

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building A Boardroom
Honolulu, Hawaii 96817
Thursday, September 19, 2019
9:00 a.m.**

AGENDA

I. CALL TO ORDER/ESTABLISHING QUORUM

II. PUBLIC TESTIMONY

Public testimony on any item relevant to this agenda shall be taken at this time. Pursuant to section 92-3, Hawaii Revised Statutes, and section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

III. APPROVAL OF MINUTES

Regular Meeting Minutes, July 18, 2019
Regular Meeting Minutes, August 15, 2019

IV. DISCUSSION AND/OR DECISION MAKING

- A. Presentation by Craig Hirai, Executive Director of the Hawaii Housing Finance and Development Corporation Regarding Affordable Housing Financing
- B. To **(1)** Approve Quitclaim Deed from the State of Hawaii, by its Board of Land and Natural Resources, to the Hawaii Public Housing Authority for the Land Situated at Kalaepohaku and Kapalama, Honolulu, Oahu, Tax Map Key No. (1) 1-6-009-003, Under Hawaii Revised Statutes section 171-95(a)(1), Subject to Review and Approval by the Department of the Attorney General; and **(2)** Authorize the Hawaii Public Housing Authority Executive Director To Take Any and All Action Related to this Deed
- C. To Approve Resolution No. 19-07 Authorizing the Executive Director to Enter Into a Master Development Agreement (“Agreement”) with RHF Foundation Inc., an Affiliate of Retirement Housing Foundation, a California Non-profit Corporation Authorized to do Business in the State of

Hawaii (“RHF” or the “Developer”) and to Undertake all Actions Necessary to Implement the Agreement; and, To Approve Predevelopment Expenditures as Described Under the Agreement Relating to the Redevelopment of Hawaii Public Housing Authority’s (“HPHA”) Administrative Offices (the “Project”) on Land Situated at Kalaepohaku and Kapalama, at 1002 North School Street, Honolulu, Oahu, TMK No. (1) 1-6-009-003 (the “Property”)

(The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 92-5(a)(3) to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property, and/or 92-5(a)(4) to consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities related to this agenda item.)

- D. To **(1)** Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., (MDC I) and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMK Nos. 1-3-039-008-0000; 1-3-039-006-0000) from September 20, 2019 to October 18, 2019; **(2)** Approve the Term Sheet Outlining the Proposed Terms of a Revised Master Development Agreement Between MDC I and the HPHA for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes relating to the Redevelopment of Kuhio Park Terrace and Kuhio Homes; and **(3)** Authorize the Executive Director to Continue to Negotiate a Revised Master Development Agreement Based on the Terms Outlined in the Term Sheet

(The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 92-5(a)(3) to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property, and/or 92-5(a)(4) to consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities related to this agenda item.)

- E. For Information: Report, Update, and Overview on the HPHA’s Redevelopment Efforts and Development Opportunities, including Mayor Wright Homes (Tax Map Key: 1-7-029-003-0000), Kuhio Park Terrace Low Rise/Kuhio Homes (Tax Map Keys 1-3-039-008-0000; 1-3-039-006-0000; and 1-3-039-003-0000) and School Street Administrative Offices (Tax Map Key: 1-6-009-003-0000)

(The Board may go into executive session during the presentation of the redevelopment projects pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 103D-105 to discuss, deliberate or make a decision on information that must be kept confidential, 92-5(a)(3) to deliberate

concerning the authority of persons designated by the Board to negotiate the acquisition of public property, and/or 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to the Redevelopment Projects Mayor Wright Homes, Kuhio Park Terrace Low Rise/Kuhio Homes and HPHA's School Street Administrative Offices.)

- F. Presentation on Various Financing Options Available for the Redevelopment of Low-Income Public and Affordable Housing
- G. Issue **(1)** Notice of Termination of Automatic Extension of Subsequent Extensions of Contract of Employment By and Between the Hawaii Public Housing Authority and Hakim Ouansafi, Executive Director; and **(2)** Notice of Termination of Automatic Extension of Initial Term of Contract of Employment By and Between the Hawaii Public Housing Authority and Barbara Arashiro, Executive Assistant

(The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.)

- H. Background and Update on the Hawaii Public Housing Authority's Properties Located on Formerly Used Defense Sites (FUDS) in the Waikoloa Maneuver Area (WMA), Island of Hawai'i

(The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and/or 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.)

- I. For Action: Settlement in Karsom, et al. State of Hawaii, et al., Civil No. 17-1-0843-05(JCM)

(The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Settlement Offer in Karsom, et al. State of Hawaii, et al., Civil No. 17-1-0843-05(JCM).)

V. EXECUTIVE SESSION

The Board will go into executive session pursuant to Hawaii Revised Statutes (HRS) sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on

questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as to:

- A. Approval of Execution Session minutes, August 15, 2019 (not for public distribution)

- B. Board Orientation and Briefing on Legal Matters by the Department of the Attorney General on the Board's powers, responsibilities, duties, privileges, immunities, and liabilities relating to:
 1. HPHA Laws
 2. HPHA Organization
 3. HRS Chapter 92 – Public Agency Meetings and Record: Sunshine Law
 4. Board Meeting Agenda
 5. Standards of Conduct; Ethics
 6. Corrective Action Order 2002
 7. Litigation:
 - Karsom, et al. v. State of Hawaii, et al. (Civil No. 1CC 17-1-0843-05 JCM, First Circuit Court);
 - Demarco v. State of Hawaii, et al. (Civil No. 18-00450 KJM-None, U.S. District Court) (previously Civil No. 18-1-1707-10, First Circuit Court);
 - Rodrigues v. Corbit K. Ahn, et al. (Civil No. 1CC 10-1-1411-06, First Circuit Court)
 - Andrew Samuel v. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority, HCRC No. RE-O-1216; HUD No. (Pending)
 - Kelly L. Head v. Paul Sopoaga, State of Hawaii, Hawaii Public Housing Authority, Hawaii Affordable Properties, Inc., Case No. HCRC No. RE-WH-1183; HUD No. 09-18-3384-8
 - Christine Marie Salvia and Frank Salvia Jr. v. Hawaii Affordable Properties, Inc.; Nua Vaovasa; Starnani P. Lynch; and State of Hawaii, Department of Human Services, Hawaii Public Housing Authority, Case No. HCRC No. RE-O-1206; HUD No. Pending

VI. REPORTS

Executive Director's Report:

- Financial Report for the Month of July 2019 Financial Report is provided to the board in the monthly packet.
- Report on Contracts Executed During August 2019 and Planned Solicitations for August 2019/September 2019 are provided to the Board in the monthly packet. No formal report is planned.
- Public Housing Occupancy/Vacancy Report; Federal Public Housing; Eviction Hearings for the Month of August 2019.

- Obligation and Expenditure Status for Design and Construction Projects Funded Under the Federal Capital Fund Program (CFP) and the State Capital Improvement Program (CIP). Report on closed contracts.
- Section 8 Subsidy Programs Voucher: Voucher Lease-up and Pending Placements; Update on Rent Supplement Program.

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Jennifer Menor at (808) 832-4694 by close of business three days prior to the meeting date. If a request is received after September 16, 2019, the HPHA will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be fulfilled. Meals will be served to the Board and support staff as an integral part of the meeting.

HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE REGULAR MEETING
HELD AT 1002 NORTH SCHOOL STREET, BUILDING A
HONOLULU, HAWAII 96817
ON THURSDAY, SEPTEMBER 19, 2019
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority held their Regular Board Meeting at 1002 North School Street, on Thursday, September 19, 2019. At approximately 9:13 a.m., Chairperson Milo Spindt called the meeting to order and declared a quorum present. Those present were as follows:

PRESENT: Director Milo Spindt, Chairperson
Director Robert Hall, Vice-Chairperson
Director Pono Shim, Secretary
Director Lisa Darcy
Director George De Mello
Designee Daisy Hartsfield
Designee Denise Iseri-Matsubara
Director Roy Katsuda
Director Betty Lou Larson
Director Todd Taniguchi

Deputy Attorney General Jennifer Sugita
Deputy Attorney General Klemen Urbanc

EXCUSED: Director Susan Kunz

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Chong Gu, Chief Financial Officer
Kevin Auger, Redevelopment Officer
Rick Sogawa, Contracts and Procurement Officer
Katie Pierce, Section 8 Subsidy Program Branch Chief
Becky Choi, State Housing Development Advisor
Benjamin Park, Chief Planner
Gary Nakatsu, Resident Services Program Specialist
Nelson Lee, IT Supervisor
Sarah Beamer, Compliance Specialist
Jennifer Menor, Secretary to the Board

OTHERS PRESENT (and signing in as):
Anofia Bruno, Kalihi Valley Homes
Senator Stanley Chang
Riley Fujisaki, House of Finance
Deputy Attorney General Marie Gavigan
Vanessa K. Greene, Koolau Village

Craig Hirai, Hawaii Housing Finance & Development Corporation
Deputy Attorney General Justine Hura
Scott Jepsen, EJP
Fetu Kolio, Mayor Wright Homes
Sara Lin, Office of the Governor
Andrew Nakoa, Sr., Mayor Wright Homes
Nora Oliphant, Kalakaua Homes
Representative Takashi Ohno
Anders Plett, Retirement Housing Foundation
Denise Kainoa Pkipala, Kalakaua Homes
Apelaamo Sulu, Mayor Wright Homes
June Talia, Kuhio Homes
Segia Too, Mayor Wright Homes
Darren Ueki, Hawaii Housing Finance & Development Corporation
Robin Vaughn, Hunt
Julie Yang, House of Finance

Public Testimony

Chairperson Spindt stated that the Board would accept public testimony on any item relevant to the agenda. Pursuant to section 92-3, Hawaii Revised Statutes, and section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

Andrew Nakoa Sr., Mayor Wright Homes tenant, testified on issues with towing of vehicles at the housing property, especially during the holidays. He reported that his vehicle was towed on Good Friday without any prior notice that the parking decal was expired. Mr. Nakoa stated that he asked the security to stop the tow, indicating that he intended to renew his parking decal on Monday, but the security instructed the tow truck to remove the vehicle. He didn't feel the tow was justifiable and requested reimbursement for the incurred charges. Mr. Nakoa stated that security's main goal should be to assist and protect the tenants. In addition, he continues to seek more information on the redevelopment of Mayor Wright Homes and on the tenant relocation. Mr. Nakoa is unsure if the redevelopment will be completed in phases or at one time. He also shared a health concern with construction and felt that it would be best for the tenants' safety and wellbeing to relocate during construction. Mr. Nakoa requested that the security be evaluated.

Nora Oliphant, Kalakaua Homes tenant, stated that she lived at the housing property over 19 years and reported issues of alleged drugs on the housing premises and people breaking in through the front doors. She testified on the significance of continuing security. Ms. Oliphant commended the hard work of the security and expressed her gratitude. Due to the efforts of the security, she reported that tenants feel safe, especially when walking around the housing grounds at night. In less than a month, there has been a change for the better at the property. Ms. Oliphant appreciates that the security is consistently patrolling the housing property, not just sitting and watching. Her only concern is the need to address the alleged drug use at Kalakaua Homes.

Anofia Bruno, Kalihi Valley Homes tenant, testified feeling scared living at the housing property. She reported strange smells and seeing young boys roaming the premises throughout the night until she wakes up at 4:30 a.m. Ms. Bruno stated that she works overnight as a caregiver and upon returning to her unit, she noticed some of her belongings were missing or have been used. As she didn't see a break-in, she didn't report it to the police or to the housing security. Upon reporting the incident to the housing office, Ms. Bruno assumed her locks would be changed but they weren't. She stated that the office called her two days ago and recommended she transfer to another housing property. Ms. Bruno is hopeful for a transfer to a safer housing property.

Denise Kainoa Pokipala, Kalakaua Homes tenant, testified on the positive outcomes of having 24-hour security at the housing property and requested it continue. She reported a difference from before and stated feeling safer now when she comes home and walks around the premises with her puppy. The seniors feel safer on the property. There's still a lot to do, but having security has made a huge difference. Ms. Pokipala appreciates the hard work and efforts of the security at Kalakaua Homes.

Takashi Ohno, State Representative for District 27, testified on the School Street redevelopment. He acknowledged that there have been a dozen neighborhood meetings since 2015 where HPHA has given the community many opportunities to be involved with the redevelopment. Representative Ohno expressed his appreciation for the work of the HPHA staff and looks forward to future community meetings where the community can continue to give feedback, especially on the finalized renderings of the School Street redevelopment. Representative Ohno expressed his support for senior rental housing and stated that this district has one of the highest concentration of elderly families. Representative Ohno recommended that the neighborhood residents (those who live in the 96817 zipcode) should be allowed first opportunity to request living in one of the School Street redevelopment towers. He requested that HPHA consider allowing the neighboring staff at the Lanakila Senior Center to the facility at this redevelopment if needed, as they are currently residing in an aging DAGS facility. , Representative Ohno shared his expectations that the redevelopment will match the aesthetics and general size of the surrounding buildings. He shared that the buildings across the street are 6-10 stories tall. Representative Ohno stated that he and the community are eager to give feedback when there are true renderings of the project. He concluded by thanking the Board for their service.

Segia Too, Mayor Wright Homes tenant, testified on several issues at the property. Ms. Too reported a young child (approximately six-years old) admitted to throwing trash on her vehicle; however, when the police asked, the child denied it. Ms. Too stated that no actions would be taken if it was reported to the property manager so she is forced to defend herself. She also complained that children are also killing chickens. In addition, Ms. Too stated conflict between the property manager and her family. She expressed frustration that her family has received hand-delivered eviction letters from the property manager. Ms. Too also reported that she keeps her area clean and was upset when the property manager asked her to remove her water hose and small plant from the back area of her unit without reason.

Apelaamo Sulu, Mayor Wright Homes tenant, testified that children are smoking cigarettes and marijuana on the housing property, and no actions have been taken by the property manager. One lady was slapped and the guy who slapped her is still living there. As his wife, Ms. Too, mentioned trash was thrown on their vehicle. Mr. Sulu stated that the security didn't write-up a report and was advised to report the incident to the office. He expressed that there's no support from the security and the property manager.

June Talia, Kuhio Homes tenant, thanked the Board members for their service and for speaking on behalf of the tenants, especially at the August Board meeting. She stated that she felt touched and blessed when Director Bhanot expressed to the developer that the color and the shape of the building matters and that people matter. Ms. Talia also appreciated that Director De Mello gave his feedback as he is also a housing tenant and can relate.

Robin Vaughn, President of Public Infrastructure and Capital Markets at Hunt Development Company, commented on the meeting minutes for August 15, 2019. He referred to page 17 of the minutes and stated that it indicated an issuance of an RFP where a selection was made in 2019; however, Mr. Vaughn reported that it actually occurred in 2018.

Fetu Kolio, Mayor Wright Homes tenant, testified that the security denied access to the Handi-Van and was told that the requester needs to meet the Handi-Van outside the housing property. He stated that Handi-Van services are requested for a purpose and that it is a far walk to have to meet the Handi-Van outside the housing premises. Also, Mr. Kolio stated that the Handi-Van driver understands showing his driver's license to the security at the gate but does not feel it is necessary to have his information written down. Additionally, he reported the need to submit a request weekly to use a pop-up tent in his backyard in order to enjoy meals or read outside. Mr. Kolio reported that he should be able to read all sorts of materials (newspaper, magazine, the Bible, etc.); however, he was told by the property manager that he needs to read inside his unit. If his request is denied, he would like HPHA to indicate the reasons for the denial and statutory authority for the denial. Mr. Kolio expressed appreciation to the Board and also for the security and considering safety measures.

Vanessa Greene, Ko'olau Village tenant, testified on health concerns at the housing property. She stated that she was transferred from Kahalu'u because she smelt an unidentifiable chemical. She also reported that the tenants are smoking cigarettes and marijuana on the housing premises. Ms. Greene doesn't understand why tenants that break the law and housing rules have been allowed to remain in housing. Smoking affects tenants with breathing problems and tenants with children. She stated that the same people also steal and hurt other people. As instructed, she consistently makes reports to the Honolulu Police Department, but seeks more support from HPHA staff and security. Overall, Ms. Greene is appreciative to have a place to live.

Approval of Minutes

Designee Iseri-Matsubara moved,

To Approve the Regular Meeting Minutes of July 18, 2019

Designee Hartsfield stated that she thought the minutes were previously approved.

Chairperson Spindt confirmed that the minutes were deferred at the last Board meeting and a draft version was presented for Board review.

The minutes were unanimously approved as presented.

Chairperson Spindt deferred consideration of the Regular Meeting Minutes of August 15, 2019 to a later time during the meeting due to a possible edit to page 51 of the Board packet.

Executive Director Ouansafi stated that HPHA staff will review the audio recording.

Director Shim moved,

To Amend the Agenda to Include an Action Item to Reschedule the October 17, 2019 meeting to October 31, 2019

The motion was unanimously approved.

Director Shim moved,

To Reschedule the October 17, 2019 meeting to October 31, 2019

The motion was unanimously approved.

Discussion and/or Decision Making

For Information:

Presentation by Craig Hirai, Executive Director of the Hawaii Housing Finance and Development Corporation Regarding Affordable Housing Financing

Craig Hirai, Executive Director of the Hawaii Housing Finance and Development Corporation (HHFDC), introduced himself and Mr. Darren Ueki, Finance Branch Manager who lead the presentation on housing finance tools. The same presentation

was presented to the Hawaii Interagency Council for Transit-Oriented Development (TOD) on December 6, 2016. HPHA is a member of the TOD council.

Mr. Ueki shared that HHFDC collaborated with HPHA in the late 2000's on the two towers at Kuhio Park Terrace (KPT), which is the largest project HHFDC has worked on. He presented a brief overview of what HHFDC does and their available resources.

Mr. Ueki provided a background on low-income housing tax credit (LIHTC), which he recognizes as a powerful tool/resource for developers. LIHTC is an indirect federal subsidy used to finance low-income housing, which Congress created in the 1980's that allowed eligible taxpayers to receive a subsidy by claiming a tax credit on their federal income tax returns. As a result, direct equity is created which can go towards funding a project. As long as the project owner adheres to all project provisions, money doesn't have to be repaid.

The project owner is responsible for proposing a project to HHFDC, applying through a competitive process, completing the project and certifying development costs. Projects are targeted towards rentals for low-income tenants, who make no more than 60% of the area median income (AMI).

LIHTC raise equity funding by syndicating the tax credit to an investor. Mr. Ueki stated that there are local entities that will locate buyers that have the tax liability and are willing to buy tax credits from the developer. The compliance period is a minimum of 15 years with an extended use period of an additional 15 years. Compliance monitoring are performed annually to assure that those living in the affordable housing are income qualified and HHFDC will review the physical standards of the property. The LIHTC program is administered by the IRS, so if the project fails to comply with the guidelines of the program, the IRS can recapture the tax credit.

Mr. Ueki stated that there are two tax credit programs available in the State of Hawaii which are distributed based on population: 9% (competitive) LIHTC and 4% (non-competitive) LIHTC. For 2019, Hawaii received approximately \$3.9 million, which breaks down to \$2.75 per person. Although it seems minimal, the tax credit can be taken over a 10-year period. The 4% LIHTC (non-value cap) is based on the use of private activity bonds. The State has a bond cap of approximately \$317 million, but none of the \$317 million is dedicated for housing. Half is shared amongst all neighboring Counties and the other half is distributed through the State. At the end of the calendar year, the remaining that isn't used by the Counties will be returned to the State, where it usually gets used towards housing. Housing is considered one the eligible uses of the private activity bond cap that is able to extend the life by an additional three years. If not used, the State will lose the bond cap at the end of the calendar year. In order to qualify for the 4% LIHTC, private activity bonds need to be used to fund 50% of the project costs.

LIHTC are awarded based on the HHFDC's Qualified Allocation Plan (QAP). The QAP is a point-based system that considers mandated requirements of the IRS and priorities of the State. Developers would apply for LIHTC through HHFDC's consolidated application, under which one application can be used to apply for various financing

programs at one time. HHFDC has two funding rounds for the consolidated application each year: round 1 (usually due to HHFDC by mid-February) and round 2 (in mid-June, the end of the fiscal year) depending on availability. Since 2016, the 4% LIHTC became available for applicants to apply year-round. It takes approximately two weeks for the HHFDC staff to review all applications and to verify they meet the minimum thresholds. Recommendations for awarding the LIHTC and other financing resources are then presented to the HHFDC Board for approval. Depending on the amount of applications received, the goal is to present all awards by the end of summer/early fall.

Mr. Ueki presented sample permanent financing structures for the 9% and 4% LIHTC projects. (See attached Power point handout.) Between the two, the 4% LIHTC will generate lesser LIHTC equity. Mr. Ueki also briefly went over the Rental Housing Revolving Fund (RHRF). HHFDC is the only dedicated source of funding for the RHRF. They receive 50% of the conveyance tax with a cap of approximately \$38 million. Additionally, the Legislature could appropriate additional funds from the conveyance tax to HHFD in any given year.

The LIHTC only serves income restricted units. Mr. Ueki presented a table of 2019 income and rent guidelines. When any Developer uses the RHRF, they are required by statute to provide 5% of the units to families at 30% or below of AMI. Mr. Ueki acknowledged that Director Larson worked hard to have that statutory provision passed.

To illustrate how Developers finance a project, Mr. Ueki presented a funding chart on Halekauwila Place. It is a 204-unit development by Stanford Carr, which HHFDC previously funded. Many times a developer will defer their fees in case there are additional costs of construction. He added that, in many cases, a large portion of the actual development costs is the land cost. Mr. Ueki conveyed that there are benefits when projects are developed on government lands. Mr. Ueki also provided an example of a project in Pearl City.

Mr. Ueki stated that the KPT Towers project with HPHA is the largest single transaction that HHFDC has been involved with. The total cost of the project was upwards of \$130 million, of which HHFDC issued approximately \$60 million in bonds and tax credits. HHFDC couldn't fund the gap with the RHRF, so HPHA was successful in obtaining a specific appropriation of funding from the Legislature. Upon agreeing to work on the KPT Towers, HHFDC stated that they didn't want the resources needed for KPT Towers to take away from HHFDC's day-to-day operations. Mr. Ueki acknowledged working with Director Katsuda in the past, and if HHFDC used all of their funding resources for the KPT Towers, other agencies would have not been able to receive any funding assistance.

HPHA's redevelopment projects are large developments and there will be a great need for the RHRF as well as the tax credit programs to fill the gap. Mr. Ueki advised that when putting together a Masterplan, it's vital to consider development phasing in terms of sizing and cost. HHFDC is willing to assist with HPHA's redevelopment projects and made himself available for questions.

Chairperson Spindt indicated that he is very familiar with the funding sources managed by HHFDC and encouraged the Board members to ask questions.

Director Katsuda stated that he has personal experience receiving tax credits and that the LIHTC program works. The difficult part is that HHFDC doesn't have enough funding resources to assist all of Hawaii.

Director Taniguchi asked at what stage in the process should HHFDC and HPHA be planning for phases and discussing QAP prioritization. Currently, the HPHA has projects in the environmental review phase. He also asked what happens when development(s) get approved and budget changes.

Mr. Ueki stated that HHFDC has not set aside funding for HPHA projects at this time. He stated that HPHA should go through the regular competitive process and their main concern would be regarding the sizing of the redevelopment projects. For example, with Mayor Wright Homes (MWH), HPHA and the selected developer would assess and discuss what they want to achieve and what they want to see with the project. Mr. Ueki stated that the Hunt team then discussed their proposed project with HHFDC. Mr. Ueki identified that the biggest issue is obtaining the RHRF. Due to the sizing of what HPHA is looking at, it may be beneficial to request appropriation from the Legislature. Mr. Ueki shared the normal process: RFP, selection, plan and then reach out to HHFDC.

Mr. Hirai added that HHFDC is unable to do all phases simultaneously. He stated that members of the Legislature asked HHFDC to look at the HPHA's projects. Mr. Hirai stated that it's clear when using HHFDC resources for the three HPHA's development projects, they need to be phased and sequenced, so they are able to present a plan to the Legislature to provide funding over a period of time.

Director Taniguchi asked for clarification if the current HPHA redevelopment projects have a budget risk unless pre-approved by the Legislature.

Mr. Ueki responded that the funding is based on their resources and the amounts available to award at any given time. HHFDC isn't saying that they can't assist; however, they highly recommend that HPHA have a plan. In addition, Mr. Ueki stated that what may be a large project for Hawaii could be a small project for California, so where the developer is from also plays a role.

Mr. Hirai added that since HHFDC has a limited budget of \$300 million every year in bond cap, it is significant to plan in phases and sequences.

Director Hall asked if HHFDC and HPHA have worked on a plan of sequence. Due to the large projects at hand, there are years of planning ahead.

Mr. Hirai stated that HHFDC has been discussing with Executive Director Ouansafi and Redevelopment Officer Auger on a plan. Mr. Ueki reiterated that the \$314 million in bond cap that was mentioned earlier isn't dedicated to housing. Since it hasn't been use in the past few years. HHFDC has been able to use it towards housing. He also shared that HHFDC has been made aware by the Department of Budget and Finance

that there's a HECO project in progress which will be using approximately \$80 million of this year's bond cap. In addition, there is a Deep Sea Water project that has been in planning since early 2000's that will be utilizing the bond cap. Although majority of the bond cap has been used on housing in the past, currently other projects are becoming more present and needing funding also.

Director Larson referred to the Halekauwila Place funding chart that was shared during the presentation. She asked if approximately \$352,000 per unit is the average cost per unit.

Mr. Ueki reported that the location, sizing and phasing can affect the costs. There's been a wide range in cost from \$300, 000 to \$500,000 per unit.

Director Larson stated that cost is one of the criteria for the QAP selection process. Outside of that range, it may be difficult due to the equal screening which allows everyone statewide to vie for funding. Director Larson acknowledges that both Kauai and Maui are also interested in working on projects with HHFDC.

Mr. Ueki confirmed that HHFDC does not set aside any funding for a specific agency or County. Due to the limited resources, funding will be awarded to the best projects, which are determined by the QAP priorities of the corporation or the State.

Director Larson stated since the tax credit program is relatively new. She asked whether there are certain aspects to be aware of in regards to terms in the development and if there are ways to work with HPHA in order to keep housing affordable long-term (60 years or longer) for the local constituents. She referenced the Front Street project which had the affordability compliance period end after 15-years.

Mr. Hirai stated the Front Street issue is not applicable to the HPHA as a State agency. HPHA is the owner and can include terms regarding affordability into the lease. Mr. Ueki added that HHFDC reacts on a case-by-case basis, as some investors focus on the financial aspect versus the community needs for affordable housing. There are some developers come in and have become more sophisticated about using program "loop holes".

Executive Director Ouansafi thanked Mr. Ueki and HHFDC for their presentation. He reported that HPHA uses HHFDC as a resource. Although HHFDC's mandate is different from the HPHA and has a responsibility to all developers, HPHA's goal is to advocate for the maximum number of low income and affordable housing. The HPHA will seek out Developers who also share the desire to bring affordable housing to the community. Executive Director Ouansafi added that strong Legislative support is significant for any project.

Director Taniguchi asked in regards to the QAP, if HPHA is pre-scoring projects alongside the developer or if HPHA is consulting with HHFDC to see where projects are projected to be.

Chairperson Spindt redirected the discussion back to the agenda since it was moving towards project specifics.

Designee Iseri-Matsubara thanked Mr. Ueki for his presentation. She requested that updates of HPHA's and HHFDC's collaborations are incorporated in future meetings.

Chairperson Spindt thanked Mr. Ueki and Mr. Hirai for their presentation. He hopes that the presentation helps the Board to understand the various financing options available when the projects come before the Board.

Director Katsuda moved,

To (1) Approve Quitclaim Deed from the State of Hawaii, by its Board of Land and Natural Resources, to the Hawaii Public Housing Authority for the Land Situated at Kalaepohaku and Kapalama, Honolulu, Oahu, Tax Map Key No. (1) 1-6-009-003, Under Hawaii Revised Statutes section 171-95(a)(1), Subject to Review and Approval by the Department of the Attorney General; and (2) Authorize the Hawaii Public Housing Authority Executive Director To Take Any and All Action Related to this Deed

Executive Director Ouansafi reported that the HPHA Board approved the request to authorize BLNR to transfer the land to HPHA in October 2018. On November 9, 2018, the BLNR voted unanimously to transfer the deed to HPHA. By the end of the legislative session, the proposed transfer of land was not disapproved by the Legislature.

The Quitclaim Deed was reviewed and approved by the DLNR's Deputy Attorney General and HPHA's Deputy Attorney General. Executive Director Ouansafi requested Deputy Attorney General Sugita to provide comments.

Deputy Attorney General Sugita confirmed that the Quitclaim Deed has been reviewed and signed by DLNR's Deputy Attorney General and referred to page 81 of the Board packet. Deputy Attorney General Sugita has also reviewed it and finds it satisfactory. The next formal step is arranging to get the fee simple title to be placed in HPHA's name. The Executive Order No. 4570 was cancelled in 2018. Since the cancellation was not disapproved, BLNR is able to move forward with the transfer to the HPHA. Once approved by the HPHA Board, it will go to the BLNR for their execution. HPHA already has a prior agreement with BLNR which they approved and the reverter clause has been worked out. It's more of a legal formality/requirement that is in the process now.

Executive Director Ouansafi referred to page 80, item 4, of the Board packet for the Board to review the reverter clause which was added by BLNR.

Chairperson Spindt asked if there was a restriction on the property.

Deputy Attorney General Sugita confirmed that there are property restrictions.

Designee Hartsfield asked for clarification if the deed is transferable and that the land was not sold.

Chairperson Spindt responded, based on his experience as a district land agent with DLNR on Kauai, the management of land between agencies is handled by Executive Order and approved by the Governor transferring rights of management. He stated that transferring the fee ownership to the agency allows for greater discretion of the land use with some limitations.

Designee Hartsfield referred to page 72 of the Board packet, item G, and asked if the motion was approved under the correct statute of Section 171-95(a)(1), HRS. Upon review, she thought that it should have been authorized under Section 171-95(5).

Deputy Attorney General Sugita confirmed that the motion was approved under the correct statute, 171-95(a)(1). She explained that it is a sale between two government entities (from DLNR to HPHA) and it is a sale of public lands.

Chairperson Spindt stated that the State is selling the land to HPHA.

The motion was unanimously approved.

Director Shim moved,

To Approve Resolution No. 19-07 Authorizing the Executive Director to Enter Into a Master Development Agreement (“Agreement”) with RHF Foundation Inc., an Affiliate of Retirement Housing Foundation, a California Non-profit Corporation Authorized to do Business in the State of Hawaii (“RHF” or the “Developer”) and to Undertake all Actions Necessary to Implement the Agreement; and, To Approve Predevelopment Expenditures as Described Under the Agreement Relating to the Redevelopment of Hawaii Public Housing Authority’s (“HPHA”) Administrative Offices (the “Project”) on Land Situated at Kalaepohaku and Kapalama, at 1002 North School Street, Honolulu, Oahu, TMK No. (1) 1-6-009-003 (the “Property”)

Executive Director Ouansafi expressed appreciation the RHF team for their hard work on this agreement. He also thanked Chairperson Spindt, the HPHA Board, Redevelopment Officer Kevin Auger, HPHA’s consultant Scott Jepsen, and the HPHA’s Deputy Attorney Generals for their efforts and service.

HPHA believes this agreement is beneficial for the community and the State. Funds have not been assigned as they are subject to legislative approval. Executive Director Ouansafi reported that HPHA received a letter from Speaker Scott Saiki requesting to postpone the approval of this motion to allow for additional consultation with leadership at the House of Representatives. In response to the letter recently received, Executive Director Ouansafi asked to defer this action item to a future Board meeting.

Chairperson Spindt asked how deferring this action item will affect the timeline, deadlines and contractual obligations with the developer.

Executive Director Ouansafi acknowledged the tight timeline; however, due to House Speaker Saiki's letter, found it necessary to defer this motion to allow the Legislature leadership additional time to review and consult with HPHA. He added that the letter was received a day before the Board meeting and indicated that RHF has been notified of the request. Executive Director Ouansafi reported that HPHA will work closely with RHF to expedite the process. Executive Director Ouansafi reported that the draft agreement was provided to the Legislators at the same time it was supplied to the HPHA Board.

Director Hall expressed his concerns that discussion with the Legislature was overlooked. He commented that all parties – HPHA, HHFDC and the Legislature – each play an important role. He communicated that for future projects he hopes that the Legislators are informed at earlier stages of the development process.

Executive Director Ouansafi responded that the Legislature was not overlooked. He added that HPHA submitted the final draft agreement to the Legislature for review. In addition, as Representative Ohno acknowledged, HPHA has held multiple meetings where Legislators were in attendance.

Chairperson Spindt acknowledged receiving a copy of Speaker Saiki's letter dated September 18, 2019 on the morning of the Board meeting. He stated that the letter will be available for public to also review on its concerning consultation with the House regarding the financing of the School Street project and commitment of HPHA to fund any portion of the project prior to discussion with the Legislature. Chairperson Spindt concurs with deferring this action item to a future Board meeting, but asked how it would affect the developer's timeline.

Executive Director Ouansafi reported that HPHA has requested meetings with the Legislators with the most recent request sent yesterday (September 18, 2019). Moving forward depends on when the Legislature leadership is able to meet with HPHA, but no response has been received yet. HPHA is hopeful for a meeting to occur in the first two weeks of October.

Director Hall asked if there's a way to move the action forward since there is DLNR support, while waiting for a meeting to take place.

Chairperson Spindt clarified that the motion was not about the deed and that the deed has been approved. He explained that this action item is related to the MDA with RHF. He added that the RHF had requested for an extension at the August meeting, but the Board wasn't able to discuss it as it wasn't agendaized. Chairperson Spindt entertained the idea of scheduling a Special Board meeting.

Executive Director Ouansafi stated that HPHA and RHF are prepared to move forward and doesn't feel it necessary to have a Special Board meeting. The next step is getting feedback from the Legislature. Executive Director Ouansafi reported that the

Predevelopment Agreement expired and discussion can continue at the next Board meeting. Until there is communication with the Legislature leadership, there's not much HPHA can do.

RHF's Vice President of Acquisitions and Project Development Anders Plett expressed strong desire to have a 6-month extension for the Predevelopment Agreement (PDA).

Executive Director Ouansafi reported that HPHA will discuss with RHF, and if there is a need for an extension, HPHA will communicate with the Board at said time. As an extension is not on the agenda for Board consideration. Executive Director Ouansafi requested to go into executive session to consult with its attorneys.

Designee Iseri-Matsubara moved,

The Board go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 92-5(a)(3) to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property, and/or 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this agenda item.

The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 11:01 a.m.

The Board reconvened at approximately 11:22 a.m.

Mr. Plett requested for an extension of the predevelopment agreement at the August Board meeting as a result of RHF's Board of Director's concern that the first extension for the predevelopment agreement expired June 30, 2019. He reported that an extension wasn't requested earlier because RHF thought the MDA would supersede the predevelopment agreement as it was near completion. Mr. Plett shared that he feels the MDA is complete and ready to be executed. He shared his disappointment that the approval of the MDA will be delayed another month and continued to ask for a 6-month extension of the predevelopment agreement.

Chairperson Spindt reported the Board is unable to consider an extension as it is not on the Agenda, and suggested having it added to the Agenda at the October 31st Board meeting. This would allow time for the HPHA staff to speak with the leadership at the Legislature.

Mr. Plett continued to express his disappointment, but understands the need for further review and discussion. If the Board is unable to approve the agenda item at this meeting, he requested that both the MDA and the 6-month extension for the predevelopment agreement be considered at the next Board meeting.

Executive Director Ouansafi acknowledged RHF's hard work and stated that HPHA values their partnership. In order to move forward expeditiously, he concurs with adding

the extension of the predevelopment agreement and the approval of the MDA to the next Board meeting, as HPHA is committed to the project.

Mr. Plett acknowledged the tight schedule and is eager to move forward with the project.

Chairperson Spindt conveyed the importance of addressing the letter received from Speaker Saiki.

Director Hall thanked Mr. Plett for his patience and support in this project. He is anxious to move the housing initiative forward; however, many partners such as the residents and the area legislators are involved and assured him that HPHA will do what they can to expedite the project. He is confident that the staff can get the project back on track. Director Hall looks forward to approving the MDA.

Director Katsuda concurred with Director Hall and Chairperson Spindt. Without the letter, the discussion would have been different. The relationship with RHF is valuable to the Board and the agency. He stated that he also looks forward to approving the MDA at the October Board meeting.

Director De Mello, as a tenant representative, expressed his readiness for the project to move forward and pointed out the need to address Speaker Saiki's letter.

Director Taniguchi asked Mr. Plett for a brief summary on how RHF views the goals laid out in the MDA. He is interested to know whether they are pleased with the outcome and if he feels that the MDA is a platform for success for the project.

Mr. Plett stated that RHF and HPHA have been negotiating and working on the MDA for several months. He feels that the MDA is appropriate in regards to where the project is at in terms of budget and schedule. Mr. Plett added that there are phase specific DDA's that still need to get negotiated. The next phase is the 201H application approval process. As the process moves forward, the project and budget will be refined. Once the DDA gets negotiation, timing and schedules will be more established. As acknowledged in the MDA, RHF is a 50/50 partner with HPHA. Overall, Mr. Plett stated that RHF is pleased with the partnership and discussions with HPHA, who will be a good partner in this process.

Director Taniguchi acknowledged that there are a handful of goals listed in the MDA and that RHF will be hiring a consultant team. He asked Mr. Plett if he views the public input on the massing or detailing of the building as a DDA issue or if it would be handled under terms in the MDA.

Mr. Plett reported that the EIS has been approved after an extensive year long process. During the process, significant feedback was received from the community. RHF felt that 800 units over three phases were appropriate with minimal impacts. Mr. Plett stated that if either party choose to deviate from the plan, an amendment to the EIS is required. Currently, the next phase is establishing a design. RHF hopes to work on the 201H process and schematic designs over the next three months. RHF will have

additional public meetings which are also scheduled to review the next phase of the design.

Executive Director Ouansafi acknowledged the significance of community involvement and added that community engagement will continue throughout the entire process of the design and construction.

Director Iseri-Matsubara moved,

To Suspend this Motion Until After Discussion on Item IV (G) on the Agenda

The motion was unanimously approved.

Designee Iseri-Matsubara moved,

Issue (1) Notice of Termination of Automatic Extension of Subsequent Extensions of Contract of Employment By and Between the Hawaii Public Housing Authority and Hakim Ouansafi, Executive Director; and (2) Notice of Termination of Automatic Extension of Initial Term of Contract of Employment By and Between the Hawaii Public Housing Authority and Barbara Arashiro, Executive Assistant

Chairperson Spindt asked that the Attorney General's office present the specific term of the contracts that will be discussed and to provide some background information.

Deputy Attorney General Sugita distributed copies of Executive Director Ouansafi's and Executive Assistant Arashiro's employment contract to the Board (via hardcopy and email) and referred to Section 2.1 and Section 2.2. Section 2.1 discusses the initial term, while Section 2.2 covers the automatic extension.

The contract of employment between Executive Director Ouansafi and HPHA began in November 2014 and continues for five consecutive years. The automatic extension started on November 21, 2016, which extends for an addition year. The contract will terminate on November 21, 2023.

Executive Assistant Arashiro's contract, the term began on July 19, 2018 and continues for five consecutive years. Currently, Section 2.2 automatic extension is not applicable as it is scheduled to commence on July 19, 2020. The contract will terminate on July 18, 2023.

Chairperson Spindt reported that he was made aware of this contract term by the Governor's Office and that these are the only contracts that the Attorney General's office are aware of that have automatic renewing clauses in their contract. Chairperson Spindt clarified that this action item does not relate to performance.

Deputy Attorney General Sugita confirmed that Section 2.2 requires the Board to provide written notice of termination of automatic extension at least 120 days prior to the extension occurring. Approving the motion will stop the automatic extensions, which ends on November 21, 2023 for Executive Director Ouansafi and on March 2020 for Executive Assistant Arashiro.

Chairperson Spindt stated that four years remain on Executive Director Ouansafi's contract and five years remain on Executive Assistant Arashiro's contract, if the motion is approved and notice is provided.

Director Shim asked when these contracts were established. He also asked how many Board of Directors were appointed ten years ago. Director Shim explained he also initially felt that it was unusual, but that agreed that there was a need for stability and continuity in HPHA's executive management. There were several changes in executive management. This was likely the justification for the previous Board to approve the automatic extensions.

Executive Director Ouansafi stated that these contracts were established in 2014 by the HPHA's Board.

Director Hall asked what the statutory authority is for the contract. He stated that he's used to the Department of Human Resources Development (DHRD) having statutory authority in creating positions and asked who created the said contracts.

Deputy Attorney General Sugita confirmed the automatic extension does not require statutory authority as it was executed under contract law. She explained that Executive Director Ouansafi's contract was drafted by the attorneys on the previous Board and it was presented to the Deputy Attorney General for his review. DAG Jennifer Sugita stated that she drafted Executive Assistant Arashiro's contract to mirror Executive Director Ouansafi's contract as instructed. Deputy Attorney General Sugita added that if there were any legal issues with Executive Director Ouansafi's contract that she would have explained those to the Board. The contracts were presented to the Board for review and the Board approved them. The HPHA's authorizing statute states that the Board are to hire the Executive Director and Executive Assistant.

Director Hall seeks understanding on how the terms were formed. He stated that every position is created under some statutory authority and he would like to know what that is.

Chairperson Spindt explained that the HPHA Board has statutory authority to hire and retain Executive Director Ouansafi and Executive Assistant Arashiro.

Director Katsuda asked for clarification on the termination year of 2023.

Deputy Attorney General Sugita explained that Executive Director Ouansafi's initial contract was for five years. On November 21, 2016, an additional year was added to the contract, which resulted in a six-year contract. On November 21, 2017, it became a seven-year contract and so forth. She clarified that the November 21 date is used

because it's the automatic extension term date. Pursuant to the term, in order to stop the extension, the Board would need to calculate 120 days prior to that November date.

Designee Hartsfield asked for clarification on the termination date if the automatic extension is removed would the termination date be in 2023.

Deputy Attorney General Sugita confirmed that Executive Director Ouansafi's contract will terminate on November 21, 2023. She also clarified that the automatic extension wouldn't be removed, but instead approval of the action item is to issue notice.

Director Taniguchi asked whether the Board could consider other alternatives.

Chairperson Spindt clarified that the Board would be providing notice of termination of automatic extension of the contract and any further contract extensions would be executed through negotiations. Chairperson Spindt added that approval of this action item doesn't preclude the Board from extending the contract further at a later time.

Executive Director Ouansafi added that his contract and terms was a result of the previous Board reviewing other Executive Director contracts established on the mainland. A key reason for the automatic extension was for agency continuity, which was approved by the Board since 2014. This employment contract was executed after two years of performance and the Board determined they were pleased with the Executive Director's performance. On the mainland, there are other employment contracts with similar clauses and the Board determined it was needed for HPHA.

Director Shim moved,

The Board go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.

The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 11:55 a.m.

The Board reconvened at approximately 12:14 p.m.

(Director Shim and Director De Mello left the meeting during executive session.)

Chairperson Spindt reported that the Board consulted with its attorney on issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.

Chairperson Spindt declared a recess at approximately 12:14 p.m. and reconvened the meeting at approximately 12:19 p.m.

Executive Director Ouansafi stated that he had no further comments to add in order to avoid having his opinions backfire on the agency.

Director Hall stated that the work and progress that the HPHA has made were recognized and acknowledged by the previous Boards and the need for continuity was addressed. However, since this is an employment contract that could be replicated elsewhere in the State, we need to consider that another agency may not have a well performing executive and it would be difficult for that agency to change that. There are other provisions in the contract to reward and acknowledge good work and performance. His lack of support for Section 2.2 is due to possible adverse impacts on other positions in the State, not just the HPHA.

Director Larson stated that Section 2.2 is an unusual clause and that it's not a standard clause. She acknowledged, however, that she has no concerns with the performance and operations at HPHA.

Designee Hartsfield concurred with Director Larson. To her understanding, the termination date for the Executive Director is November 21, 2023, and the termination date for the Executive Assistant is July 18, 2023. She acknowledged that even if notice is provided in regards to Section 2.2 that the term of their contracts still remain.

Chairperson Spindt confirmed her understanding.

Director Katsuda stated that there are provisions for termination by the authority for cause, so he didn't see an issue with the automatic extension clause and didn't feel it needed to be removed. If termination is necessary, that's available to the Board and would vote to leave the contract as it is.

Director Darcy acknowledged that there was a lot of conversation on this matter and highlighted the reason for the automatic extension was to protect the forward progress of the HPHA and for continuity in management. She was surprised by the response received on this action item and that it was even on the agenda. Director Darcy expressed full support of all the work and progress that has been made and implementation of the automatic extension by the previous Board. To fully understand the implications of their actions, Director Darcy recommended this action item be deferred by the Board.

Chairperson Spindt thanked Director Darcy for her comments and stated his personal desire to have the Board take action at the meeting.

Designee Hartsfield asked for clarification that even with the termination dates of 2023, the Board is still able to decide to extend the dates.

Chairperson Spindt confirmed the Board's ability to renegotiate and make any extensions to the contract prior to the termination date.

Designee Hartsfield concurs with Director Hall and shared her concern with Section 2.2 being an unusual clause in a contract. She stated that her vote has nothing to do with

the performance of the Executive Director and the Executive Assistant and is strictly based on contract terms and the disadvantage of having the Section 2.2 clause. Chairperson Spindt concurred.

Designee Iseri-Matsubara asked for clarification on what action the Board was being asked to take.

Chairperson Spindt confirmed that the action item is only in regards to the automatic extension and not the contract term.

Designee Iseri-Matsubara commented that although discussion is on the contract, she stated that “we’re still dealing with human beings”. She acknowledged the hard work and efforts of the Executive Director and Executive Assistant. She stated that for employees who have been working hard for the agency, it is hard not to take a change like this personally and she recognizes that. Designee Iseri-Matsubara is hopeful that the circumstances that surrounded the agency at the time this special provision was made no longer exists and that the agency feels supported by the Board. She stated that she must also consider the impact on the State as a whole.

Director Taniguchi also stated that this action item is separate from performance. Director Taniguchi requested that during future performance reviews an extension be considered. He highlighted the importance of continuity, especially for a large agency, and acknowledged the positive feedback received on the current leadership.

Director Darcy moved,

To Defer: Issue (1) Notice of Termination of Automatic Extension of Subsequent Extensions of Contract of Employment By and Between the Hawaii Public Housing Authority and Hakim Ouansafi, Executive Director; and (2) Notice of Termination of Automatic Extension of Initial Term of Contract of Employment By and Between the Hawaii Public Housing Authority and Barbara Arashiro, Executive Assistant

Chairperson Spindt clarified that the discussion is on providing notice of termination of Section 2.2 automatic extension of contract and not on employee performance nor changing of the contract dates. He expressed his desire to have the Board proceed with the approval or disapproval of the action item rather than deferring to a future meeting.

Director Darcy stated that there seems to be a lot of confusion around the action item. As the contract has already gone through the proper steps and was reviewed by the legal team as being appropriate, she expressed that it'd be ideal if the Board members were more unified on this matter. She commented that this motion on the agenda was unexpected and wanted more time to discuss it.

Executive Director Ouansafi asked if the Governor's Office insisted on handling this matter now.

Chairperson Spindt stated that the term was mentioned by the Governor's office; however, scheduling the matter at this meeting was at his discretion.

Director Larson voiced her support of the deferral recognizing that even though it is technical, it is also a personal issue as it deals with people's employment.

Chairperson asked for clarification on the time period of the deferral and Director Darcy confirmed that she would like to defer until the next Board meeting.

The motion to defer was not approved with 3 ayes, 4 nays

The main motion was approved as follow:

Director Larson voted aye.
Director Taiguchi voted aye.
Director Iseri-Matsubara voted aye.
Designee Hartsfield voted aye.
Director Hall voted aye.
Director Darcy voted nay.
Director Katsuda voted nay.
Chairperson Spindt voted aye.

Chairperson Spindt resumed discussion,

To Approve Resolution No. 19-07 Authorizing the Executive Director to Enter Into a Master Development Agreement ("Agreement") with RHF Foundation Inc., an Affiliate of Retirement Housing Foundation, a California Non-profit Corporation Authorized to do Business in the State of Hawaii ("RHF" or the "Developer") and to Undertake all Actions Necessary to Implement the Agreement; and, To Approve Predevelopment Expenditures as Described Under the Agreement Relating to the Redevelopment of Hawaii Public Housing Authority's ("HPHA") Administrative Offices (the "Project") on Land Situated at Kalaepohaku and Kapalama, at 1002 North School Street, Honolulu, Oahu, TMK No. (1) 1-6-009-003 (the "Property")

Chairperson Spindt indicated that due to Speaker Saiki's letter, it would be beneficial to defer this action item to next Board meeting. As the redevelopment is subject to some politics, it would be best to delay action on the item.

Executive Director Ouansafi conveyed that rather than deferring, the Board is able to postpone the discussion.

Director Katsuda moved,

To Postpone to the October 31, 2019 Board Meeting: To Approve Resolution No. 19-07 Authorizing the Executive Director to Enter Into a Master Development Agreement ("Agreement") with RHF Foundation Inc.,

an Affiliate of Retirement Housing Foundation, a California Non-profit Corporation Authorized to do Business in the State of Hawaii (“RHF” or the “Developer”) and to Undertake all Actions Necessary to Implement the Agreement; and, To Approve Predevelopment Expenditures as Described Under the Agreement Relating to the Redevelopment of Hawaii Public Housing Authority’s (“HPHA”) Administrative Offices (the “Project”) on Land Situated at Kalaepohaku and Kapalama, at 1002 North School Street, Honolulu, Oahu, TMK No. (1) 1-6-009-003 (the “Property”)

The motion to postpone was unanimously approved.

Director Larson moved,

To (1) Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., (MDC I) and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMK Nos. 1-3-039-008-0000; 1-3-039-006-0000) from September 20, 2019 to October 18, 2019; (2) Approve the Term Sheet Outlining the Proposed Terms of a Revised Master Development Agreement Between MDC I and the HPHA for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes relating to the Redevelopment of Kuhio Park Terrace and Kuhio Homes; and (3) Authorize the Executive Director to Continue to Negotiate a Revised Master Development Agreement Based on the Terms Outlined in the Term Sheet

Executive Director Ouansafi requested an amendment to change the date due to the rescheduling of the October Board meeting.

Director Larson moved,

To Amend the Main Motion to Replace “October 18, 2019” with “October 31, 2019” into the motion to read:

To (1) Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., (MDC I) and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMK Nos. 1-3-039-008-0000; 1-3-039-006-0000) from September 20, 2019 to ~~October 18, 2019~~ October 31, 2019; (2) Approve the Term Sheet Outlining the Proposed Terms of a Revised Master Development Agreement Between MDC I and the HPHA for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes relating to the Redevelopment of Kuhio Park Terrace and Kuhio Homes; and (3) Authorize the Executive Director to Continue to Negotiate a Revised Master Development Agreement Based on the Terms Outlined in the Term Sheet

The motion to amend the main motion was unanimously approved.

Executive Director Ouansafi referred to the term sheet that was provided to the Board for their consideration. He reported that HPHA and MDC I have successfully negotiated on terms for a revised Master Development Agreement (MDA), and that HPHA has been working closely with the Attorney General's office and its specialized counsel during the negotiations. If the term sheet is approved, HPHA staff request additional time to complete the revised MDA to include the content based on the approved terms.

Director Hall asked if HPHA is satisfied with the new terms.

Executive Director Ouansafi confirmed that the terms are beneficial for the HPHA. He reported that MDC is familiar with the property and showed willingness to work with HPHA. Executive Director Ouansafi added that HPHA's consultant, Mr. Scott Jepson, and Redevelopment Officer Auger are also present to answer questions.

Director Taniguchi asked if the terms allow HPHA enough time at each stage to request changes, and if HPHA has any concern with the project design and construction process or lack of input. Although the partnership is currently in good standing, Director Taniguchi asked if HPHA has enough legal protection as the project proceeds to make any amendments, if deemed necessary.

Executive Director Ouansafi reported that additional protections would be addressed in the MDA. The term sheet illustrates the business terms. HPHA is aware of the issues in the past, and HPHA made sure they are addressed in the revised MDA. Some of the proposed changes are consistent with terms in other agreements, so we are confident that they are supported by the agency.

Director Taniguchi suggested including standards that allow HPHA to quantify their goals are determine whether those are being met. HPHA should review standards that they'd like to adopt for projects, such as the State standards, National standards or third-party certifications. If standards are not used, Director Taniguchi would be concerned that HPHA will have difficulty rejecting plans based on a subjective review of a project and this could result in extra costs.

Chairperson Spindt summarized Director Taniguchi's comments with the statement that by HPHA establishing a pre-determined defined quantitative method, HPHA staff will have a clear idea if the developer is meeting the quantitative methods established or not.

Director Taniguchi stated that his area of expertise is in energy and sustainability. Having a LEED program (Leadership in Energy and Environmental Design) would be an example of a standard that could be referenced and holding them to a certain standard. For example, unless specific requirements are indicated in the MDA, the agency may end up with two bike racks instead of 50 because there's no way of quantifying it. Director Taniguchi expressed that having careful review by the HPHA staff on the standards that will be referenced will benefit projects achieving their goals.

Executive Director Ouansafi agreed and added that the MDA will specify what HPHA requires in the project design prior to agreement on a plan. When working on the DDA, there will be more specific requirements for the developer to meet.

Director Taniguchi expressed the difficulty for the Board to review the immense volume of documents within a week on a topic that HPHA has had months to work on. He voiced his challenge with conveying his comments in a public forum when the Board has difficulty getting through other agenda items.

Director Hall asked if there is anything on the future timeline that would involve State funds, would the Executive Director be discussing those with the Legislators when meeting regarding KPT.

Executive Director Ouansafi confirmed that once HPHA meets with the leadership at the Legislature, the Board will be updated on all projects.

Designee Hartsfield asked how the proposed revised terms will impact the current timeline, if any. She also asked if there have been any efforts to updating the residents on the status with the project.

Executive Director Ouansafi clarified that the approval of the motion will aid in moving the project forward as the project was previously at a standstill due to the notice of termination. As a result, the timeline will reconvene. Executive Director Ouansafi confirmed that HPHA staff have had discussions with some residents and a meeting is scheduled for September 26, 2019 at 6 p.m.

Director Larson referred to the term sheet, #18. She asked for clarification on the term, if it is standard language and what the long-term impact will be in regards to the purchase option and right of first refusal. Her understanding is that at the end of 65 years, the end of the land lease, the building is return to the State.

Chairperson Spindt stated that this would need to be addressed during executive session as the topic is related to negotiations and deal terms.

Designee Iseri-Matsubara acknowledged that the progress is ambiguous at times and difficult to capture in a presentation, which can make it difficult to update the community. She thanked HPHA for recognizing the importance of reaching out to the community and for their efforts in setting up a meeting for discussion with them.

Chairperson Spindt thanked the HPHA staff for providing the term sheet and the comparison between terms of the existing MDA and the proposed revised terms. He expressed appreciation as it will help the Board understand the deal and it's exactly what the Board needs in order to make decisions. He requested quarterly updates made to the Board that include a detailed outline of the progress that's been made and correspondence between HPHA staff and the developer so the Board can stay in the loop.

Chairperson Spindt stated that it was unusual to have HPHA listed as one of the general partners involved in the tax credit partnership and involved in the limited partnership. His familiarity with other State developments is that the State entity is usually involved as the fee owner of the land and that a request for proposal is issued. Chairperson Spindt stated that he understands that there are further complications because HPHA is a public housing authority and because of the RAD conversion process. Chairperson Spindt asked if HPHA is a general partner in the limited partnership for KPT I.

Executive Director Ouansafi stated that HPHA makes the conscious effort to be a developer for any new development, which results in positive financial impact for the agency and the property. He explained that KPT I was a simple renovation, and HPHA decided to provide their expertise rather than only being a land owner.

Chairperson Spindt shared a concern with liability exposure with being a general partner in a limited partnership. His interpretation of the terms means that HPHA and the other general partner make co-decisions. He feels that part of the principle concept of public-private partnerships is for the State to bring financing tools (like RAD and Section 8 vouchers) and the land to the table and to remove the government entity from the transaction. The State agency should be removed due to limitations that we face due to statutory restraints when it comes to contracting and bidding. By including the HPHA as a general partner, it will make the transaction more difficult. Chairperson Spindt also asked if HPHA will be doing a RAD conversion for KPT I and is there waterfall revenue coming to the HPHA.

Executive Director Ouansafi reported that the RAD for KPT I is still being discussed. Initially, HPHA did not intend to request a RAD conversion for KPT I because of the possible termination of MDC. The CHAP calls for both KPT I and II, but the agreements would be separate. Executive Director Ouansafi confirmed that the RAD conversion for KPT I is not involved in the MDA being discussed.

Director Larson moved,

The Board go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 92-5(a)(3) to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property.

The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 1:05 p.m.

The Board reconvened at approximately 1:45 p.m.

Chairperson Spindt reported that the Board deliberated during executive session concerning the authority of persons designated by the Board to negotiate the acquisition of public property.

Director Hall moved,

To Amend the Main Motion to Change the Suspension Date to October 31, 2019 and Insert Additional Language into the motion to read:

To (1) Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., (MDC I) and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMK Nos. 1-3-039-008-0000; 1-3-039-006-0000) from September 20, 2019 to ~~October 18, 2019~~ October 31, 2019; (2) Approve the Term Sheet Outlining the Proposed Terms of a Revised Master Development Agreement Between MDC I and the HPHA for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes relating to the Redevelopment of Kuhio Park Terrace and Kuhio Homes Subject to the Review and Approval of the Department of the Attorney General and Subject to Resolution of the Current Management Issues Which Resulted in a Failing REAC Score at the Towers at KPT; and (3) Authorize the Executive Director to Continue to Negotiate a Revised Master Development Agreement Based on the Terms Outlined in the Term Sheet

The motion to amend the main motion was unanimously approved.

Chairperson Spindt voiced his serious concern with the Towers at KPT failing a REAC inspection. There was roughly \$100 million put into the project about seven years ago and he encouraged HPHA staff to pursue discussions with the Towers to ensure that this doesn't happen in the future.

Director Katsuda concurred .

Director Taniguchi, in looking at third-party managers and their accountability, would like HPHA to schedule regular reviews to monitor for any deficiencies and carefully look at the performance of management. Additionally, he is concerned about complaints that may go unaddressed.

Director Hall moved,

To (1) Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., (MDC I) and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMK Nos. 1-3-039-008-0000; 1-3-039-006-0000) from September 20, 2019 to ~~October 18, 2019~~ October 31, 2019; (2) Approve the Term Sheet Outlining the Proposed Terms of a Revised Master Development Agreement Between MDC I and the HPHA for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes relating to the Redevelopment of Kuhio Park Terrace and Kuhio Homes Subject to the Review and Approval of the

Department of the Attorney General and Subject to Resolution of the Current Management Issues Which Resulted in a Failing REAC Score at the Towers at KPT; and (3) Authorize the Executive Director to Continue to Negotiate a Revised Master Development Agreement Based on the Terms Outlined in the Term Sheet

The amended motion was unanimously approved.

Chairperson Spindt declared a recess at approximately 1:50 p.m. and reconvened the meeting at approximately 2:03 p.m.

Chairperson Spindt deferred Items IV (E), (F) and (H) on the Agenda to a future Board meeting.

Designee Iseri-Matsubara moved,

Settlement in Karsom, et al. State of Hawaii, et al., Civil No. 17-1-0843-05(JCM)

Deputy Attorney General Sugita reported that the written amended complaint and third-party complaint were provided to the Board via email on September 18, 2019. The hardcopy was also provided to the Board by the Attorney General's office.

Deputy Attorney General Sugita referred to the Litigation handout and explained that the reason the public document was redacted was to remove the name of a minor. Under the law, the minor's name is confidential, so only the first initial is shown.

The attorneys from the Department of Attorney General Tort Litigation Division, Deputy Attorney General Marie Gavigan and Deputy Attorney General Justine Hura were present at the meeting to discuss this action item to discuss.

Director Darcy moved,

The Board go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Settlement Offer in Karsom, et al. State of Hawaii, et al., Civil No. 17-1-0843-05(JCM).

The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 2:07 a.m.

The Board reconvened at approximately 2:45 p.m.

Chairperson Spindt reported that the Board consulted with its attorney on issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.

The motion was unanimously approved.

Approval of Minutes

Director Darcy moved,

To Approve the Executive Session Meeting Minutes of August 15, 2019

The minutes were unanimously approved as presented.

Director _____ moved,

To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at approximately _____ p.m.

MINUTES CERTIFICATION:

Minutes Prepared by:



Jennifer K. Menor
Secretary to the Board

NOV 21 2019
Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on November 21, 2019 [] As Presented [] As Amended



Pono Shim
Board Secretary

NOV 21 2019
Date