

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building A Boardroom
Honolulu, Hawaii 96817
March 16, 2017
9:00 a.m.**

AGENDA

I. CALL TO ORDER/ESTABLISHING QUORUM

II. APPROVAL OF MINUTES

- A. HPHA Regular Meeting Minutes, February 16, 2017

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 Ratify the Hawaii Public Housing Authority's Financial Audit and Accept the Single Audit Testing on Internal Controls and Compliance for Fiscal Year July 1, 2015 Ended June 30, 2016 Conducted by KMH, LLP 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

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.

V. FOR INFORMATION/DISCUSSION

- A. **SUBJECT:** Operating and Capital Budget from the U.S. Department of Housing and Urban Development (HUD), Presentation by Mr. Jesse Wu, Director of the HUD Hawaii Office of Public Housing

- B. **SUBJECT:** Adeline A.S. Liftee vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority; KPT Towers 1, LLC; Interstate Realty Management Company; and The Michaels Development Company I, L.P. HCRC No. RE-O-1105; HUD No. 09-16-5301-8

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 HCRC Case No. RE-O-1105; HUD No. 09-16-5301-8

- C. **SUBJECT:** Update on Redevelopment Projects at Kuhio Park Terrace/Kuhio Homes, Mayor Wright Homes and School Street Administrative Offices

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 at Kuhio Park Terrace/Kuhio Homes, Mayor Wright Homes, and School Street Administrative Offices.

VI. REPORTS

- Financial Report for the Month of January 2017. The January 2017 Financial Report is provided to the board in the monthly packet. Request for the establishment of a Finance Task Force to review the draft Operating Budget for FY 2017-2018.
- The Report on Contracts Executed During February 2017 and Planned Solicitations for March 2017 are provided to the Board in the monthly packet. No formal report is planned.
- Public Housing Occupancy/Vacancy Report; Preliminary Results of REAC inspections for Federal Public Housing; Eviction Hearings for the Month of February 2017; Status of Proposed Revisions/Updates to the Admissions and Continued Occupancy Policy.
- Obligation and Expenditure Status for the Federal Capital Fund Program (CFP) and the State Capital Improvement Program (CIP).
- Section 8 Subsidy Programs Voucher: Status of Applications and Waiting List. Status of the Special Rent Supplement Program Targeted to Homeless Families. Mass Certification for the Rent Supplement Program.

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 three 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 16, 2017
IN THE COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority held their Regular Board Meeting at 1002 North School Street, on Thursday, March 16, 2017. At approximately 9:01 a.m. Chairperson Pono Shim called the meeting to order. Those present were as follows:

PRESENT: Director Pono Shim, Chairperson
Director Jason Espero, Secretary
Director Pankaj Bhanot
Director George De Mello
Director Lisa Darcy
Director Myoung Oh
Director En Young

Deputy Attorney General, Klemen Urbanc

EXCUSED: Director Nani Medeiros, Vice Chair
Director Laura Smith

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Ursula Jackson, 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
Nelson Lee, IT Office
Gary Nakatsu, Applications Supervisor
Sam Liu, Property Management Specialist
Lyle Matsuura, Property Management Specialist
Demetria Hill, Property Management Specialist
Kau`i Martinez, Resident Services Program Specialist
Earl Nakaya, Property Management Specialist
David Nygaard, Budget Specialist

Imelda Yonemoto, Secretary

OTHERS PRESENT (and signing in as):

Sulu Apelaamo, Mayor Wright Homes resident
Wils Choy, KMH LLP
Roy Nakamura, Kalakaua Homes resident
Andrew Nakoa, Sr., Mayor Wright Homes resident
Monique Ocampo, Nanakuli Homes resident
Christy Ohira, KMH LLP
Sefo Sefo, Jr., Kalakaua Homes resident
June Talia, Kuhio Park Terrace resident
Segia To`o, Mayor Wright Homes resident
Lenda Tominiko, Kuhio Homes resident

Proceedings:

Chairperson Shim declared a quorum present.

Approval of Minutes:

Director Darcy moved,

To approve the Regular Meeting Minutes of February 16, 2017.

The minutes were unanimously approved as presented.

Public Testimony

Sefo Sefo, Jr., Kalakaua Homes resident reported on his neighbors. He stated that he has been living at Kalakaua Homes for five years and that his neighbor moved in approximately 2 years ago. Mr. Sefo alleged that his neighbor is a drug addict and has made complaints to the office, who have not taken any action against his neighbor. The management office indicates that they are working on it. He alleged that there are three people who live in the unit unauthorized. He reported that the people come in to the property as soon as the staff leave work.

Roy Nakamura, Kalakaua Homes tenant complained about boxes in the hallway. He also reported that there is a neighboring tenant who "challenged" him and then changed his mind. He lodged complaints with the Management Office that the tenant is stalking him and causing him problems. He further stated that he is "willing to go to jail. Who cares anymore? Should I make him fly? Can he fly from six stories in the sky?"

Mr. Nakamura stated that he would “hold his cool until that day comes” and would report his actions to HPHA after he has taken them.

Sulu Apelaamo, Mayor Wright Homes resident, complained that three girls attacked his wife in the parking lot. He stated that a boy killed a chicken in the back of his yard. Previously, the management office had distributed flyers explaining that killing the chickens and other animals were considered animal cruelty and punishable by law. He asked who was responsible for the boy and who was responsible for the girls that attacked his wife. He complained that the management office did not take action when he filed his report.

Segia To`o, Mayor Wright Homes resident, complaint about the tenants who allegedly attacked her. She reported that she filed a report with the management office, but the three ladies are still living at Mayor Wright Homes. She also complained that the management office had distributed a flyer regarding the chickens, but they are not taking action against the kids who are killing the chickens.

June Talia, Kuhio Homes resident, noted that the redevelopment of Kuhio Park Terrace is on the agenda, but she has decided not to participate in the process and needs to take care of her grandchildren. When the redevelopment starts to move, she will start to participate in the planning process. She has been participating since 2008 when the then-Executive Director Chad Taniguchi recruited her to participate in the planning process.

Monique Ocampo, Nanakuli Homes resident, thanked Stephanie Fo, Kauai Martinez and Sarah Beamer for their work on the HPHA’s Five Year and Annual Plan. She explained that working with the staff in “a hands on process for the residents to understand”. Ms. Ocampo also recognized HPHA for developing a template for resident associations and providing that information to the resident groups and the Resident Advisory Board.

Ms. Ocampo encouraged the staff and the HPHA Board to observe the grievance and eviction hearings to make sure that the outcome is fair and balanced. She commented that the Department of Hawaiian Homelands has an enforcement team and the HPHA should look at establishing a similar team. She commented that many residents have a tendency to lodge complaints when they “just don’t like” a certain staff person and having an enforcement team could address that problem. She stated that she is aware of one couple who she feels should not have been referred for eviction.

Ms. Ocampo testified that many residents in her community do not understand the REAC inspection process and are often concerned that findings on the inspection could cause their eviction. She also observed that when residents try to assist with community clean-up projects or erosion control projects, the property maintenance staff are not present to assist.

Related to the redevelopment of HPHA’s properties, Ms. Ocampo reported that people claim that the State always pays late. She encouraged the Board to work with

developers that can bring their own "cushion money" (i.e., financing) to the redevelopment project, rather than just relying on the State.

Andrew Nakoa, Sr. Mayor Wright Homes resident, stated that he is a member of the Resident Advisory Board. Mr. Nakoa reported that a security guard working at Mayor Wright Homes was allegedly smoking marijuana. Mr. Nakoa stated that he has worked in security for 25 years and that this guard company is not working. He stated that they allow the kids to play by the dumpster and on old mattresses.

For Action:

Director Bhanot moved,

To Ratify the Hawaii Public Housing Authority's Financial Audit and Accept the Single Audit Testing on Internal Controls and Compliance for Fiscal Year July 1, 2015 Ended June30, 2016 Conducted by KMH, LLP 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

Mr. Wils Choy, Partner, and Ms. Christy Ohira, Senior Audit Manager of KMH, LLP presented information on the audit to the Board. The Board was provided with full copies of the audited financial statements, the report on internal controls, and management responses.

With the exception of one material finding, the auditors opined that the HPHA did comply with program requirements. The HPHA administers four major programs. There are 14 areas that are audited as required by the Government Accounting Standards Board (GASB). Auditors are required to evaluate the internal controls in place, identify deficiencies in the control process and determine whether there are methods to detect or correct errors. The HPHA was issued a clean opinion.

One area that continues to be a challenge for the HPHA is in the maintenance of tenant files and determining tenant eligibility. Mr. Choy explained that the challenge that the HPHA faces is the sheer volume of paperwork involved. Although the finding is a repeat comment, it's based on the volume of work that is performed over the course of one year. The auditors reported that to give the finding more context, you need to review audits from the past five years to see the level of significant improvement. Mr. Choy commended the HPHA management team for their efforts.

The entire audit report, comprised of the audited financial statements, the finding, and managements response gets reported to HUD.

There are three levels of findings: 1) Material Weakness, 2) Significant deficiency, and 3) management comments. There will also be a separate letter that will be submitted to HPHA with comments on fixed assets and Section 8 inspections.

Director Young asked for clarification on sampling methodology and how the files that were tested were drawn.

Mr. Choy explained that GASB puts out the guidance on sample size methodology.

Executive Director Ouansafi left the meeting at 9:45 am to attend a legislative hearing.

Director Young asked whether the auditors provide an opinion on the adequacy of the corrective action plan provided in the management response.

Mr. Choy responded that the auditors do not provide an opinion on the adequacy of the corrective action plan. He further explained that the auditor, however, is required to follow-up on implementation of the corrective action plan. If there is a recurring pattern, the auditor will make a statement about whether management has satisfactorily responded to the finding in the next audit.

Mr. Choy further explained that the federal government understands that it may not be practical to have zero findings. The Department of Human Services' programs are similar to the HPHA with a tremendous volume of paperwork and documentation flowing through the agency. The Federal Office of the Auditor went through KMH's audit work papers and gave KMH the highest rating. He explained that the federal government and the auditors are looking at whether agencies are improving and doing things to get better. Mr. Choy explained that they have found that HPHA's Management is trying to make corrections and reduce errors, which is most important.

The motion was unanimously passed.

For Information/Discussion

Chair Shim deferred discussion on the Operating and Capital Budget from the U.S. Department of Housing and Urban Development (HUD), Presentation by Mr. Jesse Wu, Director of the HUD Hawaii Office of Public Housing.

Director Espero moved:

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 related to Adeline A.S. Liftee vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority; KPT Towers 1, LLC;

Interstate Realty Management Company; and The Michaels Development Company I, L.P. HCRC No. RE-O-1105; HUD No. 09-16-5301-8; and

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/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 at Kuhio Park Terrace/Kuhio Homes, Mayor Wright Homes, and School Street Administrative Offices.

The motion unanimously passed.

The Board entered into executive session at approximately 9:57 am.

The Board recessed during Executive Session at 10:23 am and reconvened in Executive Session at 10:32 am. Executive Director Ouansafi returned to the meeting at approximately 10:40 am.

The Board exited Executive Session at approximately 11:25 am and reconvened in regular session. During executive session, the Board consulted with its attorneys on the following:

The Board's powers, duties, privileges, immunities, and liabilities related to Adeline A.S. Liftee vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority; KPT Towers 1, LLC; Interstate Realty Management Company; and The Michaels Development Company I, L.P. HCRC No. RE-O-1105; HUD No. 09-16-5301-8; and

The Board's powers, duties, privileges, immunities, and liabilities related to the Redevelopment Projects at Kuhio Park Terrace/Kuhio Homes, Mayor Wright Homes, and School Street Administrative Offices.

Executive Director's Report

Executive Director Ouansafi reported the following:

It was previously reported to the Board by PMMSB that the new requirement for a security deposit was creating a problem for a lot of applicants. As a correction, there were only four applicants who had problems and all four were directed to the nonprofits for security deposit assistance. One applicant family received a grant. One family entered into a payment plan for the security deposit. Two

families felt that the rent was too high and preferred paying their current rent in the private market.

- HPHA is working on the operating budget for the coming fiscal period and requested the appointment of a Finance Task Force to review the Operating Budget for fiscal year 2017 – 2018

Chairperson Shim asked for volunteers for the task force and appointed Directors Espero, Bhanot, Oh, and Smith.

- The HPHA is often aware of tenant concerns and complaints. However, staff are unable to share confidential tenant information with another tenant and what action is being taken.

Chairperson Shim requested that the Board continue to be provided with report on actions taken in response to the testifiers' complaints.

- HUD has started the REAC inspections. It was noted that some of the heavy rains over the last year caused some erosion problems for the HPHA. The HPHA is expecting similar scores to the previous year.
- For the Section 8 program, there was a concern that landlords were not being paid on time, but it was confirmed that it was the City and County who was paying late in the past, not the HPHA.
- The HPHA's state managed properties are currently out-performing the properties that are privately managed.
- For the Section 8 program, Executive Director Ouansafi reported on program outcomes including the leasing of 421 VASH vouchers for veterans, and that 57% of housing quality inspections failed the initial inspection.
- There are approximately 57 bills that the staff are tracking. Current proposed legislation includes capital funding for the HPHA in varying amounts (e.g., \$22M in the House, \$55M and \$75M).

Director Darcy moved,

To adjourn the meeting on March 16, 2017.

The motion to adjourn was unanimously approved.

The meeting adjourned at approximately 11:40 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:

Deidra L. Ahakuelo-Kepa MAY 18 2017
Deidra L. Ahakuelo-Kepa Date
Secretary

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on May 18, 2017. [] As Presented [] As Amended

J. Espero MAY 18 2017
Director Jason Espero Date
Board Secretary