MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BLDG. L
ON THURSDAY, DECEMBER 21, 2006,
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 21, 2006 at 9:02 a.m.

CALL TO ORDER/ ROLL CALL

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

PRESENT:
Director Charles A. Sted, Chairman
Director Eric Beaver
Director Clarissa Hosino
Director Carol Ignacio
Director Linda Smith
Director Travis O. Thompson
Director Matilda Yoshioka
Designee Joseph DePonio

Pamela Dodson, Executive Assistant

STAFF PRESENT:
Deputy Attorney General, Margaret Leong
Barbara Arashiro, Acting Procurement Officer
Shirley Befitel, Special Assistant, Personnel
Dexter Ching, Public Housing Supervisor, Section 8
Lili Funakoshi, Hearings Officer
Michael Hee, Contracts Administration Section Chief
Norman Ho, Property Mgt. & Maint. Svcs. Branch Chief
Glori Inafuku, Acting Compliance Officer
Sandra Miyoshi, Homeless Prog. Branch Administrator
Edmund Morimoto, Construction Mgmt. Section Chief
Gary Nakatsu, Data Processing System Analyst
Dionicia Piiohia, Clerk Typist/OED
Allan Sagayaga, Program Specialist & Tenant Services

OTHERS:
Wendy Tomita, Recorder
Nhi Tran, Legal Aid

QUORUM

Chairman Sted declared a quorum present, and welcomed everyone.

APPROVAL OF MINUTES REGULAR MEETING 11/16/2006

Director Beaver moved, seconded by Director Ignacio

> That the minutes of the Regular Meeting held on November 16, 2006 be approved as circulated.

The motion was unanimously carried.

STATUS OF THE EXECUTIVE DIRECTOR SEARCH

The Chair asked for an update from the taskforce group for the executive director (ED) search.

Director Smith stated that she will be contacting people who may be interested. She contacted Mr. Michael Flores of the U.S. Department of Housing and Urban Development (HUD) to find out about the request for technical assistance. Mr. Flores said that the request is being forwarded to Washington D.C. HUD asked for somebody who would come on a 120 day assignment. The other track being followed is to find someone who, although not willing to commit to become the

ED, would be willing to take a temporary appointment for 89 days.

Director Thompson wants to know the status of the applicant from the Dakotas. Director Beaver will follow up with Designee Oliva. Director Beaver suggested that a deadline be set in the process of hiring for the ED position. The Chair suggested a March 31, 2007 deadline to have a person identified, hired or a decision made. Director Beaver also suggested that the Board submit names for the committee to follow up.

Director Yoshioka suggested re-advertising the position. Another suggestion is to do a continuous recruitment through the State website. The Chair also suggested that each Board member review their contacts and give the names to Director Beaver by December 31, 2006.

Director Smith said that the candidates should be informed that the salary is $79,000 and that there is proposed legislation to increase it. The Directors suggested talking to members of the legislature to let them know this proposal is part of the Governor's package. The Chair volunteered to work on organizing that effort.

The Chair asked how the advertisement (AD) will be placed for the ED position. Director Beaver suggested the AD run for one week, break for two then run for another week in the Advertiser and Star Bulletin newspapers. The Chair asked if there is a date by which the resumes have to be submitted.

Ms. Shirley Befitel, Special Assistant, responded that the agency usually allows ten days. She added that placing ADs in the Advertiser is costly and that we usually go through Star Bulletin, another option is the agency's website. The Chair stated that the Board would like to get the broadest coverage possible, understanding that there will be costs associated with that. Ms. Befitel will check on placing ADs in national housing publications, such as the National Association of Housing and Redevelopment Officials (NAHRO) and the Public Housing Authorities Director's Association (PHADA). Director Smith also suggested the Pacific Business News.

Director Thompson recommended placing an AD in various newspapers, giving applicants ten days to respond. After the committee reviews those applicants, they can decide if there should be another AD in a week or so. He feels that placing an AD once a month should be the maximum. The Chair agreed.

Ms. Befitel suggested advertising after the holidays. The Chair mentioned that the Board wants to have the ED identified by March 31, 2007 and either on board by then or very shortly thereafter. Director Beaver suggested at least an AD over the weekend, because Saturday and Sunday is a good time for people to read the paper. The Chair suggested advertising this weekend or the next weekend. Ms. Befitel will place ADs in both The Advertiser and Star Bulletin and will also put it on the agency website. Director Beaver suggested leaving the AD on the website.

Director Thompson wanted to clarify that we do not pay for relocation costs and for interview costs if the person is not from Oahu. Ms. Befitel said there's no relocation expense and if they have to travel here for interviews, it's at their own expense. The Chair asked what if a member of the community, in a gesture of goodwill, wanted to fund something like that on behalf of the State.

Deputy Attorney General Margaret Leong will get back to the Board on that and will e-mail the Chair. Director Thompson also asked Ms. Leong to check if someone could contribute to a person's relocation expenses.

STATUS REPORT ON BANYAN STREET MANOR REAL ESTATE

The Chair moved to the next item, For Information on the status report on Banyan Street Manor Real Estate Assessment Center (REAC) physical inspection. Ms. Dodson introduced Michael Hee, Contracts Administration Section Chief, who gave the facts listed in the For Information. Mr. Hee reported that on September 20, 2006 the Hawaii Public Housing Authority (HPHA) requested a technical

ASSESSMENT CENTER (REAC) PHYSICAL INSPECTION

review of HUD's findings but was informed that HUD was going to let the inspection stand. After discussing the findings, the corrective action is to conduct the repairs and wait for the second inspection. There are no penalties but HPHA is under a watch. HPHA failed the inspection of vacant units because there was no electricity in the units. In the future if there are vacant units, the electricity will be turned on. HUD has not scheduled a follow up inspection but repairs are being worked on.

Director Ignacio asked if there is a way to be prepared before the inspections are made. Mr. Hee said that the inspection protocol will be working on that and the manager will follow up with spot inspections to make sure we are in compliance.

Director Ignacio commented that she reviewed the HPHA property management contracts and requests for proposals (RFP). In the scope of services, all minor and major repairs need to be done in a timely fashion. She asked why the minor repairs that we were dinged for not handled in a timely fashion.

Mr. Hee explained that many minor repairs are within the occupied units. HPHA or the management agent conducts an annual unit inspection once a year. Managers are not aware of repairs if the tenants do not report the problems. When scheduling annual inspections, work orders are generated to complete the repairs. When the REAC comes, they give you three weeks notice and you can't inspect units in three weeks and expect to have all work orders completed.

Director Ignacio stated that she gets different responses from tenants and wants to know where is the communication being held up and wants that to be worked on. Mr. Hee said that when the maintenance person is working one job, tenants approach them and wants them to fix something in their unit. The maintenance person tells them to call the office to generate a work order but some tenants have the attitude that the maintenance person should be writing these things down.

Director Smith asked if Banyan Street Manor is a project that is under contract or one that we take care of in-house. Mr. Hee said that the contract is with Urban Real Estate. Director Smith asked if the score of 50 is final. Mr. Hee stated that if we pass the second inspection then we're not under any possible sanctions, but is unsure if the score will change.

Director Smith suggested looking into a pest control contract for our buildings because of the termite issue. Mr. Hee said that it would be by the project and that it needs to be in the contract as part of the scope of work. Director Smith suggested to looking into that.

Director Yoshioka asked if HUD sets an inspection deadline whenever you don't pass the score. Mr. Hee explained that HUD gives us three weeks notice before they come to inspect. Director Yoshioka asked if the repairs can be done in three weeks. The managing agent told Mr. Hee that they found a carpenter that is willing to come out and give them a quote. Ms. Dodson added that we will get a time line for the repairs.

Director Beaver commented that management's responsibility is to come up with a plan. He asked if the Board can require management to give a deadline on when the repairs are going to be done, how are we to hold the people and the system accountable, and what are the mechanics we need to go through to see that that happens.

The Chair stated that the Board will address all these comments and focus on the process and the Board's role in particular. Later on in the meeting we want to have a discussion about listing the top ten or so priorities that the Board wants to work on, and to declare that the Board cares about accountability for getting things done, for example, the enforcement of performance under management contracts. And how are we going to organize ourselves and what are we going to require of the staff. It's natural for the Board to get more involved at a detailed level, and as the management staff become effective, to then take a more customary Board role of

oversight and setting policy. The situation the organization is in now, we all agree requires a more interventional Board.

Director Smith asked if we ever entered into contracts that provide both incentives for maintaining a building in a certain condition, or sanctions if they fail. Mr. Hee said there were some previous contracts that went through that process about paying on a percentage basis on the management fee. The problem for public housing was the income is so low you can't do a dollar per unit. We looked at all the kinds of incentives, especially collecting rent.

Director Ignacio wants the Directors to know that the amount of money paid in the property management contracts for positions are quite generous. When looking at the numbers per unit, they're not understaffed.

Director Beaver asked Mr. Hee what can be done to get the Banyan Street Manor fixed up in a timely fashion, set a date and talk with Urban Real Estate to follow up on what's going on with the carpentry and get a timeframe on when this is going to be repaired. Also if the managing agent is out of line with their contract, the Board needs to know. It would be good to have little more detailed information in these Board reports.

Director Smith acknowledged and commended staff's effort for trying to work with HUD to review the score.

Ms. Dodson asked if the Board wants this item on the agenda for the next meeting as well. The Chair said yes and Director Smith requested that Wilikina also be discussed next month.

RECESS

The Chair introduced the next item to be discussed and then called a recess at 10:05 a.m. and the meeting reconvened at 10:15 a.m.

COMMUNITY SERVICE REQUIREMENTS FOR FEDERAL PUBLIC HOUSING RESIDENTS

Ms. Dodson introduced Mr. Allan Sagayaga, Program Specialist & Tenant Services. Mr. Sagayaga presented a PowerPoint on the Community Service Requirements for Federal Public Housing Residents and briefed the Board about the community service program.

Director Ignacio said that as a public housing authority, our spirit should be to encourage people to work, and if they're not working in the program, then they're working under one of the exemptions.

Ms. Dodson explained that the program is not part of the Public Housing Assessment System (PHAS) scoring. The program was started in 1998, but it was not implemented until 2003.

Director Hosino stated that many residents do not mind doing the community service, but they do not have the means of transportation and prefer to do community service at their location. She added that it doesn't really matter where they do their community service as long as they do it. Director Beaver agreed and stated that we would prefer to have them do it right in their own community.

Ms. Dodson said tenants do community service within their own housing sites such as community watch or cutting hedges, but the private management companies have an issue about liability

Director Beaver added that if it's a federal mandate, it could be addressed in the contract with the property manager or with an indemnification.

The Chair requested that at the next meeting staff report back on what, if any, are the sanctions if HPHA does not comply with the community service requirement.

Director Ignacio stated that, as it relates to the self-sufficiency programs, it needs to

be a policy or guiding principle, that this volunteerism or giving back should be something that we promote as a spirit of doing and not just look at it in terms of PHAS scores. This is an opportunity for people to keep their complexes beautiful and give back to the community. Although scores are important, she encourages this because we will keep failing if we don't add this other dimension. The Chair agreed and said that we've got to change the approach, the tone and the philosophy.

Director Yoshioka added that residents should be encouraged to first do their community service on property. That would give them a sense of pride in their residence and where they live.

Director Beaver also suggested getting programs together to help each project, whether it's raking leaves, repairing the termite eaten doorjambs or whatever it might be. He strongly encouraged and supports the development of that sort of program that focuses on the projects.

EXECUTIVE SESSION

Director Thompson moved, seconded by Director Beaver

That the Board move into Executive Session at 10:50 a.m.

The motion was unanimously carried.

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RECESS RECONVENED

The Board came out of Executive Session at 11:15 a.m. and the Chair called for a recess at that time. The meeting reconvened at 11:23 a.m.

REPORT OF THE EXECUTIVE DIRECTOR

Ms. Dodson introduced Dexter Ching, Chief of the Section 8 Subsidy Programs Branch. Mr. Ching reported that at the end of November the program's budget was almost 100 percent utilized for the calendar year. For this fiscal year, we are at 101 percent of our moneys and will be utilizing the 2005 money that was not spent to cover. He's not sure what the budget will be for the calendar year 2007 because we do not know what formula HUD will be using.

Director Yoshioka asked how many families are on contract. Mr. Ching said that at the end of November there were 1898 families. That number fluctuates between 1890 to a little over 1900 because of the way the families transfer from one unit to another.

Director Smith explained that the news article about Section 8 was not correctly described in the media in terms of what actually happened. But the important thing is we're using all the moneys, because the rents are higher than the national average.

The Chair said that he is going to write a response to the media.

Director Thompson asked if any progress was being made to consolidate the state Section 8 program with the City and County. Ms. Dodson said that this was a consideration in the past, but after many meetings with the City and County, it was mutually decided not to go forward with the consolidation

Mr. Ching reported that another subsidy program is the Rent Supplement which is utilizing approximately 51 percent of the moneys that's been allocated through legislation. Director Smith added that because of the program structure and the law, there is a $160.00 a month cap and those who qualify must have an adjusted median income up to 50 percent of the State average. She also said that during this legislation to get a structural change to the program to allow more people to qualify and to increase the cap.

Director Thompson asked for clarification of the 14 months waiting period. Mr. Ching explained that once the person gets on the waiting list, it takes about 14

months to reach the top of the waiting list if they are eligible to receive a voucher. People that qualify for this program need to already be in a rental unit, if not they are deemed ineligible.

Ms. Dodson introduced Sandra Miyoshi, Homeless Programs Branch Administrator. Ms. Miyoshi gave a report on the status of the new shelters that were recently opened and of the grants in aid given through Act 100. She stated that Onelau'ena, located at Kalaeloa, has in excess of 200 residents and the programs are fully in place and functioning. The Waianae Civic Center is on schedule according to the construction people and we are working with the provider agencies to bring them on board. Occupancy at the Lighthouse Outreach Homeless Shelter in Waipahu is now at 99 people every night.

The Chair asked if HPHA own these three facilities. Ms. Miyoshi said that we don't own the Lighthouse Outreach, we provide them funding. HPHA owns the Onelau'ena site.

Director Smith suggested that Ms Miyoshi provided a list of all the emergency and transitional shelters that are state owned facilities that we contract to operate and all of the emergency and transitional shelters that are privately owned and that we provide funding. Ms. Miyoshi will provide a list.

Ms. Dodson introduced Mr. Norman Ho, Property Management and Maintenance Services Branch Chief. Mr. Ho informed the Board of his background and experience in housing. He explained how he is working on the priorities of the branch, which are the vacancies, work orders, late re-exams, contract monitoring, annual unit inspections and rent collections.

Director Thompson expressed concern about the lack of competition from the private sector for property management contracts. Mr. Ho stated that with the next property management RFP, emails will be sent to other management companies.

The Directors thanked Mr. Ho for accepting the challenges of the PMMSB Chief position.

Ms. Dodson introduced Mr. Edmund Morimoto, Construction Management Section Chief. Mr. Morimoto gave a summary of the damage assessments from the recent earthquake. The Makua Alii elderly project damages estimated about $1 million. On Big Island there were no structural damages, mostly cracking, and that HPHA is working with FEMA to get an official cost estimate for all this work.

Director Smith requested that Mr. Morimoto provide a report on the status of all the construction management section projects. We also need to look at what are we doing in terms of major repairs, elevators, and everything. Mr. Morimoto will provide a monthly report.

Ms. Dodson introduced Ms. Lili Funakoshi, Hearings Officer. Ms. Funakoshi presented the status of the hearings since July 2006. The drop in the numbers indicates that the hearings are taking a lot longer because many times language interpretation must be provided.

Director Thompson asked what "Evict with conditions" mean. Ms Funakoshi said that the Board has found the tenant to be in violation of the rental agreement so they are ordering their eviction, but allowing them a period of time to comply with respect to that particular violation. And if they do meet that time period, like a probation period then they are able to remain in the unit. She added that under the Improvement Plan, HUD wants the Eviction Board to hear rent violation cases within 90 days from the time it's referred, and 120 days for non-rent violations.

Ms. Dodson introduced Ms. Barbara Arashiro, Acting Procurement Officer. Ms. Arashiro reported that the State Procurement Office has been active in the last two months providing training on how to put out invitations for bids, requests for proposals, and evaluating bids. Our staff from all branches attended the trainings.

She also stated that the HPHA procurement office provided our own training for staff regarding small purchases.

Ms. Dodson introduced Mr. Gary Nakatsu, Data Processing System Analyst. Mr. Natatsu reported that since the agency split, they have been rerouting some communication lines between HPHA and the Department of Human Services (DHS). New computers for the managing units (MU) were purchased and recently received. His staff has started setting up the computers and over the next couple of months, will be setting them up at all the MUs statewide.

Ms. Dodson said that federal capital funds as well as state funds were used to purchase the equipment. She asked Mr. Nakatsu to present the information for the Fiscal section. Mr. Nakatsu reported that there's a delay in running the general ledgers and it's hard to find people qualified to work on the old accounting system, but the Information and Communication Services Division (ICSD) is helping to straighten out the problems. The goal is to get off this old system and to use the PC based accounting systems which we own.

The Chair asked if we are caught up through June 30th so we can continue to work on the financial statements and get the audit completed. Mr. Nakatsu said that we are okay through June 30th. Ms. Dodson said she will inquire about the audit and will inform the Chair.

Director Smith said the attached chart needs to be corrected, since it was compiled prior to the final decisions being made by the Administration. There wasn't $1.4 million that was deleted from the HPHA budget. So I'd like to correct that there.

On the Elevator improvements, that dollar amount is $15 million. In addition to these moneys, there's $10 million in cash in the Governor's budget for repair and maintenance of public housing projects. This is a watershed, meaning that we are using state dollars to repair federal projects. It's an infusion of cash to get these projects up and on line. The cash for the basic repair and maintenance are the A and B units. The $40 million is for the C units and for major repairs. That's $40 million in state bonds to repair public housing projects. In addition, there's $13 million for homeless programs, that's basically doubling the base that we have for the homeless budget. So Ms. Miyoshi is going from $6.5 million to $13 million because of the critical need in that area.

Director Yoshioka asked if the money is for the fiscal year. Director Smith said it is for the 2008-2009 biennium that starts July 1, 2007. The Chair asked if the $13 million is for the biennium or per year for each of the two years of that biennium. Director Smith said she it is $13 million per year.

Director Ignacio wanted to know who sets the salaries of the private property management company's staff. Ms. Arashiro responded that there is state and federal law which requires that if there are comparable positions in government, contracted staff should have the same pay. And when there is an increase due to collective bargaining, the State and contract staff also gets the increase.

Director Beaver commented that this is the first time hearing from every one of the divisions and sections, and that it was very helpful. He wondered if the Board decided on the format for the staff reports.

The Chair stated that Director Thompson emailed him an outline of what he believes the Board needs to have in mind at all times as to what are we doing about an ED, a financial officer, vacant unit turnarounds, reducing time to fill positions, making sure we're getting timely repairs done, and enforcing of contracts. The Chair also added that based on the member's comments, to work opportunities for tenants. As these were not on the agenda, we should plan on a full day meeting to address these subjects, including the issues we want to focus on and how we want to organize ourselves as a Board, and the task groups that we want to set up. We're clear on what we want to do about the ED, we have our task group for that, we have an asset management committee, but we should revisit whether that group

should be the same group or expanded or changed. We should revisit each of those tasks and the working groups.

Director Ignacio also added that in monitoring contracts, we need to monitor state managed properties as well. There are regulations and policies as to how these complexes should be managed, and what we should expect from our contractors and our state managed properties.

Director Beaver suggested that the Board have a strategic brainstorming session to figure out what the real issues are so the members can stay focused on a few things because he feels that the Board is not giving clear directions to the staff.

The Chair will plan for a special meeting.

ANNOUNCEMENT

The Chair announced that Director Ridings has resigned, however he left it to the Board to set the effective date. The Chair recommended that the Board accept his resignation effective today, December 21, 2007 and send him a confirming letter. Deesha will draft a letter for the Chair to sign. The Chair asked for a motion to move into Executive Session.

EXECUTIVE SESSION

Director Beaver moved, seconded by Director Thompson

That the Board move into Executive Session at 12:54 p.m.

The motion was unanimously carried.

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RECONVENED

ADJOURNMENT

Director Beaver moved, seconded by Director Smith,

That the Board move out of Executive Session and that the meeting be adjourned at 1:16 p.m.

The motion was unanimously carried.

MATILDA YOSHIOKA

Approved: JAN 18 2007