MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BUILDING E,
ON THURSDAY, NOVEMBER 19, 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, November 19, 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 Kaulana Park
Director Linda Smith
Director Rene Berthiaume
Director Sam Aiona
Director Sherrilee Dodson

Chad Taniguchi, Executive Director
Krislen Chun, Deputy Attorney General
John Cregor, Deputy Attorney General

EXCUSED:
Director Eric Beaver
Director Matilda Yoshioka

STAFF PRESENT:
Barbara Arashiro, Executive Assistant
Alan Sarhan, Planner
Glori Inafuku, Housing Compliance & Evaluation Specialist
Lydia Camacho, State Housing Development Administrator,
Marcel Audant, Housing Development Specialist
Mark Buflo, Budget Analyst
Michael Hee, Private Management Contracts Section Chief
Norhana Schumacher, Acting Section 8 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
Taryn Chikamori, Secretary to the Board

OTHERS:
Bob Nakata, Faith Action for Community Equity (FACE)
Dolores Glore, Faith Action for Community Equity (FACE)
Fetu Kolio, Mayor Wright Homes resident
Hope K-Aloha, Kuhio Park Terrace resident
Jesse Ponce de Leon, Kalakaua Homes resident
Jun Yang, Faith Action for Community Equity (FACE)
Larry Sumida, Department of Hawaiian Home Lands
Penelope Tukimaka, private resident
Sinclair Quitugua, Micronesians United

Sisan Suda, Micronesians United

Chairperson Thompson declared a quorum present.

QUORUM

Director Ignacio moved, Director Hosino seconded,

That the minutes of the Regular Meeting held on October 15, 2009 be approved as circulated.

The minutes were unanimously approved.

APPROVAL OF MINUTES REGULAR MEETING OCTOBER 15, 2009

PUBLIC TESTIMONY

Bob Nakata, Faith Action for Community Equity (FACE), stated he is concerned that the Hawaii Public Housing Authority (HPHA) is thinking about selling units to public housing residents. He does not feel that public housing residents can afford to purchase the units. Mr. Nakata stated he is also concerned that the Kuhio Park Terrace (KPT) redevelopment project does not have a project manager. Mr. Nakata questioned whether the HPHA is redeveloping KPT so more units can be sold. Mr. Nakata is also concerned that the HPHA is searching for a new executive director. Mr. Nakata stated Chad Taniguchi, executive director, has stressed responsibility from residents, rent collection is up, and vacant units are down.

Jesse Ponce de Leon, Kalakaua Homes resident, stated he is concerned with the HPHA's audit. He can't believe that the HPHA is not on cash basis. He would like an audit done on all of the HPHA financials.

Chairperson Thompson stated that the HPHA is audited annually. The Board approves the audit and the audit is sent to the U.S. Department of Housing and Urban Development (HUD) and the State.

Fetu Kolio, Mayor Wright Homes resident, stated the tenant association has asked the Mayor Wright Homes (MWH) manager to attend the tenant association meeting and inform residents that firework usage is not allowed on the property since there is a new board at MWH. The manager has not attended a meeting. Mr. Kolio also requested a copy of the letter that was written to the previous tenant association regarding firework use. Mr. Kolio asked how can the HPHA and the community work together to keep public housing safe and affordable.

Chairperson Thompson stated that he thought the MWH Board made it clear that the HPHA policy for fireworks usage is not allowed. Chairperson Thompson asked Mr. Taniguchi to follow up on this issue.

Jun Yang, Faith Action for Community Equity (FACE), stated he feels the Board's vision to sell public housing is optimistic because the waiting list is long. Mr. Yang asked if the number of public housing units goes down, where will the low income people live. Mr. Yang stated he hopes the Board reconsiders its vision.

Director Aiona moved, Director Ignacio seconded,

To Ratify the Audited Financial Statements for Banyan Street Manor, located at 1122 Banyan Street, Honolulu, Hawaii for Fiscal Year 2009 as submitted to the U.S. Department of Housing and Urban Development

TO RATIFY THE AUDITED FINANCIAL STATEMENTS FOR BANYAN STREET MANOR, LOCATED AT 1122 BANYAN STREET,

Mr. Taniguchi stated the HPHA did four years of audits in six months and the HPHA is up-to-date on the audits for Banyan Street Manor. The HPHA submitted the audit to HUD prior to getting the Board's approval because the

HONOLULU, HAWAII FOR FISCAL YEAR 2009 AS SUBMITTED TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HPHA wanted HUD to receive the audit before HUD sent the HPHA a late notice. The auditor did not have opinion for the 2007, 2008, and 2009 audit because the previous management agent's records were not kept up to the auditor's standards. The current management EAH has been keeping better records.

Michael Hee, private management contracts section chief, stated the auditor is confident that EAH can keep the records up to auditing standards.

Chairperson Thompson stated he is concerned that the audit states, "Our responsibility is to express an opinion on these financial statements based on our audit." Then the audit states, "... we do not express an opinion on the financial statements referred to in the first paragraph." Mr. Taniguchi responded that Frank Castro, HUD, expressed a positive response because the HPHA completed the audits. Mr. Castro stated he understands that record keeping needs to be improved and the current managing agent is up keeping the records. Mr. Taniguchi stated the HPHA is making progress from having no audits completed to being up-to-date.

Director Smith asked when the audit deadline is. Mr. Hee responded 60 days after the end of the fiscal year, which was the end of August 2009.

Director Smith asked whether the HPHA missed the deadline. Mr. Hee responded that the HPHA missed the deadline because the audits were being completed in sequence.

Director Smith asked if someone on the staff unilaterally decided to submit the audit to HUD before it was approved by the Board even if the deadline was missed. Mr. Taniguchi stated the HPHA made the decision to submit the audit because of HUD's frustration with the HPHA missing the deadlines and because the conclusions are the same as the other audits.

Designee Oliva stated he recognized the staff's efforts in getting the audit completed, but believes the decision to submit the report without the Board's approval was not a good decision. The HPHA should have contacted Chairperson Thompson or a member of the financial task force before submitting the audit.

Chairperson Thompson acknowledged that Mr. Taniguchi spoke with him before submitting the audit to HUD.

Chairperson Thompson asked when the Board approves the audit is HUD notified. Mr. Hee stated that it is an internal policy to have the Board approve the audit.

Director Ignacio asked if HUD requires Board approval before submitting the audit to HUD. Mr. Hee responded that HUD does not require Board's approval.

Mr. Taniguchi stated in the past the HPHA auditor reported that if the Banyan Street audit is not completed, it will not be a material matter.

Chairperson Thompson asked why the auditor was not able to obtain the fair housing information. Mr. Hee stated he will need to look into this.

Director Aiona withdrew his motion to ratify the audited financial statements for Banyan Street Manor, located at 1122 Banyan Street, Honolulu, Hawaii for fiscal year 2009 as submitted to the U.S. Department of Housing and Urban Development.

Director Aiona moved, Director Hosino seconded,

> To Defer Action To Ratify the Audited Financial Statements for Banyan Street Manor, located at

1122 Banyan Street, Honolulu, Hawaii for Fiscal Year 2009 as submitted to the U.S. Department of Housing and Urban Development until the Auditor Can Attend the Board Meeting.

The motion was unanimously carried.

Designee Oliva moved, Director Hosino seconded,

To Approve a Revision to the Hawaii Public Housing Authority's Section 8 Administrative Plan To Allow Single Persons to Hold One Bedroom Vouchers Only if Zero Bedroom Units Are Not Available

TO APPROVE A REVISION TO THE HAWAII PUBLIC HOUSING AUTHORITY'S SECTION 8 ADMINISTRATIVE PLAN TO ALLOW SINGLE PERSONS TO HOLD ONE BEDROOM VOUCHERS ONLY IF ZERO BEDROOM UNITS ARE NOT AVAILABLE

Norhana Schumacher, acting Section 8 program branch chief, stated the HPHA wants to amend the administrative plan so it matches the administrative rules.

Director Smith asked why is the change being done and why is it being done now. Ms. Schumacher responded because she is trying to keep the Section 8's spending down and because there is a conflict between the administrative rules and the administrative plan.

Chairperson Thompson asked what the current administrative plan states and what does the current administrative rules state. Ms. Schumacher stated the current administrative plan states: "...single person families will be allocated one bedroom." The HPHA wants to change the plan so it is consistent with the administrative rules.

Designee Oliva asked what is considered an area. Ms. Schumacher responded the "area" refers to Oahu.

Director Smith asked doesn't HUD allow the HPHA to issue a voucher for a studio or a one bedroom to a single person. Ms. Schumacher responded that HUD allows a studio or a one bedroom; it is up to the public housing authority.

Director Hosino asked can a single person with a studio voucher rent a one bedroom, if the one bedroom cost is within the voucher amount. Ms. Schumacher responded that it was allowable.

Director Smith stated that because elderly individuals are usually single, she does not want this to be a form of discrimination because an elderly person may want or need a one bedroom unit.

Director Ignacio asked if HUD allows a single person to rent a studio or a one bedroom, what is the rationale in the rule change. Mr. Taniguchi responded that the HPHA is trying to make the administrative plan and the administrative rules consistent and because individuals should be in units that are the right size for each family. This will also save federal subsidies; the Section 8 Housing Choice Voucher program is in a $1 million deficit.

Director Ignacio asked if the driving factor is financial. Mr. Taniguchi responded, yes and to put families in the right size units.

Chairperson Thompson asked Director Hosino for her feelings. Director Hosino stated she believes that a single person should be in a studio, unless they have a medical condition and need a one bedroom unit.

Director Hosino asked if the live-in-aide's income is counted. Ms. Schumacher responded that live-in-aide's income is not counted.

Director Hosino stated she is concerned if the live-in-aide is working outside the home and has outside income. Ms. Schumacher responded that the live-in-

aide should not be working outside the home.

Director Hosino stated the live-in-aide's job is caring for the person twenty-four seven and that is why they are a live-in-aide. If the live-in-aide is working outside the residence, then the person does not need the live-in-aide and the aide is now living rent free and this happens on many occasions.

Director Ignacio asked if a person who has a live-in-aide is given a studio or one bedroom. Ms. Schumacher responded that they would be given a two-bedroom unit.

Director Ignacio stated that Section 8 will be paying a higher subsidy for the unit with a live-in-aide when the live-in-aide is working.

Director Smith stated that if the rule is changed then landlords will not be able to rent one bedroom units to single individuals.

Director Smith stated she will recuse herself from voting because she was a Section 8 landlord.

Director Dodson clarified that a single person with the studio voucher can still rent a one bedroom, if is fits HUD's criteria.

Director Dodson stated that there are people who go to day care which allows a live-in-aide to work when the person is at their day care activities.

Designee Oliva stated he is concerned that the HPHA may not be able to serve the community because there may be units available that people may not be able to rent using the vouchers. Barbara Arashiro, executive assistant, responded that the voucher will be issued for a studio, but it does not preclude the client from renting a one bedroom unit.

Ayes: Chairperson Thompson
Designee Oliva
Director Aiona
Director Berthiaume
Director Dodson
Director Hosino
Director Ignacio
Director Park

Abstained: Director Smith

The motion was carried.

RECESS/ RECONVENED

Chairperson Thompson called a recess at 10:10 a.m. and reconvened at 10:20 a.m.

TO GRANT THE DEPARTMENT OF HAWAIIAN HOME LANDS (DHHL) A RIGHT-OF-ENTRY FOR THE CONSTRUCTION OF A SEWER LINE THROUGH

Director Dodson moved, Designee Oliva seconded,

> To Grant the Department of Hawaiian Home Lands (DHHL) a Right-of-Entry for the Construction of a Sewer Line through Waimanalo Homes, Lot 146, for its Kumuhau Subdivision

Director Smith asked if the contractor is ready to start. Larry Sumida, Department of Hawaiian Home Lands (DHHL), responded that there is a contractor doing the site work. Because the DHHL is unsure what the HUD approval will be, the DHHL will either let the site contractor continue or to pass the project to the home contractor.

Director Aiona asked if there is a time frame on when DHHL will get the HUD approval. Mr. Sumida responded DHHL has no idea when HUD will give the approvals.

WAIMANALO HOMES, LOT 146, FOR ITS KU-MUHAU SUB-DIVISION

Ayes: Chairperson Thompson
Designee Oliva
Director Aiona
Director Berthiaume
Director Dodson
Director Hosino
Director Ignacio
Director Smith

Abstained: Director Park

The motion was carried.

Director Hosino moved, Director Park seconded,

To Approve the Energy Services Agreement with Ameresco, Subject to the Approval of the Department of the Attorney General and the U.S. Department of Housing and Urban Development

TO APPROVE THE ENERGY SERVICES AGREEMENT WITH AME-RESCO, SUB-JECT TO THE APPROVAL OF THE DE-PARTMENT OF THE ATTORNEY GENERAL AND THE U.S. DEPART-MENT OF HOUSING AND URBAN DEVELOPMENT

Chairperson Thompson stated there are still three issues that needed to addressed: 1) what projects will be included; 2) what energy performance measures will be used; and 3) will this be a long term or short term contract.

Ms. Arashiro stated the staff's intent was to provide the Board with the draft contract and to allow the Board to instruct staff on how to proceed.

Director Hosino withdrew her motion to approve the energy services agreement with Ameresco, subject to the approval of the Department of the Attorney General and the U.S. Department of Housing and Urban Development.

Director Dodson moved, Director Park seconded,

To Defer the Motion To Approve the Energy Services Agreement with Ameresco, Subject to the Approval of the Department of the Attorney General and the U.S. Department of Housing and Urban Development

Director Smith stated that that the Department of Budget & Finance should also review the document.

Ms. Arashiro asked Ms. Chun if the draft contract is confidential because it is not executed. Ms. Chun stated that it is still open for negotiation, so the draft contract is confidential.

The motion was unanimously carried.

Chairperson Thompson stated the Board will discuss the Strategic Vision and Goals for the Hawaii Public Housing Authority.

STRATEGIC VISION AND GOALS FOR THE HAWAII PUBLIC HOUSING AUTHORITY

Director Smith thanked Director Berthiaume and Director Hosino for working on the strategic vision and goals.

Director Smith stated that this is a work in progress. Director Smith stated that the initial draft plan was shared at the September 2009 Board meeting and it provided a big picture for the future of public housing and focused on the residents. The

vision is taking into account the best practices and efforts taking place nationwide.

Director Smith stated that the initial draft was shared with stakeholders, staff and the media in late September 2009. The HPHA received comments from HUD. HUD gave helpful suggestions and cautionary comments. One comment that was helpful was that the vision is in sync with the shift to asset management.

Director Smith stated the task force met again on November 5th to refine the draft which focused on what the next steps will be. The task force wants to look at starting pilot programs in state public housing that are not elderly. She stated this will be a 5-10 year time frame. She stated that there will be focus on including community land trusts to ensure the property remains affordable.

Director Smith stated that the task force will be meeting with the Resident Advisory Board (RAB) in December. The RAB is currently discussing the components of the Public Housing Plan which includes two main components: 1) section 10-conversion of public housing to tenant based assistance, and 2) section 11-homeownership.

Director Smith stated that the HPHA work with federal partners such as the: U.S. Department of Agriculture, Navy, military housing and HUD. Director Smith also stated the HPHA will need to work with the Hawaii Housing Finance and Development Corporation (HHFDC), Department of Hawaiian Home Lands (DHHL), and Hawaii Community Development (HCDA).

Director Smith stated the House and Senate housing chairs will be briefed. She stated that the HPHA will also do outreach with communities, neighborhoods board, and any other interested parties when the time is right.

Director Smith stated after receiving comments from all parties the vision statement will be revised.

Director Ignacio asked how does the Board work with groups that believe this is the final vision. Director Dodson responded that the Board needs to continue to use words like "work in progress" and inform people that if they have concerns to contact the HPHA directly.

Director Smith left at 10:45 a.m.

Director Aiona stated that Senator Sakamoto had concerns and asked the HPHA to discuss this with the legislature.

Mr. Taniguchi stated that the legislature requested a briefing in early December.

Mr. Taniguchi stated the goals and objectives states the vision is "that self-sufficient families living in units they own that was previously public housing. HPHA no longer in existence because the State no longer serves as a public housing landlord." This is giving people the impression that the Board intends to sell all public housing. Director Berthiaume stated the wording is wrong and it will be revised once the task force can come up with the right wording.

Chairperson Thompson stated there is nothing wrong with the wording, because this is a work in progress and the Board welcomes the feedback.

Director Hosino stated that people need to remember that this vision may or may not be implemented 5, 10, or 15 years from now.

Director Ignacio stated that making assumptions that low income people cannot own their own home is far from the truth. She has had feedback that the Board does not care for the low income people because low income people cannot afford to own their own home. She feels that the Board cares because low income people want to and should have the same opportunity as others to own their own home.

Chairperson Thompson instructed the task force to take the next steps and report back at the next meeting.

TASK FORCE REPORT/ HUMAN RESOURCES

Designee Oliva stated the HPHA continues to receive resumes for the executive director position. As of November 13, 2009, there have been 47 applicants and the search committee has scheduled interviews.

MIXED INCOME

Chairperson Thompson stated that Director Beaver provided a written report. Chairperson Thompson asked that the firm in paragraph two be removed.

Director Berthiaume stated there will be a briefing from Michaels Development and Pacific Housings Advisors on November 20, 2009. The briefing will cover an update on financing and budget projections.

Chairperson Thompson asked if there is a schedule regarding the KPT redevelopment. Director Berthiaume responded, no. Chairperson Thompson asked that the executive director request a timeline from Michaels Development.

TENANT/ TENANT RELATIONS/ OPERATIONS

Director Hosino stated that the HPHA has only one person to help with tenant association trainings. This makes it hard to schedule the trainings because the staff person also does grievances. She feels she is not getting enough support in providing training to the tenant associations.

Director Hosino stated there were violation letters sent to residents and she feels the language needs to be changed because residents feel they will be evicted the next day.

Director Hosino stated that the RAB did not start in August because there was not enough members for quorum. She is requesting help from the Board to recruit members for the RAB.

Director Hosino stated that staff is being recognized for meeting rent collection and other goals but residents feel that they are not being recognized, and they are the ones who are paying their rent on time.

Director Dodson asked what score a project would need to receive to be recognized. Chairperson Thompson stated the top three projects should be recognized.

Director Ignacio asked what Director Hosino needs to proceed with the trainings. Director Hosino responded she was informed that there needs to be one staff person attending the trainings so she needs that staff person. Ms. Arashiro stated it is not required to have a staff person in attendance.

Director Ignacio stated Director Hosino could proceed as long as the training is in line with the HPHA and the rules. Director Hosino stated the trainer will need management to contact managers and inform them to support the trainer.

Director Ignacio asked if HUD strongly encourage tenant associations. Director Hosino responded, yes. Director Ignacio stated she doesn't understand why managers would have a problem with the trainings. Stephanie Fo, Property Management and Maintenance Services Branch Chief, stated some managers want to train their own tenant associations. Director Hosino stated the manager should not be doing the training because it is a conflict of interest.

Chairperson Thompson asked Director Hosino what her role is. Director Hosino responded that before she was a Board of Director, she was a RAB

member. To be a RAB member, she had to be part of the tenant association. Because the three are linked and she has experience on the tenant association, she feels it is important that tenant associations are properly trained by someone with experience.

Director Dodson stated that Director Hosino would be conducting training as a volunteer, not a Board member, and as a volunteer she needs to inform the executive director of her plan. The executive director will review the proposal and figure out what the HPHA can support according to staffing and funds.

RECESS/ RECONVENED

Chairperson Thompson called a recess at 11:17 a.m. and reconvened at 11:26 a.m.

Director Smith returned at 11:30 a.m.

EXECUTIVE DIRECTOR REPORT

Mr. Taniguchi reviewed the general ledger budget comparison report for July 2009 to September 2009.

Mr. Taniguchi stated that the Section 8 Housing Choice Voucher program is negative because clients only pay 30% of their income and the federal subsidy pays the remaining balance. With the weak economy, the Section 8 program is subsidizing a larger portion of rents.

Since the economy is not going to get better overnight, Director Ignacio asked how is the HPHA projecting a positive for the Section 8 Housing Choice Voucher program at the end of the fiscal year. Mr. Taniguchi stated to make up the deficit, the HPHA will not fill a voucher if a client leaves the program or lower the maximum rent that the HPHA subsidizes.

Chairperson Thompson asked what the sub-total for the agency is.
Mr. Taniguchi responded $916,000 for the budget and $1 million for actual.

Designee Oliva asked when will the central office charges to the asset management projects (AMP) occur. Mr. Taniguchi responded by the end of the December.

Director Ignacio asked what the HPHA is doing to ensure that the AMPs have a balanced budget. Mr. Taniguchi responded that this relates to the use of the capital funds and repair and maintenance funds because the AMPs that are self sufficient have little vacant units and can rent the units.

Director Ignacio stated that the AMPs were not being monitored and that the HPHA needs to have effective monitoring of the AMPs. Ms. Fo responded that the HPHA has not been monitoring the budget because there is no general ledger. Once the general ledger becomes available, the HPHA will be monitoring the AMPs on a monthly basis.

Director Ignacio asked when will an AMP be considered a troubled AMP.
Mr. Taniguchi responded that the HPHA already knows which AMPs are having trouble because of the budget projections. The HPHA is sending resources to help these AMPs.

Director Smith stated that the budget reflects a positive in the federal account, but asked how the 30 new staff due to reduction in force (RIF) placements, will affect the HPHA budget. Mr. Taniguchi responded that the HPHA has 60 vacancies, 40 of which were budgeted so it should cover the $1.15 million. The HPHA is still computing the actual cost of the 30 new staff. Mr. Taniguchi stated that there would be a problem if there is a second round of layoffs and the other thirty positions are filled.

Director Smith stated many agencies are abolishing the unbudgeted positions to prevent someone bumping into an unbudgeted position.

Shirley Befitel, personnel supervisor, stated the HPHA abolished twenty-nine positions.

Mr. Taniguchi stated the HPHA is hopeful that the audit will be completed on time, for the first time in three years.

Director Ignacio asked if any of the thirty new staff can be placed in the Homeless Programs Branch (HPB). Mr. Taniguchi responded that it was not possible because they are state funded and that some of the HPB work is being contracted out.

Designee Oliva stated that there are federal mandates that the HPB must follow. One of those mandates is that the federal homeless program cannot be a part of the public housing agency. The Department of Human Services (DHS) is working with the Homeless Programs Branch on transitioning to DHS.

Mr. Taniguchi stated that the REAC score is an annual HUD inspection of randomly selected units at each AMP. The grade is from 0 to 100 and 60 is passing.

Ms. Fo stated 10 of 16 AMPs have been completed and passed. Some of the AMPs with lower scores are being asked to do a corrective action plan.

Mr. Taniguchi stated that last year four AMPs did not pass. Two of the four passed this year.

EXECUTIVE SESSION

Director Park moved, Director Berthiaume seconded,

> To go into executive session at 12:00 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.

RECONVENED

The Board reconvened from Executive Session at 12:38 p.m.

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

EXECUTIVE SESSION

Director Ignacio moved, Director Dodson seconded,

> To go into executive session at 12:38 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 *Larsen v. HPHA, et al.,* HCRC No. RE-0-0838; HUD No. 09-09-1203-8

The motion was unanimously carried.

RECONVENED

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

Chairperson Thompson reported that the Board was updated on the Larsen

lawsuit.

HIRE OUTSIDE COUNSEL FOR KPT REDEVELOP-MENT

Chairperson Thompson stated that the Board will discuss the HPHA's request for approval from the Department of the Attorney General (AG) to hire outside counsel for the mixed income redevelopment at Kuhio Park Terrace/Kuhio Homes and the master development agreement with Michaels Development Company.

Mr. Taniguchi stated Phil Neville, Oakland Housing Authority, shared that the developer has a lot of experience and the HPHA needs to have legal, financial, and a staff person that have the similar experience to protect the HPHA's interests. The HPHA will need to get approval from the AGs office.

Chairperson Thompson asked what the process is. Ms. Chun responded that the request is submitted to the AGs office. The AGs office then allows or disallows the HPHA to hire.

Director Berthiaume asked if the consultant fees come out of the redevelopment budget or the HPHA's general budget. Director Park asked what is the budget and cap on hiring these consultants. Mr. Taniguchi responded the office of the executive director's budget has a remaining budget of $250,000 to hire consultants.

Director Berthiaume stated that he feels that the consultant fees could be very high.

Director Smith asked what the going rate for a financial consultant and attorney. Mr. Taniguchi stated he will check with some of the other housing authorities.

ARRA FUNDS

Chairperson Thompson stated that the Board will discuss the State requirement for the HPHA to deposit Federal Capital American Recovery and Reinvestment Act (ARRA) Funds into an account under control of the State.

Chairperson Thompson asked if this is a law or policy. Mark Buflo, budget analyst, stated that the State is requesting the HPHA to deposit the ARRA funds into a State account. HPHA met with Russ Saito, State Comptroller and Mr. Saito is comfortable with the HPHA's current procedures.

Director Smith stated that the ARRA funds must be tracked differently than all other funds. The electronic line of credit control system (eLOCCS) can be used, but the funds must have its own account number.

Mr. Buflo stated he is the ARRA coordinator. He has been uploading the reports the same as all other agencies in the state. The problem seemed to be that DAGS wanted an account number, which has been done. The HPHA is meeting all the ARRA standards and is not in violation of any State laws. Mr. Buflo stated Mr. Anderson, state coordinator, does not have an issue as long as the HPHA is in compliance. The HPHA is not allowed to draw down on the funds until the environmental impact documents are signed.

Chairperson Thompson asked if the HPHA is complying with HUD rules. Mr. Buflo responded that HUD has indicated that holding the funds in the State Treasury would be a violation of the HUD rules.

Ms. Arashiro stated the HPHA will be reporting through the Financial Accounting Management Information System (FAMIS).

Director Smith stated the information needs to be in FAMIS, but B & F needs to be involved because B & F is responsible for the draw downs.

Ms. Arashiro stated that the HPHA is concerned that the eLOCCS system requires a three day turnaround but DAGS currently does a ten day turnaround.

Director Smith agreed the ARRA funds needs to be a three day turnaround otherwise the HPHA will be subject to fines and interest much like other agencies.

Chairperson Thompson stated he is concerned with the environment impact. Director Smith stated this is an issue with the State indemnifying the federal government on any environmental issues or other concerns. The document is being reviewed by the AGs office and for confirmation that the money is in the State treasury.

Director Berthiaume asked if the HPHA will be able to spend the money. Mr. Buflo responded that the HPHA should be able to spend all the money.

Director Ignacio asked if DAGS has the ability to do a three day turnaround. Director Smith responded DAGS does, but many agencies are using State money to pay the invoices and then asking for reimbursements. Mr. Taniguchi stated this will not work for the HPHA, since we do not have the State money to spend and get reimbursed.

Mr. Taniguchi stated that the HPHA will write a memo to DAGS, stating that the HPHA is complying with the recording requirements and ask if DAGS will get B & F and Mark Anderson's approval. The memo will also state that the HUD electronic system will be used. Director Ignacio stated that the HPHA will not be able to make the three day turnaround. Mr. Taniguchi stated Mr. Saito believes it will work.

Director Park stated he regrets that he will be resigning from the Board effective immediately. His work demand has changed and needs to make time for his family.

Chairperson Thompson stated it has been a pleasure to have Director Park on the Board and he will be missed.

Director Smith stated that Director Park will be up for Senate confirmation and if you believe that he will be a great Director for DHHL to please submit testimony to the Legislature.

Director Park left at 1:33 p.m.

Chairperson Thompson called a recess at 1:33 p.m. and reconvened at 1:41 p.m. RECESS/ RECONVENED

Mr. Taniguchi introduced Lydia Camacho, state housing development administrator.

Ms. Camacho stated ninety percent of her time has been in meetings and the other ten percent of her time is spent responding to emails and doing research. Ms. Camacho shared he background and experience in construction management with the Board.

Ms. Camacho stated her goals are to: set up a system to track the funds; increase communication internally and externally; and expedite fixing vacant units.

Chairperson Thompson thanked Marcel Audant for being the Acting State Housing Development Administrator. He has done a great job.

Mr. Audant stated that the HPHA will be ready to go out to bid on the American Reinvestment and Recovery Act (ARRA) funds within two weeks.

Mr. Audant stated the CIP funds will lapse in June 2010. At the next Board meeting, the HPHA should be able to report on the funds. Mr. Audant stated Pomaikai project may be the only project in trouble because of problems with the architect.

PAI`OLU KAIAULU SITE VISIT

Chairperson Thompson stated the potential site visit to Pai`olu Kaiaulu Homeless Shelter by the HPHA Board of Directors will be discussed.

Mr. Taniguchi stated because there were some concerns at the Pai`olu Kaiaulu Homeless Shelter, the Board may want to visit the shelter.

Chairperson Thompson stated that the issues that were brought up were operational and not a Board matter.

SECTION 8 SEMAP

Chairperson Thompson stated the Board will discuss the update of the Section 8 Management Assessment Program (SEMAP) Certification for the HPHA.

Ms. Schumacher stated the SEMAP score was approved by HUD on October 26, 2009. The HPHA is a standard performer this year. With the new Elite system, the HPHA hopes to be a high performer next year.

CONGRESS-IONAL APPROPRIA-TIONS

Chairperson Thompson stated the Board will discuss the congressional appropriations for the HPHA to conduct renovations in federal public housing sites.

Alan Sarhan, planner, stated that under the 2009 HUD appropriations acts, funds were made available for specific projects. The funds will be available through a non-competitive process. There is a total of $380,000 for "code enforcement renovations of abandoned housing units and to provide 22 housing units for low income individuals in Honolulu." The funds will be used at Kalili Valley Homes (KVH). There is an additional $475,000 for Lanakila Homes on the Big Island.

Director Ignacio asked what the $475,000 for Lanakila will be used for.
Mr. Taniguchi stated to build new units.

Director Smith asked if the HPHA would be able to build about two units with these funds. Mr. Taniguchi responded, yes.

Director Ignacio asked if there are funds to fix the vacant units. Mr. Taniguchi responded there are no funds to repair those units at this time.

Mr. Taniguchi stated when the funds were available, the HPHA could not get the approval from the State Procurement Office (SPO) to purchase materials for the volunteers and the staff could not devote the time.

Director Ignacio asked if the $475,000 could go to fixing those units.
Mr. Taniguchi stated that the HPHA would have the same procurement and staffing issues. Mr. Taniguchi stated the HPHA staff will need to be involved in the procurement and at this time; the staff cannot manage the projects and do the procurement.

Director Smith asked if the HPHA staff can purchase the materials and turn it over to the non-profit organization. Director Dodson stated the HPHA did that on Maui but there were some problems.

Director Ignacio stated the non-profit agency can make the list of materials needed, and then turn the list over to the HPHA and the HPHA can call the items in and have it delivered to the site. She stated it's hard to believe that the HPHA staff is unable to call in the materials.

Designee Oliva stated that the HPHA needs to relook at the way the $475,000 is

being used.

Mr. Taniguchi stated the HPHA receives feedback from staff and staff has said they do not have the time. Director Ignacio stated there are people in the community willing and able to fix these units.

Director Smith stated the award letter states "for design and renovation" so "renovation" cover fixing the vacant units. The $475,000 should be maximized by getting as many units ready as possible for people to move in. She feels that the Board is telling staff that building two units is not maximizing the use of the funds.

Mr. Taniguchi stated that he has isolated the Board from the day to day challenges that the HPHA has. Staff has been doing the work and this has taken a lot out of staff. Staff is now informing him that they can't do everything and need to prioritize. Mr. Taniguchi stated that with the new staff coming on board maybe more can be done. The HPHA now has 254 staff and when he started there was 316 staff.

Director Ignacio stated according to the analysis, the HPHA was over staffed by 72. Mr. Taniguchi stated it turns out that the analysis was too critical.

ADJOURN-MENT

There being no further items to be discussed,

Director Beaver moved, Director Berthiaume seconded,

That the meeting be adjourned at 2:13 p.m.

The motion was unanimously carried.

MATILDA YOSHIOKA
Secretary

Approved