MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BLDG. E
ON THURSDAY, MAY 21, 2009,
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority met for their Regular Meeting at 1002 N. School Street, on Thursday, May 21, 2009 at 9:00 a.m.

ORDER/ ROLL CALL

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

PRESENT:
Chairperson Travis Thompson
Director Carol Ignacio
Director Clarissa Hosino
Director Kaulana Park
Director Linda Smith
Director Sam Aiona
Director Sherrilee Dodson
Designee Henry Oliva
Director Eric Beaver

Chad Taniguchi, Executive Director
Krislen Chun, Deputy Attorney General

EXCUSED:
Director Rene Berthiaume
Director Matilda Yoshioka

STAFF PRESENT:
Barbara Arashiro, Executive Assistant
Stephanie Fo, Property Management & Maintenance Services Branch Chief
Vanessa Lau, Acting Chief Financial Management Advisor
Shirley Befitel, Personnel Supervisor
Alan Sarhan, Chief Planner
Michael Hee, Contracts Administration Section
Marcel Audant, Acting Construction Management Chief
Mark Buflo, Budget Analyst
Sandra Miyoshi, Homeless Programs Branch Chief
Allan Sagayaga, Program Specialist
Rick Sogawa, Acting Contracts & Procurement Officer
Dexter Ching, Section 8 Subsidy Program Branch Chief
Kamalani Rodrigues, Kalakaua Homes & Palolo Valley Homes/AMP 34 & 50
Katharine Hirata, Kalakaua Homes & Palolo Valley Homes/AMP 34 & 50
Janice Mizusawa, Kalakaua Homes & Palolo Valley Homes/AMP 34 & 50
Boyd Richardson, Kalakaua Homes & Palolo Valley Homes/AMP 34 & 50
Louise Kaneshiro, Kalakaua Homes & Palolo Valley Homes/AMP 34 & 50
Taryn Chikamori, Secretary to the Board

OTHERS:
Desiree Kihano, Palolo Valley Homes
Dianne Nicrin, resident
Ed Tomczak, Paokalani Homes
Fetu Kolio, Mayor Wright Homes resident
Jan Ii, Palolo Valley Homes

Jarod Buna, Attorney General's Office
Jesse Ponce de Leon, Kalakaua Homes resident
Nancy Young, Faith Action for Community Equity
Roy Nakamura, Kalakaua Homes resident
S. Yolcote, resident
Tim Garry, private resident
Wanda Camara, resident
Rob Wilkes, MD Strum
Juan Patterson , MD Strum

Chairperson Thompson declared a quorum present.

QUORUM

Director Ignacio moved, Director Beaver seconded,

APPROVAL OF MINUTES REGULAR MEETING 04/16/09

> That the minutes of the Regular Meeting held on April 16, 2009 be approved as circulated.

Director Hosino requested that on page 009, which stated "… the 60% of the tenant association funds should go to the association and 40%..." be changed to omit the word should and change go to goes."

The minutes with amendments was unanimously approved.

PUBLIC TESTIMONY

Fetu Kolio, Mayor Wright Homes (MWH) resident, stated that there is a tenant association member who is breaking the Hawaii Public Housing Authority (HPHA) rules by drinking in the parking lot. Mr. Kolio also stated he wants the voting of tenant association Boards handled by an outside agency.

Ed Tomczak, Paokalani Homes resident, stated he and Lester Lopes were drinking and Mr. Lopes stated he wanted to fight. Mr. Lopes then proceeded to the security office and started a fight. Mr. Lopes also offered to pay Mr. Tomczak to testify for him.

Roy Nakamura, Kalakaua Homes resident, stated Janice Mizusawa lied under oath. Mr. Nakamura also stated on Monday, Mr. Lopes almost ran over another person and Mr. Lopes has had too many chances and should be evicted.

Jan Ii and Desiree Kihano, Palolo Valley Homes (PVH), stated the lighting and potholes at PVH have been greatly improved. The crime rate is down and management has taken care of the trash and landscaping problems. Management has also been professional in handling situations.

Jesse Ponce De Leon, Kalakaua Homes resident, stated that drinking on public housing is hurting the peaceful existence of people living in public housing.

Tim Garry, private resident, stated the HPHA should look at the definition of homeless versus street people. Mr. Garry stated the HPHA should ensure that managers of homeless shelters have not been convicted of any felonies. Mr. Garry also requested a review of the Next Step families living at Puahala Homes since it has almost been one year.

Director Smith moved, Director Hosino seconded,

EXECUTIVE SESSION

> To go into executive session at 9:35 a.m. 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 the Employee Recognition.

The motion was unanimously carried.

The Board reconvened from Executive Session at 9:51 a.m.

RECONVENED

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

RECESS/ RECONVENED

Designee Oliva arrived at 10:10 a.m.

Chairperson Thompson stated that the employee recognition will be deferred.

EMPLOYEE RECOGNITION

Director Beaver moved, Director Ignacio seconded,

> To Authorize the Executive Director to Hold Public Hearings on Proposed Changes to the Hawaii Administrative Rules to Prohibit the Admission of Registered Sex Offenders and Persons Convicted of Manufacturing, Producing or Distributing Methamphetamines in State Public Housing.

TO AUTHORIZE THE EXECUTIVE DIRECTOR TO HOLD PUBLIC HEARINGS ON PROPOSED CHANGES TO THE HAWAII ADMINISTRATIVE RULES TO PROHIBIT THE ADMISSION OF REGISTERED SEX OFFENDERS AND PERSONS CONVICTED OF MANUFACTURING, PRODUCING OR DISTRIBUTING METHAMPHETAMINES IN STATE PUBLIC HOUSING

Chad Taniguchi, Executive Director, stated the federal Department of Housing and Urban Development's (HUD) rules state that if someone has been convicted of crimes dealing with methamphetamines or is on the sex offender registry, they are not allowed in public housing. The HPHA is attempting to make the State rules consistent with the HUD rules. The current State rules state that after three years the offender may enter State public housing.

The motion was unanimously carried.

Director Beaver moved, Director Ignacio seconded,

> To Approve to Continue Listing the Hana Parcel (TMK 2-1-3-9:9), located at 2890 Hana Highway, at the Current Asking Price, Until the Completion of a Formal Appraisal.

TO APPROVE TO CONTINUE LISTING THE HANA PARCEL (TMK 2-1-3-9:9), LOCATED AT 2890 HANA HIGHWAY, AT THE CURRENT ASKING PRICE, UNTIL THE COMPLETION OF A FORMAL APPRAISAL

Mr. Taniguchi stated the market value is $500,000. There were two offers, one was $300,000 and the other was $350,000. The realtor also recently determined that there is a dry stream bed that may affect the property value.

Director Smith moved, Director Ignacio seconded,

> To Amend the Motion to Approve to Continue Listing the Hana Parcel (TMK 2-1-3-9:9), located at 2890 Hana Highway, at the Current Asking Price, with a Determined Minimum Price.

Chairperson Thompson stated the motion will be deferred.

Director Beaver moved, Director Dodson seconded,

> To Approve a Change to the Definition of "At-risk Homeless" and Other Housekeeping Corrections in §17-2026 Hawaii Administrative Rules, Homeless Programs.

Sandra Miyoshi, Homeless Program Administrator, stated the change in the rules is to change the definition of "at risk homeless." A few years ago the definition was changed to exclude exiting offenders from prison or institutions. The rule change was done because HUD changed the definition under the HUD rules. The homeless shelters have been allowing ex-offenders to avoid the rule by having the exiting offender spend one night homeless. This rule change will only affect homeless shelters that receive State funds. If the homeless shelter receives Federal funds the shelter must still ensure the exiting offender spend at least one night homeless.

Director Smith questioned if there is any determination made on the type of crime. Ms. Miyoshi responded that the homeless shelters do criminal background checks and the homeless shelter makes the determination. Ms. Miyoshi stated serious offenders are usually put in the adult only shelters.

Director Beaver recommended that contracts with the shelters require that sex offenders or serious offenders should not be placed in family shelters but placed in the appropriate shelter.

Chairperson Thompson stated page 43 has a change from six months to 12 months, but page 44 states six months, is this an error. Ms. Miyoshi stated the six months should be changed to 12 months.

The motion was unanimously carried.

TASK FORCE REPORT/ FINANCE/ AUDIT

Chairperson Thompson reported that the Finance/Audit task force had a training with Ameresco on the energy performance contract.

HUMAN RESOURCES

Designee Oliva reported that the Human Resources task force has no report.

HOMELESS-NESS

Director Ignacio reported that the Homelessness task force has no report.

TENANT/ TENANT RELATIONS

Director Hosino reported that she and Allan Sagayaga, Program Specialist, are setting up trainings for active tenant associations on rules, the role of the resident association, by-laws, and the working relationship between the tenant association and HPHA management.

Director Hosino stated that 40% of the resident participation funds that goes to the HPHA should be used for training of the associations, flyers, and meetings.

Director Ignacio questioned how the funds are being used. Director Hosino stated she does not know because the HPHA has not given her the audit of how the funds are being used.

Director Ignacio asked who knows how the funds are being spent. Mr. Sagayaga stated when there was Resident Services Section (RSS) the 40% was used to bring neighbor island people for trainings on Oahu. When RSS was dissolved the duties went to management. Currently, the funds are being used for his salary

and trips to neighbor islands to do fiscal training, organizing activities, and assistance with by-laws.

Director Ignacio questioned if the rules state that funds should be used for non-salary items, why are funds being used for salaries. Stephanie Fo, Property Management & Maintenance Services Branch Chief, responded that she believes that the funds could be used for administration costs.

Director Ignacio requested that the Board be informed how the funds are being used and how the funds should be used by the next meeting.

MIXED INCOME PROJECTS

Director Beaver stated the Mixed Income Projects task force has no report.

EXECUTIVE DIRECTOR REPORT/ 2010 BUDGET

Mr. Taniguchi stated the 2010 budget will be presented during the June Board meeting. The goal is to present a balanced budget to the Board. All offices have been involved in the budget process.

Chairperson Thompson questioned how this timing will fit in with the State budget. Mr. Taniguchi stated the State budget is due in October or November.

Rob Wilkes, MD Strum stated that the HUD requires a Board approved budget by June 30, 2009

2009 BUDGET

Chairperson Thompson stated at the beginning of the fiscal year the HPHA was in a $4.2 million deficit. As of the end of March 2009 the HPHA should have been $3.2 million in deficit, but the HPHA is $4.9 million positive. The problem is the Federal programs are doing well, but the State programs are not. Also, state funds were spent on Federal projects. To help balance the state programs the state funds that were spent on the Federal programs must be put back into the state programs

Vanessa Lau, Acting Chief Financial Management Advisor, stated Central Office Cost Center (COCC) expenses have not been allocated to the Asset Management Projects (AMP) for fixing vacant units. The State Elderly and Family programs have a $1.5 million deficit, but state funds will be reclassified to state projects to balance the budget.

Director Beaver questioned how the HPHA's budget changed so dramatically. Mr. Taniguchi responded 1) HUD subsidy's increased; 2) collecting more rent; 3) fixing and filling more units; 4) stafflevels moved from 297 to 272 over the last year; and 5) HPHA expensed $3.5 million in bad debt, but the current bad debt was only $800,000.

UPDATE ON CAPITAL REPAIR/RENOVATION PROJECTS

Director Ignacio questioned if any money will lapse. Mr. Taniguchi stated the HPHA does not anticipate any large amount of money lapsing.

Chairperson Thompson stated $7.1 million will lapse in September 2009; how is the funds going to be expended? Ms. Arashiro stated $3.5 million will be used for Kalihi Valley Homes which is currently out for bid and $2.3 million will be used for Puuwai Momi which will be out for bid shortly.

Chairperson Thompson questioned why so many projects are open. Mark Buflo, Budget Analyst stated for most of the projects the work has been completed but the contracts remain open because of a technicality.

Designee Oliva asked that the HPHA use a different code for these projects.

Mr. Taniguchi stated MD Strum is working on policy and procedures for the Fiscal Management Office (FMO). MD Strum should complete the policy and procedures by the end of their contract.

Mr. Wilkes stated majority of the policies and procedures are in place and the manual is being completed. Training is being done on a one to one basis with the FMO staff.

Juan Patterson, MD Strum, stated that once FMO is trained, the staff will need to train other departments that have fiscal implications.

UPDATE ON U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TECHNICAL ASSISTANCE CONTRACTOR MD STRUM HOUSING SERVICES INC.

Chairperson Thompson called a recess at 11:45 a.m. and reconvened at 11:55 am a.m.

RECESS/ RECONVENED

Director Smith moved, Director beaver seconded,

EXECUTIVE SESSION

> To go into executive session at 11:55 a.m. 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 *Faletogo et al. v. Hawaii Public Housing Authority* (Civil No. 08-1-2608-12) and *McMillon et al. v. Hawaii* Public Housing Authority (Civil No. CV08-00578).

The motion was unanimously carried.

The Board reconvened from Executive Session at 12:15 p.m.

RECONVENED

Chairperson Thompson stated that the Board consulted with their attorneys pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to *Faletogo et al. v. Hawaii Public Housing Authority* (Civil No. 08-1-2608-12) and *McMillon et al. v. Hawaii* Public Housing Authority (Civil No. CV08-00578).

Designee Oliva moved, Director Hosino seconded,

EXECUTIVE SESSION

> To go into executive session at 12:16 p.m. 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 Continue Listing the Hana Parcel (TMK 2-1-3-9:9), located at 2890 Hana Highway, at the Current Asking Price, Until the Completion of a Formal Appraisal

The motion was unanimously carried.

The Board reconvened from Executive Session at 12:35 p.m.

RECONVENED

Chairperson Thompson stated that the Board consulted with their attorneys pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Continue Listing the Hana Parcel (TMK 2-1-3-9:9), located at 2890 Hana Highway, at the Current Asking Price, Until the Completion of a Formal Appraisal.

Director Smith moved, Director Ignacio seconded,

> To Amend the Motion to Approve to Continue Listing

the Hana Parcel (TMK 2-1-3-9:9), located at 2890 Hana Highway, at the Current Asking Price, with a Determined Minimum Price.

The motion was unanimously carried.

The motion as amended was unanimously carried.

Director Beaver moved, Designee Oliva seconded,

EXECUTIVE SESSION

To go into executive session at 12:39 p.m. 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 Status of Banyan Street Manor Audit.

The motion was unanimously carried.

The Board reconvened from Executive Session at 12:46 p.m.

RECONVENED

Chairperson Thompson stated that the Board consulted with their attorneys pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Status of Banyan Street Manor Audit.

Director Ignacio moved, Director Berthiaume seconded,

EXECUTIVE SESSION

To go into executive session at 12:48 p.m. 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 Update on Compliance with the Consent Agreement and Final Order with the U.S. Environmental Protection Agency Relating to the Conversion of Large Capacity Cesspools.

The motion was unanimously carried.

The Board reconvened from Executive Session at 12:58 p.m.

RECONVENED

Chairperson Thompson stated that the Board consulted with their attorneys pertaining to the Board's powers, duties, privileges, immunities, and liabilities as related to Update on Compliance with the Consent Agreement and Final Order with the U.S. Environmental Protection Agency Relating to the Conversion of Large Capacity Cesspools.

Director Aiona left at 12:58 p.m.

Director Beaver moved, Director Hosino seconded,

EXECUTIVE SESSION

To go into executive session at 12:58 p.m. pursuant to sections 92-4, 92-5(a)(2), and 92-5(a)(4), the Board of Directors may convene in executive session to evaluate the performance of the Executive Director and possible personnel actions related thereto.

The motion was unanimously carried.

The Board reconvened from Executive Session at 1:20 p.m.

RECONVENED

Chairperson Thompson stated that the Board consulted with their attorneys pertaining to performance of the Executive Director and possible personnel actions related thereto.

UPDATE ON PROGRESS OF ENERGY PERFORMANCE CONTRACTOR, AMERESCO,

Marcel Audant, Acting Construction Management Chief, stated the HPHA is working with Ameresco to identify where the best energy conservation measures "make sense." The projects that take 0-10 years for payback will be done , 10-25 years are questionable and 25 years or more should not be done.

Mr. Taniguchi stated the HPHA was going to apply for the federal stimulus funds to complete some energy conservation measures, but the HPHA cannot apply for the competitive federal stimulus funds because the rules state the public housing agency (PHA) must be a high performer.

Director Smith stated Department of Business and Economic Tourism (DEBT) can apply for similar funds and contract other state agencies to perform the work.

UPDATE ON THE REQUEST FOR PROPOSAL (RFP) TO SELEC A MIXED INCOME REDEVELOPMENT PARTNER FOR KUHIO PARK TERRACE/KUHI HOMES

Rick Sogawa, Acting Contracts & Procurement Officer, stated on April 1st the first step of the two-step Request for Proposal (RFP) was issued. Proposals were due on May 1 and a seven member evaluation committee conducted the evaluation on May 11 and 13th. The HPHA made offers to four companies to compete in step-two, which is due on July 10,2009.

Designee Oliva questioned when construction is expected to start. Mr. Taniguchi responded around 2010 - 2011.

Chairperson Thompson questioned whether the residents are being kept informed. Mr. Taniguchi stated the HPHA is communicating with the residents.

UPDATE ON LEGISLATIVE ACTIONS DURING THE 2009 LEGISLATIVE SESSION

Alan Sarhan, Planner, stated the HPHA did not lose any funds that the HPHA did not expect to lose. The legislature passed bills but the Governor has not signed them into law.

Mr. Sarhan stated one of the bills that will impact the HPHA is H.B. 1692, which mandates the HPHA to do a pilot program on State public housing, which implements a 5 or 7 year occupancy limit on tenants that are not elderly or disabled.

Mr. Sarhan stated if S.B.1160 becomes law, all evictions in State public housing projects will come to a halt for about six months, as the HPHA would need to change the rules.

Mr. Sarhan stated if S.B. 1677 becomes law, the HPHA will need to get Legislative approval to sell any land.

Director Beaver questioned if the HPHA is submitting recommendations to the Governor. Mr. Sarhan stated there is a process the HPHA needs to follow.

Chairperson Beaver questioned if the Executive Director makes a decision on what position the HPHA will be taking on each bill. Director Smith stated that the Governor has until July 15, 2009 to sign or veto the bills. She asked that a "For Action" be brought to the Board in June so the Board can decide what position to take.

FIXING/ FILLING UNITS

Director Ignacio asked why it is taking so long to fix units. Mr. Taniguchi stated the turn around teams are completing their goals but the units that need to be contracted out are not doing as well. There is not enough construction management staff to get the contracts completed. The biggest factor is that HPHA had $8 million funds to expend annually but, currently has $30 million of

funds to expend annually with the same or fewer staff.

Director Ignacio questioned whether the HPHA has a report that compares staff ratio compared to other agencies the same size. Mr. Taniguchi stated he will contact other agencies to get the ratio.

Director Beaver left at 2:12 p.m.

CONTRACTS AND PROCUREMENT

Director Smith questioned why it will take an additional six to eight months to complete the sale of Wilikina Apartment Projects, Inc.

Mr. Taniguchi stated the Purchase and Sale Agreement (P & S) had more legal revisions then anticipated.

Chairperson Thompson stated the process has been going on for almost a year, why did the buyer not secure financing. Mr. Taniguchi stated he believes that if there wasn't a problem with the P & S then the buyer would have had enough time to secure financing.

ADJOURNMENT

There being no further items to be discussed,

Director Dodson moved, Director Ignacio seconded,

That the meeting be adjourned at 2:24 p.m.

Matilda Yoshioka

MATILDA YOSHIOKA
Secretary

Approved