MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 670 WAIALE ROAD
WAILUKU, MAUI, HAWAII 96793
ON THURSDAY, OCTOBER 19, 2006,
IN THE CITY AND COUNTY OF MAUI, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority met for their Regular Meeting at 670 Waiale Road, Wailuku, Hawaii on Thursday, October 19, 2006 at 9:22 a.m.

The meeting was called to order by the Chairman Charles Sted and, on roll call, those present and absent were as follows:

CALL TO ORDER/ ROLL CALL

PRESENT: Director Charles Sted, Chairman
Director Travis O. Thompson
Director Carol Ignacio
Director Charles Ridings
Director Linda Smith
Director Matilda Yoshioka
Designee Henry Oliva

Patti Y. Miyamoto, Interim Executive Director

EXCUSED: Director Eric Beaver
Director Clarissa Hosino

STAFF PRESENT: Deputy Attorney General, Margaret Leong
Pamela Dodson, Executive Assistant
Michael Hee, Contracts Administration Section Chief
Dionicia Piiohia, Clerk Typist/OED

OTHERS: William Barton, Recorder

Chairman Sted declared a quorum present.

QUORUM

Director Thompson moved, seconded by Designee Oliva,

APPROVAL OF MINUTES REGULAR MEETING 8/17/2006

> That the minutes of the Regular Meeting held on August 17, 2006 be approved as circulated.

The motion was unanimously carried.

Deputy Attorney General Margaret Leong explained to the Board that the minutes are public record after approval and ~~is~~ are available to the public upon request.

Corrected 11/16/06

Designee Oliva requested a correction to the minutes of September 21, 2006 on page 35, paragraph 7, and that "the $35.7 million" should be "$3.75 million".

REGULAR MEETING 9/21/2006

Director Thompson moved, seconded by Director Ridings,

> That the minutes of the Regular Meeting held on September 21, 2006 be approved and to correct the item under Operating Budget, the amount on page 35, paragraph 7, "the $35.7 million" to read "$3.75 million".

The motion was unanimously carried.

EXECUTIVE SESSION MEETINGS 7/20/06, 8/17/06 AND 9/21/06

Chairman Sted said that the Executive Session Minutes of July 20, 2006, August 17, 2006 and September 21, 2006 be deferred to the next meeting in November.

ADOPTION OF AMENDMENTS TO THE COMPILATION OF CHAPTER 17-2028 "FEDERALLY ASSISTED HOUSING PROJECTS", HAWAII ADMINISTRATIVE RULES

Director Thompson moved, seconded by Director Ridings

> That the adoption of amendments to the compilation of Chapter 17-2028 "Federally-Assisted Housing Projects", Hawaii Administrative Rules (HAR), be approved by the HPHA Board of Directors.

Ms. Patti Miyamoto, Interim Executive Director reported that, besides the housekeeping items, the amendments are all listed in II. C. under Discussion, which includes changing of preferences; reducing the number of offers to applicants from three offers to one offer; special reexaminations; and minimum rents. The recommendation is that the Board approve the proposed amendments and allow staff to go out to public hearing.

The Chairman said if there are no substantive changes after the public hearing, it goes to the Governor's office. If there are substantive changes it comes back to the Board.

Director Smith questioned subsection 17-2028-5 Occupancy Guidelines. If we need to change the exhibit in the future, do we go back out for a rule change?

Deputy Attorney General Leong explained that we wanted to eliminate the possibility of the language being consistent with federal regulations but the attached exhibit being outdated. The recommendation is to eliminate the exhibits or to amend the rules such that it would allow enough flexibility so that as federal regulations were amended from time to time that this rule would incorporate those changes without having to be brought back to the Board and to go out to public hearing.

Director Thompson asked what is the revision process is to update Exhibit A. Mr. Hee explained that a consultant was hired to develop the tables to reflect the basic energy year. Ms. Miyamoto stated that under the Hawaii Administrative Rules (HAR) subsection 2028-7 page 14, the Utility Allowances explains the methodology that is mandated by the U.S. Department of Housing and Urban Development (HUD). 2028-7C says that we shall conduct a review of utility rates in January of each year.

Director Smith suggested that next to the Exhibit A, put a date for "as of" or "updated for 1-1-07".

Director Ridings questioned page 2028-13 under the maximum occupancy. HUD guidelines are two people per room. Ms. Miyamoto explained that HUD designated occupancy standards because of the challenges on discrimination based on familial status. HUD occupancy guideline says you can offer this size unit to this size family. There are no standard for neighbor island counties. The City and County of Honolulu standard is for X amount of square footage, you have to have X amount of people, regardless of the number of bedrooms and living room. In Honolulu, if a family chooses to stay in a smaller unit, as long as they don't exceed the overcrowding limit, we allow them to stay. The Maui, Kauai, and Hawaii Island counties repealed their building codes. This is also an issue at the Fair Housing Training with the Fire Department and Department of Health and with the counties. She explained that HUD's position as well as the Hawaii Civil Right's position has been, that a family with children under the age of 18 is allowed to stay in whatever number of rooms because there's nothing that tells us that it's overcrowding for the neighbor islands.

Director Ignacio had a question about page 2028-30 Occupancy and Rental

Agreement, Eligibility for Continued Occupancy. She wanted to know if residents are contributing 8 hours a month of community service or participating in economic self-sufficiency programs if this being done. Ms. Miyamoto said yes and that it is a HUD mandate under community service. If they are not in compliance, they can enter into an agreement to make up those hours. If they have not done so in two years, their lease will not be renewed. Director Ignacio requested to see some documentation. Ms. Miyamoto will provide HUD's agency report on the community service and the procedures.

Deputy Attorney General Leong clarified that the basis for the community service is a federal regulation so the tenant is required to do this. The Agency is required by the regulations to have the documentation. It has to be kept separate from the tenant file.

Director Thompson asked if all federally assisted housing tenants are required to do eight hours a month. Ms. Miyamoto said that there are 17 different exemptions. Some of the tenants are exempt such as elderly or a disabled individual, but they must be certified to be exempt.

The Chairman requested that the subject can be calendared for the next Board Meeting as a briefing so we can understand how this is being accomplished, tracked and reported.

Director Thompson added that tenants can volunteer their time to do security or a block watch at Kahekili Terrace due to the continuing major problems with crime in that area.

There being no further discussion on the matter,

The motion was unanimously carried.

STATUS OF THE EXECUTIVE DIRECTOR SEARCH

Director Oliva reported that the task force has a candidate for the position and requested to discuss the matter in Executive Session.

UPDATE OF SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION

Ms. Miyamoto stated that last month the Board certified the Agency's rating of a standard performer at 79 percent. She reported that after HUD's final review, HUD gave the Agency twenty points for lease-up instead of zero points, therefore making the Agency a high performer for the Section 8 housing program. The adjustments had to do with budget utilization, which moved to 97 percent giving the Agency 20 points instead of zero.

BANYAN STREET MANOR REAL ESTATE ASSESSMENT CENTER (REAC) PHYSICAL INSPECTION SCORE

Mr. Hee reported that staff responded to the letter that was sent to the Board members regarding the report of the Banyan Street Manor Real Estate Assessment Center (REAC) physical inspection. Staff challenged the rating given on several issues and the major ones were:

1) Fire Extinguishers - Extinguishers were not expired and had been serviced. The vendor did not change the tags but they were changed that day.
2) Four vacant units were inspected. The power had been turned off so the garbage disposal, ovens, ranges and the ground fault interrupter (GFI) circuits were not working. Power to those units has a separate meter and to activate the power, we would have to pay the $20 a month and a fee for wiring.

Mr. Hee is waiting for HUD's response on the scoring and is dealing with the REAC office in Washington D.C., who generally responds within thirty days and will reschedule follow-up inspection to make sure the deficiencies are corrected.

The other issues are being addressed by the managing agent

Director Thompson asked if the project is checked out before an inspection and if there are consequences for failure. Mr. Hee said that the managing agents are informed of the upcoming inspection.

Director Ridings commented on the procedure for fire extinguishers inspection and said that we would have failed on the first inspection because it was not serviced until August 22, 2006 and the first inspection was on June 2, 2006. Mr. Hee will check what the expiration date was. Director Ridings asked what the management company is being paid at Banyan Street Manor. Mr. Hee will get that information.

Director Smith asked who USGI is. Mr. Hee explained that USGI is the mortgage company that holds the mortgage on Banyan Street Manor. USGI has an inspector.

Director Thompson asked what happens if the second inspection fails. Mr. Hee said that HUD can cancel the housing assistance subsidy contract. Director Thompson suggested that this subject be calendared for the next Board meeting.

Director Smith thanked Mr. Hee for personally going down to the project and following up within the time frame.

REPORT ON CONTRACTS AND CHANGE ORDERS OVER $25,000

Ms. Miyamoto reported that a Request for Proposals (RFP) was put out for the renovation of building "E" at School Street. Two proposals were received and a briefing is scheduled for the Selection Committee. Contract for security services at Puuwai Momi was pending at the time of the report but has since been executed. And the River of Life Mission contract was executed for $402,895.

PROJECT UPDATES

Ms. Miyamoto presented the Vacancy Report.

Director Thompson asked for a summary extracted from the data to see the percentage of occupancy and how many vacant units are available. The Chairman asked that a draft be sent to Director Thompson during the month to see if it that's what the Board is looking for as a summary sheet.

Mr. Hee explained to the Board the Vacancy Report column headings. Director Thompson suggested having footnotes to define the columns.

Director Ignacio asked which column reflects units that hold storage of old appliances or things of that sort. Mr. Hee said that some are listed under the Maintenance or Administrative Hold. Director Ignacio asked why is a unit in Honokaa that is habitable being used to store old appliances that should be dumped. The Chairman asked that a report be given at the next meeting.

Ms. Dodson said that sometimes maintenance uses some of the parts. Mr. Hee added that they are trying to cannibalize them and our appliance contract includes disposal of old appliances.

Director Ignacio would like an answer on what is our disposal policy on old appliances, and who is responsible in our structure to ensure that those things don't continue to happen. The Chairman added to also include what the barriers are that staff faces to make these things happen.

RECESS

Director Ridings moved, seconded by Director Smith,

That the Board recess at 10:22 a.m.

The motion was unanimously carried.

RECONVENED

The Chairman reconvened the meeting at 10:38 a.m.

PROJECT UPDATES (Continued)

Ms. Miyamoto presented the report on the Public Housing Assessment System (PHAS). There is one correction to the heading of the sixth column from the right. It should read "# of Open Non Emergency Work Orders."

Director Ridings stated that unit turnaround needs to improve because we are losing revenue and people need housing.

BUDGET FOLLOW-UP QUESTIONS

Ms. Miyamoto reviewed that the questions regarding the operating budget for the federal low rent program that Director Ridings raised at the last meeting. The only information we do not have is the operating reserves over the past three to four years and will provide it at a later date.

Director Thompson asked if there are some HUD standards of laundry as to how much revenue should come in. Ms. Miyamoto said no and that she will ask the auditors but is not aware of any.

Director Ridings suggested investing the passbook account money into a higher yielding account. The Chairman commented that the state law limits our investment options and volunteered to work with Ms. Miyamoto on the investments of various bank accounts.

Ms. Miyamoto presented the details on the budget requests for the biennium that was submitted to the Department of Human Services (DHS).

Director Smith explained that $15.1 million in rent comes from the public housing. We get an operating subsidy from HUD of about $17.5 million that gives us about $35 million for operating cost. This is above and beyond what we get from rents and from HUD's operating subsidy that we are requesting from the State. This is the first time we are asking for State monies to help operate this Agency. The capital budget is $141.75 million, so the $35 million plus $60.9 million plus $141.75 million is the total budget we're looking at for this Agency.

Director Ignacio asked if this money would take care of all the major maintenance work and occupy all the vacant units under our purview. Ms. Miyamoto said yes and explained that we are requesting money for maintenance as well as vacant unit turnarounds for A and B type units for state and federal projects.

Director Ignacio commented that we need to set the standard or expectation for security services. It must be clear what we're hiring security for and what we want accomplished.

Director Thompson expressed concern about the $50 million for homeless shelters because he doesn't see any where near that amount for major renovations to public housing. Director Ignacio commented that you need to get people into permanent housing and expand public housing. Director Yoshioka also added that there be less emergency shelters.

Director Smith commented that we have a lot of people who are homeless and we need a substantial interim solution while we develop more housing capacity. She will discuss with the Department of Budget and Finance (B&F) the Board's comments.

PROPERTY MANAGEMENT CONTRACT SCHEDULE

Ms. Miyamoto said that Mr. Hee is reproducing property management contracts that Director Ignacio requested. Director Ignacio is interested in the management fee. Mr. Hee mentioned the scope of work includes administration, security of the project, rent collection, eviction, placements, meeting with tenants regarding violations and rent, annual re-exams, preparing a budget, do tenant services and activities. They are monitored monthly in these areas.

The Chairman suggested continuing the discussion over the next few months after Director Ignacio has an opportunity to read the contracts, to see where we can tighten up the scope of work.

Director Smith added that we look at incentives, performance measures for these types of contracts. Because the more vacant units there are the less people they would have to worry about and manage. It's a reverse incentive and we had talked at one point about changing that around. That's one of the thoughts we can continue to keep on the table and deal with it.

REQUEST FOR PROPOSAL (RFP) FOR ENERGY PERFORMANCE CONTRACTING PROGRAM

Ms. Miyamoto said that the Board was sent a RFP for an Energy Performance Contract draft in response to Director Ridings request to see the RFP so comments could be made. Director Ridings commented that this came up while discussing the cost savings that could potentially be arrived at by solar and other types of things. He asked if we're trying to do all of the units at the same time. Ms. Miyamoto explained that the assessment would be on all the units but the actual contract won't be for all the projects.

Director Ridings suggested to start small by taking a unit or facility to do the assessment and analyze it, then make a decision on whether or not to go forward.

The Chairman asked if we need to do this for HUD or for compliance reasons. Ms. Miyamoto said that HUD encourages us to do this but it's not a mandate.

Director Smith asked for clarification on how the energy company is going to be paid under this contract. Mr. Hee explained that HUD will freeze our utility cost payout prior to the energy company doing any work. The energy company is paid out of the energy cost savings. The assessment would be done for each project because each project has a different design.

The Chairman asked that this discussion be calendared for the next meeting and to include someone from the Department of Business, Economic Development and Tourism (DBEDT) to join in the discussion.

PERSONNEL STAFFING

Ms. Miyamoto pointed out the first four sheets are all the vacant positions. She gave a status update of the Fiscal Management Office (FMO) running a 70 percent vacancy in accounting and budget section. Two accountants were picked up through the account temps to help us with the day-to-day type of accounting work and concentrating on homeless because there is a lot of activity with homeless and our state low rent. Personnel hired an 89-day appointment to help write up position descriptions (PD).

Director Thompson asked why the Accountant PD needs to be reviewed. Ms. Miyamoto explained that the Department of Human Services (DHS) is requiring that outdated PDs be updated. Designee Oliva further explained that when the positions all came back from DBEDT, DHS started a project to update all of the positions. The process was to update all the positions to reflect what that person is actually doing.

Director Yoshioka asked how far more to complete the task. Designee Oliva said that we have a reorganization chart that's been signed by B&F. After the positions are updated, we will forward the requests to fill those positions that are vacant on the organizational chart, get the approval, go through recruitment and get the position filled. We are over thirty percent complete in updating job descriptions. The Chairman commented that the Board keep in mind the process and every month we can track the progress.

Ms. Miyamoto added that we are interviewing for the Property Management Branch Chief and will be making a recommendation to HUD for concurrence.

RECESS

The Chairman called for a recess then to go into Executive Session and have lunch.

Director Ridings moved, seconded by Director Thompson

That the Board recess at 11:55 a.m.

The motion was unanimously carried.

EXECUTIVE SESSION

Director Smith moved, seconded by Director Ignacio

That the Board move into Executive Session at 12:17 p.m.

The motion was unanimously carried.

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RECONVENED

Director Ignacio moved, seconded by Director Yoshioka

That the meeting reconvene in regular session at 2:07 p.m.

The motion was unanimously carried.

The Chairman commented that the Board is going to continue its search for an Executive Director. He asked Ms. Miyamoto to continue to serve as the Interim Executive Director for a period of time and that the Board appreciates her willingness to serve and everything she has done and will do. He assured Ms. Miyamoto that the Board ~~well~~ will move diligently with the continuation of the search.

Corrected 11/16/06

ADJOURNMENT

The Chairman called for a motion to adjourn.

Director Yoshioka moved, seconded by Director Ignacio

That the meeting be adjourned at 2:09 p.m.

The motion was unanimously carried.

MATILDA YOSHIOKA

Approved: NOV 16 2006