MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BUILDING E,
ON THURSDAY, JANUARY 21, 2010
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority met for their Special Meeting at 1002 N. School Street, on Thursday, January 21, 2010 at 9:15 a.m.

The meeting was called to order by Chairperson Travis Thompson and, on roll call, those present and absent were as follows:

ORDER/
ROLL CALL

PRESENT:
Chairperson Travis Thompson
Director Clarissa Hosino
Director Eric Beaver
Designee Henry Oliva
Director Linda Smith
Director Matilda Yoshioka
Director Rene Berthiaume
Director Roger Godfrey
Director Sam Aiona
Director Sherrilee Dodson

Krislen Chun, Deputy Attorney General

EXCUSED:
Director Carol Ignacio

STAFF PRESENT:
Barbara Arashiro, Executive Assistant
Alan Sarhan, Planner
Charlene Nakamoto, Housing Compliance & Evaluation Specialist
Glori Inafuku, Housing Compliance & Evaluation Specialist
Joanna Chaves, Public Housing Supervisor
Lydia Camacho, State Housing Development Administrator
Marcel Audant, Housing Development Specialist
Mark Buflo, Acting Chief Financial Management Advisor
Michael Hee, Private Management Contracts Section Chief
Norhana Schumacher, Acting Section 8 Subsidy Program Branch Chief
Rick Sogawa, Acting Contracts and Procurement Officer
Sandra Miyoshi, Homeless Programs Administrator
Shirley Befitel, Personnel Supervisor
Stephanie Fo, Property Management and Maintenance Services Branch Chief
Steve Chang, Chief Compliance Officer
Taryn Chikamori, Secretary to the Board

OTHERS:
Alice Black, Waimaha Sunflower resident
Augala Ene, Mayor Wright Homes resident
Ava Goldman, Michaels Development Company
David Moakley, Ameresco
Fetu Kolio, Mayor Wright Homes resident
Greg Carroll, Michaels Development Company
Jesse Ponce de Leon, Kalakaua Homes resident
Jun Yang, Faith Action for Community Equity
June Talia, Kuhio Park Terrace resident
Leo Molina, Waimaha Sunflower resident
Leva Alualu, Kuhio Park Terrace resident

Monika Mordasini, Michaels Development Company
Nora Oliphant, Kalakaua Homes resident
Robert Hanna, private resident
Roy Nakamura, Kalakaua Homes resident

Chairperson Thompson declared a quorum present.

QUORUM

Director Beaver moved, Director Hosino seconded,

That the minutes of the Regular Meeting held on December 17, 2009 be approved as circulated.

The minutes were unanimously approved.

APPROVAL OF MINUTES REGULAR MEETING DECEMBER 17, 2009

Director Beaver moved, Director Hosino seconded,

That the minutes of the Special Meeting held on January 7, 2010 be approved as circulated.

The minutes were unanimously approved.

APPROVAL OF MINUTES SPECIAL MEETING JANUARY 7, 2010

PUBLIC TESTIMONY

Nora Oliphant, Kalakaua Homes resident, stated that she has two issues she would like to testify on. The first issue is that she has termites in her unit. Ms. Oliphant stated that treatment was done before, but the termites have returned and has gotten worse. She has called the management office regarding the infestation. The second issue is that a former member of the tenant association owes the tenant association money for over two years now.

Director Smith asked if anyone came to treat the termite infestation. Ms. Oliphant responded that a professional contractor came about two years ago and the Hawaii Public Housing Authority's (HPHA) maintenance has also treated the infestation, but now the termites are moving to a different part of the cabinets.

Director Smith asked how long Ms. Oliphant has been living in public housing. Ms. Oliphant responded 14 years. Director Smith asked if in the 14 years Ms. Oliphant lived in public housing does she remember the building being tented. Ms. Oliphant responded that she does not remember the building ever being tented.

Roy Nakamura, Kalakaua Homes resident, stated that the Lanakila Meals on Wheels Program has the Paoakalani activity room reserved Monday through Friday from 8:00 a.m. to 12:00 p.m. Mr. Nakamura stated a request to use the room was submitted on December 2, 2009 and was returned on December 4, 2009 disapproved.

Director Smith stated she appreciates his interest in the issue, but the issue has been resolved with the help of Chairperson Thompson.

Mr. Nakamura stated the issue has been resolved but Stephanie Fo, property management and maintenance services branch chief, informed him that Chairperson Thompson's signature is not valid.

Director Smith stated that Chairperson Thompson signed the document because the executive director, executive assistant, and the property management and maintenance services branch chief were not physically available to sign the document. Mr. Nakamura was questioning why the room usage was denied by management.
Robert Hanna, private resident, stated Mr. Nakamura asked him to testify. He

stated that the room usage was approved only two days before the party and because of the late notice the party was a flop.

Director Beaver asked if Mr. Hanna knew why the original request was denied. Mr. Hanna responded it was denied because of the hours the party was to take place. The second request the time was changed but was denied again because the party was taking place in the Lanakila Meals on Wheels site. The manager at Kalakaua Homes stated she contacted Lanakila Meals on Wheels and was informed that Lanakila Meals on Wheels would not take responsibility for the party. Mr. Hanna stated that the director of HPHA should have known that this would be the response from Lanakila Meals on Wheels and shouldn't have denied them of their party.

Alice Black, Waimaha Sunflower resident, stated that she is concerned about the residents at Waimaha Sunflower and there needs to be better communication with management.

Leo Molina, Waimaha Sunflower resident, stated that he is part of the neighborhood watch and is concerned with security and the Micronesians damaging the property.

Fetu Kolio, Mayor Wright Homes (MWH) resident, stated he wants to work with the new executive director. The citizens patrol has been criticized by management and there is a resistance group. He stated he is disappointed that management has condemned the citizen patrol. Mr. Kolio reported that the citizens patrol was patrolling the project with security guards. The security guards were informing residents with tents that they need a permit from management. There was a confrontation with one family which escalated and the police had to be called. The manager informed him that the citizen patrol should not be knocking on doors because they are not management staff. Mr. Kolio stated that the citizen patrol does not approach tenants; they monitor the project.

Director Yoshioka asked if security is contracted out or if the HPHA is managing security. Ms. Fo responded that security is contracted.

Jesse Ponce de Leon, Kalakaua Homes resident, stated that a person from Faith Action for Community Equity (FACE) had taped him and he requested a copy of the tape and tried to get an interview with the manager of FACE. He stated the manager was going to give him an interview but then requested a list of questions. The questions were 1) why you are taking a position for Chad Taniguchi, executive director and 2) why are you not helping the senior citizens when they are complaining. Mr. Ponce de Leon asked what FACE is doing for the community? There are many problems that have arisen since the new year started.

June Talia, KPT resident, stated she wants to apologize to the Board. She wants to work with the new executive director. She stated she was upset, but she knows that she needs to move on and wished the new executive director good luck.

Director Beaver moved, Director Hosino seconded,

> To Approve the Hiring of Denise Wise to Fill the Anticipated Vacancy for the Position of the Executive Director of the Hawaii Public Housing Authority.

TO APPROVE THE HIRING OF DENISE WISE TO FILL THE ANTICI-PATED VACAN-CY FOR THE POSITION OF THE EXECUTIVE DIRECTOR OF THE HAWAII

Director Smith asked if the candidate accepted the position. Shirley Befitel, personnel supervisor, responded yes.

Director Smith asked if a start date is being negotiated. Ms. Befitel responded that the start date is contingent on the background check.

Chairperson Thompson stated Michael Flores, HUD spoke to him and informed him of the correction action order (CAO) that was still in place. Chairperson Thompson stated he informed Mr. Flores of the background of the candidate and the Board's actions. Mr. Flores called the candidate and spoke to her. HUD subsequently sent a formal memo to the HPHA with HUD approval of Denise Wise.

PUBLIC HOUSING AUTHORITY

Director Beaver asked if staff has a report on the CAO. Ms. Arashiro responded staff will put a report together for the next Board meeting. HUD continues to have issues with the obligation rate of the capital fund.

Director Beaver asked for the CAO to be a reoccurring report.

Director Berthiaume asked if the CAO means that the HPHA is a troubled agency. Ms. Arashiro responded no.

The motion was unanimously carried.

Director Beaver moved, Director Dodson seconded,

To Approve the Reappointment of Mr. Darren Gionson to the Oahu Eviction Board and Ms. Arde Long-Yamashita to the Kauai Eviction Board for a Two-Year Term Expiring on January 31, 2012 and To Reappoint Mr. Robert Hill to the Maui Eviction Board for a Two-Year Term Expiring on February 28, 2012

TO APPROVE THE REAPPOINTMENT OF MR. DARREN GIONSON TO THE OAHU EVICTION BOARD AND MS. ARDE LONG-YAMASHITA TO THE KAUAI EVICTION BOARD FOR A TWO-YEAR TERM EXPIRING ON JANUARY 31, 2012 AND TO REAPPOINT MR. ROBERT HILL TO THE MAUI EVICTION BOARD FOR A TWO-YEAR TERM EXPIRING ON FEBRUARY 28, 2012

Chairperson Thompson stated he was impressed with the background of the volunteers.

Director Hosino asked if the volunteers have been notified that they are up for reappointment. Ms. Arashiro responded they have been informed.

Chairperson Thompson asked how the members were informed. Ms. Arashiro responded she is unsure if it was by telephone or by a letter but she knows they were informed. All of the volunteers expressed a willingness to continue serving on the Board.

The motion was unanimously carried.

Director Beaver moved, Director Dodson seconded,

To Authorize the Hawaii Public Housing Authority to Hold Public Hearings on the Draft Five Year and Annual Plan for Fiscal Year 2010 – 2011

TO AUTHORIZE THE HAWAII PUBLIC HOUSING AUTHORITY TO HOLD PUBLIC HEARINGS ON THE DRAFT FIVE YEAR AND ANNUAL PLAN FOR FISCAL

Ms. Arashiro stated that Alan Sarhan, planner, worked with the Resident Advisory Board (RAB) on the draft of the Public Housing Agency (PHA) plan.

Mr. Sarhan stated the annual plan has amendments. He has been meeting with the RAB for several months and there is another meeting in February which may change the PHA plan.

YEAR 2010 – 2011

Director Smith asked if the Board can make changes to the plan after the public hearings. Mr. Sarhan responded the Board can make changes, if it is not a substantial change. If it is a substantial change then it would need to go back to public hearings, which would not leave enough time for the HPHA to submit the PHA plan to HUD.

Director Smith asked if the Board can make changes after the PHA plan has been submitted to HUD. Mr. Sarhan responded yes, but there would need to be public hearings.

Director Yoshioka asked if the RAB has formally adopted the PHA plan. Mr. Sarhan responded that there has been disagreement on a few changes, but the changes are not substantial. Mr. Sarhan clarified that "substantial" is defined in the PHA plan.

Director Yoshioka asked what the deadline to submit to HUD is. Mr. Sarhan responded the HPHA's timeline is to submit to HUD on March 24, 2010. The HUD deadline is April 15, 2010.

Director Smith asked what the differences between the draft and the RAB's request. Mr. Sarhan stated there are three significant items that the RAB disagree with. Mr. Sarhan stated that the first item is the timeliness of evictions. The HPHA wants to start the eviction process after 30 days of delinquencies, whereas; the RAB wants the eviction process to start 60 days after the delinquencies.

Chairperson Thompson asked how the HPHA can make the 30 day timeline if it takes the HPHA a couple of months to recalculate the rent. Mr. Sarhan responded the 30 day timeline is assuming everything is timely, the tenant has been notified of the delinquency, the tenant has not complied with the repayment plan, and amount of rent is not in dispute.

Mr. Sarhan stated the second item is the HPHA wants 25 days for tenant requested work orders to be completed, whereas; the RAB wants 14 days. The HPHA feels that that it is unable to complete tenant requested work orders in 14 days because of the time it takes to obtain contractors and materials for the repairs.

Chairperson Thompson stated if the HPHA uses 14 days, then shouldn't the staff work harder to make the 14 days. Mr. Sarhan responded stated that if the HPHA uses the 14 days as a standard and does not complete the work in 14 days then the HPHA is not meeting the standard that was set.

Director Beaver asked if there is a prioritized list for health and safety issues. Ms. Arashiro responded that if it was a health and safety issue then it is an emergency work order which needs to be completed within 24 hours.

Chairperson Thompson asked if the "HPHA will use Asset Management conversion as an opportunity to assess the viability of individual housing projects sites" means that some Asset Management Project AMPs cannot adequately function under the asset management model and does the HPHA have an option to convert. Mr. Sarhan stated this is not a question of whether the HPHA will do asset management; it is saying that the HPHA will use the asset management conversion as an opportunity to look at project and determine whether it will be financially viable. The assessment would look at whether AMPs need to be reconfigured.

Director Berthiaume asked if operational costs can be separated from repairs and budget the repairs under the Capital Improvement budget. Director Beaver responded that would defeat the asset management process.

Director Smith asked for "tenant selection" will the HPHA do credit checks and

home visits, and has the HPHA gotten an opinion from the attorney as to if this is permissible. Mr. Sarhan responded that this item has changed slightly to state that besides credit checks, the HPHA will investigate and assess the possibility of the suitably assessment.

Chairperson Thompson stated that the assessment would be subjective to the inspector unless there is a very strict criteria.

Director Beaver stated if someone is found not suitable then what happens. Ms. Fo responded doing a suitably check will save the HPHA money because there will be a strict criteria. The criteria entails tenant caused damages and does not look at if the tenant is messy or cluttered. All suitably will be documented.

Director Dodson stated that Habitat for Humanity does a suitability check.

Chairperson Thompson stated the other issue he has is that Hawaii has multiple ethnic backgrounds and the HPHA should not put standards on them. Director Dodson stated the HPHA is not talking about if the home is messy; the HPHA is talking about tenant caused damages. Every other landlord does a suitability check; the HPHA should do one too.

Director Smith stated that Director Dodson's comments were very helpful but would like the HPHA to consult with the Department of the Attorney General.

Director Beaver stated he agrees with the suitably check if the criteria is clear.

Director Hosino stated that if she was living in a private unit she would not like someone coming into her home. The private landlord does inspections and know how you care for the property.

Director Hosino stated that the RAB is against: 1) improving the timeliness of evictions; 2) waitlist/tenant selection changes; 3) standards requiring repair within 270 days; 4) suitability assessments; 5) homeless preference; 6) work orders; 7) self-sufficiency requirements; and 8) assessing resident services program. The RAB did not have enough discussion on the review and standardized house rules to make any comment.

Chairperson Thompson asked if there will be more discussions with the RAB because of the disagreements. Mr. Sarhan responded that most of the contention items are expressed in the PHA plan as items the HPHA will look into and consider. The RAB is saying they are against doing it. There is more time for the Board and residents to state if they are for or against each item as they arise.

Director Aiona asked who can testify at the public hearing. Mr. Sarhan responded anyone who is interested.

Director Aiona asked because the public hearings are taking place on all islands who will be on the neighbor islands answering questions. Mr. Sarhan responded that the public hearing is for people to submit either verbal or written testimony. There will be no feedback provided at the public hearing.

Director Aiona asked who residents can speak to if they have questions. Director Hosino stated that because there are not enough RAB members, each RAB member needs to take the initiative to go to each project and address the PHA plan to ensure the residents understand the plan.

Director Dodson stated the RAB is not the only place residents can get answers, regarding the plan; the residents may also call Mr. Sarhan. The information is in the rent bill, newspaper, at the projects, and the RAB.

Director Hosino stated that as a requirement of the resident participation funds a

RAB member goes to the property to discuss the PHA plan. Director Dodson clarified that she is not saying that the RAB shouldn't go to each project, but that there are many avenues the residents have to get the information and questions answered.

Director Yoshioka stated that she is concerned with the PHA plan timeline. When will the Board have time to review the PHA plan because it will be finalized on March 17 and the Board will receive it on March 18? Director Dodson responded that the plan is due on April 16 and the Board has another meeting on April 15. Ms. Arashiro stated that the timeline has always been a problem. The Housing and Community Development Corporation of Hawaii (HCDCH) Board would have a have a Special Board meeting to approve the PHA plan.

Chairperson Thompson stated he would like the Board inputs at the February meeting so the Board can discuss the changes in March before the public hearings.

Director Hosino stated she has a concern that the RAB doesn't have quorum and cannot approve the plan.

Chairperson Thompson stated the Hawaii Administrative Rules address the issue of quorum and if the RAB can't get the people then it is a problem. It is incumbent on the RAB to get its members there.

Director Berthiaume asked why the Board needs to vote on the PHA plan if it is a statutory requirement. Ms. Arashiro responded that the Board needs to authorize the staff to take the plan to the public.

Director Beaver asked why it will take the HPHA 270 days to repair new long-term vacant units. Mr. Sarhan responded that this was the goal that the Board approved. These units are severely damaged by fire, sewer problems or structural issues, etc.

Ayes: Chairperson Thompson
Director Aiona
Director Beaver
Director Berthiaume
Director Dodson
Director Godfrey
Director Smith
Director Yoshioka

Nay: Director Hosino

The motion was carried.

RECESS/ RECONVENED

Chairperson Thompson called a recess at 10:36 a.m. and reconvened at 10:49 a.m.

TO ACCEPT THE PROPOSED AMENDMENT TO THE DIS-CRIMINATION POLICY OF THE ADMISSIONS AND CON-TINUED OCCUPANCY POLICY (ACOP)

Director Beaver moved, Director Hosino seconded,

To Accept the Proposed Amendment to the Discrimination Policy of the Admissions and Continued Occupancy Policy (ACOP)

Ms. Arashiro stated that the change to the Admissions and Continued Occupancy Policy (ACOP) is to comply with the Violence Against Women Act (VAWA).

Steve Chang, Chief Compliance Officer, stated the change is to include language that states "history of domestic violence or stalking, gender identity or expression,

sexual orientation."

Chairperson Thompson stated that the wording sounds like it is protecting the perpetrators, although he understands this is to protect the victims. Mr. Chang responded that the language is from the statute and is intended to protect victims of domestic violence.

Ayes: Director Aiona
Director Beaver
Director Berthiaume
Director Dodson
Director Godfrey
Director Hosino
Director Smith
Director Yoshioka

Abstained: Chairperson Thompson

The motion was carried.

TO ADOPT THE HAWAII PUBLIC HOUSING AUTHORITY'S REVISED REASONABLE ACCOMMODATIONS POLICY

Ms. Arashiro requested that the decision making to adopt the Hawaii Public Housing Authority's revised reasonable accommodations policy be deferred.

Director Beaver moved, Director Hosino seconded,

Deferred The Decision Making To Adopt The Hawaii Public Housing Authority's Revised Reasonable Accommodations Policy.

The motion was unanimously carried.

REQUESTING APPROVAL TO REQUEST A WAIVER FROM HUD'S REGULATORY REQUIREMENT TO DECREASE THE PAYMENT STANDARD AMOUNTS AT THE FIRST REGULAR ANNUAL REEXAMINATION INSTEAD OF AT THE SECOND REGULAR ANNUAL REEXAMINATION (SEE 24 CFR 982.505 (C)(3))

Director Beaver moved, Director Aiona seconded,

Requesting Approval to Request a Waiver from HUD's Regulatory Requirement to Decrease the Payment Standard Amounts at the First Regular Annual Reexamination Instead of at the Second Regular Annual Reexamination (see 24 CFR 982.505(c)(3))

Norhana Schumacher, Acting Section 8 Subsidy Program Branch Chief, stated the HPHA wants to ask HUD for a waiver of the regular rules to lower the payment standard at the first regular annual reexamination, instead of the second regular annual reexamination. This would prolong the HPHA running out of funds for six months.

Director Dodson asked if any other agencies are requesting this wavier. Ms. Schumacher responded the HPHA is unique in this request.

Director Berthiaume asked if this affects the Veterans Assisted Supportive Housing vouchers (VASH). Ms. Schumacher responded it does not affect the VASH vouchers.

Chairperson Thompson asked how much funds should be in the reserves. Ms. Arashiro responded $3 to $4 million.

Chairperson Thompson asked how much the HPHA is spending per month. Ms. Schumacher responded $1.6 million.

Chairperson Thompson asked how much money the HPHA would save. The HPHA would have an additional six months before running out of money.

Chairperson Thompson stated if the HPHA changes from 100% to 90% the HPHA would be saving 10% which is approximately $150,000.
Ms. Schumacher responded that when the payment standard is lowered, the HPHA share goes down and tenant share goes up. Currently at 100%, the HPHA is paying $1,140 for a studio. At 90%, the HPHA would be paying $1,072 which would save the HPHA $68.

Director Smith asked why is this being requested now, when the HPHA will not run out of funds until September 2012, and the HPHA will lose clients through attrition to make up the difference. Ms. Schumacher responded that the attrition rate will not be enough and this is a preparatory step to addressing the over utilization. Other steps still need to be taken to address the issue.

Chairperson Thompson stated that the HPHA is lowering the payment to 90%, so the only difference is the HPHA would be giving a one year notice compared to a two year notice. Ms. Schumacher responded yes.

Director Smith stated she does not feel that the case has been made to request the waiver at this time because: 1) the HPHA is not issuing new vouchers; 2) the HPHA is losing clients through attrition; and 3) when families want to move out the HPHA can approve or deny the request.

Director Yoshioka asked if this decision making is approved who covers the difference. Ms. Schumacher responded that the tenant will pay the difference.

Chairperson Thompson asked what happens if the HPHA runs out of reserves. Ms. Schumacher responded the HPHA will need to use the operating funds and the families who were placed last will be first to be terminated from the program. This will be about 200-300 families.

Director Beaver stated that the attrition rate is so small that the HPHA will get to the point where we will need to remove 200-300 families from the program. Although all families will need to pay a little more, more families will be helped.

Chairperson Thompson asked how many families are currently in the Section 8 program. Ms. Schumacher responded 1,800.

Director Smith asked how the HPHA got into this situation. Ms. Schumacher responded because HUD has reduced funding.

Director Smith asked if the HPHA knew HUD would be reducing funding. Ms. Schumacher responded no.

Director Dodson stated that she is concerned about asking HUD for the waiver because the HPHA is the only agency requesting the wavier and the HPHA is still under the Corrective Action Order (CAO).

Director Thompson stated that he is concerned because this will affect 1,800 families.

Director Berthiaume asked what the rate the City and County is using is. Ms. Schumacher responded the City and County is below 90%.

Ms. Arashiro stated the HPHA is not asking for a waiver to lower the payment standard. The HPHA is asking to implement the 90% in one year, instead of two years.

Director Beaver asked if the HPHA waits will this impact the relationship between HUD and the HPHA. Ms. Schumacher responded that HUD will ask why the HPHA waited to the last minute.

Chairperson Thompson asked whether the HPHA has had informal conversations with HUD. Ms. Schumacher responded no.

Chairperson Thompson asked who Section 8 works with at HUD. Ms. Schumacher responded Bill Sabalburo.

Director Smith stated the goal for using the funds is 100% and the HPHA is currently using 101.79%. Director Smith asked if Section 8 is saying that it cannot make the adjustment of 1.79% by 2012 without lowering the payment rate. Ms. Schumacher responded 100% is the goal, but because many people are losing their jobs the HPHA share will likely go up.

Director Smith asked if Section 8 can deny the increase of the voucher. Ms. Schumacher responded no, because it is in the administrative plan.

Director Smith stated that if nothing is done then Section 8 will run out of money in September 2012 instead of January 2013.

Nays: Chairperson Thompson
Director Aiona
Director Berthiaume
Director Dodson
Director Godfrey
Director Hosino
Director Smith
Director Yoshioka

Abstained: Director Beaver

The motion was not carried.

EXECUTIVE SESSION

Director Beaver moved, Director Hosino seconded,

> To go into executive session at 11:24 a.m. pursuant to sections 92-4 and 92-5(a)(2), Hawaii Revised Statutes, to discuss the term of the current Executive Director, where matters of privacy are involved, and pursuant to section 92-5(a)(4), Hawaii Revised Statutes, to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, as related to the term of the current Executive Director.

The motion was unanimously carried.

RECONVENED

The Board reconvened from Executive Session at 12:24 p.m.

Chairperson Thompson stated that there was a motion made and unanimously passed to place the current executive director on leave with pay effective close of business of January 22, 2010 with the employment termination date of February 19, 2010. The Board also authorized the executive assistant to act as acting executive director effective January 25, 2010 and until the new executive director's start date.

Designee Oliva arrived at 12:25 p.m.

GOALS AND OBJECTIVES TASK FORCE

Director Smith reported that the Goals and Objectives task force met with Calvin Taketa, Hawaii Community Foundation. The task force briefed Mr. Taketa on the Board's goals and objectives. Mr. Taketa asked to keep him apprised of the

development and he offered to assist the Board if the Board decides to approach other non-profit organizations.

UPDATE

Director Smith also has an intern, David Okimoto, who will be doing research on other housing agencies who has been successful in Hope IV, rent to own programs, and mixed use projects.

Chairperson Thompson asked if there was an offer for funding. Director Smith responded that the task force did not make the request. The Board needs to keep in mind that the Hawaii Community Foundation manages donations from other agencies and these funds come with specific parameters.

Chairperson Thompson asked the Goals and Objectives task force continue the effort and report back at the next meeting.

HUMAN RESOURCES

Designee Oliva stated that the Human Resources task force has no report. Chairperson Thompson asked the Human Resources task force to continue the effort and report back at the next meeting.

MIXED INCOME

Director Beaver stated that the Mixed Income task force discussed Kuhio Park Terrace (KPT) and the Energy Performance Contract (EPC). The task force is in favor of staff's recommendations that will be discussed later. Chairperson Thompson asked the Mixed Income task force to continue the effort and report back at the next meeting.

Director Dodson stated she would like to start a new task force that would explore Board trainings.

Director Berthiaume asked because the Homelessness task force is not on the agenda does this mean that the task force has been dissolved. Krislen Chun, deputy attorney general, clarified that the task force has not been dissolved but the task forces do not take action unless Chairperson Thompson instructs them to do so.

Director Berthiaume and Director Aiona volunteered to be on the Board Training task force.

Chairperson Thompson appointed Director Dodson, Director Berthiaume, and Director Aiona to be on the Board Training task force. Chairperson Thompson asked that the task force ask the staff for help.

Director Dodson stated her intention is to give each Board member a Board packet and update each year.

Chairperson Thompson asked that the Finance/Audit task force meet to discuss the current audit and to make comments and report back to the Board at the next meeting. Chairperson Thompson stated that Director Smith, Director Beaver, and the Chairperson are on the Finance/Audit task force.

Chairperson Thompson asked Director Godfrey to be on the Finance/Audit task force. Director Godfrey agreed.

EXECUTIVE DIRECTOR'S REPORT

Ms. Arashiro stated that there was discussion with the AG's office regarding the Executive Order (EO) for Homeless Programs Branch (HPB). The AG's office does not feel that the EO will accomplish all that needs to be accomplished. Ms. Arashiro stated she asked the AG's office if a Memorandum of Agreement (MOA) would work. The MOA would give the funds to the Department of Human Services (DHS) and to ask the DHS staff manage the funds.

Designee Oliva asked if the HPHA wanted the HPB to physically move. Ms. Arashiro responded yes.

Chairperson Thompson asked does this mean that the EO will not be happening. Ms. Chun responded she is not sure but believes that it will be handled through a MOA.

Director Berthiaume asked if this means that the legislature does not need to pass a bill. Ms. Chun responded that the executive director and/or MOA are only interim measures and that legislative action is still required.

Director Smith stated that Diane Taira, deputy attorney general, indicated that she received only part of the information regarding what the EO is for and how it will be implemented. The HPHA has always known that the statute needs to be cleaned up. The HPHA can make the transfer without statutory changes right now. Some changes can be done by EO and some by MOA. If the HPHA does not move quickly, then funding of the HPHA and the HPB are being jeopardized. Director Smith stated she will re-write the EO to make sure that the HPHA can move forward.

Director Beaver asked what the holdup is. Director Smith responded there was a draft completed, but it needs a lot more work.

Director Berthiaume stated there was a bill in the legislature last year. Will that bill take precedence over the EO or MOA? Director Smith responded that the bill, EO, and MOA are all in tandem with each other.

Chairperson Thompson asked that Ms. Arashiro keep the Chair informed.

Designee Oliva stated that the first thing that can be done without documentation is to look for a physical location for the HPB. He will be working on the move.

Chairperson Thompson asked who will be working on the MOA. Ms. Chun stated she will check with Ms. Taira on who will draft the MOA. Director Smith stated she will work will Ms. Chun and Ms. Taira on the EO and MOA.

Chairperson Thompson asked that on the report it states that two units have been referred to Construction Management Services (CMS) due to earthquake damage. When was the earthquake? Director Smith responded October 2006.

Chairperson Thompson stated that Maui has 61 CMS units delayed because the contractor's equipment was stolen. It happens that a person that working on the job is his neighbor. He asked him how many items were stolen. The neighbor responded about $100-$200 worth of items. Chairperson Thompson asked that staff ask question when contractors report incidents.

Chairperson Thompson stated that with regards to rent collection there are two AMPs that have half the units delinquent for 30 or more days. Ke Kumu Elua has 11 occupied units but 12 units with delinquencies. Chairperson Thompson stated that Kahale Mua has a 93% rate of non-vacated delinquencies.

Director Smith stated the Hana vacant parcel sale needs to be submitted as part of the administrative package on January 25. She has asked her staff to get the information from the HPHA and her staff will write the resolution. The public hearing can still take place on February 5.

Ms. Fo stated that the rent collection policy is that notices are sent, there is a meeting with the tenants and a repayment agreement is made or they are forwarded for eviction.

Chairperson Thompson asked if a repayment agreement is made does it show as delinquent. Ms. Fo responded yes, she will make a new column which includes how many tenants are on a repayment agreement.

Chairperson Thompson stated that for the month of December, no elevators were down for more than one day. This is great news.

Chairperson Thompson asked what the supplemental amount of $330,360 to Realty Laua, LLC for Wilikina Apartment is for. Director Smith responded it deals with the timing of the sale of the property. The contract has been extended to August 31, 2010 and there is a clause in the contract that allows the HPHA to terminate earlier with 30 days notice.

Ms. Arashiro reported that all the AMPS passed the REAC inspection.

Chairperson Thompson asked what AMP had the highest score. Ms. Fo responded Puuwai Momi, Makua Alii and Lanakila Homes all had a score of 92 points.

Chairperson Thompson stated instead of the staff reviewing the report, he would like the Board to read through the packet and be ready to ask their questions at the Board meeting.

Ms. Arashiro reported that HUD was able to bring the asset management training to Hawaii on January 27 and January 28. The HPHA will be having two full days of training from the consultant and the Board is welcome to attend.

MASTER SCHEDULE FOR THE SALE OF BANYAN STREET MANOR

Chairperson Thompson stated the Board will discuss the master schedule for the sale of Banyan Street Manor.

Michael Hee, Private Management Contracts Section Chief, stated that the Purchase & Sale Agreement (P & SA) draft #2 was transmitted to the buyer. The AG's office is communicating with the buyer on the remaining issues.

Ms. Chun stated that there has been agreement on many of the terms.

Mr. Hee stated that once the P & SA is signed, then the buyer can obtain finances.

Director Smith asked how long will it take for the AG's office to iron out the differences. Ms. Chun responded the buyer has the P & SA and their attorneys need to get approval from their clients. The plan is to try and get the P & SA signed by next week.

Chairperson Thompson asked if the HPHA is selling the property "as is". Mr. Hee responded yes, but the buyer has come back with things that they need changed in order to get financing.

Chairperson Thompson stated that if the property is being sold "as is", then the HPHA would save six months because the schedule stated 180 days to waive conditions.

Director Smith asked why HUD needs to approve the sale. Mr. Hee responded because it is an insured mortgage and because of Section 8.

Director Smith asked if some of the items could be completed simultaneously. Mr. Hee responded yes, and once the P & SA is signed this will give the buyers site control and they can get financing.

Chairperson Thompson asked if Mr. Hee is in charge of the sale. Mr. Hee responded yes, but he believes the HPHA will need to hire outside counsel to help transfer the physical assets.

MASTER SCHEDULE FOR THE SALE

Chairperson Thompson stated the Board will be discussing the master schedule for the sale of Wilikina Apartments.

OF WILIKINA APARTMENTS

Mr. Hee stated that the P & SA agreement draft #5 has been transmitted to the buyer. The AG's office is discussing with the buyers the final details. Ms. Chun stated the lead attorney called the buyer and the plan is to have the P & SA signed by next week.

Director Berthiaume asked if the sale requires legislative approval. Mr. Hee responded no.

Director Smith asked if Hawaii Housing Finance and Development Corporation (HHFDC) is listed because the buyer is requesting tax credit. Mr. Hee responded yes.

Director Smith stated the master schedule looks long. Mr. Hee stated Alvarez & Marsal estimating the timelines based on past experience.

Director Smith asked if the sale is contingent on the tax credit as financing. Mr. Hee responded no, it's contingent on financing.

MASTER SCHEDULE FOR THE SALE OF HANA

Chairperson Thompson stated the Board would be discussing the master schedule for the sale of Hana.

Mr. Hee stated once the HPHA gets legislative approval, the HPHA is ready to sell. Mr. Hee stated that Jordann Ares from Director Smith's office is helping to write the resolution to submit to the legislature.

Director Smith asked why an appraisal needs to be completed. Mr. Hee responded it is required by the legislature.

Director Smith asked if the HPHA already got the appraisal. Ms. Chun clarified that the broker provided a fair market rate, but no formal appraisal was completed.

Director Smith asked if there needs to be a public meeting. Mr. Hee responded that he is awaiting approval from the County of Maui to use its facilities to hold a public meeting.

Chairperson Thompson asked does he want to use Helene Social Community Hall. Mr. Hee responded yes.

Director Smith stated she would like the HPHA to ask the Department of Land and Natural Resources (DLNR) to assign someone to do the appraisal right away.

EXECUTIVE DIRECTOR REPORT/ HOMELESS

Director Smith asked if the HPB is processing the $7 million of temporary assistance to needy families (TANF) funds. Sandra Miyoshi, Homeless Programs Administrator, responded DHS ran out of money for child care assistance and DHS quickly adopted a sliding scale with little notice to the public.

Director Smith asked what the role of HPB is. Ms. Miyoshi responded that Director Koller asked Ms. Miyoshi what was available to help with the situation. Ms. Miyoshi informed Director Koller that there are two programs, 1) the Homelessness Prevention and Rapid Housing program with American Recovery and Reinvestment Act (AARA) funds and 2) the homeless rent programs. Director Koller wanted an enhancement of the grant program because the grant program has $380,000 for the year. Director Koller signed an MOA for $7 million in TANF ARRA funds. The HPB grant agencies will be doing an assessment and then providing the funds as needed.

Designee Oliva asked for an example of how a family can receive the funds. Ms. Miyoshi responded all families that receive a letter from DHS indicating that they are able to apply for the funds. The agencies will then do an assessment, which includes review of their income versus expenses. The parents must also take a financial literacy course to qualify for the assistance.

Director Smith asked whether these families do not need to be homeless; they only need to be part of the current DHS program. She asked if the reason the funds are being distributed by HPB is because the grantees are currently under the HPB. Ms. Miyoshi responded yes.

Designee Oliva asked for an update on the homeless program working with the Office of Community Services on potentially transferring the Emergency Shelter Grant. Ms. Miyoshi responded Scott Ray, DHS, informed her that he was checking on the progress and if it is possible. Director Aiona stated this is contingent on the HPB move, because the homeless services should stay in one place unless it becomes too difficult for the HPB. Ms. Miyoshi stated the HPB is at .03% in compliance with the spending of these funds.

Director Aiona asked why the HPB can't process the funds. Ms. Miyoshi responded someone needs to learn how to verify all the payment requests and would need to input the information in three reporting systems to draw down the funds. Between the two staff people in HPB, they do not have the expertise and time.

Director Aiona asked then why did the HPB take on an additional $7 million for childcare subsidy. Ms. Miyoshi responded because these funds are under programs that HPB is already handling and knows how to process the funds.

Director Smith stated that the focus and priority should be transferring the HPB to Benefit Employment and Support Services Division (BESSD) because there will be staff to help with these programs.

TRANSITION PLAN TO MOVE THE HOMELESS FAMILIES FROM PUAHALA HOMES

Chairperson Thompson stated the Board will discuss the transition plan to move the homeless families from Puahala Homes.

Ms. Miyoshi stated a transition plan is being prepared for the families at Puahala Homes. The two years will end in July 2010. The contractor is not accepting any new clients. There are three families transitioning out and as the families leave the units are being cleaned and turned back over to the HPHA inventory.

Chairperson Thompson asked how long it will take to clean up the units. Ms. Miyoshi responded one week and the unit will be turned back to public housing for inspections.

Chairperson Thompson asked if the Property Management and Maintenance Services Branch (PMMSB) are aware and getting tenants ready to move into these units. Ms. Fo responded PMMSB is aware and are getting tenants ready to move in.

Chairperson Thompson asked how long the resident manager will stay in the unit. Ms. Miyoshi responded the resident manager will stay in the unit until all the families are transitioned out.

Chairperson Thompson asked if there is an assessment on how the program went relative to objectives that were set. Ms. Miyoshi responded there is a report and the Board will receive it once the program ends. There has been a great synergy between the HPB tenants and the HPHA tenants.

Director Berthiaume asked because some residents applied for public housing will they still have the homeless priority. Ms. Miyoshi responded they will still have the preference.

Director Smith asked if any of the existing tenants are eligible for public housing. Ms. Miyoshi responded she believes all of them are eligible.

Director Smith requested that staff research whether the current families are

eligible for public housing and where they are on the waitlist. Ms. Fo stated that staff will look at the list and if they are close to the top, the HPHA will determine whether we can leave them in their current units.

Director Smith stated if they qualify and the HPHA does not leave them in the unit, then the HPHA will incur the expenses of moving the families out, cleaning the units, etc. This will ensure the HPHA that the units are continuously occupied and avoid disruption to their family

Ms. Miyoshi stated H5 is giving her a list of the families and she will consult with PMMSB.

Director Yoshioka asked if the HPB cleans the units. Ms. Miyoshi responded the families are responsible for cleaning the units before they leave and H5 is responsible for inspection and oversight.

Director Hosino asked if Puahala was a State project. Chairperson Thompson responded it is a State project.

Chairperson Thompson asked if the HPHA has more flexibility with placement because it's a state project. Ms. Fo stated we would be in violation of the Hawaii Administrative Rules.

Chairperson Thompson stated that the Board will be discussing the master schedule for the redevelopment at Kuhio Park Terrace and Kuhio Homes.

Ms. Arashiro reported that there was a meeting with The Michaels Development Company team. Majority of the discussion centered on what is needed to get the project started. There is a need for a master development agreement, a pre-development loan, and a site control document.

MASTER SCHEDULE FOR THE RE-DEVELOPMENT AT KUHIO PARK TERRACE AND KUHIO HOMES

Chairperson Thompson asked who decides what needs approval and what doesn't. Ms. Arashiro responded some are legal agreements, for example the pre-development loan needs Board approval because it requires an amendment to the capital improvement program plan and requires public hearing because it is considered a significant amendment to last year's PHA plan. Ava Goldman, The Michaels Development Company added that any legal agreement between parties needs Board approval.

Director Berthiaume asked that the draft master agreement be distributed to all Board members.

Ms. Goldman stated that the draft master agreement was submitted to the HPHA months ago. The HPHA wants to hire outside counsel to review the document, but the HPHA needs approval from the AG's office before issuing a request for qualifications (RFQ). Ms. Chun stated that the request is with Mark Bennett, Attorney General. She will convey the need to get the document signed.

Designee Oliva asked that Ms. Goldman be introduced again. Ms. Goldman stated she is the Senior Vice President of The Michaels Development Company. Ms. Goldman introduced Greg Carroll, Vice President of Construction; and Monika Mordasini, Vice President of Development.

Director Beaver asked what will be the next steps to be taken. Ms. Goldman stated that The Michaels Development Company will submit an application for low income tax credits to HHFDC. The application has about 30-40 exhibits that The Michaels Development Company needs to complete. There are two items that need to be completed by the HPHA in order to file the application: 1) the option; and 2) exemption from environmental assessment.

Ms. Goldman stated the HPHA needs to approve the master development

agreement (MDA) which is for the protection of the HPHA and the pre-development loan agreement.

Director Smith asked why the HPHA did an RFQ instead of using one of the AG's outside counsel that is on retainer. Ms. Arashiro clarified that the HPHA did not check the list because the request is only to hire outside counsel, the RFQ was not issued yet.

Director Smith asked if there is a pre-approved list of attorneys that can provide services to the State, why the HPHA can't use one of those attorneys. Director Beaver stated that based on his discussions with people in the housing community none of these attorneys have the expertise needed for this project.

Director Smith asked who stated that the attorneys do not have the expertise. Director Beaver responded he has spoken to people in the community.

Director Dodson asked because it is a long term lease will the HPHA need legislative approval. Ms. Chun responded that Act 176 specifically refers to transfers of fee simple land. The concern is the general guideline for leases is a maximum of 65 years, and Michaels Development Company is asking for a 99 lease.

Ms. Goldman stated that her attorneys drafted the contract for a 99 year lease but this could be reworded.

Director Aiona requested that The Michaels Development Company meet with the Pioneering Healthier Communities group to discuss creating a healthier environment at the project. Ms. Goldman stated they can talk to Mr. Carroll.

Chairperson Thompson stated that the HPHA needs to get a project manager for the redevelopment at KPT/Kuhio Homes.

MASTER SCHEDULE FOR THE ENERGY PERFORMANCE CONTRACT BETWEEN THE HAWAII PUBLIC HOUSING AUTHORITY AND AMERESCO

Chairperson Thompson stated that the Board will be discussing the master schedule for the energy performance contract (EPC) between the Hawaii Public Housing Authority and Ameresco.

Lydia Camacho, state housing development administrator, introduced David Moakley of Ameresco.

Ms. Camacho stated the most important thing is to get financing. As of yesterday the packet was ready to send to Crews and Associates to submit to Standard and Poor's (S & P).

Chairperson Thompson asked if the HPHA will have expenses for engaging with S & P. Director Beaver and Ms. Arashiro responded they believe it was around $40,000 to $50,000.

Chairperson Thompson asked if the HPHA has the funds to cover the cost. Ms. Camacho responded the funds have been budgeted.

Director Beaver stated he is concerned about the S & P rating, but feels that the HPHA should proceed. The task force recommended that Kuhio Park Terrace (KPT) and Mayor Wright Homes (MWH) be taken out of the EPC project.

Director Smith stated that she is still concerned about the project. She would like to know, 1) if the amount that has been budgeted are state funds or federal funds, and if it is federal funds where the funds are coming from; 2) would like to revisit the items that has a short term payback; and 3) thought the Board would get a chance to look at the energy conservation measures (ECMs).

Chairperson Thompson stated that the concern Director Smith had with the meters has been resolved.

Director Smith stated there are other ECMs she is concerned about. For example, what is the rationale of buying front-loading washers when the simple payback is less than a year for a 20 year term? Ms. Arashiro responded that buying washers would be an operational cost and the HPHA does not have $12,000 to spend on buying new washers.

Ms. Arashiro stated that the decisions on the ECMs have not been made and will be brought to the Board.

Director Smith asked when the Board will get a chance to look at the ECMs. Ms. Camacho responded she will provide the back up to why each ECM was chosen by the next meeting. Director Smith asked that the task force be provided the information.

Director Hosino stated that the HPHA does not own washers so how does this pertain to the HPHA. Mr. Moakley responded because the HPHA pays the utility bills.

Director Beaver stated the HPHA knows Ameresco is committed to the savings but is Ameresco committed to the savings by making sure that there is a operating front end washer. Mr. Moakley responded yes.

Director Aiona stated that Hawaii Energy is providing low flow shower heads to public housing. Director Beaver responded yes, but if the HPHA saves money that way then HUD will decrease the amount of subsidy that the HPHA receives.

Mr. Moakley stated that the shorter payback scopes help support the longer scopes. If all the shorter paybacks are removed then the longer paybacks become challenged.

RECESS/ RECONVENED

Chairperson Thompson called a recess at 2:07 p.m. and reconvened at 2:22 p.m.

PLAN OF ACTION FOR RESOLUTION OF "NO OPINION" AUDIT OF BANYAN STREET MANOR FOR FISCAL YEARS 2006, 2007, 2008

Chairperson Thompson stated the Board will be discussing the plan of action for resolution of "No Opinion" audit of Banyan Street Manor for fiscal years 2006, 2007, 2008.

Mr. Hee stated that RC Hosinger wants to start the 2009 audit with a clean slate. RC Holsinger submitted a proposal of $30,000 to re-audit 2009 with a clean slate and conduct the 2010 audit.

Director Smith asked is it a requirement of the P & S to have a clean audit. Mr. Hee responded that the HPHA would need to have clean books in order for HUD to approve the transfer of assets.

Chairperson Thompson asked that a "For Action" regarding a start date to wipe the slate clean.

Director Smith asked why the HPHA needs procurement for someone to enter the adjustments. Mr. Hee responded the procurement is for the auditor to re-do the 2009 audit under the new managing agent taking 2009 as the clean start point.

Director Smith asked why procurement needs to be done and can't the HPHA do an amendment to the existing contract. Mr. Hee responded that he would need to check with the procurement office.

Director Aiona stated that if the contract is still open it can be amended; if not then procurement would need to be done.

Chairperson Thompson asked if the Board has any items that need to be taken up

at the next Board meeting.

Director Aiona asked for an update on manager trainings.

Director Yoshioka asked for a financial update on the AMPs and their budgets. Chairperson Thompson asked that this issue be referred to the finance task force.

Designee Oliva asked that the Human Resources task force identify the highest priority positions for hiring.

Director Smith asked: 1) for agency financial totals; 2) how will the HPHA make it through the year; 3) where the HPHA stands on reserves; 4) for a report on the REAC scores; and 5) for an update on the position the HPHA is taking on legislative bills.

Chairperson Thompson asked that the task force be briefed on the financial audit.

Chairperson Thompson asked about the legislative audit. Mr. Sarhan stated he spoke with Trisha Oftana at the Office of the Auditor and they are running behind schedule. They should be ready by the end of January and are still planning to have exit interviews with staff.

Director Beaver asked for an assessment of the condition of the HPHA assets and a tenant follow-up report. Ms. Arashiro stated that if the follow-up is confidential then the Board receives a report in their packet, but if it is a general follow-up regarding the branch then the report is in the executive director's branch report.

Ms. Arashiro stated that 95% of testifiers received written responses.

Director Hosino stated that she feels that the reason Mr. Nakamura came to testify about the usage of the hall was because every year they need to go through the same process.

Director Hosino stated that the RAB By-Laws comes from HUD section 24-CFR 694 Hawaii Administrative Rules. She was told that the RAB needed approval from Mr. Taniguchi to change the By-Laws, and then she was later told that there needs to be Board approval.

Chairperson Thompson asked who the point of contact is for this issue. Ms. Arashiro responded Earl Nakaya, program specialist.

Director Berthiaume asked that a "For Information" regarding an educational program to help tenants quit smoking. It would not cost the HPHA any money.

Director Godfrey asked if the Board will need to do anything to introduce the new executive director to the legislature and communities. Chairperson Thompson stated he will work with Ms. Arashiro.

ADJOURNMENT

There being no further items to be discussed,

Director Aiona moved, Director Hosino seconded,

That the meeting be adjourned at 2:56 p.m.

The motion was unanimously carried.

MATILDA YOSHIOKA
Secretary

Approved