

## Clover Nuetzmann

---

**From:** BIL Bruney [mailto:bruney@shelby.org]  
**Sent:** Wednesday, February 22, 2012 2:57 PM  
**To:** 'Tom LaRue (59)'  
**Cc:** 'tom.larue@shelby.org'; 'Mona Purgason'; 'Melinda Oliver'  
**Subject:** Bank RFP  
**Attachments:** DOC064.PDF

Dear Commissioner:

Ms. Oliver spoke with me concerning your questions about the RFP.


Based on the language in HUD Handbook No. 7460.8 REV 2, specifically 4.1, 4.2, 4.4, and 4.7, I believe it was prudent to exclude your firm from the mail-out.

Please see the attachment for further clarification.

Sincerely,

B. I. L. Bruney, CPA., MBA.  
Director of Finance.

## CHAPTER 4. ETHICS IN PUBLIC CONTRACTING



### 4.1 General

Ethical standards apply not only to PHA employees and Contracting Officers but to others with a vested interest in PHA contracts such as members of the Board of Commissioners, other officials and agents of the authority, and contractors with whom the PHA does business.

This chapter explains the specific ethical requirements for PHA contracting 24 CFR 85.36 (b)(3).




### 4.2 Principles

Members of the Board of Commissioners, PHA employees, and any others serving in an official position or acting as an agent of the PHA (hereafter referred to as employees, officers, or agents) must discharge their duties impartially to ensure fair competitive access to procurement opportunities by responsible contractors. Moreover, employees, officers, and agents should conduct themselves in such a manner as to foster the public's confidence in the integrity of the PHA procurement organization and process. Any attempt to realize personal gain through PHA employment or to serve as an officer or agent of the PHA through actions inconsistent with the proper discharge of duties is a breach of public trust.

### 4.3 Requirement for a Written Code of Standards (24 CFR 85.36(b)(3))

PHAs must maintain a written code of standards governing the performance of their employees engaged in the award and administration of contracts. These standards shall be included in the PHA's procurement policy.



### 4.4 Conflicts of Interest (24 CFR 85.36(b)(3) and Section 19 of the ACC)

PHAs must observe the following conflict of interest prohibitions.

- A. No PHA employee, officer, or agent shall participate in the selection, award or administration of a contract supported by Federal funds if a conflict of interest, financial or otherwise, real or apparent, would be involved. Such a conflict would arise when the employee, officer or agent, any member of his or her immediate family; his or her partner; or an organization which employs or is about to employ any of the above, has a financial or other interest in the firm selected for the award.
- B. In addition to any other applicable conflict of interest requirements, neither the PHA nor any of its contractors or their subcontractors may enter into any contract, subcontract, or arrangement in connection with a project under the ACC in which any of the following classes of people have an interest, direct or indirect, during his or her tenure or for one year thereafter:
  1. Any present or former member or officer of the governing body of the PHA, or any member of the officer's immediate family. There shall be excepted from this prohibition any present or former tenant commissioner who does not serve on the governing body of a resident corporation, and who otherwise does not occupy a policymaking position with the resident corporation, the PHA or a business entity.

confidential information for actual or anticipated personal gain or for actual or anticipated personal gain of any other person.

#### **4.6 Prohibition Against Contingent Fees (24 CFR 85.36(c) and (24 CFR 85.36(b)(8))**

It is a breach of ethical conduct for a person to be retained to solicit or secure a PHA contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for the retention of bona fide employees or a bona fide agency established for the purpose of securing business. This prohibition includes the employment of former PHA officials and employees on a contingency basis to obtain contracts with the PHA by a business seeking PHA contracts. Many States also have specific laws against contingent fees.



#### **4.7 Sanctions (24 CFR 85.36(b)(11) and (12))**

The Executive Director and the Board of Commissioners are responsible for establishing sanctions for violation of the ethical standards. As stated previously, many States have passed laws governing the conduct of officials involved in procurement. All such laws shall be enforced by the Executive Director and, in cases where the State or local government has no such rules, appropriate sanctions for violation of the standards of conduct in this Chapter shall be published and imposed.

Civil and administrative remedies should be established for use whenever employees, officials, or agents breach ethical standards. References to State ethics laws, which should be consulted by the PHA in developing and administering sanctions for misconduct, should be included in the Procurement Policy. In addition, the PHA may impose any one or more of the following:

- Oral or written warnings or reprimands;
- Suspension with or without pay for specified period of time;
- Termination of employment; or
- Dismissal from the official or agency position.

The value of anything received by an employee or a non-employee in breach of the ethical standards shall be recoverable by the PHA either by confiscating the items or by charging the violator for any and all gratuities received. All procedures in this Chapter shall be in accordance with due process requirements and existing law. In addition, notice and an opportunity for a hearing shall be provided before imposing any suspension or termination of employment. Remedies against contractors may include suspension and/or debarment, as provided in Chapter 11, Contracts, Contract Clauses, and Contract Administration.

In the case of violations, HUD may exercise any available remedy under the ACC, the federal regulation and statutes, and grant agreements including the U.S. Housing Act of 1937 as amended, **24 CFR Parts 84 and 85**, and sections 17 and 19 of the ACC.

## **Clover Nuetzmann**

---

**From:** Tom LaRue [mailto:tomlarue@ghah.org]  
**Sent:** Wednesday, February 22, 2012 3:02 PM  
**To:** 'BIL Bruney'; 'Tom LaRue (59)'  
**Cc:** 'Mona Purgason'; 'Melinda Oliver'  
**Subject:** RE: Bank RFP

I will refer your email to my banks legal council for his review.

Tom C. La Rue  
Commissioner  
Galveston Housing Authority

**From:** BIL Bruney [mailto:bilbruney@ghah.org]  
**Sent:** Wednesday, February 22, 2012 2:57 PM  
**To:** 'Tom LaRue (59)'  
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Sincerely,

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**From:** Tom LaRue [mailto:tom.la@gha.org]  
**Sent:** Wednesday, February 22, 2012 3:05 PM  
**To:** 'BIL Bruney'; 'Tom LaRue (59)'  
**Cc:** 'Mona Purgason'; 'Melinda Oliver'; 'Betty Massey'  
**Subject:** RE: Bank RFP

BTW,

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**From:** BIL Bruney [mailto:bruney@ghahy.org]  
**Sent:** Wednesday, February 22, 2012 3:21 PM  
**To:** 'Tom LaRue'; 'Tom LaRue (59)'  
**Cc:** 'Mona Purgason'; 'Melinda Oliver'; 'Betty Massey'  
**Subject:** RE: Bank RFP

With all due respect to you sir, I mentioned your firm's ineligibility on at least two occasions at our Finance meetings. Your position was that you would make a decision when that time comes. To protect you and others, I excluded your firm.

Sorry if this makes me discourteous.

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**From:** Tom LaRue (59) [Tom.LaRue@prosperitybank.com]  
**Sent:** Wednesday, February 22, 2012 3:32 PM  
**To:** BIL Bruney; Tom LaRue  
**Cc:** Mona Purgason; Melinda Oliver; Betty Massey  
**Subject:** RE: Bank RFP

I do not believe it was your decision to make.

**Tom C. LaRue - President**  
Prosperity Bank - Galveston  
2424 Market Street  
Galveston, Texas 77550

NMLS#584121

---

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**From:** BIL Bruney [REDACTED]  
**Sent:** Wednesday, May 16, 2012 4:01 PM  
**To:** 'Tom LaRue (59)'  
**Cc:** 'Stanley Lowe'; 'Mona Purgason'  
**Subject:** Audit report

Mr. LaRue:

REAC has accepted and approved our audit submission for FY-2011 and a representative of Yeager & Boyd, L.L.C. is scheduled to be here on Monday 5/21/2012, for its presentation at the Board meeting.

Copies will be distributed to Board members at the meeting, however, I would like to know if you would prefer to have one delivered and if you would like to meet to discuss the contents prior to the meeting.

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**Director of Finance**

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**To:** BIL Bruney  
**Cc:** Stanley Lowe; Mona Purgason  
**Subject:** RE: Audit report

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What is the earliest you could provide me with a copy?

It can be dropped off at the bank.

I would prefer to review the audit and determine based upon that review if we need to meet or ask questions prior to the board meeting.

Thanks

**Tom C. LaRue - President**  
**Prosperity Bank - Galveston**  
**2424 Market Street**  
**Galveston, Texas 77550**

[redacted]  
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The last page does appear to address corrective actions, but there are none listed.

Unless I have missed something, this should be completed or a separate letter should be attached that enumerates corrective actions.

I found other accounts receivable from HUD of interest, in light of the pending recapture; however, that is a then vs now issue.

I would be very interested in any comments from you or Stanley may have in regard to anything I may have missed.

These reports as you are aware are usually very sterile and seldom say anything of merit; unless there is a gross error or inaction.

Thanks  
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**Sent:** Thursday, May 17, 2012 4:10 PM  
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The corrective action recommended is a strengthening of the controls over procurement to include the following:

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- Frequent quality control inspections of work project files.

The amount listed as A/R from HUD comes from the HCV Program and is unaffected by the subsidy recapture. The Performance Funding Calculation submission which resulted in the reserve recapture pertains to Low Income Public Housing only.

I would be happy to clarify any other concerns.

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**Sent:** Thursday, May 17, 2012 5:18 PM  
**To:** BIL Bruney  
**Cc:** Stanley Lowe; Mona Purgason  
**Subject:** RE: Audit report

Your response was fine,

Clover inquired about a Finance meeting and Stanley suggested one as well.

Unless there is something procedural I am missing, I would recommend the audit be submitted to the board for their acceptance and do not think it is necessary to meet in committee.

It would be a good idea to share the audit with Theresa as well since she is on the Finance Committee and get her opinion.

I do not have her email address at this computer, so you forward this email to her with a copy of the audit.

Thanks  
Tom

**Tom C. LaRue - President**  
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Tom C. LaRue - President  
Prosperity Bank - Galveston  
2424 Market Street  
Galveston, Texas 77550

[REDACTED]  
40 [REDACTED] [REDACTED]  
[REDACTED]

*NYSE Stock Symbol - PB*

*Prosperity Bank®, ranked #1 Best Bank by Forbes "America's Best And Worst Banks"*

---

**From:** BIL Bruney [REDACTED]  
**Sent:** Wednesday, May 16, 2012 5:00 PM  
**To:** Tom LaRue (59)  
**Cc:** 'Stanley Lowe'; 'Mona Purgason'  
**Subject:** RE: Audit report

Tomorrow morning before 9:AM

BIL

**From:** Tom LaRue (59) [REDACTED]  
**Sent:** Wednesday, May 16, 2012 4:13 PM  
**To:** BIL Bruney  
**Cc:** Stanley Lowe; Mona Purgason  
**Subject:** RE: Audit report

Bil

What is the earliest you could provide me with a copy?

It can be dropped off at the bank.

I would prefer to review the audit and determine based upon that review if we need to meet or ask questions prior to the board meeting.

Thanks

**Tom C. LaRue - President**  
**Prosperity Bank - Galveston**  
**2424 Market Street**  
**Galveston, Texas 77550**  
[REDACTED]  
[REDACTED]  
[REDACTED]

*NYSE Stock Symbol - PB*

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**From:** BIL Bruney [REDACTED]  
**Sent:** Wednesday, May 16, 2012 4:01 PM  
**To:** Tom LaRue (59)  
**Cc:** 'Stanley Lowe'; 'Mona Purgason'  
**Subject:** Audit report

Mr. LaRue:

REAC has accepted and approved our audit submission for FY-2011 and a representative of Yeager & Boyd, L.L.C. is scheduled to be here on Monday 5/21/2012, for its presentation at the Board meeting.

Copies will be distributed to Board members at the meeting, however, I would like to know if you would prefer to have one delivered and if you would like to meet to discuss the contents prior to the meeting.

Sincerely,

**B I L Bruney, CPA., MBA.**  
**Director of Finance**

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## **Clover Nuetzmann**

---

**From:** BIL Bruney [mailto:[REDACTED]]  
**Sent:** Friday, May 18, 2012 9:14 AM  
**To:** 'Tom LaRue (59)'  
**Subject:** RE: Audit report

I will.

BIL

**From:** Tom LaRue (59) [mailto:[REDACTED]]  
**Sent:** Thursday, May 17, 2012 5:18 PM  
**To:** BIL Bruney  
**Cc:** Stanley Lowe; Mona Purgason  
**Subject:** RE: Audit report

Your response was fine,

Clover inquired about a Finance meeting and Stanley suggested one as well.

Unless there is something procedural I am missing, I would recommend the audit be submitted to the board for their acceptance and do not think it is necessary to meet in committee.

It would be a good idea to share the audit with Theresa as well since she is on the Finance Committee and get her opinion.

I do not have her email address at this computer, so you forward this email to her with a copy of the audit.

Thanks  
Tom

**Tom C. LaRue - President**  
**Prosperity Bank - Galveston**  
**2424 Market Street**  
**Galveston, Texas 77550**

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**From:** BIL Bruney [mailto:[REDACTED]]  
**Sent:** Thursday, May 17, 2012 4:10 PM  
**To:** Tom LaRue (59)  
**Cc:** 'Stanley Lowe'; 'Mona Purgason'  
**Subject:** RE: Audit report

Mr. LaRue:

Thanks for your prompt review.

The corrective action recommended is a strengthening of the controls over procurement to include the following:

- Training of all applicable employees (Employees involved in the procurement process).

- ✓ Frequent quality control inspections of work project files.

The amount listed as A/R from HUD comes from the HCV Program and is unaffected by the subsidy recapture. The Performance Funding Calculation submission which resulted in the reserve recapture pertains to Low Income Public Housing only.

I would be happy to clarify any other concerns.

Thanks!

**B I L Bruney, CPA., MBA.**  
**Director of Finance**

**From:** Tom LaRue (59) [REDACTED]  
**Sent:** Thursday, May 17, 2012 3:15 PM  
**To:** BIL Bruney  
**Cc:** Stanley Lowe; Mona Purgason  
**Subject:** RE: Audit report

Bil

I have reviewed the audit report your provided this morning and do not find anything that would require us to meet prior to it being considered for acceptance at the board meeting on Monday.

The report appears to be clear and concise, addressing in detail those areas of primary concern.

The last page does appear to address corrective actions, but there are none listed.

Unless I have missed something, this should be completed or a separate letter should be attached that enumerates corrective actions.

I found other accounts receivable from HUD of interest, in light of the pending recapture; however, that is a then vs now issue.

I would be very interested in any comments from you or Stanley may have in regard to anything I may have missed.

These reports as you are aware are usually very sterile and seldom say anything of merit; unless there is a gross error or inaction.

Thanks  
Tom

**Tom C. LaRue - President**  
**Prosperity Bank - Galveston**  
**2424 Market Street**  
**Galveston, Texas 77550**

[REDACTED]  
[REDACTED]  
[REDACTED]

*NYSE Stock Symbol - ~~PB~~*

*Prosperity Bank®, ranked #1 Best Bank by Forbes "America's Best And Worst Banks"*

---

**From:** BIL Bruney [REDACTED]  
**Sent:** Wednesday, May 16, 2012 5:00 PM

**To:** Tom LaRue (59)  
**Cc:** 'Stanley Lowe'; 'Mona Purgason'  
**Subject:** RE: Audit report

Tomorrow morning before 9:AM

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**From:** Tom LaRue (59) [REDACTED]  
**Sent:** Wednesday, May 16, 2012 4:13 PM  
**To:** BIL Bruney  
**Cc:** Stanley Lowe; Mona Purgason  
**Subject:** RE: Audit report

Bil

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**Tom C. LaRue - President**  
**Prosperity Bank - Galveston**  
**2424 Market Street**  
**Galveston, Texas 77550**

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**From:** BIL Bruney [REDACTED]  
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**Cc:** 'Stanley Lowe'; 'Mona Purgason'  
**Subject:** Audit report

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**B I L Bruney, CPA., MBA.**  
**Director of Finance**



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## Clover Nuetzmann

---

**From:** Tom LaRue (59) [REDACTED]  
**Sent:** Friday, June 08, 2012 11:24 AM  
**To:** Stanley Lowe  
**Cc:** BIL Bruney  
**Subject:** Tax Stmt on GHA Property - 1406 Avenue L  
**Attachments:** tax statement GHA.tif

The historic foundation passed this along to me earlier in the week.

The attached tax statement pertains to property we purchased on 14<sup>th</sup> and Avenue L.

I supposed there may also be a tax statement for the property on the corner, as the address of 1406 appears to be the inside property.

If this property is tax exempt, I am sure you will know what needs to be done if anything.

Tom C. LaRue - President  
Prosperity Bank - Galveston  
2424 Market Street  
Galveston, Texas 77550

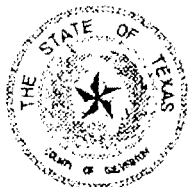
[REDACTED]ir

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**Cheryl E. Johnson**

**Assessor and Collector of Taxes**

Galveston County Courthouse, 722 Moody, Galveston, Texas 77550

(409) 766-2481 · 1-877-766-2284 · Fax (409) 766-2479

galcotax@co.galveston.us

05/18/2012

GALVESTON REDEVELOPMENT AND COMMUNI  
GALVESTON HISTORICAL FOUNDATION  
502 20TH ST  
GALVESTON TX 77550

Tax Office Acct # [REDACTED]

GCAD Acct # [REDACTED]

Property Address: 1406 AVE L

77550

Property Description: ABST 628 PAGE 126 LOT 9 BLK 74 GALVESTON

Dear Property Owner:

According to our records, property taxes remain unpaid for 2011 on the account indicated above. Unpaid taxes for any additional years are included in the amounts due shown below. Section 33.04 of the Texas Property Tax Code requires that a notice be sent to all delinquent taxpayers. Section 33.01 of the Tax Code provides for a late penalty in the amount of 6% the first month and an additional 1% per month on unpaid balances through June. Taxes unpaid July 1st incur a total penalty of 12% without regard to the number of months the tax has remained unpaid. As a result of accrued penalties and interest, the following amounts are due if paid the month indicated below:

If paid in May: \$812.12      If paid in June: \$826.50      If paid in July: \$1,017.65

Payments may be made by check or money order payable to GCTO (Galveston County Tax Office) and mailed in the enclosed self-addressed envelope. You may also pay in person at one of our offices shown below, Monday through Friday 8:00 am to 5:00 pm. Installment payment contracts are available at our Galveston office or by contacting the entities' delinquent tax firm.

Galveston Courthouse, 722 Moody, Galveston    West County Annex, 11730 Highway 6, Santa Fe  
Texas City Annex, 2516 Texas Avenue, Texas City    North County Annex, 174 Calder Drive, League City

We are required by Section 33.07 of the Texas Property Tax Code to provide notification at least 30 and not more than 60 days before July 1st that the governmental entities for which we work have contracted with a law firm to collect unpaid or delinquent taxes on their behalf. Please be aware that these firms collect an additional fee which may not exceed 20% of the amount of unpaid tax, penalty, and interest due after July 1st to defray the cost of collection.

**NOTICE TO TAXPAYER AGE 65 OR OLDER** If this is your homestead and you are sixty-five (65) or older and have applied to have the collections of taxes on your homestead deferred, this penalty will be imposed only if the taxes for which the collection is deferred remain delinquent on or after the 181st day after the date the deferral period expires.

Should your records differ from ours, please call or come by our office so that we may resolve the discrepancy.

**PAY ONLINE AT [www.galcotax.com](http://www.galcotax.com)**

**FOR MORE EFFICIENT PROCESSING, PLEASE DETACH & RETURN THIS PORTION WITH YOUR PAYMENT.**

Make checks payable to GCTO using black or blue ink. Credit card checks not accepted.

A \$25 fee will be charged for all returned checks.

ACCOUNT#: [REDACTED]

CAD ID: [REDACTED]

PROPERTY ADDRESS: 1406 AVE L      77550

GALVESTON REDEVELOPMENT AND COMMUNI  
GALVESTON HISTORICAL FOUNDATION  
502 20TH ST  
GALVESTON TX 77550

Amount due if paid in May	\$812.12
Amount due if paid in June	\$826.50
Amount due if paid in July	\$1,017.65

000000R100710 0000081212 0000082650 0000101765 0000000000 6

**Clover Nuetzmann**

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**From:** BIL Bruney [REDACTED]  
**Sent:** Friday, June 08, 2012 11:57 AM  
**To:** 'Tom LaRue (59)'; 'Stanley Lowe'  
**Subject:** RE: Tax Stmt on GHA Property - 1406 Avenue L

Thanks!

I'll take care of this.

BIL

**From:** Tom LaRue (59) [REDACTED]  
**Sent:** Friday, June 08, 2012 11:24 AM  
**To:** Stanley Lowe  
**Cc:** BIL Bruney  
**Subject:** Tax Stmt on GHA Property - 1406 Avenue L

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**Prosperity Bank - Galveston**  
**2424 Market Street**  
**Galveston, Texas 77550**

[REDACTED]  
[REDACTED]  
NMLS#584121

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