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

Regular Meeting Minutes, November 21, 2019
Execution Session minutes, August 15, 2019 (not for public distribution)
Execution Session minutes, September 19, 2019 (not for public distribution)
Execution Session minutes, October 31, 2019 (not for public distribution)
Executive Session minutes, November 21, 2019 (not for public distribution)

IV. FOR ACTION/INFORMATION

A. Election of a Board Chairperson for the Hawaii Public Housing Authority Board of Directors

B. To Accept the Final Draft Audit Financial Statements of the Hawaii Public Housing Authority for the Fiscal Period July 1, 2018 through June 30, 2019

C. To Authorize the Hawaii Public Housing Authority’s Executive Director to Accept New Vouchers and Funding Under the U.S. Department of Housing and Urban Development’s Mainstream Voucher Program and Undertake All Action Necessary to Administer and Implement the Additional Vouchers and Funds
D. To Authorize the Executive Director to Enter into a Memorandum of Agreement with the Department of Human Services’ Child Welfare Services Branch to Partner on the U.S. Department of Housing and Urban Development’s Foster Youth to Independence (FYI) Initiative and Undertake All Actions Necessary to Administer and Issue FYI Initiative Vouchers to Eligible Youth

E. To: (1) Approve Proposed Changes to the Hawaii Public Housing Authority’s Policy on Individual Relief From Surcharges for Excess Consumption of Agency Purchased Utilities for Special Factors Affecting Utility Usage Not Within the Control of the Resident, as Directed in 24 CFR §965.508, Including Amending the Definitions in Section 17-2028-2 to Add “Individual Relief”, and Amending Section 17-2028-7, to Address When a Resident May Request Individual Relief and the Factors and Procedures to Be Used When Evaluating the Request; and, (2) Authorize the Executive Director to Conduit Public Hearings and Undertake All Other Actions Necessary Under Chapter 91, Hawaii Revised Statutes, and Administrative Directive No. 18-02 to Implement the Amendments, Including Making Non-Substantive Revisions to Formatting Prior to and Subsequent to Public Hearings as May be Required

F. Report on Draft Legislative Budget Proposals for the 31st Legislature Regarding the Hawaii Public Housing Authority (HPHA)

G. Discussion Regarding Authorizing the Executive Director to Testify on Matters Regarding the Hawaii Public Housing Authority During the 2020 Legislative Session and Previously Delegated Authority Dated January 15, 2015

H. Background and Update on the Hawaii Public Housing Authority’s Properties Located on Formerly Used Defense Sites (FUDS) in the Waikoloa Maneuver Area (WMA), Island of Hawai`i

I. To Authorize the Executive Director to Negotiate and Execute a Ground Lease at the Hawaii Public Housing Authority’s Kalaeloa Property for the Purpose of Constructing and Operating Supportive Housing for Eligible Individuals and Families

The Board may go into executive session during the presentation, consideration and deliberation of the project pursuant to Hawaii Revised Statutes sections 92-4, 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 project at Kalaeloa
J. To Approve the Settlement in Karsom, et al. State of Hawaii, et al., Civil No. 17-1-0843-05(JCM)

(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 settlement in Karsom, et al. State of Hawaii, et al., Civil No. 17-1-0843-05(JCM))

K. To Approve the Settlement Agreement in Valerie DeMarco vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority (Case Number: CV18-00450KJM) 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 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 vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority (Case Number: CV18-00450KJM))

V. REPORTS

Executive Director’s Report:
- Financial Report for the Month of October 2019 Financial Report is provided to the board in the monthly packet.
- Report on Contracts Executed During November 2019 and Planned Solicitations for December 2019 are provided to the Board in the monthly packet. No formal report is planned.
- Legislative Matters and Updates
- Public Housing Occupancy/Vacancy Report; Federal Public Housing; Eviction Hearings for the Month of November 2019.
- Obligation and Expenditure Status for Design and Construction Projects Funded Under the Federal Capital Fund Program (CFP) and the State Capital Improvement Program (CIP). Report on closed contracts.
- Section 8 Subsidy Programs Voucher: Voucher Lease-up and Pending Placements; Update on Rent Supplement Program.
- Human Resources

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 16, 2019, the HPHA will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be fulfilled. The Board packet for this meeting is available for inspection at the Board’s office located at 1002 North School Street, Building E, Honolulu, HI 96817. Meals will be served to the Board and support staff as an integral part of the meeting.
The Board of Directors of the Hawaii Public Housing Authority held their Regular Board Meeting at 1002 North School Street, on Thursday, December 19, 2019. At approximately 9:09 a.m., Vice-Chairperson Hall called the meeting to order and declared a quorum present. Those present were as follows:

**PRESENT:**
- Director Robert Hall, Vice-Chairperson
- Director Pono Shim, Secretary
- Director Lisa Darcy
- Director George De Mello
- Designee Daisy Hartsfield
- Director Roy Katsuda
- Director Susan Kunz
- Director Betty Lou Larson
- Director Kymberly Sparlin
- Deputy Attorney General Jennifer Sugita
- Deputy Attorney General Klemen Urbanc

**EXCUSED:**
- Director Todd Taniguchi

**STAFF PRESENT:**
- Hakim Ouansafi, Executive Director
- Barbara Arashiro, Executive Assistant
- Chong Gu, Chief Financial Officer
- Kevin Auger, Redevelopment Officer
- Rick Sogawa, Contracts and Procurement Officer
- Katie Pierce, Section 8 Subsidy Program Branch Chief
- Becky Choi, State Housing Development Advisor
- Sarah Beamer, Compliance Specialist
- Sery Berhanu, Housing Development Specialist
- Gary Nakatsu, Program Specialist
- Jennifer Menor, Secretary to the Board

**OTHERS PRESENT (and signing in as):**
- Stacie Brach, Michaels Management
- Wils Choy, KMH, LLP
- Ben Edger, Michaels Development
- Deputy Attorney General Marie Gavigan
- Deputy Attorney General Justine Hura
Vice-Chairperson Hall introduced himself and welcomed new Board member, Director Kymberly Sparlin. He also briefly discussed the agenda and stated that consideration of the Executive Session Minutes listed will be deferred.

**Public Testimony**

Vice-Chairperson Hall 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.

(Director Kunz arrived at 9:10 a.m.)

Ben Edger, Development Officer with Michaels Development Company (MDC), briefly provided an update on the redevelopment at The Towers. He stated that MDC continues to work with HPHA on renegotiations with the Master Development Agreement. Mr. Edger introduced Stacie Brach from Michaels Management Affordable and Anni Peterson from Better Tomorrows, who will also be giving updates. Also stated available for any questions.

Vice-Chairperson Hall thanked Mr. Edger for attending the meeting.

Stacie Brach, Regional Vice President for Michaels Management, provided an update on the REAC. She stated that U.S. Inspection Group was hired a month ago to complete a pre-REAC inspection report of the property, which generated 803 work orders. Of the 803 work orders, 309 have already been addressed, and Ms. Brach verified that all work orders will be completed by February. In addition, Michaels Management has adopted families at The Towers for a toy drive during the holiday season. Ms. Brach stated that staff, for example, have purchased gifts to assist a grandmother who is raising six grandchildren between the ages of 4-12 years old. Michaels Management is also working with HPHA on the beautification on the river and gardens behind the Towers. Ms. Brach reported that operations are stable.
Director Katsuda asked for more details on the REAC and its deadline.

Ms. Brach reported that the pre-REAC inspection was in preparation for the formal inspection. She added that the formal REAC dates haven’t been released, but it could be as early as February 2020 through July/August 2020. In the meantime, Michaels Management will continue to arrange inspections for a positive inspection.

Vice-Chairperson Hall expressed his appreciation to Michaels’ efforts.

Anni Peterson, Director of Hawaii Operations for Better Tomorrows, reported that she works at The Towers as the Social Services Director. In light of the holidays and to alleviate some of the workload of the maintenance workers, with the REAC in mind, Better Tomorrows launched a program to encourage tenants to clean the outside area of their homes. In addition, 17 turkeys were also given to the families in the Towers. Ms. Peterson stated that Better Tomorrows supports 30 different partners at the Towers, including programs for teens, PACT Teen Center, and a Health Fair and Culture Festival.

Director De Mello encouraged the KPT management team to establish a Resident Association at the Towers.

Ms. Peterson stated that there has been two successful Resident Associations in the past. When the willing volunteers moved away, it was difficult to gather the needed interest to maintain a Resident Association. Ms. Peterson recognized the significance of having a Resident Association and will continue to seek interest.

Andrew Nakoa, Sr., Mayor Wright Homes tenant, wished the Board members “Happy Holidays”. He testified on incidents of alleged purse snatchings occurring statewide, where people have also gotten hurt. Mr. Nakoa stated that young children allegedly from housing are drinking with adults behind Times Supermarket on Liliha Street. He strongly suggested that HPHA enforce a 10:00 p.m. curfew at all HPHA property sites. Mr. Nakoa continued to ask for a meeting to update the tenants on the redevelopment at Mayor Wright Homes (MWH). He testified about concerns regarding the security at MWH. For instance, when making a complaint regarding children playing ball in the back of the building, one security guard allegedly had a language barrier and another was patrolling out of uniform. Mr. Nakoa continues to request for in-house security.

Nani Medeiros, Executive Director of HomeAid Hawaii, stated that she was present at the meeting to answer any questions related to agenda item I.

**Approval of Minutes**

Chairperson Hall deferred consideration of the Executive Session Minutes of August 15, 2019, September 19, 2019, October 31, 2019, and November 21, 2019 to a future meeting.
Director Katsuda moved,

To Approve the Regular Meeting Minutes of November 21, 2019

Designee Hartsfield abstained as no Director or Designee from the Department of Human Services (DHS) was present at the November 21, 2019 Board meeting. Director Sparlin also abstained from the vote being the newest member of the HPHA Board of Directors.

The minutes were approved as presented with two abstentions.

For Action/Information

Election of a Board Chairperson for the Hawaii Public Housing Authority Board of Directors

Vice-Chairperson Hall explained that Director Milo Spindt resigned as Chairperson for HPHA.

Designee Hartsfield requested to postpone the election of a Board Chairperson until a full Board is established and have Vice-Chairperson Hall continue as Acting Chairperson.

Director Larson stated a concern on postponing the election. Based on her experience as Director on another government Board, it took months for a replacement to be appointed.

Director Sparlin conveyed her support in postponing the election as she continues to learn about HPHA, the other Board members and who is willing to be the Chairperson. She expressed her appreciation for the efforts of Vice-Chairperson Hall and stated no concern with the time issue.

Deputy Attorney General Sugita stated with respect to the HPHA Board of Directors By-Laws, Section 3, Article 5 indicate “If any vacancy occurs, for any reason, the vacancy shall be filled by the election of a successor officer from among the Directors at any Regular or Special meeting of the Board to fill out the remaining of the vacant term until the election of officers at the Board’s next Annual meeting”. She explained that the newly elected chair would fill the position until the term ending June 30, 2020. Deputy Attorney General Sugita added in Section 5, the HPHA Board of Directors By-Laws state “In case of resignation, removal or death of the Chairperson, Vice-Chairperson shall perform all the duties imposed on the Chairperson until such time as the Board select a successor Chairperson".
Vice-Chairperson Hall expressed his interest to serve as Chairperson and desire like to collaborate with all Board members to move forward. He asked to be considered as Chairperson. He said that he acknowledges that a vacancy needs to be filled, but more important recognizes that important decisions need to be made. Vice-Chairperson Hall expressed that as he reflects back to the July Board meeting, he appreciates the support he received and kind words spoken by Director Shim.

Vice-Chairperson Hall asked if there are any nominations for Chairperson for the HPHA Board of Directors.

Director Darcy nominated Director Pono Shim. She expressed the significance of Director Shim’s ability to bring continuity to the HPHA Board of Directors over the past several years. Director Darcy discussed witnessing over the past few months how the HPHA Board is struggling with continuity, with keeping on agenda, with form, etc.

Director Shim thanked Director Darcy for the nomination, but respectfully declined due to the current and upcoming demands on his work schedule. He expressed his gratitude to continuing to serve the Governor and HPHA as a member of the Board.

Designee Hartsfield requested to postpone this matter if there were no nominations.

Director Darcy nominated Vice-Chairperson Robert Hall for Chairperson for the HPHA Board of Directors.

Vice-Chairperson Hall accepted the nomination.

Director Sparlin expressed her support in postponing the election and appreciation for Vice-Chairperson Hall’s willingness to serve as the Chairperson. She stated that more time could be beneficial before making a decision on this matter.

Director Katsuda commented that he was okay to postpone the election but would like a firm deadline established.

Director Shim suggested moving forward with the election as there are six months remaining in the term and there will be other vacancies. He also expressed that he is unsure how long the Governor will take to appoint a Kauai Director.

**Designee Hartsfield moved,**

To Postpone the Election of the Chairperson Until the Next Board Meeting

Designee Hartsfield stated that another month will give Director Sparlin sufficient time to do adequate research in order to make an educated decision. She added that she nominated Vice-Chairperson Hall in the prior election and at that time he declined. Designee Hartsfield was pleased to hear that Vice-Chairperson Hall is willing to serve
as the Chairperson but would appreciate extra time to have private discussions and evaluate who would be committed and best serve as the Chairperson.

Director De Mello expressed that, as a resident, he feels the Board should vote and not postpone for another month. He stated that Vice-Chairperson Hall is willing to serve as the Chairperson.

Director Sparlin and Designee Hartsfield voted aye; the remaining members voted nay. The motion to postpone the election did not pass.

Director Darcy moved,

To Elect Vice-Chairperson Robert Hall as Chairperson for the Hawaii Public Housing Authority Board of Directors

Designee Hartsfield expressed her support to Vice-Chairperson Hall but asked if he could confirm that he is willing and able to serve as the Chairperson until June 2020.

Vice-Chairperson Hall stated his reasons for his previous declination at the first election, which was due to his nomination of former Director Spindt. He discussed his 20-year background with HPHA and confirmed that he is committed to HPHA and has made adequate time to serve as the Chairperson. Vice-Chairperson Hall thanked Designee Hartsfield for her initial support.

Director Robert Hall was unanimously elected as Chairperson.

Chairperson Hall thanked the Board members for their support and stated that the office of Vice-Chairperson is now vacant. Elections to elect a Vice-Chairperson will be held at the next Board meeting in January 2020.

Director Shim moved,

To Accept the Final Draft Audit Financial Statements of the Hawaii Public Housing Authority for the Fiscal Period July 1, 2018 through June 30, 2019

Executive Director Ouansafi introduced Wils Choy, partner from KMH, LLP.

Wils Choy thanked the Board for the opportunity to present the results of the audit. He introduced himself and Senior Manager Christy Iriguchi. Mr. Choy indicated that KMH is an independent auditor that is contracted by the Office of the Auditor, and KMH, LLP is honored to have been extended for another three years. He discussed that KMH, LLP was contracted to conduct an audit of the June 30, 2019 financial statement of the
Hawaii Public Housing Authority (HPHA) and to perform a single audit. He explained the standards that the auditors follow.

Ms. Iriguchi reported that KMH, LLP’s primary goal is to issue a report opinion of the financial statement, which was included in the Board packet. She explained that all financial statements, in all material respects, were fairly presented. On its final audited financial statements, KMH, LLP expressed a “clean” opinion, that there were zero material statements that were found for reasonable assurance. Under U.S. and Government Auditing Standards, KMH, LLP is also required to review the internal controls as well as the compliance of the federal programs (federal funding received from the United States Department of Housing and Urban Development).

Ms. Iriguchi discussed the three levels of findings: material weaknesses, significant deficiencies and internal controls deficiencies. Material weaknesses being the most severe. Ms. Iriguchi reported for the fiscal year 2019, there were no internal control deficiencies that were identified.

Mr. Choy discussed adjusting journal entries, which are errors founded by the auditors and are proposed adjustments to the financial statement. He added that the control process confirms that the information presented to the auditors is correct and accurate.

Ms. Iriguchi reported that HPHA had five proposed adjustments for fiscal year 2019. Based on the number of transactions and volume produced by HPHA, the impact of the five adjustments was not considered a material deficiency or weakness.

Mr. Choy added that KMH, LLP has audited many State and City agencies and none received zero proposed journal entries. Due to the volume of transactions that HPHA processes, five proposed adjustments is considered very minor and is not a material impact to financial statement.

Ms. Iriguchi reported that KMH, LLP is also tasked to submit a letter that identifies if any issues arose during the audit. This formal letter will be issued when the single audit has been completed, which is due March 2020.

Ms. Iriguchi summarized the results from the financial audit. There were no new accounting announcements adopted or required to be adopted by HPHA this year. There were no significant or unusual transactions found in the financial statements. Five proposed adjustments were recorded. There were no material disagreements with management. Ms. Iriguchi recognized Chief Financial Officer Chong Gu and his staff for their efforts and knowledge.

Mr. Choy commended HPHA’s financial and accounting processes. The government-wide financial statements of HPHA are divided into two categories: governmental and proprietary (business-type). Mr. Choy discussed the difference between governmental accounting activity and proprietary accounting activity. Unlike other government agencies like DHS, the financial activities for HPHA are more complex.
Ms. Iriguchi reported on the status of the single audit (audit over the federal programs) and the federal filing deadline of March 31, 2020. KMH, LLP has completed approximately 75-80% of the single audit. She stated in the past, there were two major programs, but this year there were four major programs due to the federal requirement of rotating out of programs every three years. Ms. Iriguchi anticipates completion of the single audit in February 2020.

Mr. Choy stated that KMH, LLP has been auditing HPHA for approximately nine years. He reconfirmed that the Office of Auditors contract the auditors, not the agency. Mr. Choy acknowledged the tremendous improvement HPHA has accomplished over the past 4-5 years. For instance, six years ago, HPHA had approximately 60 proposed adjusting journal entries, compared to only having five recorded this past audit. Mr. Choy commended the hard work and efforts of Executive Director Ouansafi, Executive Assistant Barbara Arashiro, and Chief Financial Officer Chong Gu.

Director Larson complimented the HPHA staff on their efforts and recognized the accomplishment of zero deficiencies since 2015. She also thanked KMH, LLP for their hard work.

Director Shim acknowledged the efforts of HPHA.

Director Katsuda thanked KMH, LLP for their attendance and report. He also recognized Mr. Jesse Wu in the audience.

Chairperson Hall asked if the auditors also look at the maintenance and storage of the information and data that’s reviewed. He stated a concern with system security.

Mr. Choy reported that the auditors are required to review the controls, and part of that process includes how it is processed. While most state agencies fall under the State’s system of FAMIS, Mr. Choy stated that HPHA has their own internal software. The auditor will examine the software, to identify that there are sufficient controls and the output is reasonable. Although the auditors are not responsible for reviewing the quality of the system, if they discover a threat or risk, the auditor will comment on it. Mr. Choy added that the cyber security concern is outside their scope of work.

The motion was unanimously approved.

Director Darcy moved,

To Authorize the Hawaii Public Housing Authority’s Executive Director to Accept New Vouchers and Funding Under the U.S. Department of Housing and Urban Development’s Mainstream Voucher Program and Undertake All Action Necessary to Administer and Implement the Additional Vouchers and Funds
Executive Director Ouansafi reported that HPHA submitted an application for funding for Mainstream Vouchers on November 5, 2019. The Mainstream Voucher Program provides vouchers for families that include any non-elderly adults who are not the head, co-head, or spouse with disabilities.

On November 14, 2019, HUD awarded HPHA with approximately $850,000 for 60 Mainstream Vouchers to assist new admissions. HPHA has received numerous letters of commitment from organizations who have pledged to be partners to assist in the outreach. HUD provides time for HPHA to ensure that it has a network system in place and program rules. The timeline to prepare for the administering of the awarded Mainstream Vouchers were provided in the Board packet (page 133).

Designee Hartsfield asked if July 1, 2020 will be the earliest date HPHA will distribute the Mainstream Vouchers.

Executive Director Ouansafi stated that HPHA plans to distribute the Mainstream Vouchers expeditiously as possible.

Director Larson asked for clarification on who will qualify for the Mainstream Voucher. She also asked for information on its application process and the lifespan of the Mainstream Voucher.

Executive Director Ouansafi verified that those who have a documented disability will qualify. He reported that HPHA will be working with its partners to promote the program. He stated that he did not know if HUD would discontinue the program, but that HPHA could absorb them into the regular Section 8 Housing Choice Voucher program if HUD discontinued the Mainstream Voucher program.

**The motion was unanimously approved.**

Director Katsuda moved,

To Authorize the Executive Director to Enter into a Memorandum of Agreement with the Department of Human Services’ Child Welfare Services Branch to Partner on the U.S. Department of Housing and Urban Development’s Foster Youth to Independence (FYI) Initiative and Undertake All Actions Necessary to Administer and Issue FYI Initiative Vouchers to Eligible Youth

Executive Director Ouansafi reported on July 26, 2019, HUD issued a PIH Notice allowing PHAs to request up to a maximum of 25 vouchers in a fiscal year. Through the Foster Youth to Independence (FYI) initiative, HUD will provide Tenant Protection Vouchers (TPVs) for youths eligible under the Family Unification Program (FUP), subject to availability.
HPHA has been in discussion with interested stakeholders, including HUD, Child Welfare Services Branch of the Hawaii State Department of Human Services, Partners in Care, etc.

In addition to rental assistance, the youth must participate in supportive services.

Director Larson recognized the vulnerable population and stated that she was pleased that HPHA is working with many organizations to obtain the FYI Vouchers. She understood that the supportive services are for 36 months and asked if these vouchers would be ongoing.

Executive Director Ouansafi discussed that the FYI Vouchers would be issued for three years but HPHA is working on continuing the program. He stated that Mr. Jesse Wu was present if he had any additional information to add.

Mr. Wu stated that he had nothing to add.

Director Katsuda referred to page 157 of the Board packet, item B under “Discussion” and asked for clarification on the “HIS” abbreviation for Institute for Human Services.

Executive Director Ouansafi confirmed that it was a typo, where it should be “IHS”.

Designee Hartsfield stated that she will be abstaining from the motion since the Department of Human Services (DHS) is involved in the Memorandum of Agreement (MOA).

The motion was approved with one abstention.

Director Kunz moved,

To: (1) Approve Proposed Changes to the Hawaii Public Housing Authority’s Policy on Individual Relief From Surcharges for Excess Consumption of Agency Purchased Utilities for Special Factors Affecting Utility Usage Not Within the Control of the Resident, as Directed in 24 CFR §965.508, Including Amending the Definitions in Section 17-2028-2 to Add “Individual Relief”, and Amending Section 17-2028-7, to Address When a Resident May Request Individual Relief and the Factors and Procedures to Be Used When Evaluating the Request; and, (2) Authorize the Executive Director to Conduct Public Hearings and Undertake All Other Actions Necessary Under Chapter 91, Hawaii Revised Statutes, and Administrative Directive No. 18-02 to Implement the Amendments, Including Making Non-Substantive Revisions to Formatting Prior to and Subsequent to Public Hearings as May be Required
Executive Director Ouansafi referred to page 181 of the Board packet.

Executive Assistant Arashiro reported that federal regulations allow PHAs to adopt rules to grant relief for excess utilities when the cause of the excess utilities is not the fault of the tenant. For example, if there is a water main break or there is a faulty electric meter, a family may request individual relief from paying for the excess utilities. These rules would only be applicable at projects where tenants are receiving a utility allowance and paying the electric company directly.

Currently, if the tenant is paying utilities directly to the electric company, HPHA provides the tenant with a utility allowance. There are situations where the tenant could experience high utilities at no fault of their own, so HPHA is proposing a change to their Administrative Rules.

Once approved by the HPHA Board of Directors, the HPHA will request the Governor’s approval to hold public hearings. After the public hearings, the Executive Director will transmit amendments to the Governor for final approval provided that no substantive amendments are made. If substantive amendments are proposed, the revised rules will be presented to the Board for additional review and approval.

Director Larson understood that HPHA shall provide medical disability allowance and asked if an A/C unit is considered a medical necessity.

Executive Assistant Arashiro confirmed that an allowance will be provided if the unit has an A/C installed that was previously approved as a reasonable accommodation.

Executive Director Ouansafi added that if a tenant has an approved reasonable accommodation that medically requires an A/C, HPHA will increase the tenant’s allowance based on a study that is performed annually on the normal utility usage.

Chairperson Hall inquired how this is currently being handled and has been in the past. For instance, he asked if a water main break occurs, are adjustments made accordingly.

Executive Assistant Arashiro confirmed that adjustments were made accordingly. She added that a reasonable accommodation process has been followed in the past. HPHA is requesting proposed changes to allow additional allowance to the reasonable accommodation.

The motion was unanimously approved.

Director Shim moved,

To Authorize the Executive Director to Negotiate and Execute a Ground Lease at the Hawaii Public Housing Authority’s Kalaeloa Property for the
Purpose of Constructing and Operating Supportive Housing for Eligible Individuals and Families

Executive Director Ouansafi reported that HPHA is in full support of this initiative. HPHA has been working with the Lieutenant Governor’s (LG) office and the Department of the Attorney General’s (AG) on the proper process to move forward. He added that the Department of Human Services (DHS) is also involved with this initiative.

There is a need for a lease agreement in order to move forward expeditiously. There have been discussions regarding the possibility of U.S. VETS managing the Kalaeloa property. Executive Director Ouansafi introduced HomeAid Hawaii’s Executive Director Nani Medeiros, who was present to answer any questions on the status of the Kalaeloa property.

Designee Hartsfield asked if U.S. VETS will be a leaseholder if a lease is assigned.

Ms. Medeiros reported that she and the LG’s office are in discussion with U.S. VETS about operating and managing the property.

Executive Director Ouansafi requested to go into executive session as the discussion may involve negotiations.

Deputy Attorney General Urbanc stated that executive session is not necessary based on the current question.

Chairperson Hall stated that he understands the broad parameters of executive session and encouraged the discussion to move forward.

Designee Hartsfield expressed having additional questions regarding terms and conditions that may impact negotiations that should be discussed in executive session.

Director Larson asked who will be funding the services (social services and management cost of the project) and how will that be arranged.

Ms. Medeiros explained that U.S. VETS is committed to be a supportive partner to the Kalaeloa project. Currently, U.S. VETS is in discussions with the State to manage and operate the project. A contract has not been executed, as discussions are ongoing to clarify details on the supportive services and how the project will be managed and operated. With regard to funding sources, conversations have taken place with DHS, where they’re looking to utilize available existing funding and leverage existing housing vouchers in the Housing First program and HUD VASH. The vouchers to be used to cover rent and operations. Some questions that are still pending are on the requirements for dwelling units under the Housing Choice Voucher program, if the Kalaeloa tiny homes meet the requirement and if not, what are the means to have them meet the requirement.
Executive Director Ouansafi stated that HPHA informed the LG that HPHA is not able to manage the project or fund services. HPHA is supportive of the project and U.S. VETS to manage.

Ms. Medeiros added that the LG’s office, HomeAid Hawaii and U.S. VETS meet every Thursday. She offered to pass on any specifics that the Board would like during their weekly call.

Director Larson expressed that her inquiry was mainly about sustainability of the management, ongoing maintenance, repairs, etc. She stated her concern on the funding source to maintain the success of the project.

Ms. Medeiros reported that the LG’s office is in communication with DHS Director Bhanot on identifying additional funding sources, as well as with the Homeless Programs Office. Moving forward over the years, the State may be negotiating with the Legislature.

Designee Hartsfield moved,

The Board go into executive session for consideration and deliberation of the project pursuant to Hawaii Revised Statutes sections 92-4, 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 project at Kalaeloa

The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 10:27 a.m.

The Board reconvened at approximately 11:27 a.m.

Chairperson Hall reported that the Board consulted with its attorney on issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities related to this matter.

Director Katsuda moved,

To Amend the Main Motion to Remove “and Execute” and Insert Additional Language into the motion to read:

To Authorize the Executive Director to Negotiate and Execute a Ground Lease at the Hawaii Public Housing Authority’s Kalaeloa Property for the Purpose of Constructing and Operating Supportive Housing for Eligible Individuals and Families, and Execute a Right of Entry(ies) for the Property at Kalaeloa
Designee Hartsfield stated her understanding of the amendment, which indicates that HPHA is in support of the Kalaeloa project and in support of the appropriate entities. The concern regarding executing a ground lease was removed but has no reflection on the project or with the HPHA Executive Director and staff. The Board requests specific information before moving forward with a ground lease. She also stated that if an executed ground lease is presented, the Board will have the opportunity to convene at a Special Meeting for review and approval.

Director Katsuda added that the Board is willing to expedite this motion accordingly.

Chairperson Hall expressed that although there are still some unresolved questions, the Board understands the intention and wants the activity to continue. At the time that there is a ground lease established for formal execution, the Board is prepared to call a Special Meeting if prepared prior to the Regular Board Meeting.

Designee Hartsfield expressed her support in the amended motion.

The motion to amend the main motion was unanimously approved.

Chairperson Hall called for a vote on the amended motion,

To Authorize the Executive Director to Negotiate and Execute a Ground Lease at the Hawaii Public Housing Authority’s Kalaeloa Property for the Purpose of Constructing and Operating Supportive Housing for Eligible Individuals and Families, and Execute a Right of Entry(ies) for the Property at Kalaeloa

The amended motion was unanimously approved.

Director Shim moved,

To Approve the Settlement in Karsom, et al. State of Hawaii, et al., Civil No. 17-1-0843-05(JCM)

Director Shim 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 settlement in Karsom, et al. State of Hawaii, et al., Civil No. 17-1-0843-05(JCM)

The motion to go into executive session was unanimously approved.
The Board entered Executive Session at approximately 11:33 a.m.

The Board reconvened at approximately 12:07 p.m.

Chairperson Hall reported that the Board consulted with its attorney on issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities related to this matter.

The motion was unanimously approved.

Director DeMello moved,

To Approve the Settlement Agreement in Valerie DeMarco vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority (Case Number: CV18-00450KJM) and to Authorize the Executive Director to Take All Actions Necessary to Carry Out the Agreement

Director Larson 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 vs. State of Hawaii, Department of Human Services, Hawaii Public Housing Authority (Case Number: CV18-00450KJM)

The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 12:08 p.m.

The Board reconvened at approximately 12:41 p.m.

Chairperson Hall reported that the Board consulted with its attorney on issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities related to this matter.

The motion was unanimously approved.

For Information:

Report on Draft Legislative Budget Proposals for the 31st Legislature Regarding the Hawaii Public Housing Authority (HPHA)

Executive Director Ouansafi reported that Management has the following budget items to be further developed for the 2020 Legislative Session:
1) Add $750,000 in General Funds for the State Rent Supplement Program. These funds will be used to support current program participants. There’s a maximum $500 of subsidy per person. Currently serving 347 families at an average of approximately $400 monthly assistance.

2) Establish 3 New Permanent (Part-Time Janitorial) Positions
3) Requesting a $20M Lump Sum Capital Improvement Project (CIP)
4) Requesting $2.5M in CIP Funding for predevelopment needs for the HPHA School Street Redevelopment Project

Executive Director Ouansafi added that the HPHA’s intent is to support legislation that will benefit the HPHA and its tenants as long as it doesn’t negatively impact the Governor’s proposed budget.

Director Larson asked if the four budget items that were discussed are included in the Governor’s budget.

Executive Director Ouansafi confirmed that the budget items he mentioned received approval from the Governor.

Chairperson Hall asked if the budget items are included in DHS’ budget.

Executive Director Ouansafi clarified that the items are specific to HPHA.

Director Larson asked what the current budget is for the Rent Supplement Program.

Executive Director Ouansafi reported that the current rent supplement budget is approximately $1.1M. With the addition of $750,000 the total will be approximately $2M, which is enough to sustain the existing families currently being served.

**For Information/Discussion:**

**Discussion Regarding Authorizing the Executive Director to Testify on Matters Regarding the Hawaii Public Housing Authority During the 2020 Legislative Session and Previously Delegated Authority Dated January 15, 2015**

Executive Director Ouansafi discussed matters that arise during Legislative Session. HPHA is given 48 hours to provide testimony on proposed bills. Executive Director Ouansafi continued to express that the HPHA intends to support legislation which will benefit the HPHA and its tenants as long as it doesn’t negatively impact the Governor’s priorities.

Chairperson Hall noted that there were previous delegations that took place in January 15, 2015 and expressed the significance of the previously approved motion to delegate authority to the Executive Director to track legislative measures and provide testimony.
accordingly. He understood that Executive Director Ouansafi will report to the Board on all legislative measures at the Board’s regularly scheduled meetings conducted during the legislative session.

For Information:

**Background and Update on the Hawaii Public Housing Authority’s Properties Located on Formerly Used Defense Sites (FUDS) in the Waikoloa Maneuver Area (WMA), Island of Hawai`i**

Executive Director Ouansafi reported that several ongoing construction projects on HUD-assisted properties or utilizing HUD funds were halted (in 2015) due to the concern of unexploded ordinances (UXO) in the WMA. At that time, HPHA stopped any ground-disturbing activity. HPHA met with the tenants to inform them of the potential existence of UXO and ground clearing activities needed to be performed.

During the summer of 2018, the HPHA coordinated training for the tenants and staff at Waikoloa Middle and Elementary School and at the property. Between the two dates, all tenants and staff were trained. Following the training, tenants were provided UXO disclosure forms to acknowledge their understanding and awareness.

HPHA received significant support and assistance from Big Island Mayor Harry Kim; Mr. Neil Gyotoku, Housing Administrator from the Office of Housing and Community Development; Mr. Darryl Oliveira, Director, Hawaii Civil Defense; Mr. Jason King, Training Coordinator, US Army Security Assistance Command; and Mr. Ryan Okahara, Director, HUD Honolulu Field Office. These individuals and their agencies assisted the HPHA to ensure that the HPHA properties in the WMA FUDS would be high priority in the USACE UXO clearings. Executive Director Ouansafi reported that all rules, laws and regulations were followed, and all staff and tenants were trained.

Chairperson Hall asked if this is regarding the Ke Kumu projects.

Executive Director Ouansafi confirmed that the WMA includes the Ke Kumu properties in Waikoloa.

Chairperson Hall asked if the Ke Kumu properties are under contract management.

Executive Director Ouansafi confirmed that Ke Kumu properties have contract management and confirmed their personnel have also been trained.

Chairperson Hall asked if the extent of work is limited to the existing site and if there is any new construction occurring.

Executive Director Ouansafi clarified that there is no construction taking place and none anticipated at this time.
Director Larson recognized an ongoing safety awareness program is provided to educate occupants and visitors about the possible presence of UXO. She asked if visual aids are included, where people can identify what an UXO looks like.

Executive Director Ouansafi confirmed that visual aids are provided.

Executive Assistant Arashiro added that the WMA is not limited to the HPHA properties, so the entire community has been informed. Kids are informed at schools and libraries, adults are informed at work, and anyone onsite at the property will receive additional training. Although everyone is familiar with the information, HPHA continues to provide training annually. Executive Assistant Arashiro also confirmed that visuals are included.

Director Sparlin asked if training is offered to new tenants at the housing properties.

Executive Assistant Arashiro confirmed that every new family receives a full orientation.

Executive Director Ouansafi added that the US Army Corp of Engineer had provided training.

Director Kunz concurred that the residents on the Big Island are very familiar since the community is well-informed and acknowledged the importance of continued training.

Executive Assistant Arashiro reported that training is mandatory. HPHA ensures that all household members received training. Makeup trainings are also available if missed.

Chairperson Hall concurred that a lot of information was provided during his time with the Department of Hawaiian Home Lands and specific guidance were provided.

**Executive Director’s Report**

Executive Director Ouansafi reported the following:

- HPHA assisted 464 veterans through the VASH program, where approximately $411,000 were paid in housing assistance payments (HAP).

- HPHA expended approximately $3M in HAP to private landlords on behalf of 2,479 voucher holders.

- The Rent Supplement Program made a payment of approximately $140,000 to the landlords on behalf of 342 families.

- HPHA’s priority is on increasing occupancy. HPHA had a net gain of 15 units and moved in 35 families in November.
Executive Director Ouansafi expressed his appreciation to Chief Financial Officer Gu and his staff on their efforts. Despite the five proposed adjustments received during the Financial Statements Audit, he recognized that HPHA produces approximately 2,500 financial transactions per day.

Executive Director Ouansafi acknowledged the concerns raised during the public testimony. He recognized occasional issues and denied major feuds between different nationalities. HPHA’s priority is on security and safety, where matters are addressed accordingly. The Board is informed when matters arise and the security budget has been increased.

Executive Director Ouansafi continued to report on the following:

- There are 66 positions in recruitment. Despite some difficulties, HPHA continues to move forward with recruitment. HPHA is grateful to the United Public Workers (UPW) for their assistance and for allowing HPHA to contract out some of the work.

- In preparation of REAC, although HPHA anticipates a demanding year, the staff continue to work through all the complexities and strive to increase occupancy.

- HPHA anticipates rent collection to decrease in January, and staff is monitoring.

- HPHA sent a letter to HUD in response to their letter showing a SEMAP score of 83 and is awaiting HUD’s response to their appeal. Executive Director Ouansafi referred to page 347 of the Board packet. HPHA believes there is a 15-point error.

Director Larson referred to page 348 of the Board packet and asked if the Housing Quality Standards involves inspections on individual units.

Executive Director Ouansafi clarified that inspections are completed on individual units and on the site. HPHA sends an inspector to ensure the home is safe and sanitary. Executive Director Ouansafi discussed the process and confirmed that the landlords will make the necessary repairs if deemed unsafe or unsanitary.

Director Larson asked for clarification on the SEMAP.

Executive Director Ouansafi reported that the SEMAP measures a housing authority’s program overall, which is based on 15 criteria. He added that HPHA leased more than HUD inputted, and appropriate documentation was send to HUD.

Chairperson Hall added that he looks forward to training at the next Board meeting, where the Board will receive more information on HPHA and its programs. He also thanked the Board for their patience as he gets familiarized with the protocol and rules of Chairperson. He is encouraged by the discussions and points made during the meeting and is anxious to make an improvement in Hawaii’s housing situation.
Executive Director Ouansafi thanked the Board, and on behalf of his staff, wished the Board a safe and joyous holiday season.

Director Katsuda moved,

    To Adjourn the Meeting

    The motion was unanimously approved.

The meeting adjourned at 1:05 p.m.

MINUTES CERTIFICATION:

Minutes Prepared by:

[Signature]
Jennifer K. Menor
Secretary to the Board

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on January 16, 2020 [✔] As Presented [ ] As Amended

[Signature]
Pono Shim
Board Secretary

JAN 16 2020
Date