

TRANSITION AND OVERSIGHT AGREEMENT

Between the United States Virgin Islands, the Virgin Islands Housing Authority and the United States Department of Housing and Urban Development

This Transition and Oversight Agreement, and the supplemental Transition and Oversight Agreement Action Plan, ("Agreement") is entered into between the United States Virgin Islands ("Territory"), the Virgin Islands Housing Authority ("VIHA") and the UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD") as of this 30th day of May, 2014.

RECITALS

WHEREAS, under the United States Housing Act of 1937, as amended, ("Act"), 42 U.S.C. Section 1437 *et seq.*, HUD is responsible for administering low income housing programs, including but not limited to the Low Rent Public Housing Program and the Section 8 Housing Choice Voucher Program, and pursuant to the Act, HUD has entered into Annual Contributions Contracts ("ACCs") with VIHA to provide funding for the Section 8 and public housing programs; and

WHEREAS, VIHA was established by the Legislature of the Virgin Islands as a "Public Housing Agency" with the meaning of the United States Housing Act of 1937, as amended, and a "local public agency" within the meaning of Title I of the Housing Act of 1949, as amended: and

WHEREAS On August 2, 2003, HUD notified VIHA that it was in substantial default of Section 15 under the Annual Contribution Contract ("ACC") for failure to produce reliable financial statements. VIHA also violated Section 15 (B) of the ACC when it failed to submit an acceptable unaudited financial statement for Fiscal Year 2002; and

WHEREAS, VIHA, under an Administrative Receivership as of August 20, 2003, has, to HUD's assessment, satisfactorily resolved the defaults with respect to its housing programs; and

WHEREAS, VIHA was assigned a "sub-standard" designation by HUD under the Public Housing Assessment System (PHAS), and therefore has been removed from "troubled" status; and

WHEREAS, the Secretary of HUD and the Governor of the United States Virgin Islands have determined that VIHA has made significant improvement to be self-supportive; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Territory, VIHA and HUD agree as follows:

- I. The Territory, VIHA and HUD shall cooperate and take all necessary actions to facilitate achievement of the objectives of this Agreement. The primary objective of this Agreement is to establish the terms by which VIHA's assets, projects, and programs will be transferred from HUD to a locally appointed Board of Commissioners.
- II. A projected Transition date of 5/30/2014 is established. The Transition Date may be postponed by HUD if it determines the circumstances in the Territory or at VIHA will not be conducive to a successful transition.
- III. The seven member, Governor appointed and Senate confirmed VIHA Board will be fully authorized as regular Commissioners to be effective on the Transition Date. In the event a Commissioner is unable or unwilling to serve as an appointed Commissioner, the Governor shall appoint an alternate. All Commissioners must receive sufficient Board training provided by HUD and/or a HUD selected trainer and a certification of successful completion of training. The Governor shall ensure all appointed Commissioners are free of Conflicts of Interest and Incompatibilities of Office and shall fill any future vacancies to the Board within ninety days.
- IV. On the Transition Date HUD shall relinquish assets, projects, and programs to VIHA, and the HUD appointed Board shall cease to serve as the VIHA Board.
- V. Prior to the transition date HUD, in collaboration with the Territory and VIHA, shall develop a Transition and Oversight Action Plan to ensure the sustainability of VIHA's recovery, outline additional technical assistance, and address any unresolved performance or compliance deficiencies of VIHA. This Transition and Oversight Action Plan shall be part of a Transition and Oversight Agreement that is executed by HUD, the Territory and VIHA. The Transition and Oversight Agreement shall be for a period of two years from the Transition Date. VIHA shall complete the actions included therein within the timeframes set forth.
- VI. Upon transition, HUD shall designate an Oversight Point of Contact for the duration of the Agreement to provide technical assistance and consultation to the VIHA Board and monitor the progress of VIHA in completing the Transition and Oversight Action Plan.
- VII. After HUD has returned possession to VIHA, HUD shall retain all rights granted under applicable statutes, regulations, and the ACC and will conduct audits, reviews, or assessments as appropriate or as required by statute or program regulations to determine compliance with this Agreement and/or any statute or program regulation.
- VIII. Failure of the Territory or VIHA to comply with this Agreement may result in HUD retaining possession of VIHA's assets, projects, and programs.
- IX. HUD, VIHA and the Territory are independent parties. No party is an employee or agent of any other party. Nothing in this Agreement shall be interpreted to establish

any relationship other than that of independent parties, between HUD, VIHA and the Territory, or between their respective employees, agents, contractors, partners, or assigns, during or after the performance of this Agreement.

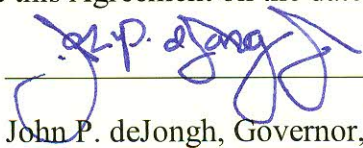
- X. Notwithstanding any provisions of this Agreement to the contrary, the parties shall not be held liable for any failure or delay in the performance of this Agreement that arises from fires, floods, strikes, embargoes, acts of the public enemy, unusually severe weather, outbreak of war, restraint of Government, riots, civil commotion, force majeure, acts of God, or for any other cause of same character which is unavoidable through the exercise of due care and beyond the control of the parties, provided that said failure or delay in the performance of this Agreement attributed to any of the events described herein is acknowledged in writing by HUD. Upon the issuance of HUD's written acknowledgement, the failure to perform shall be deemed excused during the continuance of such circumstances as determined by HUD, but this Agreement shall otherwise remain in effect.
- XI. In the event any provisions of the Agreement shall conflict, or appear to conflict, the Agreement, including all exhibits, attachments and all other documents specifically incorporated by reference, shall be interpreted as a whole to resolve any inconsistency.
- XII. Failures or waivers to insist on strict performance of any covenant, condition, or provision of this Agreement by the parties, their successors and assigns shall not be deemed a waiver of any rights or remedies, nor shall it relieve the other parties from performing any subsequent obligations strictly in accordance with the term of this Agreement. No waiver shall be effective unless in writing and signed by the party against whom enforcement is sought. Such waiver shall be limited to provisions of the Agreement specifically referred to therein and shall not be deemed a waiver of any other provision. Should any term or provision of this Agreement be held, to any extent invalid or unenforceable, as against any person, entity or circumstance during the term hereof, by force of any statute, law, or ruling of any forum of competent jurisdiction, such invalidity shall not affect any other term or provision of this Agreement, to the extent that the Agreement shall remain operable, enforceable and in full force and effect to the extent permitted by law.
- XIII. This Agreement may be amended only with the written approval of the parties hereto.
- XIV. This Agreement states the entire understanding and agreement between the parties and supersedes any and all written or oral representations, statements, negotiations, or agreements previously existing between the parties with respect to the subject matter of this Agreement. However, this Agreement does not supersede, modify or amend the ACC as further described in Paragraph XVI. The parties recognize that any representations, statements or negotiations made by the staff of either party does not suffice to legally bind either party in a contractual relationship unless they have been reduced to writing and signed by their authorized representative (s). This Agreement

shall inure to the benefit of and shall be binding upon the parties, their respective assigns, and successors in interest.

- XV. This Agreement may be executed and delivered in separate counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts together shall constitute but one and the same instrument and agreement.
- XVI. This Agreement does not supersede, modify or amend the ACCs between HUD and VIHA, or in any way excuse VIHA from complying fully with its obligations under the ACC. HUD does not waive its statutory, regulatory, or contractual rights under the ACC. Nothing contained in this Agreement shall serve to limit, modify or preclude HUD's right to take any remedial action allowed by the ACC or any provision of the Act or related regulations.

IN WITNESS WHEREOF, the parties or their duly authorized representatives hereby execute this Agreement on the date first written above.

By:

A handwritten signature in blue ink, appearing to read "J.P. deJongh", written over a horizontal line.

John P. deJongh, Governor, U.S. Virgin Islands

By:

A handwritten signature in blue ink, appearing to read "Luis Sylvester", written over a horizontal line.

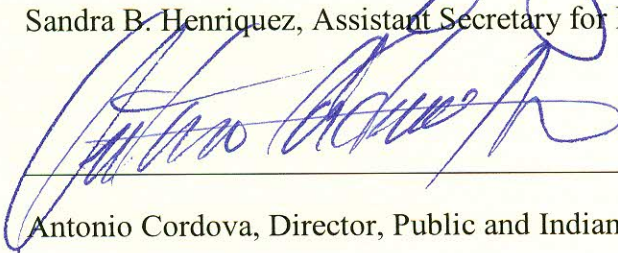
Luis Sylvester, Board Chair, Virgin Islands Housing Authority

By:

A handwritten signature in blue ink, appearing to read "Sandra B. Henriquez", written over a horizontal line.

Sandra B. Henriquez, Assistant Secretary for Public and Indian Housing

By:

A handwritten signature in blue ink, appearing to read "Antonio Cordova", written over a horizontal line.

Antonio Cordova, Director, Public and Indian Housing, San Juan, PR

Housing Authority of New Orleans Transition Agreement Action Plan

Item Number	Objective	Measurement of Performance	Target Accomplishment Date	Actual Accomplishment Date	Comments /Accomplishments
AREA: GOVERNANCE AND MANAGEMENT					
A1	Appointed seven member Advisory Committee, to serve as the Board, trained and ready for full control	The Governor of the USVI selects Advisory Committee committed to necessary training and successful governance of VIHHA	5/30/2014		
A2		Board training by HUD or contractor; provide a record of completed trainings, including topics and log of attendees. Review Board Minutes as a measurement of the success of previous trainings and need for additional trainings	Duration of the transition agreement		
A3	Board hires an Executive Director for VIHHA	Advertise vacancy and/or negotiate a contract for an Executive Director and report of selection process and provision of executed Employment Contract for Executive Director with start date of 8/1/2014	7/1/2014		
A4	Enhanced Board communication of VIHHA's performance, activities, and financial condition to the Governor	Monthly reporting provided to the Governor, including meeting minutes and necessary details of performance, activities and financial conditions of VIHHA	Duration of the transition agreement		
A5		Quarterly face to face meetings between the Board and the Governor or designee, regarding the status of VIHHA	Duration of the transition agreement		
A6	Ongoing, supportive relationship between HUD and the VIHHA through continuous and consistent communication.	HUD appointed POC and VIHHA to engage in recurring monthly status meetings, wherein the PHA shall provide an agenda that focuses on the Agency's performance, activities, financial condition and status of action items from the previous meeting; prepare the meeting minutes, and log the attendance sheet	HUD appoints POC by 7/1/2014; relationship and reports continue for the duration of the agreement		
A7		VIHHA and local HUD Field Office meet on a regular basis to resolve issues, receive technical assistance and provide programmatic status updates	Duration of the transition agreement		
A8	Fully staffed Senior Leadership Team	Completed training for recent hires to senior level positions; provide a record of completed trainings, including topics and log of attendees	Duration of the transition agreement		
A9	Reduce expenditures to a level supported by the Agency's revenue streams and in line with Industry Standards	VIHHA will develop a plan to reduce expenses	Plan developed by 9/30/2014; objectives complete by the end of the transition agreement		
A10		Develop and implement a staffing plan to "right size" the Agency	Plan developed by 9/30/2014; objectives complete by the end of the transition agreement		
A11		Analyze costs and viability of all supportive services and seek private and public partners to sustain programs	Plan developed by 9/30/2014; objectives complete by the end of the transition agreement		
A12	Enhanced HUD oversight of VIHHA performance to ensure sustainability	HUD will track various metrics of performance, including trending, to determine if performance continues to improve	Duration of the transition agreement		

Housing Authority of New Orleans Transition Agreement Action Plan

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A13	Adopt policies that further the mission of VIHHA and comply with applicable rules, regulations and	Review and update all existing policies and identify any new policies required and obtain Board approval	Duration of the transition agreement		
A14	Updated Cooperation Agreement	Board and executive director to work with Governor's staff to update the Cooperation Agreement between the Territory and VIHHA	9/30/2014		
AREA: FINANCE					
B1	Accurate and timely monthly financial reports	Completed accurate monthly financial reports delivered to the Board and HUD within 30 days after month's end	Duration of the transition agreement		
B2	Timely payments	Monthly Reports to the Board and HUD showing the agency's Aging Report including all outstanding payments to vendors and duration elapsed since invoice received	Duration of the transition agreement		
B3	Timely Annual Budgets	Completed and comprehensive Annual Budget presented to Board and HUD 30 days prior to expiration of VIHHA's Fiscal Year	Duration of the transition agreement		
B4	Resolve OIG and IPA audits	Demonstrated all audits and recommendations have been corrected or addressed; and procedures to track, resolve, remedy, and clear future audit findings	9/30/2014 and then throughout the duration of the transition agreement for any new issues/findings.		
B5	Resolve Energy Performance Contract (EPC) issues	VIHHA to work with contractor to develop a strategy and recommendations to resolve any outstanding issues with the EPC	12/31/2014		
B6	Staff Development	Staff proficient in Agency's software systems; provide a record of completed trainings, including topics and log of attendees or evidence of mentoring from peer PHA	12/31/2014		
B7		Financial capacity of staff increased ; provide a record of completed trainings, including topics and log of attendees	12/31/2014		
B8	Internal Controls	Develop and implement written procedures and train all staff on same	9/30/2014		

Housing Authority of New Orleans Transition Agreement Action Plan

Item Number	Objective	Measurement of Performance	Target Accomplishment Date	Actual Accomplishment Date	Comments /Accomplishments
AREA: HOUSING CHOICE VOUCHER PROGRAM					
C1	Maximize Utilization of the Program within funding appropriations and baseline unit	Monthly detailed utilization reports to Board and HUD showing actual and projected expenses and unit month utilization for the calendar year	Duration of the transition agreement		
C2	Improve Quality Control for HCV compliance	Prepare and deliver to HUD a comprehensive quality control plan for HCV operations.	9/30/2014		
C3	Maintain "High" performance designation on SEMAP	Quarterly updates to Board and HUD on SEMAP indicators	Duration of the transition agreement		
AREA: ASSET MANAGEMENT					
D1	Continue Full Transition to Asset Management	VIHA develops and implements Asset Management Plan which includes project-based budgeting, accounting, management and performance assessment. VIHA provides monthly status updates to Board and HUD	10/31/2014		
D2	Staff Development	Staff trained in contract management; provide a record of completed trainings, including topics and log of attendees	10/31/2014		
D3		Staff proficient in Agency's software systems; provide a record of completed trainings, including topics and log of attendees or evidence of mentoring from peer PHA	10/31/2014		
AREA: DEVELOPMENT					
E1	Updated Real Estate Development/Reposition Plan	Finalized Real Estate Development Plan with input from stakeholders and staff, and based on currently conditions, priorities, and funding	12/1/2014		