MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BUILDING E,
ON THURSDAY, SEPTEMBER 17, 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, September 17, 2009 at 9:10 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
Designee Henry Oliva
Director Eric Beaver
Director Linda Smith
Director Matilda Yoshioka
Director Rene Berthiaume
Director Sam Aiona
Director Sherrilee Dodson

Chad Taniguchi, Executive Director
Krislen Chun, Deputy Attorney General

EXCUSED:
Director Kaulana Park
Director Carol Ignacio
Director Clarissa Hosino

STAFF PRESENT:
Barbara Arashiro, Executive Assistant
Alan Sarhan, Planner
Glenn Sunakoda, Building Engineer
Mark Buflo, Budget Analyst
Michael Hee, Private Management Contracts Section Chief
Rick Sogawa, Acting Contracts and Procurement Officer
Shirley Befitel, Personnel Supervisor
Stephanie Fo, Property Management and Maintenance Services Branch Chief
Taryn Chikamori, Secretary to the Board

OTHERS:
Bernadette Young, private resident
David Yaw, Kaahumanu Homes resident
Fetu Kolio, Mayor Wright Homes resident
Jesse Ponce de Leon, Kalakaua Homes resident
Jun Yang, Faith Action for Community Equity (FACE)
Lynn Vasquez Dela Cerna, private resident
Nora Oliphant, Kalakaua Homes resident
Roy Nakamura, Kalakaua Homes resident
Zara Aki, Kamehameha Homes resident

QUORUM

Chairperson Thompson declared a quorum present.

APPROVAL OF MINUTES ANNUAL MEETING AUGUST 20, 2009

Director Beaver moved, Director Yoshioka seconded,

That the minutes of the Regular Meeting held on August 20, 2009 be approved as circulated.

Designee Oliva pointed out that on page 6 it states "Designee Oliva seconded," but on page 8 it states he did not arrive at the meeting until 12:30 p.m.

Director Dodson stated she believes Director Berthiaume seconded the motion.

The minutes as amended were unanimously approved.

PUBLIC TESTIMONY

Nora Oliphant, Kalakaua Homes resident, stated the flyers at Kalakaua Homes are not being posted on time. Senior citizens need to know what is happening in their community. Ms. Oliphant stated Kamalani Rodrigues, acting deputy manager, yelled at her; I heard you went to the Board, I heard you talked about the flyers, next time don't go to the Board come to me. Ms. Oliphant stated residents are treated like dirt. It feels like living in a federal prison.

Jesse Ponce de Leon, Kalakaua Homes resident, stated when he arrived at the resident community meeting, Ms. Rodrigues informed him that he can sit only in the first four rows, all other seats were reserved. Mr. Ponce de Leon stated it is discrimination to reserve seats for ethnic groups.

Mr. Taniguchi stated the seats were reserved to help facilitate the translation services for Korean and Chinese speakers to hear the interpreter.

Roy Nakamura, Kalakaua Homes resident, stated he spoke to Mr. Taniguchi about how Ms. Mizusawa and Ms. Rodrigues have mistreated him.
Mr. Nakamura stated Mr. Taniguchi told him to prove it (and show his documents to the residents). Mr. Nakamura stated that Ms. Mizusawa and Ms. Rodrigues need to accommodate senior citizens.

Lynn Vasquez Dela Cerna, private resident, stated she knew many of the past executive directors. She is concerned about what is happening at public housing in the Kalihi area.

Chairperson Thompson questioned Ms. Vaquez Dela Cerna on which agenda item she is testifying on. Ms. Vasquez Dela Cerna stated she wants to testify to support Mr. Taniguchi. Chairperson Thompson informed Ms. Vaquez Dela Cerna she is unable to testify on that item because it is not on the agenda.

Director Beaver informed the public testifiers if they have a concern and it is not on the agenda, they can write a letter to the Board.

Zara Aki, Kamehameha Homes resident, stated since Iris Rodrigues Kamakani's passing, there have been fear, tension, and intimidation at Kamehameha Homes. Ms. Aki stated she would like to thank Mr. Taniguchi and management for providing crisis counseling at Kamehameha Homes. Ms. Aki stated she had previously stopped the neighborhood walks because of increased gang activity and because people were walking for the wrong reasons. She will restart the neighborhood walks with help from management, Honolulu Police Department, (HPD) and Duane and Beth Chapman.

Fetu Kolio, Mayor Wright Homes resident, stated the leadership at Mayor Wright Homes needs to be changed. The tenant lease, item 8 clearly defines tenant obligations as "the tenant is accountable for their guests, family members, and household members." Management needs to start evicting tenants who do not follow the lease agreement.

David Yaw, Kaahumanu Homes resident, stated he feels the goal and objective to help residents become job ready and self-sufficient is fantastic. There was a self-sufficiency program that had twenty-five families but only two families succeeded, the program needs to be more aggressive. Mr. Yaw stated he supports the Homeless Program Branch moving to the Department of Human Services (DHS).

Chairperson Thompson called a recess at 9:53 a.m. and reconvened at 10:02 a.m.

RECESS/ RECONVENED

Director Beaver moved, Director Aiona seconded,

> To Adopt Board Resolution No. 19, Relating to the Statement of Procurement Policy Governing the Federal Capital Fund Stimulus Grant.

TO ADOPT BOARD RESOLUTION NO. 19, RELATING TO THE STATEMENT OF PROCUREMENT POLICY GOVERNING THE FEDERAL CAPITAL FUND STIMULUS GRANT

Rick Sogawa, acting contracts and procurement officer, stated HUD helped make changes to the addendum. Mr. Sogawa stated he asked the State Procurement Office (SPO) to review the addendum, but SPO declined because it is a federal policy. The Attorney General's (AG) Office is also reviewing the addendum.

Chairperson Thompson asked which policy prevails, state or federal. Krislen Chun, deputy attorney general, responded it would be federal because the policy is for the American Reinvestment and Recovery Act (ARRA) funds.

Director Smith asked whether the end date on the grant agreement is when the funds lapse or after all the reporting activity is completed. Mr. Sogawa responded he will find out this information.

The motion was unanimously carried.

Director Beaver moved, Director Yoshioka seconded,

> To Adopt Board Resolution No. 21 to Ratify the Capital Fund Program Amendment (form HUD-52840-A) to the Consolidated Annual Contributions Contract (form HUD-53012) to Accept the Fiscal Year 2009 Capital Fund Program Grant.

TO ADOPT BOARD RESOLUTION NO. 21 TO RATIFY THE CAPITAL FUND PROGRAM AMENDMENT (FORM HUD-52840-A) TO THE CONSOLIDATED ANNUAL CONTRIBUTIONS CONTRACT (FORM HUD-53012) TO ACCEPT THE FISCAL YEAR 2009 CAPITAL FUND PROGRAM GRANT

Mark Buflo, budget analyst, stated the HPHA received two capital fund grants, one for $12 million and one for $248,096. The funds are being received in increments for the Lanakila Homes project in Hilo.

Director Yoshioka asked how much more funds is the HPHA expecting. Mr. Buflo stated $2 million in federal funds and a matching $2 million in state funds for a total of $4 million.

Chairperson Thompson asked if the project is being done in phases. Mr. Buflo responded that the project is in phase three.

Director Smith asked if the total funds are $8 million for construction and $4 million for administration. Barbara Arashiro, executive assistant, responded yes.

Director Rene Berthiaume arrived at 10:25 a.m.

Director Smith asked why the corrective action order is relevant to this "For Action." Mr. Buflo responded because on the Capital Fund 2009 Formula Grant Amendment form, item 7, indicates that funds assistance provided are subject to the attached corrective action order(s).

Chairperson Thompson asked when the corrective action will end. Ms. Arashiro, stated the corrective action not officially ended.

The motion was unanimously carried.

Chairperson Thompson called a recess at 10:29 a.m. and reconvened at 10:55 a.m.

RECESS/ RECONVENED

Director Dodson moved, Director Yoshioka seconded,

To Ratify the Hawaii Public Housing Authority's Legislative Proposal to Transfer the Homeless Programs Branch from the Hawaii Public Housing Authority to the Department of Human Services.

TO RATIFY THE HAWAII PUBLIC HOUSING AUTHORITY'S LEGISLATIVE PROPOSAL TO TRANSFER THE HOMELESS PROGRAMS BRANCH FROM THE HAWAII PUBLIC HOUSING AUTHORITY TO THE DEPARTMENT OF HUMAN SERVICES

Alan Sarhan, planner, stated the Governor's office drafted a bill to transfer the Homeless Programs Branch (HPB) to the Department of Human Services (DHS)/Benefit Employment Support Services Division (BESSD) last legislative session. The bill was drafted to better coordinate services for the needy.

Chairperson Thompson asked if the DHS has agreed to take the HPB. Designee Oliva responded that there is support and the DHS has agreed to take the HPB.

Director Smith stated it would help if Chairperson Thompson wrote a letter to the Legislature. Chairperson Thompson agreed to send a letter to the Legislature.

Director Berthiaume asked if the staff will physically move location. Designee Oliva responded it is unknown if the staff will move at this time because of the pending reduction in force (RIF) issues.

The motion was unanimously carried.

Director Aiona moved, Director Berthiaume seconded,

To Adopt the Hawaii Public Housing Authority's Internal Control Policy.

TO ADOPT THE HAWAII PUBLIC HOUSING AUTHORITY'S INTERNAL CONTROL POLICY

Chairperson Thompson stated that Rob Wilkes, MD Strum, created the internal policy using policies from the Department of Accounting and General Services (DAGS), HUD, and the Hawaii Revised Statues (HRS). Chairperson Thompson stated he felt that Mr. Wilkes used some information from these policies that does not pertain to the HPHA.

Mr. Taniguchi asked that the adoption of the internal policy be deferred until DAGS, Budget and Finance (B & F), and HUD get a chance to review the policy.

Designee Oliva stated that the "For Action" gives the impression that the Board is responsible for the internal policies, but it should be the agency that is responsible.

Director Smith asked that when DAGS, B &F, and HUD reviews the internal policy they should be sure to look at the cash disbursement, payroll, investment control, statement on Financial Accounting Management and Information System (FAMIS), and banking relationship sections.

The motion was deferred.

Director Aiona moved, Director Yoshioka seconded,

To Adopt the Hawaii Public Housing Authority's Goals and Objectives for Fiscal Year 2009-2010.

TO ADOPT THE HAWAII PUBLIC HOUSING AUTHORITY'S GOALS AND OBJECTIVES FOR FISCAL YEAR 2009-2010

Director Smith stated that the goals and objectives came from a collaboration of Director Berthiaume, Director Hosino and herself. The vision was that focus should be on the tenants.

Director Smith reviewed the goals and objectives handout.

Chairperson Thompson stated that the goals and objectives created by the task

force is a long term vision; whereas, the goals and objectives in the Board packet is what needs to be done to meet the long term vision.

Chairperson Thompson would like feedback from staff and HUD on the goals and objectives.

Director Dodson requested the goals and objectives be on the agenda monthly.

The motion was unanimously carried.

ENGAGEMENT OF CREWS & ASSOCIATES, INC. FOR FINANCING OF THE ENERGY SERVICES AGREEMENT ("ESA") WITH AMERESCO, INC., AND TO ENTER INTO AN ENGAGEMENT LETTER WITH STANDARD & POOR'S FOR RATING SERVICES REQUIRED BY THE ESA

Chairperson Thompson stated Mr. Taniguchi has asked that the engagement of Crews & Associates, Inc. for Financing of the Energy Services Agreement ("ESA") with Ameresco, Inc., and to Enter into an Engagement Letter with Standard & Poor's for Rating Services Required by the ESA be a "For Information."

Mr. Taniguchi stated the HPHA will work with other state branches to ensure everyone is comfortable with supporting the energy performance contract. In October, there will be about $50 million in construction work to convert to energy saving fixtures which would reduce the HPHA's utility bills. HUD will continue to pay a subsidy of the current utility usage for the next 20 years even if the HPHA's usage goes down. Mr. Taniguchi stated he hopes the project will start in February 2010.

Chairperson Thompson asked if there will be an agreement with HUD. Mr. Taniguchi stated there will be some form of agreement with HUD.

Chairperson Thompson asked if the HPHA has spoken to any other public housing agencies on how the project is financed, the agreement with HUD, and etc. Mr. Taniguchi stated yes, this has been the focus of the Public Housing Authorities Directors' Associations (PHADA) and Counsel of Large Public Housing Authorities' trainings.

Chairperson Thompson asked will Crews & Associates, Inc. be the solicitor or the financer. Mr. Taniguchi stated the HPHA is working with the AGs to figure out exactly what Crews & Associates, Inc. role would be.

Chairperson Thompson stated he is concerned with the use of the Standard & Poor's rating because the HPHA is part of the State. Mr. Taniguchi stated he will get an explanation from consultant David Birr.

Mr. Taniguchi stated Scott Kami, B & F, asked if it is realistic for the HPHA to get an A- rating. Crews & Associates, Inc. confirmed it is realistic because they have looked at the last three years of independent audit reports and HUD's Public Housing Assessment Scores (PHAS).

Director Smith stated she is concerned about prematurely entering into a finance contract without the preliminary energy audit report, the final energy audit report and the minimum of three oral presentations as required by the contract.

EXECUTIVE SESSION

Director Dodson moved, Director Yoshioka seconded,

> To go into executive session at 11:59 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 12:39 p.m.

RECONVENED

Chairperson Thompson stated the Board received an update on the KPT lawsuit.

Director Aiona moved, Director Yoshioka seconded,

To Deliberate Regarding Negotiations for the Sale of the Vacant Parcel in Hana, TMK 1-3-9:009-000, located at 2890 Hana Highway in Hana, Maui.

TO DELIBERATE REGARDING NEGOTIATIONS FOR THE SALE OF THE VACANT PARCEL IN HANA, TMK 1-3-9:009-000, LOCATED AT 2890 HANA HIGHWAY IN HANA, MAUI

Director Aiona moved, Designee Oliva seconded,

To go into executive session at 12:41 p.m. pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 103D-105 to discuss, deliberate or make a decision on information that must be kept confidential and section 92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to the sale of the Vacant Parcel in Hana.

EXECUTIVE SESSION

The Board reconvened from Executive Session at 12:55 p.m.

RECONVENED

Chairperson Thompson stated the Board decided to accept the offer on Hana with contingencies.

Chairperson Thompson reported that the Finance/Audit task force had no report.

TASK FORCE REPORT/ FINANCE/ AUDIT

Designee Oliva reported that he is working with the Department of Human Resources and Development (DHRD) and Shirley Befitel, personnel supervisor, in requesting documents and procedures to recruit for the executive director.

HUMAN RESOURCES

Chairperson Thompson stated Director Smith, Director Beaver, and Director Ignacio with direction from Designee Oliva will be appointed to the executive director search task force.

Designee Oliva reported that the letter from the executive director to the Governor regarding the request to fill 42 positions is under consideration.

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

HOMELESS-NESS

Director Aiona reported that the tenant/tenant relations/operations task force has no report.

TENANT/ TENANT RELATIONS/

OPERATIONS

Chairperson Thompson stated the tenant/tenant relations/operations task force will need to clarify the relationship between the Board and staff.

MIXED INCOME

Director Berthiaume reported that the mixed income task force has no report.

Director Smith asked if it is the wish of the Board to have the mixed income task force start choosing the next project for mixed income redevelopment. Chairperson Thompson stated he feels the task force should start choosing the next project.

EXECUTIVE DIRECTOR REPORT/ VACANT/ FIXING/ FILLING UNITS

Director Dodson asked why Maui occupancy rate is 65 percent. Stephanie Fo, Property Management and Maintenance Services Branch Chief, responded because 55 units are being modernized and termite treated.

Chairperson Thompson asked when the work will be completed. Ms. Fo responded she does not have the exact dates but the work should be completed in the next six to eight months.

Mr. Taniguchi stated once a unit is fixed the unit will be filled.

Director Smith asked why the numbers of vacant units differ on page 63 there are 320 vacant units, page 64 has 350 vacant units, page 65 there are 381 vacant units, and page 67 there are 350 rent ready units. How many vacant units are there. Ms. Fo stated there are 535 total vacant units because 335 need to be repaired and 200 units will be fixed by Construction Management Branch (CM) in the future.

Chairperson Thompson asked how maintenance is doing in fixing units. Ms. Fo stated some projects are doing well and some projects are not as well.

Chairperson Thompson asked how the HPHA stands in the MD Strum staffing report. Mr. Taniguchi stated the national ratio is 1 staff to 50 units and the HPHA's ratio is 1 staff to 35 units.

Chairperson Thompson stated Maui's rent collection is getting worse. Ms. Fo stated the manager on Maui inherited the bad debt and because the manager started the eviction process, many of the tenants are moving out or being evicted.

Chairperson Thompson asked if there are 60 vacant units and 25 percent to 30 percent are not paying their rent, how the Maui project is surviving. Mr. Taniguchi responded that the central office is currently supporting them, but central office will not be able to continue to support Maui with asset management.

HOMELESS PROGRAMS

Director Aiona asked if the Honolulu Family Center really has 454 singles on the waitlist for 14 beds. Mr. Taniguchi responded he will check with Sandra Miyoshi, homeless programs branch administrator.

Director Dodson asked if the two year deadline with the Next Step Shelter's transitional shelter at Puahala Homes is coming up. Ms. Chun stated the two year deadline is March or April 2010.

Director Dodson asked for a report on how the shelter will be phased out and how many families cycled through the shelter.

KAHIKOLU OHANA HALE O WAIANAE FINDINGS AND

Chairperson Thompson asked why Puahala Homes still has 20 vacant units. Ms. Fo responded she believes the 20 vacant units include the 14 units being used by the Next Step Shelter. Director Smith stated it should not include the units because it should have been taken out of the inventory.

Chairperson Thompson asked for the actual count of vacant units for Puahala Homes.

ISSUES PERTAINING TO THE GROUND LEASE OF THE SHELTER SITE

Mr. Taniguchi reported that Hawaii Housing Finance and Development Corporation (HHFDC) cancelled the lease with the Hawaii Coalition of Christian Churches (HCCC).

Chairperson Thompson asked if the shelter at Kahikolu Ohana Hale O Waianae is still being provided. Mr. Taniguchi responded yes.

Director Aiona asked what happened to the lease. Director Smith responded the lease is on a month-to-month basis but a year-to-year lease is being worked on with Kahikolu Ohana Hale O Waianae, the provider.

Chairperson Thompson asked if there is anything the HPHA could have done differently to avoid the same situation. Director Aiona responded he thinks there is nothing that could have been done differently.

BANYAN STREET MANOR CORRECTIVE ACTION PLAN

Mr. Taniguchi stated R.C. Holsinger is working with EAH, the private managing agency. R.C. Holsinger informed the HPHA the audit for 2010 should meet their auditing standards because of the way the accounting is currently being kept by EAH. The HPHA received a score of 79 on the HUD inspections; a score of 60 is passing.

STATUS OF THE HAWAII PUBLIC HOUSING AUTHORITY 2009 AUDIT

Mr. Taniguchi stated the HPHA filed the unaudited financial data system on September 11, 2009. The HPHA had asked HUD for an extension, which the HPHA was granted the extension to October 15, 2009. With the extension, the HPHA should be able to submit a more accurate report.

Mr. Taniguchi reported that the HPHA did not lapse any capital funds for 2007.

ADJOURNMENT

There being no further items to be discussed,

Director Aiona moved, Director Dodson seconded,

That the meeting be adjourned at 2:28 p.m.

The motion was unanimously carried.

Matilda Yoshioka

MATILDA YOSHIOKA
Secretary

Approved