

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building E
Honolulu, Hawaii 96817**

**August 21, 2014
9:10 a.m.****

AGENDA

I. CALL TO ORDER/ROLL CALL

II. APPROVAL OF MINUTES

- A. Regular Meeting Minutes, July 17, 2014 (**Pages 1-13**)
- B. Executive Session Minutes, July 17, 2014 (not for public release)

III. 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.

IV. FOR ACTION

- A. Motion: To Appoint Chunmay Chang as a New Members to the Oahu Eviction Board for a Two-Year Term Expiring on August 2016 and to Reappoint Sylvia Wilmeth to the Oahu Eviction Board for an additional Two-Year Term Expiring on November 2016 (**Pages 14-18**)
- B. Motion: To Adopt Resolution No. 69 Approving the Section 8 Management Assessment Program (SEMAP) Certification For Fiscal Year July 1, 2013 to June 30, 2014 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 (**Pages 19-24**)
- C. Motion: To Adopt Resolution No. 70 Reaffirming the HPHA's Commitment to Providing Decent, Safe, and Sanitary Housing in a Manner Free from Discrimination, Harassment, and Retaliation (**Pages 25-27**)

D. Motion: To Adopt Proposed Changes to: **(Pages 28-48)**

1. The Hawaii Public Housing Authority's Admissions and Continued Occupancy Policy for Federally Assisted Low Income Public Housing, relating to the No Smoking Policy; and

2. Chapter 17-2028, "Federally Assisted Public Housing Projects," Hawaii Administrative Rules, on the following topics:

Section 17-2028-2 [Definitions of "common areas" and "smoke" or "smoking"],

Section 17-2028-59 [Rental agreement termination for violation of the smoking prohibition],

Sections 17-2028-60 and 17-2028-63 [Smoking prohibition, monthly fee, security deposit, designated smoking areas];

3. Chapter 15-186, "State-Aided Elderly Public Housing Projects," Hawaii Administrative Rules, on the following topics:

Section 15-186-2 [Adding definitions of "common areas", "community facilities", and "smoke" or "smoking"]

Sections 15-186-40 and 15-186-48 [Rental agreement termination for violation of smoking prohibition]

Section 15-186-41 [Adherence to smoking prohibition requirement for continued occupancy]

Adopting a New Section [Smoking prohibition, including the establishment of designated smoking areas]; and

4. Chapter 15-193, "State-Aided Family Public Housing Projects," Hawaii Administrative Rules, on the following topics:

Section 15-193-2 [Adding definitions of "common areas", "community facilities", and "smoke" or "smoking"],

Sections 15-193-40 and 15-193-48 [Rental agreement termination for violation of the smoking prohibition],

Section 15-193-41 [Adherence to smoking prohibition requirement for continued occupancy], and

Adopt a New Section [Smoking prohibition, including the establishment of designated smoking areas];

to implement the Prohibition on Smoking in and around Public Housing Law in Act 91, Session Laws of Hawaii 2014, subject to the Department of the Attorney General's Review, and to Authorize the Executive Director to Undertake All Actions Necessary under Chapter 91, Hawaii Revised Statutes, and Administrative Directive No. 09-01, and Hold Public Hearings.

The proposed amendments to the rules in Chapter 17-2028, "Federally Assisted Public Housing Projects," Hawaii Administrative Rules, Chapter 15-186, "State-Aided Elderly Public Housing Projects," Hawaii Administrative Rules, and Chapter 15-193, "State-Aided Family Public Housing Projects," Hawaii Administrative Rules, listed above may be viewed in person at 1002 North School Street and on the Internet on the website of the Hawaii Public Housing Authority beginning August 15, 2014 and on the website of the Office of the Lieutenant Governor beginning August 29, 2014.

V. REPORTS

- A. Executive Director's Report Highlights: **(Pages 49-92)**
- Property Management and Maintenance Services Branch
Occupancy and Rent Collection Status
 - Section 8 Lease up Status
 - Design and Construction Project Updates
 - Contracts Executed During July 2014

VI. FOR DISCUSSION/INFORMATION

- A. For Discussion: Energy Performance Contract with Ameresco
(Pages 93-105)

* * The start time for the meeting is an approximate time. The HPHA Regular Board meeting will start immediately following the HPHA Annual Board meeting.

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Taryn Chikamori at (808) 832-4690 by close of business two days prior to the meeting date. Meals will be served to the Board and support staff as an integral part of the meeting.

HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE REGULAR MEETING
HELD AT 1002 NORTH SCHOOL STREET, BUILDING E
HONOLULU, HAWAII 96817
ON THURSDAY, AUGUST 21, 2014
IN THE COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority held a Regular Board Meeting at 1002 North School Street, on Thursday, August 21, 2014 at 9:04 a.m. Chairperson Gierlach called the meeting to order. Those present were as follows:

PRESENT: Director David Gierlach, Chairperson
Director Jason Espero, Vice Chairperson
Director Myoung Oh, Secretary
Director Gilbert De Motta
Director Debbie Shimizu
Director Sheri Tanaka

Deputy Attorney General, Jennifer Sugita

EXCUSED: Designee Barbara Yamashita

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Chong Gu, Chief Financial Management Advisor
Kiriko Oishi, Chief Compliance Officer
Becky Choi, State Housing Development Administrator
Dawn Takeuchi Apuna, Chief Planner
Rick Sogawa, Contract and Procurement Officer
Joanna Renken, Acting Public Housing Supervisor VI
Stephanie Fo, Section 8 Subsidy Programs Branch Chief
Clarence Allen, Fiscal Officer
Renee Blondin-Nip, Hearings Officer
Gary Nakatsu, Data Processing Supervisor
Rochelle Akamine, Resident Services Program Specialist
Sam Liu, Property Management Specialist
Gail Lee, AMP 31 Manager
Taryn Chikamori, Secretary to the Board

OTHERS PRESENT (and signing in as):
William Cunningham, Ameresco
Siitia Crichton, Kalihi Valley Homes resident
Ui Goods, Medical Legal Partnership

Patricia Kamalu, Kalihi Valley Homes resident
Sandra Menzsa, Kalihi Valley Homes resident
David Moakley, Ameresco
Saininia Paita, Kalihi Valley Homes resident
Maria Pato, Kalihi Valley Homes resident
Noheilani Tauefa, Kalihi Valley Homes resident
Penelope Tukimaka, Kalihi Valley Homes resident

Proceedings:

Chairperson Gierlach declared a quorum present.

Approval of Minutes:

Director De Motta moved,

To approve the Regular Meeting Minutes of July 17, 2014.

The minutes were unanimously approved.

Public Testimony:

Sandra Menzsa, Kalihi Valley Homes resident, stated that she has been a Kalihi Valley Homes (KVH) resident for 10 years. She stated that Ms. Gail Lee is her third Manager and the best manager she has had. Ms. Lee and the secretary (Sharolyn Josaiah) are family oriented, attend events, and help clean the property. She stated that the security guards are also good. She stated she will fight to keep Ms. Lee as the Manager.

Saininia Paita, Kalihi Valley Homes resident, stated that she supports the manager and asked that the Board keep her.

Siitia Crichton, Kalihi Valley Homes resident, stated that she has been a KVH resident for 18 years. She stated that she supports Ms. Lee, Secretary Sharolyn, and the security guards. She stated that they all work together and helps keep KVH clean and safe. She also stated that the tenants that are complaining are new tenants.

For Action:

Director Espero moved,

To Appoint Chunmay Chang as a New Members to the Oahu Eviction Board for a Two-Year Term Expiring on August 2016 and to Reappoint Sylvia Wilmeth to

the Oahu Eviction Board for an additional Two-Year Term Expiring on November 2016.

Executive Director Ouansafi stated that Ms. Chunmay Chang is highly recommended. He stated that the appointment of Ms. Chang and reappointment of Ms. Wilmeth is necessary for the Hawaii Public Housing Authority (HPHA) to move forward.

The motion was unanimously approved.

For Action:

Director Oh moved,

To Adopt Resolution No. 69 Approving the Section 8 Management Assessment Program (SEMAP) Certification For Fiscal Year July 1, 2013 to June 30, 2014 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 Director Ouansafi stated that a high performer is 90% or higher and the HPHA is at 95%. He stated that the U.S. Department of Housing and Urban Development (HUD) provides the guidelines for the SEMAP certification. Due to staff turnover the HPHA does not have a Housing Quality Standards (HQS) Supervisor which is why the HPHA lost 5 points.

Director Shimizu asked why the HPHA did not receive the bonus points. Executive Director Ouansafi responded that in order to receive the bonus points the HPHA would have to issue vouchers to various income levels. The HPHA administered vouchers had to use the priority list, so most of the vouchers went to one income level.

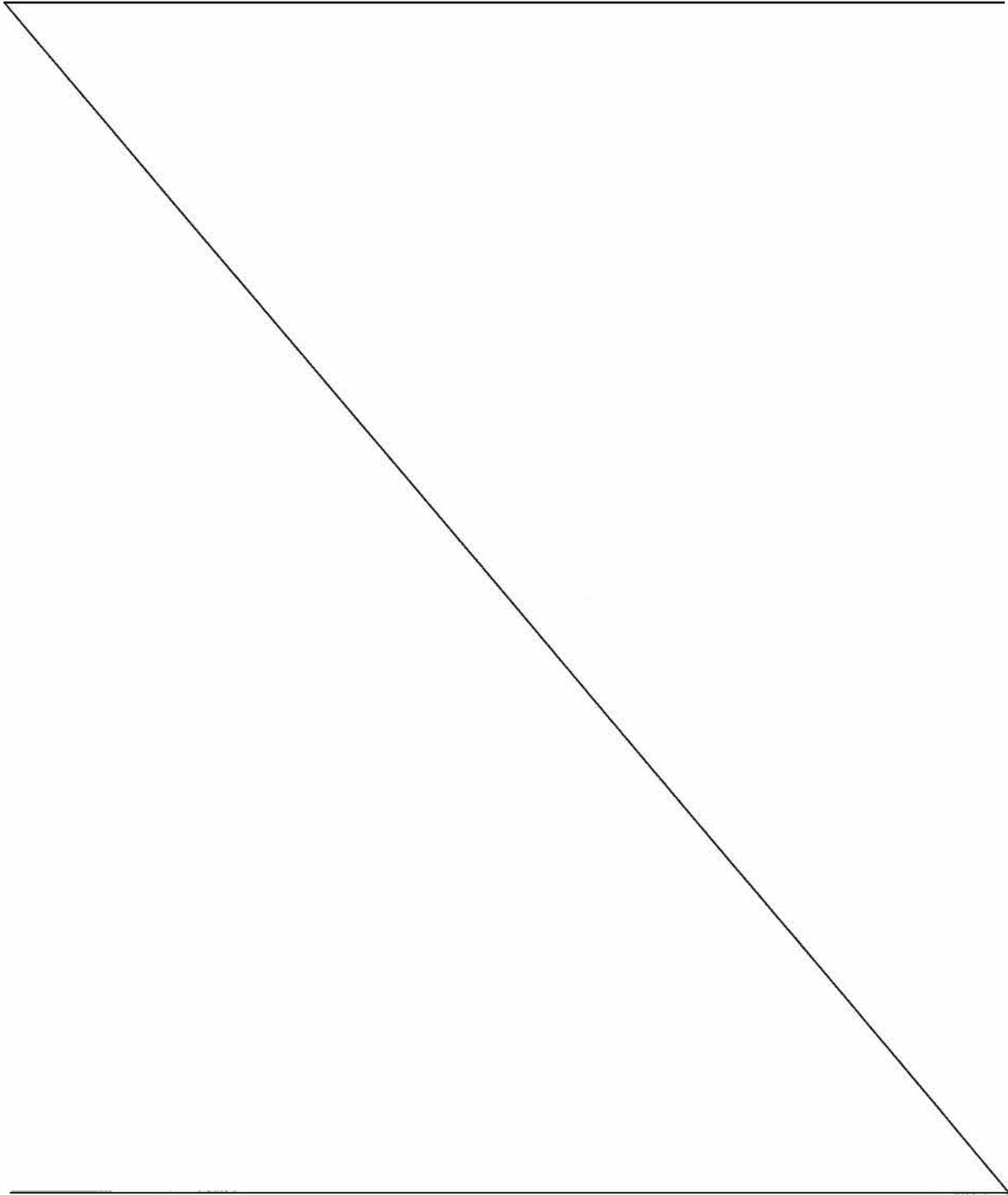
Executive Assistant Arashiro also stated that a percentage of vouchers would need to be used in areas with low poverty. The HPHA conducts outreach to work with landlords, but only certain landlords are willing to accept vouchers.

Director Shimizu asked if the HPHA is recruiting for the HQS Supervisor. Executive Director Ouansafi responded that the HPHA is recruiting, but the HPHA is receiving approximately 69% of the funds HUD believes are necessary to administer the program and needs to be fiscally responsible.

Director Espero asked if only the HQS Supervisor can re-inspect units or if someone else can do it. Executive Director Ouansafi responded that the HPHA is trying to use the resources on issuing vouchers.

Director De Motta stated that the cutting of Section 8 program funds could make things worse. Executive Director Ouansafi responded that the HPHA built sufficient reserves over the last three years to cover the Section 8 program for a while.

The motion was unanimously approved.



For Action:

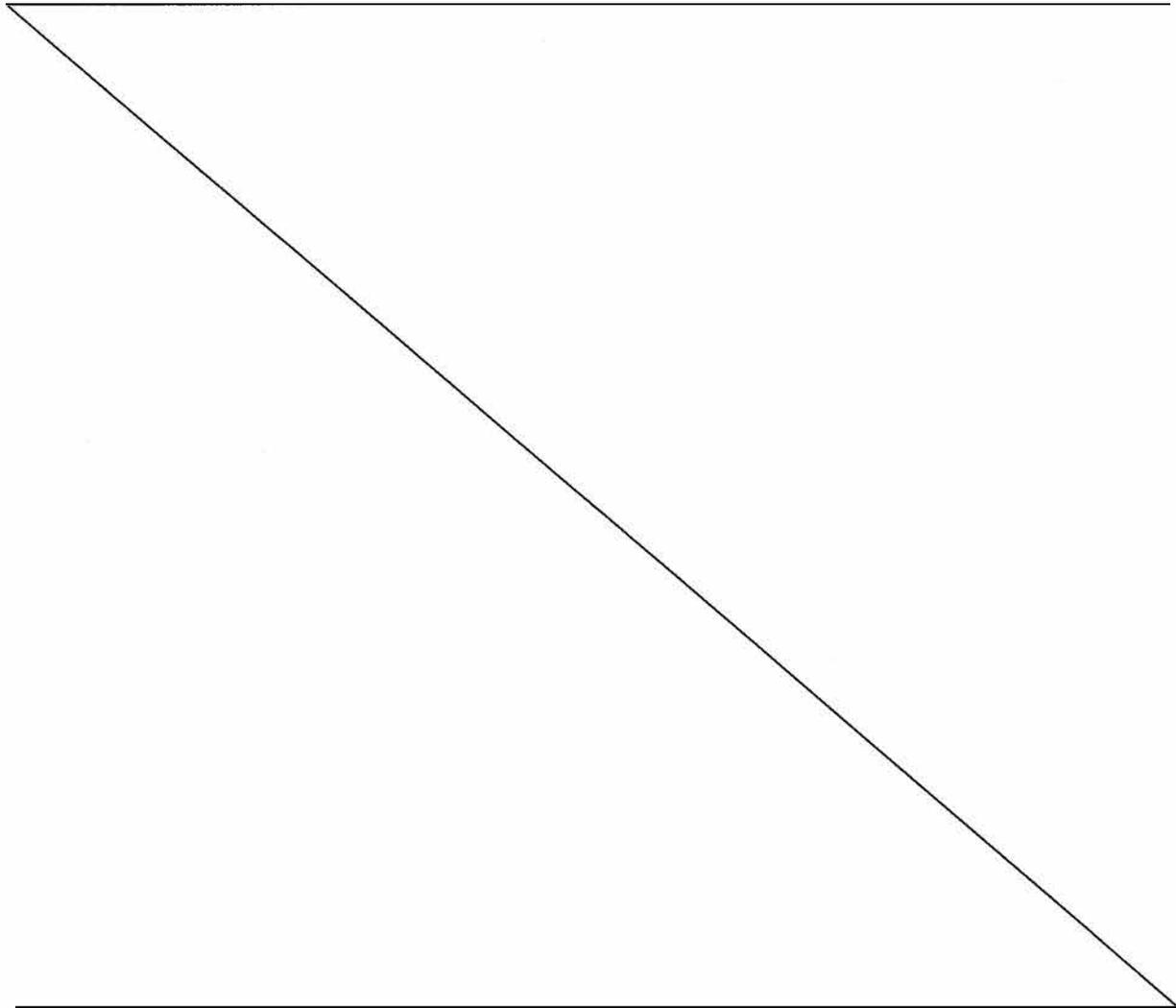
Director Espero moved,

To Adopt Resolution No. 70 Reaffirming the HPHA's Commitment to Providing Decent, Safe, and Sanitary Housing in a Manner Free from Discrimination, Harassment, and Retaliation.

Executive Director Ouansafi stated that the HPHA is a discrimination-free agency and this Resolution is reaffirming the HPHA's commitment.

Chairperson Gierlach stated that it is always a good reminder. He stated that he has no doubt that staff is dedicated to providing services in a manner free from discrimination, harassment and retaliation.

The motion was unanimously approved.



For Action:

Director Oh moved,

To Adopt Proposed Changes to:

1. The Hawaii Public Housing Authority's Admissions and Continued Occupancy Policy for Federally Assisted Low Income Public Housing, relating to the No Smoking Policy; and
2. Chapter 17-2028, "Federally Assisted Public Housing Projects," Hawaii Administrative Rules, on the following topics:

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Section 15-193-41 [Adherence to smoking prohibition requirement for continued occupancy], and

Adopt a New Section [Smoking prohibition, including the establishment of designated smoking areas];

to implement the Prohibition on Smoking in and around Public Housing Law in Act 91, Session Laws of Hawaii 2014, subject to the Department of the Attorney General's Review, and to Authorize the Executive Director to Undertake All Actions Necessary under Chapter 91, Hawaii Revised Statutes, and Administrative Directive No. 09-01, and Hold Public Hearings.

Executive Director Ouansafi stated that the reason for this Administrative rule change is to be in line with the direction of the Board and to be consistent with the law that passed. The HPHA made one change in the administrative rule to conform to the law. The change reduces the violations from 4 strikes to 3 strikes before a family is referred for eviction.

Director De Motta stated that he had a complaint that a public housing tenant was smoking pakalolo. He reported that he spoke to the property manager and as far as he knows the smoking has stopped.

Director Shimizu asked if the HPHA will be considering a prohibition of the use of e-cigarettes in the future. Executive Director Ouansafi stated that the HPHA followed the discussion and testimony before the Legislature; however, some tenants felt the use of e-cigarettes would assist in smoking cessation. The staff will come to the Board once there is more data. He stated that because e-cigarette can smell like vanilla, strawberry, etc. it may be hard to enforce, but if the law changes the HPHA will follow suit.

Director Espero asked when the law went into effect. Executive Director Ouansafi responded that the law is already in effect.

Director Espero asked if staff was trained on the policy and procedures. Executive Director Ouansafi responded that staff has been trained.

Director Espero asked if the tenants were notified. Executive Director Ouansafi responded that tenants have been aware for over a year, but the HPHA didn't have the law or administrative rules to implement the policy. The HPHA worked with other agencies and offered cessation programs in the meantime.

Executive Director's Report:

- Executive Director Ouansafi stated that staff has been working on rent collection, construction, and redevelopment.
- Executive Director Ouansafi stated that the Mayor Wright Homes Request for Quote (RFQ) was issued. There was a telephone conference where some questions were raised. The RFQ submittal deadline is August 27, 2014.
- Executive Director Ouansafi stated that the HPHA will be issuing a RFQ for the 9 acre School Street property. The HPHA is looking at creative ways to add more public housing because the wait list is getting longer. If a family has no preference they will have to wait many years.
- Executive Director Ouansafi reported that the Real Estate Assessment Center (REAC) inspections are complete and that every Asset Management Project's (AMP) score went up. All AMP's passed except for Kuhio Park Terrace (KPT) low-rise. This was expected because the HPHA is working on the redevelopment.
- Executive Director Ouansafi reported that the occupancy rate is as follows: 2 AMP's are below 97%; 4 above 97%; 4 above 98% occupancy; and 6 above 99%. He reported that the reason 2 AMP's are below the 97% occupancy is because units are being remodeled. Executive Director Ouansafi reported that staff is working on a relocation plan for the pending remodeling and repairs and once the relocation process has started occupancy will go up. He reported that the HPHA negotiated with the City and County of Honolulu (C & C) building department to allow our tenants to move into buildings that have been renovated at Palolo Valley Homes.
- Executive Director Ouansafi reported that the HPHA received bids on the 16 units at Lanakila Homes and will awarding the bid shortly. There was some difficulty with the bids and there may be a protest.
- Director De Motta stated he met with the County of Hawaii and they wanted to know when Lanakila Homes will be repaired because there are more than 500 families on the waitlist and the homeless problem is growing. Executive Director Ouansafi reported that the HPHA is waiting on the soil remediation. Also, the HPHA still disagrees with HUD on the Faircloth issue for approximately 70 units where the HPHA is not being provided operating subsidy. The HPHA is hiring legal counsel to assist with this issue.
- Chairperson Gierlach asked if the HPHA will be able to recapture the funds for the Faircloth units. Executive Director Ouansafi responded he is unsure, but the HPHA is going to try. Executive Director Ouansafi reported that the Invitation for Bids (IFB) for legal services that specializes in HUD matters closes today and selection and award will be made right after.

- Director De Motta asked if only the 16 units will be repaired. Executive Director Ouansafi responded that only 16 will be repaired and the remainder will be demolished and rebuilt in phases.
- Director De Motta stated that a Senator called him and informed him that the HPHA will lapse funds for FY15-16. Executive Director Ouansafi reported that no funds will lapse, unless it is strategic effort on the HPHA's part. Executive Director Ouansafi reported that the 16 units will cost \$400,000 a unit. There is \$7 million for Lanakila. Executive Director Ouansafi stated that it is important the HPHA receives the subsidy for the units, if not the HPHA cannot sustain the units.
- Executive Director Ouansafi reported the Fiscal Management Office (FMO) is stable and improving. The single audit is being conducted and deadlines are being met.
- Executive Director Ouansafi reported that the HPHA is working on a user friendly website. The website will also have more capabilities including ability to apply online and translate documents into different languages. Eventually, the goal is to have tenants be able to log on and make rent payments.
- Executive Director Ouansafi reported that the HPHA met the Housing Assistance Program (HAP) deadline and received the VASH vouchers. The HPHA partnered with a company to house the VASH voucher recipients.
- Executive Director Ouansafi reported that the Central Office Cost Center (COCC) expenses was 36% higher than budgeted because the focus is on making occupied units better. Also the depreciation by 112% greater because of the number of capital projects that were completed last fiscal period.
- Executive Director Ouansafi reported that the CFP grant is \$608 thousand less than budgeted because of a withdrawal in April. Other income is \$2.5 million less because the State program operates in a negative and the HPHA has to supplement the program. The HPHA will be requesting from the Legislature for funding for the State housing projects.
- Director Shimizu asked to explain the large capacity cesspool conversions. Ms. Becky Choi reported that the HPHA was under a corrective action (consent agreement and final order) to convert all of the large cesspools. The HPHA completed the conversion, but the teacher's cottages need to be transferred to the Department of Education (DOE). The HPHA is having some difficulty transferring the properties because of a delay in getting on the land court agenda.

Discussion:

Energy Performance Contract with Ameresco

Chairperson Gierlach asked where the HPHA is at in hiring an energy performance consultant. Executive Director Ouansafi responded that no action has been taken because he was unaware of the request as it was before his tenure.

Chairperson Gierlach asked if a consultant should be hired. Ms. Sugita, Deputy Attorney General, stated that a motion needs to be made.

Chairperson Gierlach asked for a motion to Approve the Retention of a Consultant to Study and Advise the Board on the Energy Performance Contract (EPC). Director Shimizu asked if there would be a presentation regarding the EPC. Executive Director Ouansafi reported that the presentation is from Ameresco and not a consultant.

David Moakley, Ameresco, explained that the HUD appropriation goes directly to utility bills. During the energy performance contract, the utility expenditures should go down and the savings is used to pay for the construction on the project. Once the project is paid off the savings is the agency's to use.

Mr. Moakley stated that in 2008, Ameresco was selected through a competitive RFP. He stated that Ameresco has completed over \$6 million in public housing projects across the United States. He reported that Ameresco has a \$17 million project with the Department of Accounting and General Services (DAGS).

Mr. Moakley reported that Ameresco conducted an audit in 2009, but a new audit will need to be conducted because of the length of time that has passed. The project that was identified was approximately \$25 million and would have taken 2 years for construction under an 18 year term. The annual saving was approximately \$3 million. There is no upfront cost for the HPHA. Some of the measures were local plumbing fixtures, lighting, energy efficient air conditioners, photovoltaic, hot water systems, and solar thermal.

Mr. Moakley reported HUD requires that 75% of saving be used on the specific project, but the 25% excess can be used how the HPHA deems necessary for other needs.

Mr. Moakley reported that the HPHA would be getting new equipment which means everything will be on the same life cycle, and operating cost would go down because there will be less repairs.

Mr. Moakley reported that the next steps would be 1) to revisit the scope of work and to update the cost and savings; 2) apply to HUD; 3) look for financing; and 4) start construction.

Director Oh asked why did work stop after the audit. Executive Director Ouansafi requested to go into Executive Session.

Director Shimizu asked how the hold up in Congress will affect funding. William Cunningham, Ameresco, responded that the Boston Public Housing used the savings to help them offset sequestration.

Mr. Cunningham reported that Ameresco is currently working on the State Capitol building, U.S. Senate Offices, Archives, and completed the nation's largest project, a biomass facility in South Carolina.

Executive Session:

Director Yamashita moved at 10:15 a.m.,

To 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:

1. Energy Performance Contract with Ameresco

The motion was unanimously approved.

The Board reconvened from Executive Session at 10:43 a.m.

Chairperson Gierlach stated that the Board discussed the EPC regarding Ameresco.

Chairperson Gierlach stated that three Board members are unable to attend the September 18, 2014 Board meeting. He stated the September Board meeting will be cancelled due to no quorum and the next Regular Board meeting will be October 16, 2014.

Chairperson Gierlach stated the Executive Session minutes from July 17, 2014 was deferred to the October 16, 2014 Board meeting.

Adjournment:

There was no further business to discuss, Chairperson Gierlach asked for a motion to adjourn the Regular Meeting.

Director Yamashita moved,

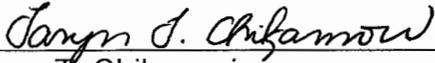
To adjourn the Regular Hawaii Public Housing Authority Board meeting.

The motion was unanimously approved.

The meeting was adjourned at 10:44 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:



Taryn T. Chikamori
Secretary to the Board

OCT 28 2014

Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on October 28, 2014: [] As Presented [] As Amended



Myoung Oh
Director/Board Secretary

OCT 28 2014

Date