer to defend such claim or action without cost or expense to the City.

8. GENERAL PROVISIONS\

A. *No assignment*

FOH may not assign or transfer any interest in this Management Contract to any other person.

B. *Complete agreement*

This Management Contract constitutes the entire integrated agreement between the City and FOH on the matter described herein and supersedes all prior negotiations, representations or agreements either written or oral. In the event that any provision in any component part of this Management Contract conflicts with any provision of any other component part, the provision in the component part first enumerated herein shall govern, except as otherwise specifically stated.

C. *Slavery disclosure*

FOH has submitted an affidavit of compliance of slavery disclosure or already has one on file with the Business Operations Division of the City.

D. *Public records*

The Parties understand that the City is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Management Contract are subject to and conditioned on the provisions of Wis. Stat. § 19.21, *et seq.* FOH acknowledges that it is obligated to assist the City in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of this Management Contract, and that FOH must defend and hold the City harmless from liability under that law. Except as otherwise authorized, those records shall be maintained for a period of seven (7) years after receipt of final payment under this Management Contract.

E. *Notice*

Each party shall be deemed to have received any notices required by this Management Contract if personally delivered to the individuals listed below, or their agents, sent in writing by first-class mail to the addresses below, or emailed at the email addresses below:

FRIENDS OF HOUSING CORPORATION	CITY OF MILWAUKEE
Friends of Housing Corporation P.O. Box 772 Milwaukee, WI 53201-0772 Attn: Armando Gutierrez, Executive Director  EMAIL: agutierrez_milwaukee@yahoo.com	Department of City Development 809 N. Broadway, 2 <sup>nd</sup> Floor Milwaukee, WI 53202 Attn: Amy Turim, Real Estate Development Services Manager  EMAIL: aturim@milwaukee.gov

F. *Compliance with laws*

FOH shall at all times comply with and observe all applicable federal, state, and municipal laws, ordinances, and regulations in effect during the performance period of this Management Contract. In addition, FOH shall observe all applicable laws and regulations, whether federal, state, or local, relating to lead based paint. Lead abatement work will be done by State of Wisconsin-certified lead abatement contractors and/or rehabilitation crews and supervisors in compliance with Wis. Adm. Code Ch. DHS 163.

All work will be done in a lead safe manner, and all completed work will have a lead wipe test conducted with subsequent clearance by the Milwaukee Health Department (MHD).

G. *Jurisdiction*

This Management Contract shall be governed by and construed according to the laws of the State of Wisconsin.

9. **REMEDIES FOR BREACH**

A. *Specific performance*

Either party may take any lawful action to require the other party to perform the duties assigned to it by this Management Contract.

B. *Withholding payment*

The City may withhold payment of any invoices submitted to it by FOH if the City has issued a notice of breach to FOH and the issue causing the breach is uncorrected. Any notice to the other party of a breach of this Management Contract shall provide the other party with a reasonable number of days to correct the matter causing a breach. Notice of breach is not a prerequisite to exercising other remedies for breach under this Management Contract.

C. *Termination*


If, through any cause, FOH shall fail to fulfill in a timely and proper manner its obligations under this Management Contract, or if FOH shall violate any of the covenants, provisions, or stipulations of this Management Contract, or if the funding for this program is insufficient to continue the program, the City shall thereupon have the right to terminate this Management Contract by giving written notice to FOH of such termination and specifying the effective date thereof, at least five (5) business days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, reports, or other material related to the services prepared by FOH under this Management Contract shall, at the option of the City, become the property of the City. Notwithstanding the above, FOH shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of the Management Contract by FOH.

The parties hereto have caused this Management Contract to be executed by their duly authorized representatives as of the date set forth above. By signing below, the parties mutually agree to be bound by the terms, conditions, and provisions contained herein.


**Signatures Appear on the Following Page**



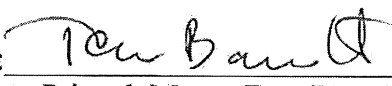
FRIENDS OF HOUSING CORPORATION

By:   
Name/Printed: Armando Gutierrez  
Title: Executive Director

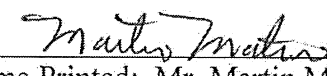
CITY OF MILWAUKEE  
DEPARTMENT OF CITY DEVELOPMENT

By:   
Name Printed: Rocky Marcoux  
Title: Commissioner

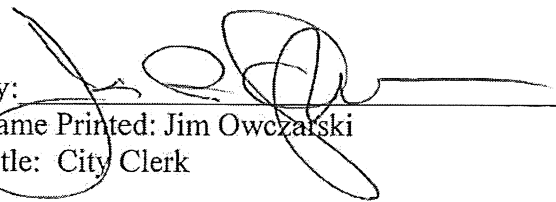
CITY OF MILWAUKEE  
OFFICE OF THE MAYOR

By:   
Name Printed: Mayor Tom Barrett  
Title: Mayor of the City of Milwaukee


CITY OF MILWAUKEE  
OFFICE OF THE COMPTROLLER

By:   
Name Printed: Mr. Martin Matson  
Title: Comptroller 10

CITY OF MILWAUKEE  
OFFICE OF THE CITY CLERK

By:   
Name Printed: Jim Owczarski  
Title: City Clerk

CITY OF MILWAUKEE  
CITY ATTORNEY'S OFFICE

By:   
Name Printed: Atty. Kail Decker  
Title: Assistant City Attorney

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