

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

**November 20, 2014  
9:00 a.m.**

**AGENDA**

**I. CALL TO ORDER/ROLL CALL**

**II. APPROVAL OF MINUTES**

- A. Regular Meeting Minutes, October 28, 2014 (**Pages 1 – 13**)
- B. Executive Session Minutes, October 28, 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 Authorize the Executive Director to Accept and Pay for the Investment Grade Energy Audit from Ameresco in the Amount of \$151,436 (**Pages 14 - 15**)

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 the Energy Performance Contract with Ameresco.

- B. Motion: To Approve the Increase in Payment Standard From 90% to 95% of the Fair Market Rents for the Section 8 Housing Choice Voucher Program and to Authorize the Executive Director to Take All Necessary Steps to Implement the New Payment Standards Effective January 1, 2015 (**Pages 16 – 19**)

- C. Motion: To Approve the Selection of a Master Developer for the Redevelopment of Mayor Wright Homes and to Authorize the Executive Director to Begin Negotiations to Enter into A Master Development Agreement with the Selected Master Developer
- D. Motion: To Approve Compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director Effective January 1, 2014 Provided that the Executive Director's Salary Shall Not Exceed the Governor's Salary Pursuant to §356D-2, Hawaii Revised Statutes (**Page 20**)

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(2) 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 Compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director Effective January 1, 2014 Provided that the Executive Director's Salary Shall Not Exceed the Governor's Salary Pursuant to §356D-2, Hawaii Revised Statutes.

## V. TASK FORCE REPORT

- A. Finance Task Force Report
- B. Personnel Task Force Report

## VI. REPORTS

- A. Executive Director's Report Highlights: (**Pages 21 – 65**)
  - Property Management and Maintenance Services Branch Occupancy and Rent Collection Status
  - Section 8 Lease up Status and Program Activity
  - Hawaii Public Housing Authority's Section 8 Management Assessment Program (SEMAP) Score of 97 and High Performer Rating for the Fiscal Year July 1, 2013 to June 30, 2014
  - Design and Construction Project Updates
  - Contracts Executed During October 2014

## VII. FOR DISCUSSION/INFORMATION

- A. For Information: *Kolio v. State of Hawaii, Hawaii Public Housing Authority; Case No. 13-000785* Eviction Appeal and Oral Arguments Before the Supreme Court (**Page 66**)

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 *Kolio v. State of Hawaii, Hawaii Public Housing Authority; Case No. 13-000785*)

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 on any item listed above. 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, NOVEMBER 20, 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, November 20, 2014 at 9:04 a.m. Chairperson Gierlach called the meeting to order. Those present were as follows:

**PRESENT:** Director David Gierlach, Chairperson  
Director Myoung Oh, Secretary  
Director Gilbert De Motta  
Director Morgan Kaya  
Director Debbie Shimizu  
Director Sheri Tanaka  
Designee Barbara Yamashita

Deputy Attorney General, John Wong

**EXCUSED:** Director Jason Espero, Vice Chairperson

**STAFF PRESENT:** Hakim Ouansafi, Executive Director  
Barbara Arashiro, Executive Assistant  
Chong Gu, Chief Financial Management Advisor  
Kiriko Oishi, Chief Compliance Officer  
Dawn Takeuchi Apuna, Chief Planner  
Rick Sogawa, Procurement Officer  
Becky Choi, State Housing Development Administrator  
Stephanie Fo, Section 8 Subsidy Programs Branch Chief  
Renee Blondin-Nip, Hearings Officer  
Gary Nakatsu, Data Processing Supervisor  
Shirley Befitel, Personnel Officer  
Clarence Allen, Fiscal Officer  
Rochelle Akamine, Resident Services Program Specialist  
Taryn Chikamori, Secretary to the Board

**OTHERS PRESENT (and signing in as):**  
Daria Fand, Kalakaua Homes resident  
David Moakley, Ameresco  
Monique Ocampo, Nanakuli Homes resident  
June Talia, Kuhio Park Terrace resident  
Brian Uy, private resident

**Proceedings:**

Chairperson Gierlach declared a quorum present.

**Approval of Minutes:**

**Director Yamashita moved,**

To approve the Regular Meeting Minutes of October 28, 2014.

The minutes were unanimously approved.

**Public Testimony:**

Daria Fand, Kalakaua Homes resident, stated she did not receive a written response regarding her testimony last month. She stated that she is concerned that the Administrative rules on the no smoking policy is being held up at the Attorney General's office. She stated that the response last month was that because no smoking in public housing is law, a lease addendum is not necessary to enforce the policy. She stated that the managers need to handle the policy, but without a lease addendum can't get things to change. She asked that the Board write a letter to the Attorney General's office asking them to review the Administrative Rules and Lease Addendum.

Monique Ocampo, Nanakuli Homes resident, stated that she is working with Hawaii Energy and wanted to share some success stories regarding tenants who have been able to reduce their utility bills. She stated that a tenant's electric bill was \$349 and after turning off his second freezer his electric bill went down to \$180. Another person had a refrigerator and was paying \$249 and once it was turned off their bill went down to \$89 a month.

June Talia, Kuhio Park Terrace resident, requested that tenants be provided information on the redevelopment at Kuhio Homes so that the tenants can prepare. Executive Director Ouansafi responded that the master plan was just completed and the HPHA is in negotiations with Michaels Development. Ms. Talia requested that the Kuhio Park Terrace Board be allowed to comment on proposed changes as a result of redevelopment.

**For Action:**

**Director Yamashita moved,**

To Authorize the Executive Director to Accept and Pay for the Investment Grade Energy Audit from Ameresco in the Amount of \$151,436.

Director Kaya requested more information regarding this motion.

Chairperson Gierlach deferred the motion to Executive Session.

**For Action:**

**Director Oh moved,**

To Approve the Increase in Payment Standard From 90% to 95% of the Fair Market Rents for the Section 8 Housing Choice Voucher Program and to Authorize the Executive Director to Take All Necessary Steps to Implement the New Payment Standards Effective January 1, 2015.

Executive Director Ouansafi stated that the standards are from the U.S. Department of Housing and Urban Development (HUD). HUD is lowering the standard which will affect the tenants. He stated the City and County of Honolulu's (C & C) standard is 100%, but the HPHA is recommending 95% because with the 5% difference in the payment standard, the HPHA will be able to assist more families. Under the proposed change, the tenant's portion will continue to be at or near 30% of their adjusted income.

The motion was unanimously approved.

**For Action:**

**Director Oh moved,**

To Approve the Selection of a Master Developer for the Redevelopment of Mayor Wright Homes and to Authorize the Executive Director to Begin Negotiations to Enter into A Master Development Agreement with the Selected Master Developer.

Executive Director Ouansafi stated that this action was approved in the October 28, 2014 meeting, but the Board did not formally announce who the Request for Qualifications (RFQ) was awarded to.

The motion was unanimously approved.

Deputy Attorney Wong requested clarification on the award to the Hunt Group. Executive Director Ouansafi reported that the selection committee recommended that the Board select and start negotiations with Hunt Group for the redevelopment at Mayor Wright Homes. The Hunt Group teamed up with McCormick Baron and the Vitus Group.

**For Action:**

**Director Tanaka moved,**

To Approve Compensation for the Hawaii Public Housing Authority's (HPHA) Executive Director Effective January 1, 2014 Provided that the Executive Director's Salary Shall Not Exceed the Governor's Salary Pursuant to §356D-2, Hawaii Revised Statutes.

Chairperson Gierlach stated that this is a correction to the "For Action" that was approved at the October 28, 2014 Board meeting. He stated the motion stated "effective January 1, 2014" but when he made the motion he verbally stated "effective July 1, 2014". Chairperson Gierlach commented that Executive Director Ouansafi did not want this on the agenda, but he insisted that the correction be made.

Director Yamashita asked because it is retroactive to the last fiscal year would it be an issue. Executive Assistant Arashiro responded that it will not be an issue because federal funds are being used and do not lapse like the State funds.

The motion was unanimously approved.

**Finance Task Force Report:**

Director Oh commended Mr. Chong Gu, Chief Financial Management Advisor, and staff for all the hard work completing the financial statements. He stated that the task force had their questions answered to the satisfaction of the task force. The HPHA has made significant progress. This is the first time in recent history that the agency has prepared the financial statements; previously the auditors would prepare the statements for HPHA.

Director Oh stated that the HPHA has combined assets that exceeds \$580 million and has no outstanding mortgage or notes. There is a concern, however, that the HPHA loses money with the State Family projects and transfers approximately \$4 million into the program.

The task force recommended that the Board look at the future needs of the State Family projects. He stated that the other concern is that the Legislature appropriated \$91 million in Capital Improvement Funds and the Budget and Finance (B & F) office is refusing to release the funds necessary to administer those funds to the HPHA.

**Personnel Task Force Report:**

Chairperson Gierlach deferred the report to Executive Session.

### **Executive Director's Report:**

- Executive Director Ouansafi stated that the HPHA has \$140 million of ongoing repairs in contract. The HPHA is having difficulty collecting the funds from the State and the issue has been escalated to the Governor's office. It impacts the HPHA because without the reimbursement the Construction Management Branch will need to cease all work.
- Executive Director Ouansafi reported that 15 projects have converted to tenant paid utilities. He stated because the HPHA changed to tenant paid utilities many tenants need to put a security deposit. This is causing issues because many tenants cannot afford a security deposit. The HPHA is working with the Hawaiian Electric Company (HECO) to see how they can assist tenants. Helping Hands and other agencies are also trying to assist with financial assistance.
- Executive Director Ouansafi stated that the Office of Inspector General (OIG) has been investigating several of HPHA's tenants for fraud. He stated that fraud is serious and the HPHA will evict anyone committing fraud. Chairperson Gierlach clarified that the fraud is not with staff, but with tenants. Executive Director Ouansafi stated an example maybe that a voucher holder is renting their unit to a convicted criminal or falsifying their income or hiding assets.
- Executive Director Ouansafi reported that Real Estate Assessment Center (REAC) inspections are ongoing for the public housing program on all islands. Executive Director Ouansafi reported that previously the privately managed Asset Management Projects (AMP) were doing a better job than the state managed AMPs, but that does not still seem to hold true. The HPHA is evaluating all of the privately managed AMPs to determine whether the performance at those AMPs would improve under state employees.
- Executive Director Ouansafi reported that the Mayor Wright Homes negotiating team checked if there were any conflicts with the Hunt Group and found that a conflict with AECOM may exist, because the Executive Director's wife works at AECOM. The Hunt Group and AECOM informally confirmed that they are completely separate entities with no business or other financial ties between them. There appears to be no real or apparent conflict of interest. The HPHA is waiting for a formal written response from the Hunt Group and AECOM.
- Executive Director Ouansafi reported that there is a delay in the Lanakila Homes development because of arsenic in the soil. The HPHA has drafted a remediation plan to address the soil.
- Executive Director Ouansafi reported that the financial audit is almost complete.

- Executive Director Ouansafi reported that the contract with Goldfarb and Lipmann has been executed for legal services for the MWH redevelopment, School Street development, the Faircloth issue and other HUD issues.
- Executive Director Ouansafi reported that the occupancy rate is at 98% and will be fluctuating in the next couple of months because the HPHA is conducting right sizing and remodeling of 129 units.
- Executive Director Ouansafi reported that the HPHA had thousands of late recertifications and it has been cut down to 261. The goal is to significantly reduce the late recertifications within the next 60 days.
- Executive Director Ouansafi reported that 276 veterans receive rent subsidy, which is about \$210,000. The Section 8 program has paid landlords approximately \$2.01 million, which is 99.1% of the funds received from HUD. The HPHA is spending more than it is receiving and the reserves are being depleted because HUD will be funding on previous usage.
- Executive Director Ouansafi reported that the HPHA continues to record the Declaration of Trusts and reporting it to HUD.

**Director Yamashita moved at 9:42 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. To Authorize the Executive Director to Accept and Pay for the Investment Grade Energy Audit from Ameresco in the Amount of \$151,436;**
- 2. Personnel Task Force Report;**
- 3. Executive Session Minutes for October 28, 2014**
- 4. *Kolio v. State of Hawaii, Hawaii Public Housing Authority; Case No. 13-000785*) Eviction Appeal and Oral Arguments Before the Supreme Court**

The motion was unanimously approved.

**The Board reconvened from Executive Session at 10:23 a.m.**

Chairperson Gierlach reported that the Board discussed the motion to authorize the Executive Director to accept and pay for the investment grade energy audit from Ameresco in the Amount of \$151,436; the October 28, 2014 Executive Session minutes were deferred; the Personnel Task Force gave a report; the employment contract was discussed with the Executive Director; and the Board received an update on the Kolio litigation.

Chairperson Gierlach called for the question on the motion to approve the Increase in Payment Standard From 90% to 95% of the Fair Market Rents for the Section 8 Housing Choice Voucher Program and to authorize the Executive Director to Take All Necessary Steps to Implement the New Payment Standards Effective January 1, 2015.

The motion was unanimously approved.

**Adjournment:**

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

**Director Yamashita moved,**

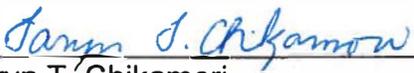
To adjourn the Regular Hawaii Public Housing Authority Board meeting.

The motion was unanimously approved.

The meeting was adjourned at 10:25 a.m.

**MINUTES CERTIFICATION**

Minutes Prepared by:

  
Taryn T. Chikamori  
Secretary to the Board

JAN 15 2015  
Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on January 15, 2015:  As Presented [  ] As Amended

  
Myoung Oh  
Director/Board Secretary

JAN 15 2015  
Date