

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building A Boardroom
Honolulu, Hawaii 96817
March 17, 2016
9:00 a.m.**

AGENDA

I. CALL TO ORDER/ESTABLISHING QUORUM

II. APPROVAL OF MINUTES

Regular Meeting Minutes, February 18, 2016
Executive Session Minutes, November 19, 2015 (not for public distribution)
Executive Session Minutes, February 18, 2016 (not for public distribution)

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 Adopt Resolution No. 16-02 Statement of Non-Discrimination Policy Reaffirming the HPHA's Commitment to Prohibiting Discrimination or Discriminatory Practices in its Operations, Procedures, Programs, and Services
- B. **MOTION:** To Ratify the Hawaii Public Housing Authority's Financial Audit and Accept the Hawaii Public Housing Authority's Single Audit Testing on Internal Controls and Compliance for Fiscal Year July 1, 2014 Ended June 30, 2015 and to Authorize the Executive Director to Submit the Audit and Management Responses to the Federal Audit Clearinghouse and the U.S. Department of Housing and Urban Development as Required
- C. **MOTION:** To Adopt Board Resolution No.16-03 Authorizing the Executive Director to Enter Into a Predevelopment Agreement with MWH Partners, LLC, a Delaware Limited Liability Corporation and Special Purpose Entity for the Mixed Income Transit Oriented Development Redevelopment of the Mayor Wright Homes; and to Undertake All Actions Necessary to

Implement the Predevelopment Agreement

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 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 the Predevelopment Agreement.

V. FOR INFORMATION/FOR DISCUSSION

Appointment of a Board Task Force to Establish Benchmarks for HPHA's Leadership and Evaluate Performance of the HPHA's Programs

VI. EXECUTIVE DIRECTOR'S REPORT

Financial Report for the Month of January 2016
Contracts Executed During February 2016 and Planned Solicitations for March 2016
Property Management and Maintenance Services Lease up Status and Eviction Hearings for the Month of February 2016
Construction Management Activities, including Obligation and Expenditure Status for the Federal Capital Fund Program (CFP) and the State Capital Improvement Program (CIP), Kuhio Park Terrace and Kalihi Valley Homes Construction Activity
Section 8 Subsidy Programs Voucher Lease Up and Inspection Status for the Month of February 2016

(Note that the HPHA's Board of Directors may call for a recess during the course of the meeting in the event that HPHA Management is requested to appear before the Legislature and reconvene at a later time to be announced at the meeting.)

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Didi Ahakuelo-Kepa at (808) 832-4694 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 A,
HONOLULU, HAWAII 96817
ON THURSDAY, MARCH 17, 2016
IN THE COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority (HPHA) held their Regular Board Meeting at 1002 North School Street, Building A on Thursday, March 17, 2016. At approximately 9:10 a.m. Chairperson Pono Shim called the meeting to order. Those present were as follows:

PRESENT: Director Pono Shim, Chairperson
Director Alena Medeiros, Vice Chairperson
Director George De Mello
Director Lisa Darcy
Director Elizabeth Kim
Director Myoung Oh
Director Laura Smith
Director En Young

Deputy Attorney General, Jennifer Sugita
Deputy Attorney General, Klemen Urbanc

EXCUSED: Director Jason Espero, Secretary
Director Rachael Wong

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Dawn Takeuchi Apuna, Chief Planner
Kiriko Oishi, Chief Compliance Officer
Chong Gu, Chief Financial Management Advisor
Rick Sogawa, Procurement Officer
Helen Enobakhare, Property Management and Maintenance
Services Branch Chief
Becky Choi, State Housing Development Administrator
Stephanie Fo, Section 8 Subsidy Programs Branch Chief
Shirley Befitel, Personnel Supervisor
Renee Blondin-Nip, Hearings Officer
Gary Nakatsu, IT Officer
Joanna Renken, Supervising Public Housing Manager
Sam Liu, Property Management Specialist
David Nygaard, Budget Resource Specialist
Maricar Campos, Property Management Specialist

Kau'i Martinez, Resident Services Program Specialist
Deidra Ahakuelo-Kepa, Secretary

OTHERS PRESENT (and signing in as):

Wanda Camara, Koolau Village tenant
Tim Garry, Public resident
Desiree Kihano, Palolo Homes tenant
Thomas Lee, Hunt Development Companies
Makani Maeva, Vitus Group
Andrew Nakoa, Sr., Mayor Wright Homes tenant

Proceedings:

Chairperson Shim declared a quorum present.

Approval of Minutes:

Director Smith moved,

To approve the Regular Meeting Minutes of February 16, 2016.

The minutes were unanimously approved as presented.

Chairperson Shim deferred approval of the minutes for the following until later in the meeting:

Executive Session, November 19, 2015

Public testimony:

Desiree Kihano, Palolo Homes resident, distributed a packet of information to the Board of Directors. Ms. Kihano asked questions about the total amount of the budget for the Resident Advisory Board (RAB) and inquired about the source of funds for the meetings. She is concerned that the RAB is not provided lunch when the meeting extends beyond the agenda and the discussion does not cover the Public Housing Agency Plans. She also questioned the status of the Resident Participation Funds that are not distributed due to the lack of recognized resident associations. Ms. Kihano explained that many tenants bring issues to the RAB meeting that are not related to the PHA Plan. She feels, however, that the RAB should be allowed to meet about individual tenant concerns and not just the PHA Plan. She suggested that the RAB be allowed to include the individual tenant concerns on the RAB agenda to show the

tenants that their concerns are being addressed. She acknowledged that the HPHA does address concerns when they are brought up, but felt including the topics on the RAB agenda would validate the tenant concerns.

Ms. Kihano showed photos of construction occurring at Palolo Valley Homes. She made suggestions to improve problems with the renovated units and construction. She commented that building lights did not work properly and that sprinkler system valves were not secured and subsequently vandalized by neighborhood children. Ms. Kihano indicated that she reported her concerns to OSHA and has seen improvements in the fence surrounding the construction zone. She commented that if the RAB were allowed to address tenant concerns, she would be able to bring these types of matters to the RAB.

Ms. Kihano further requested that the HPHA provide a replacement unit for the resident association. Ms. Kihano acknowledged that the housing unit could be used to address the homeless problem, but stated that the resident association needs a unit to conduct resident association business and programs for the community.

Wanda Camara, Koolau Homes tenant, recommended that elderly tenants should be able to request grab bars without submitting a request for reasonable accommodation. She added that prior to the meeting, HPHA staff clarified for her that AMP Managers are able to install grab bars upon request.

Andrew Nakoa, Mayor Wright Homes tenant stated that he submitted comments at the public hearing on the HPHA's Five Year and Annual PHA Plan on Tuesday. Mr. Nakoa requested that the HPHA address the problem of loitering at Mayor Wright Homes. He reportedly found nails in his car tires on two separate occasions. He stated that if the security would address loitering on the property, they could have prevented someone from putting nails in his tires. He also reported that someone stole the clothes off of his clothesline worth over \$100. Mr. Nakoa is requesting parking stall 24F which is directly in front of his unit so that he can watch his vehicle.

Makani Maeva from the Vitus Group and Thomas Lee from the Hunt Development Companies encouraged the Board to approve Resolution No. 16-03 related to the predevelopment agreement between the HPHA and MWH Partners, LLC. She stated that both parties engaged in extensive negotiations and documents have been reviewed by the legal counsel. Ms. Maeva and Mr. Lee made themselves available for questions.

For Action:

Director Darcy moved:

To Adopt Resolution No. 16-02 Statement of Non-Discrimination Policy Reaffirming the HPHA's Commitment to Prohibiting Discrimination or

Discriminatory Practices in its Operations, Procedures, Programs, and Services

Executive Director Ouansafi stated April 2016 is Fair Housing Month and the HPHA annually reaffirms its commitment to fair housing and non-discrimination. He reported that the HPHA is also coordinating a Fair Housing Awareness Day at the State Capitol under co-sponsorship of Representative Mark Hashem and Senator Breene Harimoto. The event will feature several agencies such as the U.S. Department of Housing and Urban Development, Hawaii Housing Finance and Development Corporation, Hawaii Civil Rights Commission, and the Department of Hawaiian Home Lands. Executive Director Ouansafi reported that we are awaiting confirmation from the Capitol on the date for the event.

In 2010, the HPHA adopted Resolution No. 024, the Statement of Non-Discrimination Policy, and revised its Policy on Reasonable Accommodations and Modifications. In 2012, the HPHA adopted the Language Access Policy for the federally assisted public housing program to ensure that limited English proficient individuals can effectively participate in or benefit from its programs and activities. In 2014, the HPHA adopted revisions to its discrimination complaint procedures to include complaints regarding language access, and revised the language access policy to reflect its coverage across all HPHA programs and services. In 2015, the HPHA adopted its own Language Access Plan. The Compliance Office is currently in the process of providing mandatory training for HPHA employees on all islands.

The motion was unanimously approved.

For Action:

Director Smith moved,

To Ratify the Hawaii Public Housing Authority's Financial Audit and Accept the Hawaii Public Housing Authority's Single Audit Testing on Internal Controls and Compliance for Fiscal Year July 1, 2014 Ended June 30, 2015 and to Authorize the Executive Director to Submit the Audit and Management Responses to the Federal Audit Clearinghouse and the U.S. Department of Housing and Urban Development as Required

Executive Director Ouansafi reported that a representative from KMH, LLC was unable to attend the meeting, but could be available next month if the Board requested it.

Executive Director Ouansafi reported that final financial statements were updated with the final pension schedule. Changes from the draft only involved re-classifications between governmental activities and business-type activities, with no significant impact on the agency's total. He further reported that the draft single audit included two findings: 1) Significant deficiency related to the Section 8 unit re-inspections which were

not completed timely; and 2) Material weakness related to eligibility under the federal public housing program.

Executive Director Ouansafi reported that over the last several years, the HPHA has been able to make significant progress in addressing audit findings from previous years reducing the number and severity of findings. For example, there were 12 audit findings in FY11 ended 6/30/2011, 9 out of the 12 were material weakness and 3 were significant deficiencies. He explained that one of the biggest challenges is the lack of staff. As an example, the HPHA's case load is approximately 1 staff to 450 cases, where other public housing agencies' staff may handle approximately 250 cases. Additionally, the HPHA is a State agency and services are delivered statewide. Executive Director Ouansafi added that there was no fraud, questioned costs, or concerns with the construction reporting.

Director Kim stated that she was concerned that the findings may not be attributable to lack of staffing and that the findings are not insignificant. After some discussion on previous findings and current program status, Director Kim corrected her concern and questioned the need for the finding to be considered a material weakness.

Executive Director Ouansafi agreed that having even two findings are not acceptable. He explained, however, that when the report states that "3 of 40 files showed that the reinspection was not completed within the timeframe" it demonstrates that there is human error and that there may be staffing issues.

Chairperson Shim reported that Wils Choy, (partner from KMH, LLC) attended the previous Board meeting and provided the Board with a level of confidence in the financials and audit findings.

Chairperson Shim recalled that the Section Eight Management Assessment Program (SEMAP) scores were improved which he stated revealed the dedication of the staff. The audit also shows the dedication of the staff and acknowledged that staff are carrying a heavy load. He expressed his appreciation to the staff for their efforts.

Executive Director Ouansafi explained that management often makes a strategic decision to pursue voucher lease up and tenant placement which increases the workload tremendously on an already overburdened staff. He stated that the goal of housing more families often outweighs the potential for human errors in the files. He added that the auditor indicated that based on the volume of files being worked on it would be difficult for HPHA to remove all audit findings.

The motion was unanimously approved.

For Action:

Director Medeiros moved,

To Adopt Board Resolution No. 16-03 Authorizing the Executive Director to Enter Into a Predevelopment Agreement with MWH Partners, LLC a Delaware Limited Liability Corporation and Special Purpose Entity for the Mixed Income Transit Oriented Development Redevelopment of Mayor Wright Homes, and to Undertake All Actions Necessary to Implement the Predevelopment Agreement

Executive Director Ouansafi stated that the HPHA negotiation team and the Hunt Development Companies, including the Vitus Group and McCormack Baron Salazar, engaged in good faith negotiations over the last several months. He provided the following information on the redevelopment project:

- Mayor Wright Homes is a federal public housing development located in the Kalihi/Palama neighborhood bordered by Vineyard Blvd., N. King Street and Liliha Street consisting of 364 units in 25 walkup and 11 townhouse buildings.
- Mayor Wright Homes was built in 1953 and modernized in 1984.
- The Mayor Wright Homes site is located near the Iwilei Rail station on the Hawaii Area Rapid Transit line.
- On November 20, 2014, the HPHA Board of Directors approved the selection of Hunt Development Group LLC (the "Lead Master Developer"), McCormack Baron Salazar, Inc. and Vitus Group as team members, as the master developer team for the Mayor Wright Homes Redevelopment and authorized the Executive Director to enter into negotiations with the development team.
- The master developer team (described above) subsequently established MWH Partners, LLC, a limited liability corporation and special purpose entity for the redevelopment at Mayor Wright Homes.
- The intent of the redevelopment of Mayor Wright Homes is to revitalize and improve the quality of life for Mayor Wright Homes residents while making the best use of the existing land to encourage a sense of community with the surrounding neighborhood.
- The lead Master Developer will facilitate the mixed-income, mixed-finance, mixed-use approach and provide the additional capital necessary to truly revitalize the site and surrounding neighborhood.
- The lead Master Developer is required to replace the existing Public Housing units on a one-for-one basis as part of the master plan.

- The Predevelopment Agreement (the "Agreement") will enable the HPHA to work with the development team and community stakeholders to develop a Master Plan.

Director Medeiros moved,

To 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 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 the Predevelopment Agreement.

The motion was unanimously passed and the Board moved into Executive Session at 9:46 a.m.

Chairperson Shim requested that Ms. Maeva and Mr. Lee be available for questions.

The Board reconvened at approximately 10:40 a.m.

Director Kim moved to amend the motion:

To read:

"That the HPHA Board of Directors Adopt Board Resolution No.16-03 Authorizing the Executive Director to Enter Into a Predevelopment Agreement with MWH Partners, LLC, a Delaware Limited Liability Corporation and special purpose entity for the Mixed Income Transit Oriented Development Redevelopment of the Mayor Wright Homes; and to Undertake All Actions Necessary to Implement the Predevelopment Agreement,"

And add at the end of the motion:

"Subject to Department of the Attorney General Final Review of Technical Revisions to Exhibit C of the Predevelopment Agreement Received by the HPHA from Hunt on March 16, 2016."

The motion was unanimously approved.

Director Medeiros moved,

That the HPHA Board of Directors Adopt Board Resolution No.16-03 Authorizing the Executive Director to Enter Into a Predevelopment Agreement with MWH Partners, LLC, a Delaware Limited Liability Corporation and special purpose entity for the Mixed Income Transit Oriented Development Redevelopment of the Mayor Wright Homes; and to Undertake All Actions Necessary to Implement the Predevelopment Agreement, Subject to Department of the Attorney General Final Review of Technical Revisions to Exhibit C of the Predevelopment Agreement Received by the HPHA from Hunt on March 16, 2016.

The amended motion was unanimously passed.

Chairperson Shim expressed his appreciation to the HPHA Management and Staff and the MWH Partners, LLC for the effort in negotiating the Predevelopment Agreement.

For Information:

Appointment of a Board Task Force to Establish Benchmarks for HPHA's Leadership and Evaluate Performance of the HPHA's Programs

Director Young stated that part of the Board's responsibility is to evaluate the Executive staff. Unfortunately, the HPHA did not start this process sooner as the Agency has made a lot of progress and the benchmarks are now higher. He stated that the Board needs to depoliticize this process and let people know what a good job looks like. Director Young stated that the goal is for the Board to have a management tool to know when the agency is performing well.

Chairperson Shim stated that the Board and agency are doing good work. He indicated that establishing benchmarks will let the public know that we are doing a good job.

Director Young added that the establishment of benchmarks will be a collaborative process and acknowledged that there are already federal measurements. He indicated that the Board will need to be educated on the federal measurements, so that the Board is not establishing unrealistic benchmarks for the agency.

Chairperson Shim appointed Director Alena Medeiros, Director En Young, Director Myoung Oh and himself to the task force.

Chairperson Shim expressed his appreciation to the staff and the agency leadership for their professionalism and hard work.

Executive Director's Report:

- The House Finance Committee's first budget draft did not include any of the Governor's requests related to the HPHA, including the 64 Multi Skilled Worker Program positions, \$31 million Capital Improvement Program (CIP) funds, \$3 million for State public housing, and the funding for the Section 8 positions. This was similar to last year.

HPHA is hopeful that the Senate budget draft and hopefully the final draft will be more robust and will update the Board when information is available. The legislature is considering abolishing all positions that have been vacant for over two years. HPHA is hopeful that after negotiations between the House and the Senate that the HPHA will not be negatively impacted.

- HPHA moved in 51 families in public housing in February. Staff continue to do good work and move expeditiously to assist needy families.
- HPHA is continuing negotiations for redevelopment at School Street.

Director Medeiros expressed concern that the Governor's requests for HPHA were zeroed out. She inquired about whether the Board can assist with the HPHA's budget request or should they wait until the Senate works it out with the House.

Executive Director Ouansafi indicated that the HPHA is watching the budget process closely and understand that housing is a priority for the Legislature and the Governor. He indicated that there are a lot of competing priorities and the HPHA will wait for the negotiations between the House and the Senate.

Executive Director Ouansafi reported that HPHA will be issuing an impact statement to the Senate Ways and Means Committee at their request.

Director Darcy expressed concern with the proposed House budget and offered support from the Board. She acknowledged the need for staff.

Chairperson Shim deferred approval of the Executive Session Minutes from November 19, 2015 and February 18, 2016 until the April Board meeting.

Executive Director Ouansafi reported that staff may request a special board meeting for the approval of the final Public Housing Agency Five Year and Annual Plan.

Adjournment:

Director Darcy moved,

To Adjourn the Meeting.

The motion was passed unanimously.

The meeting adjourned at approximately 10:57 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:



Deidra Ahakuelo-Kepa
Secretary

APR 21 2016

Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on April 21, 2016: [] As Presented [] As Amended



Director Jason Espero
Board Secretary

APR 21 2016

Date