MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BUILDING E,
ON THURSDAY, OCTOBER 15, 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, October 15, 2009 at 9:00 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 Carol Ignacio
Director Clarissa Hosino
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

STAFF PRESENT:
Barbara Arashiro, Executive Assistant
Alan Sarhan, Planner
Glori Inafuku, Housing Compliance & Evaluation Specialist
Charlene Nakamoto, Housing Compliance & Evaluation Specialist
Marcel Audant, Acting Construction Management Chief
Michael Hee, Private Management Contracts Section Chief
Mitchell Kawamura, Project Engineer
Rick Sogawa, Acting Contracts and Procurement Officer
Shirley Befitel, Personnel Supervisor
Sandra Miyoshi, Homeless Programs Administrator
Stephanie Fo, Property Management and Maintenance Services Branch Chief
Steven Chang, Chief Compliance Officer
Jarrett Waa, Central Maintenance
Roven Kahalehiili, Mayor Wright Homes Maintenance
Steven Paulo, Mayor Wright Homes Maintenance
Taryn Chikamori, Secretary to the Board

OTHERS:
Anas Suzuki, private resident
Annette Fashele
Ava Goldman, Michaels Development Company
Banfino Renu, Paiolu Shelter resident
Barbie Goodman
Benerio Kimiuo
Bob Nakata, Faith Action for Community Equity (FACE)
Daintry Bartolcus, private resident
Fetu Kolio, Mayor Wright Homes resident

Hope Martin
Iowanes Osaki, Paiolu Shelter resident
Julia Estrella, Micronesians United
Jun Yang, Faith Action for Community Equity (FACE)
Maier Eram, Paiolu Shelter resident
Makani Maeva, Pacific Housing Advisors
Masae Kintaro, Micronesians United
Misa Sewen, Paiolu Shelter resident/translator
Roy Nakamura, Kalakaua Homes resident
Scott Wall, Makamae resident
Shon Cobb

QUORUM

Chairperson Thompson declared a quorum present.

APPROVAL OF MINUTES SPECIAL MEETING SEPTEMBER 9, 2009

Director Dodson moved, Director Hosino seconded,

> That the minutes of the Special Meeting held on September 9, 2009 be approved as circulated.

The minutes were unanimously approved.

APPROVAL OF MINUTES REGULAR MEETING SEPTEMBER 17, 2009

Designee Oliva moved, Director Ignacio seconded,

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

Director Hosino stated on page 105 where it states, "Director Beaver moved, Director Hosino seconded," she did not attend the meeting. Director Aiona stated he seconded the motion.

The minutes as amended were unanimously approved.

Chairperson Thompson requested a moment of silence to recognize David Yaw, a member of the Resident Advisory Board who passed away on September 18, 2009.

PUBLIC TESTIMONY

Fetu Kolio, Mayor Wright Homes resident, stated he is concerned with the tenant obligations on the lease agreement. He will be working with management on enforcing the lease agreement. The resident association's major concerns are with the use of fireworks and criminal trespassing. Many of the problems are caused by outsiders. Mr. Kolio stated there can be a written lease agreement, but if there is no accountability, then the lease agreement means nothing.

Chairperson Thompson stated the Board appreciates the updates on Mayor Wright Homes, but the Board creates policies and the staff carries out the policies. Chairperson Thompson encouraged Mr. Kolio to work with management on enforcement of the policies.

Director Beaver congratulated Mr. Kolio on becoming the new tenant association president.

Masae Kintaro, Micronesians United, stated that there are eight men who are being treated unfairly at the Waianae Shelter and are afraid of retaliation. The men are constantly assigned the same working stations and are not being rotated. One man cleaned the toilets for the last two years. The men feel these jobs are given to them because they are Micronesians. Mr. Kintaro requested copies of any policies on retaliation.

Chairperson Thompson stated that the Hawaii Public Housing Authority (HPHA) has a non-discrimination policy and that the Board does not tolerate discrimination. Chairperson Thompson recommended that the representative from Micronesians United meet with Sandra Miyoshi, Homeless Program Branch Administrator.

Director Yoshioka asked which shelter this is happening at. Mr. Kintaro responded Paiolu Kaiaulu.

Roy Nakamura, Kalakaua Homes resident, stated on August 20, 2009 he complained that flyers were not being put up and Stephanie Fo, Property Management and Maintenance Services Branch Chief, responded that the flyers were put up, but that is a lie. Management has lied three times. There has been discrimination at Kalakaua Homes. Nothing has been done to help the residents at Kalakaua Homes.

Director Smith referred Mr. Nakamura to a letter he wrote which stated "... the flyers have since been promptly posted" and asked if that was true.
Mr. Nakamura stated that his letter was not correct and admitted that he should not have signed the letter.

Ava Goldman, Michaels Development Company (MDC) thanked the Board for selecting their development team to help revitalize Kuhio Park Terrace (KPT) and Kuhio Homes. They look forward to working with the HPHA.

Makani Maeva, Pacific Housing Advisors, thanked the Board for selecting their development team. They are moving forward with the master development agreement and all necessary financing.

Director Ignacio requested that the development team also focus on the social service needs at Kuhio Park Terrace/Kuhio Homes. Ms. Maeva responded that the same attention will be given to social services.

Banfino Renu, Paiolu Kaiaulu Shelter resident, stated he understands that because he lives in the shelter he needs to do his part, but he has a doctor's note and the manager still insists on giving him work that he is not supposed to be doing. Mr. Renu also stated he is not the only one who has a doctor's note.

Daintry Bartolcus, private resident, stated she is doing her practicum with Micronesians United and has seen retaliation at the Paiolu shelter. She has seen a man falsely accused of a crime, who went to court and was found innocent. Ms. Bartolcus stated that she tried to talk to Shannon Hayes, Paiolu Kaiaulu Manager, and Ms. Hayes refused to talk to her. Ms. Bartolcus stated that Ms. Hayes said Ms. Bartolcus is harassing her. Ms. Bartolcus requested copies of the shelter's policies and procedures and the shelter refused to give her a copy.

Bob Nakata, Faith Action for Community Equity (FACE), stated he feels that the KPT revitalization is great. He is glad to see the HPHA is planning to hire a Chief Financial Officer and a project manager for the KPT rehabilitation.
Mr. Nakata stated the working relationship with the Board, the state administration and the residents is very important and is disappointed with the possibility of having the executive director replaced.

Chairperson Thompson clarified that the discussion on the status of the executive director is not on the agenda.

Mr. Nakata asked what the Board is looking for in an executive director and what the time table is. Director Beaver stated it is public record. Shirley Befitel, Personnel Supervisor, stated it is on the HPHA website.

Director Ignacio stated the priority for the Board are the residents of HPHA.

Maier Eram, Paiolu Kaiaulu Shelter resident, stated through Misa Sewen, translator, that he has been a resident at Paiolu for three years. Mr. Eram stated that he is assigned to a job he is not supposed to do, because he has a doctor's note. Mr. Eram stated he wants to move to public housing.

Director Ignacio asked for a timeframe of when the HPHA can get a response to the Board and the testifiers. Ms. Miyoshi stated within two weeks.

Director Yoshioka asked who manages the Paiolu Kaiaulu. Ms. Miyoshi responded the U.S. Vets, Inc.

Anas Suzuki, private resident, thanked the Board for housing. He has an application for Section 8. He is still waiting for help.

Iowanes Osaki, Paiolu Kaiaulu Shelter resident, stated through Mr. Sewen, translator, that the shelter called him to the office and told him his children were messing up the restroom. The police arrested him and he was not guilty. He was removed from the shelter, and even if he was not guilty he is not being allowed back into the shelter. Mr. Osaki is also asking for help, since the shelter staff will not allow him to see his children. Last week, Mr. Osaki went back to the shelter and his children were not in school and had not eaten dinner.

Designee Oliva asked where and who are the children currently with.
Mr. Osaki responded through Mr. Sewen that the children are at the shelter with their older sibling.

Misa Sewen, Paiolu Shelter resident, stated he's been at the shelter for three years. He has applied for public housing, but is still waiting. This year, public housing called him for an interview. Mr. Sewen stated he was told because his brother who was on the application was not with him at the interview the HPHA would have to put him back on the waiting list. Mr. Sewen feels because he is the head of the household his brother not being at the interview should not have affected his application.

Jarrett Waa, Central Maintenance, stated the number of vacant units shows that the special teams that was put together by the executive director was effective. He believes if you give something a chance, then you will see it grow. He asked the Board to give HPHA a chance, because every time the executive director is changed, the goals change. Where are the homeless and low income families going to live if the HPHA sells the units?

Director Beaver asked where he saw that HPHA wants to sell the units. He said he got it in writing. Director Beaver stated the Board's goal is to redevelop more units and sell those units to help sustain and support the existing public housing units.

Director Hosino asked Mr. Waa if he was concerned that the special teams were discontinued. Mr. Waa responded yes, because he feels that the special teams were successful. Director Hosino stated that the Board did not have anything to do with the discontinuation of the special teams.

Roven Kahalehiili, Mayor Wright Homes Maintenance, stated he feels the goals and objectives have been met. Morale and productivity are at its highest point ever. The progress over time has been great.

Steven Paulo, Mayor Wright Homes Maintenance, stated that the vacant units have been getting fixed and that he just wants to continue doing his job.

Director Smith asked if someone informed him that he wouldn't be doing his job. Mr. Paulo responded he just wanted the Board know he is happy doing his job.

Director Dodson thanked the staff for coming and letting the Board know they

are enjoying their work. She would like them to continue doing their job.

Chairperson Thompson called a recess at 9:59 a.m. and reconvened at 10:09 a.m.

RECESS/ RECONVENED

Director Dodson moved, Director Ignacio seconded,

> To Recognize the Makamae Resident Association as a Duly Elected Resident Association Pursuant to Volume 24 CFR Part 964

The motion was unanimously carried.

TO RECOGNIZE THE MAKAMAE RESIDENT ASSOCIATION AS A DULY ELECTED RESIDENT ASSOCIATION PURSUANT TO VOLUME 24 CFR PART 964

Ms. Fo stated this is the first time that Makamae has formed a resident association.

The motion was unanimously carried.

Ms. Fo introduced Toelupe Toelupe, president; Hope Martin, vice president; Barbie Goodman, secretary; Annette Fashelle, treasurer; Robert Wall, sergeant at arms.

Chad Taniguchi, executive director, and Director Hosino presented a certificate to the Makamae Resident Association.

Director Hosino stated that the Makamae Resident Association Board has had training and worked really hard.

Mr. Toelupe thanked the Board and stated they will work with the Board on issues.

Director Berthiaume asked how many associations are there. Director Hosino stated there are 23 and working on 22 more.

Chairperson Thompson asked about how long it will take. Director Hosino was hopeful that the resident associations could be established within three months.

Director Beaver moved, Director Yoshioka seconded,

> To Accept the Investment Grade Audit and Proposed Energy Conservation Measures from Ameresco, Inc. and To Authorize the Executive Director to Negotiate the Scope of Work and the Terms of an Energy Services Agreement with Ameresco, Inc., the Execution of Which Shall Be Subject to Board Approval

The motion was withdrawn.

Director Beaver moved, Director Dodson seconded,

> To Accept the Energy Audit Report from Ameresco, Inc. and To Authorize the Executive Director to Negotiate the Scope of Work and the Terms of an Energy Services Agreement with Ameresco, Inc., the Execution of Which Shall Be Subject to Board Approval

TO ACCEPT THE ENERGY AUDIT REPORT FROM AMERESCO, INC. AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE THE

Mr. Taniguchi reported that HPHA held a four-hour energy performance contract workshop on October 14, 2009. Chairperson Thompson attended the workshop and Director Beaver participated by phone. At the end of the

workshop, Chairperson Thompson recommended some changes on the "For Action."

SCOPE OF WORK AND THE TERMS OF AN ENERGY SERVICES AGREEMENT WITH AMERESCO, INC., THE EXECUTION OF WHICH SHALL BE SUBJECT TO BOARD APPROVAL

Mr. Taniguchi introduced David Anderson, Thomas Tsaros, and Kimberly Albertson from Ameresco, Inc. (Ameresco).

Mr. Anderson provided some background on the energy performance contract for the Board. He stated that in February 2008, the HPHA solicited proposals for the energy performance contract (EPC). The contract with Ameresco was signed in November 2008. There was a kick off meeting where Ameresco and the HPHA staff met to discuss the objectives of the contract.

Mr. Anderson stated there was an interim audit meeting when Ameresco presented the initial audit findings. Ameresco then met with the HPHA staff to ensure that all items were taken care of. In May 2009, there was the first workshop which included members of the Board's finance task force. The final audit was issued on September 28, 2009 and there was a second workshop on October 14, 2009.

Mr. Anderson stated the goals of this project are to: 1) reduce and control utility expenditures; 2) fund energy conservation measures (ECMs) entirely from savings; 3) focus on renewable energy; 4) fund maintenance from savings; 5) contribute to Hawaii's clean energy initiative; and 6) create approximately 300 jobs.

Mr. Anderson provided an overview of the U.S. Department of Housing and Urban Development (HUD) energy performance program: 1) provide conservation "incentives" for public housing authorities to reduce utility expenses; 2) encourage third party financing required to pay for energy conservation improvements; 3) HUD capital budget cannot be applied; 4) HUD operating subsidy used to pay debt service; 5) repayment term up to 20 years allowed; 6) at least 75% of savings must be used to pay EPC costs; and 7) Energy Services Company (ESCO) such as Ameresco, guarantees savings.

Mr. Anderson stated that KPT will be taken out of the EPC because of the plans for redevelopment.

Mr. Anderson explained that the way the current cash flow works is that HUD provides the HPHA with approximately $15.54 million to pay utility expenses annually. Mr. Anderson stated with the EPC, the cash flow would be that HUD provides the HPHA with approximately $15.54 million a year, then HPHA in turn would: 1) pay the utility bills; 2) pay the EPC financing and maintenance expenses; and 3) save about $410.000 a year.

Mr. Tsaros stated the approach used to select the type of ECMs were: 1) payback versus life cycle; 2) deferred maintenance; and 3) disposition of buildings.

Mr. Tsaros stated that Ameresco looked at 15 ECMs, including: water conservation, lighting improvements, solar water systems, refrigerators, solar photovoltaic, etc. The proposed project requires a $29.9 million investment and should yield a projected $3.1 million savings in the first year. The simple payback is about 10 years.

Mr. Tsaros projected that in 2012, there will be $12.5 million in utility expenses, $2.6 million in finance and maintenance costs, and $400,000 in savings. In 2031, there will be $22.2 million in utility expenses, $4.5 million in maintenance costs, and $590,000 in savings. The total will be $337.3 million in utility costs, $70.1 million in finance and maintenance costs, and $10 million in savings.

Chairperson Thompson stated that the Board will need to discuss whether the HPHA wants to leave future redevelopment projects in the EPC. If a project is

included in the contract and HPHA chooses to engage in redevelopment, the project will no longer be part of the EPC.

Chairperson Thompson stated in order to stay within HUD's 75% savings; the entire project will need to be completed.

Director Smith asked if someone could explain why the HPHA cannot choose the energy items that have lower simple payback. Mr. Anderson responded the HPHA can choose the shorter simple paybacks with a shorter financing term. The difference is that the HPHA would not achieve the 75% savings because it will take less than 75% to payback the investment. Mr. Anderson added that if the HPHA obtains a shorter financing, the HPHA will still save on the utilities, but will lose HUD utility subsidy payments.

Director Smith stated if the HPHA has enough HUD capital funds to do the $3 million in ECMs the HPHA would gain $1.5 million in savings. She questioned whether this is more valuable than the string of payments from HUD over the six through twenty years. Mr. Tsaros stated that HUD created this program to save housing authorities money and to reduce long term utility costs.

Director Beaver asked if there is a way to do the project in phases and get the same benefits. Ms. Albertson responded that the HPHA would lose the incentives of HUD's EPC program.

Mr. Tsaros stated doing all the ECMs at one time may take longer, but the HPHA will be reducing the utilities more at the end of the project.

Director Beaver asked for an analysis of the long term project versus a project which included only short term, quick payback measures. Mr. Anderson stated Ameresco will do the analysis.

Director Smith asked if some of the smaller project costs and savings measures could be removed from the project. Mr. Anderson responded yes.

Director Beaver asked for information about Ameresco's experiences, the guarantee that is provided, and how many times did Ameresco have to pay out for not meeting the guarantees. Mr. Anderson responded that Ameresco has done more ECPs than any other company in North America. Ameresco has installed ECMs in approximately 160,000 housing units. The EPC will have a specific methodology on how Ameresco will prove that the HPHA has realized utility savings. If the HPHA does not realize the savings as guaranteed, Ameresco will write a check to the HPHA for the difference. Ameresco has never had to write a check to any public housing authority.

Director Beaver asked if HUD requires Ameresco to show that it has the financial capacity to make the guarantee. Mr. Anderson responded that HUD is involved with the contract at every step of the project.

Chairperson Thompson introduced Paul Norton from the U.S. Department of Energy.

Mr. Norton stated he is the senior project leader with the National Renewable Energy Lab. Mr. Norton is helping the State with the Hawaii Clean Energy bill. The goal of the Hawaii Clean Energy bill is to achieve 30% energy efficiency improvements by 2030. The way to achieve the 30% goal is to use ESCO arrangements. If the shorter project costs and savings measures are chosen, the HPHA would have a short term gain, but will not achieve the 30% efficiency improvement. Also if you do the short term project, the HPHA would create a benefit for HUD, but not for the HPHA.

Director Smith asked if there was someone from Budget and Finance (B & F) in attendance at the workshop yesterday. Chairperson Thompson responded that B&F was invited, but did not attend. Chairperson Thompson noted that Ernest

Lau of DAGS attended the workshop and remarked that HUD's subsidy program for housing authority EPCs was a big advantage for the HPHA.

Ayes: Chairperson Thompson
Designee Oliva
Director Aiona
Director Beaver
Director Berthiaume
Director Dodson
Director Ignacio
Director Yoshioka

Nays: Director Smith

Abstained: Director Hosino

The motion was carried.

Director Beaver moved, Director Ignacio seconded,

To Authorize the Engagement of Crews & Associates, Inc. for Financing of the Energy Services Agreement with Ameresco, Inc., and to Enter into an Engagement Letter with Standard & Poor's for Rating Services Required by the Energy Services Contract

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

Ms. Albertson stated the lender looks at the HPHA as a separate entity from the State, because the HPHA has its own statutory obligations for the financing.

Ms. Albertson stated that the financers will review the HPHA's public housing assessment system (PHAS) score, the term of the financing, size of the financing, and collateral.

Ms. Albertson stated that Ameresco competitively solicited financing from Bank of Hawaii, First Hawaiian Bank, Hawaii National Bank, Bank of America, and others. Crew and Associates, Inc. (Crews) was identified as a qualified lender.

Ms. Albertson stated some of the limitations that Crews need to meet are: it must be a lease; lease payments shall not exceed savings and terms of the proposal. Crews recommended Build America Bond designation as a subsidy.

Ms. Albertson stated Crews wants Standard and Poor's (S&P) to provide the rating for the HPHA because S&P considers the federal government financing as a factor. Crews feels that the HPHA should be able to receive an A- rating from S&P.

Chairperson Thompson asked if Build America Bonds does not proceed, what happens. Ms. Albertson stated that Crews will still have the same criteria and if they cannot meet the criteria, then the project stops and the HPHA can look at the tax exempt market. The HPHA will always have to take the risk of the market, no matter how the project is funded.

Ms. Albertson clarified that today's request is for HPHA's Board to allow the executive director to engage Crews & Associates. Crews will not complete the work until the HPHA has HUD approval and the Board approves the financing cost. The Governor and the Director of Finance are also statutorily required to approve the project.

Chairperson Thompson asked how exposed the HPHA is financially.
Ms. Albertson reported that Crews has agreed to waive its fees and costs if the financing does not happen. She explained that S&P charges two different fees.

If S&P provides a credit rating, then the cost would be $45,000. If the financing is not completed, the transaction and surveillance rating for the financing would cost the HPHA nothing.

Director Smith stated that Crews reported the net project cost was $70 million, and then it changed to $44 million, and now it's $29.5 million, why did the amount change. Mr. Anderson explained that Ameresco came up with the $70 million figure because at the time the scope of work was undetermined and Ameresco used the maximum amount. If Crews was given an amount that was too low, then the process for financing would need to be restarted. The project changed to $44 million with a more detailed scope of work. With the removal of KPT from the project, it changed to $29.5 million.

Director Smith asked when the Board would have an opportunity to discuss the ECMs. Ms. Albertson stated that the Board could review the ECMs anytime, until the energy services agreement is signed.

Director Smith stated there are three factors to the scope of work which should be considered: 1) which housing projects; 2) which ECMs; and 3) whether it should be a long term or short term project.

Chairperson Thompson stated he feels that the HPHA was given the audit report and can refine the package in the negotiating process. He does not feel the Board should go back to look at each of the ECMs.

Director Smith stated she wants to review whether there are differences between the proposed ECMs and policies the State is using for energy conservation. As an example, if the HPHA decides to have the tenants take more responsibility on how the tenants manage their units, this implies that individual meters be installed. She noted that one of the ECMs calls for consolidating the meters. The Board needs to look at the policies and the measures. Mr. Tsaros explained that for this example that project currently has individual meters but utilities are paid by the HPHA instead of the tenant. Under the proposed energy conservation project the HPHA would convert to one commercial meter at lower rates. Ameresco will review this measure with the HPHA staff and consider converting to individual tenant paid utility bills. The HPHA would provide tenants with utility allowances as required by HUD.

Director Smith asked if B & F will have a chance to review the contract. Ms. Albertson stated that B & F should be involved at every step, from now to the signing of the contract.

Director Smith asked whether Crews is providing the financing or placing financing. Ms. Albertson stated that Crews can do both, or they can underwrite the project.

Ayes: Chairperson Thompson
Designee Oliva
Director Aiona
Director Beaver
Director Berthiaume
Director Dodson
Director Ignacio
Director Yoshioka

Nays: Director Hosino
Director Smith

The motion was carried.

RECESS/ RECONVENED

Chairperson Thompson called a recess at 11:59 a.m. and reconvened at 12:08 p.m.

Director Dodson moved, Director Aiona seconded,

EXECUTIVE SESSION

> To go into executive session at 12:08 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 *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 12:49 p.m.

RECONVENED

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

Director Dodson moved, Director Ignacio seconded,

EXECUTIVE SESSION

> To go into executive session at 12:50 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 the hire, evaluation, dismissal, or discipline of an officer or employee or of charges brought against the officer or employee, where consideration of matters affecting privacy will be involved.

The motion was unanimously carried.

The Board reconvened from Executive Session at 1:19 p.m.

RECONVENED

Chairperson Thompson reported that the Board discussed personnel issues; actions will be reported back to the Board in the future.

Director Beaver moved, Director Ignacio seconded,

TO REQUEST LEGISLATIVE APPROVAL FOR THE TRANSFER OF 1.99 ACRES OF VACANT LAND AT LANAKILA HOMES III, HI001000037, HA 1014, HILO, HAWAII TO THE COUNTY OF HAWAII FOR THE CON-STRUCTION OF A FIRE

> To Request Legislative Approval for the Transfer of 1.99 Acres of Vacant Land at Lanakila Homes III, HI001000037, HA 1014, Hilo, Hawaii to the County of Hawaii for the Construction of a Fire Station

Mr. Taniguchi stated that residents and staff agreed that the County fire station is a good idea.

Chairperson Thompson asked if this needs approval from the legislature. Krislen Chun, Deputy Attorney General, responded that the transfer required legislative approval because there is only an exemption for State to State transfers.

Director Dodson asked whether the County ever offered to pay for the land. Mitchell Kawamura, Project Engineer, stated that the County has not offered to pay for the land.

STATION

Director Yoshioka stated she is concerned because: 1) the last discussion with the residents was in 2006 and she would like to see current discussions with the residents; 2) this project was started when the HPHA was the Housing and Community Development Corporation of Hawaii (HCDCH); and 3) this is contrary to the policy to sell off land to give the HPHA more funds.

Director Dodson stated she is concerned with the lack of exchange of money.

Designee Oliva stated having a fire station in close proximity lowers the insurance, but it could also keep the residents up all night.

Director Beaver acknowledged that the residents were part of the discussion, but that was in 2006, and asked if there were more recent meetings.
Mr. Taniguchi stated that the HPHA reported to the residents at the resident community meeting two weeks ago that HUD has approved the transaction. There were 30 residents in attendance and no one questioned the transfer.

Mr. Taniguchi stated the other issue is that the County is counting on the transfer. The HPHA can have another discussion with residents. He believes the residents want the fire station.

Director Beaver asked once HUD approves the transfer, would the HPHA send out a flyer informing all residents. Mr. Taniguchi responded there is a newsletter that goes to the residents. Mr. Taniguchi stated he will make sure the flyer goes out, if it has not been done yet.

Director Smith asked if this was a two step process. Step one was to dispose of the land and now that HUD has approved the disposal, the HPHA is now giving the land to the County. Mr. Taniguchi responded yes, but in the request to HUD the purpose of the disposition was to give the property to the County. Mr. Taniguchi stated HUD took two and a half years to approve the disposition application. Mr. Taniguchi stated he believes that HUD approves the disposition, not necessarily who the HPHA chooses to give the property to.

Chairperson Thompson asked if the units have been demolished on the property. Mr. Taniguchi responded, yes.

Director Ignacio stated the demolition was based on the County getting the property. Mr. Kawamura stated no, the original demolition did not even consider the fire station.

Director Smith asked if a new appraisal will need to be done before the transfer. Mr. Kawamura clarified that there was no appraisal completed. Ms. Chun stated that an appraisal will need to be done, as required by law.

The motion was unanimously carried.

Chairperson Thompson stated last month the Board asked for input from the Department of Budget & Finance (B & F), HUD, and Department of Accounting and General Services (DAGS) on the HPHA's internal control policy, and asked whether the HPHA received any input. Mr. Taniguchi responded that no comments were received as of yet.

Chairperson Thompson requested that the internal control policy be put back on the agenda once the input has been received.

Director Aiona and Director Dodson left at 1:30 p.m.

TASK FORCE REPORT/

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

FINANCE/ AUDIT

HUMAN RESOURCES

Designee Oliva reported that the executive director's position has been advertised in the local and national media. There were 26 resumes received for the executive director's position. The State Housing Development Administrator's position has been approved to fill and the interviews have been concluded. The reduction in force (RIF) placements are continuing with the search for vacancies statewide.

HOMELESS-NESS

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

TENANT/ TENANT RELATIONS/ OPERATIONS

Director Hosino reported that the Tenant Relations and Operations task force asked whether the application process for the tenant monitoring program and the pilot program for Palolo Valley Homes started. Ms. Fo responded the application process has not started because there was a problem with the way the rent was to be credited. Ms. Fo stated she is working with HUD to resolve their concerns regarding the rent credit.

Director Ignacio asked if it has taken over a year to start the tenant monitoring program. Director Hosino responded yes, it was supposed to be an easy program, but ran into problems. Ms. Fo stated the problem is that it is a new program, so the program (e.g. rules, procedures) needs to be created. There are laws that need to be followed.

Director Hosino stated that the Resident Advisory Board (RAB) has started to meet. There are supposed to be 19 members, but there are only 9 members. The RAB need two members from Kauai and Maui, and one member from Kona.

MIXED INCOME

Director Beaver reported that the mixed income task force has no report, but asked Mr. Taniguchi to report on the progress with Michaels Development. Mr. Taniguchi reported that Michaels Development has gone to KPT and spoken to the management and Parents and Children Together (PACT). The HPHA was going to apply for HOPE VI, but after review of the application, the HPHA realized the HPHA did not have time to meet some of program criteria. Mr. Taniguchi added that the HPHA will try to apply next year.

Chairperson Thompson asked for examples of some of the criteria the HPHA does not meet. Mr. Taniguchi reported that, as an example, there needs to be five substantive planning meetings with residents to discuss and plan the redevelopment.

Director Ignacio asked who would be writing the proposal. Mr. Taniguchi stated that Michaels Development would be doing most of the work.

GOALS AND OBJECTIVES

Director Smith reported that the Goals and Objectives task force has no report.

EXECUTIVE DIRECTOR REPORT/ VACANT/ FIXING/ FILLING UNITS

Chairperson Thompson asked if the HPHA compared the cost of hiring contractors versus the cost of central maintenance performing the work. Ms. Fo responded it is difficult to compare costs because contractors repair type C units and central maintenance repairs type A and B units.

Director Smith asked about the status of the special teams. Ms. Fo reported that

the special teams were disbanded because there was agreement with the Department of Human Services (DHS) Personnel and the union that the special teams would be a one year pilot program and the AMPs needed their staff members back from the special teams.

Director Ignacio asked why the HPHA couldn't put the special teams together again. Mr. Taniguchi responded that the HPHA would need to complete a major reorganization. The Asset Management Projects (AMPs) should be able to do their work at this point, with additional help from Central Maintenance and contractors.

Director Ignacio asked if the Asset Management Project (AMP) staff know how many units staff are capable fixing and in what time frame. Mr. Taniguchi responded that the AMPs are expected to repair vacant units on a timely basis, within 20 days. When the AMPs cannot do so they will contract out repairs to Central Maintenance, Correctional Industries or contractors

ELEVATORS

Chairperson Thompson asked why Kalanihuia's elevator required 40 repairs. Director Hosino responded she spoke to the elevator repair man and he stated it is because the elevators are old and parts need to replaced due to of wear and tear.

Director Berthiaume asked whether there is a plan for Kalanihuia, if both elevators go down. Director Hosino responded the fire department has agreed to help if they are not busy.

Chairperson Thompson stated that the elevator has been down too often. Ms. Fo clarified that the report of 40 repairs at Kalanihuia was for the past two years, not just for the last month.

HOMELESS PROGRAMS

Director Smith asked Ms. Miyoshi if this is the first time she has heard of the concerns at Paiolu Kaiaulu. Ms. Miyoshi responded yes. Ms. Miyoshi reported that the children of Mr. Osaki were reprimanded by Paiolu staff for playing in the showers. Mr. Osaki was called to the office and proceeded to hit one of the girls in the head, she flew and hit the wall. The staff informed Mr. Osaki that he cannot hit his children, as it is considered child abuse. Mr. Osaki then began verbally abusing staff and the police we called. The daughter did sign a document confirming her father hit her in the head and child protective services (CPS) was contacted. The children have now been placed with their older sister, who also lives at the Paiolu shelter. There has been a case manager who has been assigned the case, and who is ensuring that the children are attending school and being taken care of. Mr. Osaki has had two grievance hearings. One was scheduled this morning and he did not attend.

Chairperson Thompson asked if language is a barrier. Ms. Miyoshi responded there is a case manager at Paiolu Kaiaulu who is bilingual and is trying to help the residents to understand the culture.

Ms. Smith asked about the work assignments. Ms. Miyoshi responded that all adult members need to be working or in a training program unless they have a disability or are elderly. These residents are given work around the shelter; it may be as a floor monitor, playground monitor, cleaning the facilities, etc. The residents are assigned duties based on their abilities.

Designee Oliva asked about the rotation schedule. Ms. Miyoshi responded she was not here for that testimony; she will follow up.

Director Thompson stated the testimony was about retaliation and questioned if there is retaliation or not. Ms. Miyoshi responded that there needs to be better communication with the residents; it is difficult because of the language barrier.

Director Ignacio stated she believes in advocates, but some time because of the culture differences it becomes a problem. For example, at one of her shelters, all able bodied adults who can work are required to work. However, there was one father who said he wanted to be able to pick up his child from school every day. He was offered work, but he turned it down because it conflicted with his desire to pick up his child. Micronesians United came to the shelter and alleged that he was being discriminated against. She believes that Micronesians United is a great advocate, but they need to listen to both sides of the story.

Ms. Miyoshi stated she will ensure that the residents get the rules in their language.

Director Smith stated that the U.S. Vets has a track record in the state of Hawaii. She would like an opportunity for the U.S. Vets to explain their policies, procedures, and rules. Director Berthiaume stated he will ask Tim Cantwell to come and give an overview of the program.

CORRECTIVE ACTION ORDER

Chairperson Thompson stated the Board will discuss the "For Information" on the Corrective Action Order (CAO).

Barbara Arashiro, executive assistant, stated the CAO was issued in September 2002. There was a memorandum of agreement (MOA) with the Housing and Community Development Corporation of Hawaii (HCDCH) and HUD. The MOA included over 100 items. The HPHA was required to report monthly on each item and as the item was corrected, it was closed out. The MOA was closed and the HPHA was put on an improvement plan. Several weeks ago, the HPHA met with HUD on the status of closing the CAO. HPHA took a look at the improvement plan and will submit to HUD the areas that the HPHA feels there needs to be work. HUD agreed to meet with HPHA in six months on possibly closing the CAO. HUD and the HPHA also met about obligating the stimulus money and where HPHA is in terms of the environmental review.

Chairperson Thompson stated that because the CAO is open, it seems that HUD adds on additional items. He stated he is willing to help talk to HUD to have this order closed.

Ms. Arashiro stated there were two main issues that served as the basis for the CAO. One was the inability to obligate the capital funds and the second issue was procurement. When the MOA was opened, HUD felt that if the HPHA was having problems in these two areas, there may be other areas that are problematic and added those items to the MOA.

Director Smith asked if the discussions were held with the local HUD office or the national office. Ms. Arashiro responded that discussions were with the local HUD office.

Director Smith stated she spoke to the national HUD office and asked if Lanakila can be removed from demolition. HUD would not entertain that motion because it would make the HPHA's vacancies tally go up.

Chairperson Thompson stated he will work with Ms. Arashiro on speaking to HUD.

SHELTER PLUS CARE PROGRAM

Chairperson Thompson stated the Board will discuss the Shelter Plus Care Program.

Ms. Miyoshi stated HUD performed an audit on three programs. Three agencies were audited: the Office of Social Ministry, Steadfast Housing, and Kauai Economic Opportunity. There were two findings which were 1) documentation of homelessness and 2) participation of a homeless person. There was also one concern with progress on leasing up.

Ms Miyoshi stated for the finding of documentation of homelessness, there was documentation at initial contact but HUD wanted re-documentation just before placement. This was at Steadfast Housing and Office of Social Ministry. Both agencies have corrected the finding.

The other finding was participation of a homeless or formerly homeless person on the agency's Board and involvement in the decision making process. Steadfast Housing's internal rules did not allow for a homeless person to be on their Board. Steadfast is currently rewriting the rules.

The concern with progress on leasing up on the vouchers provided under Shelter Plus Care. There was a delay once HUD informed the HPHA that they are getting the grant voucher and getting a contract signed with a contractor, then the contractor proceeds to get the lease up. The HPHA was aware of this problem before HUD conducted their audit and the problem was already being addressed. Steadfast Housing will be over leased and have 32 instead of 17; Kauai is a new program and is doing okay.

GOALS AND OBJECTIVES

Director Smith asked if Mr. Taniguchi gave HUD a deadline for feedback. Mr. Taniguchi asked when she would like the feedback by. Director Smith responded she would like the feedback before the end of the month so the task force can meet.

Mr. Taniguchi asked if the Board wants the goals and objectives shared with the residents. Director Smith stated she feels it premature to share it with the residents.

Director Hosino stated she feels that the staff has the wrong the impression on the vision of the Board. They think that the Board wants to sell public housing.

OTHER ITEMS

Michael Hee, Private Management Contracts Section Chief, stated that the HPHA has just received the purchase and sale agreement for Wilikina this afternoon. The AG's office is currently reviewing it. There do not seem to be major changes.

Chairperson Thompson stated he received the letter and it will be distributed to the Board members.

Marcel Audant, Acting Construction Management Chief, is conscious of the funds that need to be spent. The caution is that there is so much money to spend and Construction Management Services (CMS) is under staffed.

Chairperson Thompson stated the Board is aware that the HPHA is under staffed and must face those challenges.

Shirley Befitel, Personnel Supervisor, stated the HPHA is working to hire with approval from Department of Human Services and the Governor's office.

Mr. Taniguchi introduced Steven Chang as the HPHA's new Chief Compliance Officer.

ADJOURN-MENT

There being no further items to be discussed,

Director Beaver moved, Director Berthiaume seconded,

That the meeting be adjourned at 3:04 p.m.

The motion was unanimously carried.

MATILDA YOSHIOKA
Secretary

Approved