MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BUILDING E,
ON THURSDAY, DECEMBER 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, December 17, 2009 at 9:13 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 Carol Ignacio
Director Clarissa Hosino
Director Eric Beaver
Director Linda Smith
Director Matilda Yoshioka
Director Sam Aiona

Krislen Chun, Deputy Attorney General
John Cregor, Deputy Attorney General
Diane Taira, Deputy Attorney General

EXCUSED:
Director Sherrilee Dodson
Director Rene Berthiaume

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
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:
Anea Chippin, Kuhio Park Terrace resident
Augafa Ene, Mayor Wright Homes resident
Carmen Suda, Kuhio Park Terrace resident
Fetu Kolio, Mayor Wright Homes resident
Funumina Yihokuan, Kuhio Park Terrace resident
Ifumi Doone, Kuhio Park Terrace resident
Jerikina Ham, Kuhio Park Terrace resident
Jesse Ponce de Leon, Kalakaua Homes resident
John Holt, RC Holsinger Associates P.C.
Juliet Won, Kuhio Park Terrace resident
Jun Yang, Faith Action for Community Equity
June Talia, Kuhio Park Terrace resident
Keserin Paulis, Kuhio Park Terrace resident
Kitela Aniol, Kuhio Park Terrace resident
Kitsen Alafauso, Kuhio Park Terrace resident

Kohra Corils, Kuhio Park Terrace resident
Leva Alualu, Kuhio Park Terrace resident
Linda Tomomiko, Kuhio Homes resident
Lori Ann Billimon, Kuhio Park Terrace resident
Major William Chu, Honolulu Police Department
Makepa Joseph, Kuhio Park Terrace resident
Rosa Paleafea, Kuhio Park Terrace resident
Roy Maeshiro, private resident
Sakrina Wainit, Kuhio Park Terrace resident
Satosy Santa, Kuhio Park Terrace resident
Sudamie Tononia, Kuhio Park Terrace resident
Tumunu Harud, Kuhio Park Terrace resident
Vivian Viar, RC Holsinger Associates P.C.

QUORUM

Chairperson Thompson declared a quorum present.

APPROVAL OF MINUTES REGULAR MEETING NOVEMBER 19, 2009

Director Ignacio moved, Director Hosino seconded,

> That the minutes of the Regular Meeting held on November 19, 2009 be approved as circulated.

The minutes were unanimously approved.

PUBLIC TESTIMONY

Jesse Ponce de Leon, Kalakaua Homes resident, stated "the auditor's have indicated that detailed accounting records have not been maintained and certain prior-year records and supporting data were not available for the audit period." The discussion states "the accounting staff of EAH Inc. indicated that they maintain the financial records of approximately 35 similar projects and have not had any negative findings." Mr. de Leon questioned how this is possible. He is concerned about the Hawaii Public Housings Authority's (HPHA) financial audits and discriminatory practices.

Fetu Kolio, Mayor Wright Homes (MWH) resident, stated that management was represented at the last tenant association meeting and illegal use of fireworks was clearly defined. Mr. Kolio stated he is supporting the criminal trespassing in housing projects bill. He supports this bill because many tenants at MWH have been assaulted. MWH has security but security is never around when these incidents happen. MWH asked the Honolulu Police Department (HPD) to help put together a citizen's patrol. Major William Chur, HPD, helped put the training together.

Director Ignacio suggested that Mr. Kolio get a copy of the security contract so that he knows what is expected from security at MWH. Mr. Kolio stated he reviewed security issues with management but has not received a copy of the security contract.

Chairperson Thompson stated the best security is for residents to take control of their own projects.

Director Ignacio asked if Mr. Kolio met with Joanna Chavez and asked if Mr. Kolio was leaning towards allowing fireworks use at MWH. Mr. Kolio stated he is not in favor of fireworks use at MWH; the manager misunderstood what he was trying to say.

Major William Chur, HPD, stated the HPD is committed to partnerships with the community. The HPD is trying to address concerns regarding trespassing and illegal acts. The citizen's patrol at Kalihi Valley Homes (KVH) has helped curb the drinking and nuisance activities in KVH.

Chairperson Thompson stated the Board appreciates the HPD and all its work.

Lori Ann Billimon, Kuhio Park Terrace (KPT) resident, stated she supports Chad Taniguchi, executive director. Mr. Taniguchi is always helping residents and answers their questions.

Juliet Won, KPT resident, stated she supports Mr. Taniguchi and appreciates him having a human heart. Mr. Taniguchi cares for the community. Mr. Taniguchi has picked up rubbish with the community. She would like to keep Mr. Taniguchi as the executive director.

Linda Tomomiko, Kuhio Homes resident, stated she supports Mr. Taniguchi. Mr. Taniguchi has compassion for the residents. Mr. Taniguchi visits the community and has worked with the community.

Kitela Aniol, KPT resident, stated she supports Mr. Taniguchi. Mr. Taniguchi has helped the Micronesians. He does not look down on the Micronesians.

Leva Alualu, KPT resident, stated she supports Mr. Taniguchi. She feels Mr. Taniguchi is the person who should be in charge of the KPT redevelopment. Mr. Taniguchi listens to the community and follows up on the concerns. She feels that people are encouraged to move up when they see that someone sincerely cares for the people.

June Talia, KPT resident, stated she supports Mr. Taniguchi. Mr. Taniguchi has turned around the budget and needs to be given a chance to continue his work.

Chairperson Thompson stated that Mr. Taniguchi is on vacation and Barbara Arashiro, executive assistant, will be filling in.

TO ADOPT BOARD RESOLUTION NO. 22 EXPRESSING APPRECIATION TO MR. KAULANA PARK

Director Beaver moved, Director Yoshioka seconded,

To Adopt Board Resolution No. 22 Expressing Appreciation to Mr. Kaulana Park

Ms. Arashiro stated that Mr. Kaulana Park was a member of the Board and submitted his resignation at the last Board meeting. The HPHA has submitted a resolution in appreciation for his work as a Board member.

The motion was unanimously carried.

RESOLUTION NO. 22

EXPRESSING APPRECIATION TO MR. KAULANA H.R. PARK

WHEREAS, Mr. Kaulana Park was confirmed to the Board of Directors of the Hawaii Public Housing Authority (HPHA) on the 25th of April 2007; and

WHEREAS, Mr. Park's tireless work as the Deputy Director of the Department of Hawaiian Home Lands, and most recently as Director of the Department of Hawaiian Home Lands and Chairman of the Hawaiian Homes Commission has complemented his role on the HPHA's Board of Directors;

WHEREAS, Mr. Park served as the Governor's Homeless Efforts Achieving Results Together (or "HEART") Team leader and worked to address the urgent problems of homelessness in the State of Hawaii in creative ways;

WHEREAS, Mr. Park is held in the highest regard by his fellow Board members, staff, and residents alike; now, therefore,

BE IT RESOLVED that the Board of Directors of the Hawaii Public Housing Authority adopt Resolution No. 22 Expressing Appreciation to Mr. Kaulana H.R. Park on this 17th day of December 2009; and

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to Mr. Park along with expressions of sincere appreciation for his outstanding contributions to the Hawaii Public Housing Authority and the citizens of the State of Hawaii.

Travis O. Thompson, Chairperson

R. Eric H. Beaver, Vice Chair

Matilda A. Yoshioka, Secretary

Linda L. Smith, Member

Lillian B. Koller, Member

Sam Aiona, Member

Carol R. Ignacio, Member

Clarissa P. Hosino, Member

Rene Berthiaume, Member

Sherrilee K. Dodson, Member

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

Ms. Arashiro stated this item was deferred last month. The concern last month was that the financial statements included a "no opinion" from the auditors.

Michael Hee, Private Management Contracts Section Chief, introduced Vivian Viar, RC Holsinger Associates P.C., who is available to answer questions.

Director Ignacio stated that the auditors indicated that the records have not been maintained. Mr. Hee responded that the HPHA changed managing agents in 2006 and the auditor was not able to get all the adjustments made until 2009.

Director Ignacio asked what the HPHA's oversight role. Mr. Hee responded the HPHA changed managing agents but since then the new managing agents have not been able to get the books corrected.

Chairperson Thompson asked whether an audit is completed when the managing agent is changed. Mr. Hee responded that the HPHA was not conducting exit audits, but agreed that an exit audit should be put into practice.

Director Yoshioka asked because the managing agent was non-compliant does the HPHA have any recourse. Krislen Chun, deputy attorney general, stated she would not be able to comment without reviewing the contract documents.

Director Beaver stated the errors were found in 2006 and still have not been fixed in 2007, 2008, and 2009. Mr. Hee responded because each year's beginning balances were not corrected, the problem became worse and worse.

Director Beaver asked if at some point the HPHA can wipe the slate clean. Ms. Viar responded that there is a way to wipe the slate clean, but the HPHA needs to be very careful because records cannot be changed. The HPHA has the list of the adjustments that were not made, but does not have explanations to the adjustments. The current managing agent is researching these adjustments.

Jon Holt, RC Holsinger Associates P.C., explained that to wipe the slate clean, the HPHA needs to accept prior adjustments and agree that it's all in the past. Then from this point forward the HPHA will have correct balances.

Ms. Arashiro stated that it is the HPHA's intention to have the managing agent review all the adjustments. When the managing agent, the HPHA, and the auditor agree on the adjustments, the managing agent can then make the adjustments.

Chairperson Thompson asked if the U.S. Department of Housing and Urban Development (HUD) accepted the audit. Mr. Hee responded that the HPHA has not reviewed any feedback from HUD.

Director Beaver stated the HPHA needs a clean starting point. Mr. Hee stated the HPHA is working with the previous auditor and the managing agent in creating a clean starting point.

Mr. Holt stated his recommendation is to pick a date, audit from that date, and move forward from there.

Director Smith asked what the magnitude of the adjustments are. Ms. Viar responded about $100,000.

Director Smith stated that the HPHA would need a point in time reconciliation

for the transfer of the property (i.e. the sale of Banyan Street Manor).

Chairperson Thompson asked what kind of adjustments need to be made. Mr. Hee responded tenant liability, tenant accounts receivable, fixed assets, accounts payable, and the reserve account. The largest was the tenant accounts receivable which is about $200,000.

Director Ignacio asked if the HPHA is still dealing with anyone from the managing agent that created this problem. Mr. Hee stated the company that created this problem is no longer working with the HPHA and he believes there are no (hold over) individuals working at the current managing agent.

Director Ignacio asked what company was the managing agent that created this problem. Mr. Hee stated Marcus and Associates.

Ms. Arashiro stated the HPHA will put together a schedule and process for the next meeting.

Director Aiona asked why the Board would approve the no opinion. Mr. Holt stated the Board would be acknowledging that the financial records were un-auditable and needs to be fixed.

Director Smith asked that item F be removed from the "For Action" because the Board is directing the staff to pick a point in time to move forward with the audits.

Ms. Arashiro stated she would like to consult with Wils Choy, KMH LLC, before picking a point in time.

Director Yoshioka asked whether the HPHA should consult with HUD before picking a date. Mr. Holt stated based on his experience in dealing with other government agencies, the agencies don't dictate corrective actions but want to know what actions are being taken to resolve the issue.

Director Beaver moved, Director Smith seconded,

> To Amend the 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 in addition resolve to have an auditable Financial Statement as of June 30, 2010.

The amendment was unanimously carried.

The motion as amended was unanimously carried.

RECESS/ RECONVENED

Chairperson Thompson called a recess at 10:20 a.m. and reconvened at 10:37 a.m.

TASK FORCE REPORT/ GOALS AND OBJECTIVES

Director Smith stated that the Goals and Objectives Task Force had a meeting with the Resident Advisory Board (RAB). She stated Alan Sarhan, planner, has a schedule of when items are due in order for the HPHA to make the submittal date to HUD for the Public Housing Agencies (PHA) plan. The critical date is April 1, 2010; HPHA will be having its public hearing. The RAB will be looking into programs that helped with self-sufficiency and rent-to-own in the past. The task force will be looking into what other agencies are doing to promote self-sufficiency and rent-to-own. The RAB will be informally taking the ideas to their projects to get feedback.

Director Hosino stated the RAB felt State projects are being singled out for pilot programs. The HPHA needs to work with HUD and get the federal projects involved also.

Director Ignacio stated the Hawaii Community Foundation wants to partner with government agencies. The HPHA should check with them.

Chairperson Thompson asked that the task force also get input from staff on the Board's proposed goals and objectives.

Mr. Sarhan stated the HPHA will be bringing the PHA plan to the Board in January. Chairperson Thompson asked that the plan be sent to the Board as soon as possible so the Board can give feedback at the January Board meeting.

Director Beaver corrected that he recalls that there was a concern with the wording of the Board's proposed vision and asked that the language be revised.

Chairperson Thompson asked that the task force continue its work on the Board's proposed goals and objectives and report back at the next Board meeting.

EXECUTIVE DIRECTOR REPORT/ ARRA

Ms. Arashiro stated the HPHA made a presentation to the Legislative Federal Economic Stimulus Program Oversight Commission on December 15, 2009. The HUD will be monitoring the HPHA on use of the American Reinvestment and Recovery Act (ARRA) funds. HUD will be reviewing the Hale Hauoli re-roofing and renovation contract and the Kaimalino/Kealakehe re-roofing contract to ensure compliance with the ARRA.

Director Beaver asked if this is a standard procedure for HUD. Ms. Arashiro responded all HUD field offices were instructed to conduct monitoring on a percentage of funds issued.

Ms. Arashiro stated there is a concern that bids are coming in lower than construction estimates and the HPHA may not be able to spend all the funds. The HPHA has three backup projects that will be added to the list of projects if necessary.

Director Beaver asked why the low bids are a concern. Director Ignacio responded because the HPHA may not be able to use all the funds.

Director Beaver asked what the penalties are if all the funds are not spent. Ms. Arashiro responded the main penalty with the ARRA funds will be the money will be returned to the federal government. The capital funds penalty is $1 million.

Chairperson Thompson asked because it is difficult to expend the $16 million exactly, can other funds be used. Ms. Arashiro responded that the HPHA will be using multiple funding sources for some of the projects.

Director Yoshioka asked when the bids are coming in. Lydia Camacho, state housing development administrator, responded January.

Director Beaver asked who did the construction estimates. Marcel Audant, housing development specialist, responded that construction estimates were done by consultants.

Chairperson Thompson asked if the administration amount can be changed. Ms. Arashiro responded the administration cap is $1.6 million.

Director Aiona asked what kind of questions the commission asked. Mr. Sarhan responded the commission asked if the HPHA will meet the deadline.

Chairperson Thompson asked if the dates on the projects have been met. Ms. Camacho responded Hale Hauoli-bid opening changed from December 22 to December 28; Kahekili Terrace-invitation for bid changed from December 15 to December 23; Makani Kai Hale I & II-invitation for bid changed from December 15 to December 23; and Makua Alii-pre-bid meeting changed from December 15 to December16.

Director Smith asked if the backup projects are on the neighbor islands. Ms. Camacho responded the first project is statewide for the type C units; the second and third projects are re-roofing on Oahu.

Director Smith asked that the HPHA be mindful that the unemployment rate on Oahu is 5.6 percent and the neighbor island is 10.2-10.5 percent.

Director Smith asked if contractors are having trouble with the bond requirements. Ms. Camacho responded no and contractors are informed of the requirements in the pre-bid meetings.

ENERGY PERFOR-MANCE CON-TRACT

Ms. Arashiro stated that the HPHA is sending documents to Crews and Associates for the Standard and Poor's ratings. Some of the items requested were the list of the Directors, number of employees, audited statements, organization charts, etc.

Chairperson Thompson asked who is in-charge and who is the back up for the energy performance contract (EPC). Ms. Arashiro responded Mr. Taniguchi is the lead and Construction Management Services (CMS) is the back up.

Chairperson Thompson asked whether the HPHA is looking for a project manager. Ms. Camacho responded the HPHA is looking for a project manager and she is concerned that CMS is so short staffed.

Director Ignacio asked whether the HPHA could use the ARRA administrative fees to hire a private contract manager. Ms. Arashiro responded all the construction projects will have a consultant, but the responsibility still falls on CMS to monitor any contract. Ms. Camacho responded that currently all the projects have an engineer assigned to them.

Director Smith stated that the EPC cannot proceed until the HPHA chooses which properties will be considered for redevelopment. Director Beaver responded that the task force has chosen two or three projects that are prospects for redevelopment.

Director Smith cautioned staff not to let Ameresco and Crews and Associates get too far ahead before the HPHA specifies the scope of work. Ms. Arashiro responded that she informed Ameresco that the HPHA has not agreed to any targeted sites or energy conservation measures (ECMs).

Chairperson Thompson asked if the HPHA has chosen a consultant who will act on behalf of the HPHA. Ms. Arashiro responded no.

Chairperson Thompson asked for a master schedule for the EPC contract. He also stated that there needs to be someone, besides the executive director, as the project manager on the EPC contract.

SECTION 8

Ms. Arashiro stated that the Section 8 budget is over utilized. The HPHA will be using the reserves to cover the cost. The other option is to cut families from the program. The HPHA is considering requesting from HUD a regulatory waiver in order to increase payment standards. The HPHA has asked HUD for more funds, but HUD wants the HPHA to use its reserves to address budget shortfalls.

Chairperson Thompson asked how much funds are in the reserves. Ms. Arashiro responded that she believes it is about $2 million.

Chairperson Thompson asked how much is the HPHA over utilized. Ms. Arashiro responded about $1 million.

Director Smith stated the HPHA could possibly delay the payments in July.

Director Beaver asked what are the other options the HPHA has besides cutting families. Ms. Arashiro responded pay less to all families.

Director Beaver asked that the staff come up with an analysis on cutting families versus paying less to all families or any other options that the HPHA may have to address the budget shortfall.

Director Yoshioka asked if depleting the reserves will affect one of the HUD scores. Ms. Arashiro responded the guidance from HUD is to use the reserves, so if questioned the HPHA would respond that HPHA was following HUD guidance.

HOME-LESS PROGRAMS BRANCH

Chairperson Thompson asked when will the Homeless Programs Branch (HPB) be transferred to the Department of Human Services (DHS). Ms. Arashiro responded she believes that the official transfer needs legislative action. She stated that the HPB staff is working with DHS on an executive order.

Director Yoshioka asked if the legislature did not take action on moving the HPB, why is HPHA moving forward. Ms. Arashiro responded because HUD is concerned that the HPHA is a corporate entity and federal funds for the HPB need to go to a state entity.

Director Smith stated that the HPB needs to make the drafting of the Executive Order a priority for the well being of the staff and the program.

Director Beaver asked if the transfer needs legislative action. Director Smith responded that the statutes have references to HPHA, so the legislature will need to fix those statutes. Director Aiona stated the executive order is a faster way of getting HPB transferred.

PERSONNEL ISSUES

Ms. Arashiro stated the HPHA is responding to the Hawaii Government Employees Association (HGEA) on how the reduction in force (RIF) and abolished positions were chosen.

Ms. Arashiro stated that 24 out of 30 new staff from the RIF has already started and the remaining 6 will come aboard in January. Ms. Arashiro stated that the HPHA held an orientation with the new staff.

Director Ignacio asked how the RIF decisions were made. Ms. Arashiro responded that after speaking with the branches, vacant positions were abolished. The bumping was by seniority and qualifications.

Director Aiona asked if the ARRA funds can be used to hire staff. Shirley Befitel, Personnel Supervisor, responded ARRA funds can be used for salaries. The HPHA has asked to hire for two positions, but the HPHA has not gotten a response as of yet.

PMMSB

Stephanie Fo, property management and maintenance services branch chief, stated that the HPHA will be increasing the maintenance rate to $20 an hour effective February 1, 2010. The rate was $11.72 and never changed since 1992. She came up with the $20 by taking the average salary for the maintenance

staff. The rate increase is only for repair and maintenance for damage caused by the tenant, not for normal wear and tear. The HPHA is in the public comment period.

Director Hosino asked how is it determined if it is wear and tear versus tenant caused damage. Ms. Fo responded when the maintenance staff responds to a repair, they need to inform the tenant immediately if it is considered wear and tear or tenant caused damages.

Director Ignacio asked that the HPHA stress to tenants that they will not have to pay this fee if they take care of the property.

Director Hosino stated she supports the rate increase, but the message was not conveyed in the rent bill. Ms. Fo responded the HPHA will re-convey the message.

Director Beaver asked what CMS is doing to repair the 199 vacant units and what the asset management projects (AMP) are doing to repair the 206 vacant units. Ms. Fo responded the AMPs have a schedule they are following. If the AMP has a large number of vacant units, the manager needs to submit a schedule of when each unit will be repaired. The project monitors will then do a site visit to see if the repairs are completed according to the schedule. Ms. Arashiro responded that CMS is working on a system to get the C units repaired faster.

Director Beaver asked if the HPHA will always have the 400-500 vacant units because of the turnaround. Ms. Fo responded that once CMS repairs the 199 type C units, the vacant units should be around 200.

Director Yoshioka asked if the excess ARRA funds will be used to fix the type C units. Ms. Camacho responded yes and if not, CMS has a back-up plan to continue the repairs.

Director Beaver asked how does the HPB moving to DHS affect the units at Puahala Homes. Ms. Fo responded the two years is almost over.

Director Beaver asked if the HPHA is at a ninety-two percent occupancy rate. He would like the HPHA to come up with a plan on achieving the ninety-seven percent occupancy.

Director Beaver asked what is the rent collection rate. Ms. Fo responded the state rent collection is at ninety-eight percent and the federal rent collection is at ninety-six percent.

Director Smith asked if the untimely death of Mr. Lindquist will affect the Hana sale. Mr. Hee responded he spoke to the attorney general's (AG) office and they feel there should not be any problems with the contract.

Director Smith asked why it is taking so long to sell Banyan Street Manor. Mr. Hee responded he spoke to the AG's office and was instructed not to send the contract back until they have a discussion.

Director Smith asked how long have the buyers for Wilikina Apartments had the contracts. Mr. Hee responded that the buyer sent back comments on December 16 and he forwarded them to the AG's office.

Chairperson Thompson asked for a schedule for each sale.

Ms. Chun stated the HPHA will need HUD approval for the sale of Wilikina and Banyan Street Manor.

Director Beaver asked why CIP money has not been spent. Ms. Arashiro responded that the funds are not spent, but are all budgeted.

Director Smith stated that the HPHA focused on CFP 717 because it would lapse, then the HPHA should be focusing on the ARRA funds and CFP 718 because the funds lapse next, then the CFP 719 which lapses last.

Director Beaver asked if the HPHA will be able to spend all the funds because the HPHA is short staffed. Ms. Camacho responded the funds are being budgeted and spent according to the obligation end date. She needs to look at the staffing needs at the CMS.

Director Beaver asked if the HPHA can contract out. Ms. Arashiro responded that the HPHA has tried to procure consultants but fee proposals were coming in at up to $800,000. The consultants are asking for three times what the HPHA staff receives.

Chairperson Thompson called a recess at 12:15 p.m. and reconvened at 12:21 p.m.

RECESS/ RECONVENED

Director Beaver moved, Director Yoshioka seconded,

EXECUTIVE SESSION

> To go into executive session at 12:21 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 the Proposed Settlement with the U.S. Department of Housing and Urban Development and *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.

Director Aiona left at 12:22 p.m. Designee Oliva arrived at 12:30 p.m.

The Board reconvened from Executive Session at 1:15 p.m.

RECONVENED

Chairperson Thompson stated the Board was updated on the proposed settlement with HUD and the KPT lawsuit.

Director Beaver moved, Director Ignacio seconded,

TO APPROVE THE PROPOSED SETTLEMENT WITH THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR LATE SUB-MITTAL OF FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2008-2009 FOR BANYAN STREET MANOR

> To Approve the Proposed Settlement with the U.S. Department of Housing and Urban Development for Late Submittal of Financial Statements for the Fiscal Year 2008-2009 for Banyan Street Manor

The motion was unanimously carried.

TASK FORCE REPORT/ HUMAN RESOURCES

Designee Oliva stated that the Executive Search committee received 49 resumes as of November 30, 2009. Of those resumes' the committee interviewed eight applicants. The committee may have a second interview with the three highest scoring applicants.

Designee Oliva stated that as of December 16, the HPHA received 24 RIF placements and 6 more will start in January. The HPHA has identified 19 critical positions which are one hundred percent federally funded. He stated it is highly unlikely that the HPHA will be allowed to hire for all of those positions. The HPHA should proceed in trying to get approval for hiring for the most critical positions.

Chairperson Thompson asked that Ms. Arashiro draft a letter for the Chairperson to sign regarding hiring of the two people for CMS.

Director Beaver asked if the HPHA cannot hire for the two positions, can the HPHA try to hire consultants so that the HPHA does not lapse any funds.

Designee Oliva stated the justification needs to include that fact that HPHA has received more funds, more jobs will be created, and that the project will stimulate the economy of Hawaii.

Director Beaver asked if the positions are federally funded and if it will create new jobs is a rationale to hire. Designee Oliva responded he is unsure but the more the HPHA can tie issues to the economic situation, how the economy can benefit, and why it is important for the HPHA to hire, the better.

Director Smith stated that positions are not being held only because of funding source, but because another RIF may take place.

Director Smith stated that Governor's office and DHS looked very carefully and tried to place people into the right positions. No one was able to bump into the positions in CMS.

Director Hosino asked if a resident services specialist is hired would it be federal or state funded. Ms. Arashiro responded federal funded.

Director Hosino asked if the HPHA needs a resident services specialist, what steps need to be taken to hire a resident services specialist. Designee Oliva stated all the positions on the list are important but what the positions need to do is withstand the justifications and stand the test of all other critical positions that it is competing against.

EXECUTIVE SESSION

Director Beaver moved, Director Yoshioka seconded,

> To go into executive session at 1:34 p.m. pursuant to sections 92-4 and 92-5(a)(2), Hawaii Revised Statutes, to discuss the Executive Director Search and Recruitment, where matters of privacy are involved, and pursuant to section 92-5(a)(4), Hawaii Revised Statutes, to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, as related to the Executive Director Search and Recruitment

The motion was unanimously carried.

RECONVENED

The Board reconvened from Executive Session at 2:35 p.m.

Chairperson Thompson stated that the Board was updated on the status of hiring an executive director and the Human Resources task force should undertake the next steps as discussed in executive session and report back at the next meeting.

Chairperson Thompson asked that Ms. Arashiro ask the legislature to change the quorum to a simple majority which is six Board members, instead of a super majority of seven. The quorum issue is interfering with the Board's job.

Director Beaver stated on behalf of the Board, he would like to say today was a productive meeting; the reports were clear and concise. He thanked the staff for doing a great job.

Chairperson Thompson stated the Board appreciates the work the staff is doing and wished everyone Happy Holidays.

Designee Oliva asked if something could be drafted for Chairperson Thompson to sign and sent to all staff. Ms. Arashiro responded yes.

ADJOURN-MENT

There being no further items to be discussed,

Director Beaver moved, Director Berthiaume seconded,

That the meeting be adjourned at 2:49 p.m.

The motion was unanimously carried.

Matilda Yoshioka

MATILDA YOSHIOKA
Secretary

Approved