HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE REGULAR MEETING
HELD AT 1002 NORTH SCHOOL STREET, BUILDING E
HONOLULU, HAWAII 96817
ON THURSDAY, JANUARY 17, 2013
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, January 17, 2013 at 9:05 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 Jason Espero, Secretary
Director Roger Godfrey
Director Debbie Shimizu
Director Trevor Tokishi
Designee Wilfredo Tungol
Director George Yokoyama

Deputy Attorney General, John Wong
Deputy Attorney General, Jennifer Sugita

DIRECTORS EXCUSED:
Director Matilda Yoshioka, Vice-Chair
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
Rochelle Akamine, Resident Services Program Specialist
Benjamin Park, Planner
Gail Lee. Asset Management Project 31, Property Manager
Taryn Chikamori, Secretary to the Board

OTHERS:
Greg Carroll, Michaels Development Company
Douglas Chin, Carlsmith Ball, LLP

Augafa Ene, Mayor Wright Homes Resident
Fetu Kolio, Private Resident
Makani Maeva, Vitus Group
Monika Mordasini, Michaels Development Company
Matt Taufetee, Peacemakers
Shane Kaui, Peacemakers

Proceedings:

Chairperson Gierlach declared a quorum present.

Director Espero moved,

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

Director Tokishi asked that on page 3 "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" be changed to "Director Tokishi clarified that an unqualified opinion means that the financial statements are fairly presented. An unqualified opinion has nothing to do with fraud.

The minutes were unanimously approved as amended.

Public Testimony

Ms. Monika Mordasini, Michaels Development Company, stated that she is available for questions on the "For Action" item regarding the Choice Neighborhoods Initiatives (CNI) grant agreement. She also reported that at the end of last year both towers at Kuhio Park had been renovated and re-occupied. She stated that the Towers of Kuhio Park has 58 affordable units (without subsidy) that were in high demand and were leased as soon as the units became available.

Mr. Fetu Kolio, private resident, stated that he feels tenants are being intimidated or manipulated into signing move out agreements. He claimed that many times tenants do not understand what they are signing because of the language barrier. He also stated that he was told 19 hour tenant aides were not allowed to work at the property they live at, but Mayor Wright Homes (MWH) has 19 hour aides who live at MWH. He stated that he notices that the eviction Board is comprised of people from the community and feels that there should be a tenant representative.

For Action:

Director Espero moved,

To Reappoint Mr. Melvin Kawahara to the HPHA's Hilo Eviction Board and Mr. Douglas Kaya to the HPHA's Oahu Eviction Board for a Two-Year Term Expiring on January 31, 2014 and March 31, 2014 Respectively.

Executive Director Ouansafi stated that the candidates are fair, hard workers and with integrity, and that staff are recommending their appointment to the HPHA's eviction boards.

The motion was unanimously carried.

For Action:

Director Espero moved,

To Authorize the Executive Director to Execute the Choice Neighborhoods Initiatives (CNI) Planning Grant Agreement with the U.S. Department of Housing and Urban Development (HUD) and Any and All Future Documents Related to the CNI Planning Grant.

Executive Director Ouansafi reported that the Hawaii Public Housing Authority (HPHA) is applied for planning grant with Michaels Development Company (MDC). MDC was the lead applicant and HPHA is considered a co-applicant. The grant funds will be used to develop a transformation plan for the redevelopment of the Kuhio Park Terrace (KPT) community.

The motion was unanimously carried.

For Action:

Director Espero moved,

To Approve the Timeline for the Hawaii Public Housing Authority's Five Year and Annual Plan; To Authorize the Executive Director to Hold Public Hearings on the Draft PHA Annual Plan for Fiscal Year 2013 – 2014 and Draft Amendments to the PHA 5-Year and Annual Plan for Fiscal Years 2009 – 2014; and To Authorize the Executive Director to Submit the Plan to the U.S. Department of Housing and Urban Development (HUD).

Kiriko Oishi, Compliance Officer, stated that the HPHA will not be making any changes to the 5-year plan. The annual plan will include the following proposed changes and activities for the coming fiscal year:

1) Adopting policies and implementing a non-smoking policy for public housing;
2) Changes to the Section 8 Administrative Plan;
3) Amending the HPHA's VAWA policy to comply with recent clarifications from HUD;
4) Continued modernization and redevelopment of public housing;
5) Reviewing proposed changes to Asset Management Project groupings;
6) Start working on long range planning 5-yr plan;
7) Planning to make changes to the Hawaii Administrative Rules;
8) Changes in the HPHA's with eviction procedures to comply with State law;

9) Changes in the policies that affect the HPHA's PHAS scoring;
10) Planning for capital improvements are updated; and
11) Mixed finance redevelopment at Mayor Wright Homes.

Executive Director Ouansafi stated that the list of proposed activities is consistent with Board discussions and recent legislation that has passed.

Director Tokishi asked how the Board will be able to monitor the goals and objectives. He suggested using a dash board to track the HPHA's progress of significant or important goals for HPHA. Executive Director Ouansafi concurred that the staff will put something together for the report to the Board.

Director Yokoyama asked if the form of the PHA Plan is a template. He felt that the objectives needed to be measureable and within a timeframe. Executive Assistant Arashiro responded that the proposed changes to be made to the annual plan and the goals and objectives are listed in the 5-year plan on page 69B, section 5.2.

Director Shimizu asked if the HPHA is planning to eliminate the preferences for Section 8. Executive Director Ouansafi responded that the preferences will not be eliminated. Currently, all new vouchers go to the preference list. There are hard working families with no preference who has been on the waitlist for years. The change is to allow a percentage of the vouchers for the preference list and a percentage of the vouchers for the regular waitlist for fairness to all applicants.

The motion was unanimously carried.

Executive Director's Report:

Executive Director Ouansafi introduced the new Planner, Benjamin Park. He stated Mr. Park was the office manager for former House Majority Leaders Pono Chong and Representative Blake Oshiro.

Executive Director Ouansafi thanked Ms. Yvonne Tanaka of DHS for helping the HPHA hire Mr. Park expeditiously.

Executive Director Ouansafi stated that he has been with the agency for a year now and would like to thank the staff for all their hard work. He reported that the HPHA moved in 136% more new families than the previous year; reduced the vacant unit by 17%; the occupancy rate is approximately 93%; provided approximately $2.3 million more of Section 8 housing assistance; cut the administrative cost down my over a million dollars; and cut the general expensed by about $3.5 million.

Executive Director Ouansafi reported the HPHA will be drafting a letter to tenants regarding the implementation of the non-smoking policy. The tenants will be given two months to get used to complying with the policy, then they will be required to sign an amended lease. The HPHA has

been working with the Department of Health (DOH) and the Coalition for a Tobacco Free Hawaii as well as other agencies. For tenants who want to quit smoking, the HPHA will work with the DOH and the Coalition for a Tobacco Free Hawaii to provide patches and other cessation programs when available.

Executive Director Ouansafi stated that the HPHA will be working with each community to determine if a designated smoking area is wanted by tenants or complete no smoking properties.

Director Tokishi asked what the penalty is if a tenant gets caught smoking in their unit. Executive Director Ouansafi responded that it will be a lease violation.

Director Tokishi asked if the HPHA needs to catch the tenant smoking or just smell the smoke. He commented that it could be difficult to catch someone smoking in their unit. Executive Director Ouansafi agreed that the policy may be difficult to enforce, but the HPHA hopes that as time goes on the community will see the benefits of non-smoking.

Designee Tungol asked if the no-smoking policy would apply to guests. Executive Director confirmed that the policy would apply to a tenant's guests and the lease states that tenants are responsible for their guests.

Designee Tungol suggested that the HPHA put up no smoking signs. Executive Director Ouansafi reported that the HPHA will be putting up signs and the DOH has agreed to provide some signs at no cost to the HPHA.

Director Gierlach asked if the HPHA received the HUD approval on the waiver of conflict of interest. Executive Assistant Arashiro responded that the HPHA recently received approval of the Board's request for a waiver of the conflict of interest.

Executive Director Ouansafi reported that the list of Legislative proposals is on page 97.

Director Shimizu stated that the Governor's office and the HPHA are still in discussions regarding the exemption from chapter 26-35 (a)(1), (5), (6) which exempts the authority from having to go through the DHS and the Governor's office in terms of communication, procurement and allocation of space.

Director Shimizu stated the problem is that other Board's are not exempt.

Chairperson Gierlach asked if the HPHA is different from other Board's because the HPHA is majority federally funded. Director Shimizu responded that the HPHA still receives some State funds.

Executive Director Ouansafi stated that the HPHA is different because HUD mandates that the Board must be govern as a separate entity. He feels the HPHA is a full service agency and different than other attached agencies and the Board should be in charge of the final say. He stated that if the Board makes a decision, the decision should not be over ruled by any other individual.

Executive Director Ouansafi recommended that the Board go into Executive Session to further discuss the matter.

Chairperson Gierlach deferred the issue till Executive Session.

Executive Director Ouansafi asked that the Board create a Finance Task Force to review the single audit findings.

Chairperson Gierlach stated the Finance task force will consist of Directors Tokishi, Espero, Godfrey, Shimizu and himself for the purpose of meeting with the staff to review the single audit findings and the HPHA's draft responses.

Executive Director Ouansafi reported that the HPHA requested $180 million from the State, but the administration requested $90 million for 2013 and nothing at this time for 2014.

Executive Director Ouansafi reported that the HPHA currently is on track to spend all of the funds, once Budget and Finance (B & F) releases the funds. Currently, there are multiple requests for the release of funds that have been in the review process at B&F for several months.

Director Tokishi asked for clarification on page 109, Revenues: Capital Improvement Projects (CIP) Administrative drawdown budgeted beginning in November ($456k monthly through July 2013) awaiting current CIP allotment for revenue recognition. Executive Director Ouansafi responded that the HPHA expects to receive administrative fees for some of the CIP.

Director Tokishi moved at 10:45 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. **Deferred Item on 2013 Legislative Proposals Submitted to the Office of the Governor**

The motion was unanimously carried.

The Board reconvened from Executive Session at 11:03 a.m.

Chairperson Gierlach stated that the Board discussed the Kolio litigation and the legislative proposal related to HPHA's autonomy.

For Information:

U.S. Department of Housing and Urban Development (HUD) Recovery Plan, Hawaii Public Housing Authority

Executive Director Ouansafi stated that for the fiscal year ending June 30, 2011 the HPHA was rated "Substandard Management" by HUD. The HPHA and HUD executed a recovery plan. There are still some training for staff that needs to occur.

Executive Director Ouansafi stated he would like to add one more activity to the annual plan. The HPHA will be asking for no residual rights, which means that if the head of household moves out the adult child may not continue occupying the unit. The adult must go through the application process.

Chairperson Gierlach asked if the addition needs Board approval. Executive Director Ouansafi responded, no because this is a draft and the final will be brought to the Board in March.

With no further business for the Board to conduct, the meeting adjourned at 11:05 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:

Taryn T. Chikamori

Taryn T. Chikamori
Secretary to the Board

FEB 21 2013
Date

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on February 21, 2013: [✓] As Presented [ ] As Amended

Jason Espero

Jason Espero
Director/Board Secretary

FEB 21 2013
Date