HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE REGULAR MEETING
HELD AT 1002 NORTH SCHOOL STREET, BUILDING E
HONOLULU, HAWAII 96817
ON THURSDAY, DECEMBER 20, 2012
IN THE COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority met for their Regular Board Meeting at 1002 North School Street, on Thursday, December 20, 2012 at 9:00 a.m.

The meeting was called to order by Chairperson Gierlach and upon the call to order, those present were as follows:

DIRECTORS PRESENT:

Director David Gierlach, Chairperson
Director Matilda Yoshioka, Vice-Chair
Director Jason Espero, Secretary
Director Roger Godfrey
Director Debbie Shimizu
Director Trevor Tokishi
Designee Wilfredo Tungol
Director George Yokoyama

Deputy Attorney General, John Wong

DIRECTORS EXCUSED: Director Desiree Kihano

STAFF PRESENT: Hakim Ouansafi, Executive Director
Barbara Arashiro, Executive Assistant
Clarence Allen, Acting Chief Financial Management Advisor
Kiriko Oishi, Compliance Officer
Rick Sogawa, Procurement Officer
Becky Choi, State Housing Development Administrator
Stephanie Fo, Section 8 Subsidy Program Branch Chief
Joanna Renken, Public Housing Supervisor
Diane Johns, Property Management Specialist
Rochelle Akamine, Resident Services Program Specialist
Veronica Malabey, Property Management Specialist
Taryn Chikamori, Secretary to the Board

OTHERS: Augafa Ene, Mayor Wright Homes Resident
Fetu Kolio, Private Resident
Matt Taufetee, Peacemakers

Proceedings:

Chairperson Gierlach declared a quorum present.

Director Espero moved,

To approve the Regular Meeting Minutes of November 20, 2012.

The minutes were unanimously approved.

Public Testimony

Desiree Kihano, Palolo Valley Homes resident, stated that she is no longer in good standing and resigned from the Board of Directors, the Grievance Hearing Board, and the Resident Advisory Board (RAB). Ms. Kihano stated that Palolo Valley Homes (PVH) tenants would have had return rights to their same unit after the renovation, but in January 2012 she was informed that Ms. Arashiro, Executive Assistant, had made a decision not to allow residents to return to their original units. She also stated that she will be having a grievance hearing in January 2013 where all of this will be discussed and she requested the hearing be a public meeting. She indicated that she would tape the meeting for broadcast on Olelo.

Mr. Fetu Kolio, private resident, stated that all residents should be treated fairly. He stated that if two residents have the same disability, then their units should be modified the same. He feels that one resident was not treated fairly because the resident is part of the class action lawsuit. He also stated that the Hawaii Public Housing Authority (HPHA) was aware of misappropriations of tenant association funds in the past. The HPHA did not prosecute those tenants, but he was prosecuted.

For Action:

Director Espero moved,

To Appoint Mr. Courtney Young to the HPHA's Oahu Eviction Board for a Two-Year Term Expiring on December 30, 2014.

Executive Director Ouansafi stated that Mr. Young works with the public and youth. He also comes with recommendations from staff and a current Eviction Board member. Executive Director Ouansafi stated that Mr. Young would be appointed to Eviction Board group Oahu C.

The motion was unanimously carried.

For Action:

Director Espero moved,

> **To Approve the Hawaii Public Housing Authority's Annual Report and to Authorize the Executive Director to Submit the Report to the Appropriate Agencies.**

Executive Director Ouansafi reported that the Annual Report is a brief overview of the HPHA during the past year. He reported that once approved, the report will be submitted to the Legislature.

Director Shimizu asked that a disclosure be added to indicate that the HPHA's legislative proposals included in the Annual Report have not been through the Governor's approval process. Executive Director Ouansafi responded that the HPHA will add a disclosure.

Designee Tungol also requested that the HPHA highlight bills that were enacted in the previous fiscal year. Executive Director Ouansafi responded that the HPHA includes the legislative proposals to inform the Legislators of items the HPHA will be supporting, but the HPHA will add a page highlighting the bills that were enacted.

The motion was unanimously carried.

For Action:

Director Espero moved,

> **To Ratify Acceptance of the Independent Audit of the Hawaii Public Housing Authority's Financial Statements for the Fiscal Period July 1, 2011 – June 30, 2012.**

Director Tokishi reported that the Finance Task Force met with the auditors from KMH. KMH rendered an unqualified opinion, which means that the auditors are comfortable with the financials as presented. Director Tokishi stated that the auditors also reported that the HPHA has some material weaknesses in internal controls. He also reported, however, that Executive Director Ouansafi has a corrective action plan in place to address the material weaknesses.

Chairperson Gierlach asked if an unqualified opinion means that there is no fraud or misuse of funds. Director Tokishi ~~confirmed that the auditors did not see any indication of fraud or misuse of funds. The auditors test a larger than normal sample of cash disbursements until they have a level of comfort to issue the unqualified opinion~~. clarified that unqualified opinion means that the financial statements are fairly presented. An unqualified opinion has nothing to do with fraud.

Director Yokoyama asked about the lapse in funds. Director Tokishi reported that the HPHA lapsed about $10 million in State funds. Due to the lack of resources, the HPHA had to prioritize the its efforts to obligate the funds.

Executive Director Ouansafi stated that the HPHA concentrated on Federal funds because if Federal funds lapse, there is a monetary sanction; whereas, if State funds lapse, the funds are returned to the State.

Chairperson Gierlach questioned what improvements are being made so that the HPHA does not lapse funds. Executive Director Ouansafi responded that currently the HPHA does not anticipate the lapse of capital funds. However, the HPHA is currently awaiting approvals from Budget and Finance (B & F) and the Department of Accounting and General Services (DAGS) to have the funds allotted and obligated in pending contracts. This approval process is currently holding up the obligation of current appropriations.

Director Tokishi reported that the Section 8 Housing Choice Voucher program noted an increase in spending of about $3.9 million, but this was due to increased funding for the Veteran's Affairs Supportive Housing (VASH) vouchers and the tenant relocation vouchers at Kuhio Park Terrace. HPHA's elderly housing program is running at a deficit and unless rents are increased, it will continue to operate at a deficit. The central office also operated at a deficit for last fiscal year.

Director Yoshioka asked for a status is on the promissory note discussed in the draft audit report. Executive Assistant Arashiro reported that the promissory note was related to Ke Kumu Ekahi and suggested going to Executive Session to discuss the details.

The motion was unanimously carried.

Executive Director's Report:

Executive Director Ouansafi reported that Nicholas Birck, Chief Planner, left the HPHA to accept a position in California. The HPHA could not come close to matching the offer he received. Executive Director Ouansafi stated this highlights the problem of the HPHA hiring and retaining talented people. Many applicants and staff come to HPHA with good intentions, but have to leave due to the low pay.

Chairperson Gierlach asked if the legislative proposals include the adjustment in salaries (requested by the Board). Executive Director Ouansafi confirmed that the HPHA's legislative proposals include the salary adjustment.

Executive Director Ouansafi reported that the HPHA had three incidents on December 19, 2012: 1) there was a stabbing at Mayor Wright Homes (MWH); 2) a maintenance staff person at Kalihi Valley Homes (KVH) was mugged; 3) a sewer line broke on the School Street property about a week ago and two maintenance staff who were overseeing the overnight pumping had their wallets and other personal items stolen from their cars.

Designee Tungol asked if the MWH stabbing victim or suspect are tenants. Executive Director Ouansafi responded that the suspect is a tenant who moved in three weeks ago and the victim was a non-tenant. Reports indicate that the victim was at the bus stop outside of MWH. Based on the information, the suspect was drinking near the bus stop with two other men. Words were exchanged and the suspect punched the victim in the stomach and then starting sling shotting the victim in the head. When the victim went to the MWH Security booth to ask them to call for an ambulance, the suspect then attacked the victim with a knife.

Designee Tungol asked whether both the suspect and victim were the same ethnicity and whether we suspect that this is a cultural conflict/incident. Executive Director Ouansafi responded that both the suspect and victim were Micronesian, but it appears to be an isolated incident because the victim moved to Hawaii only a few weeks ago.

Director Tokishi asked if the incident took place on property and at what time did the incident occur. Executive Director Ouansafi responded that the stabbing took place near the MWH security booth and the incident occurred about 4:30 a.m.

Executive Director Ouansafi reported that security has been informed that if someone is hurt, have them wait off property for medical help. Executive Director Ouansafi confirmed that if security notices people drinking off property, they have been instructed to call the Honolulu Police Department (HPD). Security did everything they could, including wrestling the knife away from the suspect, which probably saved the victim's life.

Chairperson Gierlach asked if there is Weed and Seed in MWH. Director Shimizu stated that the HPHA asked Weed and Seed to relocate out of MWH. Executive Director Ouansafi reported that the Kalihi neighborhood, the Waianae projects, and Kaahumanu Homes all have Weed and Seed.

Executive Director Ouansafi reported the HPHA had 63 families move in. Staff is in the process of issuing 100 veteran vouchers and 57 Section 8 vouchers. There were 14 evictions last month and a total of 51 evictions for the year. Rent delinquencies are up for the month of December, but according to staff, this is the trend with Christmas coming up. With tax returns in January most tenants catch up.

Chairperson Gierlach asked how do tenants pay their rent. Executive Director Ouansafi reported that tenants go directly to the bank and make payment and the HPHA is credited the same day.

Director Yoshioka asked for a status on the Kauai project and whether a manager was hired. Executive Director Ouansafi reported that Kauai has an Acting Manager. Additionally, referrals are being made for evictions and staff from Honolulu were sent to help catch up on re-certifications.

Director Yoshioka asked what does "rent ready" mean. Executive Director Ouansafi responded that "rent ready" means that a vacant unit is repaired and the HPHA is in the process of placing tenants in the units.

Director Espero asked if the HPHA is pushing the Bill for Sheriffs to train and live on property to secure HPHA. Executive Director Ouansafi reported that the Sheriff's Office is dealing with internal staffing problems and asked the HPHA to not pursue this effort at this time.

Director Shimizu asked if there is any report on the attached agency issue. John Wong, Deputy Attorney General, responded that he submitted his recommendation to his supervisor, but due to shortage in staff the report has not been approved.

Chairperson Gierlach called for a recess at 10:00 a.m. and reconvened at 10:10 a.m.

Director Espero moved at 10:10 a.m.,

Motion: **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 as related to:**

1. **Kolio, et al v. State of Hawaii, Hawaii Public Housing Authority Denise Wise in Her Official Capacity As Executive Director (Civil Case No. CV11-00266 and Civil No. 11-1-0795); and**

2. **Issues Relating to the Ratifying the Acceptance of the Independent Audit of the Hawaii Public Housing Authority's Financial Statements for the Fiscal Period July 1, 2011 – June 30, 2012; and**

The motion was unanimously carried.

The Board reconvened from Executive Session at 10:49 a.m.

With no further business for the Board to conduct, the meeting adjourned at 10:50 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:

Taryn T. Chikamori — JAN 17 2013

Taryn T. Chikamori
Secretary to the Board

Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on January 17, 2013: [ ] As Presented [✓] As Amended

JAN 17 2013

Jason Espero
Director/Board Secretary

Date