

**HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building A Boardroom
Honolulu, Hawaii 96817
Thursday, December 13, 2018
10:00 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 15, 2018
- B. Executive Session Minutes, October 18, 2018 (not for public distribution)

IV. DISCUSSION AND/OR DECISION MAKING

- A. To Accept the Audit Financial Statements of the Hawaii Public Housing Authority for the Fiscal Period July 1, 2017 through June 30, 2018 and to Authorize the Executive Director to Submit the HPHA's Financial Statements to the U.S. Department Housing and Urban Development, to the Governor's Office for Inclusion in the State's Consolidated Annual Financial Report, the Hawaii State Legislature, and Other Interested Parties as Required
- B. To Approve the Voluntary Compliance and Conciliation Agreement in Yvonne Ducosin vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority; and Mary Jane Hall-Ramiro, HUD Case Numbers 09-17-6600-4; 09-17-6600-8; 09-17-6600-A and to Authorize the Executive Director to Take All Actions Necessary to Carry Out the Agreement

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 *Yvonne Ducosin vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority; and Mary Jane Hall-Ramiro, HUD Case Numbers 09-17-6600-4; 09-17-6600-8; 09-17-6600-A*

- C. Update on Redevelopment Projects Mayor Wright Homes (Tax Map Key: 1-7-029-003-0000), Kuhio Park Terrace Low Rise/Kuhio Homes (Tax Map Keys 1-3-039-008-0000; 1-3-039-006-0000; and 1-3-039-003-0000) and School Street Administrative Offices (Tax Map Key: 1-6-009-003-0000)
- D. *Valerie Demarco v. State of Hawaii, Department of Human Service, Hawaii Public Housing Authority (No. CV18-00450 KJM; USDC)*

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 *Valerie Demarco v. State of Hawaii, Department of Human Service, Hawaii Public Housing Authority (No. CV18-00450 KJM; USDC)*

V. REPORTS

Executive Director's Report:

- Financial Report for the Month of October 2018 Financial Report is provided to the board in the monthly packet.
- Report on Contracts Executed During November 2018 and Planned Solicitations for December 2018/January 2019 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 2018.
- 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 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. If a request is received after December 10, 2018, the HPHA will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be fulfilled. 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 13, 2018
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 13, 2018. At approximately 10:05 a.m., Chairperson Pono Shim called the meeting to order and declared a quorum present. Those present were as follows:

PRESENT: Director Pono Shim, Chairperson
Director Jason Espero, Secretary
Director Pankaj Bhanot
Director George De Mello
Director Denise Iseri-Matsubara
Director Albert Alapaki Nahale-a
Director Laura Smith

Deputy Attorney General Klemen Urbanc

EXCUSED: Director Alena Medeiros, Vice-Chairperson
Director Lisa Darcy
Director Myoung Oh

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Chong Gu, Chief Financial Officer
Robei Broadous, Property Management Branch Chief
Kevin Auger, Redevelopment Officer
Benjamin Park, Planner
Sarah Beamer, Planner
Jennifer Menor, Secretary

OTHERS PRESENT (and signing in as):
Wils Choy, KMH LLP
Christy Iriguchi, KMH LLP
Andrew Nakoa, Sr., Mayor Wright Homes

Chairperson Shim welcomed the newest Board member, Denise Iseri-Matsubara, who was recently appointed by the Governor.

Director Iseri-Matsubara shared that she is honored to be a part of this Board.

Approval of Minutes:

Director Bhanot moved,

To Approve the Regular Meeting Minutes of November 15, 2018

The minutes were unanimously approved as presented.

Director Smith moved,

To Approve the Executive Session Minutes of October 18, 2018

Chairperson Shim clarified that this is the remaining portion of the executive sessions held on October 18, 2018. The other two executive session minutes were approved during the December Board meeting.

The executive session minutes were unanimously approved as presented.

Discussion and/or Decision Making

Director Bhanot moved,

To Accept the Audit Financial Statements of the Hawaii Public Housing Authority for the Fiscal Period July 1, 2017 through June 30, 2018 and to Authorize the Executive Director to Submit the HPHA's Financial Statements to the U.S. Department Housing and Urban Development, to the Governor's Office for Inclusion in the State's Consolidated Annual Financial Report, the Hawaii State Legislature, and Other Interested Parties as Required

Executive Director Ouansafi introduced the independent auditors with KMH LLP, Mr. Wils Choy and Ms. Christy Iriguchi.

Mr. Choy thanked the management and the Board for the opportunity to serve this agency. He stated that KMH LLP was fortunate that the Office of the Auditor selected KMH LLP for another three years to be the auditors for HPHA.

Mr. Choy explained that the scope of their work is to audit the financial statement and to provide a single audit opinion on the federal funds. He acknowledged that the HPHA has one of the more complicated financial statements. The HPHA has 14 funds which are required to be operated similar to separate companies. Additionally, complicating the accounting process and reporting are HUD or REAC requirements, layered with rules for full accrual accounting. HPHA's accounting reporting environment can be very challenging.

Mr. Choy recognized Chief Financial Officer Chong Gu, and his team for all of their hard work this past year. He reported that HPHA processes over 700,000 financial transactions and it is the volume of transactions that is the challenge. It is important to have controls over the fiscal processes to assure that transactions are recorded properly.

Mr. Choy introduced Ms. Christy Iriguchi, who served as the audit manager for the HPHA account. Ms. Iriguchi discussed the results of the audit. She reported that the financial statements were presented fairly and in accordance with generally accepted accounting principles in all material aspects. She also reported that HPHA had no findings of deficiencies in internal control.

Mr. Choy added that five years ago, HPHA had a tremendous amount of reporting deficiencies. Over the years, Mr. Gu, Executive Assistant Barbara Arashiro, and Executive Director Hakim Ouansafi have systematically addressed the HPHA's deficiencies. Mr. Choy reported that the control deficiencies have decreased the past few years, and this year there were no material weakness or significant deficiencies in internal controls to report.

Ms. Iriguchi stated that KMH is still working on the single audit. Once completed, a formal letter will be issued. Besides the adoption of new statewide accounting standards, there were no significant transactions or events identified which would impact the financial statements.

Mr. Choy stated that the single audit is due in March 2019, and KMH has completed approximately 75% of the field work for the compliance report.

Chairperson Shim recognized the efforts of Mr. Gu and his fiscal team, as well as Executive Director Ouansafi and Executive Assistant Arashiro.

Executive Director Ouansafi thanked the auditors for their work and for their professionalism in handling the HPHA audit.

The motion was unanimously approved.

Public Testimony

Chairperson Shim stated that the Board would accept public testimony on any item relevant to the agenda. 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.

(Mr. Nakoa arrived late to the meeting and Chairperson Shim invited him to testify.)

Andrew Nakoa, Sr., Mayor Wright Homes resident, testified that having inspection during the holidays are stressful for the tenants. He expressed his concerns regarding a lack of privileges in public housing, such as not being able to put up Christmas

decorations on the roof, not being able to smoke cigarettes and not able to have barbeques. Mr. Nakoa also requested for a designated area for tenants to pop fireworks. He complained about kids playing recklessly near parked cars. Mr. Nakoa requested that Management send the tenants a letter reminding them to supervise their children, so they don't damage other people's units.

Director Nahale-a moved,

To Approve the Voluntary Compliance and Conciliation Agreement in Yvonne Ducosin vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority; and Mary Jane Hall-Ramiro, HUD Case Numbers 09-17-6600-4; 09-17-6600-8; 09-17-6600-A and to Authorize the Executive Director to Take All Actions Necessary to Carry Out the Agreement

Director Nahale-a moved,

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 Yvonne Ducosin vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority; and Mary Jane Hall-Ramiro, HUD Case Numbers 09-17-6600-4; 09-17-6600-8; 09-17-6600-A

The motion was unanimously approved to go into executive session.

The Board entered Executive Session at approximately 10:30 a.m.

The Board reconvened at approximately 10:47 a.m.

Chairperson Shim reported that the Board consulted with its attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Yvonne Ducosin vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority; and Mary Jane Hall-Ramiro.

The motion was unanimously approved.

For Information:

Update on Redevelopment Projects Mayor Wright Homes (Tax Map Key: 1-7-029-003-0000), Kuhio Park Terrace Low Rise/Kuhio Homes (Tax Map Keys 1-3-039-008-0000; 1-3-039-006-0000; and 1-3-039-003-0000) and School Street Administrative Offices (Tax Map Key: 1-6-009-003-0000)

Executive Director Ouansafi reported the following:

- School Street: Executive Director Ouansafi expressed his gratitude to BLNR and Chair Suzanne Case for unanimously approving the transfer of the deed to HPHA for the School Street property. He again thanked the Department of the Attorney General for working behind the scenes with her counterpart at the AG's for expediting this matter. HPHA received the proposed master development agreement from partner RHF and are continuing to reviewing those comments.
- Kuhio Park Terrace Low Rise/Kuhio Homes: HPHA finalized and delivered the letter and termination agreement with Michaels Development. HPHA has been ready to issue a Request for Qualifications and will seek a new developer in a couple of weeks to proceed with Phase II.
- Mayor Wright Homes: HUD has designated a transaction manager to oversee the HPHA's Rental Assistance Demonstration (RAD) project and CHAP. HPHA has communicated its dissatisfaction with the initial 50% schematics as consistent with Board discussion.

Executive Director Ouansafi requested the Board to go into executive session to discuss a legal matter with Mayor Wright Homes.

Director De Mello moved,

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 pertaining to Mayor Wright Homes redevelopment.

The Board entered Executive Session at approximately 10:52 a.m.

The Board reconvened at approximately 11:53 a.m.

Chairperson Shim reported that the Board consulted with its attorney on issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities to discuss, deliberate, and make a decision on information that must be kept confidential.

For Information:

Valerie Demarco v. State of Hawaii, Department of Human Service, Hawaii Public Housing Authority (No. CV18-00450 KJM; USDC)

Executive Assistant Arashiro requested to go into executive session.

Director Smith moved,

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 *Valerie Demarco v. State of Hawaii, Department of Human Service, Hawaii Public Housing Authority (No. CV18-00450 KJM; USDC)*

The motion was unanimously approved to go into executive session.

The Board entered Executive Session at approximately 11:54 a.m.

The Board reconvened at approximately 12:13 p.m.

Chairperson Shim reported that the Board consulted with its attorney regarding questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to Valerie Demarco v. State of Hawaii.

(Director Nahale-a left the meeting during executive session.)

Executive Director's Report:

- Executive Director Ouansafi reported that there are over 360 units to inspect at Mayor Wright Homes on an annual basis. As such, some inspections will fall in December. He also explained due to liability reasons, tenants are not allowed to put anything on the roof.
- Executive Director Ouansafi stated that there are \$166M worth of ongoing construction on the street.
- Executive Director Ouansafi reported procurements totaling \$60M for total initial contracts and/or change orders for the month of November 2018.
- HPHA is still in the process of finalizing the lead-based paint assessments. HPHA also has a contractor inspecting all the housing properties for ADA compliance.

Director Iseri-Matsubara congratulated Executive Director Ouansafi on HPHA having no findings with the large amount of transactions that were made.

Director Bhanot moved,

To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at 12:16 p.m.

MINUTES CERTIFICATION:

Minutes Prepared by:

 01/17/19

Jennifer K. Menor Date
Secretary

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on January 17, 2019 [] As Presented [] As Amended

 FEB - 1 2019

Director Jason Espero Date
Board Secretary