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 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 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)
      • 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.
The Board of Directors of the Hawaii Public Housing Authority held their Regular Board Meeting at 1002 North School Street, on Thursday, July 18, 2019. At approximately 9:49 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 Susan Kunz
- Director Todd Taniguchi
- Deputy Attorney General Sandy Ching
- Megan Glasheen, Reno & Cavanaugh, DLLC – Specialized Legal Counsel to HPHA

**EXCUSED:**
- Director Betty Lou Larson

**STAFF PRESENT:**
- Hakim Ouansafi, Executive Director
- 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
- Mary Jane (Pua) Hall-Ramiro, Acting Property Management and Maintenance Services Branch Chief
- Shirley Befitel, Human Resources Supervisor
- Renee Blondin-Nip, Hearings Officer
- Nelson Lee, IT Supervisor
- Jennifer Stolze, Compliance Specialist
- Sarah Beamer, Compliance Specialist
- Gary Nakatsu, Program Specialist
- Sahar Ibrahim, Engineer
- Lisa Izumi, Engineer
- Mario Tadeo, Architect
Nick Wu, Information Tech Specialist  
Jennifer Menor, Secretary to the Board

OTHERS PRESENT (and signing in as):  
Wilcox Choy, KMH LLP  
Steve Colon, Hunt Development  
Scott Jepsen, EJP  
Thomas Lee, Hunt Development  
Sara Lin, Office of the Governor  
Monique Ocampo  
Derrick Sonoda, Johnson Controls  
June Talia, Kuhio Homes  
Adrian Tam, Senator Stanley Chang’s Office  
Robin Vaughn, Hunt Development  
Jesse Wu, HUD  

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.

Robin Vaughn, President of Public Infrastructure and Capital Markets at Hunt Development Company, has been working with HPHA on the redevelopment of Mayor Wright Homes (MWH). He introduced himself to the new Board members of HPHA.

June Talia, Kuhio Park Terrace/Low-Rise tenant, thanked the Board members for their time and service to HPHA and its tenants. She expressed great respect and love for Director Shim and was heartbroken that he will no longer be the HPHA Chairperson. Ms. Talia thanked him for “the mana and aloha” that he has shared. She also recognized and expressed gratitude to Executive Director Ouansafi. Ms. Talia requested a meeting for the tenants to discuss the redevelopment of Kuhio Homes. She stated that the tenants are unhappy with Michaels Development Company (MDC) and desire a different developer. She stated that she was previously an employee at MDC and couldn’t continue to work there knowing that the community was unhappy with their management of the property.

Steve Colon, President for Hunt Development Company, Hawaii Division, has been working on the redevelopment of Mayor Wright Homes (MWH). He reported that the NEPA is near completion and the final letter is ready for the Governor’s signature. Mr. Colon expressed excitement in moving forward with the MWH project. He recognized Scott Jepsen (HPHA’s consultant from EJP). He acknowledged that Mr. Jepsen has worked with Hunt in El Paso, TX and was pleased that HPHA has teamed up with Mr. Jepsen.
Monique Ocampo, former HPHA tenant, congratulated the newly appointed Chairperson, Vice Chairperson and Secretary. In addition to the importance of relationships and mana, she shared with the Board the significance of having a relationship with culture and diversity. Ms. Ocampo introduced Derek Sonoda and asked that the Board allow him three minutes to introduce himself and share how he and Johnson Controls can assist the HPHA. Ms. Ocampo was previously employed by Hawaii Energy and did outreach to HPHA’s low-income communities.

Derek Sonoda, Account Executive at Johnson Controls, has experience working with the low-income sector and public housing at Hawaii Energy. He shared about the opportunity funded by the government to educate the community on ways to save energy and money in order to afford necessities, such as food, medicine and other bills. The Hawaii Energy program performed outreach to previously untapped low-income communities. Due to its success, Hawaii Energy’s outreach program received national recognition and he was recruited to Johnson Controls. Mr. Sonoda expressed that the Johnson Controls staff has a heart for Hawaii and is interested in working with HPHA by bringing a unique perspective on the benefits of building energy efficiency, water and sewage throughout buildings. He welcomed the new Board members and expressed gratitude to HPHA for his family who were formerly tenants at Mayor Wright Homes.

**Approval of Minutes:**

Director Shim moved,

To Approve the Regular Meeting Minutes of June 20, 2019

Designee Iseri-Matsubara referred to page 7 of the Board packet and requested for clarification that her request for a workshop on the status of Mayor Wright Homes redevelopment includes an update on the financial plan.

Executive Director Ouansafi confirmed that the financial plan will be reported on during the meeting.

The minutes were unanimously approved as amended.

**Discussion and/or Decision Making**

**For Information:**

U.S. Department of Housing and Urban Development Presentation/Training:
Mr. Jesse Wu, Director Hawaii Field Office
  - Overview of HUD Programs
  - HUD systems
  - Annual Contributions Contract; Declaration of Trust
  - Board Roles and Responsibilities
Mr. Jesse Wu, Director of the Office of Public Housing, HUD Hawaii Field Office, provided an overview training to the Board members. He also offered to return for further in-depth training, if needed.

Mr. Wu presented an overview of HUD, its relationship with the State and the different programs available. Along with reviewing the role of a Board member, Mr. Wu also provided an overview of public housing and its programs, and conflict of interest issues, which will be shared in more depth at September’s board meeting.

Director Darcy asked if the presentation handouts were available.

Mr. Wu stated that the handouts were sent to the HPHA staff the day before the meeting and a copy has been handed to each Board member prior to the start of the board meeting.

HUD’s mission is to provide guidance to families and ensure opportunities to strengthen the community.

Within the organization chart, Mr. Wu falls under the Assistant Secretary for Public Housing. Mr. Wu works within the Office of Field Operations. Within the local office of public housing, there are 5 positions (4 staffed right now), and within the Honolulu field office, there are approximately 20 staff. He mentioned that Mark Chandler is the Director of the Office of Community Planning and Development at the HUD Hawaii Field Office.

HUD funding is distributed to the community in various ways. The HUD funding chart demonstrates the different government and non-profit agencies that HUD engages with and how funding is dispersed.

The relationship between HUD and HPHA is governed by a handful of documents, with the main one being the Annual Contributions Contract (ACC). The ACC stipulates that it provides the funding to build housing developments along with providing the framework to continue to provide operating subsidy and capital funds. The updated document was signed about 20-25 years ago. With each public housing site, a Declaration of Trust (DOT) is required. The DOT is a legal document which grants HUD an interest in the public housing property and includes requirements not to convey or encumber the public housing property unless expressly authorized by HUD. HUD has been working with HPHA staff and the Attorney General’s (AG’s) Office on updating the DOT.

HUD has many online systems available for its business partners and citizens. The online systems are used by housing authorities to report information to HUD. All program data is generated and inputted by the housing agency and its staff (not by HUD). Any questions regarding specific data are redirected to the staff at the housing authority.
**Lead the Way** is a new free resource offered by HUD, which allows commissioners and staff to understand HUD’s priorities within their programs. A brief video was shown on training resources available on HUD’s **Lead the Way** website.

Mr. Wu explained that the Board’s roles and general responsibilities include management, oversight of policies, and development of goals and plans, while allowing the Executive Director to manage the day-to-day operations. Mr. Wu showed another video on roles and responsibilities.

HUD’s role is to provide guidance and oversee programs it administers, while providing flexibility for each community to target their specific needs. HUD can make suggestions on populations they want the focus on, but it is the responsibility of the Board and the agency to identify the local issues, challenges and priorities.

HUD’s Honolulu primary contacts are Mr. Jesse Wu and Ms. Darlene Kaholokula.

There are approximately 5,000 public housing units and approximately 13,000 units in the voucher program in the Hawaii jurisdiction.

Under the Housing Choice Voucher (HCV) program, HPHA is rated under the Section 8 Management Assessment Program (SEMAP). Public housing operations are rated under the Public Housing Assessment System (PHAS). The PHAS score report is broken up into four categories: physical, financial, management and capital fund. HPHA’s public housing program is currently scored as a “standard performer”.

A unique challenge to the housing authority is that HUD’s occupancy level goal is 96%, while PHAS goal is 94%, which affects the scoring. On average, HUD provides approximately $12-13 million in capital funds which is mainly for capital repairs. The Legislature often provides two to three times that amount to the HPHA. While other housing authorities have limited funds to work with, HPHA’s portfolio of work is much more extensive.

The Housing Choice Voucher program (Section 8) provides housing in the private market. HUD provides public housing authorities an annual budget to make housing assistance payments.

An agency’s voucher funds expenditure rate (utilization) is the percent of subsidy funding allocation expended to assist families during the year. One of the tools that HUD provides housing authorities is the Two-Year Tool. The Tool illustrates how much money is available, the budgetary money set aside by Congress, new funding and reserves available. For 2019, HPHA has an estimated total of approximately $34.6 million for its voucher program.

According to the HCV Utilization Two-Year Tool, HPHA is projected to expend 100.7% of funds. This is a demonstration of a “shortfall” or spending beyond its means. Fortunately, HUD has the funds available to cover the shortfall allowing HPHA to assist more families. Within the Hawaii field office, there are several housing agencies in
shortfall and HUD works with the housing agencies to ensure that all families can get served. There is also a lot of information on utilization by month.

HUD also pulls data on homeless admissions. The national average is 10%, while the Honolulu office falls at 19%. Supplying this information is not a requirement, but the information is available if a Board decides that serving the homeless is a priority.

HUD’s departmental priorities started in the early 1990’s when Congress raised concerns about the poor conditions of public housing and began to push housing authorities towards changing the operating paradigm with developments. Today, the amount of funding that HUD provides to housing authorities to address deferred capital maintenance is insignificant related to the need. HUD provides the HPHA approximately $12 million a year.

In the early 1990’s, the Department started a demonstration program that moved large lump sums of cash to demolish properties that weren’t occupied and damaged. This program has been around for many years, and today it is known as the Choice Neighborhood program. A Choice Neighborhood planning grant was awarded to HPHA for Kuhio Homes/KPT Low-Rise. HPHA has not received any revitalization grants.

HUD’s goal is to reposition public housing units to a more financially sustainable platform.

HUD’s Regional Counsel, Lora Han, will attend the Board meeting in September to provide detailed training on conflicts of interest. In general, conflicts of interest requirements are outlined within the ACC contract and the Section 8 regulations. HUD has been working with the AG’s Office on understanding what the issues are and if waivers are needed by HPHA at this time.

Litigation reporting is an important requirement when HUD funds and programs are involved.

Mr. Wu stated that HUD is available for further training and the Board can make arrangements through Executive Director Ouansafi. He also encouraged the Board members to visit the HUD website to read more on the HUD programs.

Chairperson Spindt thanked Mr. Jesse Wu for his presentation.

Chairperson Spindt declared a recess at 10:40 a.m. and reconvened the meeting at 10:48 a.m.

For Information:

Financial and Single Audit by KMH, LLC. Discussion to include audit objectives, HPHA accounting, and historical background
Mr. Wilcox ("Wils") Choy, partner at the certified public accounting firm KMH LLP, reported that KMH LLP is contracted to be the auditor for the next three years. It is important to note that KMH auditors are contracted through the Office of the Auditor and not by the HPHA. In addition, the auditors review HPHA’s management and report their findings to the Board. The objectives of the audit are to review the financial statements of HPHA under government auditing standards and to perform a single audit, which is a compliance audit of the federal programs. KMH LLP is required to provide an opinion of HPHA’s compliance with specific federal funding programs.

Part of Mr. Choy’s presentation included an accounting and historical background. For context, when reviewing the Management’s Discussion and Analysis (MD&A), HPHA processes approximately 650,000 transactions per year. This equates to approximately 2,000 transactions a day. The financial statements show that HPHA has 14 individual funds that need to be reported, each of which are self-balancing and require separate financial statements. There are 4 governmental, 8 proprietary and 2 internal service funds. In addition to the 14 individual funds, there are 16 Asset Management Projects (AMPs), which are accounted for separately.

Mr. Choy discussed the difference between a governmental fund and a proprietary fund, where proprietary fund requires full accrual basis of accounting. With full accrual, the agency is required to record all expenditures for their eight proprietary funds. Under full accrual, the agency must capitalize expenditures, maintain it and depreciate its assets every month. Unlike many other State agencies, which are predominately governmental funded, HPHA has predominately proprietary funds requiring more work and organization.

The auditors are also required to report on internal control over financial reporting and on compliance matters based on governmental accounting standards. There’s a separate report that auditors are required to issue. He explained that an internal control deficiency, a deficiency or a combination of deficiencies in internal control means that there’s a reasonable possibility that a material misstatement in the financial statement was not prevented, detected or corrected on a timely system. Auditors are required to make comments, in the form of findings, when reviewing the internal control structure. There are three levels of findings: 1) deficiency, 2) significant deficiency, and 3) material weakness, which is the poorest rating.

KMH LLP were also the financial auditors for HPHA in 2012. Their internal control report revealed 12 findings with three of them noted as financial statement findings. Those three findings were categorized as material weakness because there was a lack of appropriate review and approval. In 2012, the interfund was not reconciled or tracked, and the beginning balance of the net assets were out of balance by $3.5 million. There was a lack of monitoring, lack of regular management, and supervisory activities. In addition, there were accounts that were not being reconciled. The auditor proposed 58 adjusting journal entries and the effect of those entries totaled approximately $14 million.

Mr. Choy reported that in 2018, HPHA had zero audit findings. There were 12 recorded adjustments, which totaled $279,000. From 2012 to 2018, HPHA demonstrated
tremendous improvement. He emphasized that the auditors don’t work for HPHA management as they are contracted by the Office of the Auditor and are responsible to report their findings to the Board of Directors.

Mr. Choy acknowledged the tremendous efforts by Executive Director Ouansafi and Chief Financial Officer Chong Gu for producing a good internal control system over the years. He stated that HPHA’s reconciliation is completed in a timely manner. He feels that management understood the challenges and devoted a lot of resources and effort, which was reflected in HPHA’s 2018 audit with zero findings. There are comments for improvements, but no findings to be reported. He complimented Executive Director Ouansafi and Chief Financial Officer Gu on their leadership.

Director Katsuda asked how much the 12 adjustments mentioned totaled.

Mr. Choy replied that the 12 adjustments totaled $279,000. He added that it’s a huge decrease from 2012, where there were 58 adjustments that totaled $14 million.

Designee Hartsfield asked when the contract to audit began, and what specific years are KMH LLP reviewing.

Mr. Choy explained that KMH LLP was recently contracted approximately a month ago for the fiscal years 2019, 2020, and 2021. The Office of the Auditor usually audits in increments of three (3) years. Mr. Choy reported that KMH LLP is auditing for the fiscal years from July 1, 2018 to June 30, 2019 and the subsequent years.

Designee Hartsfield asked for clarification on the financial findings and if there will only be findings when deficiencies are found.

Mr. Choy stated that findings are reported if there are deficiencies, internal control issues, and/or non-compliance issues. He stated in 2012, the single audit revealed nine weaknesses in administration of the federal program. Of the nine weaknesses, eight were material weakness and one was considered a significant deficiency. In 2018, there were zero findings, on both the financial statement reporting and the federal programs. Mr. Choy informed the Board that when the current audit is completed, he will return to report to the Board on its findings.

Designee Iseri-Matsubara acknowledged Executive Director Ouansafi, Chief Financial Officer Gu, and the HPHA staff for their tremendous work. She recognized their efforts and huge improvement resulting in zero findings.

Director Katsuda added that it’s about a 98% reduction.

Chairperson Spindt acknowledged the huge reduction and commended the HPHA staff on their hard work.
For Information:

Fair Housing Act and HUD Accessibility Overview training by HPHA’s Accessibility Consultant, EMG. EMG’s presentation will include a discussion on initial assessments and draft transition plan.

Chairperson Spindt stated that 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 initial assessments and the draft transition plan.

Bryon Scott, lead project manager for accessibility division EMG Corporation, introduced himself to the Board. Mr. Scott has a background in construction management for 23 years (last five focusing solely on accessibility assessments), a certified ADA Coordinator and a trainer for ADA. He’s also been an ADA specialist with EMG for seven different public housing authorities across the United States.

Civil Rights Act of 1968 started the civil rights program. The Americans with Disabilities Act (ADA) is the only civil rights group that people are able to join after birth. This Act doesn’t affect those born with a disability but rather gives people the opportunity to become eligible for benefits under the Americans with Disabilities Act as they age or have motorcycle accident recovery issues.

In 1988, Fair Housing Act Amendments required accessibility to be a part of the Fair Housing Act. It is administered by HUD and the Department of Justice, which also has jurisdiction in housing. Public housing and airports are the main two agencies that have to deal with two governing bodies. The Department of Justice generally yields to HUD, but not always.

The Fair Housing Accessibility Act covers dwellings in buildings designed and constructed for “first occupancy” after March 13, 1991. Approximately 18 of HPHA’s properties are subject to the Act. First occupancy is defined as residential buildings. If a building was built as a warehouse, and then converted to housing, the Fair Housing Act no longer applies. There’s also requirement for a building permit that overlaps.

Multi-family developments with buildings containing less than four (4) units in each building are not covered under the Fair Housing Act. Buildings built prior to March 13, 1991 for another function and then converted to housing aren’t covered. Townhomes with more than two floors without an elevator inside the townhome are not covered. However, tenants need to be able to enter the housing unit on the ground floor. If there is a multi-family development with elevators, all units are considered “ground floor” units because they can be entered from that floor.

There are two ways to comply with the Fair Housing Act. One is the Title II government entity, which includes the 504 funding, and the other is to verify that the building complies with accessibility if substantial alterations were completed on the building. Under Section 504, alterations are considered substantial if they are undertaken to a project that has 15 or more units and the cost of the alterations is 74% or more of the
replacement cost of the completed facility. Substantial alterations require that a minimum of 5% of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with mobility disabilities and an additional 2% of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with hearing or visual disabilities.

Under this section, alterations to dwelling units shall, to the maximum extent feasible, be made readily accessible to and usable by individuals with disabilities. If alterations to single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, the entire unit shall be made accessible. Additionally, if an alteration is made in the kitchen, the agency is responsible to bring the entire kitchen to full compliance. The same goes for the bathroom. Replacement of doors is another concern.

HUD strongly encourages that agencies meet the 5% accessible units and 2% for the hearing and vision impaired. A needs assessment is also required, which EMG is currently drafting for the Board’s review. The needs assessment determines if there’s a greater need to exceed the required 5% accessible units and 2% vision/hearing impaired units. Once the need is determined, the Board is obligated to make sure that it’s met within a four-year period of time.

Director Katsuda asked for clarification on 2% and 5%.

Mr. Scott explained there are two different numbers. 2% are for visually and hearing impaired because these units are designed differently for specific disabilities. For example, when the doorbell is rung, the person in the unit is notified through a visual signal. They can overlap, but it doesn’t count in the total count.

The Fair Housing Act requires that all dwelling units being built are built to the new standards.

Mr. Scott reported on the seven basic design and construction requirements that are required by the Fair Housing Act, such as accessible routes and access, access to public and common areas, doors that can accommodate a wheelchair (e.g., 30 inches wide), accessible route through a dwelling, light switches/outlets in accessible locations, installation of grab bars, and accessible bathrooms and kitchens.

Mr. Scott reported that with new construction (nothing before 1991), anything that’s on a ground floor, and units that are not accessible need to be built adaptable. Adaptable dwelling units have built-in features that accommodate a wide range of disabilities. For example, units should have reinforcement in the walls for grab bars. This will allow maintenance staff to readily install grab bars at a later time, if needed. Adaptable units are more flexible.

The two standards acceptable by HUD are: Uniform Federal Accessibility Standards (UFAS) and Americans with Disabilities Act Accessibility Guidelines (ADAAG).
There are ten “Safe Harbors” that are applied when remodeling. Safe Harbor means as the building codes change, you can build under one of the allowable standards to use to meet Fair Housing Act design/construction requirements. Once a Safe Harbor is declared, the agency is protected from any codes that change, such as the wheelchair turning space which is increasing by seven (7) inches in three years.

HPHA has elected to use UFAS on the dwelling units in existing buildings and ADA on the exterior elements. The codes are not exactly the same.

UFAS standards went into effect in 1968. The ADA 2010 Standards for Accessible Design went into effect in April 12, 2010. There’s a 1991 Standards which is similar to the 2010 Standard.

There are eleven exceptions that HUD is required to use with ADAAG, mainly dealing with accessible routes to the streets, primary functions and terrain. ADAAG allows top loading washing machines, while UFAS allows for the washing machines to be front loading. HUD also requests washing machines be front loading.

Director Taniguchi asked as far as the standards that are being applied for the projects, whether EMG is making recommendations for safe harbors, codes or standards for those projects under major renovations or redevelopment. He also inquired about whether Executive Director Ouansafi views it as an executive decision on what’s applied or if the Board is assisting with the decisions.

Executive Director Ouansafi explained that HPHA hired EMG to assess all of the housing properties and units. EMG will report on the current status, while evaluating the community and its needs in order to come up with a plan on how to move forward. Before any adoptions are made, HPHA will present the final report to the Board for review and approval. Executive Director Ouansafi suggests that since Mr. Scott has been working on this for a while, he can discuss in more specific as to the draft findings and some of the resolutions during executive session.

Director Hall asked if the funding to address compliance comes out of the same source that the agency uses.

Executive Director Ouansafi confirmed that funding comes from the same source and many of the accessibility upgrades are very expensive. HPHA’s goal is to exceed the 5% and 2% requirement. More can be reported to the Board during executive session.

Director Darcy asked in Mr. Scott’s experience with different agencies when these types of rooms/spaces are built are there less occupied or more occupied. Working with a physically disabled group, not many will apply because they believe there are no accessible units available. If rooms are being occupied, this could encourage the Board to look at a needs basis versus only at the financials.

Mr. Scott stated that with one housing authority that he’s worked with, used to have difficulty filling their accessible units. After advertising for two consecutive months on the availability, they now have a waitlist. Once the word got out that there were
accessible dwelling units, occupancy increased. He is also working with another agency that is getting ready to execute a VCA with HUD, which had undergone private lawsuits because they had no accessible dwelling units. Since all buildings were built before the 1960s, their challenge is the lack of funding and land to build new units. Accessible units need to be dispersed throughout the inventory.

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 as related to initial assessments and the draft transition plan.

The Board entered Executive Session at approximately 11:23 a.m.

The Board reconvened at approximately 12:04 p.m.

(Director Taniguchi left the meeting at approximately 12:04 p.m.)

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). Presentation will include discussion and observations from the HPHA’s consultant Mr. Scott Jepsen.

Chairperson Spindt stated that the Board may go into executive session 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.

Executive Director Ouansafi introduced the HPHA staff working on redevelopment and briefly shared their background with the new Board:

- Kevin Auger, Redevelopment Officer
- Becky Choi, Housing Redevelopment Administrator who supervises the Construction Management Branch (CMB)
- Sahar Ibrahim, Building Engineer VI with CMB
- Lisa Izumi, Project Engineer with CMB
- Up until recently, Michael Harris was a Project Engineer at CMB who assisted with Mayor Wright Homes. He is now retired.
- Mario Tadeo joined HPHA about two months ago and took on Michael Harris’ former position at CMB
- Katie Pierce, Section 8 Branch Chief
- Chong Gu, Chief Financial Officer
- Rick Sogawa, Contracts and Procurement Officer

In addition to those above, Executive Director Hakim Ouansafi and Executive Assistant Barbara Arashiro are involved with the negotiations and the redevelopment projects. Executive Director Ouansafi introduced Mr. Scott Jepsen who is a founding partner of EJP Consulting Group and is contracted to provided technical assistance to HPHA. EJP is an affordable housing consulting group with extensive background and experience in public housing portfolio repositioning around the nation. Mr. Jepsen has extensive experience in redevelopment, mixed finance, strategic planning, and economic growth initiatives, and he has worked with public housing agencies, nonprofits, developers and HUD. Mr. Jepsen previously worked at the Seattle Housing Authority where he managed a multi-phased redevelopment across 102 acres. He also provides technical guidance to HUD and other housing agencies for RAD and CNI grants, and PHA’s acting as subdevelopers. Mr. Jepsen is also a licensed architect.

Megan Glasheen is a member with Reno & Cavanaugh, PLLC, specialized legal counsel to HPHA. Reno & Cavanaugh (R&C) is a national law firm which focuses on real estate, community development and affordable housing law. Ms. Glasheen and R&C have advocated for all of the major public housing programs and modernization programs over the past 30 years. She is known for her ability to manage legal aspects of large scale, multi-phased mixed finance development projects. She has specialized experience representing judicially and HUD appointed PHAs in receivership and investigations of the HUD office working for the Office of the Inspector General. She is an expert in the RAD portfolio wide conversion in El Paso, TX and many other public housing agencies across the nation. She has also represented PHAs that have been developers of their own portfolios. She is a speaker and trainer at industry conferences and for HUD.

Director Hall acknowledged the impressive resumes of the entire development team. He asked the HPHA staff for guidance on how the Board as a collective can assist HPHA to assist the redevelopment effort. Director Hall acknowledged that what the team was attempting to achieve was close to impossible and that the Board, wants to help accelerate housing development. Director Hall also expressed his thanks for the opportunity to meet and speak with the HPHA staff and wanted to send a collective message that the Board is here to support them.

Redevelopment Officer Auger presented a slide show presentation which provided an overview of housing assets that are a part of HPHA’s major strategic initiative to enter into a series of public-private partnerships to redevelop its low-income public housing portfolio. Expanding the number of affordable units supports Hawaii’s legislative goals pursuant to Act 127, SLH 2016 of providing at last 22,500 affordable rental housing units, ready for occupancy by the year 2026. HPHA’s primary goal is to leverage capital
resources through public/private partnerships, Transit Oriented Development (TOD) incentives and underutilized state assets to create more livable, vibrant and integrated communities.

Challenges HPHA faces in the redevelopment of new housing include federal restrictions: federal government no longer funds the development and operation of new public housing, as the Faircloth Limit, Section 9(g)(3) of the U.S. Housing Act of 1937 limits the construction of new public housing units. PHA’s cannot fund the construction of new public housing if the construction would result in a net increase in the number of public housing units the PHA owned or operated as of October 1, 1999. HPHA’s goal is to leverage the agency’s existing public housing sites, increase the density of those existing sites and develop additional affordable housing units for the State.

Other challenges include HUD restrictions: a) local PHA owns, not the federal government and operates the public housing properties, b) public housing properties are subject to Declaration of Trust which are place on our federally subsidized assets that state that HPHA cannot develop, demolish, sell or borrow against public housing properties without HUD approval, and c) Environmental Clearance -State Environmental Impact Statement CH 343, Federal NEPA EIS, Archeological and Historical Review.

The HPHA is one of the few State run PHAs in the nation, which has some benefits but also presents unique challenges. An additional challenge is that it is expensive to build housing in Hawaii. The costs to build in Honolulu are among the highest in the nation. Hawaii has an aging and obsolete infrastructure which presents an additional challenge. Federal and State procurement laws also add an additional layer of requirements on development. There are Permits, Approvals, Entitlements and Zoning challenges, financing and structuring challenges and NIMBY issues.

Hawaii has an affordable housing crisis. There’s a need for approximately 60,000 new housing units. HPHA has an existing, aging housing inventory that urgently requires revitalization. The average age of HPHA’s portfolio to be discussed is approximately 49 years old. HPHA has site control over assets in prime PUC TOD areas and the ability to significantly increase density on those sites where redevelopment of these assets could also be transformative for their communities. The Special Action Team (SAT), assembled by the Governor pursuant to Act 127, is seeking ways to accelerate development of affordable housing on State lands HPHA’s redevelopment efforts are consistent with that effort and achieving these state goals. HPHA and HHFDC are lead agencies for housing development in the State.

Redevelopment Officer Auger displayed and discussed the redevelopment opportunities and the potential redevelopment pipeline in TOD areas where the HPHA has sites in close proximity to rail stations. As a general example, the HPHA has identified 10-12 sites on approximately 88 acres along the new HART rail line in prime PUC locations, where there are approximately 2,100 public housing units currently existing that are approximately 49 years old that the State continues to support and maintain. Redevelopment of these sites could replace the existing outdated public housing, and could add approximately 9,000 additional affordable housing units on those sites. That
capacity alone would exceed the capacity of financial resources available to the state to redevelop these units.

Executive Director Ouansafi added that the pipeline was previously presented to the Board and identified sites for the staff to explore.

Redevelopment Officer Auger mentioned some of the unique challenges in some locations like Mayor Wright Homes (MWH). The MWH consists of 35 walk-up buildings that are approximately 65 years old with over 1,500 residents on site a large percentage of which are children. The site is also bifurcated by two different DOE school districts and poses additional challenges in terms of relocation of families with school-aged children. Two-thirds of the senior population are physically disabled. The project contemplates a redevelopment of up to potentially 2,448 units, including the one-for-one replacement of the 364 public housing units currently on site. The new community would include a mix of public housing, affordable units, potentially market rate units. Phase I would include replacement of public housing and the balance all affordable units. The developer has proposed 5 phases of development with a redevelopment budget of approximately $1.3 billion which demonstrates the magnitude of this project.

The Board was presented maps of the existing site plan, and some elevations.

Redevelopment Officer Auger discussed the HPHA’s Administrative Offices School Street site, explaining that the site was a little over 12 acres, including the Puahala Homes on the hillside at the rear of the property.

Executive Director Ouansafi added for new board members that Hunt Development Companies is the developer for Mayor Wright Homes.

Redevelopment Officer Auger explained that the HPHA has a 13-building campus. The proposed plan is to consolidate HPHA’s outdated and functionally obsolete buildings into a single office building using a significantly smaller footprint and develop 800 new, affordable senior housing units on the balance of the underutilized State land. This proposed project has been accepted by the Governor through the state EIS process. The School Street parcel does not have any State or federal public housing and so no federal funds would be would be used for phase 1 of the development. Therefore, there is no HUD Declaration of Trust on the land.

Chairperson Spindt asked for clarification on the use of federal funds for Phase 1.

Redevelopment Officer Auger confirmed that there are no federal funds anticipated for Phase 1 of the School Street redevelopment, but it would rely heavily on CIP and LIHTC for financing. He shared maps of the current site and potential redeveloped site plans.

Executive Director Ouansafi explained that HPHA’s housing projects are unable to move forward without strong legislative support.
Chairperson Spindt asked for information on the estimate cost for Phase 1 of School Street.

Redevelopment Officer Auger reported an estimate of $110 million for the first phase of residential units and $20-22 million for the administrative offices, which would need to be funded separately.

Executive Director Ouansafi added that HPHA will be coming to the Board with options for their review on the funding of the development of HPHA’s office building. The Board will be assisting with the decision of going to legislature for the funds needed, for use existing funds while asking for a fair amount or use a third party debt funding. HPHA is working on the proforma.

Chairperson Spindt asked for clarification on existing funds.

Executive Director Ouansafi verified existing funds refers to the funding that HPHA currently has on hand.

Chairperson Spindt asked if HPHA’s funds are program restricted.

Executive Director Ouansafi confirmed that HPHA’s funds to be proposed for use are not program restricted.

Director Hall asked in regards to the redevelopment agreement what the developer brings in terms of financing.

Executive Director Ouansafi reported that no financing is being proposed by the developer for Mayor Wright Homes. The proposed project is heavily reliant on funding from the state, federal, tax credit, and the difference will be gap that the developer is requesting from the Legislature. Costs are much higher on all fronts because they are for profit entities. School Street is a little different because it deals with non-profit, so costs and developer fees are lower.

Director Hall commented on the fact that MWH is a massive project where the developer stands to make a profit on the development and he asked what else the developer could bring to the table to help compliment Hawaii’s need for housing.

Executive Director Ouansafi stated that this will be addressed in more detail during executive session.

Chairperson Spindt asked if the fee ownership for the School Street property has been processed with BLNR.

Redevelopment Officer Auger reported that the fee ownership for the land is currently being processed by the BLNR for transfer to the HPHA.

Chairperson Spindt asked if it’s a long-term lease agreement with developer.
Redevelopment Officer Auger confirmed that the land would be conveyed under a long-term lease agreement to the developer and anticipated that the site would be subdivided to accommodate individual development component phases for the office building, phase 1, phase 2 and phase 3 of the residential component.

Chairperson Spindt asked if the developer will retain management.

Redevelopment Officer Auger reported that the developer will retain management at minimum for the LIHTC compliance period, and HPHA will be the land owner and gap financing provider.

Executive Director Ouansafi explained that for most of HPHA’s developments, the bank or syndicators will require a different management agent other than the State. The developers of Mayor Wright Homes, Kuhio Park Terrace and School Street the developer will either serve as property manager or hire another party to manage the property.

Chairperson Spindt asked for clarification if the redevelopment projects will be managed by the developer or if a third-party will be brought in.

Redevelopment Officer Auger confirmed that the projects will be managed by an affiliate of RHF, the developer.

Redevelopment Officer Auger reported on Kuhio Park Terrace (KPT) Low Rise/Kuhio Homes and KPT Towers explaining that the overall site was 22 acres and that the renovation of the two towers in 2012 by MDC (as Phase I), but the redevelopment of KPT low-rises and homes (Phase II) consisting of 174 existing public housing units has not been completed. The existing units have exceeded their useful life, that there are existing environmental and ADA issues and that the site could be redeveloped to accommodate 400-600 units including the one-for-one replacement of the existing public housing units, and a mix of affordable and market rate for the additional units and that the site was in close proximity to the HART Middle Street Station.

(Designee Hartsfield left the meeting room at approximately 12:43 p.m. and returned at approximately 12:45 p.m.)

Executive Director Ouansafi added that a termination letter was sent to the developer, Michaels Development Company (MDC), and in response MDC requested that HPHA rescind the letter. HPHA, with approval of the Board, suspended the termination and they have until mid-August for both parties to come to an agreement. If HPHA and MDC can’t come to a mutual agreement, HPHA is ready to proceed with seeking another developer.

Redevelopment Officer Auger showed an illustration of a potential redevelopment project plan for Phase II of the KPT redevelopment with the Towers and an aerial view of the property and some of the proposed redevelopment master planning completed in 2014.
Chairperson Spindt asked if KPT will be a RAD conversion.

Redevelopment Officer Auger reported that a Rental Assistance Demonstration application was submitted as a multi-phase project, for both the existing towers and Phase II.

Chairperson Spindt shared his concerns with the total availability of 4% and 9% tax credits, State bonds and Section 8 for the RAD conversion and looking at the total capability of what HPHA is trying to accomplish blended in with what else is being built throughout the State.

Redevelopment Officer Auger also reported on the potential redevelopment of Puuwai Momi, a public housing property approximately 11.5 acres with 260 current units. The property was built in 1969 and the buildings have exceeded their intended functional life. The property is directly adjacent to Aloha Stadium, other State lands and adjacent to a HART rail station. Existing zoning is Urban District, A-2 Medium Density Apartment providing the potential to deliver 1,300 or more new, affordable housing units including one-for-one replacement of the existing 260 public housing units, with a potential mix of affordable (60-120% AMI) and market rate units. Redevelopment would integrate and complement proposed redevelopment of Aloha Stadium.

Redevelopment Officer Auger also reported on the potential redevelopment of Kamehameha Homes and Kaahumanu Homes. These two sites are 24 acres and 373 existing units contained in 47 two-story buildings, constructed in 1958 & 1996, 0.3 Miles from Kalihi and Kapalama HART Station, zoning is Urban District, A-2 & A-2 Low & Medium Density Apartment. The site is directly adjacent to Kalihi Kai Elementary School, King David Kalakaua Middle School, Farrington High School, and Kalakaua District Park. There is an opportunity to redevelop to accommodate up to 2,500 new, affordable housing units, including one-for-one Replacement of the 376 existing public housing units, with the remaining a mix of affordable (60-120% AMI) and potential for market rate units. The site also presents an opportunity to coordinate and combine resources to upgrade schools and parks. Mr. Auger presented site plans of the existing site.

Redevelopment Officer Auger explained that the HPHA has three active redevelopment projects, Mayor Wright Homes, School Street and Kuhio Park Terrace/Kuhio Homes.

Redevelopment Officer Auger explained that his role at HPHA is to facilitate development. However, in order to achieve this, the HPHA must navigate through complicated state and federal housing laws including the Fair Housing Act, the Civil Rights Act, ADA and accessibility laws, and state and federal environmental laws and the national historic preservation act. Once we get beyond that, design, planning, entitlements and financing, and then HUD approval must be achieved. Collectively, the agency, its staff and its board, have a fiduciary responsibility to ensure approvals are secured. The HPHA has an extraordinary opportunity as an agency given the land and the resources available, and the need existing throughout the state, to leverage those resources and get a lot of housing built. The HPHA must navigate a lot of laws. The
more knowledgeable and cooperative our development partners are in that effort, the easier it becomes. Mr. Auger explained that his role is to be certain that the development efforts fulfill the aspirational goals for these developments. It’s about getting them built right. In addition, the HPHA is expending extraordinary amounts of taxpayer dollars in these redevelopments. For example, the potential CIP request for Mayor Wright Homes is $500 million dollars.

Redevelopment Officer Auger reported on Kuhio Park Terrace (KPT) Low Rise/Kuhio Homes. The Towers renovation was completed in 2012 by Michaels Development Company (MDC), which is referred to as Phase I. A Choice Neighborhood Planning Grant for townhomes/low-rises (Phase II) was awarded jointly to MDC and HPHA in late 2012. The Choice Neighborhood Transformation Plan was completed in 2014. A Rental Assistance Demonstration (RAD) application was submitted in September 2018. RAD creates an opportunity for HPHA to leverage additional federal funding by converting existing public housing units to Section 8 units. There is an incentive to leverage RAD because the current RAD conversion rents favorable. Leveraging RAD also allows us to reduce the dependency on the state gap. However, with RAD the HPHA will lose some federal capital funds.

Mr. Jepsen added that ACC subsidy will vanish, as well as the federal capital cost contribution, making HPHA more reliant on cash flow and project based funding.

Redevelopment Officer Auger, stated an example for Kuhio Park, if we examine what is gained and lost, there’s a gain of approximately $1.2 million per year in potential cash flow as a result of completing a RAD conversion.

Chairperson Spindt asked if that’s a net positive cash flow.

Redevelopment Officer Auger confirmed that this would flow through to distributable cash flow.

Chairperson Spindt asked for clarification if HPHA loses the federal capital funding for maintenance on the 176 units.

Mr. Jepsen stated that the report is currently in regard to the Towers.

Redevelopment Officer Auger stated for the ACC units HPHA would lose the federal operating subsidy and capital funds, but would gain the Section 8 HAP contracts overall cash flow. However, much of this cash flow in the initial years after conversion would flow through to the developer in the form of deferred development fee based on the initial partnership agreement.

Chairperson Spindt asked if it’s owned and managed by MDC, and is HPHA or MDC seeing the net cash flow.

Redevelopment Officer Auger confirmed that Kuhio Park Terrace is managed by MDC and will discuss more about the financing in executive session.
Redevelopment Officer Auger reported that the Board approved rescinding the MDC Termination letter at the April Board meeting which provided MDC a 120-day period to present HPHA a plan for Phase II. HPHA sent MDC proposed revised business terms for Phase II, as well as goals for RAD conversion in May 2019. MDC has until August 16 to present their approach to HPHA. The RAD Financing Plan is due September 2019.

Chairperson Spindt asked if all the EIS, NEPA, SHPD issues were addressed for Phase II during Phase I.

Executive Director Ouansafi reported that not all issues were applicable. Phase I was simple renovations. Phase II is a complete demolition.

Chairperson Spindt asked if the process of the NEPA, EIS, SHPD takes about a year or two to complete.

Redevelopment Officer Auger confirmed that the process usually takes about 18-24 months.

Executive Director Ouansafi acknowledged that HPHA started the redevelopment four years ago and yet nothing has been built. The public doesn’t recognize that there is a lot of work that needs to be accomplished prior to construction. Many requirements are needed and any set back that arises holds up the process. For example, if the NEPA review for a 2,500 unit development does not start on time, it is not unusual that the redevelopment will take 5-6 years to start construction.

Chairperson Spindt stated that tax credits can’t be applied for until everything is completed.

Executive Director Ouansafi added that the Declaration of Trust with HUD is another step which requires HUD review and approval.

Chairperson Spindt asked how the RAD conversion dovetails into the LIHTC application process.

Mr. Jepsen stated that the KPT Towers, since already rehabilitated, is half way through its tax credits compliance requirement period, so it would be a straight RAD conversion. No new tax credits will be received. It’s adding the sustainable funding level which is at its highest. For the KPT Low Rise, there’s a multi-phase RAD application for additional housing assistance.

Chairperson Spindt asked if RAD is being added to the Towers that are already completed.

Mr. Jepsen confirmed that RAD conversion would be applied to the KPT Towers. The concept of RAD is that it’s supposed to be more stable funding source. Operating subsidy and public housing are subject to appropriations. Every year, Congress decides on appropriations for both operating funds and capital funds, with some years
as low as 78% on the dollar. Capital fund appropriations are not anywhere close to HPHA’s current and future needs. So, HUD set up a RAD program where they add up the existing tenant rent, the existing operating subsidy and the existing capital funds associated with the specific development and identifies it as the maximum rent, which is given to HPHA by HUD. Using it towards a project-based Section 8, but not at a fair market rent and capped to revenue neutral. RAD is also subject to a cost increase every year.

Chairperson Spindt asked for clarification if he’s referring to a cost of living adjustment.

Mr. Jepsen confirmed that he is speaking about cost of living adjustment.

Director Hall asked of the regulatory process that we go through, for both federal and State, if there’s any consideration to obtain an exemption or abbreviated compliance. Something that’s minimized, so that the agency can move things forward.

Megan Glasheen, Reno & Cavanaugh, legal counsel to HPHA, stated an inability to obtain exemption or abbreviated compliance on environmental issues. The way to streamline it is to make sure the agency is performing the state and federal reviews simultaneously. Also, HUD doesn’t allow shortcutting when it comes to fair housing and environmental compliance.

Redevelopment Officer Auger added that State law HRS 343 requires that both the State EIS and NEPA to be coordinated and conducted concurrently to the fullest extent possible.

Director Hall expressed a concern for the need for housing and asked if there’s a way HPHA can produce housing sooner, rather than later.

Redevelopment Officer Auger reported that the State’s Special Action Team has been working diligently to identify State owned lands for redevelopment. To move the process along, he advocated establishment of a Permitting Special Action Team that would include members of each of the approving agencies that could be brought together on a single team around each of HPHA’s redevelopment to help facilitate all of the appropriate approvals necessary to expedite these projects.

Director Hall mentioned Act 15 that got people in housing sooner in a similar program.

Chairperson Spindt asked if it’s been pursued by the agency rather than waiting for the developer to pursue these things. For instance, in Kauai on county lands, before going out for bid for a developer, the agency will do the EIS to get some tasks out of the way.

Redevelopment Officer Auger suggested asking the legislature for CIP funding to complete some of this front-end work to streamline the process.

Executive Director Ouansafi added that a lot of streamlining of processes has happened under the existing Governor. Because other entities are involved, such as the Legislature and HUD, the process is more extensive and takes more time. When
searching for the appropriate developer, HPHA looks for a developer who can get tasks completed as efficiently as possible and as allowed under the law. Funding is also another issue. HPHA is open to other ideas and opportunities.

(Director Darcy left the meeting room at approximately 1:11 p.m. and returned at approximately 1:13 p.m.)

Redevelopment Officer Auger stated that the other challenge is the State procurement process. For example, he referred to experience in private practice where it would take him a matter of minutes to hire a law firm, whereas, under that State procurement process it can take up to six months.

Mr. Jepsen suggested what the HPHA and the Board can advocate for, if not too late, is TOD plans and programmatic EIS studies to save on time so that each developer isn’t doing their own EIS. He commended Redevelopment Officer Auger’s map and HPHA’s properties along the TOD line.

Chairperson Spindt agreed with Mr. Jepsen and stated that if agencies want to encourage transportation orient development especially with lower-income individuals, other means and resources need to be researched so developments get built easier and faster.

Redevelopment Officer Auger stated that HPHA has been in discussions with DAGS regarding its Puuwai Momi property near the stadium. The Governor approved $350 million for the redevelopment of the Aloha Stadium to explore potential master planning directly. HPHA’s existing residential site along the highway where the rail line has been installed may not be the best location for residential development particularly with HUD’s noise regulations. However, there could be an opportunity which allows the HPHA to potentially swap lands and relocate its existing residential units on other state lands along the stadium, allowing the HPHA the opportunity to achieve more density for affordable housing. The HPHA land could then be used for retail development.

Chairperson Spindt asked if Puuwai Momi has a fee or if it’s is under an executive order that HPHA manages with federal funding layers.

Redevelopment Officer Auger stated that he believes the HPHA owes that site directly, but that HPHA should confirm fee ownership.

Executive Director Ouansafi added that there’s a Declaration of Trust that HUD holds on the property.

Director Hall asked if the stadium redevelopment is in an opportunity zone.

Executive Director Ouansafi stated that the stadium redevelopment isn’t one of HPHA’s property.
Redevelopment Officer Auger explained when looking at the opportunity zones, it redlines Mayor Wright Homes. He would need to confirm whether Puuwai Momi is located in an opportunity zone.

Designee Iseri-Matsubara commented that a lot of infrastructure is required with these developments. She agreed that important points are being brought up and suggests that they be discussed with the interagency TOD counsel. She asked whether an EIS was completed for KPT Phase II.

Executive Director Ouansafi confirmed that an EIS has not been completed for KPT Phase II.

Designee Iseri-Matsubara expressed that she thought there were new administrative rules related to affordable housing that were amended to assist in streamlining processing of the EIS.

Redevelopment Officer Auger stated that OEQC informed him that the new rules are being introduced in August.

Designee Iseri-Matsubara expressed that some of the streamlining that HPHA wants are in the amended administrative rules.

Chairperson Spindt added that the Governor’s office is working on the SHPD related issues, as well.

Executive Director Ouansafi stated that a lot of improvement has occurred within the last three or four years. However, the federal properties still require a tremendous amount of time, due to federal requirements.

(Recess from approximately 1:17 p.m. to approximately 1:24 p.m.)

(Director Kunz left the meeting at approximately 1:22 p.m.)

Redevelopment Officer Auger reported on the School Street Administrative Offices. The RFQ was issued on January 13, 2015 and Retirement Housing Foundation was selected as the developer. HPHA and RHF entered into a Predevelopment Agreement in May 2016. Environmental clearance has been completed and a State EIS was submitted to the Governor and approved on July 17, 2018. Phase I is not planning on using federal funding and therefore is not subject to a NEPA environmental review. The Predevelopment Agreement with RHF expired on December 28, 2018 and a six-month extension to the Pre-Development Agreement was approved by the Board on February 21, 2019. The extension expired on June 30, 2019.

The HPHA and RHF have been working diligently to negotiate remaining deal points, terms and structure of the Master Development Agreement (MDA). Staff expects to submit the final draft MDA and a request for HPHA’s projected shared costs for pre-development expenses incurred by RHF to complete the environmental clearance and
additional costs necessary to complete a 201H application to the Board for approval. The request will also include additional expenses required to get to permitting.

The Division of Land and Natural Resources (DLNR) transfer of deed for the School Street property to HPHA was approved, and the proposed transfer of deed was not disapproved by the Legislature. DLNR informed HPHA on May 6, 2019 that a DAGS Survey for map and legal description is required for the deed. DLNR is moving toward the issuance of a deed and will keep HPHA informed of the progress.

RHF has advanced approximately $1.3 million in predevelopment master planning and environmental clearance costs of the project to date.

RHF is in the process of soliciting proposals from various vendors for additional studies and analysis that will be required to determine and prepare a preliminary baseline budget for the overall project. The estimated costs for these studies total approximately $700,000. HPHA is responsible for half of the amount.

Under the MDA, if executed, HPHA will be reimbursing RHF 50% of the $1.3 million costs that RHF has expended to date as well as sharing on a 50/50 basis the additional $700,000 to get through the 201H application and any additional costs thereafter to get through the permitting process.

Each phase of the School Street development will be governed by a DDA which will also require additional predevelopment funding based on a 50/50 split as previously mentioned. The funds invested by each party would be considered as a predevelopment loan to the project and to be refunded at the first financial closing.

Redevelopment Officer Auger reported on the redevelopment of Mayor Wright Homes. The RFQ was issued on July 11, 2014. Team of Hunt, McCormack Baron Salazar, and Vitus were selected as the developer for the project in November 2014. HPHA and Hunt and its partners entered into a Predevelopment Agreement on March 24, 2016, approximately 16 months after selection of the Developer. Under the Predevelopment Agreement, Hunt is required to fund all costs related to the master planning and environmental review approvals. A Preliminary Master Plan was completed in July 2017. McCormack Baron Salazar, a key member of the team with the most public housing partnering experience, withdrew from the Hunt team in August 2017. The Master Development Agreement was executed in December 2017.

Under the Master Development Agreement Schedule, the Final EIS was due no later than February 1, 2018. The Phase I development plan was due no later than March 1, 2018, commencement of construction of Phase 1 was to commence no later than December 31, 2019. The State EIS was accepted by the Governor on April 24, 2018. A Memorandum of Agreement (MOA) to address National Historic Preservation Requirements are on the agenda presented at this Board meeting. Once the MOA has been executed by all required signatories, Hunt will be able to move forward with the completion and filing of the Environmental Assessment required for completing the NEPA environmental review. Hunt has been provided with instructions for registering itself and its consultants into HUD’s environmental review portal, which will allow the
uploading of that environmental review material. Per the MDA the proposed final plan, subject to HPHA review and approval, is due upon completion of the NEPA, before moving forward with the 201H/entitlement process.

The master plan for Mayor Wright Homes redevelopment evolved with extensive input from residents, community leaders and stakeholder selected officials, government agencies, school officials, service providers who participated in a series of community meetings held over several months beginning in May 2016, and culminated in a week long charette held on site in August 2016. It builds on research gathered from its historical, physical, social and geographic context with technical information provided by consultants who performed various site analysis. Hunt’s recent designs appear to depart from the master plan developed by Torti-Gallas during the master planning and public charette process and the master plan that was described in the State EIS that was approved by the Governor.

On October 30, 2018, Hunt provided HPHA with a revised proforma for the Mayor Wright Homes project indicating a total budget cost over the five phases of development of $1.7 billion, representing nearly a $400 million increase in the original $1.3 budget agreed to under the MDA.

HPHA has met with senior Hunt management numerous times during November 2018, and February and March 2019 in an effort to resolve the masterplan and budget issues.

The total cost per unit under this cost estimate would be approximately $680,000 on an escalated basis over a 10-year period.

HPHA has not received a baseline cost analysis for the original Torti-Gallas master plan design and that leaves us at a disadvantage because we have no way of comparing the revised designs and revised costs that Hunt is proposing to the original design and budget. Understanding and confirming these budget changes is fundamental to the fiduciary responsibilities of the HPHA particularly as we are using taxpayer dollars.

HPHA has requested additional data and analysis from Hunt to support the proposed increases to the budget, baseline pricing for the master plan presented in the State EIS and outlined three primary issues relating to Hunt’s proposed changes to the master plan design that it would like addressed. These include the location of all towers which should be analyzed to understand how it will interact with the exterior environment including shadow studies, sun and daylight access for residential units, wind flow, wind pressure load on and around the towers; a review of the wrapped midrise residential units on the lower floors as presented in the original Torti-Gallas master plan. Hunt’s proposed redesign creates a large vertical and horizontal massing above the street that is not pedestrian friendly and departs from the “eyes on the street” design of the original Torti-Gallas Master Plan. A solution for replacing or redesigning the retail component of the development is also required.

HPHA’s concerns have not been adequately addressed to date, and there has been not progress on Hunt’s part to provide a defendable budget that can achieve legislative funding.
Beyond completion of the MOA for achieving state historic preservation requirements, there has been no meaningful change in the status of the project. The Agency has continued to emphasize to Hunt and its partners that readiness will be a key factor in securing the capital and approvals required to move the Mayor Wright project forward. HPHA has informed Hunt that it will be making presentations to legislators regarding the status of the Agency’s redevelopment projects generally and the Mayor Wright Homes project in particular.

Executive Director Ouansafi requested the Board to go into executive session to be able to consult with its attorney if there are any questions that the Board would like to address.

Designee Iseri-Matsubara requested more information on the financial plans for the redevelopment projects.

Deputy Attorney General Ching stated that any information that’s a part of the financial plans that may be a result of the negotiations is appropriate for executive session.

Director Hall asked if all the properties discussed are on Oahu.

Redevelopment Officer Auger confirmed that all housing properties that were reported on are on Oahu.

Director Hall asked if there was a reason why HPHA didn’t consider redevelopment on the neighbor islands.

Redevelopment Officer Auger explained that there are the 10-12 projects discussed on Oahu were primarily along the HART rail line. These were provided as examples to give the Board a sense of what is possible and the significant number of units that could be developed on these sites, but that there are 85 projects in HPHA’s portfolio statewide including neighbor islands and staff are looking at redevelopment possibilities in these locations as well. The properties reported were the major projects currently underway and to give the Board a sense of what is possible.

Director Hall stated that there may be opportunities to develop smaller projects like 60 units, and any addition to the affordable housing market sooner rather than later will be beneficial to the State.

Executive Director Ouansafi added that HPHA is considering all options including the neighbor islands and focusing on net gains.

Director Shim moved,

\textbf{The Board go into executive session 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.

The Board entered Executive Session at approximately 1:37 p.m.

(Director Shim left the meeting during executive session.)

(Director De Mello left the meeting at approximately 2:35 p.m.)

The Board reconvened at approximately 2:55 p.m.

Chairperson Spindt, on behalf of the Board, thanked the HPHA staff for their updates on all of the projects and acknowledged everyone’s hard work.

Director Hall moved,

To Approve the Memorandum of Agreement (“MOA”) Between the Governor of the State of Hawaii, as Responsible Entity/Agency Official, the Hawai‘i Public Housing Authority (“HPHA”), the State Historic Preservation Department (“SHPD”), Historic Hawaii Foundation (“HHF”) and MWH Partners, Inc. (“Developer”) relating to Compliance with the Requirements of Section 106 of the National Historic Preservation Act, as amended (54 U.S.C. 306108) for the Redevelopment of Mayor Wright Homes (Tax Map Key: 1-7-029-003-0000)

Redevelopment Officer Auger reported that a Memorandum of Agreement is required for the redevelopment of Mayor Wright Homes (MWH) because the project will be leveraging federal funds for the purpose of the National Historic Preservation Act.

Because the MWH project is utilizing federal funds the project is considered an “undertaking”. As such, any adverse effects of the MWH redevelopment project must be addressed. For the last several months, the HPHA, the developer, SHPD, and HHF have been negotiating this MOA to address the effects of the redevelopment. In this instance the adverse effect is the redevelopment of the project itself because the project is over 50 years old and is eligible for the listing on the National Historic Register, any development that HPHA undertakes on MWH will result in adverse effects. The Governor authorized HPHA to negotiate with SHPD on this MOA which proposes mitigation efforts to respond to these adverse effects.

Executive Director Ouansafi added the MOA has been reviewed by the attorneys in Washington, D.C. and the Department of the Attorney General.

The motion was unanimously approved.
Director Hall moved,

To Approve the First Amendment to Master Development Agreement between the Hawai‘i Public Housing Authority and MWH Partners, LLC, a Delaware Limited Liability Company, Dated December 29, 2017, To Incorporate the Memorandum of Agreement (“MOA”) Between the Governor of the State of Hawaii, as Responsible Entity/Agency Official, the HPHA, the State Historic Preservation Department (“SHPD”), Historic Hawaii Foundation (“HHF”) Relating to Compliance with the Requirements of Section 106 of the National Historic Preservation Act, as amended (54 U.S.C. 306108) for the Redevelopment of Mayor Wright Homes (Tax Map Key: 1-7-029-003-0000).

Redevelopment Officer Auger reported that the purpose of the First Amendment to the Master Development Agreement is to memorialize the obligations of all parties to comply with the terms and conditions of the MOA just approved.

Chairperson Spindt asked if the amendment changes the Master Development Agreement.

Redevelopment Officer Auger confirmed that the amendment does not change the terms of the Master Development Agreement, it simply memorializes the obligations of the parties under the MOA as part of the MDA.

Designee Hartsfield asked when the Amendment will go in effect.

Redevelopment Officer Auger verified that the Amendment to the MDA will go in effect simultaneously with the execution of Memorandum of Agreement.

The motion was unanimously approved.

Executive Director’s Report:

Executive Director Ouansafi stated that a lot of information was given throughout on the day-to-day operations. With nothing further to add, Executive Director Ouansafi was open to answer any further questions that the Board may have.

Chairperson Spindt acknowledged and thanked HPHA for the amount of information that was given in the Executive Director’s Report.

Director Hall asked if there was a lapse in funds.

Executive Director Ouansafi confirmed that there were no lapse in CIP funds for the previous fiscal year.
Executive Director Ouansafi reported that the Federal property inspections have been scheduled. Also, KMH has started the audit review process. It takes a 2-3 months to review all of HPHA’s financial records.

Director Hall moved,

To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at 3:03 p.m.

MINUTES CERTIFICATION:

Minutes Prepared by:

Jennifer K. Menor
Secretary to the Board

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on September 19, 2019 [✓] As Presented [ ] As Amended

Pono Shim
Board Secretary

SEP 19 2019

Date
The Board of Directors of the Hawaii Public Housing Authority held their Regular Board Meeting at 1002 North School Street, on Thursday, August 15, 2019. At approximately 9:15 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 Pono Shim, Secretary
- DHS Director, Pankaj Bhanot
- Director George De Mello
- Designee Denise Iseri-Matsubara
- Director Roy Katsuda
- Director Susan Kunz
- Director Todd Taniguchi
- Deputy Attorney General Jennifer Sugita
- Deputy Attorney General Klemen Urbanc

**EXCUSED:**
- Director Robert Hall, Vice-Chairperson
- Director Lisa Darcy
- Director Betty Lou Larson

**STAFF PRESENT:**
- 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):**
- Natalie Banach, Settle Meyer Law
- Senator Stanley Chang
- Steve Colon, Hunt Development
- Riley Fujisaki, House of Finance
- Michael Goshi, Design Partners
- Daisy Hartsfield, DHS Designee
Craig Hirai, Hawaii Housing Finance & Development Corporation
Frank Jahrlin, Retirement Housing Foundation
Scott Jepsen, EJP
Thomas Lee, Hunt Development
Sara Lin, Office of the Governor
Mike Muromoto, Design Partners
Andrew Nakoa, Sr., Mayor Wright Homes
Representative Takashi Ohno
Anders Plett, Retirement Housing Foundation
June Talia, Kuhio Homes
Julie Yang, House of Finance
Kimi Yuen, PBR Hawaii

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.

Takashi Ohno, State Representative for District 27, which includes Liliha and Alewa Heights, testified on the redevelopment projects. He stated that he has been following the School Street Administrative Offices project since 2015 when Retirement Housing Foundation (RHF) was selected to design a plan. Representative Ohno has attended meetings, charrettes, and neighborhood board meetings. Feedback he has received from the community includes:

- There’s a high density of public housing in the Kalihi district, including Puahala Homes, Hale Poai and Halia Hale. He has received criticism from the public that the community has already housed many public housing properties at the expense of the existing residents.

- Representative Ohno suggested that public housing should be more spread around and incorporated into different communities. More housing in this area will create more traffic in the surrounding areas for the existing residents.

- Any new building should match the surrounding esthetics. For example, Representative Ohno expressed that smaller buildings like Hale Poai would match, but a large walled facility like Mayor Wright Homes or tall towers like Kuhio Park Terrace would look out of place in the area.

- There is a dense population of elderly, 62 years of age or older, in this community, making it the community with the second highest number of elderly.

- Representative Ohno requested that the community receive consistent updates on the redevelopment projects, especially those that could be affected by the construction, the existing residents and those who pass through Lanakila and School Street area. He suggested email and letter updates. Representative Ohno also offered to assist with the community outreach.
Representative Ohno expressed that any development in Hawaii is an emotional issue. He recognized that HPHA’s Board consists of volunteers who often feel the brunt of people’s emotions and thus thanked the Board for their service.

June Talia, Kuhio Homes tenant, requested an update on the redevelopment project of Kuhio Park Terrace Low Rise/Kuhio Homes. She also mentioned that her property has a new property manager, but hasn’t meet or seen her. Ms. Talia requested an informal meeting amongst the tenants and the new property manager.

Andrew Nakoa, Sr., Mayor Wright Homes tenant, testified on the security’s lack of professionalism. He alleged that the security doesn’t always answer when he calls to report issues and that security has been seen outside of the guard shack on occasions. He stated that he continues to see children playing outside until approximately 2 a.m. Mr. Nakoa voiced that security should walk the children back to their unit and speak with the parents versus only chasing the children away. Mr. Nakoa continues to request for in-house security. He also expressed that the security should be patrolling at least every hour. Mr. Nakoa shared a concern on the safety at Mayor Wright Homes and seeks more information on the tenant relocation during construction.

June Talia, Kuhio Homes tenant, testified a concern with the extension of the suspension of the Termination for Convenience of the Master Development Agreement between Michaels Development Company. She expected that HPHA would move forward with another developer if both parties couldn’t come to an agreement within 120 days. Ms. Talia requested that the residents of Kuhio Park Terrace and Kuhio Homes receive an update on what is reported.

Chairperson Spindt stated that HPHA has new information that the staff would like to share with the Board. Chairperson Spindt stated that all public information will be reported on during the meeting; however, any information in regards to negotiations will be kept confidential.

**Approval of Minutes:**

Chairperson Spindt deferred consideration of the Regular Meeting Minutes of July 18, 2019 to a future Board meeting.

**Director Bhanot moved,**

To Approve the Annual Meeting Minutes of July 18, 2019

The minutes were unanimously approved as presented.

Chairperson Spindt deferred consideration of the Executive Meeting Minutes of July 18, 2019 to a later time in the Board meeting.
Discussion and/or Decision Making

Director Shim moved,

To Appoint no Less than One (1) and no More than Five (5) Directors to the HHA Wilikina Apartments Project, Inc. Board of Directors

Chairperson Spindt asked for clarification from its attorney that the Board needs to appoint no more than one additional Director to the existing Directors that were selected at the last Board meeting to meet compliance.

Deputy Attorney General Sugita confirmed that the HHA Wilikina Apartments Project, Inc. needs at least one more Board of Director, as the HHA Wilikina bylaws require quorum of four (4) members. There is, however, an opportunity for up to five (5) additional directors to be appointed.

Director Shim nominated Director Todd Taniguchi. Director Todd Taniguchi accepted the appointment to the HHA Wilikina Apartments Project, Inc. Board of Directors.

Director Bhanot moved,

To Appoint Director Todd Taniguchi to the HHA Wilikina Apartments Project, Inc. Board of Directors

The motion was unanimously approved.

Director Shim moved,

To Adopt Resolution No. 19-06 Approving the Section Eight (8) Management Assessment Program (SEMAP) Certification for Fiscal Year July 1, 2018 to June 30, 2019 and to Authorize the Executive Director to Undertake All Actions Necessary to Submit the SEMAP Certification to the U.S. Department of Housing and Urban Development

Executive Assistant Arashiro reported that the SEMAP is a Section 8 management assessment system that is used by the U.S. Department of Housing and Urban Development (HUD) to measure the performance of the public housing agencies that manage the Section 8 program.

Annually, the housing authorities are required to submit a SEMAP certification based on their performance in fourteen areas (illustrated on Page 17 of the Board packet). Executive Assistant Arashiro added that indicator 15 is a bonus indicator.

Executive Assistant Arashiro stated that HPHA will go through its operations for the past fiscal year and document all activities in order to produce what the agency believes
should be their score. For the fiscal period that ended June 30, 2019, HPHA is projecting a score of 140 points out of 145 points, which will make HPHA a “High Performer” under the SEMAP rating system.

Once HPHA submits their SEMAP score to HUD, HUD will review all documentation and certify the HPHA’s score. Generally, HPHA is conservative in its projection, so while HPHA is projecting a score of 140 points, HPHA has potential to receive a score of 145 points out of 145 points.

Director Katsuda asked for more information on the bonus 5 points.

Executive Assistant Arashiro stated that the bonus Indicator no. 15 measures de-concentration. This is where the public housing authorities would track where Section 8 recipients are residing and if the public housing authorities are encouraging de-concentration to avoid a concentration of very low-income families living in specific areas. Executive Assistant Arashiro reported that HPHA isn’t currently tracking this; hence issuing a score of 0.

Chairperson Spindt asked if the SEMAP score is based on a self-scoring method.

Executive Assistant Arashiro confirmed that it is self-scoring, and is also based on data that is inputted into the HUD systems. Once HPHA submits its score, HUD will verify its SEMAP score.

Chairperson Spindt asked if HPHA’s score is generally accurate in comparison to HUD’s final score.

Executive Assistant Arashiro reported that HPHA is usually conservative in its projections and occasionally underscores itself knowing that HUD can increase the score.

Director Shim asked if there is precedence that HPHA has had their score increased by HUD in the past.

Executive Assistant Arashiro reported that two years ago HUD certified a higher score for the HPHA than what was submitted.

The motion was unanimously approved.

Director Shim moved,

To Approve the Hawaii Public Housing Authority’s Amended Annual Public Housing Agency Plan for the Fiscal Year 2019-2020 to Establish Programs to Incentivize Owners/Landlords to Participate in the Section 8 Housing Choice Voucher Program, and to Authorize the Executive Director to Take All Required Actions to Submit the Approved Amended Plan to the U.S. Department of Housing and Urban Development
Executive Assistant Arashiro reported that the Public Housing Agency (PHA) Annual Plan is a requirement of HUD. Public housing authorities use the PHA Plan to inform the public and HUD on how the agency plans to operate their program over a period of five (5) years and the coming fiscal year.

When a public housing authority wishes to amend a rule, adopt a new policy or put a new program in place, that change needs to be reflected in the PHA Plan.

HPHA is asking to amend its current approved PHA Plan to establish programs to incentivize owners/landlords to participate in the Section 8 Housing Choice Voucher Program.

Public hearings were held in each county on August 6, 2019. In addition, meetings were also held with the Resident Advisory Board on the draft Amended PHA Plan. Since there were no substantial comments at the hearings, no revisions were made to the draft Amended PHA Annual Plan.

Once Board approval is received, HPHA will submit the final proposed Amended PHA Annual Plan to HUD for approval.

The motion was unanimously approved.

Director Bhanot moved,

To Approve the Hawaii Public Housing Authority’s Title II Accessibility Assessment Report Prepared by EMG Which Assesses the Needs of HPHA Residents and Applicants Who Require UFAS-Accessible Units and Authorize the Executive Director to Submit the Report to the U.S. Department of Housing and Urban Development

Executive Assistant Arashiro reported that with the issuance of Section 504, public housing authorities (PHA) are required to conduct a needs assessment to identify the needs of the residents and its applicants with disabilities, and to develop transition plans to make the PHA fully accessible to persons with disabilities.

On July 11, 2018, HPHA entered into a Voluntary Compliance Agreement (VCA) with HUD. In October 2018, HPHA entered into a contract with EMG to complete the work on the needs assessment and transition plan.

The needs assessment reviews the agency’s waitlist, transfer waiting list, and local/state/federal census data to determine if HPHA needs to exceed the federal requirement of 5% accessibility and 2% hearing/visual units.

Executive Assistant Arashiro conveyed that EMG has made some recommendations, and HPHA would like to share the feedback with its attorneys and the Board in order to understand the agency’s obligations and liabilities.
Director Shim moved,

The Board 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 related to this matter.

The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 9:44 a.m.

The Board reconvened at approximately 10:13 a.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.

Executive Assistant Arashiro added that there will be a financial obligation to bring HPHA’s properties up to compliance, and HPHA will need the support for those funds.

Chairperson Spindt reported that a Senator and Representative were present at the meeting and is hopeful that they can assist HPHA in funding those obligations.

The motion was unanimously approved.

Director Katsuda moved,

To Accept the Hawaii Public Housing Authority’s Title II Accessibility Assessment Reports Prepared by EMG Which Assess the Exterior and Interior Areas of the HPHA’s Properties for Compliance with Accessibility Standards and Authorize the Executive Director to Submit the Assessment Reports to the U.S. Department of Housing and Urban Development

Chairperson Spindt stated that Bryon Scott of EMG was available for Q&A by the Board of Directors via Skype.

Executive Assistant Arashiro reported that HPHA’s consultant also conducted site assessments on the exterior and interior areas of all HPHA public housing properties to determine their compliance with the accessibility standards.

The reports generated from the inspections were made available for Board to review.

Chairperson Spindt acknowledged the immense quantity of paperwork that was produced by EMG.
Executive Assistant Arashiro stated that she and the HPHA staff have reviewed the project reports prepared by EMG. As a result of some work that took place prior to the reports being issued, some deficiencies that were reported have already been addressed. HPHA is in the process of establishing a transition plan and budget(s) based on the site assessments.

Director Bhanot asked for clarification on the budget. He asked if the budget is based on the existing budget for the current inventory or if it includes the projection for what the future expenditure will be to make all units compliant.

Executive Assistant Arashiro reported that some projects are currently undergoing construction, so HPHA will use those funds to address some of the deficiencies. For other projects, HPHA will need to request additional funds to become compliant.

Director Bhanot asked if the estimated costs for additional construction, repairs and maintenance will be identified in the reports.

Executive Assistant Arashiro confirmed that costs for additional construction, repairs and maintenance will be disclosed in the reports.

Chairperson Spindt asked if there is a timeline for creating the transition plan to meet the necessary site recommendations.

Executive Assistant Arashiro stated that HPHA has until the end of 2019 to establish a transition plan and generally 3-4 years to implement the plan.

Chairperson Spindt asked for clarification on who the contractor is for the transition plan.

Executive Assistant Arashiro confirmed that EMG is the consultant for the transition plan, and HPHA will be working closely with them.

Director Bhanot asked if the timeline is flexible if unforeseen issues arise during the construction phase of implementation of the transition plan.

Executive Assistant Arashiro stated that under extenuating circumstances, HUD may be willing to consider extending the timeline to address specific concerns. She mentioned another solution where HPHA would also look to see if there is another project that they could accelerate in exchange for the other project while working out the unforeseen issues.

The motion was unanimously approved.

Director Shim moved,

To Postpone: To (1) Approve Quitclaim Deed from the State of Hawaii, by its Board of Land and Natural Resources, to the Hawaii Public Housing...
Chairperson Spindt stated that the deed was not ready for Board review.

The motion was unanimously approved.

Director Bhanot moved,

To Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., 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) for an Additional 30 Days and to Authorize the Executive Director to Continue to Negotiate a New Master Development Agreement for the Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes for Future Phases

Executive Assistant Arashiro reported that on April 18, 2019 the Board had approved the motion to suspend the termination of the Master Development Agreement (MDA) with the Michaels Development Company (MDC) and to allow 120 days for both parties to come to a mutual agreement. The suspension was in response to a request from MDC to withdraw the termination.

Prior to the end of the 120-day period, HPHA staff indicated that they would proceed with reporting to the Board on its progress and request to completely rescind the previous termination or to reinstate the termination.

HPHA currently requests to extend the suspension of the termination in order to continue negotiations on the MDA with the MDC.

Redevelopment Officer Auger stated that significant progress has taken place during the 120-day period. He requested to discuss the terms and negotiations on the current revised MDA during executive session.

Director Katsuda 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 matter.
The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 10:26 a.m.

The Board reconvened at approximately 11:06 a.m.

Chairperson Spindt reported that the Board discussed negotiations in regards to the MDA between the MDC and HPHA with its staff and its attorneys.

Desigee Iseri-Matsubara moved,

To Amend the Main Motion to Replace “for an Additional 30 Days” with “to September 20, 2019” into the motion to read:

To Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMKs 1-3-039-008-0000; 1-3-039-006-0000) to September 20, 2019 and to Authorize the Executive Director to Continue to Negotiate a New Master Development Agreement for the Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes for Future Phases

Chairperson Spindt stated that an extension has been proposed for September 20, 2019 and that the Board expects to see additional terms or other options at the end of this extension period.

The motion to amend the main motion was approved by a majority vote; with one opposed.

The amended motion was approved by a majority vote; with one opposed.

For Information:

Discussion and Update on Redevelopment Projects Mayor Wright Homes (Tax Map Key No.: 1-7-029-003-0000), Kuhio Park Terrace Low Rise/Kuhio Homes (Tax Map Key Nos. 1-3-039-008-0000; 1-3-039-006-0000; and 1-3-039-003-0000) and School Street Administrative Offices (Tax Map Key No.: 1-6-009-003-0000)

1. Presentation by Retirement Housing Foundation on Redevelopment Efforts at the HPHA’s School Street Administrative Offices
Redevelopment Officer Auger introduced Mr. Anders Plett, Vice President of Development and Acquisitions at Retirement Housing Foundation (RHF), to present on the redevelopment efforts at the HPHA’s School Street Administrative Offices.

Mr. Plett stated that RHF has been working on the School Street Administrative Offices project since 2015 and shared a brief background of RHF. Currently in its 58th year of operation, RHF is a national non-profit, developer, owner and manager of affordable housing in 29 states, DC, Puerto Rico and the Virgin Islands which operates over 20,000 units nationwide.

RHF was selected as Master Developer of the School Street Administrative Offices project through an RFQ process. In June 2016, a Predevelopment Agreement was signed and RHF began the environmental review process. The final EIS (FEIS) was completed and signed by the Governor in August 2018. Since then, RHF has been negotiating a Master Development Agreement (MDA) with HPHA. Until HPHA and RHF finalize an MDA, all development activities have been put on hold.

RHF has expended $1 million on the EIS process and needs to execute an MDA before making additional expenditures. The MDA is in its final stages, and RHF anticipates it to be completed in a few weeks. Once the MDA is executed, RHF will start the 201H entitlement process, which takes approximately 4-5 months. Proposals are ready and RHF is eager to move forward with the project.

RHF intends to request funding during the upcoming legislative session for Phase I of the School Street Administrative Offices development. Pursuant to the FEIS, the master development plan shall include 800 affordable units for seniors aged 62 years old and older. Rents will be restricted to 30%, 50% and 60% of the Area Median Income.

RHF plans to complete the development in three phases starting at the northern side of the site. Phase I will include 250 units, as well as the new Administrative offices. Phase II will include another 250 units, and Phase III will include 300 units and possible retail space. Each phase will include a tower of approximately 16 stories or less and wrap-around units along the structured parking. The architectural and engineering process has not started yet. Like the EIS process, RHF will continue to keep the public involved throughout the process of the development.

Because the need for affordable housing is high in Honolulu, RHF’s goal is to combine Phase I and Phase II and build 500 units upfront. If they’re able to execute the plan of combining Phase I and Phase II, funding will be needed in year 2020. The total costs for all phases, not including the administrative offices, are projected at approximately $350 million at full build out, of which $111 million will be covered by gap sources. Each of the phases would be subject to appreciation. The office building is projected to cost approximately $23 million, but RHF is still working on pricing.

Chairperson Spindt asked if the estimated $350 million total cost of all phases is based on a general per unit assumed cost, which will be refined over time.
Mr. Plett confirmed that the total cost of all three phases is based on comparable projects. RHF has interviewed various general contractors who have experience in building similar projects in Honolulu. As plans are finalized, cost estimates will change with designs. Once a general contractor is selected, construction bids will solidify the funding requests.

Chairperson Spindt acknowledged that he read that RHF anticipates to take approximately 10-12 years to complete all phases of the School Street development.

Mr. Plett confirmed the said timeframe, as long as the plan remains to complete 250 units for Phase I, 250 units for Phase II, and 300 units for Phase III. All phases are anticipated to be spaced out 2-3 years apart. If RHF is able to combine Phase I and Phase II, it could potentially lessen the completion time by approximately three years.

Chairperson Spindt asked based on the 10-12 years estimated timeline, did RHF factor in the consumer price index (CPI) increases to the current cost.

Mr. Plett confirmed that RHF has accounted for the CPI increase to the total cost of the School Street development.

Chairperson Spindt expressed that one of his concerns as a former Board member at HHFDC was the volume of funding required. He asked if RHF has discussed combining Phase I and Phase II with HHFDC and discussed the overall funding requirements necessary for the project.

Mr. Plett stated that discussions have only been with HPHA at this point.

Chairperson Spindt stated that he has heard some concerns from some of the elected officials about funding and having the administrative offices included as Phase I. He asked if discussion have occurred about creating a Phase Ia and Phase Ib and separating the two so that the towers wouldn’t be linked to the offices.

Mr. Plett confirmed having discussions with HPHA regarding the development of the administrative offices and potential phasing.

Director Shim thanked Mr. Plett for his presentation. He commented on the importance of being mindful of the concerns that were raised by the State Representative, such as density and traffic, for this district during the public testimony. Director Shim strongly encouraged that community engagement be continued.

Director Katsuda asked what the community feedback was on the 16-story tower.

Mr. Plett reported receiving mixed feedback. Majority of the residents were in support of it, understanding the significance and need for affordable housing, while others expressed some resistance. He felt that the consultants did an excellent job illustrating the plan and how the view for the residents on the hill will still be able to view the ocean above the tops of the buildings. Mr. Plett acknowledged the community’s concern with density and parking, which RHF will continue to work through.
Director Bhanot asked if the budget that will be requested from the Legislature will be based on comparable projects or based on information provided by contractors, builders and developers. In addition, he asked if the anticipated $350 million to complete all phases of the project will be requested at one time.

Mr. Plett clarified that the request for funding will be predicated on the proposed phasing of the housing and administrative offices. RHF will not be building all phases at once, and will ask for funding based on the phase(s) that will be built at that time. Due to the timing, the request will be based on the contractor’s best estimate on building costs. RHF will finalize the budget as the plans and designs progress.

Director Bhanot acknowledged Representative Ohno’s concerns and emphasized the importance of community outreach. He asked if RHF has any planning process or strategies put in place to address concerns about density of the area and aging infrastructure.

Mr. Plett reported that the EIS confirmed that the area is capable of sustaining the 800 units, as well as being able to handle the infrastructure due to the planned expansion of the Awa plant.

Director Bhanot expressed support for the development of affordable housing as long as the infrastructure is able to sustain it. He recognized the State’s housing crisis and agreed that vertical construction is necessary.

Designee Iseri-Matsubara shared her concerns on sewer capacity. She asked if the current sewer infrastructure has the capacity to support all three phases of redevelopment.

Mr. Plett stated that the current sewer capacity can’t support the full development, so RHF is heavily relying on the expansion of the Awa Plant. The Awa Plant is expected to be completed in June 2020, but RHF will need to get an update on it. By the time RHF mobilizes Phase I and Phase II, they anticipate that work will be completed, so it’ll be able to sustain all units at that time.

Chairperson Spindt asked if there’s adequate sewer capacity for Phase I.

Redevelopment Officer Auger confirmed there is adequate capacity for Phase I. HPHA will continue to monitor as plans finalize.

Director Shim asked what area the Awa Plant serves.

Redevelopment Officer Auger stated that the Awa Plant doesn’t serve School Street, which could be challenging. To his understanding, there’s adequate sewer capacity for the first 250 units.

Director Shim asked if the other projects are on the same system.
Redevelopment Officer Auger stated that he doesn’t believe other projects are on the same system, but needs to confirm what system Kuhio Park Terrace is tied to.

Director Bhanot asked if the system has the capacity for 250 units only if it gets tied to the Awa Plant. He stated the significance of the information and it being an important part of moving forward with the development.

Redevelopment Officer Auger confirmed that HPHA will be looking into this.

Chairperson Spindt asked for clarification on the $33 million projected gap and if it’ll be requested from the Legislature through a grant.

Mr. Plett stated that RHF will be exploring various funding sources, such as HHFDC and their revolving housing funds, and plans to request from the Legislature for the remaining funding needed. RHF’s goal is to start construction in 2021, and as such, hopes to have the gap financing from the Legislature in 2020.

Director Bhanot recommended that HPHA and RHF have a discussion with HHFDC to go over the funding strategy. HPHA would want to be sure the funding is possible based on other projects in the pipeline.

Designee Iseri-Matsubara added that HPHA needs to also speak with the Department of Budget and Finance and the Governor’s office. She clarified that there’s a process prior to the stages of the Legislature.

Mr. Plett asked for clarification on the MDA approval process and whether the HPHA Board reviews and approves the MDA.

Redevelopment Officer Auger stated due to the timing, there’s a challenge with getting the MDA finalized and then presented to the Board for approval for the September meeting.

Chairperson Spindt added that there’s the Sunshine Law and reviews to take into consideration when requesting Board approval. He commented that what seems like 30 days, really is only a couple of weeks. He confirmed that once the MDA is finalized, it will be presented to the Board for review and approval.

Mr. Plett stated that RHF would like an extension until September 2019 to finalize the Predevelopment Agreement.

Chairperson Spindt, under the advisement of Deputy Attorney General Sugita, reported that due to the Sunshine Law, the Board will not be able to consider the request at this meeting since it is not on the agenda.

Chairperson Spindt called for a recess from approximately 11:38 a.m. to 11:51 a.m.
2. Presentation by Hunt Development Group, LLC on MWH Partners, LLC’s Redevelopment Efforts at Mayor Wright Homes

Hunt Development Group, LLC presented handouts to Board.

Mr. Steve Colon, Hawaii Division President at Hunt Companies (Hunt), shared a brief background on the Hunt Development Group. He mentioned that Hunt Development is the second largest owner and provider of housing in Hawaii, most of it being military housing. Hunt recently completed a project in El Paso, TX. Mr. Colon stated that they are involved in development on all islands.

Mr. Colon stated that Hunt Development has been working on the Mayor Wright Homes (MWH) redevelopment for approximately 4-5 years and has expended approximately $3 million on the project. Hunt is committed to execute the redevelopment of MWH.

Mr. Colon stated that the acceptance of the NEPA will trigger a 50% cost sharing between Hunt and HPHA. The original plan outlined in the EIS was approved a few years ago and was based on a massing versus specific design details. Over the years, Hunt has made revisions to improve the project (their idea of a better layout, better site plan and better cost per unit) while staying in compliance with the EIS. Mr. Colon stated that revisions were made while engaging with the community, stakeholders and government officials. The refined plan of 100% schematic designs was submitted to HPHA in December 2018 and was rejected. Mr. Colon expressed that one of the key reasons he feels the plan got rejected by the HPHA was due to a fundamental disagreement on the extent to which the EIS dictates the master plan. He feels that the proposed plan is in compliance with the EIS, and doesn’t believe that the EIS dictates details such as the color or style of the building. The EIS only talks about unit count and square footage, etc. Mr. Colon further explained that the conceptual design presented in the EIS is not a workable design.

Mr. Colon introduced Mr. Thomas Lee to present the project details. Mr. Lee stated that the redevelopment of MWH intends to replace the existing 364 public housing units with up to 2,448 rental units. The units would accommodate a variety of family sizes and income ranges, where approximately two-thirds of the units will be for affordable rentals and the remaining to be market-rate units. The project would include public housing, affordable house and workforce housing. The plan is designed to be constructed over five (5) phases and estimated for each phase to take approximately two (2) years for a total of ten (10) years to complete the entire development. At this time, Mr. Lee reported that there is no groundbreaking date.

An illustration of the Conceptual Master Plan that is described in further in Section 2.3 of the EIS was presented. The EIS provides general building massing, heights and general design concepts as it relates to the surrounding streets.

Renderings and architectural illustrations were provided to show variations of what the MWH project could look like, which were designed by three different architecture firms. The program is achieved through a mix of low and mid-rise buildings with proposed four towers. The conceptual master plan and EIS encourage the use of low and mid-rise
buildings and to line the project site along the street to respect the surrounding community. Taller buildings would be setback away from the streets oriented from Mauka to Makai to minimize impact to view planes.

The Phase I Schematic Design is a mixed-use program which will have approximately 550 units, where 450 units are in a high-rise tower and 100 units in a mid-rise building. This phase would also include up to 60,000 square feet of retail and community spaces. With the 100% schematic designs that were previously submitted, Hunt removed some extraneous design elements to make it even more feasible.

Mr. Lee reported that with some of the changes in the shape of the mid-rise and the relocation of the tower, Hunt was asked to provide justification, analysis and cost estimates, which were previously provided to HPHA. Mr. Lee stated that a side-by-side comparison and justifications were provided. Some of the key improvements that Hunt made include reducing the parking levels from 11 levels to 7 levels, while increasing the number of stalls by 26. The Torti Gallas parking plan was highly inefficient. This change reduced the parking area by 20% thereby reducing the cost of construction. Hunt increased the presence of retail and commercial space on the first phase in line with the EIS. By moving the construction of the tower off the building, Hunt reduced the cost of construction. On the residential side, the efficiency was improved. The initial Torti Gallas design had a mid-rise wrap that was a single loaded product which wrapped the entire outside of the garage, which caused ventilation issue and other construction requirements. Mr. Lee stated that it wasn’t a realistic design. Mr. Lee explained that the community space was doubled from 14,000 sq. ft. to 28,000 sq. ft and includes a recreation deck on top of the parking garage.

Mr. Lee introduced Mr. Michael Goshi, Vice President of Design Partners, to share about the Phase I plan in more detail. Mr. Goshi discussed the differences from the Torti Gallas (original) plan and the proposed plan, alongside comparison illustrations displayed on presentation boards.

Mr. Goshi stated that there are two improvements that were made to the master plan. The first change was the placement of the tower and retail/commercial space, placement of the loading zone and the parking. Hunt met with Foodland and Colliers to discuss options regarding size and infrastructure of the retail space. He discussed that there needs to be different sizes and loading zone requirements that need to be met. By moving the tower, there would be an “eyes on the street” view plane. Also, with the original design there was no street level parking from which to access the store directly and the store would feature a big glass window. By moving the tower, the new design addressed the distance to the loading zone, trash pick-up, and other code requirements.

Mr. Goshi explained that the Torti Gallas plan was based on a liner, but the architecture didn’t address the realities of building. With affordable developments, 80% of the area needs to be areas that can be leased. The new design provided double loaded corridors, but the single loaded corridor only provides for 60% of lease-able space and operational costs would be too high. Also, the Torti Gallas plan required 20% more concrete due to the design, which is why the parking structure was reduced in height. The code also requires installation of a fire wall and the cost of an 11-story fire wall.
would be high, as all floors would also need to be ventilated and lighted. There are a couple of scenarios which include compromises to reduce costs. He suggested that there could be Subway or a pizza place.

Mr. Lee briefly discussed the timeline and major milestones for the redevelopment of MWH. On November 1, 2014, Hunt Development was selected as Master Developer for the MWH redevelopment. Master Planning and the EIS began in April 2016 after the Predevelopment Agreement was finalized in March 2016. Master Planning and EIS activities included extensive community outreach efforts and culminated with a week-long charette at the property. There have also been some follow-up community meetings after the charette. The MDA was executed on December 29, 2017 and the EIS was accepted by the Governor on April 24, 2018. With the MDA executed and the EIS wrapped up, the NEPA process began in November 2017. The NEPA study is required for federal funding and has a five-year shelf-life, so you don’t want to start it before you need it. A lot of the information in the NEPA came from the EIS. The NEPA is near completion, where the only area that needs work on is the Section 106 State Historic Preservation process. It required an MOA and consultation process. DPP graciously met with Hunt on entitlements before the NEPA was completed. On December 1, 2018, the 201H determination of eligibility was received and DPP is in support of the project. With the concurrence of the HPHA, in July 2019, Hunt Development issued an RFP and interviewed architectural firms and decided to work with Design Partners and Architects Hawaii. Design Partners is handling the mixed use and mid-rise component. Architects Hawaii will design the towers.

The next steps that remain for Hunt Development are the completion and submissions of the 201H entitlement application for the entire plot. DPP are awaiting Hunt’s application(s). The NEPA product was essentially done last year and just awaiting the historic preservation process.

Mr. Colon stated that they are awaiting the Governor’s approval of the NEPA. Once there’s consensus on the design and master plan, then detailed construction drawings will begin. Mr. Colon stated that without the detailed drawings, it’s “difficult to have accurate cost estimates otherwise you’re just making numbers up”. With an approved plan, Hunt Development will modify the cost estimates into a development plan, including a financing plan. This would form the basis for the legislative request required for the gap funding for Phase I. Hunt Development hopes to complete this by the end of 2019.

Chairperson Spindt thanked Hunt Development for their presentation.

Designee Iseri-Matsubara acknowledged that Hunt Development is unable to provide accurate costs, but asked for an estimate for the entire project and the cost per phase, similar to the way RHF was able to provide estimates.

Mr. Colon stated that Hunt Development can provide an estimate for the proposed design for Phase I since 100% schematic drawings were completed. However, drawings weren’t created for the next three phases, so Hunt wouldn’t be able to project an estimated cost for the entire project. They would only be able to provide per square
foot costs and inflate them over time. Mr. Colon stated that the HPHA’s Executive Director has reported that Hunt has increased costs, when really Hunt doesn’t have designs to base those estimates on. However, there is a better estimate available for Phase I.

Designee Iseri-Matsubara asked for the estimated cost for Phase I, which includes 550 units.

Mr. Lee directed the Board to the handout that Hunt Development issued at the beginning of their presentation and would provide the Board with additional information.

Chairperson Spindt asked if the cost difference can be broken up into commercial space and the residential units. He also asked about the proposed financing structure to separate the costs.

Mr. Lee confirmed that the commercial space and residential units were separated. It was confirmed that for 567 residential units, it is projected to cost $456,309 per unit, but it also includes costs of the infrastructure and demolishing half of the site. Phase I includes most of the site work to get the first quadrant in construction.

Chairperson Spindt asked if there’s sufficient sewer, water and power capacity available for Phase I.

Mr. Lee stated sufficient utility capacity for Phase I. Letters were received from Board of Water Supply and an approved sewer connection application. HECO has confirmed capacity for the first 600-700 units.

Designee Iseri-Matsubara continued to ask what Hunt Development’s estimate is for the 550 units for Phase I.

Mr. Lee reiterated that the numbers provided were only meant to be an estimate and not the final cost. They were prepared earlier this year. The cost estimate was $260 million for Phase I of MWH redevelopment.

Director Shim expressed that Mr. Lee appeared to be hesitant to provide any cost estimates. He asked how Hunt Development feels about the cost, if it is too high, too low or conservative.

Mr. Lee stated that there was no hesitancy and that Hunt Development is still developing the drawings. Mr. Colon added that there’s a financial plan for their proposed plan; however, that plan was rejected. There’s a whole financial plan that was based on Hunt’s proposed design that was not presented. Mr. Colon stated that without a consensus on a plan to move forward, Hunt Development is unable to provide a refined estimate of costs.

Director Bhanot thanked Hunt Development for their presentation. He asked whether the design that was presented at the meeting was developed in consultation with HPHA and taking in account of HPHA’s concerns at the time of the rejection.
Mr. Colon believes that Hunt took into account HPHA’s concerns at the time of rejection. He acknowledged, however, that there are two sides to the story and that the process has not been perfect and HPHA may feel differently. Mr. Colon stated that a lot of thought and consultation was put into the proposed design and Hunt Development believes it is a good plan. He expressed that they are willing to work with HPHA on a better plan or a new different plan.

Director Bhanot asked for clarification on the steps taken to create this particular design. He asked whether these proposed plans were shared with the community or whether the new plan was not presented.

Mr. Colon stated that the initial community meetings (under the white tents) were to assist with producing the initial master plan, but various other meetings with the community have taken place, including meetings with the neighborhood board.

Director Bhanot clarified that he wanted to know whether the plan being presented was vetted through the community and that they feel it is something that meets their needs. It seems like Hunt’s perspective is that the design is the most efficient way of utilizing the space and the building is something the community supports and it will fit into the surrounding community.

Hunt concurred with Director Bhanot. Mr. Goshi added that the Master Plan was done by Torti Gallas, and it was just a conceptual site plan.

Director Katsuda asked for clarification on the anticipated timeline for Phase I.

Mr. Colon and Mr. Lee estimated that there would be five phases and once the design is approved, drawings need to be completed. Then Hunt would need to prepare budgets, legislative funding requests, and building permits. The ground breaking for Phase I would occur approximately 18 months from now in 2021. This timeline assumes that everything runs smoothly with the legislative funding request and obtaining the necessary building permits.

Director Shim appreciated the significance of Hunt Development wanting to get affordable housing completed quickly. He reiterated that the HPHA Board members do not serve on the Board because it’s their business, they are also community members who just want to see housing built. Director Shim asked if the Citizen’s Advisory Council (CAC) is in place and how active the CAC is with the community.

Mr. Lee responded that the last meeting with the CAC was last year based on the preliminary design. With the completion of the EIS, the CAC was disbanded as an official advisory group. Additionally, since no plan was finalized, there has been no recent interaction with the CAC.

Chairperson Spindt stated that it appears like the main focus is on the rejection of design submitted to the Board in December 2018.
Director Taniguchi recognized the long period between the rejection of the plan to the present time. One of the things that was mentioned being revised included changing from a single loaded to double loaded structure based on rental income and density requirements. Director Taniguchi asked if Hunt Development has a summary of the changes that were made to respond to the Board’s rejection and the initial input that was received from the community. Although Hunt explained some of the functional benefits of the proposed design, it will help the Board to better understand with an analysis of those changes. Director Taniguchi recognized the concerns that the current residents have shared, such as security, and asked that Hunt Development take into account of the resident concerns and current issues and incorporate changes to address them. He conveyed that you only get to build the building once and the design should address current issues.

Mr. Lee stated that documents on comparisons and analysis have been given to HPHA. Mr. Colon offered to repackage and resend the documents for the Board to review. Mr. Lee added that Hunt has responded to all of the HPHA’s concerns.

Director Bhanot recommended that the HPHA staff send the summary that Hunt Development has already issued to them for the Board to examine. As Hunt confirmed that they have already responded to all concerns, Director Bhanot asked for the staff to forward those responses to the Board for their review.

Designee Iseri-Matsubara asked HPHA on what their perspective is on the design, as well as their take on some of the major issues.

Redevelopment Officer Auger thanked Hunt Development for their presentation to the Board on the status of the redevelopment. He agreed that there is a fundamental disconnect with respect to the initial design and where the project is today. One of the challenges for HPHA is not understanding why the original design, which Hunt has determined is “unrealistic”, was included in the EIS. HPHA felt that the original design met the goals for the intent of the project. Somewhere in the middle of the EIS process the design deviated from the original plan.

Redevelopment Officer Auger also added that all of the handouts that were presented to the Board at the meeting were not presented to HPHA. In addition to the design issues, HPHA needs to address practical matters, which include costs. For instance, there was an increase of cost from $1.3 billion with the original design to $1.7 billion with the proposed design. The HPHA needs to be able to explain that increase and that explanation has not been provided to HPHA. The new pricing was conducted based on 100% of the schematic design; however, HPHA hadn’t approved the 50% of the schematic design.

Redevelopment Officer Auger explained that Hunt Development presented a lot of information on parking and access. Redevelopment Officer Auger reported that the development is intended to be TOD-inspired, so HPHA is looking to reduce parking and traffic. Hunt stated that there was a requirement to reduce footprint, for parking to enter retail, but then moved the tower off the podium. In regards to wrapping the parking structure, HPHA recognizes the benefits (provides eyes on the street and provides
better experience for the residents); however, HPHA is unclear on the tradeoff cost for it. HPHA hasn’t been able to analyze the costs of the mechanical systems that are required for the wrap-around and there are other technologies available which don’t have to run 24-7. HPHA’s general concern is how the development will serve the 7,500-10,000 people that will be housed at MWH. HPHA wants to be sure that the design and development serves the residents that will live there.

Designee Iseri-Matsubara asked if the presentation on the design answered any questions.

Redevelopment Officer Auger stated that HPHA hasn’t seen some of the slides that were presented at the meeting and there hasn’t been any movement on the project since the original plan. Overall, the presentation didn’t assist in answering any existing concerns that HPHA has with the MWH redevelopment.

Chairperson Spindt asked who created the original design that was put forth in the EIS. He also asked in discussion of the EIS, if the original design was identified as the plan.

Mr. Colon stated that the original design was produced by the design firm, Torti Gallas. Mr. Lee referred the Board to page 3 of their handout.

Mr. Colon stated the original design was included in the EIS as a potential design, but Hunt Development believes that they are in full compliance with the EIS. He added that their NEPA expert, Ms. Kimi Yuen, is present at the meeting.

Chairperson Spindt stated that he wasn’t a member of the HPHA Board when the original design was created, but has heard from those who were present and involved in the process. He acknowledged that the proposed design is a continuing point of conflict.

Redevelopment Officer Auger clarified that he doesn’t make the final decision on the design and that staff presented the new design to the HPHA Board of Directors.

Director Bhanot further clarified that the HPHA Board made the decision to reject plan. The ultimate responsibility and obligation of the Board is that the development complies and conforms to the needs of the community. He acknowledged the significance of this critical investment, which is to address the needs of residents who need affordable housing to make ends meet and build a future for their families. Director Bhanot stated that all parties need to work collaboratively to move forward, while meeting all the legal and aspirational requirements. HPHA also needs to determine whether the project is at the point of no return and what is the “right” strategy to move forward.

(Director Katsuda left the meeting at approximately 12:50 p.m.)

Chairperson Spindt concurred with Director Bhanot. He requested information on the NEPA.
Ms. Kimi Yuen, PBR Hawaii, introduced herself and stated that she assisted in developing the EIS. She explained that the Conceptual Master Plan is theoretical and that it isn't meant to dictate exactly where every building is and is meant to be flexible for the designers. The parameters that were discussed in the EIS mention the 2,448 units as the maximum, and 80,000 square footage for commercial and a park. In terms of the massing and the locations of the buildings, the EIS indicated that the towers were to be setback from the public street and to wrap the block with the lower and mid-rise. Ms. Yuen stated that Hunt Development’s Phase 1 design complies with the EIS and shared how they believe the proposed design is consistent with the EIS.

Director Bhanot asked if HPHA’s understanding is any different.

Redevelopment Officer Auger reported that their understanding isn’t any different.

Director Bhanot understands there’s a pricing difference, but that can be negotiated and discussed. If the design is efficient and effective, there needs to be some understanding from HPHA and the Board of Directors in order to move forward.

Redevelopment Officer Auger stated that there is no dispute that the Master Plan reflected in the EIS is conceptual. The fundamental issue is that there was a conceptual plan that the community and stakeholders were involved with and then there was a design that derived from a preliminary 50% schematic design that was universally not well-received. In addition, there was a large increase in budget that HPHA was given no justification for.

Chairperson Spindt stated he was not here for the previous review of the design, but it seems that there is a large disconnect on what was proposed and what HPHA was expecting. He feels that before pricing is addressed, there needs to be an agreement on a design. Without a design, pricing is irrelevant.

Director Bhanot recommended to get feedback from the community that are impacted. The developer should ask whether the proposed design meets their aspirational needs. The main focus is on their future needs. It’s about the families and the future of Hawaii. This conflict is affecting lives and so all parties need to think differently.

Chairperson Spindt commented on opportunity cost and by not building these units, we’re not serving our constituency.

Director Bhanot added the importance of overcoming the perceived barriers and the disconnect to move forward.

Mr. Goshi stated that Hunt Development tried different ideas, such as variations of the tower placement, and appreciates Director Bhanot’s comments.

Director Shim thanked Director Bhanot for speaking on behalf of the Board and expressing the Board’s concerns. He mentioned reading articles about the management of Hunt Development projects around the country and shared a concern
where issues have arisen in the military housing. Director Shim indicated that these are all concerns that are factored into consideration of how the HPHA moves forward.

Mr. Colon expressed his enthusiasm and commitment to move forward with the MWH redevelopment and is willing to get together with HPHA as often as needed to move through the design process. On the issues with the military housing, Mr. Colon stated that the issue is with their partners and not with Hunt Development.

Chairperson Spindt asked for information on the status of the NEPA. He acknowledged that the SHPD agreement was approved last month and asked for the timeline of getting the MOA accepted.

Redevelopment Officer Auger reported that the MOA is currently with the Department of Attorney General. It has been revised to respond to SHPD’s questions regarding the need for the Governor to sign the document. The MOA has also been revised to state that the agreement is between the State of Hawaii and the other parties, instead of the Governor of Hawaii. Redevelopment Officer Auger anticipated completion of the MOA by early next week, which will then be distributed for signature. He added that Hunt Development has been provided access to the HEROS (HUD’s Environmental Review Online System), an electronic portal for developing, documenting and managing environmental reviews. Once all information is updated and inputted into the system by Hunt Development, the document will be printed and be delivered to the Governor.

Mr. Lee stated that the documentation was completed months ago. HPHA required Hunt to register for the HUD portal and complete that process months ago.

Executive Assistant Arashiro asked for clarification that the information was uploaded to the online portal.

Ms. Yuen confirmed the information has been uploaded and stated it is waiting for the executed MOA.

Director Bhanot asked whether the cost estimate was based on the proposed design that was presented at the meeting.

Mr. Colon confirmed that costs were based on the design presented.

Director De Mello stated, in line with the cost, looking at the handouts, the site work is excluded. He asked if that is the most expensive part of the development.

Chairperson Spindt stated that the site work usually isn’t and that usually the vertical construction is the most expensive part of a project.

Director De Mello added that being a tenant himself, he understands the importance of housing and the residents want to feel proud of where they live. Director De Mello stated that he agreed to the redevelopment because he felt that there was a significance of moving residents away from the usual stigma and being able to live like others in a dignified environment.
Chairperson Spindt stated in agreement with Director Bhanot that there has been a lost in focus on the constituents. He thanked Director De Mello for sharing and for representing the residents.

Director Bhanot commented in response to an earlier statement by Hunt Development that “it’s just a color”. He stated that the color, shape, layout, etc. of the development matters to people. In the scope of a larger EIS or construction, it is a small thing. When considering human relationships and human aspirations, it is not “just a color” if it’s doable. These are human beings and the developer should not lose focus of that.

Director Shim and Chairperson Spindt thanked all of the presenters and their team for their attendance and updates.

**Executive Director’s Report:**

Executive Assistant Arashiro reported that KMH’s compliance audit has begun. Initial reports indicate that several offices have completed their reviews. Section 8 had no findings. Executive Assistant Arashiro acknowledged and commended Section 8 Subsidy Program Branch Chief Katie Pierce for her hard work and her efforts in overseeing all of the Section 8 tenant files.

Chairperson Spindt applauded HPHA on the accomplishment.

Executive Assistant Arashiro added that the Auditors will start to audit the financial statements soon, then return to complete the program compliance audit.

Designee Iseri-Matsubara referred to the CIP appropriation spreadsheet and asked if out of the $303 million, if HPHA spent 70% of the funds.

Executive Assistant Arashiro confirmed that HPHA has encumbered 70% of the $303 million.

Designee Iseri-Matsubara also asked if there is a report on the outstanding units in the process of renovations.

Executive Assistant Arashiro referred to Page 119 of the Board packet, under Construction Management. There is a summary of the projects that are under construction.

Designee Iseri-Matsubara asked for clarification if 162 units are currently under construction, in regards to major renovations.

Executive Assistant Arashiro reported that the 162 units that are currently under construction are vacant units.
Designee Iseri-Matsubara commented that the Governor promoted a remarkable turnover rate by the Multi-Skilled Worker team and asked if the 162 units mentioned were a part of this work.

Executive Assistant Arashiro stated that the 162 units under modernization are managed by the Construction Management Branch. The work performed by the Multi-Skilled team is not listed separately in the report. The work of the maintenance staff can be provided if the Board wishes, but the information that is reported in regards to the work of that the Multi-Skilled workers, as well as all of the maintenance staff at each property, can be located on Page 117 of the Board packet, under Total Move Ins listed under Property Management, which is 44 units.

(Director Shim left the meeting at approximately 1:16 p.m.)

(Director De Mello left the room from approximately 1:16 p.m. and returned at approximately 1:18 p.m.)

Designee Iseri-Matsubara referred to Page 97 of the Board packet, under Grant Income of $2.7 million higher than budget. With regard to the explanation that the “State general fund allotted for the month was (approximately $900,000) less than the amount expended”, Designee Iseri-Matsubara asked what programs or groups suffered.

Executive Assistant Arashiro reported that no programs or groups suffered, but that the variance was a result of the timing of the release of the allotment.

Director Bhanot moved,

The Board go into executive session to: 1) discuss pursuant to Hawaii Revised Statutes (HRS) 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 related to the presentation presented by Hunt Development on the redevelopment of Mayor Wright Homes, and 2) approve the Executive Meeting Minutes for July 18, 2019.

The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 1:19 p.m.

The Board reconvened at approximately 2:04 p.m.

Approval of Minutes:

Director De Mello moved,

To Approve the Executive Session Meeting Minutes of July 18, 2019
The minutes were unanimously approved as presented.

Designee Iseri-Matsubara moved,

To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at 2:05 p.m.

MINUTES CERTIFICATION:

Minutes Prepared by:

_____________________________________________ _________________________  
Jennifer K. Menor Date  
Secretary to the Board

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on September 19, 2019 [ ] As Presented [ ] As Amended

_____________________________________________ _________________________  
Pono Shim Date  
Board Secretary
FOR INFORMATION

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

Attachment: HHFDC Housing Finance Tools
Background/Purposes
LIHTC = indirect federal subsidy used to finance low-income housing
- Congress created as incentive for private developers and investors to provide more affordable rental housing.
- Eligible taxpayers receive a subsidy by claiming a tax credit on their federal income tax returns.
- Dollar for dollar credit (not deduction) claimed pro-rata over 10 years
- Both newly constructed and renovated residential rental buildings

How does the LIHTC work?
Project Owner
- Proposes project to the state housing agency
- Applies for and is awarded an allocation of tax credits
- Completes the project
- Certifies development costs
- Rents project to low-income tenants

Equity capital for development costs
- LIHTC provides equity funding for the development cost of low-income housing
- By allowing an investor (i.e., partners of a partnership, or members of a manager-based LLC, that owns the project) to take a federal tax credit
- Project Owner raises equity capital by "syndicating" the credit to an investor (or group of investors)

Compliance Period
- Initial - 15 years after project placed in service
- Extended – additional 15 years
- Compliance monitoring – annual certifications
- Land Use Restrictive Agreement – Regulatory Agreement
- Tax recapture of all past and future LIHTC

If the project fails to comply with the requirements of Section 42, including the Set-Aside and Rent Restrictions any time during the initial 15-year Compliance Period

www.dbedt.hawaii.gov/hhfdc/
How much in LIHTC does Hawaii receive?

9% LIHTC (competitive/volume cap) are allocated to each state based on population.

For 2019, Hawaii received the following:

$3,915,228

$2.75 (LIHTC rate) per capita
4% LIHTC (non-competitive/non-volume cap) are allocated based on the use of private activity tax-exempt bonds. The State does have a bond cap of approximately $317 million.

Hawaii also has a State LIHTC which is 50% of the amount of Federal LIHTC received.

How are LIHTC awarded?
The LIHTC are awarded using what is known as the “Qualified Allocation Plan” or QAP.

The QAP is a point-based scoring system which takes into account mandated requirements of the IRS and priorities of the State. It also conveys to applicants other program requirements.

Developers apply for LIHTC through HHFDC's Consolidated Application. The Consolidated Application allows applicants to apply for various other financing programs with one application.
HHFDC has two Consolidated Application funding rounds per year.

- Round 1 (typically in the 1st quarter of the calendar year) offers 9% LIHTC along with other financing programs.
- Round 2 (typically in the 3rd quarter of the calendar year) offers other financing programs.
- In 2016, 4% LIHTC became available year round.

Applications are reviewed and scored by HHFDC’s Finance and Development staff utilizing the QAP.

Recommendations for awarding LIHTC and other financing resources are presented to the HHFDC Board for approval.
The Following are Sample Permanent Financing Structures for 9% and 4% LIHTC Projects.

9% LIHTC Project
- 20% conventional loan (FHB or BOH)
- 20% - 25% equity gap (government programs)
- 55% - 60% LIHTC equity

4% LIHTC Project
- 20% - 25% HMIF Bond
- 35% - 40% equity gap (government programs)
- 40% LIHTC equity
**Income/Rent Restrictions**

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**Halekauwila Place**

204 units located across the Civic Center Station in Kakaako.

**Funding Source**

- LIHTC Equity: $6,292,788
- HMMF Bond: $40,000,000
- Permanent: $23,365,595
- HCDA Fund: $17,000,000
- Deferred Costs: $7,855,857
- Total: $71,785,565

**Project Cost**

- Per Unit: $251,898
- Per Square Foot: $680.27
Hale Mohalu II: 332 units located near the Pearl City Station.

Ko`oloa`ula: 308 units located near the East Kapolei Station.

CRAIG K. HIRAI
Executive Director
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
Phone: (808) 587-0641
Fax: (808) 587-0600
Email: craig.k.hirai@hawaii.gov

www.dbedt.hawaii.gov/hhfdc/
FOR ACTION

MOTION: 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

I. FACTS

A. In November 1948, 13.44 acres of land situated at Kalaepohaku and Kapalama, Honolulu, Oahu, TMK No. (1) 1-6-009-003, was set aside pursuant to Executive Order (EO) No. 1274 for Lanakila Emergency Homes, currently known as Puahala Homes, to be under the control and management of the Hawaii Housing Authority, the predecessor entity of the Hawaii Public Housing Authority (HPHA).

B. In June 1968, 0.871 acres of the above-stated land was withdrawn and set aside to the Department of Accounting and General Services for Senior Opportunity Center purposes. The withdrawal and set aside are documented by EO No. 2385 and EO No. 2386. This portion of land is now identified as TMK No. (1) 1-6-009-007.

C. Following the withdrawal and set side of lands, approximately 12.48 acres of land remained under the control and management of HPHA under EO No. 1274. This land is now identified as TMK No. (1) 1-6-009-003 and consists of HPHA administrative offices, parking lots, and Puahala Homes (the “Property”).

D. Pursuant to section 171-11, Hawaii Revised Statutes (HRS), the Governor may set aside public lands to a State agency for public use or purpose, with the prior approval of the Board of Land and Natural Resources (BLNR), and may also withdraw lands from public use. Public lands set aside by the Governor of the Territory of Hawaii are also subject to the provisions of section 171-11, HRS. The Governor's power to withdraw lands is subject to legislative disapproval by two-thirds vote of either the Senate or the House of Representatives or by the majority vote of both, in the session next following the date of the withdrawal.
E. Pursuant to section 171-95(a)(1), HRS, notwithstanding any limitations to the contrary, the BLNR may, without public auction, sell public lands at such price and on such other terms and conditions as the BLNR may deem proper to governmental agencies authorized to hold lands in fee simple.

F. Pursuant to section 356D-4(a), HRS, the HPHA is authorized to lease, hold, acquire, and operate any real property in support of its purposes, powers and programs.

G. On October 18, 2018, the HPHA Board approved an amended motion to: 1) Request the BLNR Approve and Recommend to the Governor Issuance of Executive Order Canceling Executive Order No. 1274 That Set Aside Land for Lanakila Emergency Homes; and 2) Request the BLNR Authorize the Transfer of Land situated at Kalaepohaku and Kapalama, Honolulu, Oahu, Tax Map Key No. (1) 1-6-009-003, Subject to a Reverter Clause Agreed to by the BLNR and the HPHA’s Executive Director, to the HPHA Under Section 171-95(a)(1), HRS, Subject to an Executive Order Cancelling Executive Order No. 1274 That is Not Disapproved of by the Legislature; and 3) Authorize the HPHA Executive Director to Take Any and All Action Related to These Requests.

H. On November 9, 2018, the BLNR voted unanimously to transfer the deed to the HPHA and approved the request, subject to the inclusion of a reverter clause in the deed. The reverter clause would ensure that the land would be returned to DLNR if it was not used for the purposes agreed to with the BLNR.

I. On November 30, 2018, the Governor of the State of Hawaii issued EO No. 4570. This new EO cancelled the remaining portion of EO No. 1274, i.e., the land on which Puahala Homes and the HPHA administrative officers are currently located. See Attachment A.

J. By the end of the 2019 legislative session, the proposed transfer of land was not disapproved by the Legislature. Since then, the HPHA has been working directly with DLNR to complete the deed transfer.

II. DISCUSSION

A. The attached Quitclaim Deed has been reviewed and approved as to form by the DLNR’s deputy attorney general and HPHA’s deputy attorney general. After the HPHA Board approves the Quitclaim Deed, the DLNR will insert the date the Governor signed EO No. 4570 (that cancelled EO No. 1274) as the effective date of the deed. DLNR will then record the Quitclaim Deed with the State of Hawaii Bureau of Conveyances.
B. Once the transfer of the deed is completed, the HPHA can proceed with its plans to redevelop its administrative offices and parking lots under a Master Development Agreement with Retirement Housing Foundation. The proposed redevelopment includes plans for new affordable rental housing, office spaces, and possible commercial spaces.

III. RECOMMENDATION

That the HPHA's Board of Directors: (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.

Attachment A: Executive Order No. 4570
Attachment B: Draft Quitclaim Deed for TMK No. (1) 1-6-009-003

Prepared by: Kevin Auger, Redevelopment Officer

Approved by the Board of Directors on the date set forth above
[✓] As Presented [ ] As Amended

[Signature]
Milo Spindt
Chairperson
FROM: HAWAII PUBLIC HOUSING AUTHORITY, a public body and a body corporate and politic
1022 North School Street
Honolulu, Hawaii 96817

TO: STATE OF HAWAII
BOARD OF LAND AND NATURAL RESOURCES
1151 Punchbowl Street
Honolulu, Hawaii 96813

EXECUTIVE ORDER NO. 4570

CANCELLATION OF THE REMAINING PORTION OF GOVERNOR'S EXECUTIVE ORDER NO. 1274 DATED NOVEMBER 15, 1948

WHEREAS, by Governor's Executive Order No. 1274 dated November 15, 1948, certain land containing an area of 13.44 acres, was set aside for Lanakila Emergency Homes, to be under the control and management of the Hawaii Housing Authority, now known as the Hawaii Public Housing Authority, a public body and a body corporate and politic; and

WHEREAS, Executive Order No. 1704 dated November 2, 1955, withdrew land from the operation of Governor's Executive
Order No. 1274 dated November 15, 1948; and

WHEREAS, Executive Order No. 2385 dated June 4, 1968, withdrew land from the operation of Governor's Executive Order No. 1274 dated November 15, 1948; and

WHEREAS, the remaining portion of Governor's Executive Order No. 1274 dated November 15, 1948, contains an area of 12.481 acres, more particularly delineated on the map marked Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, the Board of Land and Natural Resources at its meeting held on November 9, 2018, approved the cancellation of the remaining portion of Governor's Executive Order 1274 dated November 15, 1948.

NOW, THEREFORE, I, DAVID Y. IGE, Governor of the State of Hawaii, by virtue of the authority vested in me under Section 171-11, Hawaii Revised Statutes, as amended, do hereby order that the remaining portion of Governor's Executive Order No. 1274 dated November 15, 1948, be and the same is hereby cancelled and declared of no force and effect.

SUBJECT to disapproval by the Legislature by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both, in any regular or special session next following the date of this Executive Order.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Hawaii to be affixed. Done at the Capitol at Honolulu this 9th day of November, 2018.

DAVID Y. IGE
Governor of the State of Hawaii

APPROVED AS TO FORM:

JULIE H. CHINA
Deputy Attorney General

Dated: November 14, 2018

748901_1.DOC
STATE OF HAWAII
Office of the Lieutenant Governor

THIS IS TO CERTIFY that the within is a true copy of Executive Order No. 4570 cancelling land from the remaining portion of operation of Executive Order No. 1274, the original of which is on file in this office.

IN TESTIMONY WHEREOF, the Lieutenant Governor of the State of Hawaii, has hereunto subscribed his name and caused the Great Seal of the State to be affixed.

DOUGLAS S. CHIN
Lieutenant Governor of the State of Hawaii

DONE in Honolulu, this 30th day of November, A.D. 2018
QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS:

THAT, effective as of the _____ day of _____________, 20____, the STATE OF HAWAII, hereinafter referred to as the "Grantor," by its Board of Land and Natural Resources, acting pursuant to Section 171-95, Hawaii Revised Statutes, for good and valuable consideration, paid to and at the Department of Land and Natural Resources by HAWAII PUBLIC HOUSING AUTHORITY, a public body and a body corporate and politic, whose address is 1002 N. School Street, Honolulu, Hawaii 96817, hereinafter referred to as the "Grantee," the receipt whereof is hereby acknowledged, does hereby remise, release and forever quitclaim unto the Grantee, the Grantee's successors and assigns, all of its right, title, interest, claim and demand in and to that certain parcel of land together with improvements, situate at Kapalama, Honolulu, Oahu, Hawaii, described as "Former Lanakila Emergency Homes," containing an area of 12.481 acres, SUBJECT, HOWEVER, to Sewer Easement (5 Feet Wide), containing an area of 1657 square feet; SUBJECT, ALSO, to Perpetual Non-Exclusive Easement for Electric Transmission Lines and Poles covered by Grant of Easement: State...
of Hawaii to Hawaiian Electric Company, Inc. dated December 26, 1972, recorded in the State of Hawaii, Bureau of Conveyances in Liber 8840, Page 125 (Land Office Deed S-25767), containing an area of 20,455 square feet; and SUBJECT, ALSO, to an easement for the free flowage of water over and through the Kapalama Drainage Ditch Unit 2, all more particularly described in Exhibit "A" and delineated on Exhibit "B," both of which are attached hereto and made parts hereof, said exhibits being respectively, a survey description and survey map designated C.S.F. No. 25,734 and dated August 9, 2019, prepared by the Survey Division, Department of Accounting and General Services, State of Hawaii.

RESERVING TO THE STATE OF HAWAII, ITS SUCCESSORS AND ASSIGNS, THE FOLLOWING:

1. All minerals as hereinafter defined, in, on or under the land and the right, on its own behalf or through persons authorized by it, to prospect for, mine, and remove these minerals and to occupy and use so much of the surface of the ground as may be required for all purposes reasonably extending to the mining and removal of these minerals by any means whatsoever, including strip mining. "Minerals", as used herein, shall mean any or all oil, gas, coal, phosphate, sodium, sulphur, iron, titanium, gold, silver, bauxite, bauxitic clay, diaspore, boehmite, laterite, gibbsite, alumina, all ores of aluminum and, without limitation thereon, all other mineral substances and ore deposits, whether solid, gaseous, or liquid, including all geothermal resources, in, on, or under the land, fast or submerged; provided, that "minerals" shall not include sand, gravel, rock, or other material suitable for use and used in general construction in furtherance of the Grantee's permitted activities on the land and not for sale to others.

2. All surface and ground waters appurtenant to the land and the right on its own behalf or through persons authorized by it, to capture, divert, or impound the same and to occupy and use so much of the land as may be required in the exercise of this right reserved.

Provided, however, that as a condition precedent to the exercise of the rights reserved in Paragraphs 1 and 2, just compensation shall be paid to the Grantee for any of Grantee's improvements taken.

AND the Grantee, for the Grantee's successors and assigns, covenants with the Grantor and its successors as follows:
1. The use and enjoyment of the land conveyed shall not be in support of any policy which discriminates against anyone based upon race, creed, sex, color, national origin, religion, marital status, familial status, ancestry, physical handicap, disability, age or HIV (human immunodeficiency virus) infection.

2. The use of the land shall be in combination, consolidation, or otherwise with other abutting lands owned by the Grantee and shall be used in accordance with the appropriate zoning and subdivision ordinances of the City and County of Honolulu.

3. The Grantee, the Grantee’s successors and assigns, shall waive, forever, any and all claims or causes of action it may have now or in the future against the United States, the State of Hawaii, or an agency or political subdivision of either of them, with regard to issuance of this quitclaim deed to Grantee.

4. In the event the Grantee uses the land: (1) for purposes that are inconsistent with public housing, affordable senior rental housing units and complementary neighborhood commercial-type and/or community uses, parking, and administrative offices; or (2) for commercial purposes only, and such purposes are not in direct implementation of its mission, then the title to the land shall revert to the State of Hawaii, Board of Land and Natural Resources and the Grantee shall execute a quitclaim deed returning the land and improvements to the Grantor.

SUBJECT TO rights of native tenants and regulatory rights and ownership rights (if any) of the State of Hawaii established pursuant to state law including Chapter 6E, Hawaii Revised Statutes, over prehistoric or historic remains found in, on, or under the land.

TO HAVE AND TO HOLD the same together with all of the rights, easements, privileges and appurtenances thereunto belonging or in anywise appertaining or held and enjoyed therewith unto said Grantee, the Grantee’s successors and assigns, forever, except as noted herein.
IN WITNESS WHEREOF, the STATE OF HAWAII, the Grantor herein, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and these presents to be duly executed this ____ day of __________, 20__, and HAWAII PUBLIC HOUSING AUTHORITY, a public body and a body corporate and politic, the Grantee herein, has caused these presents to be executed this ____ day of __________, 20__, both effective as of the day, month, and year first above written.

Approved by the Board of Land and Natural Resources at its meeting held on November 9, 2018.

APPROVED AS TO FORM:

________________________
JULIA H. CHIN
Deputy Attorney General
Dated: aug. 23, 2019

APPROVED AS TO LEGALITY, FORM, EXCEPTIONS, AND RESERVATIONS:

________________________
Deputy Attorney General
Dated: ____________________

STATE OF HAWAII

By

SUZANNE D. CASE
Chairperson
Board of Land and Natural Resources

GRANTOR

HAWAII PUBLIC HOUSING AUTHORITY, a public body and a body corporate and politic

By

________________________
Its

GRANTEE

PRELIM. APPR'D
Department of the Attorney General
STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

On this _____ day of ____________________, 20____, before me appeared ____________________, to me personally
known, who, being by me duly sworn, did say that he is the
EXECUTIVE DIRECTOR of HAWAII PUBLIC HOUSING AUTHORITY, a public
body and a body corporate and politic, and that the seal affixed
to the foregoing instrument is the corporate seal of said
corporation and that said instrument was signed and sealed on
behalf of said corporation by authority of its Board of
Directors, and the said ________________, EXECUTIVE
DIRECTOR, acknowledged that he executed said instrument to be the
free act and deed of said corporation.

Notary Public, State of Hawaii

My commission expires: __________
FORMER LANAKILA EMERGENCY HOMES

Kapalama, Honolulu, Oahu

Comprised of the following:

A. Portions of Deed: H.A. Widemann to Minister of Interior dated June 23, 1865 and recorded in Liber 19, Page 441, being a portion of Land Commission Award 10806 to Kamehameha III (Land Office Deed 33).

B. Deed: Charles C. Harris, Trustee for Victoria Kamamalu Kaahumanu to Minister of Interior dated March 14, 1866 and recorded in Liber 22, Page 155, being a portion of Land Commission Award 7713, Apana 38 to V. Kamamalu (Land Office Deed 33-A).

C. Portion of Deed: Trustees Under the Will and of the Estate of Bernice Pauahi Bishop, Deceased to the Superintendent of Public Works dated October 22, 1901 and recorded in Liber 229, Page 120, being a portion of Land Commission Award 7713, Apana 38 to V. Kamamalu (Land Office Deed 832).

D. Portions of Deed: Trustees Under the Will and of the Estate of Bernice Pauahi Bishop, Deceased to Territory of Hawaii dated February 28, 1905 and recorded in Liber 269, Page 125, being portions of Land Commission Award 7713, Apana 38 to V. Kamamalu, Land Commission Award 1369, Apana 1 to Kaukini and Land Commission Award 2266, Apana 2 to Kuhiana (Land Office Deed 1066).
E. Portion of Deed: John R. Galt to Territory of Hawaii dated October 10, 1913 and recorded in Liber 380, Page 361, being a portion of Land Commission Award 6732 to Nuuanu (Land Office Deed 1726).

F. Deed: Trustees Under the Will and of the Estate of Bernice Pauahi Bishop, Deceased to Territory of Hawaii dated February 19, 1914 and recorded in Liber 410, Page 41, being a portion of Land Commission Award 7713, Apana 38 to V. Kamamalu and Land Commission Award 7714-B, Apana 7 to M. Kekuaiwa (Land Office Deed 1735).

Beginning at the southwest corner of this parcel of land and on the northeast side of School Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KALAEOHAKU" being 1084.13 feet South and 359.76 feet West, thence running by azimuths measured clockwise from True South:

1. 151° 52' 40" 532.23 feet along the northeast side of School Street;
2. 151° 57' 40" 381.81 feet along the northeast side of School Street;
4. 262° 19' 144.52 feet along Deed: Territory of Hawaii to Samuel E. Chu dated March 10, 1953 and recorded in Liber 2672, Pages 467-469;
5. 307° 40' 143.62 feet along the southwest side of Hala Drive;
6. Thence along the west corner of the intersection of Hala Drive and Kuakini Street Extension on a curve to the right with a radius of 20.00 feet, the chord azimuth and distance being: 336° 40' 54" 19.40 feet;
7. Thence along the southwest side of Kuakini Street Extension on a curve to the left with a radius of 235.00 feet, the chord azimuth and distance being:
   \[ 313^\circ 10' \quad 54'' \quad 372.95 \quad \text{feet} \]

8. Thence along southwest side of Kuakini Street Extension on a curve to the right with a radius of 325.00 feet, the chord azimuth and distance being:
   \[ 294^\circ 10' \quad 358.76 \quad \text{feet} \]

9. \[ 327^\circ 40' \quad 28.51 \quad \text{feet along the southwest side of Kuakini Street Extension} \]

10. \[ 69^\circ 27' \quad 425.71 \quad \text{feet along Lanakila Health Center, Governor's Executive Orders 1296 and 2437} \]

11. \[ 80^\circ 00' \quad 31.50 \quad \text{feet along Senior Opportunity Center, Governor's Executive Order 2386} \]

12. \[ 24^\circ 00' \quad 43.53 \quad \text{feet along Senior Opportunity Center, Governor's Executive Order 2386} \]

13. Thence along Senior Opportunity Center, Governor’s Executive Order 2386 on a curve to the right with a radius of 60.00 feet, the chord azimuth and distance being:
   \[ 42^\circ 45' \quad 38.57 \quad \text{feet} \]

14. \[ 61^\circ 30' \quad 132.16 \quad \text{feet along Senior Opportunity Center, Governor’s Executive Order 2386} \]

15. \[ 331^\circ 30' \quad 147.48 \quad \text{feet along Senior Opportunity Center, Governor’s Executive Order 2386} \]

16. \[ 64^\circ 35' \quad 205.16 \quad \text{feet along the northwest side of Lanakila Avenue} \]

17. Thence along the north corner of the intersection of Lanakila Avenue and School Street on a curve to the right with a radius of 25.00 feet, the chord azimuth and distance being:
   \[ 108^\circ 13' \quad 50'' \quad 34.51 \quad \text{feet} \]
   to the point of beginning and containing an AREA OF 12.481 ACRES.
The above-described Former Lanakila Emergency Homes is SUBJECT, HOWEVER, to Sewer Easement (5 Feet Wide) as shown on plan attached hereto and made a part hereof and more particularly described as follows:

**Sewer Easement (5 Feet Wide)**

Being a strip of land five (5.00) feet wide and extending two and a half (2.50) feet on each side of the following described centerline:

Beginning at the west end of this centerline and on the east side of School Street, the true azimuth and distance from the end of Course 2 of the above-described Former Lanakila Emergency Homes being: 331° 57’ 40” 5.00 feet, thence running by azimuths measured clockwise from True South:

1. 239° 23’ 30” 101.46 feet;
2. 235° 25’ 57.30 feet;
3. 237° 14’ 63.09 feet;
4. 229° 09’ 73.24 feet;
5. 235° 25’ 30.00 feet;
6. 145° 25’ 6.00 feet to the north boundary of above-described Former Lanakila Emergency Homes and containing an AREA OF 1657 SQUARE FEET.

SUBJECT, ALSO, to Perpetual Non-Exclusive Easement for Electric Transmission Lines and Poles covered by Grant of Easement: State of Hawaii to Hawaiian Electric Company, Inc. dated December 26, 1972 and recorded in Liber 8840, Page 125 (Land Office Deed S-25767) as shown on plan attached hereto and made a part hereof and more particularly described as follows:
Perpetual Non-Exclusive Easement for Electric Transmission Lines and Poles

Beginning at the northwest corner of this easement and on the east side of School Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station “KALAEPOHAKU” being 304.51 feet South and 775.84 feet West, thence running by azimuths measured clockwise from True South:-

1. 241° 57’ 40” 16.36 feet along the remainders of L.C.Aw. 1369, Ap. 1 to Kaukini and L.C.Aw. 7713, Ap. 38 to V. Kamamalu;

2. 329° 33’ 483.20 feet along the remainder of L.C.Aw. 7713, Ap. 38 to V. Kamamalu;

3. 334° 46’ 30” 401.37 feet along the remainder of L.C.Aw. 7713, Ap. 38 to V. Kamamalu, L.C.Aw. 2266, Ap. 2 to Kuhiana and L.C.Aw. 10806 to Kamehameha III;

4. 61° 52’ 40” 16.21 feet along the remainder of L.C.Aw. 10806 to Kamehameha III;

5. 151° 52’ 40” 174.32 feet along the east side of School Street;

6. 154° 46’ 30” 226.96 feet along the remainders of L.C.Aw. 2266, Ap. 2 to Kuhiana and L.C.Aw. 7713, Ap. 38 to V. Kamamalu;

7. 149° 33’ 277.22 feet along the remainder of L.C.Aw. 7713, Ap. 38 to V. Kamamalu;

8. 151° 57’ 40” 205.72 feet along the east side of School Street to the point of beginning and containing an AREA OF 20.455 SQUARE FEET.
C.S.F. No. 25,734

SUBJECT, ALSO, to an easement for the free flowage of water over and through the Kapalama Drainage Ditch Unit 2 as shown on plan attached hereto and made a part hereof.

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

By: Gerald Z. Yonashiro
Land Surveyor

Compiled from CSF 10597
and other Govt. Survey Records.
FOR ACTION

MOTION: 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.)

I. FACTS


B. The RFQ selection committee selected RHF and by action of the HPHA’s Board on June 18, 2015, the HPHA elected to commence preliminary negotiations with the RHF regarding the terms and conditions for developing the Property.

C. RHF is a 501(c)(3) Corporation (tax ID# 95-2249495).

D. RHF is a mission driven, affordable housing developer and property management organization, based in Long Beach, California and one of the largest organizations in the United States devoted to building and preserving affordable housing for the most vulnerable members of society. Founded in 1961, RHF has developed and now manages 197 communities with a work force of nearly 2,900 employees located in 29 states, Washington, D.C.,
Puerto Rico, and the U.S. Virgin Islands. RHF facilities include affordable apartment communities for seniors, families and persons with special needs, as well as assisted living and skilled nursing complexes and are home to more than 22,500 older adults, low-income families, and persons with disabilities.

E. RHF is licensed to do business in Hawaii and currently owns and operates two affordable housing projects in Honolulu - Pauahi Kapuna Hale (48 units) and Philip Street Elderly Housing (34 units) - a Harry & Jeanette Weinberg sponsored building under its management affiliate, Foundation Property Management, Inc.

F. During its 58-year history, RHF has worked closely with city governments and other public agencies in public/private partnerships and with numerous financial institutions and investment partners. A recent example is RHF’s re-syndication and rehabilitation of Angelus Plaza, a 1,093-unit senior affordable apartment community in downtown Los Angeles, which created the Angelus Trust Fund, a $52-million fund established in partnership with the Community Redevelopment Agency of Los Angeles for the sole purpose of expanding affordable housing opportunities.

G. RHF’s proposed team of consultants include the following:
   • Architecture – Design Partners, Inc.
   • Civil Engineering – Hida, Okamoto & Associates, Inc.
   • Landscape Architecture – PBR of Honolulu
   • Office Development – Avalon Development Corp.
   • Legal Counsel, John Pang – Case Lombardi
   • Community Outreach – Concordia

H. RHF and the Authority entered into a Predevelopment Agreement dated in May 2016, as amended by that certain First Amendment to Predevelopment Agreement dated as of December 27, 2018 (the “Predevelopment Agreement”) under which the Developer agreed to undertake and advance the cost and expense of certain master planning and environmental review activities.

I. RHF, in collaboration with the HPHA, has engaged and will continue to regularly engage in a master planning process with community stakeholders in order to develop a comprehensive revitalization strategy for the redevelopment of the Property involving: (i) public and private investment in and around the Property; (ii) a plan mixed-use development consistent with the Honolulu Downtown Transit Oriented Development (TOD) Plan; and (iii) a plan that is neighborhood-focused and includes residential and non-residential uses, including community space and incidental commercial uses.
J. The Agreement does not convey any right, title or possessory interest in the Property. The Developer will not have any right to, or obligations arising from, possession of any part of the Property, except under the Right of Entry provided for in Agreement, until a preconstruction license or ground lease has been provided in accordance with the Agreement.

K. The Agreement does not obligate either RHF or the HPHA to provide funding for the Project or any activities contemplated under this Agreement, including, but not limited to, predevelopment activities, unless and until all of the conditions to such funding have been met.

L. Under the Pre-development Agreement, RHF has completed, at its sole cost, the analyses, work product and proposed conclusions to support the environmental review of the Preliminary Master Development Plan, as required under HRS Chapter 343 for compliance with State Environmental Review requirements.

M. A Final Environmental Impact Statement (FEIS) reflecting a proposed master plan to provide 800 units of low-income senior residential housing, new administrative offices for HPHA and ancillary commercial space was completed in April 2018. Following the Board’s approval of the FEIS at its April 19, 2018 meeting, the HPHA submitted the FEIS to the OEQC and the Governor on April 26, 2018. The FEIS was published in the May 8, 2018 edition of the OEQC’s The Environmental Notice Per HAR 11-200-23 (c). The Governor accepted the FEIS on July 17, 2018.

N. Phase I of the Project does not anticipate using Federal Funding and is not considered an “undertaking” and, therefore, is not subject to a National Environmental Protection Act environmental review.

O. The term of the Predevelopment Agreement was to terminate on December 28, 2018 or until an earlier date if the parties executed a Master Development Agreement. The Predevelopment Agreement also allowed for an extension by written agreement of both RHF and HPHA.

P. The HPHA and RHF agreed that it was in their mutual best interest to amend the Predevelopment Agreement to extend its term for a period of approximately six (6) months to June 30, 2019, to allow additional time for RHF and the HPHA to finalize negotiations and complete the Agreement for the redevelopment of the Property. The proposed amendment did not affect any other terms of the Predevelopment Agreement.

Q. HPHA’s Board of Directors approved the proposed First Amendment to the Predevelopment Agreement with RHF at its February 21, 2019 Board Meeting.
II. DISCUSSION

A. HPHA’s primary objective of the proposed Project is to redevelop an underutilized state land asset to facilitate delivery of urgently needed new affordable rental units to address the existing affordable housing crises across the State of Hawai‘i.

B. HPHA’s administrative offices include thirteen separate low-rise buildings located across approximately six acres of the Property. Many of these buildings are over fifty years of age and all of the buildings are functionally obsolete. HPHA proposes consolidating its outdated and decentralized facilities into a to-be-built single, efficiently designed, 30,000 square foot office building, occupying a significantly smaller footprint on the Property, and utilizing the balance of the remaining Property its offices occupy to develop 800 new, affordable senior housing rental units in partnership with RHF.

C. No public housing is included in the proposed Project. All residential units within the proposed Project will be designed and built as affordable senior rental housing which, in the context of identifying the persons intended to be served by such housing, would primarily include senior households whose incomes are between 30% and 60% of the area median income (AMI). No families or school-aged children will be allowed to reside in the residential units, thereby reducing traffic impact and parking concerns.

D. The proposed Project will also be operated and managed by an RHF affiliate. As in most RHF managed communities, the proposed Project will include educational and recreational opportunities for seniors, including: computer classes, cultural classes, arts and crafts, dance classes, exercise classes, music classes, and health promotion.

E. The major beneficial impact of the proposed Project will be the delivery of 800 new, affordable senior rental housing units to help address the urgently needed and critical demand for affordable housing in the State of Hawai‘i and City of Honolulu, especially for Hawaii’s aging population.

F. The Property is an excellent candidate for redevelopment for the following reasons:

   i. The Property is located in the urban core of Honolulu, close to existing employment centers, infrastructure, and transportation networks, which is highly consistent of the City and County of Honolulu’s General Plan.

   ii. The overall intensification of land uses within the Kalihi-Kapālama-Iwilei corridor is a major goal of the City’s long-range vision for Oahu
and general development pattern goals which emphasize the need for the existing urban core around Honolulu to remain the primary urban center.

iii. The proposed Project will reduce the pressure to develop in more rural areas that may be more adversely impacted by a project of similar scale and which may not have sufficient infrastructure, utilities, or access to transportation networks.

iv. The Property is well serviced by Oahu’s existing bus transit system. It is also located less than a mile from both the Middle Street and Kapalama planned Transit Stations of the Honolulu Rail Transit Project (HART).

v. The Master Plan for the proposed Project will be designed in accordance with City and County of Honolulu Complete Streets Ordinance (Section 14-33, ROH).

vi. The proposed Project will incorporate well designed recreational spaces combined with green building and sustainability concepts that will contribute to improved individual health, well-being, quality of life and sense of connectedness for existing and future residents.

vii. The proposed Project represents the efficient use of public resources by leveraging both private and public funding to redevelop an existing, urbanized, but underutilized, State owned site.

G. Under the proposed Agreement, RHF will guide development of a housing, commercial and retail program based on the Preliminary Master Plan as described in the FEIS; prepare development and operating proformas; and identify funding commitments in support of implementing the plan.

H. Under the proposed Agreement, RHF shall have primary responsibility for obtaining binding commitments for all construction and permanent financing, including any public funding, needed for each development phase, for each phase-specific development plan, with assistance from the HPHA and shall prepare and negotiate appropriate documentation to obtain such funding. All financing placed on the Property shall be subject to the review and approval of the HPHA.

I. RHF will actively seek financing from a variety of available sources, including, but not limited to, private and conventional loans, Federal and State Low Income Housing Tax Credits, the Federal and State Rental Housing Trust Fund, the State Dwelling Unit Revolving Fund, TOD funds, Federal Home Loan Bank AHP funds, New Market Tax Credits, City and County of Honolulu funds, including Community Development Block Grant
funds, public and private grants and other housing, community and economic development funding sources, as available.

J. When implementation financing is secured, the RHF will be responsible for all financial closing, construction, lease-up and property management which will be set forth in Individual Disposition and Development Agreements (DDA) to be negotiated for each phase of the Project and, in collaboration with the HPHA, will actively engage community and neighborhood associations, City Council Members, legislators, Native Hawaiian Organizations and other interested parties during the master planning process and throughout the development of all of the individual development phases.

K. RHF shall facilitate any additional levels of environmental review including, but not limited to, 24 CFR 58, the National Environmental Protection Act and the National Historic Preservation Act, to the extent required by the use of federal funds for any development phase.

L. The HPHA, in its sole discretion, and subject to any applicable HUD approvals, may provide Replacement Housing Factor Funds, Capital Funds, Operating Reserves, Section 8 Project-Based Vouchers (PBV) to a development phase as permitted by HUD requirements, subject to availability and to all applicable HUD regulations and requirements. Any allocation of Project Based Vouchers shall require the Developer to be the successful offeror in response to a competitive request for proposals.

M. The HPHA, in its discretion, may provide unrestricted nonfederal funds for any development Phase, provided, the developer has represented to the HPHA that it is using best efforts to structure the financing for the Project without HPHA funding.

N. The HPHA shall use good faith efforts to assist in securing state funding necessary to fund development costs in accordance with the Master Development Budget and HPHA-approved budgets for each development Phase.

O. To the extent the HPHA provides gap financing for the Project, the HPHA and RHF shall negotiate and enter into loan documents to evidence such funds, including, but not limited to, prededvelopment loan and construction/permanent loan agreements, promissory notes, regulatory agreements, leasehold mortgages, security and financing agreements and related documents, which loans shall be paid out of cash flow from the Project in accordance with the Agreement.
P. The use of Authority funds shall be in compliance with the HUD Safe Harbor Guidelines (regardless of whether HUD restricted funds are used for the Development) and shall not pay developer overhead advances.

Q. Any and all obligations of the Authority under this Agreement are subject to legislative appropriation and the availability and allotment of State of Hawaii and/or Federal funds, to the extent of available funds and subject to applicable HUD or Federal, State and/or local requirements.

R. The Developer, an Affiliate or an Owner (or a Contractor) acceptable to lenders and investors, shall provide, with respect to each development phase, all guarantees required by such lenders or by investors, including completion lease-up, operating deficit, and tax credit compliance guarantees.

S. Under the proposed Agreement, HPHA shall agree to reimburse 50% of the $1.1 million in master planning/EIS costs that RHF has expended to date ($550,000 cost to HPHA).

T. In addition, RHF is in the process of soliciting proposals from various consultants for additional studies and analysis required to determine and prepare a preliminary baseline budget and schedule for the redevelopment of the Property, which will be incorporated into the final executed Agreement. In addition, these studies and analysis serve a dual purpose as much of this work will inform the application for zoning and entitlements under the 201H permit and application process for affordable housing projects. These studies include, but are not limited to the following work scope:

- A revised/updated ALTA/NSPS site survey;
- A revised, detailed site plan prepared by RHF’s lead architect based on the masterplan disclosed in the FEIS;
- Civil engineering to determine demolition, erosion control, mass grading, drainage, site and utility plans;
- Geotechnical survey to evaluate subsurface conditions for determining storm water runoff disposal systems in order to meet the new drainage requirements for Low Impact Development (LID), locating the presence of any potential underground streams traversing the School Street site and formulating geotechnical recommendations for the design of pad compaction, foundations, slabs-on-grade, retaining structures, site grading, and pavements for the proposed project;
- Archeological monitoring during any Geotechnical drilling activity;
- A Phase 1 Environmental Site Assessment Survey;
- Electrical Design for on-site/off-site electrical and telecom utility requirements; and
- Asbestos/lead based paint Study.
The total estimated cost for these studies is $1.1 million. Under the Agreement, the cost of the proposed studies would be shared on a 50:50 basis (i.e. $550,000 to be funded by the HPHA) and shall be treated as predevelopment shareholder loans to the project by both RHF and HPHA, respectively. The shareholder loans would be reimbursed at the financial closing for each Project phase.

U. Each phase of the development will be governed by a DDA which may also require additional predevelopment costs for architectural design development, preparation of Project construction drawings and specifications for permitting, and contractor bidding and further engineering studies necessary complete land use entitlements and approvals necessary to complete subdivision of the Property as needed for the Project. These costs shall be shared equally by RHF and the HPHA on a 50:50 basis. The funding invested by each party for these costs would be considered as a predevelopment advance to the Project to be refunded at the financial closing of each phase.

V. Under the agreement, RHF and HPHA covenants that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or of the Project, nor shall the Developer, the HPHA or any person claiming under or through the Developer or the HPHA establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee or vendees of the Property or of the Project.

W. Termination for Convenience: Until such time as RHF and the HPHA have agreed on a Final Master Development Plan in accordance with the Agreement, the HPHA and the developer each shall have the right to terminate the Agreement for convenience, provided, however, that the party exercising this right shall be responsible for all third-party costs actually incurred by the Developer in accordance with this Agreement and the Developer shall transfer and assign to the HPHA all work product for the Project. Subsequent to RHF and the HPHA reaching agreement on a Final Master Development Plan, the HPHA may terminate the Agreement for its convenience, however, the HPHA shall be liable to Developer for its reasonable costs resulting from such termination.
III. RECOMMENDATION

That the Board 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")

Attachments: Resolution No. 19-07 Authorizing the Executive Director to Enter Into a Master Development Agreement with RHF Foundation Inc.

Exhibit: Draft Master Development Agreement (Confidential – Not for public distribution)

Prepared by: Kevin Auger, Redevelopment Officer

Approved by the Board of Directors on the date set forth above
[ ] As Presented [ ] As Amended

Milo Spindt
Chairperson
RESOLUTION NO. 19-07
HAWAII PUBLIC HOUSING AUTHORITY

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MASTER DEVELOPMENT AGREEMENT WITH RHF FOUNDATION INC, A CALIFORNIA NON-PROFIT CORPORATION AUTHORIZED TO DUE BUSINESS IN THE STATE OF HAWAII, AND TO APPROVE PREDEVELOPMENT EXPENSES DESCRIBED UNDER THE MASTER DEVELOPMENT AGREEMENT ALL RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY’S ADMINISTRATIVE OFFICES REDEVELOPMENT; AND TO UNDERTAKE ALL ACTIONS NECESSARY TO IMPLEMENT THE MASTER DEVELOPMENT AGREEMENT

WHEREAS, Hawaii Public Housing Authority’s (“HPHA”) Administrative Offices are located on Land Situated at Kalaepohaku and Kapalama, at 1002 North School Street, Honolulu, Oahu, TMK No. (1) 1-6-009-003 (the “Property”); and

WHEREAS, HPHA’s administrative offices include thirteen separate low-rise buildings located across approximately six acres of the Property. Many of these buildings are over fifty years of age and the buildings are functionally obsolete.

WHEREAS, HPHA proposes consolidating its outdated and decentralized facilities into a to-be-built single, efficiently designed, 30,000 square foot office building, occupying a significantly smaller footprint on the Property, and utilizing the balance of the remaining Property its offices occupy to develop new, affordable senior housing rental units (the “Project”).

WHEREAS HPHA’s primary objective of the proposed Project is to redevelop an underutilized state land asset to facilitate delivery of urgently needed new affordable rental units to address the existing affordable housing crises across the State of Hawai‘i; and

WHEREAS, on January 13, 2015, HPHA issued a “Request for Qualifications (RFQ) for a Master Developer for the Redevelopment of the HPHA’s Administrative Offices and the Development of Low-Income Public Housing Units on the Island of Oahu (RFQ OED-2015-05)” and RHF Foundation, Inc. (“RHF”) submitted certain qualifications and proposals for the Project.

WHEREAS, RHF is a mission driven, affordable housing developer and property management organization, based in Long Beach, California and one of the largest organizations in the United States devoted to building and preserving affordable housing for the most vulnerable members of society. Founded in 1961, RHF has developed and now manages 197 communities with a work force of nearly 2,900 employees located in 29 states, Washington, D.C., Puerto Rico, and the U.S. Virgin Islands. RHF facilities include affordable apartment communities for seniors, families and persons with special needs, as well as assisted living and skilled nursing complexes and are home to more than 22,500 older adults, low-income families, and persons with disabilities.
WHEREAS, the RFQ selection committee selected RHF and by action of the HPHA’s Board on June 18, 2015, the HPHA elected to commence preliminary negotiations with the RHF regarding the terms and conditions for developing the Property.

WHEREAS, RHF and the HPHA entered into a Predevelopment Agreement dated in May 2016, as amended by that certain First Amendment to Predevelopment Agreement dated as of December 27, 2018 (the “Predevelopment Agreement”) under which the Developer agreed to undertake and advance the cost and expense of certain master planning and environmental review activities.

WHEREAS, a Final Environmental Impact Statement (FEIS) reflecting a proposed master plan to provide 800 units of low-income senior residential housing, new administrative offices for HPHA and ancillary commercial space was completed in April 2018. Following the Board’s approval of the FEIS at its April 19, 2018 meeting, the HPHA submitted the FEIS to the Office of Environmental Quality Control (OEQC) and the Governor on April 26, 2018. The FEIS was published in the May 8, 2018 edition of the OEQC’s The Environmental Notice Per HAR 11-200-23 (c). The Governor accepted the FEIS on July 17, 2018.

WHEREAS, under the proposed Agreement, RHF will guide development of a housing, commercial and retail program based on the Preliminary Master Plan as described in the FEIS; prepare development and operating proformas; and identify funding commitments in support of implementing the plan.

WHEREAS, under the proposed Agreement, RHF shall have primary responsibility for obtaining binding commitments for all construction and permanent financing, including any public funding, needed for each development phase, for each phase-specific development plan, with assistance from the HPHA and shall prepare and negotiate appropriate documentation to obtain such funding. All financing placed on the Property shall be subject to the review and approval of the HPHA.

WHEREAS, RHF will actively seek financing from a variety of available sources, including, but not limited to, private and conventional loans, Federal and State Low Income Housing Tax Credits, the Federal and State Rental Housing Trust Fund, the State Dwelling Unit Revolving Fund, TOD funds, Federal Home Loan Bank AHP funds, New Market Tax Credits, City and County of Honolulu funds, including Community Development Block Grant funds, public and private grants and other housing, community and economic development funding sources, as available.

WHEREAS, when implementation financing is secured, the RHF will be responsible for all financial closing, construction, lease-up and property management which will be set forth in Individual Disposition and Development Agreements (DDA) to be negotiated for each phase of the Project and, in collaboration with the HPHA, will actively engage community and neighborhood associations, City Council Members, legislators, Native Hawaiian Organizations
and other interested parties during the master planning process and throughout the development of all of the individual development phases.

WHEREAS, RHF shall facilitate any additional levels of environmental review including, but not limited to, 24 CFR 58, the National Environmental Protection Act and the National Historic Preservation Act, to the extent required by the use of federal funds for any development phase.

WHEREAS, the HPHA, in its sole discretion, and subject to any applicable HUD rules and approvals, may provide Replacement Housing Factor Funds, Capital Funds, Operating Reserves, Section 8 Project-Based Vouchers (PBV) to a development phase as permitted by HUD requirements, subject to availability and to all applicable HUD regulations and requirements.

WHEREAS, the HPHA, in its discretion, may provide unrestricted nonfederal funds for any development Phase, provided, the developer has represented to the HPHA that it is using best efforts to structure the financing for the Project without HPHA funding.

WHEREAS, the HPHA shall use good faith efforts to assist in securing state funding necessary to fund development costs in accordance with the Master Development Budget and HPHA-approved budgets for each development Phase.

WHEREAS, to the extent the HPHA provides gap financing for the Project, the HPHA and RHF shall negotiate and enter into loan documents to evidence such funds, including, but not limited to, predevelopment loan and construction/permanent loan agreements, promissory notes, regulatory agreements, leasehold mortgages, security and financing agreements and related documents, which loans shall be paid out of cash flow from the Project in accordance with the Agreement.

WHEREAS, any and all obligations of the Authority under this Agreement are subject to legislative appropriation and the availability and allotment of State of Hawaii and/or Federal funds, to the extent of available funds and subject to applicable HUD or Federal, State and/or local requirements.

WHEREAS, the Developer, an Affiliate or an Owner (or a Contractor) acceptable to lenders and investors, shall provide, with respect to each development phase, all guarantees required by such lenders or by investors, including completion lease-up, operating deficit, and tax credit compliance guarantees.

WHEREAS, under the proposed Agreement, HPHA shall agree to reimburse 50% of costs related to master planning/EIS that RHF has expended to date and for predevelopment for studies and analysis required to prepare preliminary baseline budgets and a schedule for the redevelopment of the Property.

WHEREAS, each phase of the development will be governed by a Disposition and Development Agreement which may also require additional predevelopment costs for architectural design development, preparation of Project construction drawings and specifications for permitting, and contractor bidding and further engineering studies necessary complete land use entitlements and approvals necessary to complete subdivision of the Property as needed for the Project.
costs shall be shared equally by RHF and the HPHA on a 50:50 basis. The funding invested by each party for these costs would be considered as a predevelopment loan to the Project to be refunded at the financial closing of each phase.

WHEREAS, under the agreement, RHF and HPHA covenants that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, sex, national origin, familial status, disability, marital status, sexual orientation, age, ancestry, gender identity or expression, or human immunodeficiency virus infection in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property or of the Project, nor shall the Developer, the HPHA or any person claiming under or through the Developer or the HPHA establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessee or vendees of the Property or of the Project.

WHEREAS, RHF, in collaboration with the HPHA, has engaged and will continue to regularly engage in a master planning process with community stakeholders in order to develop a comprehensive revitalization strategy for the Project.

WHEREAS, until such time as RHF and the HPHA have agreed on a Final Master Development Plan in accordance with the Agreement, the HPHA and the developer each shall have the right to terminate the Agreement for convenience, provided, however, that the party exercising this right shall be responsible for all third-party costs actually incurred by the Developer in accordance with this Agreement and the Developer shall transfer and assign to the HPHA all work product for the Project. Subsequent to RHF and the HPHA reaching agreement on a Final Master Development Plan, the HPHA may terminate the Agreement for its convenience, however, the HPHA shall be liable to Developer for its reasonable costs resulting from such termination.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority adopt 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 Approve Predevelopment Expenditures as Described Under the Agreement Relating to the Redevelopment of Hawaii Public Housing Authority’s Administrative Offices; and to undertake all actions necessary to implement the predevelopment agreement.

__________________________
Milo Spindt, Chairperson

__________________________
Date
Exhibit: Draft Master Development Agreement is forthcoming (Confidential – not for public distribution)
September 18, 2019

Mr. Hakim Ouansafi
Executive Director
Hawaii Public Housing Authority
1002 North School Street
Honolulu, Hawaii 96817

Re: Lack of Meaningful Consultation Regarding Hawaii Public Housing Authority (HPHA) Development Projects and Appropriation Requests

Dear Mr. Ouansafi:

It has come to my attention that the HPHA intends to finalize a development agreement with RHF Foundation, Inc. for the redevelopment of HPHA’s School Street property. I understand that the agreement commits HPHA to provide funds to assist the development, as well as to pay for other costs. These public funds, however, have not been appropriated — or even considered — by the Legislature. Nor have HPHA representatives consulted with the Chair and other members of the House Finance Committee regarding the potential impacts of the agreement on the State’s financial plan. HPHA has also entered into other similar agreements in the past without providing meaningful consultation to the Legislature beforehand. This lack of consultation is troubling for two reasons.

First, the Hawaii Constitution vests exclusive authority to appropriate funds in the Legislature. See Article VII, Section 5 (“No public money shall be expended except pursuant to appropriations made by law.”). HPHA thus cannot commit State funds that have not been appropriated by the Legislature.

Second, the Legislature must balance numerous, oftentimes competing, public interests when appropriating funds within the State budget. By not consulting with the Legislature before entering into these agreements, HPHA is creating new obligations that will not be factored into legislative funding priorities, and impact other important programs unnecessarily.
The agreements might contain language that makes payment conditioned on Legislative authorization. Nonetheless, lack of prior consultation by HPHA leads to needless surprise during legislative sessions when time and funding sources are in short supply. It is possible that the Legislature may not be able to identify available sources to fund the appropriation requests if HPHA has not provided consultation beforehand.

This letter is therefore notice that HPHA should not award contracts and negotiate terms that require legislative authorization and funding without notifying the Legislature in writing and obtaining legislative leadership approval to do so. Failure to comply with this request may result in legislative proposals that impact HPHA's current operations and funding in order to protect the State and Legislature's priorities.

Please contact my office should you have any questions.

Sincerely,

Scott K. Saiki
Speaker of the House
FOR ACTION - AMENDED

MOTION: 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 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 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.

I. FACTS

A. On September 7, 2017, the Hawaii Public Housing Authority's Board of Directors approved a motion To Terminate the Master Development Agreement Between the Michaels Development Company I, L.P., and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (RFP No. OED 2009-15) (Contract No. PMB 11-02) dated May 2011 ("MDA"), for Convenience for Phases 2 through 11, and to Authorize the Executive Director to Undertake All Actions Necessary to Effectuate the Termination of the MDA for Convenience for Phases 2 through 11.

B. Subsequent to that approval, the HPHA's Executive Director issued a notice to MDC of its intent to terminate the MDA for convenience.

C. On April 11, 2019, MDC submitted a request for the HPHA to withdraw the termination for convenience so that the HPHA and MDC can "work on terms mutually agreeable to both parties".

D. On April 18, 2019 HPHA's Board of Directors approved a motion to:
(1) Suspend the Termination of the Master Development Agreement Between the Michaels Development Company I, L.P. (MDC), and the Hawaii Public Housing Authority (HPHA) for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (RFP No. OED 2009-15) (Contract No. PMB 11-02) dated May 2011 (MDA), for Convenience for Phases 2 through 11, Previously Approved by the Board of Directors on September 7, 2017, for up to 120 days;

(2) Authorize the Executive Director to Rescind the Hawaii Public Housing Authority’s Termination Letter dated September 7, 2017; and

(3) Authorize the Executive Director to Re-enter into negotiations with Michaels Development Company to Revise and Amend or Enter into a New Master Development Agreement for the Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMKs 1-3-039-008-0000; 1-3-039-006-0000) for Future Phases

All in Response to the Request from the Michaels Development Company to Withdraw the Termination, dated April 11, 2019.

E. Prior to the end of the 120-day period, HPHA staff indicated it would proceed as follows:

1. Report to the Board its progress on negotiations; request approval to completely rescind the previous termination action taken by the Board on September 7, 2017; and authorize the Executive Director to continue negotiations;

2. Report to the Board its progress; request approval to completely rescind the previous termination action taken by the Board on September 7, 2017; and present a revised and amended or new master development agreement for the Board’s consideration; or

3. Report to the Board its lack of progress and request approval to reissue the termination for convenience notice to MDC.

F. On August 15, 2019, the Hawaii Public Housing Authority’s Board of Directors approved a motion That the Board of Directors Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMKs 1-3-039-008-0000; 1-3-039-006-0000) to September 20, 2019 and to Authorize the Executive Director to Continue to Negotiate a New Master Development Agreement for the Revitalization
II. DISCUSSION

A. The HPHA and MDC have successfully negotiated the major terms for a revised Master Development Agreement and are prepared to present the term sheet for the Board's consideration. The HPHA has worked closely with the Attorney General's office and its specialized legal counsel, Reno and Cavanaugh, during these negotiations.

B. If the term sheet is approved, staff is requesting additional time to complete the revised Master Development Agreement which would be based on the approved term sheet and presented to the HPHA's Board of Directors at next month's meeting.

C. It is recommended that the Board go into executive session 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 this motion.

(End of Section)
III. RECOMMENDATION

That the HPHA’s Board of Directors: (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 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.

Attachments: 1) Proposed Term Sheet (CONFIDENTIAL)
2) Comparison of Significant Terms of Existing Michael’s MDA from May 2011, to the Revised Terms under the Proposed Term Sheet (CONFIDENTIAL)

Prepared by: Kevin Auger, Redevelopment Officer

Approved by the Board of Directors on the date set forth above
[ ] As Presented [✓] As Amended

Milo Quindt
Chairperson
Pages 108-122 were removed because they contained confidential information.
FOR INFORMATION

SUBJECT: 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 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.)

A. HPHA's School Street Administrative Offices

An action item to transfer the deed for the School Street property to HPHA from the Division of Land and Natural Resources (DLNR) has been prepared for the Board's consideration.

An action item to enter into a Master Development Agreement has been prepared for the Board's consideration.

B. Mayor Wright Homes

A final execution copy of the Section 106 Memorandum of Agreement (MOA) has been distributed to all parties. The MOA has been executed by all counterparties and the HPHA will present the MOA to the Governor with a recommendation to execute the MOA.

C. Kuhio Park Terrace (KPT) Low Rise/Kuhio Homes

An action item authorizing the Executive Director to enter into a Term Sheet outlining revised terms and conditions to the existing Master Development
meeting with the HPHA to include both Maui’s Department of Housing and Human Concerns and the Planning Department to continue this discussion.

**Kauai County** – On August 8, 2019, Executive Director Ouansafi met with Representative Nakamura to discuss the possible development of a vacant parcel of land next to the HPHA’s Hale Ho’olulu property on the island of Kauai. Further discussion will be scheduled by Representative Nakamura to include Senate President Kouchi and the Kauai community.

Prepared by: Kevin Auger, Redevelopment Officer

[Signature]
FOR INFORMATION

SUBJECT: Presentation on Various Financing Options Available for the Redevelopment of Low-Income Public and Affordable Housing

Handout forthcoming
FOR ACTION

MOTION: 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.)

Approved by the Board of Directors on the date set forth above
[✓] As Presented [ ] As Amended

Milo Spinax
Chairperson
CONTRACT OF EMPLOYMENT BY AND BETWEEN
THE HAWAII PUBLIC HOUSING AUTHORITY AND
HAKIM OUANSAFI, EXECUTIVE DIRECTOR

This Agreement, made this, 24th (twenty-fourth) day of November 2014, by and
between the Hawaii Public Housing Authority, whose address is 1002 North
School Street, Honolulu, Hawaii 96817 ("Employer" or "Authority") and Hakim
Ouansafi ("Employee").

WITNESSETH:

WHEREAS, The Employee is employed by the Hawaii Public Housing Authority
since January 3, 2012, in which the Employer hired Employee to serve as
Executive Director of the Authority and the Employee agreed to accept
employment as Executive Director of the Authority; and

WHEREAS, Employment was for unspecified period; and

WHEREAS, in the opinion of the Board of Directors ("Board") of Employer,
Employee has excelled in all aspects of his responsibilities as Executive Director
consistently exceeding expectations of the Board of the Authority and the
requirements of his position. In the further opinion of the Board, since Employee
began employment on January 3, 2012, the Authority has been transformed
from a troubled agency and is on track to be one of the most successful housing
authorities in the country under the leadership of the Employee; and

WHEREAS, the Employee and the Employer desire to enter into this Contract of
Employment ("Employment Agreement" or "Agreement") to fully recognize the
contributions of the Employee to the Employer and to assure continuing
outstanding management of the affairs of the Authority;

NOW, THEREFORE, in consideration of the premises and the mutual covenants
and agreements contained herein, it is mutually covenanted and agreed by
and between the parties hereto as follows:

1.0 Employment.

1.1 Employment. The Employer hereby enters into this Employment
Agreement of Employee as Executive Director of the Authority and the
Employee does accept such employment upon the terms and conditions
hereafter set forth and agree to continue to perform the duties required
of him to the best of his ability.
1.2 Responsibilities of the Executive Director. The Authority hereby grants employment of Employee as the Executive Director of the Authority, his powers and duties as enumerated in Exhibit "A" as determined by Bylaws of the Authority, and by any direction and decision by the Board that is consistent and compliant with applicable State and Federal law, including but not limited to the United States Department of Housing and Urban Development ("HUD") regulations. All delegated authorities that were granted by the Board to the Executive Director prior to November 24, 2014; such as Contracting and Procurement Authority, Authority to Administer and Manage Day to Day Operations and Expend Funds, Authority to Establish Fiscal Policy shall remain in place during the Term of this agreement. In addition to such direct and specific powers as may be granted to Employee, he shall have such implied powers as are necessary and appropriate to carry out any and/or all duties entrusted in him as Executive Director.

The Authority/Board recognizes that the Executive Director is best suited to evaluate and monitor the performance of the Executive Assistant. Hence, the Board shall not hire, discipline or terminate employment of the Executive Assistant without prior consultation with the Executive Director.

1.3 Additional Responsibilities. When formed, Employee shall serve as the Chief Executive Officer of any and/or all non-profit corporation(s), which will be wholly owned by the Authority. In addition, unless directed otherwise by Employer, Employee shall in his role as the Chief Executive Officer of any and/or all non-profit corporation(s) be entitled to additional compensation as negotiated and agreed to by both parties. Said additional compensation shall be effected and implemented without re-execution of this Agreement by the parties. Notice of said compensation and/or benefits shall be sufficient to amend pertinent section(s) of the Agreement regarding the adjusted compensation and/or benefit.

1.4 Consultative work or outside business. During the term and any extension of the term of this Agreement, Employee agrees not to perform outside employment or consultant work that conflicts with his present duties at the Hawaii Public Housing Authority or at its non-profit corporation(s).

2.0 Term of Employment.

2.1 Initial Term. The term of this Agreement shall commence as of November 24, 2014 and shall continue for five (5) consecutive years until November 21, 2019 (the "Term"). All notices shall be in writing and delivered as set forth herein below. In such event that the Employee
terminates this Agreement, the Employee shall continue to receive his compensation and shall continue to render services through the date of termination unless otherwise agreed by the Employer and Employee.

2.2 Automatic Extension. Commencing on November 21, 2016 and on each anniversary of that date thereafter, the Term shall automatically be extended for an additional year. To prevent said automatic extension, either the Employee or the Authority/Board shall give written notice of termination of automatic extension at least one-hundred twenty (120) days prior to such automatic extension of the initial term or any subsequent extensions thereof. If such notice of termination is given, it will not alter or shorten the then existing term of this Agreement, but shall only prohibit the automatic one (1) year extension. In the event a notice of termination is given as outlined above, its effect will be that this Agreement will no longer automatically extend, but will expire at the end of the then existing term.

2.3 Termination by Employee. The Employee may terminate this Agreement at his discretion upon giving one-hundred twenty (120) days, or a mutually agreed-to duration, whichever is sooner, prior written notice to the Authority. Employee shall incur no penalty for such termination and shall be entitled to full pay through the date of said termination, and shall also be entitled to all accrued benefits through the date of such termination in accordance with existing Authority policy and with this Agreement. Should the Employee give the Authority notice under this section, the Authority may select a date of separation which is earlier than the date identified by the Employee.

2.4 Termination by Authority for Cause. The Board may terminate this Agreement for cause only. "Cause" means: (i) fraud, misappropriation, embezzlement or any other material violation of law that occurs during or in the course of employment; (ii) intentional breach of obligations of the position or intentional breach of policies; (iii) repeated willful failure to perform services or follow Board directives; (iv) willful conduct that is demonstrably and materially injurious to the Authority, monetarily or otherwise. Notwithstanding anything to the contrary contained above, in the event of the Employee's incapacity, the Authority may terminate employment of the Employee only after the expiration of a period the length of which shall be determined pursuant to the applicable accrued leave policy, but in any event not less than the Employee currently has or not less than six (6) months, whichever is longer.

2.5 Termination Without Cause. Notwithstanding any provision of the Agreement to the contrary, the Authority may terminate the Employee at
any time for any reason upon payment in full of severance pay consisting of full compensation for the remaining duration and terms of this Agreement and payment for the remaining months of Employee's medical benefits and all accrued annual leave.

3.0 Compensation and Benefits.

Employee hereby accepts employment and hereby agrees that for the consideration hereinafter set forth, he shall perform the duties of Executive Director in conducting the business of the said Authority as enumerated in Exhibit "A".

3.1 Regular Compensation. For all services rendered by Employee under this Agreement, the Employer shall pay the Employee an annual salary equal to ninety-five percent (95%) of the Governor of the State of Hawaii, payable at the same time and the same frequency as other employees of the Employer. If mandated by State law, Employee's salary as the Executive Director of the Authority shall not exceed the salary of the Governor of the State of Hawaii. The Employee's annual salary shall also comply with any and/or all established HUD requirements. Employee shall be eligible for cost of salary increases in the same manner as may be provided to other employees of the Authority. Employee's annual salary does not include bonuses, salaries earned from the HPHA non-profits and overtime nor does it include benefits such as retirement, life insurance, medical insurance, or the use of the Authority's vehicle.

3.2 Employee Benefits. In addition to item (a) thru (f), Employee shall also receive the benefits that are currently offered to the professional staff of the Authority as listed below and in Exhibit "B". At no given time shall any of Employee's benefits be lower and/or less than what is offered to the Authority's staff.

(a) At his discretion, Employee shall be provided a $500.00 per month automobile allowance or shall be provided a car by the Authority with personal use permitted;

(b) The Employee shall be entitled to twenty-one (21) annual leave days per year and will be permitted to carryover a maximum of ninety (90) annual leave days at the end of each calendar year. Upon separation, Employee will be compensated for all properly accrued annual leave;

(c) Employee is entitled to twenty-one (21) paid sick days per year; and
(d) The Employee shall receive all other benefits of full time employees of the Authority, and if there is any cost for such benefits, the cost to Employee shall be the same as that incurred by all other employees of the Authority, unless the Board has otherwise provided.

(e) Employee shall be entitled to all paid medical, dental and life insurance benefits as available to other personnel of the Authority.

(f) The Authority agrees to reimburse Employee for cell phone and gas costs, provided that Employee provides receipts or bills for said items.

3.3 Travel. It is understood and agreed by the parties herein that Employee shall be reimbursed for all out of city and state travel expenses in accordance with the Authority Personnel Policy.

3.4 Professional Association Fees. The Authority agrees to reimburse Employee for professional association dues and his attendance at local and out of state workshops, seminars, and other professional improvement sessions.

3.5 Professional Development. The Authority agrees to reimburse Employee for reasonable expenses related to educational courses, training sessions and the like.

3.6 Annual Review. Employee may receive an annual review of his job performance from the Board of the Authority. As a part of the Employee's annual review, the Board may, but is not required, to extend an increase of Employee's compensation and/or benefits. The decision to upwardly adjust the compensation and/or benefits shall be in the sole discretion of the Board. At any time, Employee's benefits shall not be lower than benefits granted to other employees of the Authority. In the event that the Board chooses to increase the Employee's compensation and/or benefits, said adjustment shall be effected and implemented without re-execution of this Agreement by the parties. Notice of the increase in compensation and/or benefits, if any, shall be sufficient to amend pertinent section(s) of the Agreement regarding the adjusted compensation and/or benefit.

4.0 Notice.

Any and all notices provided for herein shall be given in writing by registered or certified mail, return receipt requested, or by hand delivery, which shall be addressed, in the case of the Employer, to its Registered Agent in the State of
Hawaii, and in the case of the Employee, to the last address known to the Employer or by hand delivery.

5.0 Severability.

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6.0 Modification and Waiver.

This Agreement may be changed or modified only if consented to in writing by both parties. No waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the party against whom such waiver is sought to be enforced; moreover, no valid waiver of any provision of this Agreement at any time shall be deemed to waiver of any other provision of this Agreement at such time, nor it will be deemed a valid waiver of such provision at any other time.

7.0 Governing Law.

This Agreement shall be governed by and according to the laws of the State of Hawai'i.

8.0 Benefits.

This Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto, and to their respective heirs, representatives, successors, assigns and affiliates.

9.0 Mediation.

If a dispute arises out of or relates to this contract, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures.

10.0 Entire Agreement.

This Agreement contains the entire Agreement and understandings by and between the Employee and the Employer with respect to the matters herein described and no representations, promises, agreements or understandings, written or oral, not herein contained, shall be of any force and effect.
11.0 Order of Precedence.

In the event of any inconsistent or incompatible provisions, this signed Contract of Employment, followed by the provisions of Exhibit A, and then by the terms of Exhibit B.

In WITNESS WHEREOF, the parties hereto execute this Agreement as of the day and year herein above first written.

Hawaii Public Housing Authority

[Signature]

DAVID GIERLACH
Chairman, Board of Directors

Hawaii Public Housing Authority

[Signature]

HAKIM OUANSAFI
Executive Director
STATE OF HAWAII  
)  
CITY AND COUNTY OF HONOLULU  
) SS.

On this 24th day of November, 2014, before me personally appeared David Gierlach, Chairman of the Hawaii Public Housing Authority Board of Directors, to me to be known to be the person described herein, and who being duly sworn, executed said instrument attached as his own free act and deed.

Elena Murayama
Notary Public, State of Hawaii
First Judicial Circuit

My commission expires: 12/4/2015
STATE OF HAWAII

) SS.

CITY AND COUNTY OF HONOLULU

)

On this 24th day of November, 2014, before me personally appeared Hakim Ouansafi, Executive Director of the Hawaii Public Housing Authority, to me to be known to be the person described herein, and who being duly sworn, executed said instrument attached as his own free act and deed.

Elena Murayama
Notary Public, State of Hawaii
First Judicial Circuit

My commission expires: 12/4/2015
EXHIBIT “A”
Position Description
Executive Director

I. IDENTIFYING INFORMATION

Position Number: 102005
Department: Human Services
Division [Office]: Hawaii Public Housing Authority (HPHA)
Office of the Executive Director

II. INTRODUCTION

The function of the Office of the Executive Director is to provide the overall administration and management of all functions and activities related to the operation of the Hawaii Public Housing Authority (HPHA); implement programs to meet HPHA goals and objectives in consonance with applicable plans and guidelines; establish policies and procedures to guide program operations; provide the central coordination to integrate delivery and staff support services to promote achievement of goals and objectives; provide the focal point for program achievement of goals and objectives; coordination of responses for Governor and DHS Director referrals.

This position is responsible for the execution of the statutory provisions relating to housing management services and the delivery of housing services to eligible residents in the State of Hawaii. The position is also responsible for the effective and efficient administrative direction of the HPHA under policies established by the Board of Directors, the bylaws of the Board and pertinent federal and state laws. This includes initiating the programs (e.g., State Low Rent Housing Program, Rent Subsidy Program, etc.), and carrying out administrative directives relating to budgeting, accounting personnel, data processing, security, etc., consistent with State policies and procedures.

III. MAJOR DUTIES AND RESPONSIBILITIES

A. Program Administration 60%

1. Evaluates policy changes by the U.S. Department of Housing and Urban Development (HUD) and the Board of Directors in order to direct and participate in the development and formulation, implementation, and interpretation of rules, operating policies, procedures, and standards governing the HPHA programs and conducts public hearings for their adoption; clarifies, interprets, applies and secures compliance within HPHA.
2. Directs the development of the financial plans including the execution of the biennial and supplemental operating and capital improvement budgets and justification for all HPHA programs.

3. Directs the development of applications for, or the assistance to government and community agencies, to obtain available federal and special project funds; directs the monitoring of projects, and reports on results of such projects to the federal government.

4. Directs the development of program legislation and justification, as appropriate, and prepares testimony to support, respond to, or oppose proposed legislation pertaining to or impacting on HPHA’s programs or operations; as appropriate and applicable, coordinates legislative activities with the Governor’s Office, the Department of the Attorney General, legislators, and other public private agencies and organizations.

5. Develops, promotes and maintains effective working relationships with advisory boards, public and private agencies and individuals at the national, regional (i.e., HUD), state, department and community levels to facilitate programs and operations and to maximize resources.

6. Plans and conducts public relations programs for the HPHA, which includes issuance of press releases, special features, addressing community groups, meetings and the preparation of reports.

B. General Administration

1. Provides ongoing direction and coordination of HPHA’s programs and operations in establishing performance goals and objectives, monitoring their progress in meeting or exceeding planned goals and objectives, and taking corrective action when necessary to ensure compliance.

2. Develops plans for the daily, monthly, quarterly, and annual accomplishment of duties and responsibilities to meet or exceed performance quantity, quality, goals and objectives in order to ensure staff development.
3. Represents HPHA concerning the programs and functions at legislative hearings, establishes relationships with public and private organizations and interested housing community groups.

4. Directs and supervises staff to ensure acceptable job performance and efficient and effective use of staff and in keeping with applicable federal, state, and departmental laws, rules, policies and procedures pertaining to work performance and personnel matters including equal employment opportunity, affirmative action, civil service and collective bargaining.

5. Promulgates rules and regulations, policy memorandums and establishes procedures under which the projects/programs are managed and maintained.

6. Reviews and studies professional and managerial literature related to housing and housing concerns in order to develop staff in maintaining or upgrading work skills, abilities and knowledge.

7. Supervises:

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<th>Title</th>
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<tr>
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<td>Chief Financial Management Advisor</td>
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<td>103020</td>
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<td>25649</td>
<td>State Housing Development Administrator</td>
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8. Performs other related duties as assigned.
IV. CONTROLS EXERCISED OVER THE WORK

The Executive Director performs all aspects of the work independently and is expected to inform the Board of situations and events which may impact on the HPHA or will require Board direction, intervention and/or approval to comply with state executive and/or federal legislative mandates.

A. Nature of Supervisory Control Exercised Over the Work:

1. Instructions Provided

Instructions are limited to guidance and directions specific to Board priorities and the results expected. The Executive Director is required to plan and carry out the HPHA programs independently.

2. Review of Work

The Board is responsible for reviewing the overall work performed in terms of Board assignments, goals and objectives. The Board addresses matters referred by the subject position as required or necessary.

B. Nature of Available Guidelines Controlling the Work:

1. Policy and Procedural Guides Available

Federal Rules and Regulations, Correspondence and Action Transmittals and applicable Hawaii Revised Statutes Departmental Policies and Procedural Manuals Collective Bargaining Agreements, Contracts, Memoranda of Agreements

2. Use of Guidelines

Procedural guides cover all technical aspects of the work. The Executive Director is expected to apply pertinent laws, rules and regulations, policies, procedures, state statutes and other related guidelines pertaining to the administration of the housing programs in coordination with other federal, state and community agencies.
C. Other

The Executive Director shall document and explain how any salary that exceeds the threshold as issued by the U.S. Department of Housing and Urban Development Office of Public and Indian Housing ("HUD") was funded and prove to the auditor that there was no improper use of section 8 and section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) monies to fund the Executive Director's salary in excess of the HUD established threshold.
EXHIBIT "B"

The Articles contained herein are relevant portions from the Professional and Scientific Employees' Unit 13 Contract (AFSCME Local 152) dated July 1, 2013-June 30, 2017. Should the benefits and/or privileges contained herein change upwardly; Employee shall automatically be entitled to said changes.

ARTICLE 10 – TECHNOLOGICAL CHANGES

A. The Employer and the Employee recognize that changes in operations resulting from technological innovations may occur. When such changes occur, the Employer shall give first consideration to the utilization of affected Employees in the changed operations. In the event the Employee do not possess the requisite skills or knowledge to perform the required work in the new operation and such skills and knowledge can be acquired within a reasonable length of time, the Employer shall provide the necessary training to Employee during working hours and at the Employer's expense.

ARTICLE 11A – GRIEVANCES RELATED TO ADVERSE ACTION FOR FAILURE TO MEET PERFORMANCE REQUIREMENTS

E. Informal Step. A grievance shall, whenever possible, be discussed informally between the Employee and Employer within the twenty (20) working day limitation. In such event, Employee shall identify the discussion as a grievance at the informal step. Employee may be assisted by Employee representative. Employer shall reply within seven (7) working days. In the event Employer does not respond within the time limits prescribed herein, the Employee may pursue the grievance to the next step.

ARTICLE 14A – WORKERS' COMPENSATION LEAVE BENEFITS

A. If Employee is absent from work because of injuries and/or illnesses incurred while working and is receiving worker's compensation wage loss replacement benefits or temporary total disability or temporary partial disability payments shall continue to earn vacation and sick leave credits as though the Employee was not absent from work.

B. If Employee is absent from work and is receiving workers' compensation wage loss replacement benefits, may use accumulated sick leave credits to receive an additional amount that would bring Employee's total compensation to a sum equal to the Employee's regular compensation. In the event Employee does not have any accrued sick
leave credit, Employee may elect to use accrued vacation credits to
bring Employee's total payment to a sum equal to the Employee's regular
salary. Accumulated credits may be used to continue Employee's regular
compensation during the waiting period.

C. Employee shall not forfeit any excess accumulated vacation
leave credit when Employee is receiving workers' compensation wage
loss replacement benefits.

D. An Employee is entitled to use the sick and vacation leave
credits earned during the period of absence from work.

ARTICLE 15 – TRAINING OPPORTUNITIES

C. All training of Employee shall be conducted during working
hours. When such training falls outside of Employee's normal work hours,
Employee's normal work hours may be adjusted so as to accommodate
the time spent in training. The adjustment in work hours shall not be
construed to be working a split shift.

D. If the following conditions are met, Employee shall be permitted
to attend training programs or courses of instruction:

1. The course of instruction is related to the Employee's job,
and will improve the Employee's skills to meet the needs of the Employer.

2. Attendance in the program or course will not disrupt the
normal operations of the Employer.

3. Funds are available.

Upon satisfactory completion of courses of instruction or
training programs, Employer shall reimburse the Employee for the cost of
tuition, books, and supplies, as applicable, provided any textbooks paid
for by the government shall remain its property.

ARTICLE 16 – PERSONNEL FILE

A. Employee shall, upon request and by appointment, be
permitted to examine the Employee's personnel files. The Employee shall
be given a copy of any material if it is to be used in connection with a
grievance or personnel hearing.
B. No derogatory material shall be placed in Employee's personnel file unless Employee has had an opportunity to read the material and an opportunity to sign it indicating the Employee has read the material. Employee shall also be given an opportunity to attach explanatory remarks.

ARTICLE 17 – PERSONAL RIGHTS AND REPRESENTATION

D. Employer shall provide Employee with supplies and equipment which are required in the performance of Employee’s official duties. Except in the case of negligence on the part of Employee, when such equipment is stolen, lost, damaged and/or worn out it shall be repaired or replaced by Employer.

E. Employer shall provide legal counsel for an Employee upon request when:

1. Employee is sued for actions taken by Employee in the course of the Employee’s employment and within the scope of the Employee’s duties and responsibilities.

2. Employee must appear as a defendant or is subpoenaed to appear in court when sued for actions taken in the course of employment and within the scope of Employee’s duties and responsibilities.

3. Employee must appear as a witness or is subpoenaed to appear in court on a matter arising in the course of employment and within the scope of Employee’s duties and responsibilities.

4. Employee is required to give deposition or answer interrogatories on a matter arising in the course of employment and within the scope of Employee’s duties and responsibilities.

In addition, Employee’s required presence in any of the foregoing situations shall be considered work time, provided, whenever an Employee’s required presence is on the Employee’s scheduled day off or holiday off, Employee shall be guaranteed a minimum of three (3) hours straight time pay.

F. When grievances are filed against Employee for actions taken by him in the course of his employment and within the scope of his duties and responsibilities, Employer shall provide him with necessary staff support and representation. When such assistance is requested by
Employee and if Employer fails to furnish such assistance, Employee will not be penalized for any improper action taken.

I. If a judgment or court approved settlement is made against Employee in a civil suit for actions taken by him in the course of the Employee’s employment and within the scope of Employee’s duties and responsibilities, Employer agrees to do no more than submit to the Legislature or the County Council any judgment (or court approved settlement) against the Employee, with Employer retaining the discretion of recommending or not recommending legislative approval.

ARTICLE 35 – HOLIDAYS

A. The following days of each year are established as holidays:

- New Year’s Day, the first day of January
- Dr. Martin Luther King, Jr. Day, the third Monday in January
- President’s Day, the third Monday in February
- Prince Jonah Kuhio Kalanianaoele Day, the twenty-sixth day of March
- Good Friday, the Friday preceding Easter Sunday
- Memorial Day, the last Monday in May
- King Kamehameha I Day, the eleventh day of June
- Independence Day, the fourth day of July
- Statehood Day, the third Friday in August
- Labor Day, the first Monday in September
- Veteran’s Day, the eleventh day in November
- Thanksgiving Day, the fourth Thursday in November
- Christmas Day, the twenty-fifth day of December

All election days, except primary and special election days, in the county wherein the election is held.

Any day designated by proclamation by the President of the United States or by the Governor as a holiday.

ARTICLE 36 – VACATION LEAVE

A. Earning of Vacation Leave.

1. Employee shall earn vacation leave at the rate of fourteen (14) hours for each month of service. For the purpose of this Article, a workday is defined as an eight (8)-hour workday.
4. Vacation allowance shall accrue to Employee while Employee is on leave with pay unless specifically prohibited by the Agreement.

B. Vacation Charged Only for Working Hours.

1. Employees on vacation shall have charged against their vacation allowances all working hours of fraction to the nearest one-fourth (1/4) hour thereof which occur during the period of the Employee’s vacations.

B. Accumulation of Sick Leave

1. An Employee may accumulate the sick leave the Employee earns. The unused sick leave accumulated shall be credited to the Employee’s account for subsequent use in the event of a sickness. Such unused sick leave may be accumulated without limitation.

2. Sick leave shall be administered on a calendar year basis and recorded at the end of each calendar year. After the end of each year, the appointing authority will furnish each Employee with a statement of the sick leave credit remaining as of December 31.

ARTICLE 37A -- FAMILY LEAVE

A. Employee entitlement to state family leave is set forth in Chapter 398, Hawai‘i Revised Statutes. Accrued vacation leave and/or sick leave may be substituted for any part or all of the allowable state family leave up to a maximum of four (4) weeks per designated twelve (12) month period.

B. Employee entitlement to federal family leave is set forth in the Family and Medical Leave Act of 1993.

C. Administration and enforcement of the state and federal family leave provisions shall be in accordance with applicable laws and regulations. Appeals with regard to state and federal family leave shall be filed with the appropriate state and/or federal agencies who are responsible for administering and enforcing the respective provision mentioned herein, i.e., State of Hawai‘i Department of Labor and Industrial Relations or the United States Department of Labor, Wage and Hour Division.
ARTICLE 38 – FUNERAL LEAVE

A. Employee covered by this Agreement shall be allowed three (3) working days of funeral leave with pay which shall not be deducted from any other leave to which the Employee may be entitled. Funeral leave shall be granted on such days as designated by Employee provided they fall within a reasonable period of time after a death in the immediate family.

B. For the purpose of this Article, immediate family is defined as: parents, brothers, sisters, spouses/reciprocal beneficiaries, children, parents-in-law, grandparents, grandchildren, or an individual who has become a member of an immediate family through the Hawaiian "Hanai" custom. Provided, however, an individual affected by the "Hanai" shall be entitled to utilize funeral leave only for those members of the Employee’s immediate family resulting from the “Hanai” relationship. Provided further that funeral leave with pay can only be used for one mother and one father regardless of whether the parent relationship is natural, hanai, step, or legal guardians. “Reciprocal beneficiary” for purposes of this Article, means two adults who meet the requirements of HRS 572C-4 and who have registered their reciprocal beneficiary relationship pursuant to HRS 572C-5. “Reciprocal beneficiary” is further defined to mean that individual the Employee has selected as the Employee’s life partner in lieu of a spouse.

C. Hanai/natural parents not covered in B. above; sons- and daughters-in-law and great grandparent’s relationship. An Employee shall be entitled to use up to three (3) days of vacation leave or compensatory time off for the death of hanai/natural parent not covered in B. above, son-or daughter-in-law, great grandparent. Vacation leave or compensatory time off shall be granted on days designated by the Employee provided they fall within a reasonable period of time after the death.

D. If the death or funeral occurs outside the State of Hawaii, the Employee shall be granted, upon request, a reasonable number of additional days of accumulated vacation leave, compensatory time off, or leave without pay for travel to attend the funeral, or to make necessary arrangements for a funeral in the State of Hawaii.

ARTICLE 39 – LEAVE FOR JURY OR WITNESS DUTY

A. Employee covered by the terms of this Agreement, if summoned to serve as a witness or juror in any judicial proceedings
except those which may involve or arise out of the Employee's outside employment or the Employee's personal business or private affairs shall, if Employee serves, be entitled to leave of absence with pay.

B. Employee who serves as a witness or as a juror, and who receives a fee or mileage allowance shall not suffer the loss of such monies or have it offset against the Employee's salary account.

C. Employee called to serve as a witness in a case which may involve or arise out of Employee's outside employment or personal business or private affair shall not be entitled to leave of absence with pay as provided in paragraph (A) above, provided that the Employee shall be entitled to use the Employee's annual vacation leave or elect to take leave without pay.

**ARTICLE 41 - OTHER LEAVE OF ABSENCE**

A. Industrial Injury Leave.

1. An Employee may be granted leave without pay not to exceed twelve (12) months, provided the Employee is receiving workers' compensation wage loss replacement benefits.

2. An Employee may also be granted additional periods of leave without pay not to exceed twelve (12) months per additional leave period, provided the Employee is receiving workers' compensation wage loss replacement benefits or provided the Employee's application for retirement is pending determination by the State Retirement System.

B. Leave Without Pay to Work in Certain Appointive Positions.

1. Employer may grant a leave without pay to Employee to render services as a department head, agency head, deputy department head, as a secretary to a department head or a deputy department head, or as an appointee to any other position within the jurisdiction that is mutually agreeable between Employer and the Employee. Employer shall compile a list of the appointive positions to which this section applies and maintain its currency.

2. The rights of an Employee who is released from the above appointments are as follows:

   a. Upon completion of no more than four (4) years of the leave without pay, reinstatement in the position in which the
Employee last held a permanent appointment. In the event the Employee is retained beyond these four (4) years for the transition to a new chief executive’s term, but for not more than three (3) months, the Employee shall retain the reinstatement right to the Employee’s former civil service position.

b. Following more than four (4) years of leave without pay, reinstatement to the Employee’s former position if vacant or placement in a comparable vacant position.

c. Upon reinstatement in the former position or placement in another comparable position, compensation shall be as though the Employee had remained continuously in the position.

C. Other Leaves Without Pay. Employer may grant regular or non-regular Employees leaves without pay for no more than twelve (12) months, for any of the following reasons:

1. To recuperate from physical or mental illnesses; provided, for leaves without pay of five (5) days or more, an Employee shall submit a licensed physician’s certificate to substantiate the fact that period of leave without pay was due entirely to sickness and that the Employee is physically and/or mentally able to resume the duties of the Employee’s position. However, Employer may require Employee to submit a licensed physician’s certificate from the first day of absence without pay.

2. Death in the family.

3. To extend an annual vacation leave for travel, rest, or for recreation purposes.

4. To seek political office.

5. Personal business of an emergency nature.

6. Annual periods of temporary cessation of normal operation.

7. Child or pre-natal care.

ARTICLE 45 – TRAVEL

A. Applicable rules, ordinances, and policies. Except as modified by this Article, Chapter 3-10, Hawaii Administrative Rules, in the case of the State, and applicable rules, regulations, ordinances, or policies, in the case of the county jurisdictions, shall remain applicable for the duration of this Agreement.

B. Travel occurring on same island. When an Employee is required to work in locations, which make it impracticable and undesirable to return home at the end of a workday, Employee shall be paid a travel allowance pursuant to Paragraph D.

C. Off-island travel to mountainous or other remote areas.

1. Notwithstanding the provisions of this paragraph, a mutual agreement may be arranged among Employee with Employer to provide for per diem expenses in lieu of this paragraph.

D. Intra-state travel.

1. When Employee is required to travel on official business to another island, Employee shall be provided with a per diem of ninety dollars ($90.00) per twenty-four (24) hour day.

2. In the case of official travel time involving a fraction of a day, the allowable claim shall be in terms of quarter-day periods, with the quarter-day periods measured from midnight. In computing the amount of per diem, the official travel time shall begin one (1) hour before the scheduled flight departure time and shall end upon the return to the Employee's home airport. This computation shall be applicable to all trips, except one-day trips (leaving and returning on the same day). In the case of one-day trips, Employee shall be entitled to a meal allowance of twenty dollars ($20.00) in lieu of per diem.

3. When an authorized leave is added before or after the official travel, the per diem amount shall be the same as that which would have been allowed if the authorized leave had not been taken.

E. Out-of-state travel.

1. When Employee is required to travel on official business to areas outside the State of Hawaii, the Employee shall be provided a
per diem of one hundred forty-five dollars ($145.00) per twenty-four (24) hour day.

2. In the case of official travel time involving a fraction of a day, the allowable claim shall be in terms of quarter-day periods, with the quarter-day periods measured from midnight. In computing the amount of per diem, the official travel time shall begin no later than twenty-four (24) hours prior to the time the Employee is to be at work at the out-of-state destination. Employee shall be scheduled to arrive at the out-of-state destination (applicable airport_ at least ten (10) hours before reporting for duty. The official travel time shall end upon the Employee’s return to Employee’s home airport. All calculations will be based on Hawaiian Standard Time.

3. When an authorized leave is added before or after the official travel, the per diem amount shall be the same as that which would have been allowed if the authorized leave had not been taken.

F. Reimbursement for commercial lodging expenses in excess of lodging allowance.

Included in the per diem rate designated in paragraphs D and E shall be a daily allowance for commercial lodging except for one-day trips. For intra-state travel, this lodging allowance shall be fifty dollars ($50.00) per twenty-four (24) hour day. For out-of-state travel, this allowance shall be eighty-five dollars ($85.00) per twenty-four (24) hour day.

Whenever Employee’s commercial lodging cost exceeds the applicable lodging allowance, Employee shall be entitled to an additional amount added to the Employee’s per diem. This amount shall equal to the difference of the actual daily cost of commercial lodging and the applicable allowance provided herein, multiplied by the number of days spent on commercial lodging. Unless otherwise waived by the Employer request for commercial lodging expenses in excess of the lodging allowance shall be made in advance of the Employee’s trip.

G. Advanced per diem and Reimbursements.

Whenever possible, an Employee shall receive advanced per diem for official travel. Employer shall reimburse Employee who request reimbursement for excess lodging expenses as soon as possible.
H. Furnished Meals and Lodging.

When lodging or meals are provided at no cost to the Employees, Employer shall continue its existing practices in adjusting the per diem amounts. However, the per diem allowance provided herein shall not be adjusted when meals are included in conference programs.

ARTICLE 52 – HAWAI‘I EMPLOYER-EMPLOYEE HEALTH BENEFITS TRUST FUND

A. “Health Benefit Plan” shall mean the medical PPO or HMO, prescription drug, dental, vision and dual coverage medical plans.

B. Effective July 1, 2013

Subject to the applicable provisions of Chapters 87A and 89, Hawai‘i Revised Statutes, the Employer shall pay monthly contributions which include the cost of the Hawai‘i Employer-Employee Health Benefits Trust Fund (Trust Fund) administrative fees to the Trust Fund effective July 1, 2013, not to exceed the monthly contribution amounts as specified below:

1. For each Employee-Beneficiary with no dependent-beneficiaries enrolled in the following Trust Fund health benefit plans:

<table>
<thead>
<tr>
<th>BENEFIT PLAN</th>
<th>MONTHLY CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Medical (PPO or HMO) (medical &amp; chiro)</td>
<td>$208.38</td>
</tr>
<tr>
<td>b. Dental</td>
<td>$18.36</td>
</tr>
<tr>
<td>c. Vision</td>
<td>$3.62</td>
</tr>
<tr>
<td>d. Dual coverage (medical, drug &amp; chiro):</td>
<td></td>
</tr>
<tr>
<td>(1) HMSA</td>
<td>$136.94</td>
</tr>
<tr>
<td>(2) Royal State</td>
<td>$26.54</td>
</tr>
<tr>
<td>e. Drug Plan</td>
<td>$42.60</td>
</tr>
</tbody>
</table>

The Employer shall pay the same monthly contribution for each member enrolled in a self only medical plan (PPO or HMO), regardless of which plan is chosen.

2. For each Employee-Beneficiary with one dependent-beneficiary enrolled in the following Trust Fund health benefit plans:

<table>
<thead>
<tr>
<th>BENEFIT PLAN</th>
<th>MONTHLY CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Medical (PPO or HMO) (medical &amp; chiro)</td>
<td>$505.10</td>
</tr>
</tbody>
</table>
b. Dental $36.72
c. Vision $6.88
d. Dual coverage (medical, drug & chiro):
   (1) HNSA $331.64
   (2) Royal State $65.28
e. Drug Plan $103.34

The Employer shall pay the same monthly contribution for each member enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is chosen.

3. For each Employee-Beneficiary with two or more dependent-beneficiary enrolled in the following Trust Fund health benefit plans:

<table>
<thead>
<tr>
<th>BENEFIT PLAN</th>
<th>MONTHLY CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Medical (PPO or HMO) (medical &amp; chiro)</td>
<td>$644.28</td>
</tr>
<tr>
<td>b. Dental</td>
<td>$60.36</td>
</tr>
<tr>
<td>c. Vision</td>
<td>$8.76</td>
</tr>
<tr>
<td>d. Dual coverage (medical, drug &amp; chiro):</td>
<td></td>
</tr>
<tr>
<td>(1) HNSA</td>
<td>$423.16</td>
</tr>
<tr>
<td>(2) Royal State</td>
<td>$73.76</td>
</tr>
<tr>
<td>e. Drug Plan</td>
<td>$131.82</td>
</tr>
</tbody>
</table>

The Employer shall pay the same monthly contribution for each member enrolled in a family medical plan (PPO or HMO), regardless of which plan is chosen.

4. For each Employee-Beneficiary enrolled in the Trust Fund group life insurance plan, the Employer shall pay $4.16 per month which reflects one hundred percent (100%) of the premium and administrative fee.

C. Effective July 1, 2014

Effective July 1, 2014 for plan year 2014-2015, with the exception of items 1a., 2a., 3a., and 4., which shall be the dollar amounts noted, Employer shall pay a specific dollar amount equivalent to sixty percent (60%) of the final premium rates established by the Trust Fund Board for the respective health benefit plan, plus sixty percent (60%) of all administrative fees.

1. The amounts paid by Employer shall be based on the plan year 2014-2015 final monthly premium rates established by the Trust
Fund for each Employee-Beneficiary with no dependent beneficiaries enrolled in the following Trust Fund health plans:

a. Medical (PPO or HMO) (medical & chiro) $218.38
b. Dental
c. Vision
d. Dual coverage (medical, drug & chiro)
   (1) HMSA
   (2) Royal State
e. Drug Plan

Employer shall pay the same monthly contribution for each member enrolled in a self only medical plan (PPO or HMO), regardless of which plan is chosen.

2. The amounts paid by Employer shall be based on the plan year 2014-2015 final monthly premium rates established by the Trust Fund for each Employee-Beneficiary with one dependent-beneficiary enrolled in the following Trust Fund health plans:

a. Medical (PPO or HMO) (medical & chiro) $525.10
b. Dental
c. Vision
d. Dual coverage (medical, drug & chiro)
   (1) HMSA
   (2) Royal State
e. Drug Plan

Employer shall pay the same monthly contribution for each member enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is chosen.

3. The amounts paid by Employer shall be based on the plan year 2014-2015 final monthly premium rates established by the Trust Fund for each Employee-Beneficiary with two or more dependent-beneficiaries enrolled in the following Trust Fund health plans:

a. Medical (PPO or HMO) (medical & chiro) $674.28
b. Dental
c. Vision
d. Dual coverage (medical, drug & chiro)
   (1) HMSA
   (2) Royal State
e. Drug Plan
Employer shall pay the same monthly contribution for each member enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is chosen.

4. For each Employee-Beneficiary enrolled in the Trust Fund group life insurance plan, Employer shall pay no more than $4.12 per month which reflects one hundred (100%) of all administrative fees.

D. Effective July 1, 2015

Effective July 1, 2015 for plan year 2015-2016, with the exception of items 1a., 2a., 3a., and 4., which shall be the dollar amounts noted, Employer shall pay a specific dollar amount equivalent to sixty percent (60%) of the final premium rates established by the Trust Fund Board for the respective health benefit plan, plus sixty percent (60%) of all administrative fees.

1. The amounts paid by Employer shall be based on the plan year 2015-2016 final monthly premium rates established by the Trust Fund for each Employee-Beneficiary with no dependent beneficiaries enrolled in the following Trust Fund health plans:

   a. Medical (PPO or HMO) (medical & chiro) $228.38
   b. Dental
   c. Vision
   d. Dual coverage (medical, drug & chiro)
      (1) HMSA
      (2) Royal State
   e. Drug Plan

Employer shall pay the same monthly contribution for each member enrolled in a self only medical plan (PPO or HMO), regardless of which plan is chosen.

2. The amounts paid by Employer shall be based on the plan year 2015-2016 final monthly premium rates established by the Trust Fund for each Employee-Beneficiary with one dependent-beneficiary enrolled in the following Trust Fund health plans:

   a. Medical (PPO or HMO) (medical & chiro) $545.10
   b. Dental
   c. Vision
   d. Dual coverage (medical, drug & chiro)
      (1) HMSA
(2) Royal State

e. Drug Plan

Employer shall pay the same monthly contribution for each member enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is chosen.

3. The amounts paid by Employer shall be based on the plan year 2015-2016 final monthly premium rates established by the Trust Fund for each Employee-Beneficiary with two or more dependent-beneficiaries enrolled in the following Trust Fund health plans:

a. Medical (PPO or HMO) (medical & chiro) $704.28
b. Dental
c. Vision
d. Dual coverage (medical, drug & chiro)
   (1) HMSA
   (2) Royal State
e. Drug Plan

Employer shall pay the same monthly contribution for each member enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is chosen.

4. For each Employee-Beneficiary enrolled in the Trust Fund group life insurance plan, the Employer shall pay no more than $4.12 per month which reflects one hundred (100%) of all administrative fees.

E. Effective July 1, 2016

Effective July 1, 2016 for plan year 2016-2017, with the exception of items 1a., 2a., 3a., and 4., which shall be the dollar amounts noted, Employer shall pay a specific dollar amount equivalent to sixty percent (60%) of the final premium rates established by the Trust Fund Board for the respective health benefit plan, plus sixty percent (60%) of all administrative fees.

1. The amounts paid by Employer shall be based on the plan year 2016-2017 final monthly premium rates established by the Trust Fund for each Employee-Beneficiary with no dependent beneficiaries enrolled in the following Trust Fund health plans:

a. Medical (PPO or HMO) (medical & chiro) $238.38
b. Dental
c. Vision
d. Dual coverage (medical, drug & chiro)
   (1) HMSA
   (2) Royal State
e. Drug Plan

Employer shall pay the same monthly contribution for each member enrolled in a self only medical plan (PPO or HMO), regardless of which plan is chosen.

2. The amounts paid by Employer shall be based on the plan year 2016-2017 final monthly premium rates established by the Trust Fund for each Employee-Beneficiary with one dependent-beneficiary enrolled in the following Trust Fund health plans:

   a. Medical (PPO or HMO) (medical & chiro) $565.10
   b. Dental
   c. Vision
   d. Dual coverage (medical, drug & chiro)
      (1) HMSA
      (2) Royal State
   e. Drug Plan

Employer shall pay the same monthly contribution for each member enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is chosen.

3. The amounts paid by Employer shall be based on the plan year 2016-2017 final monthly premium rates established by the Trust Fund for each Employee-Beneficiary with two or more dependent-beneficiaries enrolled in the following Trust Fund health plans:

   a. Medical (PPO or HMO) (medical & chiro) $734.28
   b. Dental
   c. Vision
   d. Dual coverage (medical, drug & chiro)
      (1) HMSA
      (2) Royal State
   e. Drug Plan

Employer shall pay the same monthly contribution for each member enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is chosen.
4. For each Employee-Beneficiary enrolled in the Trust Fund group life insurance plan, Employer shall pay no more than $4.12 per month which reflects one hundred (100%) of all administrative fees.

F. No later than three (3) weeks after the Trust Fund Board formally establishes and adopts the final premium rates for Fiscal Years 2014-2015, 2015 – 2016, 2016 – 2017, the Office of Collective Bargaining shall distribute the final calculation of the Employer’s monthly contribution amounts for each health benefit plan.
CONTRACT OF EMPLOYMENT BY AND BETWEEN
THE HAWAII PUBLIC HOUSING AUTHORITY AND
BARBARA ARASHIRO, EXECUTIVE ASSISTANT

This Agreement, made this, July 19, 2018, by and between the Hawaii Public Housing Authority, whose address is 1002 North School Street, Honolulu, Hawaii 96817 ("Employer" or "Authority") and Barbara E. Arashiro ("Employee").

WITNESSETH:

WHEREAS, the Employee is employed by the Hawaii Public Housing Authority since August 23, 1993, and the Employee agreed to accept employment as the Executive Assistant of the Authority since June 13, 2008; and

WHEREAS, Employment was for an unspecified period; and

WHEREAS, in the opinion of the Board of Directors ("Board") of Employer, Employee has excelled in all aspects of her responsibilities as Executive Assistant consistently exceeding expectations of the Board of the Authority and the requirements of her position. In the further opinion of the Board, since Employee began employment as the Executive Assistant on June 20, 2008, the Authority has been transformed from a troubled agency and is on track to be one of the most successful housing authorities in the country under the leadership of the Employee; and

WHEREAS, the Employee and the Employer desire to enter into this Contract of Employment ("Employment Agreement" or "Agreement") to fully recognize the contributions of the Employee to the Employer and to assure continuing outstanding management of the affairs of the Authority;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, it is mutually covenanted and agreed by and between the parties hereto as follows:

1.0 Employment.

1.1 Employment. The Employer hereby enters into this Employment Agreement of Employee as Executive Assistant of the Authority and the Employee does accept such employment upon the terms and conditions hereafter set forth and agree to continue to perform the duties required of her to the best of her ability.

1.2 Responsibilities of the Executive Assistant. The Authority hereby grants employment of Employee as the Executive Assistant of the Authority, her powers and duties as enumerated in Exhibit "A", by the By-Laws of the Authority, and by any direction and decision by the Board that is consistent and compliant with applicable State and Federal law, including but not limited to the United States Department of Housing and Urban Development ("HUD") regulations. All
delegated authorities that were granted by the Board of Directors or the Executive Director prior to the execution of this Agreement shall remain in place during the term of this Agreement.

1.3 Consultative work or outside business. During the term and any extension of the term of this Agreement, Employee agrees not to perform outside employment or consultant work that conflicts with her present duties at the Hawaii Public Housing Authority or at its non-profit corporation(s).

2.0 Term of Employment.

2.1 Initial Term. The term of this Agreement shall commence as of July 19, 2018 and shall continue for five (5) consecutive years until July 18, 2023 (the "Term"). All notices shall be in writing and delivered as set forth herein below. In such event that the Employee terminates this Agreement, the Employee shall continue to receive her compensation and shall continue to render services through the date of termination unless otherwise agreed by the Employer and Employee.

2.2 Automatic Extension. Commencing on July 19, 2020 and on each anniversary of that date thereafter, the Term shall automatically be extended for an additional year. To prevent said automatic extension, either the Employee or the Authority /Board shall give written notice of termination of automatic extension at least one-hundred twenty (120) days prior to such automatic extension of the initial term or any subsequent extensions thereof. If such notice of termination is given, it will not alter or shorten the then existing term of this Agreement, but shall only prohibit the automatic one (1) year extension. In the event a notice of termination is given as outlined above, its effect will be that this Agreement will no longer automatically extend, but will expire at the end of the then existing term.

2.3 Termination by Employee. The Employee may terminate this Agreement at her discretion upon giving one-hundred twenty (120) days, or a mutually agreed-to duration, whichever is sooner, prior written notice to the Authority. Employee shall incur no penalty for such termination and shall be entitled to full pay through the date of said termination, and shall also be entitled to all accrued benefits through the date of such termination in accordance with state law, existing state Department of Human Resources Development policies, and with this Agreement. Should the Employee give the Authority notice under this section, the Authority may select a date of separation which is earlier than the date identified by the Employee.

2.4 Termination by Authority for Cause. The Board may terminate this Agreement for cause only. "Cause" means: (i) fraud, misappropriation, embezzlement or any other material violation of law that occurs during or in the course of employment; or (ii) intentional breach of obligations of the position or
intentional breach of policies; or (iii) repeated willful failure to perform services or follow Board directives; or (iv) willful conduct that is demonstrably and materially injurious to the Authority, monetarily or otherwise.

2.5 Termination Without Cause. Notwithstanding any provision of the Agreement to the contrary, the Authority may terminate the Employee at any time for any reason upon payment in full of severance pay consisting of full compensation for the remaining duration and terms of this Agreement and all accrued annual vacation leave.

2.6 Incapacity. In the event of the Employee's incapacity, the Authority may terminate employment of the Employee only after the expiration of a period the length of which shall be determined pursuant to state law and applicable accrued leave policy.

3.0 Compensation and Benefits.

Employee hereby accepts employment and hereby agrees that for the consideration hereinafter set forth, she shall perform the duties of Executive Assistant in conducting the business of the said Authority as enumerated in Exhibit "A".

3.1 Regular Compensation. For all services rendered by Employee under this Agreement, the Employer shall pay the Employee an annual salary equal to ninety-one point zero eight percent (91.08%) of the Governor of the State of Hawaii's salary, payable at the same time and the same frequency as other employees of the Employer. If mandated by State law, Employee's salary as the Executive Assistant of the Authority shall not exceed the salary of the Governor of the State of Hawaii. The Employee's annual salary shall also comply with any and/or all established HUD requirements. Employee shall be eligible for cost of salary increases in the same manner as may be provided to other employees of the Authority. Employee's annual salary does not include payments or benefits such as retirement, life insurance, medical insurance, per diem, or the use of the Authority's vehicle.

3.2 Employee Benefits. In addition to items (a) through (f), Employee shall also receive the benefits that are currently offered to the professional staff of the Authority. At no given time shall any of Employee's benefits be lower and/or less than what is offered to the Authority's staff.

(a) At her discretion, and as allowed by law, Employee shall be provided a per month automobile allowance or shall be provided a car by the Authority;

(b) The Employee shall be entitled to twenty-one (21) annual vacation leave days per year and will be permitted to carryover a maximum of ninety (90) vacation leave days at the end of each calendar year. Upon separation,
Employee will be compensated for all properly accrued annual vacation leave. Employee may be credited for accrued leave at retirement as allowed under the Employee's Retirement System;

(c) Employee is entitled to twenty-one (21) paid sick leave days per year. Employee may be credited for accrued sick leave at retirement as allowed under the Employee's Retirement System;

(d) The Employee shall receive all other benefits of full time employees of the Authority, and if there is any cost for such benefit options, the cost to Employee shall be the same as that incurred by all other employees of the Authority, unless the Board has otherwise provided.

(e) Employee shall be entitled to all paid medical, dental and life insurance benefits as available to other personnel of the Authority.

(f) The Authority agrees to provide Employee with a work cell phone or reimburse Employee for cell phone, provided that Employee provides receipts or bills for said items.

3.3 Travel. It is understood and agreed by the parties herein that Employee shall be reimbursed for all out of city and state travel expenses in accordance with the Authority Personnel Policy and state law.

3.4 Professional Association Fees. The Authority agrees to pay for or reimburse Employee for professional association dues and her attendance at local and out of state workshops, seminars, and other professional improvement sessions.

3.5 Professional Development. The Authority agrees to pay for or reimburse Employee for reasonable expenses related to educational courses, training sessions and the like. The Authority agrees to annually send the Employee to a minimum of one (1) out-of-state training or professional development conference of her choice.

3.6 Annual Review. Employee may receive an annual review of her job performance from the Board of the Authority. As a part of the Employee's annual review, the Board may, but is not required, to extend an increase of Employee's compensation and/or benefits. The decision to upwardly adjust the compensation and/or benefits shall be in the sole discretion of the Board. At any time, Employee's benefits shall not be lower than benefits granted to other employees of the Authority. In the event that the Board chooses to increase the Employee's compensation and/or benefits through official Board action, said adjustment shall be effected and implemented without re-execution of this Agreement by the parties. Notice of the Board approved increase in
compensation and/or benefits, if any, shall be sufficient to amend pertinent section(s) of the Agreement regarding the adjusted compensation and/or benefit.

4.0 Notice.

Any and all notices provided for herein shall be given in writing by registered or certified mail, return receipt requested, or by hand delivery, which shall be addressed, in the case of the Employer, to the Chairperson of the Authority, and in the case of the Employee, to the last address known to the Employer or by hand delivery.

5.0 Severability.

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6.0 Modification and Waiver.

This Agreement may be changed or modified only if consented to in writing by both parties. No waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the party against whom such waiver is sought to be enforced; moreover, no valid waiver of any provision of this Agreement at any time shall be deemed to waiver of any other provision of this Agreement at such time, nor it will be deemed a valid waiver of such provision at any other time.

7.0 Governing Law.

This Agreement shall be governed by and according to the laws of the State of Hawaii.

8.0 Mediation.

If a dispute arises out of or relates to this contract, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by a mediator mutually agreed upon between the Employee and the Employer.

9.0 Entire Agreement.

This Agreement contains the entire Agreement and understandings by and between the Employee and the Employer with respect to the matters herein described and no representations, promises, agreements or understandings, written or oral, not herein contained, shall be of any force and effect.

10.0 Order of Precedence.

In the event of any inconsistent or incompatible provisions, this signed Contract of Employment shall take precedence over the provisions of Exhibit "A."
In WITNESS WHEREOF, the parties hereto execute this Agreement as of the day and year herein above first written.

Hawaii Public Housing Authority

[Signature]
ALENA MEDEIROS
Vice-Chairman, Board of Directors

Hawaii Public Housing Authority

[Signature]
BARBARA E. ARASHIRO
Executive Assistant
STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

On this 19th day of July, 2018, before me personally appeared Alena Medeiros, Vice-Chairman of the Hawaii Public Housing Authority Board of Directors, to me to be known to be the person described herein, and who being duly sworn, executed said instrument attached as his own free act and deed.

Name of Notary: JOSE A. AGOSTO
Notary Public, State of Hawaii
First Judicial Circuit
My commission expires: September 23, 2021
STATE OF HAWAI'I  
CITY AND COUNTY OF HONOLULU  

On this 19th day of July, 2018, before me personally appeared Barbara E. Arashiro, Executive Assistant of the Hawaii Public Housing Authority, to me to be known to be the person described herein, and who being duly sworn, executed said instrument attached as her own free act and deed.

Name of Notary: JOSE A AGOSTO  
Notary Public, State of Hawaii  
First Judicial Circuit  
My commission expires: September 23, 2021
EXHIBIT "A"

Position Description

Executive Assistant

I. IDENTIFYING INFORMATION

Position Number: 106012
Department: Human Services
Division (Office): Hawaii Public Housing Authority (HPHA)
Office of the Executive Director
Branch:
Section:
Unit:
Geographic Location: Kapalama, Oahu

II. INTRODUCTION

The function of the Office of the Executive Director is to provide the overall administration and management of all functions and activities related to the operation of the Hawaii Public Housing Authority (HPHA); implement programs to meet HPHA goals and objectives in consonance with applicable plans and guidelines; establish policies and procedures to guide program operations; provide the central coordination to integrate delivery and staff support services to promote achievement of goals and objectives; provide the focal point for program achievement of goals and objectives; coordination of responses for Governor and DHS Director referrals.

This position is responsible for assisting the Executive Director (ED) in the execution of the statutory provisions relating to housing management services and the delivery of housing services to eligible residents in the State of Hawaii. Further, this position assists the Executive Director in establishing the goals and direction for the HPHA in accordance with policies established by the Board of Directors, the bylaws of the Board and pertinent federal and state laws. This includes initiating and overseeing programs (i.e., State Low Rent Housing Program, Rent Subsidy Program, etc.), and carrying out administrative directives and operations relating to budgeting, accounting, personnel, data processing, security, etc., consistent with State policies and procedures. This position also performs assignments as determined by the Board of Directors and may report directly to the board.
III. MAJOR DUTIES AND RESPONSIBILITIES

A. Program Administration

1. Assists and reviews policy changes by the Department of Housing and Urban Development (HUD) and the Board of Directors in order to direct and participate in the development, formulation, implementation and interpretation of rules, operating policies, procedures, and standards governing the HPHA programs; conducts public hearings for the adoption of these directives and guides, as appropriate; and clarifies, interprets, applies and secures compliance within HPHA.

2. Reviews proposed legislation and participates in drafting legislative proposals, testimonies and responses to the Legislature. Directs and coordinates preparation of reports, financial data and analysis, presentations, and other information requested by the Legislature and other organizations.

3. Provides assistance in the development of the financial plans, the execution of the operating and capital improvement budgets, and the justification for all HPHA programs.

4. Assists and reviews the development of applications for assistance from government and community agencies, or for available federal and special project funds; directs the monitoring of projects, and reports on results of such projects to the federal government.

5. Assists the programs in developing, promoting and maintaining effective working relationships with advisory boards, public and private agencies, organizations, interested housing groups and individuals at the national, regional (i.e., HUD), state, department and community levels to facilitate programs and operations, and to maximize resources.

B. General Administration

1. Provides ongoing direction and coordination of HPHA’s programs and operations in establishing performance goals and objectives, monitoring their progress in meeting or exceeding planned goals and objectives, and taking corrective action when necessary to ensure achievement of performance expectations.

2. Provides assistance in reviewing and developing plans for the daily, monthly, quarterly, and annual accomplishment of duties and responsibilities in order to meet or exceed performance quantity, quality, goals and objectives.
3. Represents HPHA concerning the programs and functions at legislative hearings.
4. Assists the Executive Director in managing staff of 400+ positions to ensure acceptable job performance, the efficient and effective use of staff, and in keeping with applicable federal and state laws and rules, and departmental policies and procedures pertaining to work performance and personnel activities including equal employment opportunity, affirmative action, civil service and collective bargaining matters.
5. Works with the Executive Director in promulgating rules and regulations, policy memorandums and establishes procedures under which the projects/programs are managed and maintained.
6. Assists in the review of studies, and professional and managerial literature related to housing and housing concerns for the purpose of recommending staff development in order to achieve HPHA's goals and objectives and satisfactory work performance from the employees.

C. Other

In the absence, incapacity or vacancy in the position of the Executive Director, the Executive Assistant assumes the duties and responsibilities of the Executive Director's position.

Performs Other Related Duties as Assigned

IV. CONTROLS EXERCISED OVER THE WORK

The employee performs all aspects of the work independently and is expected to inform the Board and the ED of situations and events which may impact the HPHA or require direction, intervention and/or approval in order to comply with state executive and/or federal mandates.

A. Supervisor:

Pos. No.: 102005    Class Title: Executive Director

B. Nature of Supervisory Control Exercised Over the Work:

1. Instructions Provided

Instructions are limited to guidance and directions specific to Board's and the ED's priorities and the results expected. The employee is
required to independently plan and carry out the duties and responsibilities of the position.

2. Review of Work

The Board and the ED is responsible for reviewing the overall work performed in terms assignments, goals and objectives from the Board and the ED. The Board or the ED addresses matters referred by the subject position as required or necessary.

C. Nature of Available Guidelines Controlling the Work:

1. Policy and Procedural Guides Available

   Federal Rules and Regulations, Correspondence and Action Transmittals
   Hawaii Revised Statutes (as applicable)
   Departmental Policies and Procedural Manuals
   Collective Bargaining Agreements, Contracts, Memoranda of Agreements

2. Use of Guidelines

   Procedural guides cover all technical aspects of the work. The employee is expected to know and apply pertinent laws, rules and regulations, policies, procedures, state statutes and other related guidelines pertaining to the administration of the housing programs in coordination with other federal, state and community agencies.

V. REQUIRED LICENSES, CERTIFICATION, ETC.

   N/A

VI. RECOMMENDATION QUALIFICATIONS

   A. Knowledge:

   Comprehensive knowledge of Federal and State public housing laws, rules and regulations, policies and procedures; problems in housing low income families; objectives and purpose of public housing; principles and practices of supervision and management; and office practices and procedures.
B. Skills/Abilities:

Must have the ability to develop solutions to complex and unprecedented situations, ability to develop and maintain effective working relationships with others, ability to prepare comprehensive reports, and apply effective supervisory and managerial skills.

C. Education:

Graduation from an accredited college or university or its equivalent in work experience.

D. Experience:

Applicant should have had the types of experience described in the statements immediately following:

1. Progressively responsible work as an employee or agent of a real estate firm, bank, insurance company, etc., engaged in the management of residential housing operations, private housing developments, shopping centers, etc.
2. Experience in the field of housing such as activities in:
   - Rental and occupancy activities.
   - Maintenance and repair of project facilities.
   - Supervising, training and developing of employees.
   - Budgetary control, and fiscal management of funds and expenditures related to project operations.

VII. TOOLS, EQUIPMENT & MACHINES

Computer
FOR INFORMATION

SUBJECT: 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

I. FACTS

A. The Hawaii Public Housing Authority (HPHA) currently has five family public housing properties in the Waikoloa Maneuver area (WMA) that are considered Formerly Used Defense Sites (FUDS) in the Hawai'i County:
   - Ke Kumu 'Ekahi (Privately Managed Tax Credit property under HPHA control) – 48 units
   - Ke Kumu 'Elua – 26 units, State public housing property
   - Ke Kumu 'Ekolu – 20 units, HUD-assisted Federal property
   - Noelani I – 19 units, HUD-assisted Federal property
   - Noelani II – 24 units, HUD-assisted Federal property

B. In 2015, several on-going construction projects on HUD-assisted properties or utilizing HUD funds were halted due to the concern over Unexploded Ordinances (UXO) in the WMA. At that time, the HPHA was completing construction repairs at the Noelani I & II sites in Waimea (a FUDS site) and had already completed all ground-disturbing activities, so HUD allowed HPHA to complete the remaining non-ground disturbing construction activities until guidance from HUD Headquarters could be provided.

C. On November 30, 2016, the Department of Health (DOH) sponsored a conference “Solving the UXO Conundrum” to discuss the issues and concerns of Formerly Used Defense Sites (FUDS) in the Waikoloa Maneuver Area (WMA). At that conference, the DOH informed attendees that they have prepared a draft Area-Wide Environmental Hazard Management Plan (EHMP) which outlines the measures that must be taken for construction activities in the WMA FUDS area to occur with anticipation that it would be finalized soon and be made available for use in construction or maintenance projects.

D. Former Mayor Harry Kim, Hawai‘i County; Neil Gytotoku, Housing Administrator, Office of Housing and Community Development, County of Hawai‘i; Darryl Oliveira, Director, Civil Defense, County of Hawai‘i; Jason
King, Training Coordinator, US Army Security Assistance Command; and Ryan Okahara, Director, HUD Honolulu Field Office assisted the HPHA to ensure that the HPHA properties in the WMA FUDS would be high priority in the USACE UXO clearings.

E. In February 2018, HPHA executed a Right of Entry with the United States Army Corps of Engineers (USACE) to clear HPHA properties located in the WMA FUDS.

F. On July 2 and 3, 2018, tenants were pre-notified and USACE sent their contractor GSI to survey the residential areas of Ke Kumu `Ekahi, Ke Kumu `Elua and Ke Kumu `Ekolu for surface metals and subsurface anomalies. Subsequently, surface and subsurface surveying of the vacant, undeveloped land of the three TMK’s were also conducted. The results of the survey were that 3,219 subsurface anomalies were identified.

G. On August 2 and 11, 2018, training of the HPHA tenants and staff took place at Waikoloa Middle and Elementary School, with a make-up meeting at Ke Kumu `Elua. Between the two dates, all tenants and staff were trained. Following the training, tenants were provided UXO disclosure forms to acknowledge their understanding and awareness. Translators were also present.

H. On August 30, 2018, a public meeting and training were held to inform the community about the planned resident evacuations. USACE published a notification of the public meeting in West Hawaii Today. An informational flyer was also mailed to the surrounding private residences.

I. From September 4 – 14, 2018, evacuation and clearance activities by USACE occurred. It normally takes 3-4 days to complete, but due to the high number of anomalies found, a second week was needed to fully examine the sites.

J. On August 1, 2019, the Final Remedial Action Report for the three Ke Kumu sites were received from the USACE and distributed to the DOH HEER.

K. On August 20, 2019, HPHA requested from the DOH HEER Deputy Director, Keith Kawaoka, a Letter of Conditional No Further Action (CNFA) with Institutional Controls (IC) so that HPHA may once again expend capital and operating funds to maintain the properties in the WMA FUDS Ke Kumu properties. The HPHA expects the CNFA with IC letter from the DOH by the end of September 2019.

L. Currently, the USACE is waiting on a Decision Document which covers a broad area, including Noelani I & II, USACE Project 04, Munitions
Response Site (MRS) B, O, Q, J-Remnants for authorization to work on these projects.

M. HUD Regulations and Requirements

1. HUD Notice SD 2017-01 was issued on January 18, 2017 which, among other things, established HUD’s minimum requirements for construction and maintenance activities with regards to HUD-assisted properties located in the WMA FUDS subject to the environmental review requirements based upon whether or not the USACE has cleared the area of UXO, and in the case of imminent emergencies. A summary of HUD’s determinations is as follows (please refer to the SD Notice attached for the complete language):

a) **New ground-disturbing activities** will NOT be allowed until a site closure letter is issued

b) **New non-ground disturbing activities** WILL be conditionally allowed where the USACE has removed UXO from the surface or the land surface is covered with permanent impervious surfaces

c) **New non-ground disturbing activities** will NOT be allowed where the USACE has NOT removed UXO from the surface or the land surface is covered with permanent impervious surfaces until a site closure letter is issued

2. HUD Public and Indian Housing (PIH) Notice 2018-08 was issued on May 18, 2018 which formally provides mandatory mitigation compliance actions required of the HPHA within 120 calendar days from the date of the publication of the PIH Notice for HUD-assisted properties in the WMA FUDS.

a) Program Applicability:
   1) Public Housing
   2) Project Based Voucher program
   3) Housing Choice Voucher program that is subject to the environmental review requirements
   4) Public Housing Capital Fund Program
   5) Public Housing Operating Fund program

b) Summary of Required Actions (please refer to the PIH Notice attached for the complete language):
   1) Record a Notice of Environmental Covenant and Environmental Use Restrictions identifying the UXO risk
2) Fence undeveloped vacant land that is accessible to residents and/or the public
3) Obtain signed Disclosure Notices from household about the UXO risks
4) Provide and require annual educational training concerning UXO dangers per the Tenant Lease which shall also include restrictions on any ground disturbing activities (includes below grade gardening, landscaping and recreational activities)
5) Enter into a cooperative agreement with an acceptable agency or contractor to provide annual community-wide public education on UXO dangers, including written materials
6) Amend all management documents to reflect the UXO risk and stipulating that ground disturbing activities are NOT permitted. Documents include, but are not limited to:
   i. Tenant Lease
   ii. House Rules
   iii. Maintenance Work Plan
   iv. Management Plan, etc.

3. HUD’s Community Planning and Development Notice CPD-19-07, dated August 21, 2019 regarding the Conditional No Further Action with Institutional Controls (CNFA with IC) letters issued by the Hawai`i Department of Health (HDOH) in areas with HUD investments in Hawai`i’s Waikoloa Maneuver Area (WMA) to ensure compliance with 24 CFR 50.3(i) and 58.5(i)(2). A summary of HUD’s determinations is as follows (please refer to the CPD Notice attached for the complete language). It requires the following conditions be included at a minimum in the Institutional Controls:

a) At a minimum, all future subsurface activities must be conducted following the Area-wide Environmental Hazard Management Plan (AEHMP)

b) All HUD-assisted properties must be accompanied by an ongoing safety awareness program to educate occupants and visitors about the possible presence of UXO

c) All subsurface activities must be conducted with UXO Construction Support provided by a certified UXO Contractor

d) Large-scale developments require submission and approval of a Site-Specific Environmental Hazard Management Plan (SSEHMP)
e) It provides notification requirements by requiring HPHA to
sign the Acknowledgement of Receipt in the FNFA letter and
to follow notification requirements to ensure current and
future stakeholders are notified the property is located within
the WMA FUDS. Highlights of notification requirements that
must be included at a minimum:

1) Notification to lessee that the property is in the WMA
FUDS prior to lease signing and notification to the
HDOH Hazard Evaluation and Emergency Response
(HEER) Office of any lease or transfer of property
2) New title transfers must include deed notice of WMA
FUDS, AEHMP and the conditions of the CNFA with
IC
3) Ensure written public education materials are
provided and community-wide public education
campaigns are utilized
4) In the event of a sale, lease or transfer of property,
the new owners or lessees must provide written
notice in the form of a Certification or
Acknowledgement to the HEER Office that they have
been informed of the conditions in the CNFA letter
and agree to follow the guidelines in the AEHMP

II. DISCUSSION

A. To this day, all construction and maintenance ground disturbing activities
in the WMA FUDS remain on hold until clearance and an Area-Wide
Environmental Hazard Management Plan (EHMP) with a letter of
Conditional No Further Action with Institutional Controls (CNFA with IC)
could be approved and issued by the Department of Health (DOH).

B. The HPHA is still awaiting notification from the USACE that they received
their Decision Document that HPHA's two family properties also in the
WMA FUDS area, Noelani I and Noelani II, has received authorization and
that it is scheduled for clearance activities.

Attachments: HUD Notice SD 2017-01
HUD Public and Indian Housing (PIH) Notice 2018-08
HUD Community Planning and Development Notice CPD-19-07

Prepared by: Becky Choi, State Housing Development Administrator

For Information – September 19, 2019

Page 5 of 5
SUBJECT: HUD investments in Hawaii’s former Waikoloa Maneuver Area

This notice is intended to outline and clarify the U.S. Department of Housing and Urban Development’s (HUD) policies for the Department’s federally supported properties on the Waikoloa Maneuver Area Formerly Used Defense Site on the Island of Hawaii.

BACKGROUND:

The Waikoloa Maneuver Area (WMA) Formerly Used Defense Site (FUDS) is located on 100,000 acres of land on the northwest side of the Island of Hawaii. The U.S. Navy acquired the area in 1943 to use as a military training camp and artillery range during World War II, resulting in unexploded ordnance (UXO) and other potentially dangerous materials remaining after training ceased at the end of the war. Two surface clean-up activities were done in 1946 and 1954 to remove these materials. Munitions and explosives continue to be discovered within this area and to date over 100 different types have been found including mortars, projectiles, hand grenades, rockets, land mines and other ordnance.

HUD’s regulations under the National Environmental Policy Act (NEPA) require “…all property proposed for use in HUD programs be free of hazardous materials, contamination, toxic chemicals and gasses, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property.” 24 CFR 50.3(i) and 24 CFR 58.5(i)(2). The unmitigated presence of unexploded ordnance presents an unacceptable risk to the health and safety of occupants and conflicts with residential property use. HUD relies on a State or Federal environmental remediation regulatory oversight agency site closure letter, typically called a No Further Action letter, for documenting NEPA compliance. Site closure letters are written statements that no further remedial action is required and the property is safe for its intended use.

As the U.S. Army Corps of Engineers (USACE) continues clean-up and monitoring operations within the WMA, HUD established a cross-program Working Group to outline mitigation policies for HUD investments in the area. HUD’s goal was to find a balanced approach to the multiple challenges faced within the WMA – protecting life and property; complying with existing environmental and program regulations; reducing the risks to HUD-supported properties; and preserving HUD assistance in the area in a safe and responsible manner – until a site closure letter is received.

Issued: January 18, 2017

This notice remains effective until amended, superseded or rescinded.
There are several hundred HUD-assisted housing units located across over 100 sites on the WMA. USACE has investigated a significant number of these locations and plans further surface and subsurface removals on a subset of those. There are other properties that USACE has not evaluated.

HUD’s Working Group considered many factors including how certain types of assistance in the area could further expose current and future HUD-supported residents to potential hazards. The Working Group gathered and analyzed information from multiple Federal sources including the USACE, the Department of Interior (DOI), the Department of Veterans Affairs (VA), Fannie Mae, and Freddie Mac. In addition, HUD considered information provided by the State of Hawaii’s Office of the Governor, Office of the Attorney General, Department of Health (HDOH), Department of Hawaiian Home Lands (DHHL), and the County of Hawaii.

HUD DETERMINATIONS:

The following minimum requirements are established for existing and proposed HUD-assisted properties located within the WMA that are subject to environmental review requirements. These minimum mitigation requirements are in effect until a site closure letter or comparable document is issued by the HDOH declaring the area, or specific properties, safe for residential and/or commercial use. HUD program offices that established additional program-specific requirements will disseminate that information in a WMA FUDS Program Notice.

- **New ground-disturbing** activities will not be allowed until a site closure letter is issued, except in an imminent emergency situation with certain conditions. See HUD program-specific WMA FUDS Program Notice(s) for more information.

- **New non-ground disturbing activities** will **be allowed** with certain conditions in project sites where the USACE has removed UXO from the surface and/or the land surface is covered with permanent impervious surfaces such as buildings and roads. Conditions include:
  - Notice to lessee, purchaser or recipient that property is in the WMA FUDS prior to lease signing, closing on purchase, or commencing rehabilitation;
  - New title transfers must include deed notice or property location in WMA FUDS and deed restrictions on disturbing covered surfaces; and
  - Ensure written public education materials are provided and community-wide public education campaigns are utilized.

**New non-ground disturbing activities** will not be allowed in project sites where USACE has not removed UXO from the surface or the land surface is not covered, until a site closure letter is issued.

- HUD will continue to support **existing HUD-assisted properties located** within the WMA FUDS as long as notice and public education materials are provided to land owners and residents. All proposed new activities on these sites must comply with the above requirements.

For additional information, please contact Ryan Okahara in the HUD Honolulu Field Office at 808-457-4662. For specific guidance on HUD programs covered by environmental review requirements, please contact your Program Environmental Clearance Officer or HUD Honolulu Field Office program area point of contact.
SUBJECT: Application of HUD Notice SD-2017-01 to the Public Housing, Housing Choice Voucher and Project-Based Voucher Programs within the Boundaries of the Waikoloa Maneuver Area Formerly Used Defense Site on the Island of Hawai‘i.

BACKGROUND: HUD published Notice SD-2017-01 on January 18, 2017. The Notice outlines HUD’s policies for HUD-assisted properties in the Waikoloa Maneuver Area Formerly Used Defense Site (WMA FUDS). The Notice establishes minimum requirements for existing and proposed HUD-assisted properties located within the WMA FUDS that are subject to environmental review requirements, and notes that HUD program offices that established additional program-specific requirements will disseminate that information in a WMA FUDS Program Notice. In addition, Notice SD-2017-01 notes that program-specific Notices will have more information on imminent emergencies. For the purposes of this Notice, HUD-assisted properties mean Public Housing programs and properties.

The National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) requires federal agencies to incorporate environmental considerations in their planning and decision-making through a systemic interdisciplinary approach to avoid and mitigate negative impacts to human health and the environment. Specifically, all federal agencies are to prepare detailed statements assessing the environmental impact of and alternatives to major federal actions significantly affecting the environment. These statements are commonly referred to as Environmental Impact Statements (EIS) and Environmental Assessments (EA). Title I of NEPA contains a Declaration of National Environmental Policy. This states that it is the continuing policy of the federal government to use all practicable means to create and maintain conditions under which man and nature can exist in productive harmony.

Most Public Housing programs are subject to environmental review requirements under either 24 CFR Part 58 or Part 50. In accordance with categorical exclusions in 24 CFR Part
58 and 24 CFR Part 50, some Housing Choice Voucher (HCV) funds\(^1\) are generally not subject to HUD environmental review requirements.

**PURPOSE:** This Notice confirms that the requirements of HUD Notice SD-2017-01 apply to all Public Housing and voucher programs that are subject to environmental review requirements, including the Project Based Voucher program, the Public Housing Capital Fund program, the Public Housing Operating Fund program, and some HCV funds\(^2\). In addition, this Notice provides information about requirements for imminent emergencies in the WMA FUDS. Furthermore, this Notice puts forth the program-specific requirements for Public Housing programs.

**REQUIREMENTS:** HUD Notice SD-2017-01 established the following minimum requirements for existing and proposed HUD-assisted properties located within the WMA FUDS that are subject to environmental review requirements. These minimum mitigation requirements are in effect until a site closure letter or comparable document is issued by the State of Hawai`i Department of Health (HDOH) declaring the area or specific properties, safe for residential and/or commercial use. The only exception to the prohibition is “in an imminent emergency with certain conditions.”

In that case, work to avoid an imminent emergency is permitted if it is done in accordance with any HDOH requirements and, among other things, notification of the U.S. Army Corps of Engineers (USACE) Honolulu District Office, HDOH, and respective HUD program office, at least 24 hours in advance of the planned activity, unless there is a life-threatening emergency.

**New ground-disturbing activities** will not be allowed until a site closure letter is issued, except in an imminent emergency with certain conditions. Work to address an imminent emergency is permitted in the WMA FUDS if it is done in accordance with any HDOH requirements as well as the following:

1. Any surface or subsurface activity must include notification of the USACE Honolulu District Office, HDOH and the respective HUD program office, in advance of the planned activity;
2. Any surface or subsurface activity must be done with qualified unexploded ordnance (UXO) personnel and equipment in accordance with Department of Defense Explosive Safety Board Technical Paper 18; and
3. If subsurface activity is planned, provisions must be made to detect and remove UXO at a depth of at least 12” greater than the planned depth of excavation.

**New non-ground disturbing activities** will be allowed with certain conditions in project sites where the USACE has removed UXO from the surface and/or the land surface is covered with permanent impervious surfaces such as buildings and roads. Conditions include:

1. Notice to lessee, purchaser, or recipient that property is in the WMA FUDS prior to lease signing, closing on purchase, or commencing rehabilitation;

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\(^1\) Please see PIH Notice 2016-22 for more information on the environmental review requirements for the HCV program.

\(^2\) Please see PIH Notice 2016-22 for more information on the environmental review requirements for the HCV program.
2. New title transfers must include deed notice or property location in WMA FUDS and deed restrictions on disturbing covered surfaces; and
3. Ensure written public education materials are provided, and community-wide public education campaigns are utilized.

**New non-ground disturbing activities** will not be allowed in project sites where USACE has not removed UXO from the surface or the land surface is not covered, until a site closure letter is issued.

HUD will continue to support **existing HUD-assisted properties** located within the WMA FUDS as long as notice and public education materials are provided to land owners and residents. All proposed new activities and renewals on these sites must comply with these requirements.

**APPLICATION TO PUBLIC HOUSING, HOUSING CHOICE VOUCHER AND PROJECT-BASED VOUCHER PROGRAMS:** The attached Unexploded Ordnance Hazards Disclosure – Waikoloa Maneuver Area (WMA) form is required to be completed annually until remediation is complete and the local regulatory agency issues the appropriate site closure document(s).

These requirements apply to all Public Housing programs that are subject to environmental review requirements, including some HCV funds3, the Project Based Voucher program, funding received from the Public Housing Capital Fund program, and the Public Housing Operating Fund program.

These requirements also apply to HCV program funds that are generally not subject to environmental review requirements.4 PHAs shall not issue new vouchers for properties located within the boundaries of the WMA FUDS on the island of Hawai‘i unless the PHA complies with the ground-breaking/non-groundbreaking requirements of this Notice as discussed below.

Public Housing programs must take the following specific actions to meet the requirements of HUD Notice SD-2017-01 for **new non-ground disturbing activities** and **existing HUD-assisted properties**.

For HCV funds that are generally not subject to environmental review requirements, the following actions must take place prior to any new leasing:

- PHA must provide educational training concerning UXO dangers to incoming HCV household members at all orientation meetings concurrent with the initial issuance of the voucher and upon renewal, which must include information on below grade gardening and landscaping; and
- PHA must obtain a signed acknowledgement from the HCV participant that the subject unit is located in a FUDS area (submitted with Request for Tenancy Approval (RTA)).

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3 Please see PIH Notice 2016-22 for more information on the environmental review requirements for the HCV program.
4 Please see PIH Notice 2016-22 for more information on the environmental review requirements for the HCV program.
For all other Public Housing programs, including the Project-Based Voucher program, funding received from the Public Housing Capital Fund program, the Public Housing Operating Fund program and HCV funds that are subject to environmental review requirements, the following actions must be taken:

- Within 120 days of this Notice, the PHA or owner must record a Notice of Environmental Covenant and Environmental Use Restrictions identifying the UXO risk on all HUD-assisted sites located in the Waikoloa Maneuver Area FUDS and install the appropriate signage with UXO warnings;
- Within 120 days of this Notice, any public housing properties where undeveloped land with identified or potential hazards exists (absence of buildings, paving and other improvements) that is accessible to resident(s) and/or the public, shall have an appropriate physical barrier installed to restrict access;
- Within 120 days of this Notice, the PHA or owner must have a signed acknowledgement from each currently assisted household that they are aware the public housing development or project-based voucher development is located in a FUDS area. The PHA shall require that all new households submit a similar acknowledgement form prior to occupancy (submitted with Tenancy Application);
- In the Tenant Lease, the PHA or owner must require annual educational training concerning UXO dangers for the head of household. Such Tenancy Addendum must also place restrictions on any ground disturbance, including limitations on on-site below-grade gardening and landscaping and/or recreation;
- Work to address an imminent emergency is permitted in the WMA FUDS if it is done in accordance with the requirements described herein;
- Within 120 days of this Notice, the PHA or owner must amend all management documents to reflect the UXO risk stipulating that ground disturbance activities are not permitted, except in imminent emergency situations with certain conditions. Management documents include, but are not limited to, Tenant Lease, House Rules, Maintenance Work Plan, Management Plan, etc.;
- Within 120 days of this Notice, the PHA or owner must ensure availability of annual community-wide public education on UXO dangers, including written materials, by entering a cooperative agreement with an acceptable agency or contractor to provide such training. If the PBV property is non-PHA owned, the owner must submit the educational training to the PHA for review and approval.

This Notice does not preclude Public Housing Agencies or Responsible Entities from establishing additional requirements. In addition, Uniform Relocation Act requirements will apply to PHAs performing land rehabilitation or redevelopment activities that may displace existing HUD-assisted residents.

Title VI, Fair Housing Act, and other nondiscrimination or equal opportunity complaints on the basis of HUD’s environmental justice regulations should be filed with the San Francisco Office of Fair Housing and Equal Opportunity (FHEO).

PAPERWORK REDUCTION ACT: The information collection requirements contained in this Notice are pending approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C 3520). In accordance with the PRA, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of
information unless the collection displays a currently valid OMB control number. The active information collections contained in this Notice are pending approval under the PRA OMB Control Number 2577-0169.

Please direct any questions to Susanne A. Sotirchos, Program Environmental Clearance Officer, Public Housing. Ms. Sotirchos can be reached at (202) 402-2086, or by email at Susanne.A.Sotirchos@hud.gov.

____________________________
/s/
Dominique Blom
General Deputy Assistant Secretary for Public and Indian Housing
Special Attention: 
HUD Region IX Staff
Regional and Field Office Directors of Public Housing
Regional Administrators
Responsible Entities
Public Housing Agencies
Regional Environmental Officers
Department of Hawaiian Home Lands
HUD-Approved Section 184A Lenders

NOTICE: CPD-19-07
Issued: August 21, 2019
This notice remains effective until amended, superseded, or rescinded.

Subject: Conditional No Further Action Letters Issued in Areas with HUD Investments in Hawaii’s Former Waikoloa Maneuver Area

I. Purpose
This notice revisits the U.S. Department of Housing and Urban Development’s (HUD) policies for the Department’s existing and future federally supported properties in the Waikoloa Maneuver Area Formerly Used Defense Site (WMA FUDS) for properties and parcels which have received a Conditional No Further Action letter from the State of Hawaii Department of Health (HDOH).

II. Background
The WMA FUDS is located on approximately 180,000 acres of land on the northwest side of the island of Hawaii. From 1943 to 1946, the Department of Defense used this site as a military maneuver area where armed forces used live explosive munitions to simulate realistic battle conditions. In some cases, the munitions did not explode and unexploded ordnance (UXO), which is still capable of exploding if disturbed, is present within the Area. To date, over 100 types of munitions and explosives have been found in the WMA FUDS, which pose an unacceptable risk to the health and safety of the Area’s occupants if not properly mitigated.

On January 18, 2017, HUD published Notice SD-2017-01, which outlines HUD’s policies for HUD-assisted properties in the WMA FUDS. The Notice established minimum requirements for existing and proposed HUD-assisted properties located within the WMA FUDS that are subject to environmental review requirements. Notice PIH-2017-25, published on November 30, 2017, by the Office of Native American Programs, informed the State of Hawaii Department of Hawaiian Home Lands and all HUD-approved Section 184A Lenders of program specific
requirements for the Section 184A program.\textsuperscript{1} In addition, Notice PIH-2017-25 confirmed that the requirements of Notice SD-2017-01 apply to the Native Hawaiian Housing Block Grant program. Notice PIH-2018-08 published on May 18, 2018 by the Office of Public and Indian Housing, confirmed that the requirements of HUD Notice SD-2017-01 apply to all Public Housing and project based voucher (PBV) programs that are subject to environmental review requirements.

The National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) requires federal agencies to incorporate environmental considerations in their planning and decision-making to avoid and mitigate negative impacts to human health and the environment. HUD’s regulations implementing NEPA require environmental reviews to be prepared under either 24 CFR Part 50 or 24 CFR Part 58. Part 50 applies when HUD conducts the environmental review and Part 58 applies when a Responsible Entity (RE), a unit of general local government, state, or tribal government, conducts the environmental review. HUD’s site contamination policy is included in these regulations and states that “all property proposed for use in HUD programs be free of hazardous materials, contamination, toxic chemicals and gasses, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property” (24 CFR 50.3(i) and 24 CFR 58.5(i)(2)). HUD and Responsible Entities rely on a State or Federal environmental remediation regulatory oversight agency site closure letter, typically called a No Further Action letter, to document compliance with the regulations at 24 CFR 50.3(i) and 58.5(i)(2). Site closure letters are written statements that no further remedial action is required, and the property is safe for its intended use.

The U.S. Army Corps of Engineers (USACE) is the lead agency responsible for FUDS clean-up and monitoring operations. In June 2018, USACE began to prepare and issue Remedial Action Reports documenting munitions clearance work for delineated properties in the WMA FUDS. HDOH is responsible for reviewing these reports and making a determination of acceptable risk for use of the subject properties. If HDOH determines that the Remedial Action Report is acceptable, HDOH will issue a site closure letter making such determinations, and, where applicable, require institutional controls and/or ongoing site management plans as needed.

III. Requirements

HUD Notice SD-2017-01 established minimum requirements for existing and proposed HUD-assisted properties located within the WMA FUDS that are subject to environmental review requirements. Notices PIH-2017-25 and PIH 2018-08 applied these requirements to PIH programs. These minimum mitigation and property use restriction requirements remain in effect until HDOH issues a property-specific site closure letter.

\textsuperscript{1} Section 184A under 24 CFR Part 1007, known as the Native Hawaiian Housing Loan Guarantee Program, is designed to offer home ownership, property rehabilitation, and new construction opportunities for eligible Native Hawaiian individuals and families wanting to own a home on Hawaiian home lands. 12 USC 1715z-13b(k)(2)(B)(i) and 24 CFR 1007.20(b)(2)(i) require that homes be decent and safe in order to receive a Section 184A loan guarantee.
Conditional No Further Action (CNFA) letters issued by HDOH that meet the requirements detailed below serve as site closure letters under HUD’s regulations at 24 CFR 50.3(i) and 58.5(i)(2). Properties that have received a CNFA letter from HDOH that meets the requirements below are no longer subject to the restrictions contained in HUD Notices SD-2017-01, PIH-2017-25, and PIH-2018-08. This notice does not alter the restrictions in the HUD Notices and those restrictions remain in place for properties that have not received a CNFA letter.

To ensure compliance with 24 CFR 50.3(i) and 58.5(i)(2), HUD (for Part 50 reviews) and REs (for Part 58 reviews) must ensure that HDOH CNFA letters for existing and proposed HUD-assisted properties located within WMA FUDS parcels meet the following requirements:

A. All project activities must comply with the conditions and institutional controls identified by HDOH in the CNFA letter. Conditions must include but are not limited to:

1. At minimum, all future subsurface activities must be conducted following the guidance and conditions stated in the *Areawide Environmental Hazard Management Plan, Waikoloa Maneuver Area, Island of Hawaii* (AEHMP);[^2]
2. All activities at HUD-assisted properties must be accompanied by an ongoing safety awareness program to educate occupants and visitors about the possible presence of UXO;
3. All subsurface activities must be conducted with UXO Construction Support provided by a certified UXO Contractor, as described in the AEHMP; and
4. Large-scale developments (as described in the AEHMP)[^3] require submission and approval of a Site-Specific Environmental Hazard Management Plan (SSEHMP) prior to construction.

HUD and REs must also ensure that the following notification requirements[^4] for existing and proposed HUD-assisted properties located within WMA FUDS parcels that receive an HDOH CNFA letter are met:

B. All owners of properties that are or will be HUD-assisted[^5] must sign the Acknowledgement of Receipt in the CNFA letter and follow notification requirements to

[^2]: While use of the AEHMP is voluntary for some landowners, the HDOH Conditional No Further Action Letters are expected to require the use of the AEHMP for all subject properties.

[^3]: Large-scale developments include, but are not limited to: residential subdivisions, apartment buildings, schools, shopping centers, new roads, solar and wind farms, utilities corridors, commercial structures, and major modifications to complex existing structures. Please contact the HDOH Hazard Evaluation and Emergency Response Office at 808-586-4249 to determine if a planned development is large- or small-scale.

[^4]: While not all of the following requirements may be contained in the applicable HDOH CNFA letter, all of the following requirements must be met in order for the HUD Notices regarding the WMA FUDS to no longer apply to the subject property.

[^5]: If an owner of Housing Choice Voucher rental units that do not require environmental review receives a CNFA letter from HDOH, the owner shall be permitted by HUD or the RE to remain subject to the requirements in Notice PIH 2018-08 for the PHA to provide UXO educational training and obtain a HCV participant acknowledgment, in lieu of HUD or the RE ensuring owner compliance with the conditions of the CNFA letter and the notification requirements of this notice.
ensure current and future stakeholders are notified the property is located within the WMA FUDS. Notification requirements must include but are not limited to:

1. Notice to lessee, purchaser, or recipient that the property is in the WMA FUDS prior to lease signing, closing on purchase, or commencing work on the project site, and notification to the HDOH Hazard Evaluation and Emergency Response (HEER) Office of any sale, lease, or transfer of property;
2. New title transfers must include deed notice of property location in WMA FUDS and notice of conditions in the CNFA letter and the requirements in the AEHMP;
3. Ensure written public education materials are provided and community-wide public education campaigns are utilized; and
4. As long as the property will continue to receive HUD assistance or be subject to HUD use restrictions, in the event of sale, lease, or transfer of the property, the new owners or lessees must provide written notice in the form of a Certification or Acknowledgement to the HEER Office that they have been informed of the conditions in the CNFA letter and agree to follow the guidelines in the AEHMP.

For additional information, please contact Morgan Griffin at 415-489-6731 or by email at Gregory.M.Griffin@hud.gov. For guidance on HUD programs covered by environmental review requirements, please contact your Program Environmental Clearance Officer or HUD Honolulu Field Office program area point of contact.
FOR ACTION


I. FACTS

A. On May 24, 2017, Sofia Karsom initiated a Complaint with the Hawai‘i Circuit Court of the First Circuit alleging a motor vehicle tort.

B. By letter dated July 9, 2019, counsel for Plaintiff served upon the Attorney General’s office a demand letter. The HPHA received this letter on August 26, 2019.

II. DISCUSSION

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

Attachment A: Karsom et al. v. City County of Honolulu et al. Civil No. 17-1-0843-05 (CONFIDENTIAL)

Prepared by: Jennifer Stolze, Compliance Specialist
Pages 144-175 were removed because they contained confidential information.
IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

SOPHIA KARSOM and JOHN SMAEL, INDIVIDUALLY AND ON BEHALF OF THEIR son G___________, a minor;

Plaintiffs,

vs.

STATE OF HAWAII AND THE HAWAII PUBLIC HOUSING AUTHORITY; and PLACIDO LUMABAO, individually and as an employee, agent, and/or independent contractor of the State of Hawaii, JOHN DOES 1-99, JANE DOES 1-99, DOE PARTNERSHIPS, 1-99, DOE CORPORATIONS, 1-99, DOE GOVERNMENT ENTITIES, 1-99 and OTHER ENTITIES 1-99,

Defendants.

PLAINTIFFS AMENDED COMPLAINT

Comes now, PLAINTIFFS, SOPHIA KARSOM and JOHN SMAEL, Individually and on behalf of their son G___________, a minor,
RECORD OF DELIVERY

X For Service on State of Hawaii

___ For Service on the Attorney General or Department of the Attorney General

___ For Service on the Governor

___ Service on Attorney General of Guam and Complaint Against State Agency/Official

(Name of Department/Agency or Official)

For Other Purpose: __________________________

Delivered by: _____________________________

Received by: _____________________________

Kendall Moser
Deputy Attorney General

Note: Please make sure the document is time stamped.
(hereinafter referred to as "Plaintiffs"), by and through their counsel John Aaron M. Jones, and for Plaintiffs claims for relief against the above-named Defendants, allege and aver as follows:

1. Plaintiffs SOPHIA KARSON, JOHN SMAEL and their son [redacted] are residents of the City and County of Honolulu, State of Hawaii. Defendants are the State of Hawaii and the Hawaii Public Housing Authority, and PLACIDO LUMABAO, individually and as an employee, agent, and/or independent contractor of the State of Hawaii) and their employees, agents and/or contractors currently unknown, who were working within the scope of their employment or contract under the direct supervision and control of the State of Hawaii and the Hawaii Public Housing Authority at the time of the accident on or about August 26, 2016. See Exhibit "1" Honolulu Police Report.

2. All incidents described herein took place within the jurisdiction of the Circuit Court of the First Circuit, State of Hawaii.

3. Defendants JOHN DOES 1-99, JANE DOES 1-99 DOES, PARTNERSHIPS, 1-99, DOE CORPORATIONS 1-99, DOE GOVERNMENT ENTITIES 1-99 and/or OTHER ENTITIES 1-99 are named here under fictitious names for the reason that their true identities are presently unknown to Plaintiffs, except that they are persons and/or entities who are agents, associates, masters, servants, employees, employers, contractors, or representatives of the State of Hawaii and the Hawaii Public Housing Authority;
and/or who were in some manner, presently unknown to Plaintiffs engaged in
activities alleged herein; and/or who are in some manner responsible for the
injuries or damage to Plaintiffs and/or who conducted some activities in a
negligent or dangerous manner, which negligent or dangerous conduct was a
proximate cause of injuries and damages to Plaintiffs and/or who are in some
manner related to Defendants.

4. In an attempt to determine the names and identities of any other
person and/or entities, Plaintiffs have attempted to contact witnesses to the
incident, including the person who summoned medical assistance. Plaintiffs at
this time are unable to identify the names and identities of the persons and/or
entities described in this section until Plaintiffs proceeds with discovery.

Plaintiffs pray leave to insert herein their true names and capacities,
and/or responsibilities when the same are ascertained.

5. On or about August 26, 2016, Plaintiff G[REDACTED] a
four year old child was playing on the sidewalk in front of his home at 1555 Haka
Drive in the City and County of Honolulu, State of Hawaii when a maintenance
vehicle driven by Defendant Employee, DOE 1, PLACIDO LUMABAO an Employee
of the State of Hawaii and the Hawaii Public Housing Authority, ran over him on
the sidewalk. Plaintiff G[REDACTED] was transported to Queens
Medical Center by ambulance in serious condition and subsequently transferred
to Kapiolani Medical Center for orthopedic surgery for a fractured pelvis and
related broken bones and internal injuries.
The maintenance vehicle that ran over Plaintiff [redacted] on the sidewalk in front of his home was owned, operated and maintained by Defendant State of Hawaii and the Hawaii Public Housing Authority, whose Defendant Employee Doe 1, PLACIDO LUMABAHO, was driving on the sidewalk when he failed to stop before running over Plaintiff [redacted]. At the time of the accident, Defendant Employee, Doe1, PLACIDO LUMABAHO, operated and controlled said maintenance vehicle within the scope of his employment with Defendant State of Hawaii and the Hawaii Public Housing Authority, in a negligent and reckless manner that breached his duty of due care to Plaintiffs. Defendants acts herein stated were negligent, careless and dangerous and were a proximate cause of the fractured pelvis and other permanent injuries, disabilities, pain and suffering, emotional distress and damages to Plaintiff [redacted] and his parents Plaintiffs SOPHIA KARSOM and JOHN SMAEL.

6. At the time of the incident complained of herein, Defendant PLACIDO LUMABAHO, Employee Doe 1, was engaged in driving a maintenance vehicle in front of 1555 Haka Drive in the City and County of Honolulu, State of Hawaii. At the time of the incident complained of herein, Defendant PLACIDO LUMABAHO, Employee Doe 1 was an employee or otherwise engaged, by the State of Hawaii and the Hawaii Public Housing Authority) and was at all times relevant herein, acting within the scope of his employment with the State of Hawaii and the Hawaii Public Housing Authority who were negligent and the direct and
proximate cause of injuries and damages to Plaintiffs and under the doctrine of respondeat superior are vicariously liable and responsible for the negligence of its employees in the operation and controlling the maintenance vehicle.

Defendant PLACIDO LUMABAO Employee Doe 1, while in the course of his employment with the previously named Defendants, cause the maintenance vehicle to jumped the curb and run over Plaintiff G[REDACTED] on the sidewalk causing him permanent injury that was so severe that it caused him to become medically permanently disabled.

7. Prior to said accident, Defendants including PLACIDO LUMABAO and John Does 1-99 and Jane Does 1-99, Doe Partnerships, Doe Corporations and Doe Government Entities 1-99, and Other Entities 1-99, and/or each of them, undertook the operation, control, repair, maintenance and/or reconditioning of the above-described maintenance vehicle that ran over Plaintiff's son.

8. Defendants and each of them had a duty to Plaintiffs, to ensure that said maintenance vehicle, was operated in a safe manner and condition that did not cause a hazardous condition which was the direct and proximate cause of injuries and damages to Plaintiffs and resulted in a fractured pelvis, permanent Injury, and damages to Plaintiff's son. It also caused and resulted in the negligent and intentional infliction of emotional distress with the additional time, expense and workload on Plaintiffs SOPHIA KARSOM and JOHN SMAEL in carrying for their injured son.

Damages will be proved at trial.
9. The above described vehicle accident took place due to the gross negligence, breach of warranties and breach of the duty of due care by Defendants and Defendant PLACIDO LUMABAO, Defendant's Employee Doe 1 and other employees, agents, contractors and/or servants, which conduct included but are not limited to: failing to adequately train drivers, improperly, negligently, carelessly, unskillfully, tortuously and/or wrongfully operating, controlling, maintaining, inspecting and/or testing said maintenance vehicle.

10. By reason of said gross negligent and the negligent operation and control of said maintenance vehicle and the negligent, maintenance, inspection and/or testing of said maintenance vehicle, including its brakes, said maintenance vehicle was not operated in a proper, safe or fit condition, which conditions were known or should have been known to Defendants, and each of them which was the direct and proximate cause of injuries and damages to Plaintiffs. Defendants failed in the proper training and selection of the operator and inspection of said vehicle, including its brakes, which selection and inspection was the duty of the Defendants and each of them, to make.

11. As a direct and proximate result of the above described negligent operation, control, selection and inspection of said maintenance vehicle and/or negligent act and/or omissions, and/or acts of Defendants, and each of them, Plaintiff [REDACTED] has sustained severe permanent injuries, including but not limited to a fractured pelvis, trauma to his hip, back, leg, and pelvic area and other damages and injuries, including pain and suffering which he has
suffered in the past and will continue to suffer in the future. Damages, including
general, compensatory and punitive, will be proved at trial.

12. As a direct and proximate result of the negligence and breach
of due care by the Defendants, Plaintiffs have sustained severe intentional and
negligent infliction of emotional distress, psychological and mental trauma
resulting in pain and suffering, permanent injuries, and damages including the
additional time, expense and workload on Plaintiffs SOPHIA KARSOM, JOHN
SMAEL in carrying for their injured son, which they have suffered in the past and
will continue to suffer in the future. Damages, including general, compensatory
and punitive, will be proved at trial.

13. As a further direct and proximate result of the above described
negligent acts and/or omissions and/or acts of Defendants, and each of them,
Plaintiffs have incurred permanent injury and disability, medical and
rehabilitation expenses in the past and will continue to incur medical expenses
and other costs in the future.

WHEREFORE, Plaintiffs pray judgment against the Defendants, and each of
them, jointly and severally and as is herein set forth. Damages including general,
compensatory and punitive), will be proved at trial.

II

For a separate and distinct claim for relief, Plaintiffs alleges as follows:

14. Plaintiffs reallege and incorporate paragraphs 1-13 as if fully set
forth herein.
15. Defendants are liable to Plaintiffs in negligence and strict liability for the damages, including punitive damages, that were caused as a direct and proximate result of the above described gross negligence of Defendants in causing their maintenance vehicle to run over of their son, which under the doctrine of res ipsa loquitur speaks for itself in that a four-year-old child playing in his backyard and on the sidewalk in front of his house should never have happened.

16. Said negligent acts of Defendants in running over Plaintiff's son is gross negligence which is evidenced by the breach of the duty of due care, the negligent acts and/or omissions of Defendants, and/or each of them, which include but are not limited to the following acts that caused Plaintiffs' injuries:

   A. Defendants failed to keep their maintenance vehicle under proper control;

   B. Defendants failed to keep a proper look-out;

   C. Defendants were reckless and careless in the training of their drivers and in the operation of their maintenance vehicle;

   D. Defendants were inattentive to their driving;

   E. Defendants drove with excessive speed.

As a direct and proximate result of the above described gross negligent acts and/or omissions of Defendants, and each of them, Plaintiffs sustained severe and permanent injuries, pain and suffering, as herein above set forth.
WHEREFORE, Plaintiffs pray judgment against the Defendants, and each of them, severally and jointly as herein set forth. Damages, including general, compensatory and punitive, will be proved at trial.

III

For a separate and distinct claim for relief, Plaintiffs allege as follows:

17. Plaintiffs reallege and incorporate paragraphs 1-16 as if fully set forth herein.

18. Defendants, and each of them, are strictly liable for the damages caused to Plaintiffs by doing an ultrahazardous and inherently dangerous activity in driving a vehicle on the sidewalk in a public housing area where even the highest degree of care could not eliminate the risk of harm to the children, including Plaintiff [redacted], a four-year-old boy who resides and was playing in his backyard when he was run over by Defendant PLACIDO LUMABAO, the driver of the vehicle, who was an employee of Defendant State of Hawaii and Defendant Hawaii Public Housing Authority and acting within the scope of his employment at the time of the incident. Plaintiff [redacted] suffered numerous injuries but most devastating is the bone leg fracture that is causing one of his legs to be shorter than the other which will result in a permanent disability preventing him from walking and running normally, that he will have for the rest of his life expectancy which under the insurance tables is approximately 80 to 90 years.)

19. Defendants, and each of them, are responsible for Plaintiffs
damages as herein above set forth.

WHEREFORE, Plaintiffs pray judgment against the Defendants, and each of them, jointly and severally and as herein set forth. Liability and damages will be proved. IV

For a separate and distinct claim for relief, Plaintiffs allege as follows:

20. Plaintiff reallege and incorporate paragraphs 1-19 and as if fully set forth herein.

21. Defendants negligently and intentionally inflicted emotional distress on Plaintiffs. As a direct and proximate result of the actions of the Defendants described herein, Plaintiffs herein have been subjected to serious emotional distress, the kind with which a person normally constituted would not be adequately able to cope, as a result of, but not limited to, experiencing the injuries sustained to their son by the Defendant's maintenance vehicle running over their son on the sidewalk.

WHEREFORE, Plaintiff pray judgment against the Defendants, and each of them, jointly and severally as herein set forth. Damages, including general, compensatory, economic and punitive, will be proved at trial. V

For a separate and distinct claim for relief, Plaintiffs allege as follows:

22. Plaintiffs reallege and incorporate paragraphs 1-21 as if fully set forth herein.

23. The acts and/or omissions of Defendants, and each of them, as
herein above described in paragraphs 1-21, were willful, wanton, and malicious and in total disregard for the safety and/or well-being of the members of the public including the Plaintiffs, which also includes the breach of their duty of due care and the duty by other unnamed defendants who acted negligently and were the direct and proximate cause of injuries and damages to Plaintiffs.

24. As a direct and proximate result of the Defendants acts and each of their, negligent, willful, wanton, and malicious conduct, Plaintiffs have been damaged physically and emotionally and their son [redacted] was permanently injured and had to have additional medical procedures to repair his fractured bones and other injuries, giving rise to the issue of punitive damages.

WHEREFORE, Plaintiffs pray judgment against the Defendants, and each of them, jointly and severally and as hereinafter set forth.

1. Special damages in such amounts to be proved at trial but exceed any statutory limit;

2. General and compensatory damages in the amount to be proved at trial but exceed the statutory limit;

3. Punitive damages in the amount to be proved at trial;

4. Medical and related expenses in an amount to be proved at trial;

5. Past and future lost earnings in an amount to be proved at trial;

6. Damages for impairment of earning capacity to be proved at trial;

7. Interest on such damages awarded as permitted by law from the date of the judgment until paid;
8. Costs of this action;

9. Such other and further relief as the Court may deem just and proper including, but not limited to, reasonable attorney's fees.

10. Plaintiffs reserve the right to (further) amend this amended complaint at any time.


[Signature]
John Jason M. Jones
Attorney for Plaintiffs
The undersigned freely and voluntarily provides the following statement:

On 3/26/16 @ HPD 4, State of Hawaii, I was driving north between buildings 24 & community hall. I accidentally hit a child that was sitting on the sidewalk behind a port. I stepped and rendered aid. I couldn't see the kids too low to run over with the light from the front. I estimate I was going about 3 miles per hour. I have read this statement prepared by [Redacted] which consists of the typed/handwritten page and continuation pages, and have been given the opportunity to make corrections thereof. I attest that this statement is true and correct to the best of my knowledge, and that I made this statement freely and voluntarily without coercion or promise of reward.
IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

SOPHIA KARSOM and JOHN SMAEL, 
INDIVIDUALLY AND ON BEHALF OF THEIR 
son G__________, a minor; 

Plaintiffs,

vs.

STATE OF HAWAII AND THE HAWAII 
PUBLIC HOUSING AUTHORITY; and 
PLACIDO LUMABAO, individually and as 
as an employee, agent, and/or independent 
contractor of the State of Hawaii, 
JOHN DOES 1-99, JANE DOES 1-99, 
DOE PARTNERSHIPS, 1-99, 
DOE CORPORATIONS, 1-99 
DOE GOVERNMENT ENTITIES, 1-99 and 
OTHER ENTITIES 1-99, 

Defendants.

SUMMONS

TO THE ABOVE-NAMED DEFENDANTS: STATE OF HAWAII AND HAWAII 
PUBLIC HOUSING AUTHORITY AND 
PLACIDO LUMABAO, individually and as 
as an employee, agent, and/or independent 
contractor of the State of Hawaii,
YOU ARE HEREBY SUMMONED and required to file with the Court and serve upon Plaintiffs' attorneys, John Aaron Murphy Jones, whose address is 607 N. King Street, Suite 313, Honolulu, Hawai'i 96817, an Answer to the Amended Complaint, which is herewith served upon you, within TWENTY (20) DAYS after service of this summons upon you, exclusive of the date of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the Complaint.

THIS SUMMONS SHALL NOT BE PERSONALLY DELIVERED BETWEEN 10:00 P.M. AND 6:00 A.M. ON PREMISES NOT OPEN TO THE GENERAL PUBLIC, UNLESS A JUDGE OF THE ABOVE-ENTITLED COURT PERMITS, IN WRITING ON THIS SUMMONS, PERSONAL DELIVERY DURING THOSE HOURS.

A FAILURE TO OBEY THIS SUMMONS MAY RESULT IN AN ENTRY OF DEFAULT AND DEFAULT JUDGMENT AGAINST THE DISOBEYING PERSON OR PARTY.

DATED: Honolulu, Hawaii

SEP 29, 2017

I. KAPAONA

CLERK OF THE ABOVE-ENTITLED COURT
IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

SOPHIA KARSOM AND JOHN SMAEL, INDIVIDUALLY AND ON BEHALF OF THEIR son J____, a minor,

Plaintiffs,

vs.

STATE OF HAWAII AND THE HAWAII PUBLIC HOUSING AUTHORITY, AND PLACIDO LUMABAO, individually and as an employee, agent, and/or independent contractor of the State of Hawaii, JOHN DOES 1-99, et al.,

Defendants

STATE OF HAWAII, HAWAII PUBLIC HOUSING AUTHORITY; and PLACIDO LUMABAO

Third-Party Plaintiffs,

vs.

CIVIL NO. 17-1-0843-05 (VLC)
Motor Vehicle Tort

DEFENDANTS STATE OF HAWAII, HAWAII PUBLIC HOUSING AUTHORITY AND PLACIDO LUMABAO'S THIRD-PARTY COMPLAINT; EXHIBIT "1"; SUMMONS; CERTIFICATE OF SERVICE

I do hereby certify that this is a full, true, and correct copy of the original filed in this office.

Clerk, First Circuit, State of Hawaii
DEFENDANTS STATE OF HAWAII, HAWAII PUBLIC HOUSING AUTHORITY
AND PLACIDO LUMABAO'S THIRD-PARTY COMPLAINT

Defendants and Third-Party Plaintiffs, STATE OF HAWAII, the HAWAII PUBLIC
HOUSING AUTHORITY and PLACIDO LUMABAO (hereinafter collectively "Defendants
and Third-Party Plaintiffs") by and through their attorneys, Attorney General Russell A.
Suzuki, and Deputy Attorneys General Dennis K. Ferm and Caron M. Inagaki, and for a
Third-Party Complaint against CYNTHIA KAMINANGA (hereinafter "Third-Party
Defendant Kaminanga") and JOHN and JANE DOES 1-10, DOE CORPORATIONS 1-10
and DOE ENTITIES 1-10 (hereinafter referred to as "Third-Party Doe Defendants"), state
as follow:

1. Defendant and Third-Party Plaintiff STATE OF HAWAII is a governmental
   entity and sovereign State of the United States.

2. Defendant and Third-Party Plaintiff HAWAII PUBLIC HOUSING
   AUTHORITY is and was at all times relevant, a public body and an agency of the State of
   Hawaii.

3. Defendant and Third-Party Plaintiff PLACIDO LUMABAO is, and was at all
   times relevant, a resident of the City and County of Honolulu, State of Hawaii.

4. Third-Party Defendant CYNTHIA KAMINANGA, upon information and
   belief, is the mother of Plaintiff SOPHIA KARSOM, the grandmother of the minor Plaintiff
a resident of the City and County of Honolulu, State of Hawaii at all times relevant herein.

5. Third-Party Doe Defendants are sued under fictitious names for the reason that their true names and identities are unknown to the Third-Party Plaintiffs, except they are connected in some manner with the above-named Third-Party Defendant Kaminanga and may be persons, agents, servants, employees, employers, representative, associates or independent contractors of the above-named Third-Party Defendant and/or was in some manner responsible for the injuries and/or damages alleged by the Plaintiffs. Third-Party Plaintiffs have sued the unidentified Third-Party Doe Defendants with fictitious names pursuant to Rule 17(d) of the Hawaii Rules of Civil Procedure. Third-Party Plaintiffs will substitute the true names, identities, capacities, acts and/or omissions of the Third-Party Doe Defendants when the same are ascertained.

6. On or about August 26, 2016, in the Kamehameha Homes development located in Honolulu, Hawaii, Third-Party Defendant CYNTHIA KAMINANGA undertook to care for the safety and/or in some manner was responsible for attending to, and supervising the minor Plaintiff, G______ J____

7. On or about said date, Third-Party Defendant CYNTHIA KAMINANGA negligently failed to properly attend to, and/or supervise the minor Plaintiff so as to allow the minor Plaintiff to wander away from his residence without any adult supervision. This negligence foreseeably exposed the minor Plaintiff to injury, particularly in view of his age of three years.
8. On said date the minor Plaintiff was injured when he was struck/run over by a maintenance vehicle being operated in a reasonable and lawful manner in the Kamehameha Homes development where the Plaintiffs resided.

9. The injuries and damages allegedly sustained by the Plaintiffs were the proximate result of the negligence and/or other tortious acts and/or omissions of Third-Party Defendant CYNTHTIA KAMINANGA

10. On September 29, 2017, Plaintiffs filed their Amended Complaint herein against State of Hawaii, Hawaii Public Housing Authority and Placido Lumabao alleging that these Defendants and Third-Party Plaintiffs were negligent and/or otherwise liable to the Plaintiffs for their injuries and damages as a result of the accident described above. A copy of the Amended Complaint is attached hereto as Exhibit "1" and is incorporated herein as reference.

11. If the Plaintiffs sustained any injuries and/or damages, it was as a direct and proximate result of the negligence and/or other tortious and wrongful acts and/or omissions on the part of Third-Party Defendant CYNTHTIA KAMINANGA and not any of the acts and/or omissions alleged against the Defendants and Third-Party Plaintiffs.

12. If Plaintiffs were damaged in any way as alleged, said damages were the direct and proximate result of the tortious and/or wrongful conduct of one or more of the Doe Third-Party Defendants, as may be disclosed through further investigation and discovery, and not as a result of any acts or omissions of any of the Defendants and Third-Party Plaintiffs.

13. Based on the foregoing, if any judgment is recovered against State of Hawaii, the Hawaii Public Housing Authority and/or Placido Lumabao, such damages,
costs, expenses, and attorneys' fees will have been caused by Third-Party Defendant CYNTHIA KAMINANGA and/or one or more Doe Third-Party Defendants as alleged and Defendants and Third-Party Plaintiffs are entitled to judgment over and against the Third-Party Defendants for indemnity and contribution.

14. If Plaintiffs secure a judgment against the Defendants and Third-Party Plaintiffs, then these Third-Party Plaintiffs are entitled to an apportionment of liability amongst all parties including Third-Party Defendant CYNTHIA KAMINANGA.

WHEREFORE, Defendants and Third-Party Plaintiffs pray as follow:

A. That Plaintiffs' Amended Complaint be dismissed against these Defendants and that they be awarded their attorneys' fees and costs;

B. That if Plaintiffs are entitled to judgment for any damages, such judgment be rendered against Third-Party Defendant Cynthia Kaminanga and/or one or more of the Third-Party Defendants who are presently unidentified and not against the Third-Party Plaintiffs;

C. That Third-Party Defendant Cynthia Kaminanga and/or one or more of the Third-Party Defendants be determined responsible for indemnity and contribution to Third-Party Plaintiffs in the event judgment is entered against these Defendants and Third-Party Plaintiffs;

D. That if it be determined that these Defendants and Third-Party Plaintiffs and Third-Party Defendants, including Cynthia Kaminanga are joint tortfeasors, the relative degree of fault of each joint tortfeasor be determined and apportioned, that Third-Party Plaintiffs have judgment against Third-Party Defendant Cynthia Kaminanga for any
excess that may be paid by these Defendants and Third-Party Plaintiffs over and above their pro rata share of such judgment in favor of the Plaintiffs; and

E. That Defendants and Third-Party Plaintiffs be awarded such other and further relief as the Court may deem just and proper.


DENNIS K. FERM
Deputy Attorney General

Attorney for Defendants and Third-Party Plaintiffs STATE OF HAWAII, HAWAII PUBLIC HOUSING AUTHORITY and PLACIDO LUMABAO
Exhibit - 1
IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAI‘I

SOPHIA KARSON and JOHN SMAEL, INDIVIDUALLY AND ON BEHALF OF THEIR son [redacted], a minor;

Plaintiffs,

vs.

STATE OF HAWAI‘I AND THE HAWAI‘I PUBLIC HOUSING AUTHORITY; and PLACIDO LUMABAO, individually and as an employee, agent, and/or independent contractor of the State of Hawa‘i, JOHN DOES 1-99, JANE DOES 1-99, DOE PARTNERSHIPS, 1-99, DOE CORPORATIONS, 1-99 DOE GOVERNMENT ENTITIES, 1-99 and OTHER ENTITIES 1-99,

Defendants.

PLAINTIFFS AMENDED COMPLAINT

Comes now, PLAINTIFFS, SOPHIA KARSON and JOHN SMAEL, Individually and on behalf of their son [redacted], a minor,

EXHIBIT 1

I do hereby certify that this is a true, correct, and current copy of the original on file in this office.

[Signature]

Circuit Court, First Circuit
(hereinafter referred to as "Plaintiffs"), by and through their counsel JohnAaron
M. Jones, and for Plaintiffs claims for relief against the above-named
Defendants, allege and aver as follows:

1. Plaintiffs SOPHIA KARSOM, JOHN SMAEL and their son
G[REDACTED] are residents of the City and County of Honolulu, State
of Hawaii. Defendants are the State of Hawaii and the Hawaii Public
Housing Authority, and PLACIDO LUMABAO, Individually and as an employee,
agent, and/or independent contractor of the State of Hawaii) and their
employees, agents and/or contractors currently unknown, who were working
within the scope of their employment or contract under the direct supervision
and control of the State of Hawaii and the Hawaii Public Housing Authority at
the time of the accident on or about August 28, 2016. See Exhibit “1” Honolulu
Police Report

2. All incidents described herein took place within the jurisdiction of
the Circuit Court of the First Circuit, State of Hawaii.

3. Defendants JOHN DOES 1-99, JANE DOES 1-99 DOES,
PARTNERSHIPS, 1-99, DOE CORPORATIONS 1-99, DOE GOVERNMENT
ENTITIES 1-99 and/or OTHER ENTITIES 1-99 are named here under fictitious
names for the reason that their true identities are presently unknown to
Plaintiffs, except that they are persons and/or entities who are agents,
associates, masters, servants, employees, employers, contractors, or
representatives of the State of Hawaii and the Hawaii Public Housing Authority;
and/or who were in some manner, presently unknown to Plaintiffs engaged in activities alleged herein; and/or who are in some manner responsible for the injuries or damage to Plaintiffs and/or who conducted some activities in a negligent or dangerous manner, which negligent or dangerous conduct was a proximate cause of injuries and damages to Plaintiffs and/or who are in some manner related to Defendants.

4. In an attempt to determine the names and identities of any other person and/or entities, Plaintiffs have attempted to contact witnesses to the incident, including the person who summoned medical assistance. Plaintiffs at this time are unable to identify the names and identities of the persons and/or entities described in this section until Plaintiffs proceeds with discovery.

Plaintiffs pray leave to insert herein their true names and capacities, and/or responsibilities when the same are ascertained.

5. On or about August 26, 2016, Plaintiff G[redacted] a four year old child was playing on the sidewalk in front of his home at 1555 Haka Drive in the City and County of Honolulu, State of Hawaii when a maintenance vehicle driven by Defendant Employee, DOE 1, PLACIDO LUMABAO an Employee of the State of Hawaii and the Hawaii Public Housing Authority, ran over him on the sidewalk. Plaintiff G[redacted] was transported to Queens Medical Center by ambulance in serious condition and subsequently transferred to Kapiolani Medical Center for orthopedic surgery for a fractured pelvis and related broken bones and internal injuries.
The maintenance vehicle that ran over Plaintiff G[redacted] J[redacted] on the sidewalk in front of his home was owned, operated and maintained by Defendant State of Hawaii and the Hawai'i Public Housing Authority, whose Defendant Employee Doe 1, PLACIDO LUMABAO, was driving on the sidewalk when he failed to stop before running over Plaintiff G[redacted] J[redacted]. At the time of the accident, Defendant Employee Doe 1, PLACIDO LUMABAO, operated and controlled said maintenance vehicle within the scope of his employment with Defendant State of Hawaii and the Hawai'i Public Housing Authority, in a negligent and reckless manner that breached his duty of due care to Plaintiff. Defendants acts herein stated were negligent, careless and dangerous and were a proximate cause of the fractured pelvis and other permanent injuries, disabilities, pain and suffering, emotional distress and damages to Plaintiff G[redacted] J[redacted] and his parents Plaintiff SOPHIA KARSON and JOHN SNAEL.

6. At the time of the incident complained of herein, Defendant PLACIDO LUMABAO, Employee Doe 1, was engaged in driving a maintenance vehicle in front of 1655 Haka Drive in the City and County of Honolulu, State of Hawaii. At the time of the incident complained of herein, Defendant PLACIDO LUMABAO, Employee Doe 1 was an employee or otherwise engaged, by the State of Hawaii and the Hawai'i Public Housing Authority) and was at all times relevant herein, acting within the scope of his employment with the State of Hawaii and the Hawai'i Public Housing Authority who were negligent and the direct and
proximate cause of injuries and damages to Plaintiffs and under the doctrine of respondeat superior are vicariously liable and responsible for the negligence of its employees in the operation and controlling the maintenance vehicle. 

Defendant PLACIDO LUMABAO Employee Doe 1, while in the course of his employment with the previously named Defendants, cause the maintenance vehicle to jumped the curb and run over Plaintiff [Redacted] on the sidewalk causing him permanent injury that was so severe that it caused him to become medically permanently disabled.

7. Prior to said accident, Defendants including PLACIDO LUMABAO and John Does 1-99 and Jane Does 1-99, Doe Partnerships, Doe Corporations and Doe Government Entities 1-99, and Other Entities 1-99, and/or each of them, undertook the operation, control, repair, maintenance and/or reconditioning of the above-described maintenance vehicle that ran over Plaintiff's son.

8. Defendants and each of them had a duty to Plaintiffs, to ensure that said maintenance vehicle, was operated in a safe manner and condition that did not cause a hazardous condition which was the direct and proximate cause of injuries and damages to Plaintiffs and resulted in a fractured pelvis, permanent Injury, and damages to Plaintiff's son. It also caused and resulted in the negligent and intentional infliction of emotional distress with the additional time, expense and workload on Plaintiffs SOPHIA KARSON and JOHN SMAEL in carrying for their injured son.

Damages will be proved at trial.
8. The above described vehicle accident took place due to the gross negligence, breach of warranties and breach of the duty of due care by Defendants and Defendant PLACIDO LUMABAO, Defendant's Employee Doe 1 and other employees, agents, contractors and/or servants, which conduct included but are not limited to: falling to adequately train drivers, improperly, negligently, carelessly, unskilfully, tortuously and/or wrongfully operating, controlling, maintaining, inspecting and/or testing said maintenance vehicle.

10. By reason of said gross negligent and the negligent operation and control of said maintenance vehicle and the negligent, maintenance, inspection and/or testing of said maintenance vehicle, including its brakes, said maintenance vehicle was not operated in a proper, safe or fit condition, which conditions were known or should have been known to Defendants, and each of them which was the direct and proximate cause of injuries and damages to Plaintiff. Defendants failed in the proper training and selection of the operator and inspection of said vehicle, including its brakes, which selection and inspection was the duty of the Defendants and each of them, to make.

11. As a direct and proximate result of the above described negligent operation, control, selection and inspection of said maintenance vehicle and/or negligent act and/or omissions, and/or acts of Defendants, and each of them, Plaintiff G[redacted] sustained severe permanent injuries, including but not limited to a fractured pelvis, trauma to his hip, back, leg, and pelvic area and other damages and injuries, including pain and suffering which he has
suffered in the past and will continue to suffer in the future. Damages, including
general, compensatory and punitive, will be proved at trial.

12. As a direct and proximate result of the of the negligence and breach
of due care by the Defendants, Plaintiffs have sustained severe intentional and
negligent infliction of emotional distress, psychological and mental trauma
resulting in pain and suffering, permanent injuries, and damages including the
additional time, expense and workload on Plaintiffs SOPHIA KARSOM, JOHN
SMAEL in carrying for their injured son, which they have suffered in the past and
will continue to suffer in the future. Damages, including general, compensatory
and punitive, will be proved at trial.

13. As a further direct and proximate result of the above described
negligent acts and/or omissions and/or acts of Defendants, and each of them,
Plaintiffs have incurred permanent injury and disability, medical and
rehabilitation expenses in the past and will continue to incur medical expenses
and other costs in the future.

WHEREFORE, Plaintiffs pray judgment against the Defendants, and each of
them, jointly and severally and as is herein set forth. Damages including general,
compensatory and punitive), will be proved at trial.

II

For a separate and distinct claim for relief, Plaintiffs alleges as follows:

14. Plaintiffs reallege and incorporate paragraphs 1-13 as if fully set
forth herein.
15. Defendants are liable to Plaintiffs in negligence and strict liability for the damages, including punitive damages, that were caused as a direct and proximate result of the above described gross negligence of Defendants in causing their maintenance vehicle to run over of their son, which under the doctrine of res ipsa loquitur speaks for itself in that a four-year-old child playing in his backyard and on the sidewalk in front of his house should never have happened.

16. Said negligent acts of Defendants in running over Plaintiff's son is gross negligence which is evidenced by the breach of the duty of due care, the negligent acts and/or omissions of Defendants, and/or each of them, which include but are not limited to the following acts that caused Plaintiffs' injuries:

A. Defendants failed to keep their maintenance vehicle under proper control;

B. Defendants failed to keep a proper look-out;

C. Defendants were reckless and careless in the training of their drivers and in the operation of their maintenance vehicle;

D. Defendants were inattentive to their driving;

E. Defendants drove with excessive speed.

As a direct and proximate result of the above described gross negligent acts and/or omissions of Defendants, and each of them, Plaintiffs sustained severe and permanent injuries, pain and suffering, as herein above set forth.
WHEREFORE, Plaintiffs pray judgment against the Defendants, and each of them, severally and jointly as herein set forth. Damages, including general, compensatory and punitive, will be proved at trial.

III

For a separate and distinct claim for relief, Plaintiffs allege as follows:

17. Plaintiffs reallege and incorporate paragraphs 1-16 as if fully set forth herein.

18. Defendants, and each of them, are strictly liable for the damages caused to Plaintiffs by doing an ultrahazardous and inherently dangerous activity in driving a vehicle on the sidewalk in a public housing area where even the highest degree of care could not eliminate the risk of harm to the children, including Plaintiff G[REDACTED], a four-year-old boy who resides and was playing in his backyard when he was run over by Defendant PLACIDO LUMABAO, the driver of the vehicle, who was an employee of Defendant State of Hawaii and Defendant Hawaii Public Housing Authority and acting within the scope of his employment at the time of the incident. Plaintiff G[REDACTED] suffered numerous injuries but most devastating is the bone leg fracture that is causing one of his legs to be shorter than the other which will result in a permanent disability preventing him from walking and running normally, that he will have for the rest of his life expectancy which under the insurance tables is approximately 80 to 90 years.)

19. Defendants, and each of them, are responsible for Plaintiffs
damages as herein above set forth.

WHEREFORE, Plaintiffs pray judgment against the Defendants, and each of them, jointly and severally and as herein set forth. Liability and damages will be proved.

IV

For a separate and distinct claim for relief, Plaintiffs allege as follows:

20. Plaintiff reallege and incorporate paragraphs 1-19 and as if fully set forth herein.

21. Defendants negligently and intentionally inflicted emotional distress on Plaintiffs. As a direct and proximate result of the actions of the Defendants described herein, Plaintiffs herein have been subjected to serious emotional distress, the kind with which a person normally constituted would not be adequately able to cope, as a result of, but not limited to, experiencing the injuries sustained to their son [redacted] by the Defendant's maintenance vehicle running over their son on the sidewalk.

WHEREFORE, Plaintiff pray judgment against the Defendants, and each of them, jointly and severally as herein set forth. Damages, including general, compensatory, economic and punitive, will be proved at trial.

V

For a separate and distinct claim for relief, Plaintiffs allege as follows:

22. Plaintiffs reallege and incorporate paragraphs 1-21 as if fully set forth herein.

23. The acts and/or omissions of Defendants, and each of them, as
herein above described in paragraphs 1-21, were willful, wanton, and malicious and in total disregard for the safety and/or well-being of the members of the public including the Plaintiffs, which also includes the breach of their duty of due care and the duty by other unnamed defendants who acted negligently and were the direct and proximate cause of injuries and damages to Plaintiffs.

24. As a direct and proximate result of the Defendants acts and each of their, negligent, willful, wanton, and malicious conduct, Plaintiffs have been damaged physically and emotionally and their son [REDACTED] was permanently injured and had to have additional medical procedures to repair his fractured bones and other injuries, giving rise to the issue of punitive damages.

WHEREFORE, Plaintiffs pray judgment against the Defendants, and each of them, jointly and severally and as hereinafter set forth.

1. Special damages in such amounts to be proved at trial but exceed any statutory limit;

2. General and compensatory damages in the amount to be proved at trial but exceed the statutory limit;

3. Punitive damages in the amount to be proved at trial;

4. Medical and related expenses in an amount to be proved at trial;

5. Past and future lost earnings in an amount to be proved at trial;

6. Damages for impairment of earning capacity to be proved at trial;

7. Interest on such damages awarded as permitted by law from the date of the judgment until paid;
8. Costs of this action;

9. Such other and further relief as the Court may deem just and proper including, but not limited to, reasonable attorney's fees.

10. Plaintiffs reserve the right to (further) amend this amended complaint at any time.


[Signature]
John Aaron M. Jones
Attorney for Plaintiffs
The undersigned freely and voluntarily provides the following statement:

At 3:35 p.m. on the 14th, I was driving north between buildings 24 and Community Hall. I accidentally hit a child that was sitting on the sidewalk behind a post. I stopped and rendered aid. I couldn't see the kid too low and ran over with the left front tire. I started I was going about 3 Miles Per Hour.

I have read this statement prepared by , which consists of this typed/handwritten page and conclusion page(s), and have been given the opportunity to make corrections therein. I attest that this statement is true and correct to the best of my knowledge and that I gave this statement freely and voluntarily without coercion or promise of reward.
IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

SOPHIA KARSOM and JOHN SMAEL, INDIVIDUALLY AND ON BEHALF OF THEIR son [Redacted], a minor; 

Plaintiffs,

vs.

STATE OF HAWAII AND THE HAWAII PUBLIC HOUSING AUTHORITY; and PLACIDO LUMABAO, individually and as an employee, agent, and/or independent contractor of the State of Hawaii, JOHN DOES 1-99, JANE DOES 1-99, DOE PARTNERSHIPS, 1-99, DOE CORPORATIONS, 1-99 DOE GOVERNMENT ENTITIES, 1-99 and OTHER ENTITIES 1-99,

Defendants.

SUMMONS

TO THE ABOVE-NAMED DEFENDANTS: STATE OF HAWAII AND HAWAII PUBLIC HOUSING AUTHORITY, and PLACIDO LUMABAO, individually and as an employee, agent, and/or independent contractor of the State of Hawaii.
YOU ARE HEREBY SUMMONED and required to file with the Court and serve
upon Plaintiffs' attorneys, JohnAaron Murphy Jones, whose address is 607 N. King Street,
Suite 313, Honolulu, Hawai'i 96817, an Answer to the Amended Complaint, which is
herewith served upon you, within TWENTY (20) DAYS after service of this summons upon
you, exclusive of the date of service. If you fail to do so, judgment by default will be taken
against you for the relief demanded in the Complaint.

THIS SUMMONS SHALL NOT BE PERSONALLY DELIVERED

BETWEEN 10:00 P.M. AND 6:00 A.M. ON PREMISES NOT OPEN TO THE
GENERAL PUBLIC, UNLESS A JUDGE OF THE ABOVE-ENTITLED COURT
PERMITS, IN WRITING ON THIS SUMMONS, PERSONAL DELIVERY
DURING THOSE HOURS.

A FAILURE TO OBEY THIS SUMMONS MAY RESULT IN AN ENTRY
OF DEFAULT AND DEFAULT JUDGMENT AGAINST THE DISOBEDIENT
PERSON OR PARTY.

DATED: Honolulu, Hawai'i  SEP 29 2017

I. KAPAONA  SEAL

CLERK OF THE ABOVE-ENTITLED COURT
IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

SOPHIA KARSOM AND JOHN SMAEL, INDIVIDUALLY AND ON BEHALF OF THEIR son G_____, a minor,

Plaintiffs,

vs.

STATE OF HAWAII AND THE HAWAII PUBLIC HOUSING AUTHORITY, AND PLACIDO LUMABAO, individually and as an employee, agent, and/or independent contractor of the State of Hawaii, JOHN DOES 1-99, et al.,

Defendants

STATE OF HAWAII, HAWAII PUBLIC HOUSING AUTHORITY; and PLACIDO LUMABAO

Third-Party Plaintiffs,

vs.

CYNTHIA KAMINANGA, JOHN and JANE DOES 1-10; DOE CORPORATIONS 1-10; and DOE ENTITIES 1-10,

Third-Party Defendants.

CIVIL NO. 17-1-0843-05 (VLC)
Motor Vehicle Tort

SUMMONS

Trial: None
SUMMONS

STATE OF HAWAII

To the above-named Third-Party Defendant: CYNTHIA KAMINANGA

You are hereby summoned and required to file with the court and serve upon
Johnaaron M. Jones, Plaintiffs' attorney whose address is 607 N. King Street, Suite 303,
Honolulu, Hawaii 96817, and upon Deputy Attorney General Dennis K. Ferm and Caron
M. Inagaki, who are attorneys for Defendants and Third-Party Plaintiffs STATE OF
HAWAII, HAWAII PUBLIC HOUSING AUTHORITY and PLACIDO LUMABAO, and
whose address is 425 Queen Street, Honolulu, Hawaii 96811, an answer to the Third-
Party Complaint which is herewith served upon you within 20 days after service of this
summons upon you, exclusive of the day of service. If you fail to do so, judgment by
default will be taken against you for the relief demanded in the Third-Party Complaint.
There is also served upon you herewith a copy of the Amended Complaint of the
Plaintiffs (Exhibit 1), which you may but not required to answer.

THIS SUMMONS SHALL NOT BE PERSONALLY DELIVERED
BETWEEN 10:00 P.M. AND 6:00 A.M. ON PREMISES NOT OPEN
TO THE GENERAL PUBLIC, UNLESS A JUDGE OF THE ABOVE-
ENTITLED COURT PERMITS, IN WRITING ON THIS SUMMONS,
PERSONAL DELIVERY DURING THOSE HOURS.

A FAILURE TO OBEY THIS SUMMONS MAY RESULT IN AN
ENTRY OF DEFAULT AND DEFAULT JUDGMENT AGAINST THE
DISOBEYING PERSON OR PARTY.

DATED: HONOLULU, HAWAII, ________________, 2018.

APR 30 2018

J. KUBO
CLERK OF THE ABOVE-ENTITLED COURT

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-2-
IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

SOPHIA KARSOM AND JOHN SMAEL, INDIVIDUALLY AND ON BEHALF OF THEIR son G_________ a minor,

Plaintiffs,

vs.

STATE OF HAWAII AND THE HAWAII HOUSING AUTHORITY, AND PLACIDO LUMABAO, individually and as an employee, agent, and/or independent contractor of the State of Hawaii, JOHN DOES 1-99, et al.,

Defendants

STATE OF HAWAII, HAWAII PUBLIC HOUSING AUTHORITY; and PLACIDO LUMABAO

Third-Party Plaintiffs,

vs.

CYNTHIA KAMINANGA, JOHN and JANE DOES 1-10; DOE CORPORATIONS 1-10 and DOE ENTITIES 1-10,

Third-Party Defendants.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on April 30, 2018, a copy of DEFENDANTS STATE OF HAWAII, HAWAII PUBLIC HOUSING AUTHORITY and PLACIDO
LUMABAO'S THIRD-PARTY COMPLAINT was duly served via U.S. mail, postage prepaid upon the following party at his last known address:

JOHNAARON M. JONES  
607 N. King St., Suite 303  
Honolulu, Hawaii 96817  
Attorney for Plaintiffs


DENNIS K. FERM  
Deputy Attorney General

Attorney for Defendants and  
Third-Party Plaintiffs STATE OF HAWAII,  
HAWAII PUBLIC HOUSING AUTHORITY  
and PLACIDO LUMABAO
Executive Session  
*To be conducted by the Department of Attorney General*

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.

**CONFIDENTIAL ATTACHMENTS:** 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:

**Litigation:**
- Andrew Samuel v. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority, HCRC No. RE-O-1216; HUD No. (Pending)
- 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
Pages 177-208 were removed because they contained confidential information.
I. Planning and Evaluation

A. 2019 Legislative Interim Activities:

In August 2019, HPHA met with various Senators and Representatives to discuss the possible development of a vacant parcels of land, such as land adjacent to the HPHA’s Hale Hoolulu property on the island of Kauai. Further discussion will be scheduled by the Legislators and the Kauai community.

B. Lt. Governor Green – Mainstream Voucher Grant:

On August 20, 2019, PEO met with Lt. Governor Josh Green to discuss the HPHA’s application for the U.S. Department of Housing and Urban Development's Mainstream Voucher Program Grant. Lt. Governor Green supports HPHA’s application and will assist with gathering partnership letters with the disabled non-profit community.

C. Waipahu Transit Oriented Development Collaboration:

On August 21, 2019, PEO met with Waipahu Transit Oriented Development (TOD) stakeholders to review and discuss the University of Hawaii Community Design Center’s recommendations of increasing affordable housing and public parking for State properties next to the Waipahu Rail Station.

II. Fiscal Management

A. Variance Report for July 2019

1. Revenue for the Month of July 2019

CFP Grant Income $112,541 less than budget

The Public Housing Capital Fund Program (“CFP”) is a U.S Department of Housing and Urban Development (HUD) grant for capital and management activities, including the modernization and development of public housing. HUD regulation also allows each Public Housing Authority (PHA) to use certain percentage of CFP for administration and operational costs. By HUD rule, a PHA has two years to obligate and two years to spend it after CFP grant is made available annually.
CFP is drawn through HUD’s Electronic Line of Credit System (“eLOCCS”) based on Budget Line Items (“BLI”). BLIs are further grouped into soft cost (BLI Numbers 1406, 1408 and 1410) for management activities, and hard cost (BLI Numbers greater than 1430) for capital projects.

CFP drawings and expenditures that are not capitalized are reported on this line as operating income. Capitalization of CFP expenditure is reported in Balance Sheet under construction in progress.

$112,541 were budgeted to be withdrawn from CFP for non-capitalized expenditure in July 2019. In fact, however, there was no withdraw from CFP during the month.

**Grant Income** $340,453 less than budget

The variance of $340,453 was a combination of the following factors.
- The amount received from the State general fund for Federal housing programs was $585,227 smaller than budget.
- The amount received from the State general fund for the State elder’s housing was $235,952 higher than budget.
- The amounts received from the State general fund for the State family housing were $25,079 lower than budget.
- The amount granted for the State rent supplemental program was $409,177 lower than budget.
- The State general fund allotted for the month was $443,078 more than the amount expended by the beneficial programs.

**Other Income** $213,768 less than budget

The unfavorable variance of $213,768 was caused by
- $222,437 lower revenues of the front line service fees generated by Multi-Skilled Workers Pilot program team, Application Office, Hearing Office, and Compliance Office;
- $3,157 more payments received from tenants, which were not directly related to dwelling unit rent;
- $8,336 more fraud recovery;
- $10,512 lower investment income;
- $588 more admin fee earned on Section 8 port-in;
- $9,421 higher Section 8 port-in payment; and
- $2,321 smaller miscellaneous income that captures all types of income not specified otherwise.

2. **Expenses for the Month of July 2019**

**Administrative** $206,084 lower than budget

The favorable variance of $206,084 was due to
- $24,360 lower HPHA payroll expenses;
- $8,337 lower private management payroll expenses;
• $6,859 audit fee budgeted but not billed yet;
• $46,743 less front-line service fees charged by the Application, Hearing and Compliance offices;
• $28,656 lower legal expenses;
• $2,423 lower travel expenses;
• $2,959 smaller amount paid for management agents fees;
• $12,509 less expenses of office supplies; and
• $73,238 lower expenses of the items not specified above.

**Tenant Services** $91,802 less than budget

Tenant Services include relocation costs, resident participation program costs and tenant service costs for any services directly related to meeting tenant needs.

The $91,802 favorable variance was a result of $7,401 lower relocation cost; $89,453 smaller resident participation program cost, and $5,052 higher other tenant service expenses.

**Maintenance** $443,878 less than budget

The $443,878 favorable variance was due to

- $19,338 less expenses of salaries and fringe benefits paid for HPHA maintenance employees;
- $31,173 lower expenses of wages and benefits paid for maintenance employees of the private management company;
- $29,655 lower expenses on furniture, appliance and equipment;
- $51,704 less expenses on materials and supplies used for building, ground, safety, painting, electric, janitorial maintenances, etc.;
- $175,048 lower repair and maintenance expenses charged by the Multi-Skilled Workers Pilot program team; and
- $136,960 lower expenses paid for contracted services including refuse collection, sewer, plumbing, pest control, building, tree trimming, vehicle and equipment, janitorial, elevator, fire extinguisher, appliance, electric, HVAC, etc.

**Bad Debt Expense** $79,463 higher than budget

The $79,463 unfavorable variance was a result of monthly reconciliation of tenant accounts receivable and adjustments of allowances for bad debt.

**General Expenses** $8,006 lower than budget

The $8,006 favorable variance was due to $8,801 lower motor pool vehicle rental expense and $5,246 lower payment in lieu of taxes. The favorable variances were partially offset by $1,301 higher fraud losses and $4,740 higher undistributed expenses of Pcard purchases.
3. **Revenue year to date**

Since July is the first month of a new fiscal year, the year to date numbers are same as the month.

4. **Expenses year to date**

Since July is the first month of a new fiscal year, the year to date numbers are same as the month.
## HAWAII PUBLIC HOUSING AUTHORITY

### Agency Total

#### Actual vs Budget Comparison

**For the Month of July 2019, and the 1 Months ended July 31, 2019**

(Amounts in Full Dollars)

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actual</strong></td>
<td><strong>Budget</strong></td>
</tr>
<tr>
<td><strong>Amount</strong></td>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td>1,850,163</td>
<td>1,913,947</td>
</tr>
<tr>
<td>8,560,210</td>
<td>7,917,528</td>
</tr>
<tr>
<td>- 112,541</td>
<td>- 112,541</td>
</tr>
<tr>
<td>412,557</td>
<td>403,975</td>
</tr>
<tr>
<td>464,667</td>
<td>805,120</td>
</tr>
<tr>
<td>338,304</td>
<td>552,072</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>11,625,901</strong></td>
</tr>
<tr>
<td>1,663,908</td>
<td>1,869,992</td>
</tr>
<tr>
<td>-  - 0%</td>
<td>-  - 0%</td>
</tr>
<tr>
<td>354,886</td>
<td>344,401</td>
</tr>
<tr>
<td>57,680</td>
<td>60,279</td>
</tr>
<tr>
<td>6,099,998</td>
<td>5,852,725</td>
</tr>
<tr>
<td>8,121</td>
<td>99,923</td>
</tr>
<tr>
<td>1,189,569</td>
<td>1,134,275</td>
</tr>
<tr>
<td>1,628,189</td>
<td>2,072,067</td>
</tr>
<tr>
<td>277,723</td>
<td>304,713</td>
</tr>
<tr>
<td>49,669</td>
<td>47,324</td>
</tr>
<tr>
<td>1,608,027</td>
<td>1,639,644</td>
</tr>
<tr>
<td>97,053</td>
<td>17,590</td>
</tr>
<tr>
<td>15,614</td>
<td>23,620</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>13,050,440</strong></td>
</tr>
<tr>
<td><strong>Net Income(Loss)</strong></td>
<td><strong>$ (1,424,536)</strong></td>
</tr>
<tr>
<td><strong>CASH BASIS</strong></td>
<td><strong>Add back non cash items:</strong></td>
</tr>
<tr>
<td><strong>Net Income(Loss) per Above</strong></td>
<td><strong>$ (1,424,539)</strong></td>
</tr>
<tr>
<td><strong>Depreciation Expense</strong></td>
<td><strong>$ 1,608,027</strong></td>
</tr>
<tr>
<td><strong>Bad Debt Expense</strong></td>
<td><strong>$ 97,053</strong></td>
</tr>
<tr>
<td><strong>TOTAL CASH BASIS</strong></td>
<td><strong>$ 280,544</strong></td>
</tr>
</tbody>
</table>
### Hawaii Public Housing Authority

#### Consolidated Balance Sheet

**Agency Total**

**As of July 31, 2019 and June 30, 2019**

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>As of July 31, 2019</th>
<th>As of June 30, 2019</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>93,237,421</td>
<td>89,739,719</td>
<td>3,497,702</td>
</tr>
<tr>
<td><strong>Receivables:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenants Receivables</td>
<td>1,296,762</td>
<td>1,240,903</td>
<td>55,859</td>
</tr>
<tr>
<td>Other</td>
<td>1,398,490</td>
<td>1,477,307</td>
<td>(78,817)</td>
</tr>
<tr>
<td>Less Allowance for Doubtful Accounts</td>
<td>(1,119,928)</td>
<td>(1,044,093)</td>
<td>(75,835)</td>
</tr>
<tr>
<td>Total receivables</td>
<td>1,575,324</td>
<td>1,674,117</td>
<td>(98,793)</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>149,289</td>
<td>149,289</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>22,002</td>
<td>17,429</td>
<td>4,573</td>
</tr>
<tr>
<td>Inventories</td>
<td>688,373</td>
<td>692,103</td>
<td>(3,730)</td>
</tr>
<tr>
<td>Interprogram Due From</td>
<td>9,233,489</td>
<td>11,257,569</td>
<td>(2,024,080)</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>104,905,898</td>
<td>103,530,226</td>
<td>1,375,672</td>
</tr>
<tr>
<td><strong>Property, Plant &amp; Equipment:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>21,451,327</td>
<td>21,451,327</td>
<td>-</td>
</tr>
<tr>
<td>Buildings</td>
<td>659,147,383</td>
<td>659,147,383</td>
<td>-</td>
</tr>
<tr>
<td>Furniture &amp; Equipment</td>
<td>7,365,861</td>
<td>7,365,861</td>
<td>-</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>958,540</td>
<td>958,540</td>
<td>-</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>88,431,033</td>
<td>88,431,033</td>
<td>-</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(422,397,564)</td>
<td>(420,789,537)</td>
<td>(1,608,027)</td>
</tr>
<tr>
<td>Notes, Loans &amp; Mortgage Receivable-Non Current</td>
<td>8,716,630</td>
<td>8,716,630</td>
<td>-</td>
</tr>
<tr>
<td>Other Long term assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td>11,721,540</td>
<td>11,721,540</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets &amp; Deferred Outflow of Resources</strong></td>
<td>$ 480,300,648</td>
<td>$ 480,533,003</td>
<td>($232,355)</td>
</tr>
</tbody>
</table>

#### Liabilities and Net Position

<table>
<thead>
<tr>
<th><strong>LIABILITIES AND NET POSITION</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>2,505,264</td>
<td>2,248,165</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued Salaries &amp; Wages</td>
<td>1,042,342</td>
<td>1,042,342</td>
</tr>
<tr>
<td>Accrued Vacation</td>
<td>1,565,740</td>
<td>1,565,740</td>
</tr>
<tr>
<td>Tenant Security Deposits</td>
<td>1,135,637</td>
<td>1,128,263</td>
</tr>
<tr>
<td>Other Liabilities &amp; Deferred Income</td>
<td>3,626,430</td>
<td>2,703,122</td>
</tr>
<tr>
<td>Interprogram Due To</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>9,875,413</td>
<td>8,687,632</td>
</tr>
<tr>
<td>Accrued Liabilities</td>
<td>39,895,932</td>
<td>39,895,932</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>37,036,047</td>
<td>37,036,047</td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
<td>923,600</td>
<td>923,600</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in capital assets</td>
<td>354,956,580</td>
<td>356,564,607</td>
</tr>
<tr>
<td>Restricted Net Assets</td>
<td>(120,072,644)</td>
<td>(120,072,644)</td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>159,110,259</td>
<td>157,497,832</td>
</tr>
<tr>
<td>Net Income Year to Date</td>
<td>(1,424,539)</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>392,569,656</td>
<td>393,989,792</td>
</tr>
<tr>
<td><strong>Total Liabilities, Deferred Inflow of Resources &amp; Net Position</strong></td>
<td>$ 480,300,648</td>
<td>$ 480,533,003</td>
</tr>
</tbody>
</table>
HAWAII PUBLIC HOUSING AUTHORITY
Federal Low Rent Program
Actual vs Budget Comparison
For the Month of July 2019, and the 1 Months ended July 31, 2019
(Amounts in Full Dollars)

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Variance</th>
<th></th>
<th>Year To Date ended July 31, 2019</th>
<th>Variance</th>
<th>Prior Year</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
<td>%</td>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
</tr>
<tr>
<td>1,573,511</td>
<td>1,627,194</td>
<td>(53,683)</td>
<td>-3%</td>
<td>1,573,511</td>
<td>1,627,194</td>
<td>(53,683)</td>
</tr>
<tr>
<td>2,035,816</td>
<td>2,035,816</td>
<td>174,351</td>
<td>9%</td>
<td>2,035,816</td>
<td>2,035,816</td>
<td>174,351</td>
</tr>
<tr>
<td>- 112,541</td>
<td>- 112,541</td>
<td>-100%</td>
<td>-100%</td>
<td>- 112,541</td>
<td>(112,541)</td>
<td>-100%</td>
</tr>
<tr>
<td>- - -</td>
<td>- - -</td>
<td>0%</td>
<td>0%</td>
<td>- - -</td>
<td>- - -</td>
<td>0%</td>
</tr>
<tr>
<td>(387,623)</td>
<td>197,604</td>
<td>(585,227)</td>
<td>-&lt;100%</td>
<td>(387,623)</td>
<td>197,604</td>
<td>(585,227)</td>
</tr>
<tr>
<td>57,141</td>
<td>50,687</td>
<td>6,454</td>
<td>13%</td>
<td>57,141</td>
<td>50,687</td>
<td>6,454</td>
</tr>
<tr>
<td>$ 3,278,845</td>
<td>3,849,491</td>
<td>$(570,646)</td>
<td>-15%</td>
<td>$ 3,278,845</td>
<td>3,849,491</td>
<td>$(570,646)</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td>EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
<td>%</td>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
</tr>
<tr>
<td>586,989</td>
<td>715,020</td>
<td>(128,031)</td>
<td>-18%</td>
<td>586,989</td>
<td>715,020</td>
<td>(128,031)</td>
</tr>
<tr>
<td>268,441</td>
<td>279,357</td>
<td>(10,916)</td>
<td>-4%</td>
<td>268,441</td>
<td>279,357</td>
<td>(10,916)</td>
</tr>
<tr>
<td>32,833</td>
<td>34,439</td>
<td>(1,606)</td>
<td>-5%</td>
<td>32,833</td>
<td>34,439</td>
<td>(1,606)</td>
</tr>
<tr>
<td>1,188</td>
<td>1,921</td>
<td>(733)</td>
<td>-38%</td>
<td>1,188</td>
<td>1,921</td>
<td>(733)</td>
</tr>
<tr>
<td>4,506</td>
<td>98,374</td>
<td>(93,868)</td>
<td>-95%</td>
<td>4,506</td>
<td>98,374</td>
<td>(93,868)</td>
</tr>
<tr>
<td>970,446</td>
<td>946,791</td>
<td>23,655</td>
<td>2%</td>
<td>970,446</td>
<td>946,791</td>
<td>23,655</td>
</tr>
<tr>
<td>1,164,336</td>
<td>1,156,431</td>
<td>7,905</td>
<td>-0.7%</td>
<td>1,164,336</td>
<td>1,156,431</td>
<td>7,905</td>
</tr>
<tr>
<td>277,018</td>
<td>303,602</td>
<td>(26,584)</td>
<td>-9%</td>
<td>277,018</td>
<td>303,602</td>
<td>(26,584)</td>
</tr>
<tr>
<td>38,514</td>
<td>37,145</td>
<td>1,369</td>
<td>4%</td>
<td>38,514</td>
<td>37,145</td>
<td>1,369</td>
</tr>
<tr>
<td>1,366,197</td>
<td>1,405,021</td>
<td>(38,824)</td>
<td>-3%</td>
<td>1,366,197</td>
<td>1,405,021</td>
<td>(38,824)</td>
</tr>
<tr>
<td>92,669</td>
<td>16,957</td>
<td>75,712</td>
<td>&gt;100%</td>
<td>92,669</td>
<td>16,957</td>
<td>75,712</td>
</tr>
<tr>
<td>5,325</td>
<td>8,540</td>
<td>(3,215)</td>
<td>-38%</td>
<td>5,325</td>
<td>8,540</td>
<td>(3,215)</td>
</tr>
<tr>
<td>$ 4,808,462</td>
<td>5,443,598</td>
<td>$(635,136)</td>
<td>12%</td>
<td>$ 4,808,462</td>
<td>5,443,598</td>
<td>$(635,136)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Variance</th>
<th></th>
<th>Year To Date ended July 31, 2019</th>
<th>Variance</th>
<th>Prior Year</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
<td>%</td>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
</tr>
<tr>
<td>4,808,462</td>
<td>5,443,598</td>
<td>$(635,136)</td>
<td>12%</td>
<td>4,808,462</td>
<td>5,443,598</td>
<td>$(635,136)</td>
</tr>
<tr>
<td>$ (1,529,617)</td>
<td>(1,594,107)</td>
<td>64,490</td>
<td>4%</td>
<td>$ (1,529,617)</td>
<td>(1,594,107)</td>
<td>64,490</td>
</tr>
</tbody>
</table>

CASH BASIS:

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Variance</th>
<th></th>
<th>Year To Date ended July 31, 2019</th>
<th>Variance</th>
<th>Prior Year</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
<td>%</td>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
</tr>
<tr>
<td>(1,529,617)</td>
<td>(1,594,107)</td>
<td>64,490</td>
<td>4%</td>
<td>(1,529,617)</td>
<td>(1,594,107)</td>
<td>64,490</td>
</tr>
</tbody>
</table>

Net Income(Loss) per Above

Add back non cash items:

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Variance</th>
<th></th>
<th>Year To Date ended July 31, 2019</th>
<th>Variance</th>
<th>Prior Year</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
<td>%</td>
<td>Actual</td>
<td>Budget</td>
<td>Amount</td>
</tr>
<tr>
<td>1,366,197</td>
<td>1,405,021</td>
<td>(38,824)</td>
<td>-3%</td>
<td>1,366,197</td>
<td>1,405,021</td>
<td>(38,824)</td>
</tr>
<tr>
<td>92,669</td>
<td>16,957</td>
<td>75,712</td>
<td>&gt;100%</td>
<td>92,669</td>
<td>16,957</td>
<td>75,712</td>
</tr>
<tr>
<td>$ (70,751)</td>
<td>(172,129)</td>
<td>101,378</td>
<td>59%</td>
<td>$ (70,751)</td>
<td>(172,129)</td>
<td>101,378</td>
</tr>
</tbody>
</table>
### HAWAII PUBLIC HOUSING AUTHORITY

#### Federal Low Rent Program

#### Actual vs Budget Comparison

For the Month of July 2019, and the 1 Months ended July 31, 2019

(Amounts in Full Dollars)

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Management Project - 30</td>
<td>187,039</td>
<td>288,353</td>
<td>(101,314)</td>
<td>-35%</td>
<td></td>
</tr>
<tr>
<td>Asset Management Project - 31</td>
<td>343,734</td>
<td>365,933</td>
<td>(22,199)</td>
<td>-6%</td>
<td></td>
</tr>
<tr>
<td>Asset Management Project - 32</td>
<td>348,411</td>
<td>387,968</td>
<td>(39,557)</td>
<td>-10%</td>
<td></td>
</tr>
<tr>
<td>Asset Management Project - 33</td>
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</table>

**Total** 3,278,845 | 3,849,491 | (570,646) | -15% |

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<th>Year To Date ended July 31, 2019</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Amount</th>
<th>%</th>
<th>Prior Year</th>
<th>Variance</th>
<th>Amount</th>
<th>%</th>
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</table>

**Total** (1,529,617) | (1,594,107) | 64,490 | 4% |

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<td>(101,314)</td>
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<tr>
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<tr>
<td>Asset Management Project - 32</td>
<td>348,411</td>
<td>387,968</td>
<td>(39,557)</td>
<td>-10%</td>
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<tr>
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<td>(51,428)</td>
<td>212,634</td>
<td>(264,062)</td>
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<td>138,484</td>
<td>138,936</td>
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<td>107,117</td>
<td>101,694</td>
<td>5,423</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

**Total** 3,278,845 | 3,849,491 | (570,646) | -15% | 3,725,199 | (446,354) | -12% |
### Actual vs Budget Comparison

For the Month of July 2019, and the 1 Months ended July 31, 2019

(Amounts in Full Dollars)

#### Month of July 2019

<table>
<thead>
<tr>
<th>CASH BASIS</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>%</th>
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<td>288,353</td>
<td>(101,314)</td>
<td>-35%</td>
</tr>
<tr>
<td>Asset Management Project - 31</td>
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<td>365,933</td>
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<td>(264,062)</td>
<td>&lt;100%</td>
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<td>138,936</td>
<td>(452)</td>
<td>0%</td>
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<td>(1,638)</td>
<td>-1%</td>
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<td>173,392</td>
<td>5,162</td>
<td>3%</td>
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<tr>
<td>Asset Management Project - 46</td>
<td>74,904</td>
<td>70,389</td>
<td>4,515</td>
<td>6%</td>
</tr>
<tr>
<td>Asset Management Project - 49</td>
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<td>116,259</td>
<td>5,227</td>
<td>4%</td>
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<td>Asset Management Project - 50</td>
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<tr>
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<td>$(570,646)</td>
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#### NET INCOME(LOSS)

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<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>%</th>
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#### Year To Date ended July 31, 2019

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<th>Budget</th>
<th>Variance</th>
<th>%</th>
<th>Prior Year</th>
<th>Variance</th>
<th>%</th>
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<td>338,206</td>
<td>(151,167)</td>
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<td>350,361</td>
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<td>-10%</td>
<td>357,192</td>
<td>(8,781)</td>
<td>-2%</td>
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<td>272,716</td>
<td>(26,758)</td>
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<td>403,049</td>
<td>(6,647)</td>
<td>-2%</td>
<td>387,927</td>
<td>8,475</td>
<td>2%</td>
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<td>386,802</td>
<td>23,190</td>
<td>6%</td>
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<td>198,794</td>
<td>6,282</td>
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<td>-4%</td>
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<td>171,131</td>
<td>(33,427)</td>
<td>-20%</td>
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<td>(264,062)</td>
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<td>(232,212)</td>
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<td>3%</td>
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<td>74,904</td>
<td>70,389</td>
<td>4,515</td>
<td>6%</td>
<td>80,856</td>
<td>(5,952)</td>
<td>-7%</td>
</tr>
<tr>
<td>Asset Management Project - 49</td>
<td>121,486</td>
<td>116,259</td>
<td>5,227</td>
<td>4%</td>
<td>121,226</td>
<td>260</td>
<td>0%</td>
</tr>
<tr>
<td>Asset Management Project - 50</td>
<td>107,117</td>
<td>101,694</td>
<td>5,423</td>
<td>5%</td>
<td>103,574</td>
<td>3,543</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$3,278,845</td>
<td>$3,489,491</td>
<td>$(570,646)</td>
<td>-15%</td>
<td>$3,725,199</td>
<td>$(446,354)</td>
<td>-12%</td>
</tr>
</tbody>
</table>

### Notes

- For the Month of July 2019, and the 1 Months ended July 31, 2019
- Actual vs Budget Comparison
- (Amounts in Full Dollars)
# HAWAII PUBLIC HOUSING AUTHORITY  
Housing Choice Voucher Program  
Actual vs Budget Comparison  
For the Month of July 2019, and the 1 Months ended July 31, 2019  
(Amounts in Full Dollars)

### Month of July 2019

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwelling Rental Income</td>
<td>3,485,529</td>
<td>3,089,942</td>
<td>395,587</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>HUD Operating Subsidies</td>
<td>3,485,529</td>
<td>3,089,942</td>
<td>395,587</td>
<td>13%</td>
<td>2,867,330</td>
</tr>
<tr>
<td>CFP Grant Income</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>COCC Fee Income</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State CIP Fund</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grant Income</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Income</td>
<td>83,252</td>
<td>64,895</td>
<td>18,357</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$3,568,781</td>
<td>$3,154,837</td>
<td>$413,944</td>
<td>13%</td>
<td>$2,950,275</td>
</tr>
</tbody>
</table>

| EXPENSES        |        |        |          |        |     |
| Administrative  | 166,043 | 207,968 | (41,925) | -20%   |     |
| Asset Management Fees | - | - | 0% | - | - |
| Management Fees | 28,860 | 30,120 | (1,260) | -4%   |     |
| Bookkeeping Fees | 18,038 | 18,825 | (787) | -4%   |     |
| Housing Assistance Payments | 3,034,002 | 2,847,944 | 186,058 | 7%   |     |
| Tenant Services | - | 180 | (180) | -100% |     |
| Utilities       | 2,193 | 1,937 | 256 | 13%   |     |
| Maintenance     | 770 | 695 | 75 | 11%   |     |
| Protective Services | - | 140 | (140) | -100% |     |
| Insurance       | 856 | 817 | 39 | 5%    |     |
| Depreciation Expense | 474 | 474 | 0% | - | - |
| Bad Debt Expense | - | - | 0% | - | - |
| General Expenses | 9,171 | 10,667 | (1,496) | -14% |     |
| **Total Expenses** | $3,260,407 | $3,119,767 | $140,640 | -5%  | $2,991,005 | $269,402 | 9% |

<table>
<thead>
<tr>
<th>Net Income(Loss)</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$308,374</td>
<td>35,070</td>
<td>273,304</td>
<td>&gt;100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH BASIS: Net Income(Loss) per Above</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add back non cash items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Depreciation Expense | 474 | 474 | 0% | - | 0% |
| Bad Debt Expense | - | - | 0% | - | 0% |
| **Net Income(Loss)** | $308,848 | 35,544 | 273,304 | >100% |     |

### Year To Date ended July 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwelling Rental Income</td>
<td>3,485,529</td>
<td>3,089,942</td>
<td>395,587</td>
<td>13%</td>
<td></td>
</tr>
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<td>3,485,529</td>
<td>3,089,942</td>
<td>395,587</td>
<td>13%</td>
<td>2,867,330</td>
</tr>
<tr>
<td>CFP Grant Income</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>COCC Fee Income</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State CIP Fund</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grant Income</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
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<td>83,252</td>
<td>64,895</td>
<td>18,357</td>
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<td></td>
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<td>13%</td>
<td>$2,950,275</td>
</tr>
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</table>

| EXPENSES        |        |        |          |        |     |
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| Utilities       | 2,193 | 1,937 | 256 | 13%   |     |
| Maintenance     | 770 | 695 | 75 | 11%   |     |
| Protective Services | - | 140 | (140) | -100% |     |
| Insurance       | 856 | 817 | 39 | 5%    |     |
| Depreciation Expense | 474 | 474 | 0% | - | 0% |
| Bad Debt Expense | - | - | 0% | - | 0% |
| General Expenses | 9,171 | 10,667 | (1,496) | -14% |     |
| **Total Expenses** | $3,260,407 | $3,119,767 | $140,640 | -5%  | $2,991,005 | $269,402 | 9% |

<table>
<thead>
<tr>
<th>Net Income(Loss)</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$308,374</td>
<td>35,070</td>
<td>273,304</td>
<td>&gt;100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH BASIS: Net Income(Loss) per Above</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add back non cash items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Depreciation Expense | 474 | 474 | 0% | - | 0% |
| Bad Debt Expense | - | - | 0% | - | 0% |
| **Net Income(Loss)** | $308,848 | 35,544 | 273,304 | >100% |     |
## HAWAII PUBLIC HOUSING AUTHORITY

**State Low Rent**

**Actual vs Budget Comparison**

For the Month of July 2019, and the 1 Months ended July 31, 2019

(Amounts in Full Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwelling Rental Income</td>
<td>101,389</td>
<td>111,142</td>
</tr>
<tr>
<td>HUD Operating Subsidies</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CFP Grant Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>COCC Fee Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State CIP Fund</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grant Income</td>
<td>82,437</td>
<td>107,516</td>
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<tr>
<td>Other Income</td>
<td>817</td>
<td>3,348</td>
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<td><strong>Total Revenues</strong></td>
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<td>222,006</td>
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<td><strong>EXPENSES</strong></td>
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<td></td>
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<tr>
<td>Administrative</td>
<td>34,405</td>
<td>34,130</td>
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<tr>
<td>Asset Management Fees</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Management Fees</td>
<td>17,047</td>
<td>18,221</td>
</tr>
<tr>
<td>Bookkeeping Fees</td>
<td>1,854</td>
<td>1,980</td>
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<tr>
<td>Housing Assistance Payments</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Tenant Services</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Utilities</td>
<td>60,217</td>
<td>53,637</td>
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<tr>
<td>Maintenance</td>
<td>64,247</td>
<td>104,060</td>
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<tr>
<td>Protective Services</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Insurance</td>
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<td>2,220</td>
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<td>Depreciation Expense</td>
<td>102,195</td>
<td>95,024</td>
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<tr>
<td>Bad Debt Expense</td>
<td>4,376</td>
<td>600</td>
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<tr>
<td>General Expenses</td>
<td>-</td>
<td>331</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>286,927</td>
<td>310,203</td>
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<td><strong>Net Income(Loss)</strong></td>
<td>(102,284)</td>
<td>(88,197)</td>
</tr>
<tr>
<td><strong>CASH BASIS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income(Loss) per Above</td>
<td>(102,284)</td>
<td>(88,197)</td>
</tr>
<tr>
<td>Add back non cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>102,195</td>
<td>95,024</td>
</tr>
<tr>
<td>Bad Debt Expense</td>
<td>4,376</td>
<td>600</td>
</tr>
<tr>
<td><strong>Net Income(Loss)</strong></td>
<td>4,287</td>
<td>7,427</td>
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</table>
## HAWAII PUBLIC HOUSING AUTHORITY
### State Elderly Program
#### Actual vs Budget Comparison
For the Month of July 2019, and the 1 Months ended July 31, 2019
(Amounts in Full Dollars)

### Month of July 2019

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwelling Rental Income</td>
<td>175,263</td>
<td>175,611</td>
<td>(348)</td>
</tr>
<tr>
<td>HUD Operating Subsidies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CFP Grant Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>COCC Fee Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State CIP Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grant Income</td>
<td>235,952</td>
<td>-</td>
<td>235,952</td>
</tr>
<tr>
<td>Other Income</td>
<td>6,497</td>
<td>10,062</td>
<td>(3,565)</td>
</tr>
<tr>
<td></td>
<td>$417,712</td>
<td>185,673</td>
<td>232,039</td>
</tr>
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<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>43,217</td>
<td>51,933</td>
<td>(8,716)</td>
</tr>
<tr>
<td>Asset Management Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management Fees</td>
<td>39,479</td>
<td>15,563</td>
<td>23,916</td>
</tr>
<tr>
<td>Bookkeeping Fees</td>
<td>4,291</td>
<td>4,321</td>
<td>(30)</td>
</tr>
<tr>
<td>Housing Assistance Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tenant Services</td>
<td>- 501</td>
<td>(501)</td>
<td>0%</td>
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<tr>
<td>Utilities</td>
<td>139,326</td>
<td>115,852</td>
<td>23,474</td>
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<tr>
<td>Maintenance</td>
<td>105,796</td>
<td>93,678</td>
<td>12,118</td>
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<tr>
<td>Protective Services</td>
<td>- 36</td>
<td>(36)</td>
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<td>Insurance</td>
<td>4,129</td>
<td>3,553</td>
<td>576</td>
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<tr>
<td>Depreciation Expense</td>
<td>132,714</td>
<td>132,718</td>
<td>(4)</td>
</tr>
<tr>
<td>General Expenses</td>
<td>8 33</td>
<td>(25)</td>
<td>(6)</td>
</tr>
<tr>
<td></td>
<td>468,960</td>
<td>418,188</td>
<td>50,772</td>
</tr>
<tr>
<td></td>
<td>$ (51,248)</td>
<td>(232,515)</td>
<td>181,267</td>
</tr>
</tbody>
</table>

### Year To Date ended July 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Prior Year</th>
<th>Variance</th>
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<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwelling Rental Income</td>
<td>175,263</td>
<td>175,611</td>
<td>(348)</td>
<td>0%</td>
<td>174,364</td>
</tr>
<tr>
<td>HUD Operating Subsidies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>CFP Grant Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>COCC Fee Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>State CIP Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Grant Income</td>
<td>235,952</td>
<td>-</td>
<td>235,952</td>
<td>100%</td>
<td>192,868</td>
</tr>
<tr>
<td>Other Income</td>
<td>6,497</td>
<td>10,062</td>
<td>(3,565)</td>
<td>-35%</td>
<td>6,847</td>
</tr>
<tr>
<td></td>
<td>$417,712</td>
<td>185,673</td>
<td>232,039</td>
<td>&gt;100%</td>
<td>374,079</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
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<td>51,933</td>
<td>(8,716)</td>
<td>-17%</td>
<td>50,252</td>
</tr>
<tr>
<td>Asset Management Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Management Fees</td>
<td>39,479</td>
<td>15,563</td>
<td>23,916</td>
<td>&gt;100%</td>
<td>39,341</td>
</tr>
<tr>
<td>Bookkeeping Fees</td>
<td>4,291</td>
<td>4,321</td>
<td>(30)</td>
<td>-1%</td>
<td>4,276</td>
</tr>
<tr>
<td>Housing Assistance Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Tenant Services</td>
<td>- 501</td>
<td>(501)</td>
<td>0%</td>
<td>-100%</td>
<td>-</td>
</tr>
<tr>
<td>Utilities</td>
<td>139,326</td>
<td>115,852</td>
<td>23,474</td>
<td>20%</td>
<td>119,536</td>
</tr>
<tr>
<td>Maintenance</td>
<td>105,796</td>
<td>93,678</td>
<td>12,118</td>
<td>13%</td>
<td>103,874</td>
</tr>
<tr>
<td>Protective Services</td>
<td>- 36</td>
<td>(36)</td>
<td>0%</td>
<td>-100%</td>
<td>-</td>
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<tr>
<td>Insurance</td>
<td>4,129</td>
<td>3,553</td>
<td>576</td>
<td>16%</td>
<td>6,824</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>132,714</td>
<td>132,718</td>
<td>(4)</td>
<td>0%</td>
<td>132,715</td>
</tr>
<tr>
<td>General Expenses</td>
<td>8 33</td>
<td>(25)</td>
<td>(6)</td>
<td>-76%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>468,960</td>
<td>418,188</td>
<td>50,772</td>
<td>-12%</td>
<td>456,820</td>
</tr>
<tr>
<td></td>
<td>$ (51,248)</td>
<td>(232,515)</td>
<td>181,267</td>
<td>78%</td>
<td></td>
</tr>
</tbody>
</table>

### CASH BASIS:
- Net Income(loss) per Above
- Add back non cash items:
  - Net Income(loss) per Above
  - Depreciation Expense
  - Bad Debt Expense

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>Prior Year</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td>(51,248)</td>
<td>(232,515)</td>
<td>181,267</td>
<td>78%</td>
<td>(82,741)</td>
</tr>
</tbody>
</table>

|                      |       |      |        |     |        |    |        |    |        |    |
|                       | $81,474 | (99,764) | 181,238 | >100% | 49,974 | 31,500 | 63% |
## HAWAII PUBLIC HOUSING AUTHORITY

**State Rent Supplement Program**

**Actual vs Budget Comparison**

For the Month of July 2019, and the 1 Months ended July 31, 2019

(Amounts in Full Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
</tr>
<tr>
<td></td>
<td>Variance</td>
<td>Variance</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>REVENUES</td>
<td>Dwelling Rental Income</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>HUD Operating Subsidies</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>CFP Grant Income</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>COCC Fee Income</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>State CIP Fund</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Grant Income</td>
<td>90,823</td>
</tr>
<tr>
<td></td>
<td>Other Income</td>
<td>-</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>90,823</td>
<td>500,000</td>
</tr>
<tr>
<td></td>
<td>EXPENSES</td>
<td>Administrative</td>
</tr>
<tr>
<td></td>
<td>Asset Management Fees</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Management Fees</td>
<td>1,059</td>
</tr>
<tr>
<td></td>
<td>Bookkeeping Fees</td>
<td>664</td>
</tr>
<tr>
<td></td>
<td>Housing Assistance Payments</td>
<td>144,979</td>
</tr>
<tr>
<td></td>
<td>Tenant Services</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Utilities</td>
<td>163</td>
</tr>
<tr>
<td></td>
<td>Maintenance</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td>Protective Services</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Depreciation Expense</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Bad Debt Expense</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>General Expenses</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>152,190</td>
<td>166,048</td>
</tr>
<tr>
<td>Net Income(Loss)</td>
<td>(61,367)</td>
<td>333,952</td>
</tr>
</tbody>
</table>

**CASH BASIS:**

Net Income(loss) per Above

|                          | Add back non cash items: |
|                          | Depreciation Expense | - | - | - | 0% | - | - | 0% | - | - | 0% |
|                          | Bad Debt Expense | - | - | - | 0% | - | - | 0% | - | - | 0% |

|                          | $ (61,367)        | 333,952 | (395,319) | <100% | (70,684) | 9,317 | 13% |
### Actual vs Budget Comparison

**For the Month of July 2019, and the 1 Months ended July 31, 2019**

(Amounts in Full Dollars)

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actual</strong></td>
<td><strong>Budget</strong></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>- - - 0% Dwelling Rental Income</td>
<td>- - - 0% HUD Operating Subsidies</td>
</tr>
<tr>
<td>- - - 0% CFP Grant Income</td>
<td>- - - 0% COCC Fee Income</td>
</tr>
<tr>
<td>- - - 0% State CIP Fund</td>
<td>- - - 0% Grant Income</td>
</tr>
<tr>
<td>- - - 0% Other Income</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>$3,029,853</td>
<td>$2,957,875</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
</tr>
<tr>
<td>86,000</td>
<td>84,920</td>
</tr>
<tr>
<td>- - - 0% Administrative</td>
<td>- - - 0% Asset Management Fees</td>
</tr>
<tr>
<td>- - - 0% Management Fees</td>
<td>- - - 0% Bookkeeping Fees</td>
</tr>
<tr>
<td>- - - 0% Housing Assistance Payments</td>
<td>- - - 0% Tenant Services</td>
</tr>
<tr>
<td>- - - 0% Utilities</td>
<td>- - - 0% Maintenance</td>
</tr>
<tr>
<td>- - - 0% Maintenance</td>
<td>- - - 0% Protective Services</td>
</tr>
<tr>
<td>395</td>
<td>381</td>
</tr>
<tr>
<td>- - - 0% Insurance</td>
<td>- - - 0% Depreciation Expense</td>
</tr>
<tr>
<td>- - - 0% Depreciation Expense</td>
<td>- - - 0% Bad Debt Expense</td>
</tr>
<tr>
<td>- - - 0% General Expenses</td>
<td>- - - 0% General Expenses</td>
</tr>
<tr>
<td>3,006,224</td>
<td>2,930,081</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>$3,006,224</td>
<td>$2,930,081</td>
</tr>
<tr>
<td><strong>Net Income(Loss)</strong></td>
<td></td>
</tr>
<tr>
<td>$23,629</td>
<td>$27,794</td>
</tr>
<tr>
<td><strong>CASH BASIS:</strong></td>
<td></td>
</tr>
<tr>
<td>$23,629</td>
<td>$27,794</td>
</tr>
</tbody>
</table>

HAWAII PUBLIC HOUSING AUTHORITY

Section 8 Contract Administration

Actual vs Budget Comparison

For the Month of July 2019, and the 1 Months ended July 31, 2019

(Amounts in Full Dollars)
### REVENUES

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>Dwelling Rental Income</td>
<td>-</td>
</tr>
<tr>
<td>HUD Operating Subsidies</td>
<td>9,036</td>
</tr>
<tr>
<td>CFP Grant Income</td>
<td>-</td>
</tr>
<tr>
<td>COCC Fee Income</td>
<td>412,557</td>
</tr>
<tr>
<td>State CIP Fund</td>
<td>-</td>
</tr>
<tr>
<td>Grant Income</td>
<td>-</td>
</tr>
<tr>
<td>Other Income</td>
<td>190,573</td>
</tr>
</tbody>
</table>

### EXPENSES

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>Administrative</td>
<td>742,039</td>
</tr>
<tr>
<td>Asset Management Fees</td>
<td>-</td>
</tr>
<tr>
<td>Management Fees</td>
<td>-</td>
</tr>
<tr>
<td>Bookkeeping Fees</td>
<td>-</td>
</tr>
<tr>
<td>Housing Assistance Payments</td>
<td>-</td>
</tr>
<tr>
<td>Tenant Services</td>
<td>3,615</td>
</tr>
<tr>
<td>Utilities</td>
<td>17,224</td>
</tr>
<tr>
<td>Maintenance</td>
<td>292,974</td>
</tr>
<tr>
<td>Protective Services</td>
<td>705</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,145</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>6,447</td>
</tr>
<tr>
<td>Bad Debt Expense</td>
<td>-</td>
</tr>
<tr>
<td>General Expenses</td>
<td>1,118</td>
</tr>
</tbody>
</table>

### Total Revenues

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
</tr>
</tbody>
</table>

### Total Expenses

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
</tr>
</tbody>
</table>

### Net Income/Loss

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
</tr>
</tbody>
</table>

### CASH BASIS:

<table>
<thead>
<tr>
<th>Month of July 2019</th>
<th>Year To Date ended July 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
</tr>
</tbody>
</table>
### III. **Procurement:**

#### A. Solicitation(s) Issued in August 2019:

<table>
<thead>
<tr>
<th>Title</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solicitation No.: RFP PMB-2019-06</td>
<td>September 16, 2019</td>
</tr>
<tr>
<td>Furnish and Deliver New Vehicles to the Hawaii Public Housing Authority on Oahu, Kauai, Maui, Molokai and Hawaii Island</td>
<td></td>
</tr>
</tbody>
</table>

#### B. Contract(s) Executed in August 2019:

<table>
<thead>
<tr>
<th>Contractor &amp; Description</th>
<th>Amount</th>
</tr>
</thead>
</table>
| **Helber Hastert & Fee**  
**dba HHF Planners**  
**Contract No.:** CMS 19-13 | Total Amount: $323,309.00 |
| Provide Professional Services for the 2020 Environmental Review of Federal Public Housing Properties Statewide  
End Date: 600 Calendar Days from Notice to Proceed | |
| **Insynergy Engineering, Inc.**  
**Contract No.:** CMS 19-12 | Total Amount: $69,215.90 |
| Provide Design and Consultant Services for Exterior Lighting and Security Improvements at Lanakila Homes (AMP 37) on Hawaii Island  
End Date: 180 Calendar Days from Notice to Proceed | |
| **Peterson Bros. Construction, Inc.**  
**Contract No.:** CMS 19-11 | Total Amount: $226,996.80 |
| Provide Labor, Material, and Equipment for the HPHA Administrative Offices Sewer Repair on Oahu  
Completion Date: 120 Calendar Days from Notice to Proceed | |
| **MGA Architecture, LLC**  
**Contract No.:** CMS 19-10 | Total Amount: $72,778.71 |
| Provide Design and Consultant Services for Renovation of Burnt Unit at Kahekili Terrace (AMP 39) on Maui  
End Date: 845 Calendar Days from Notice to Proceed | |
### B. Contract(s) Executed in August 2019 (continued):

<table>
<thead>
<tr>
<th>Contractor &amp; Description</th>
<th>Amount</th>
</tr>
</thead>
</table>
| **Sapigao Construction, Inc.**  
*Contract No.:* CMS 19-09 | Total Amount: $2,688,000.00 |
| Provide Labor, Material and Equipment for Reroofing and Repairs to Kalanihuiua and Makamae (AMP 35) on Oahu  
Completion Date: 270 Calendar Days from Notice to Proceed | **Starcom Builders, Inc.**  
*Contract No.:* CMS 19-08 | Total Amount: $7,500,650.00 |
| Provide Labor, Material, and Equipment for Building and ADA Improvements to Makua Alii and Paoakalani (AMP 34) on Oahu  
Completion Date: 480 Calendar Days from Notice to Proceed | **Ted's Wiring Services, Inc.**  
*Contract No.:* CMS 18-15-SC02 | Suppl Amount: $9,104.00  
Total Amount: $396,642.00 |
| Provide Additional Labor, Material, and Equipment and Time Extension of 120 Calendar Days for Modernization of Electrical Meters, Panels and Communication Boxes at Mayor Wright Homes (AMP 32) on Oahu  
Completion Date: December 6, 2019 | **Rambaud Electric, LLC**  
*Contract No.:* CMB 17-04-CO03 | Suppl Amount: $30,838.00  
Total Amount: $6,449,911.00 |
| Provide Additional Labor, Material, and Equipment and Time Extension of 120 Calendar Days for Upgrade to Fire Alarm and Call-for-Aid Systems at Kalakaua Homes, Makua Alii, and Paoakalani (AMP 34) on Oahu  
Completion Date: November 18, 2019 | **Rambaud Electric, LLC**  
*Contract No.:* CMB 17-04-CO02 | Suppl Amount: $17,791.00  
Total Amount: $6,449,911.00 |
B. Contract(s) Executed in August 2019 (continued):

<table>
<thead>
<tr>
<th>Contractor &amp; Description</th>
<th>Amount</th>
</tr>
</thead>
</table>
| **All Maintenance and Repair, LLC**  
**Contract No.:** CMB 16-02-SC02 |  
Suppl Amount: ($18,321.00)  
Total Amount: $1,529,535.00 |
| Decrease in Scope of Work and Time Extension of 90 Calendar Days for Repair to Trash Chutes at Punchbowl Homes, Makamae, and Pumehana (AMP 35) on Oahu  
Completion Date: September 5, 2019 |  |
| **Economy Plumbing & Sheet Metal, Inc. dba Economy Plumbing and Air Conditioning**  
**Contract No.:** CMS 16-07-SC03 |  
Suppl Amount: $14,088.00  
Total Amount: $53,048.00 |
| Continue to Provide Preventive Maintenance Services to Major Systems at AMP 34 and AMP 35 on Oahu  
End Date: June 30, 2020 |  |
| **O & M Enterprises, Inc.**  
**Contract No.:** CMS 15-10-SC04 |  
Suppl Amount: $55,451.00  
Total Amount: $256,732.00 |
| Continue to Provide Preventive Maintenance Services to the Sewage Treatment Plant at Kupuna Home O Waialua (AMP 49) on Oahu  
End Date: June 30, 2020 |  |
| **O & M Enterprises, Inc.**  
**Contract No.:** CMS 15-09-SC04 |  
Suppl Amount: $10,000.88  
Total Amount: $46,303.04 |
| Continue to Provide Preventive Maintenance Services to the Sewage Lift Pump at Wahiawa Terrace (AMP 49) on Oahu  
End Date: June 30, 2020 |  |
| **Hako Plumbing, Inc.**  
dba Hako Construction  
**Contract No.:** CMS 14-04-SC10 |  
Suppl Amount: $1,525,595.28  
Total Amount: $7,776,164.63 |
| Incorporate Change Orders No. 3 and 4 for Additional Labor, Material and Equipment and Amend Time of Performance for Modernization of Salt Lake Apartments (AMP 30) on Oahu  
Completion Date: October 31, 2019 |  |
### B. Contract(s) Executed in August 2019 (continued):

<table>
<thead>
<tr>
<th>Contractor &amp; Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transportation Concepts, Inc. dba Pacific Appliance Group</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Contract No.:</strong> PMB 19-07</td>
<td>Total Amount: $12,020.70</td>
</tr>
<tr>
<td>Provide Refrigerators for Kahale Mua – State and Kahale Mua – Federal (AMP 39) on Molokai</td>
<td></td>
</tr>
<tr>
<td>End Date: June 30, 2020</td>
<td></td>
</tr>
<tr>
<td><strong>Transportation Concepts, Inc. dba Pacific Appliance Group, Inc.</strong></td>
<td>Suppl Amount: $36,881.92</td>
</tr>
<tr>
<td><strong>Contract No.:</strong> PMB 18-01-SC03</td>
<td>Total Amount: $112,059.43</td>
</tr>
<tr>
<td>Continue to Provide Gas and Electric Ranges to Kahekili Terrace, Makani Kai Hale, David Malo Circle and Pilani Homes (AMP 39) on Maui and Kahale Mua – State and Kahale Mua – Federal (AMP 39) on Molokai</td>
<td></td>
</tr>
<tr>
<td>End Date: June 30, 2020</td>
<td></td>
</tr>
<tr>
<td><strong>Alii Security Systems, Inc.</strong></td>
<td>Suppl Amount: $162,466.20</td>
</tr>
<tr>
<td><strong>Contract No.:</strong> PMB 17-07-SC02</td>
<td>Total Amount: $461,259.00</td>
</tr>
<tr>
<td>Continue to Provide Security Services at Kalakaua Homes, Makua Alii, and Paoakalani (AMP 34) on Oahu</td>
<td></td>
</tr>
<tr>
<td>End Date: June 30, 2020</td>
<td></td>
</tr>
<tr>
<td><strong>Transportation Concepts, Inc.  Pacific Appliance Group</strong></td>
<td>Suppl Amount: $622,531.94</td>
</tr>
<tr>
<td><strong>Contract No.:</strong> PMB 17-05-SC02</td>
<td>Total Amount: $1,591,284.91</td>
</tr>
<tr>
<td>Continue to Provide Gas and Electric Ranges to AMPs 30, 31, 32, 33, 34, 35, 40, 44, 45, 49, 50, MU 42 on Oahu, AMP 38 Kauai, and AMPs 37, 43 and 46 on Hawaii</td>
<td></td>
</tr>
<tr>
<td>End Date: June 30, 2020</td>
<td></td>
</tr>
<tr>
<td><strong>West Oahu Aggregate Co., Inc.</strong></td>
<td>Suppl Amount: $666,314.11</td>
</tr>
<tr>
<td><strong>Contract No.:</strong> PMB 17-03-SC02</td>
<td>Total Amount: $2,316,107.57</td>
</tr>
<tr>
<td>Continue to Provide Refuse Collection Services at AMPs 30, 31, 32, 34, 35, and the Ka Hale O Kamehaikana Community Resource Center on Oahu</td>
<td></td>
</tr>
<tr>
<td>End Date: June 30, 2020</td>
<td></td>
</tr>
</tbody>
</table>
B. Contract(s) Executed in August 2019 (continued):

<table>
<thead>
<tr>
<th>Contractor &amp; Description</th>
<th>Amount</th>
</tr>
</thead>
</table>
| **Aloha Waste Systems, Inc.**  
**Contract No.:** PMB 17-02-SC02 | **Suppl Amount:** $51,278.64  
**Total Amount:** $146,001.84 |
| Continue to Provide Refuse Collection Services for Kahekili Terrace, Makani Kai Hale, David Malo Circle and Pilani Homes (AMP 39) on Maui  
**End Date:** June 30, 2020 | |
| **Hawaii Affordable Properties, Inc.**  
**Contract No.:** PMB 16-09-SC03 | **Suppl Amount:** $2,388.73  
**Total Amount:** $2,281,624.73 |
| Continue to Provide Property Management, Maintenance, and Resident Services at Wahiawa Terrace, Kauhale Nani, and Kupuna Home O Waialua (AMP 49) on Oahu  
**End Date:** June 30, 2019 | |
| **Hawaii Affordable Properties, Inc.**  
**Contract No.:** PMB 16-06-SC04 | **Suppl Amount:** $733.72  
**Total Amount:** $1,155,485.72 |
| Continue to Provide Property Management and Maintenance Services at Ke Kumu Ekahi on Hawaii Island  
**End Date:** June 30, 2019 | |

C. Planned Solicitation/Contract Activities for September/October 2019

**Solicitation(s):**

- Issue Invitation-for-Bids for As-Needed Low-Income Public Housing Tenant Income Recertification Services for AMP 30, AMP 31, AMP 32, AMP 33, AMP 34 and AMP 35 on Oahu
- Issue Invitation-for-Bids for Security Services at Pumehana (AMP 35) on Oahu
- Issue Invitation-for-Bids to Furnish Golf Carts for Asset Management Projects 30, 31, 32, 33, 34, and the HPHA Maintenance Office

**Contract(s)**

- Execute New Contract for Laundry Services for AMP 38 on Kauai
- Execute New Contract for Refuse Collection Services for AMP 38 on Kauai
- Execute New Contract for Security Services at Pumehana (AMP 35) on Oahu
• Execute New Contract for Provision of Golf Carts for Asset Management Project 30, 31, 32, 33, 34 and the HPHA Maintenance Office

• Execute Supplemental Contract for As-Needed Public Housing Tenant Income Recertification Services for AMP 30, AMP 31, AMP 32, AMP 33, AMP 34 and AMP 35 on Oahu

• Execute Supplemental Contracts to Continue Emphasys Elite Software Maintenance, Technical and Training Support Services for the HPHA

• Execute Supplemental Contract to Continue Property Management and Maintenance Services for the Ka Hale O Kamehaikana Community Resource Center on Oahu

• Execute Supplemental Contracts for Additional Maintenance Staff and Maintenance Services at AMP 40, AMP 45, and AMP 50 on Oahu

• Execute Supplemental Contract to Continue Refuse Collection Services at Various State and Federal Public Housing Properties on Molokai

• Execute Supplemental Contract to Continue Preventive Maintenance Services to Emergency Generators at Various State and Federal Public Housing Properties on Oahu

• Execute Supplemental Contract to Continue Preventive Individual Waste Water Maintenance Services at AMP 38 on Kauai

• Execute Supplemental Contract to Continue Section 8 Performance Based Contract Administrative Services

• Execute Supplemental Contract to Continue Preventive Maintenance Services to Fire Alarm Systems at AMP 35 on Oahu

• Execute Supplemental Contract to Continue Security Services at AMP 30, 33, 40 and the Ka Hale Kamehaikana Community Resource Center on Oahu

• Execute Supplemental Contract to Continue Custodial Services for the HPHA Administrative Offices on Oahu

• Execute Supplemental Contract to Continue Preventive Maintenance Services to Fire Prevention Systems at AMPs 34, 35 and Management Unit 42 on Oahu
IV. Development:

A. The HPHA is analyzing the possibility of converting public housing properties on the neighbor islands to the Rental Assistance Demonstration program.

B. I was not able to attend the August Board meeting due to family emergency. However, upon reviewing Hunt’s testimony during the Board meeting, we are very pleased to hear that Hunt has refined its estimated costs for their first phase and that the projected cost for Phase 1 of the project that it had prepared earlier in the year reflected a total cost of $270 Million overall and $456,309 per unit for the residential. This was a nice surprise to the HPHA team since the last proforma we received from Hunt dated January 7, 2019 reflected a total cost of $390MM including the retail and $581,496 and $675,496 for the High rise and Mid-rise units respectively.

The Agency was also pleased to hear that Hunt and its consultants incorporated the significant recommended design revisions the HPHA had submitted to Hunt in October 2018 in response to Hunt’s 50% schematic design set it had presented to the agency in September 2018. However, in November 2018, the HPHA also discovered that the retail component of phase 1 of the development was not economically feasible and that Hunt had no way to finance it. Hunt’s proposed solution to this dilemma, as described in the revised schematic design set Hunt presented to the agency in December 2018, set the retail aside for future development leaving it open as park space. The agency rejected this proposal. However, we were pleased to learn that Hunt and its architects have explored alternative designs for the retail and that Hunt has indicated is still developing these drawings. The HPHA looks forward to receiving these design alternatives, which it has been requesting since October 2018.

The HPHA was pleased to hear that Hunt’s revised schematic design plans and changes to the master plan were done with substantial community engagement, input and feedback. The last community outreach relating to the project that the Agency is aware of are project updates that Hunt provided to neighborhood community boards in October 2016 and November 2017. As these meeting appear to pre-date the schematic design plans the agency received from Hunt, we look forward to Hunt’s following the Board’s request to fully engage the tenants and the community about any changes to the plans.

Hunt indicated that it will be seeking 201H entitlements through C&C Department of Planning and Permitting for the overall development plan, which include gross massing and building heights. In its public testimony, Hunt indicated that wind studies for its plans had been completed, however, Hunt’s consultants, PBR Hawaii, in its comments, indicated that they didn’t “technically do wind and shadow studies” because the massing plan disclosed in the EIS was shared based on very rough massing. The Agency’s has been requesting wind and shadow studies for Hunt’s proposed revise overall massing plan and tower placement since April 2018 and looks forward to receiving the wind and shadow studies its consultants have prepared for the plans it proposes filing for the 201H application.
One point we would like to clarify is that Hunt, in its public testimony, appeared to indicate that the NEPA review process should not be started “until it was absolutely needed” because it only has a 5-year shelf life. This statement appears to indicate a fundamental misunderstanding of the NEPA processes, since, by law, Section 106 National Historic Preservation Act, which is a fundamental component of the NEPA process, for instance, requires consultation with any Native Hawaiian Organizations that may have any cultural or religious attachment to the project site very early in the planning process, not only when it is absolutely needed.

Hunt indicated that it has expended $3MM to date on the MWH Redevelopment Project although the approved Predevelopment budget under the MDA is only $1,671,789. HPHA looks forward to receiving Hunt's back-up for the $3MM in costs that Hunt has expended, particularly those that it has incurred, without HPHA approval, outside of the Predevelopment Budget agreed to under the Master Development Agreement.

Finally, the agency was pleased to hear Hunt acknowledged that “it was not squeaky clean and that they would be the first to admit that they made lots of mistakes” and that they are willing to work collaboratively with the HPHA to get to a better design plan. This is positive news to the HPHA as it seeks to ensure that, given the high-profile nature of this development in terms of its location, visibility, importance in delivering desperately needed affordable housing, combined with a project budget in which hundreds of millions of dollars will be provided by the State of Hawaii and its taxpayers, the project achieves a design legacy that the Agency, its partners and the State of Hawai‘i will be proud of and is consistent with the Proposed Master Plan developed during the community and resident design charrette and State EIS process. I welcome these new developments and statements. My team and I are committed and eager to work cooperatively with our developer partners to further our mission.

C. For additional information, see For Information provided in Board packet.

V. **Property Management:**

A. **Total Move Ins for August**

| Vacancies:  | 35 units |
| Net difference: | 8 units |

As of August 30, 2019, the total number of housing units offered were 23. The number of unit offers accepted were 11. Offers that were refused were 8, with 4 pending either acceptance or refusal.

B. **Formal Grievance Hearings**

HPHA’s grievance process is essential to deal with complaints. Tenants may request a grievance hearing whenever they dispute HPHA’s action or failure
to act in accordance with their rental agreement or other regulations that affects their rights, duties, welfare or status.

During the month of August, HPHA received three requests for grievance, all involved misconduct (physical violence). All hearings were conducted within the month.

C. **Hearings**

Five Federal eviction cases, for rent violation, heard for the month of August 2019. One State eviction case, for non-rent violation, heard for the month of August 2019.

For Fiscal Year 2020 there were a total of 17 Federal case referrals, 14 cases involved rent delinquency and three cases involved non-rent violations. Of the 17 cases referred, three families could remain in housing subject to compliance with the Board’s conditions, and seven families were evicted.

D. **Planned Activities for September 2019**

- Official HUD REAC Inspections have been completed for the following AMPs:
  - AMP 30 - August 29 - 30, 2019
  - AMP 31 - August 28 - 30, 2019
  - AMP 35 - August 26 - 28, 2019
  - AMP 38 - August 19 - 23, 2019
  - AMP 44 - August 19 - 21, 2019
  - AMP 49 - August 21 - 23, 2019

- Official HUD REAC Inspections for the following AMPs will occur in September:
  - AMP 32 - September 20 - 24, 2019
  - AMP 33 - September 25 - 26, 2019
  - AMP 34 - September 16 - 19, 2019
  - AMP 40 - September 24 - 26, 2019
  - AMP 45 - September 16 - 19, 2019
  - AMP 50 - September 20 - 23, 2019

- KMHLPP audited 60 resident files along with HPHA AMP Supervisory Logs, in the month of August.

- Resident Advisory Board (RAB) meetings have begun for the new cycle. Meetings occur every second Thursday of the month. Members were given the Draft Public Housing Agency Plan for the Fiscal Year 2020-2021. The next RAB meeting is scheduled for September 12, 2019.
• MU 42 has planned activities with the Honolulu Gerontology Exercise Group, the Philippine Veterans Monthly Meeting, a Food Drop every 3rd Tuesday and Wednesday of each month, Tenant Music Group, Bingo, Craft Class every Thursday, Emergency Preparedness, and free blood pressure check every Tuesdays.

VI. Construction Management:

A. Program Activities and Major Projects

Vacant Units Undergoing Modernization as of August 28, 2019.

1. Construction and design continue on vacant units undergoing modernization and Type C vacant units (units requiring work beyond that of routine maintenance and repairs).

2. Summary status totals by State and Federal Vacant Units under construction or design:

<table>
<thead>
<tr>
<th></th>
<th>State</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0</td>
<td>157</td>
</tr>
</tbody>
</table>

3. Summary status totals by Island by units made vacant for Modernization projects and vacant units by Type C under demolition/disposition, construction or design:

<table>
<thead>
<tr>
<th>Island</th>
<th>Demolition/Disposal</th>
<th>Construction</th>
<th>Design/Bidding</th>
<th>Subtotal</th>
<th>Type C Construction</th>
<th>Design/Bidding</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ʻOahu</td>
<td>4</td>
<td>100</td>
<td>11</td>
<td>115</td>
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<td>2</td>
<td>118</td>
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<td>21</td>
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<td>4</td>
<td>100</td>
<td>11</td>
<td>115</td>
<td>30</td>
<td>12</td>
<td>157</td>
</tr>
</tbody>
</table>

Multi-Site Projects:

1. Lead-Based Paint (LBP) Risk Assessment –Assessment of 4 sites remain (Mayor Wright Homes, Puahala Homes, Palolo Valley Homes and Hau`iki Homes). Palolo Valley Homes is scheduled for the 1st week in
September. The 14 lead risk assessments reports were forwarded to the AMP management staff.

2. AMP 34, 35 & 42 (Towers)
   a. **Upgrade to Ventilation System at AMP 34, 35 and 42 Projects:**
      Work is completed for Halia Hale. The Kalakaua, Makua Ali`i and Kalanihuia were tested positive for asbestos. The contractor will submit a proposal for the abatement work before proceeding with construction for these sites.

   b. **Upgrade to Emergency Generators at AMP 34, 35 and 42 Projects:**
      The fee proposal from the consultant is approved. HPHA is working on the contract documents.

   c. **Upgrade to Fire Alarm (FA) Systems and Call for Aid (CFA) Systems at Various Projects:**
      1) Call for Aid and Fire Alarm projects at AMP 35
         Pumehana - Call for Aid and Fire Alarms. Work is ongoing. Project is roughly 90% complete. The contractor is waiting for the phone lines to connect the Fire Alarm and Call for Aid systems to the monitoring system.

      2) Call for Aid and Fire Alarm projects at AMP 34
         Makua Ali`i - Fire Alarm. Work is ongoing. The unit alarms were pre-tested in early July by HPHA’s Project Engineer, Inspector and the contractor and found to be working. Inspection by the Honolulu Fire Department (HFD) has been postponed, waiting for the recently burnt unit to be clean up and the contractor to replace the damaged fire alarm equipment serving the unit. The contractor is approximately 98% complete.

   d. **Repair to Trash Chutes at Punchbowl Homes, Makamae, and Pumehana,**
      Pumehana - The trash chute doors are being installed and are expected to be complete the first week of September.

   e. **Kalanihuia and Makamae - Reroofing and Repairs**
      The construction contract was awarded to Sapigao Construction, Inc. A pre-construction meeting was held on August 23, 2019 with work to commence at Kalanihuia first.

   f. **Paoakalani and Makua Ali`i - Building and ADA Improvements**
Contract for construction has been issued. Notice to proceed is anticipated for November 1, 2019.

3. State Elderly Projects (MU 42)
   a. **Upgrade to State Elevators at Hale Po`ai, Halia Hale and Lai`ola**
      State inspection for Elevator B at Lai`ola is scheduled on September 5, 2019 and for Elevator No. 2 at Hale Po`ai on September 9, 2019. The contractor will start working on the other two elevators once the new elevators are turned over to HPHA for use.

   b. **Hale Po`ai, Halia Hale and Lai`ola – Installation of Security Cameras to Five Elevators at**
      Construction contract is currently routing for final execution.

   c. **Hale Po`ai – Site and Building Improvements**
      Drawings are at 90% complete. The additional ADA design scope supplemental contract is routing for review.

   d. **Hau`iki**
      1) **Electrical Upgrade**
         The Hawaiian Electric Company, HECO, and HPHA discussed multiple options available to move the project forward since the OSHA's (Occupational Safety and Health Administration's) requirements changed after the project was designed and approved by HECO, put out to bid and awarded. After further review, HPHA is unable to move forward due to the large change in scope. Based on State procurement rules, HPHA will need to cancel this project and design a new project that meets the new HECO and OSHA requirements.

      2) **Site and Building Improvements**
         The consultant is no longer in business. Will need to select another consultant to complete project. This project will be combined with the Hau`iki Electrical Upgrade Project above, that will need to be revised based on new HECO and OSHA requirements.

      3) **Rockfall Mitigation**
         HPHA reviewed the scope of the work required to mitigate the rockfall and has elected not to move forward with the project at this time. The rockfall does not appear to be an imminent threat and is currently behind a fence. This project will be combined with the Site and Building Improvements project.
O`ahu Projects:

1. **Salt Lake Apartments - Major Modernization** – Finishes have started for ADA-compliant unit conversions. Project is on schedule to be completed by November 2019.

2. **Punchbowl Homes - Exterior Repairs, Re-roofing, Site and ADA Improvements**
   Phase I of the tenant relocation has been completed. Manufacturing of the precast screen panels is ongoing. Vacated unit interiors in the West Wing have been abated and installation of new precast concrete screen panels is ongoing. Painting of railings in the East Wing is ongoing. North Wing: Concrete repairs at the stair landings and paint exterior walls at the end of the building, stair wells, exterior concrete railings, and elevator lobbies are ongoing. Building B: crack repairs and painting of portion of the building is ongoing.

3. **Palolo Valley Homes - Major Modernization (Phase 3) Buildings 10 thru 13.**
   Building 13, the fourth of four buildings, is currently in construction. The parking was re-graded and paved. The cabinets, tubs and fixtures have been installed. A power request has been made to the Hawaiian Electric Company, HECO.

4. **Ho`okipa Kahalu`u - Site work for ADA Compliance**
   The consultant's proposal for the additional work is approved. HPHA is working on drafting the supplemental contract.

5. **Wahiawa Terrace – Site and Building Improvements**
   Building 1 is at 70%, Building 8 has started construction and Building 6 has been accepted and is fully occupied. Playground and site work have started. Cabinet delivery delay may impact the schedule; contractor is monitoring the delivery dates from the manufacturer.

6. **Kane`ohe Apartments and Halia Hale - Upgrade to Fire Alarm Systems**
   **Kaneohe Apartments:**
   The work is almost complete, waiting for the installation of the phone lines to connect the fire alarm systems with the monitoring system.

7. **Kaui`okalani – Site and Building Improvements**
   A few accessibility pathway issues are still being addressed in the upcoming design revisions. Phase 2 Interior work is about 70%, all drywall and 95% of electrical completed. Community plant beds are installed.

8. **Ma`ili II – Sewer, Drainage and Site Repairs**
   To avoid further compromising the integrity of the adjacent asphalt concrete pavement, the contractor temporarily backfilled the trench
with material that will be reused on this project. Onsite meeting with contractor will start the work as approved by the City and County inspector. Scheduled October 24 completion date is not affected.

9. Nanakuli – Drainage and Site Improvements
Fencing and the community building work are still in progress. ADA curb ramps have been installed but needs to be redone, and storm water storage tank work is ongoing.

10. Kalihi Valley Homes – Phase 4b Modernization
Interior prep work such as painting, and finish carpentry work continue on Buildings 21 and 22.

11. Puahala Homes – Phase 1B Abatement and Modernization to Buildings 4, 5 & 6
Warranty work is ongoing. New sidewalks were poured. Interior work will commence once materials not locally stocked arrive.

12. Waipahu I & II
A consultant will need to be re-selected for the design of structural repairs to include Lead Based Paint mitigation for Waipahu I and Puuwai Momi. Security improvements will also be included at Waipahu I in addition to the structural repair work.

b. Waipahu II – Replace Hot Water Storage Tank
Construction ended and project accepted on August 15, 2019. HPHA is completing the closing documents.

13. Mayor Wright Homes – Modernize Electrical Boxes
Construction started but the progress is dependent on Hawaiian Electric Company’s (HECO) work schedule. HECO must shut-down power to buildings before the Contractor can proceed.

14. HPHA Administration Campus - School Street Sewer Repair – The construction contract has been awarded and a Pre-Con meeting is being scheduled with the Contractor.

Hawai`i Projects:

1. Lanakila Homes
a. Demolition of Phase IIIb & IV – The design to encapsulate Phase IV is pending the Department of Health Hazard Evaluation & Emergency Response (DOH HEER) office input.

b. Phase IIIB Construction of 16 New Units – The Contractor is finishing will work on the exhaust vents and fans, flooring, and
plumbing. Plumbing includes fixtures, water heaters, and solar water heating system. Outside, the Contractor constructed the concrete walkways/steps, and will be paving and striping shortly.

c. **Fair Housing Site Improvements** – The Contractor completed all the remaining Contract work and the second Inspection was conducted on July 24, 2019. There are still remaining punch list items to address.

d. **Exterior Lights and Security Improvements** – The contract has been executed and HPHA is scheduling the pre-design site visit.

e. **Burned Unit 10D** – HPHA is finalizing the bid documents and will be advertising for bids in September. The design will include the clean-up of all the burnt debris inside the unit.

2. **Hale Aloha O Puna – Reroof Buildings:** The Contractor completed the reroofing work on ten of ten buildings. The second inspection was conducted on August 21, 2019, and some punch lists items remain.

**Mau`i County Projects:**

1. **Kahekili Terrace – Renovation to Burned Vacant Unit**
   The design contract is fully executed. Notice to proceed was issued for September 5, 2019.

2. **Pi`ilani Homes – Physical Improvements**
   The design has been submitted to the Planning Department for permit review. The estimated schedule to go out to bid is Fall 2019.

3. **Kahale Mua (Federal) – Site & Dwelling Improvements**
   HPHA has accepted this project as of May 31, 2019. However, there is work remaining to correct design deficiencies. The Consultant generated a Post Construction Drawing (PCD 1) for ADA compliance, and the Contractor submitted his cost proposal. HPHA sent the cost proposal to the Consultant’s bonding company, awaiting their action.

**Kaua`i Projects:**

1. **AMP 38 – Infrastructure and Site Improvements at Kekaha Ha`aheo and Home Nani**
   Construction work is in progress at Kekaha Ha’aheo. Project is roughly 40% completed.

2. **AMP 38 – Infrastructure and Site Improvements at Hale Ho`onanea, Kalaheo Homes, Kawailehua (Federal) and Kawailehua (State)**
   Construction work is in progress at Hale Ho’onanea. Contractor started some demolition work at Kawailehua.
3. AMP 38 - Renovation to Units
One unit at `Ele`ele, three units at Kawailehua and two units at Hui O Hanamaulu accepted on August 2, 2019. Pre-final inspection for one unit at Kawailehua and one unit at Hale Nana Kai O Kea was completed on August 23, 2019.

B. State Capital Improvement Projects (CIP) & Federal Capital Fund Program (CFP)

1. The State Capital Improvement Program (CIP)
The obligation deadline is June 30, 2020. HPHA continues to work hard toward meeting this deadline and is on track to doing so.

2. The Federal Capital Fund Program (CFP)
   a. The expenditure deadline for CFP 2016 (CFP 726) is April 12, 2020. HPHA is on track to meeting this deadline.
   
   b. The obligation deadline for CFP 2017 (CFP 727) was August 16, 2019. HPHA met this deadline.
   
   c. HPHA is finalizing the 2019 - 2023 5-Year Annual Capital Plan with HUD.

3. Closed contracts under budget FY 2018-2019
4. Report on lapsing CIP funds from:
   a. David Malo Circle, Exterior Improvements, Site Work
      Date of lapse: 10/2018. $14,438 Contract closed. Total funds expended: $429,902
   
   b. Puahala Homes, Site and Building Improvements
      Date of lapse: 1/2019 $4,348 Contract closed. Total funds expended: $390,985
   
   c. Spencer House, Temporary Repair and Masonry Stabilization
      Date of lapse: 2/2019 $6,000 Contract closed, Total funds expended: $571,917
   
   d. Kupuna Home O` Waialua, Site and Building Improvements
      Date of lapse 3/2019 $182,667 Contract/design terminated due to TDC. HPHA needs to prepare Demo/Disposition application to modernize this property.
      Total funds expended: $306,736
   
   e. Nani Olu, Individual Wastewater System
      Date of Lapse: 4/16/19 $28,323 Contract closed,
      Report on Funds not used FY 2018-2019
   
   f. Salary for Project Funded Staff Positions $560,000
Legislature appropriated funds but not positions. HPHA does not have any project funded (MOF C) staff positions.

VII. **Section 8 Subsidy Programs Branch:**

HPHA manages the Housing Choice Voucher Program (HCV), Project Based Voucher Program, Veteran’s Affairs Supportive Housing (VASH), Non-Elderly Disabled Vouchers (NED), Performance Based Contract Administration (PBCA), State Rent Supplement Program (RSP) and Family Self-Sufficiency (FSS) Program.

A. **Program Activities for August 2019**

1. **Voucher:**
   HPHA expended a total of $2,872,504 (104.11% of eligible HUD funds received) in housing assistance payments (HAP) to private landlords on behalf of 2370 voucher holders. Issued a total of 17 vouchers for New Admission, PB, VASH, and port-ins. Currently, 72 families are in housing search.

2. 427 VASH families were assisted, $376,996 were paid in HAP. 11 veterans received VASH vouchers, 4 leased up, and 36 veterans are in housing search.

3. HPHA’s Section 8 program may be in shortfall for the current fiscal year. Monthly teleconferences are being held with HUD staff to monitor program balances.

4. **Inspections update:**

<table>
<thead>
<tr>
<th>August 2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Quality Standards (HQS) Inspections</td>
<td>265</td>
</tr>
<tr>
<td>HQS Inspections Failed</td>
<td>156</td>
</tr>
<tr>
<td>Quality Control Inspections</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Inspection completed from 01/01/2019-08/31/2019</strong></td>
<td><strong>1581</strong></td>
</tr>
</tbody>
</table>

   Total Rent increase request received | 49 |
   Approved | 32 |
   Denied | 17 |

5. **Family Self Sufficiency (FSS) Program:**

   The FSS Program continues to offer employment case management, resources, and escrow savings to its 66 active participants.

   During the month of August, the FSS Program had 7 new intakes, 1 discharge, and 0 eligible graduate. The current total number of Section 8 graduates is
137 and the total number of LIPH graduates is 20 since the program’s inception.

Currently, there are 18 of 46 Section 8 participants and 12 of 20 LIPH participants eligible to receive monthly escrow credits. The total monthly escrow deposit for July 2019 was $5138.00.

6. Rent Supplement Program (RSP):

RSP made a payment of $139,547 to the landlords on behalf of 343 families. HPHA will be able to retain all current participants through the end of the fiscal year.

VIII. Compliance Office:

A. Program Activities for August 2019

• Continue to process tenant requests for reasonable accommodations under Section 504 of the Rehabilitation Act and the Fair Housing Act. The most common requests the office receives include:
  
  a. Transfers to accessible or ground floor units;
  b. Installation of air conditioning;
  c. Approval to keep assistance animal;
  d. Approval of live-in aides;
  e. Disability-related unit modifications;
  f. Utility allowances for disability-related medical equipment;
  g. Domestic violence emergency transfers;

• The Compliance Office continues to actively pursue ongoing monitoring and reporting, training requirements and quality control pursuant to LEP plan;

• HPHA is working with the Fair Housing Coordinators of the Counties and Hawaii Housing Finance and Development Corporation and the State Procurement Office to procure a cooperative purchase for a new contract for fair housing analysis of impediments for the State of Hawaii

B. Planned activities for September 2019

• Continue to respond to requests for reasonable accommodations;
• Continue LEP monitoring, auditing and reporting;
• Continue to ensure Compliance with Section 504 of the Rehabilitation Act and the Fair Housing Act;
• Begin the contract with University of Hawai‘i Economic Research Organization (UHERO) to prepare the fair housing analysis of impediments for the State of Hawaii.
IX. Information Technology Office:

A. Program Activities

1. HPHA Website: Draft skeleton completed. Prototype migrated to AWS (Amazon Web Services) to increase availability for cooperation effort. Structure to be reviewed by branch and managers for feedback. Content validity to be disputed. Attention to ADA features will be addressed to increase easy of use to improve usage and compliance.

2. MyHousing: WebApp discussed with Emphasys on main features required in the WebApp interface such “Income Limits”, “Over and Under housed” and geographical filters that will help minimize or streamline the flow of applicants via the rules set by HPHA. ADA and LEP requirements reviewed.

3. Office Automation via eSign: Ongoing. Out Service Training Request forms completed with different flows for each scenario. Maintenance staff still familiarizing themselves with the use of G-1 forms online as training requests are still being conducted to various locations with refreshes.

4. 2020 Utility Allowances: Ongoing. UA records crossing over to LIPH and S8 leases. LIPH to use Descriptive or named projects, while S8 to use either FMR or geographical areas.

5. Migration to Cloud: Ongoing. Hardware selection completed. Hosting selection is still in procurement. Hi-Tel to be contracted to change the router tables to comply with NGN connectivity. DBEDT involved as the switches/circuits connecting HPHA to the NGN are bridged physically to their location. Switch tables required to be reconfigured.

X. Human Resources:

A. Summary of Staffing:

Filled positions (FTE): 317
Positions (recruit and fill non-maint): 31
Positions (recruit and fill maint): 28
Other vacancies (to be in recruitment in the near future): 7

B. Program Activities:

1. HPHA conducted interviews and hired the following positions: Public Housing Supervisor IVs (Section 8 and Property Management and Maintenance Services Branch), Property Specialist, Human Resources Specialist III, Public Housing Specialist Is (AMP 35 and Application Unit), Office Assistant III, Carpenter I, Plumber I, General Laborer II/Is and Tenant Aides.
2. Human Resources conducted an interviewed for an Office Assistant III through Department of Human Services/Human Resources “Wikiwiki” Hire Pilot Project, with an applicant-initiated contact method of referral. Upon notification of their eligibility, applicants are given a list of departments with OA III vacancies, and encouraged to immediately contact the department’s coordinator to explore employment opportunities.


4. Human Resources Office attended an informational session provided by DHRD Safety Office on the implementation of a new Safety Toe Shoe Purchase Program effective August 15, 2019. The new process eliminates the catalog of preapproved shoes and instead determines an allowance according to levels that are set by a hazard assessment completed by the employee’s supervisor.

5. On August 7, 2019, the Department of Labor & Industrial Relations-Occupational Safety & Health Division initiated an on-site inspection at the Central Maintenance Services Section. Inspector interviewed trade staff and maintenance supervisors, and currently reviewing safety and training program.

6. HPHA completed the end of the fiscal year audit on employees leave records for sick and vacation leave balance accruals.

7. Workers Compensation: One (records only) claim, no lost time.