

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building A Boardroom
Honolulu, Hawaii 96817
Thursday, December 21, 2017
9:00 a.m.**

AGENDA

I. CALL TO ORDER/ESTABLISHING QUORUM

II. 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.

III. APPROVAL OF MINUTES

- A. Regular Meeting Minutes, November 16, 2017

IV. FOR ACTION

- A. **Motion:** To Approve the Hawaii Public Housing Authority's Audited Financial Statements for the Fiscal Year July 1, 2016 to June 30, 2017; and to Authorize the Executive Director to Take All Actions Necessary to Submit the Audited Financial Statement as May be Required
- B. **Motion:** To Approve the Hawaii Public Housing Authority's Amended Annual Public Housing Agency Plan for Fiscal Year 2017 – 2018, and to Authorize the Executive Director to Take Required Actions to Submit the Amended Plan to the U.S. Department of Housing and Urban Development
- C. **Motion:** To Approve the Draft Environmental Impact Statement (DEIS) Prepared in Accordance with Chapter 343, Hawai'i Revised Statutes (HRS), Title 11, Chapter 200, Hawaii Administrative Rules (HAR) for the Mixed Finance Redevelopment of the Hawaii Public Housing Authority's Administrative Offices Located at 1002 North School Street for Submission to the Office of Environmental Quality Control and the Accepting Authority, the Governor of the State of Hawaii
- D. **Motion:** To Approve the Mediation Settlement Agreement in Georgette U. Bogac vs State of Hawaii, Department of Human Services, Hawaii Public Housing Authority and Debra Kahula (HCRC No. RE-M-1146; HUD No.

09-17-0081-08) and to Authorize the Executive Director to Take All Actions Necessary to Carry Out the Agreement

The Board will go into executive session pursuant to Hawaii Revised Statutes sections 92-4 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 this matter.

- E. **Motion:** To Approve Changes to the Towers of Kuhio Park Terrace's Admissions and Continued Occupancy Policy of KPT Towers 1, LLC (TKPT ACOP) as Required by the Settlement Agreement in Adeline A.S. Liftee v. State of Hawaii, Department of Human Services, Hawai'i 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); Provided that the HPHA Approval is Limited to the Changes Covered by the Settlement Agreement and that the HPHA Reserves the Right to Require Additional Changes to the TKPT ACOP not covered by the Settlement Agreement; and to Authorize the Executive Director to Take All Actions Necessary to Ensure that KPT Towers 1, LLC and Interstate Realty Management Company are Carrying Out the Settlement Agreement

The Board will 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 this Motion.

V. FOR INFORMATION/DISCUSSION

- A. **For Information/Discussion:** Update on the Housing Discrimination Complaint, Hawaii Disability Rights Center v. Hawaii Public Housing Authority, HUD Case No. 09-16-0001-4

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 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 this matter.

- B. **For Information/Discussion:** Update from Board Task Force to Establish Benchmarks and Evaluate Performance of HPHA's Executive Director, Executive Assistant, and the HPHA's Programs

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(2) to consider the hire and evaluation of an officer where consideration of matters affecting privacy will be involved, and/or section 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 this agenda item.

- C. **For Discussion:** Employment Contract for the Hawaii Public Housing Authority's Executive Assistant, Barbara E. Arashiro

The Board will go into executive session pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(2) to consider the hire and evaluation of an officer where consideration of matters affecting privacy will be involved, and/or section 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 this agenda item.

- D. **For Information:** Update on Redevelopment Projects Kuhio Park Terrace Low Rise/Kuhio Homes and Mayor Wright Homes

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 and Mayor Wright Homes.

VI. REPORTS

Executive Directors Report:

- Financial Report for the Month of October 2017 Financial Report is provided to the board in the monthly packet.
- The Report on Contracts Executed During November 2017 and Planned Solicitations for December 2017 are provided to the Board in the monthly packet. No formal report is planned.
- Public Housing Occupancy/Vacancy Report; Federal Public Housing; Eviction Hearings for the Month of November 2017.
- Obligation and Expenditure Status for Design and Construction Projects Funded Under the Federal Capital Fund Program (CFP) and the State Capital Improvement Program (CIP).
- Section 8 Subsidy Programs Voucher: Voucher Lease-up and Pending Placements; Update on Potential Shortfall for the Rent Supplement Program.

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Jennifer Menor 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, DECEMBER 21, 2017
IN THE CITY AND 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, December 21, 2017. At approximately 9:06 am, Chairperson Pono Shim called the meeting to order and declared a quorum present. Those present were as follows:

PRESENT: Director Pono Shim, Chairperson
Director Alena Medeiros, Vice-Chairperson
Director Jason Espero, Secretary
Director Lisa Darcy
Director George DeMello
Designee Lila King

Deputy Attorney General Klemen Urbanc
Deputy Attorney General Jennifer Sugita

EXCUSED: Director Myoung Oh
Director Laura Smith

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Chong Gu, Chief Financial Officer
Rick Sogawa, Contracts & Procurement Officer
Kevin Auger, Development Specialist
Stephanie Fo, Property Management Branch
Benjamin Park, Planner
Sarah Beamer, Planner
Deidra Ahakuelo-Kepa, Secretary
Jennifer Menor, Secretary

OTHERS PRESENT (and signing in as):

Roy Nakamura, Kalakaua Homes resident
Andrew Nakoa Sr., Mayor Wright Homes resident
Dawn Kurisu, Parents and Children Together
Desiree Kihano, Project Vision Hawaii
June Talia, Kuhio Homes resident
Dan Johnson, VASH voucher holder
Jesse Ponce De Leon, Kalakaua Homes resident

Public Testimony

Chairperson Shim requested that testifiers identify the item on the agenda they are testifying on pursuant to 92-3, Hawaii Revised Statutes and Section 17-200-18, Hawaii Administrative Rules.

Roy Nakamura, Kalakaua Homes resident, is concerned about how the senior citizens are being treated by the younger residents at his property. He feels that the senior citizens shouldn't be threatened and that everyone in housing should get their backgrounds screened.

Andrew Nakoa, Mayor Wright Homes resident, is concerned with kids at the property mistreating chickens and kittens. He is also concerned about the kids aren't aware of others and riding scooters and bikes too fast on the property. Mr. Nakoa feels that security should be patrolling more often, including during the evening hours. He raised safety concerns during the construction of the redevelopment. Mr. Nakoa feels that the HPHA should establish a quota for newly developed units to be designated as low income.

June Talia, Kuhio Homes resident, expressed concern that the planned redevelopment at Kuhio Park Terrace Low Rise and Kuhio Homes will remove Linapuni Elementary from the property. She believes that having a school on the property is good for the community and children.

Dan Johnson, VASH voucher holder, recommended that the HPHA consider an envision center to bring economic empowerment, educational advancement, health and wellness, and character leadership to the community. Mr. Johnson also requested that the HPHA implement FMR's by zip code so that, for example, tenants can rent a unit in a zip code where the rents are higher/increasing (e.g., Waikiki). Mr. Johnson also supports getting more people in housing.

Jesse Ponce De Leon, Kalakaua Homes resident, is concerned with "young people" being admitted to elderly housing. Mr. De Leon feels that upper management is not being provided with complete information about the situation at Kalakaua Homes and that we need to make efforts to reduce animosity between tenants. He is concerned for the safety of seniors at his property. He complained that management and maintenance staff are entering his unit while he is not at home. Mr. De Leon requested a copy of the complaint against him from apartment no. 1504.

Approval of Minutes:

Director Darcy moved,

To approve the Regular Meeting Minutes for November 16, 2017.

The minutes were unanimously approved as presented.

FOR ACTION

Director DeMello moved,

To Approve the Hawaii Public Housing Authority's Audited Financial Statements for the Fiscal Year July 1, 2016 to June 30, 2017; and to Authorize the Executive Director to Take All Actions Necessary to Submit the Audited Financial Statement as May be Required

(Deputy Attorney General Sugita left the room at 9:34 am and returned at 9:43 am)

Executive Director Ouansafi called on Wils Choy, KMH, LLC audit partner to discuss the audit.

Mr. Choy reported that KMH was contracted by the State of Hawaii Auditor to audit the Hawaii Public Housing Authority's financial statement. The audit was conducted in compliance with government accounting standards which requires that the auditor be able to provide reasonable assurance that the financial statements are free of material misstatements.

Mr. Choy referred to page 3 of the financial statement in the Board packet which provides the auditor's report opinion. He explained the three levels of the different type of findings that an auditor could find. KMH issued an unqualified opinion on the HPHA's financial statements. At this time, the auditors have not identified any material weakness or significant deficiencies. During the audit, the auditors did not identify any significant or unusual financial transactions.

Mr. Choy discussed GASB 75 related to Other Post Employment Benefits which will be effective next year and will have a significant impact on the HPHA's financial statements next year. The HPHA and the State of Hawaii does not have a trust fund to support OPEB liabilities. All government agencies are in a similar situation.

Mr. Choy reported that there are seven proposed audit adjustments but he reiterated that this is a small number of adjustments considering that the HPHA has 17 self-balancing funds and 18 AMPs being accounted for, and various fiscal requirements that the fiscal office has to be responsible for. Mr. Choy reported that there were no material disagreements or significant difficulties with management during the audit. Mr. Choy commended management and the fiscal office staff for the significant improvements in the audited financial statements over the last five years. Five years ago, there were 22 findings and over 70 adjusting journal entries. He commented that KMH audits several other government agencies and the HPHA's is among the most complex financial statements due to the numerous funds and the federal and state regulations governing

the use of those funds. Mr. Choy commented that is the last year of the KMH audit contract and that this year's audit was "the cleanest year".

Chairperson Shim thanked Mr. Choy for presenting the audit and the financial statements and commended Mr. Chong Gu, the fiscal office staff and the HPHA's volunteer board members.

The motion was unanimously approved.

Director Darcy moved,

To Approve the Hawaii Public Housing Authority's Amended Annual Public Housing Agency Plan for Fiscal Year 2017 – 2018, and to Authorize the Executive Director to Take Required Actions to Submit the Amended Plan to the U.S. Department of Housing and Urban Development

Executive Director Ouansafi reported that the amendment to the PHA Plan included one change to remove MDC as the master developer for future phases of Kuhio Park Terrace/Kuhio Homes. The Board reviewed the draft PHA plan prior to the public hearing and no changes were made.

The motion was unanimously approved.

Director Espero moved,

To Approve the Draft Environmental Impact Statement (DEIS) Prepared in Accordance with Chapter 343, Hawai'i Revised Statutes (HRS), Title 11, Chapter 200, Hawaii Administrative Rules (HAR) for the Mixed Finance Redevelopment of the Hawaii Public Housing Authority's Administrative Offices Located at 1002 North School Street for Submission to the Office of Environmental Quality Control and the Accepting Authority, the Governor of the State of Hawaii

(Director Medeiros left the room at 9:44 am and returned at 9:46 am)

Executive Director Ouansafi reported that the Retirement Housing Foundation, the selected master developer, and its consultant prepared multiple technical studies (e.g., traffic plan) as required. The master developer received comments on the proposed project and the draft EIS and is requesting approval to submit it to the Governor and the Office of Environmental Quality Control for publication.

The DEIS proposes various scenarios for consideration, and the likely project which includes 800 senior affordable rentals.

The motion was unanimously approved.

Director Darcy moved,

To Approve the Mediation Settlement Agreement in Georgette U. Bogac vs State of Hawaii, Department of Human Services, Hawaii Public Housing Authority and Debra Kahula (HCRC No. RE-M-1146; HUD No. 09-17-0081-08) and to Authorize the Executive Director to Take All Actions Necessary to Carry Out the Agreement

Director Darcy moved,

That the Board 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 this Motion.

The motion was unanimously approved to go into executive session.

The Board entered executive session at approximately 9:47 am.

The Board reconvened from executive session at approximately 10:08 am.

Chairperson Shim reported that the Board consulted with its attorneys regarding the mediation settlement agreement in Georgette U. Bogac vs State of Hawaii, Department of Human Services, Hawaii Public Housing Authority and Debra Kahula (HCRC No. RE-M-1146; HUD No. 09-17-0081-08).

The motion was unanimously approved.

Director Medeiros moved,

To Approve Changes to the Towers of Kuhio Park Terrace's Admissions and Continued Occupancy Policy of KPT Towers 1, LLC (TKPT ACOP) as Required by the Settlement Agreement in Adeline A.S. Liftee v. State of Hawaii, Department of Human Services, Hawai'i 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); Provided that the HPHA Approval is Limited to the Changes Covered by the Settlement Agreement and that the HPHA Reserves the Right to Require Additional Changes to the TKPT ACOP not covered by the Settlement Agreement; and to Authorize the Executive Director to Take All Actions Necessary to Ensure that KPT

Towers 1, LLC and Interstate Realty Management Company are Carrying Out the Settlement Agreement

Executive Director Ouansafi requested that the Board approve the proposed changes to the TKPT ACOP which are being made pursuant to the settlement agreement related to Adeline Liftee.

Executive Assistant Barbara Arashiro clarified that the Board previously reviewed and approved changes to the HPHA's ACOP and the current motion requires similar changes to the TKPT ACOP. Executive Assistant Arashiro also reported that the TKPT redline of their Admissions and Continued Occupancy Policy was received on December 13, 2017.

Deputy Attorney General Sugita reported that the attorneys and staff have reviewed the TKPT red line pdf form and clean version. DAG Sugita clarified that the red line provided by TKPT technically did not match the settlement agreement and hindered the review of the draft.

Director Espero moved,

That the Board 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 this motion.

The motion was unanimously approved to go into executive session.

The Board entered executive session at approximately 10:12 am.

The Board reconvened from executive session at approximately 10:23 am.

Chairperson Shim reported that the Board consulted with its attorneys regarding questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to this motion.

Executive Director Ouansafi expressed grave concerns with this management company, that did not update their rules leading to this settlement, and he hoped for better cooperation and timely responses. Executive Director Ouansafi reiterated that such violation of some rules, laws and regulations affect our community and our tenants.

Director Medeiros acknowledged the attorneys' work on this document and recognized that cooperation has been lacking. The Board received the final version of this ACOP that wasn't red lined in accordance with the HCRC negotiation settlement agreement. She stated that the Board is disappointed with the response from TKPT, but understands the responsibility to review the document and that its review is time

sensitive. She expressed her support of the recommendation to approve the draft ACOP.

The motion was unanimously approved.

Chairperson Shim declared a short recess at 10:26 am, and the Board reconvened at 10:36 am.

FOR INFORMATION/DISCUSSION

For Information/Discussion:

Update on the Housing Discrimination Complaint, Hawaii Disability Rights Center v. Hawaii Public Housing Authority, HUD Case No. 09-16-0001-4

Executive Director Ouansafi reported that this is a follow-up to a complaint that HDRC filed with HUD. HUD performed an inspection of the HPHA's properties and reported finding 471 deficiencies. The HPHA requested detailed information on the alleged deficiencies as there are questions about the applicability of the 2010 ADA Design Standards for Accessibility. The HPHA is considering entering into a voluntary compliance agreement with HUD, but is waiting for HUD's response to the HPHA's letter.

For Information/Discussion:

Update from Board Task Force to Establish Benchmarks and Evaluate Performance of HPHA's Executive Director, Executive Assistant, and the HPHA's Programs

Chairperson Shim reported that the task force is 50% complete with the survey, pending one part to be completed. The task force will continue to work on it and present it to the Board at the next meeting.

For Discussion:

Employment Contract for the Hawaii Public Housing Authority's Executive Assistant, Barbara E. Arashiro

Chairperson Shim instructed the attorneys to work on a draft contract similar to the Executive Director's contract and present the draft contract to the Board in executive session.

Executive Director Ouansafi requested that the attorneys consult with him in the drafting of the Executive Assistant's employment contract.

Chairperson Shim declared a short recess at 10:42 am, and the Board reconvened at 10:45 am.

For Information:

Update on Redevelopment Projects Kuhio Park Terrace Low Rise/Kuhio Homes and Mayor Wright Homes

Executive Director Ouansafi reported HPHA continues to work hard on all the projects and will report at the next session.

Executive Directors Report:

- Executive Director Ouansafi reported it's "business as usual" and the HPHA has been extremely busy. We are anticipating lower occupancy due to the number of units in construction.
- Under the rent supplement program, the HPHA is still providing housing assistance payments which exceed the state appropriation to the HPHA.
- Section 8 vouchers continue to expend funds for housing assistance payments for a higher amount than the monthly budget using the HUD-held reserves.
- Executive Director Ouansafi reported that the HPHA is familiar with the HUD envision program, under which certain residents could receive higher assistance. At this time, the HPHA has no intention to change things, so that HPHA can serve more people.
- Executive Director Ouansafi stated that federal changes and adjustments are already being made with regards to tax credit pricing. The only thing that might impact the developments would be the legislative appetite to fill the gap and provide financing. HPHA is monitoring the federal budget proposals and will report to the Board anytime there is a concern.
- Director Medeiros requested an update on the HPHA's legislative budget request. Executive Director Ouansafi reported that HPHA originally requested approximately \$58 million and that the administration's budget will include a lump sum of \$29 million CIP request and a \$4.5 million CIP request for Mayor Wright Homes. The HPHA continues to need approximately \$800 million for its backlog of capital repairs, including approximately \$150 million in accessibility upgrades. HPHA continues to prioritize work, such as the elevators at the elderly properties which seem to break down 3-4 times a month. HPHA also considers health and safety repairs a priority.

Director Espero moved,

To adjourn the meeting.

The motion was unanimously approved.

The meeting adjourned at approximately 10:53 am.

MINUTES CERTIFICATION:

Minutes Prepared by:



JAN 18 2018

Jennifer K. Menor
Secretary

Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on January 18, 2018 [] As Presented [] As Amended



JAN 18 2018

Director Jason Espero
Board Secretary

Date