MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BUILDING E,
ON THURSDAY, FEBRUARY 18, 2010
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, February 18, 2010 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
Director Eric Beaver
Designee Henry Oliva

Director Matilda Yoshioka
Director Rene Berthiaume
Director Roger Godfrey
Director Sam Aiona
Director Sherrilee Dodson

Krislen Chun, Deputy Attorney General
Barbara Arashiro, Acting Executive Director

EXCUSED: Director Linda Smith

STAFF PRESENT:

Alan Sarhan, Planner
Charlene Nakamoto, Housing Compliance & Evaluation Specialist
Glori Inafuku, Housing Compliance & Evaluation Specialist
Marcel Audant, Housing Development Specialist
Mark Buflo, Acting Chief Financial Management Advisor
Michael Hee, Private Management Contracts Section 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:

Alice Black, Waimaha Sunflower resident
Augala Ene, Mayor Wright Homes resident
Ava Goldman, Michaels Development Company
Barrie Stewart, Fiscal Officer
Bob Nakata, Faith Action for Community Equity
David Bylsma, Pumehana Homes resident
Ed Tomczah, Kalakaua Homes resident
Fetu Kolio, Mayor Wright Homes resident
Jordann Ares, Governor's Policy Office
Jun Yang, Faith Action for Community Equity
June Talia, Kuhio Park Terrace resident
Marino Ricky, Mayor Wright Homes resident
Monika Mordasini, Michaels Development Company

Roy Nakamura, Kalakaua Homes resident

Chairperson Thompson declared a quorum present.

QUORUM

Chairperson Thompson stated that the approval of the minutes will be deferred until next month.

APPROVAL OF MINUTES REGULAR MEETING JANUARY 21, 2010

Chairperson Thompson commended management for the way they handled the Kalihi Valley Homes (KVH) rock fall.

PUBLIC TESTIMONY

Fetu Kolio, Mayor Wright Homes (MWH) resident, commended the maintenance staff at MWH. Mr. Kolio stated he supports legislative bills that help curb crime in public housing. He stated the MWH manager informed him that there were no safety issues regarding firework usage on New Year's eve. He stated he would like to submit a compact disc (CD) which includes photos of the New Year's eve fireworks usage at MWH, which pose as a safety issue. Mr. Kolio stated he heard rumors at MWH that a petition is being passed around to residents to remove the new Tenant Association Board because the Tenant Association Board is not doing their job. Mr. Kolio stated he feels the petition is being done because the Tenant Association Board is doing their job. Mr. Kolio stated management informed him that a staff member would go on the community walks, but no one has attended.

Chairperson Thompson asked Mr. Kolio to submit the CD to management.

Director Beaver asked if he is referring to the project management or to the Hawaii Public Housing Authority's (HPHA) management. Mr. Kolio responded the project management.

Director Beaver asked when the request was made to the manager. Mr. Kolio responded October 2009.

Director Ignacio asked who started the petition and who the petition is against. Mr. Kolio responded he believes the petition was started by the previous Tenant Association Board and the petition is to remove him as the Tenant Association president.

Chairperson Thompson informed Mr. Kolio that the procedure to resolve an issue is to speak to: 1) the project manager; 2) their supervisor; 3) Stephanie Fo, property management and maintenance services branch (PMMSB) chief; 4) the executive assistant; and 5) the Board, if the problem still has not been resolved.

Marino Ricky, Mayor Wright Homes resident, stated he is supporting Mr. Kolio.

Ed Tomczah, Kalakaua Homes resident, stated the residents at Kalakaua Homes would like to meet with the new executive director. Mr. Tomczah stated he would like to commend the Honolulu Police Department (HPD) for cracking down on the crystal methamphetamine problem at Kalakaua Homes, but there are still problems with alcohol and other drugs. Mr. Tomczah stated the land was previously owned by the Hawaiian people and would like to know how many Hawaiian people live in public housing.

Roy Nakamura, Kalakaua Homes resident, stated he wants to meet with the new executive director because rules are not being followed. He does not want to

speak to Ms. Fo.

Chairperson Thompson informed Mr. Nakamura that the appropriate procedure to resolve an issue is to speak to: 1) the project manager; 2) their supervisor; 3) Ms. Fo; 4) the executive assistant; and 5) the Board if the problem still has not been resolved.

TO ADOPT BOARD RESOLUTION NO. 23 EXPRESSING APPRECIATION TO CHAD K. TANIGUCHI, EXECUTIVE DIRECTOR

Director Beaver moved, Director Dodson seconded,

> To Adopt Board Resolution No. 23 Expressing Appreciation to Chad K. Taniguchi, Executive Director.

The motion was unanimously carried.

Director Beaver moved, Director Dodson seconded,

To Appoint Mr. Keith Biho to the Hilo Eviction Board for a Two-Year Term Beginning March 1, 2010 and Expiring on March 1, 2012.

TO APPOINT MR. KEITH BIHO TO THE HILO EVICTION BOARD FOR A TWO-YEAR TERM BEGINNING MARCH 1, 2010 AND EXPIRING ON MARCH 1, 2012

Barbara Arashiro, acting executive director, stated Mr. Biho is employed by the Adult Probation Services of the Third Circuit Court in Hilo and expressed a willingness to serve on the Hilo Eviction Board.

The motion was unanimously carried.

Director Beaver moved, Director Dodson seconded,

To Adopt Board Resolution No. 24 Statement of Non-Discrimination Policy and Revisions to the Hawaii Public Housing Authority's Policy on Reasonable Accommodations and Modifications

TO ADOPT BOARD RESOLUTION NO. 24 STATEMENT OF NON-DISCRIMINATION POLICY AND REVISIONS TO THE HAWAII PUBLIC HOUSING AUTHORITY'S POLICY ON REASONABLE ACCOMMODATIONS AND MODIFICATIONS

Ms. Arashiro stated that the HPHA is revising the current policy to keep the policy consistent with the U.S. Department of Housing and Urban Development (HUD) revision issued in 2004.

Ms. Arashiro stated there are four revisions in the policy: 1) persons with disabilities do not need to submit requests for reasonable accommodations in writing; 2) there are limited verifications needed when a disability is "obvious" or "readily known"; 3) modification for which the disability is "obvious and readily known" may be approved at the project level, except where a reasonable modification is expected to exceed $1,000; and 4) to clarify that the HPHA understands its obligation to have a Section 504/Fair Housing Officer.

Ms. Arashiro stated that staff will receive a copy and be trained on the policy.

Chairperson Thompson asked how long the HPHA's policy has been different from HUD's policy. Ms. Arashiro responded the joint statement was issued in 2004 and the HPHA made revisions procedurally, but the policy was not revised.

Designee Oliva commended the HPHA on providing trainings. He recommends that after the training staff sign a form stating that they received and understand the training. Shirley Befitel, personnel supervisor, stated that this is already a HPHA requirement.

The motion was unanimously carried.

RESOLUTION NO. 024

STATEMENT OF NON-DISCRIMINATION POLICY

WHEREAS, the Hawaii Public Housing Authority (HPHA) is established as a corporate body and politic under §356D, Hawaii Revised Statutes; and

WHEREAS, notwithstanding its semi-autonomous nature, the HPHA is deemed to be a public instrumentality and agency of the State; and

WHEREAS, as an agency of the State, the HPHA is obligate to maintain, implement, and enforce all State policies regarding non-discrimination under either federal or State law, including but not limited to those policies attached hereto as Exhibit 1); and

WHEREAS, the HPHA is committed towards maintaining a policy of nondiscrimination and prohibiting discriminatory practices in the operations, procedures, or programs it administers;

NOW THEREFORE, BE IT RESOLVED, that it is the policy of the HPHA to prohibit discrimination or discriminatory practices in its operations, procedures or programs/services, and that the attached non-discrimination policy in Exhibit 1 shall be incorporated herein and shall take effect immediately upon adoption of this Resolution; and

BE IT FURTHER RESOLVED, that the HPHA hereby authorizes the Executive Director to do all things necessary and proper to maintain, implement, and enforce such non-discriminatory policies.

Travis O. Thompson
Chairperson

FEB 18 2010

Date

Director Aiona arrived at 9:25 a.m.

Director Beaver moved, Director Dodson seconded,

To Accept the Audited Financial Statements of the Hawaii Public Housing Authority for the Fiscal Year Ending June 30, 2009

TO ACCEPT THE AUDITED FINANCIAL STATEMENTS OF THE HAWAII PUBLIC HOUSING AUTHORITY FOR THE FISCAL YEAR END-ING JUNE 30, 2009

Chairperson Thompson stated that the audited financial statements include three main parts: 1) the financial statement; 2) notes to the financial statements; and 3) the findings. Chairperson Thompson stated that there are government and business activities. The business activity has expenditures and revenues and include federal low rent housing and the revolving fund. The government activities include general funds, capital funds, housing choice vouchers, and Section 8.

Chairperson Thompson stated at the end of June the HPHA's assets were $383.4 million. Seventy-two million was in government activities and $310 million was business activities. The HPHA's net assets were $360 million, which is $11.7 million less than the previous year.

Chairperson Thompson stated that the Homeless Programs Branch spends $19 million and their revenue is $1.3 million. The rental housing program spends $48 million and their revenue is $45 million. At the end of the year the general fund was $4 million, down from $5.8 million. The cash flow increased by $5.3 million.

Chairperson Thompson stated that the findings have not changed from previous years. Financial reporting is the troubled area. Ms. Arashiro reported that the Fiscal Management Office (FMO) does not have adequate staffing. The HPHA received accountants due to the reduction in force (RIF). The problem is RIF staff has not worked with the type of funds that the HPHA manages.

Director Beaver asked about outsourcing the accountant function. Ms. Arashiro responded the HPHA is outsourcing.

Director Beaver asked how long has the HPHA been outsourcing and what progress has been made. Ms. Arashiro responded that the HPHA has been outsourcing from September 2009. Chairperson Thompson responded the HPHA is unable to see the progress because the audit covers the year ending June 2009.

Director Berthiaume asked if the pay for the chief financial officer is a problem. Ms. Arashiro responded it was not the pay, but the uncertainty of the furloughs.

Director Beaver asked if the HPHA can hire consultants, but not civil servants. Ms. Arashiro responded yes, but outsourcing comes at a higher cost.

Director Godfrey asked if the HPHA is hiring civil servants. Ms. Arashiro responded that the HPHA does not have approval to fill positions.

Chairperson Thompson asked if the HPHA can outsource. Designee Oliva responded the HPHA needs to be careful because there was a decision made with regards to utilizing outside contractors to do work that is normally done by civil servants.

Director Beaver stated that the HPHA needs to work through all the barriers.

Chairperson Thompson stated that the Finance task force with help from Designee Oliva will work on finding a way to hire civil servants or to outsource some FMO functions.

The motion was unanimously carried.

Director Beaver moved, Director Dodson seconded,

To Approve the Hawaii Public Housing Authority's Annual Public Housing Agency (PHA) Plan for Fiscal Year 2010 – 2011 as Published, Subject to Comments at the March 15, 2010 Public Hearing

TO APPROVE THE HAWAII PUBLIC HOUSING AUTHORITY'S ANNUAL PUBLIC HOUSING AGENCY (PHA) PLAN FOR FISCAL YEAR 2010 – 2011 AS PUBLISHED, SUBJECT TO COMMENTS AT THE MARCH 15, 2010 PUBLIC HEARING

Alan Sarhan, planner, stated he took into consideration the Board's goals and objectives. Some of the items include homeownership, redevelopment, resident self-sufficiency, and security. The Resident Advisory Board is concerned with suitability checks for new tenants and waitlist changes.

Director Beaver asked why the Board is approving this before the public hearing and not after. Mr. Sarhan responded this should have been approved before the public hearings.

Director Beaver asked who decides on what changes are made after the public hearing. Ms. Arashiro responded that staff will make recommendations and the Board will decide.

Director Beaver asked if the HPHA will expand public housing because in 6.0, PHA Goal: the word "expand" is used. Ms. Arashiro responded that the Bold wording is from the HUD boiler plate.

Chairperson Thompson asked if the Board will get a chance to decide on the possible implementation of the home visits. Ms. Arashiro responded it is a policy change and will have to come to the Board for approval.

Ms. Arashiro stated that all comments received will be responded to and will be included in the PHA plan before submission to HUD.

Director Beaver asked that staff work with the RAB in resolving the three issues and if the issues cannot be resolved then bring it back to the Board.

Director Berthiaume asked if HUD approves the plan. Ms. Arashiro responded no, HUD looks at the response to the comments.

The motion was unanimously carried.

Chairperson Thompson called a recess at 9:56 a.m. and reconvened at 10:11 a.m.

RECESS/ RECONVENED

Director Beaver moved, Director Hosino seconded,

To Accept the Proposed Energy Conservation Measures and to Authorize the Executive Director to Undertake All Actions Necessary to Execute an Energy Services Agreement with Ameresco

TO ACCEPT THE PROPOSED ENERGY CONSERVATION MEASURES AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO UNDERTAKE ALL ACTIONS NECESSARY TO EXECUTE AN ENERGY SERVICES AGREEMENT WITH AMERESCO

Director Beaver stated the Mixed Income task force reviewed the projects and removed Kuhio Park Terrace (KPT) and MWH. He stated the task force discussed the short term and long term energy conservation measures (ECM) and understands that there needs to be some short term ECM's for the model to work. The Mixed Income task force recommends the approval of the "For Action".

The motion was unanimously carried.

Director Beaver moved, Director Dodson seconded,

To Authorize the Executive Director to Hold Public Hearings on Proposed Changes to the Hawaii Public Housing Authority's 2009-2010 Capital Fund Plan

TO AUTHORIZE THE EXECUTIVE DIRECTOR TO HOLD PUBLIC HEARINGS ON PROPOSED CHANGES TO THE HAWAII PUBLIC HOUSING AUTHORITY'S 2009-2010 CAPITAL FUND PLAN

Ms. Arashiro stated on March 19, 2009 the Board approved the project list. In a past meeting staff informed the Board that bids were coming in lower than projected so the HPHA is amending the project list.

Ms. Arashiro stated David Malo Circle will be using 718/719 or 2008/2009 funds. Hale Hauoli, Kaimalino, Kealakehe, and Makani Kai Hale will be using the American Recovery and Reinvestment Act (ARRA) funds. Hale Hookipa, Nani Olu, Noelani, and Paoakalani, Kalihi Valley Homes, and Puuwai Momi will be using 717 or 2007 funds. MWH and type C units will be 718 funds.

Ms. Arashiro stated that projects that were ready were moved to the 717 funds. These projects all have executed contracts and construction has started. Ms. Arashiro stated because these projects were moved, Kalanihuia, Palolo Valley Homes, Kahekili Terrace, and Makua Alii have been added to the ARRA funds list.

Ms. Arashiro stated that David Malo Circle is listed twice because it is delayed and will not reach the March 20th expenditure deadline.

Director Dodson asked why the project is delayed. Ms. Arashiro responded because the Construction Management Section (CMS) is short staffed.

Chairperson Thompson asked how this affects the stimulus package. Ms. Arashiro responded this is the reason the HPHA reshuffled the projects. Staff met with HUD and HUD understands that the HPHA will meet the obligation deadlines. HUD also understands that the HPHA will be taking the maximum administrative expense.

Chairperson Thompson asked what the consequences are if the HPHA does not expend all of the funds. Ms. Arashiro responded there are no sanctions, but HUD will probably send a letter and the money will be recaptured.

Director Berthiaume asked when the funds need to be spent. Ms. Arashiro responded the HPHA has one year to encumber the funds, two years to expend 60% of the funds, and three years to expend 100% of the funds.

Director Aiona asked if the funds can be spent somewhere else. Designee Oliva responded it may be possible, but the HPHA needs to be careful on where the funds are spent.

Designee Oliva asked that a meeting be scheduled with Mark Anderson to update him on the HPHA intentions.

Director Berthiaume asked if the HPHA can borrow engineers from the Department of Accounting and General Services (DAGS). Ms. Arashiro responded that the HPHA has requested assistance, but all state agencies are managing under similar conditions.

Chairperson Thompson asked if there needs to be public hearings. Ms. Arashiro responded that HUD used the current approved plan and the current plan did not include Kalanihuia, Kahekili Terrace, and Kalakaua Homes. Public hearing is needed to approve the amended plan. There is a 10-day notice requirement for public hearing under the ARRA funds. Ms. Arashiro stated she does not foresee any problems because projects are being added and not displaced.

The motion was unanimously carried.

Director Beaver moved, Director Dodson seconded,

To Authorize the Executive Director to Issue a Pre-Development Loan to The Michaels Development Company for the Redevelopment at Kuhio Park Terrace and Kuhio Homes and Undertake All Action Necessary to Implement the Loan

TO AUTHORIZE THE EXECUTIVE DIRECTOR TO ISSUE A PRE-DEVELOPMENT LOAN TO THE MICHAELS DEVELOPMENT COMPANY FOR THE REDEVELOPMENT AT KUHIO PARK TERRACE AND KUHIO HOMES AND UNDERTAKE ALL ACTION NECESSARY TO IMPLEMENT THE LOAN

Director Beaver stated that the Mixed Income task force has discussed the issues and is in favor of moving forward.

Ms. Arashiro stated that The Michaels Development Company is requesting $1.7 million to pay for pre-development costs. The HPHA is asking for Board's approval for up to $2 million, in case the costs are higher than anticipated.

Chairperson Thompson asked the source of the funds. Ms. Arashiro responded capital funds.

Director Beaver stated there will be a revolving loan, money gets paid back at closing and is reused to fund the next phase of the project.

The motion was unanimously carried.

Director Beaver moved, Director Dodson seconded,

To Authorize the Executive Director to Enter into a Lease and Sale Option Agreement with The Michaels Development Company for Kuhio Park Terrace and Kuhio Homes

TO AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A LEASE AND SALE OPTION AGREEMENT WITH THE MICHAELS DEVELOPMENT COMPANY FOR KUHIO PARK TERRACE AND KUHIO HOMES

Director Berthiaume asked what is the sale option because this is a lease. Director Beaver responded the lease is for the ground and the sale is for the building.

Director Godfrey asked if the lease is a 65 year fixed lease. Director Dodson responded that all the terms will be discussed at a later date. Ms. Arashiro stated this approval is not for the lease and sale agreement. This is a mutual agreement between both parties that the HPHA fully intends to execute a lease and sale document. The option agreement applies only to the towers.

Chairperson Thompson asked what does, "At any time on or before the latest of (i) [December 1, 2011], (ii) the date on which Optionee is notified that it has not received an award of [2010-2011] rental housing tax credits or (iii) if Optionee is notified does receive an award of 2010-2011 tax credits, then at any time on or before the date twelve months after notification of such award of tax credits…" mean. Mr. Sarhan responded if The Michaels Development Company receives tax credits from Hawaii Housing Finance and Development Corporation (HHFDC) they have 30 days to exercise the option. If The Michaels Development Company doesn't receive the tax credit they have one year to find financing.

Chairperson Thompson stated that is not what it is saying.

Director Yoshioka asked when the deadline to apply for tax credits is. Ava Goldman responded the 9% has a deadline and the 4% has no deadline.

Director Beaver asked when does The Michaels Development Company need this document signed. Ms. Arashiro responded The Michaels Development Company was hoping to submit the tax credit application by March 2010.

Director Beaver asked that the AG's office review the document and have the Mixed Income task force review the document before signing.

The motion was unanimously carried.

Director Aiona moved, Director Beaver seconded,

To Temporarily Transfer the Hawaii Public Housing Authority's Homeless Programs Branch Staff to the Department of Human Services

TO TEMPORARILY TRANSFER THE HAWAII PUBLIC HOUSING AUTHORITY'S HOMELESS PROGRAMS BRANCH STAFF TO THE DEPARTMENT OF HUMAN SERVICES

Krislen Chun, deputy attorney general, stated the AG' s office is working on a memorandum of agreement (MOA) to transfer the Homeless Program Branch (HPB) staff temporarily until legislative action is taken.

Ms. Chun stated HUD has made the HPHA aware that they should not be handling emergency shelter grants because the HPHA is a public housing agency.

Director Berthiaume asked what happens if the legislature doesn't approve the transfer. Ms. Chun responded the MOA is good for one year with the option to extend. The legislature has to do the change. The bill has passed the House Judiciary and is waiting for a hearing with the House Finance Committee.

Mr. Sarhan stated that the problem is getting Senate Bill 910 on the House Finance Committee agenda. The bill has already passed the Senate.

Director Ignacio asked if the Board can submit a letter to the House Finance Committee to support the bill. Mr. Sarhan stated he will draft the letter.

The motion was unanimously carried.

FINANCE TASK FORCE

Chairperson Thompson reported that the Finance task force committee discussed the findings of the audit report. The management discussion and analysis (MD & A) was missing from the audit. Ms. Arashiro responded that the MD & A is due at the end of March. The draft should be done by the end of next week and she will forward it to the Finance task force members and auditors.

Chairperson Thompson asked who is writing the MD & A. Ms. Arashiro responded Barrie Stewart, with input from Mark Buflo, acting chief financial management advisor, and Michael Hee, private management contracts section chief.

MIXED INCOME TASK FORCE

Chairperson Thompson stated the Finance task force will review the draft MD & A and report back at the next meeting.

Director Beaver acknowledged The Michaels Development Company.

Chairperson Thompson reported that both "For Actions" regarding The Michaels Development Company passed unanimously.

Director Beaver asked The Michaels Development Company to reword the option language.

HUMAN RESOURCES TASK FORCE

Designee Oliva reported that the Human Resources task force identified 21 positions to fill and pared the list down to 9 positions.

Director Aiona asked why the list was pared down. Designee Oliva responded that it would be difficult to get approval for 21 positions.

Director Beaver asked if the staff and task force are in agreement with the nine positions. Ms. Arashiro responded yes.

Chairperson Thompson asked who the list goes to. Designee Oliva responded to: 1) the Board; 2) Budget and Finance (B & F); and 3) the Governor.

Director Hosino asked what the housing planner does. Ms. Arashiro responded the planner would help Mr. Sarhan. Mr. Sarhan's office is in charge of the strategic plan, 5-year plan, the consolidated plan, legislative actions, media inquiries, public requests, impact statements, and policy and administrative rules changes.

Ms. Arashiro stated that when the HPHA was Housing and Community Development Corporation of Hawaii (HCDCH) there were four planners and HHFDC currently has three planners.

Chairperson Thompson asked that the Human Resources task force take the next step as required to fill the positions with the understanding that the Board fully endorses the recommendation.

EXECUTIVE DIRECTOR'S REPORT/ REAC SCORES

Ms. Arashiro reported that all the asset management projects (AMP) passed the REAC inspections.

Chairperson asked what the "b and c's" stands for. Ms. Arashiro responded that "b and c's" are for health and safety findings.

Director Ignacio asked what is done if the scores are down. Ms. Fo responded that the managers need to do a corrective action plan.

Director Ignacio stated that it concerns her that the HPHA waits for HUD to tell them something is wrong.

Director Ignacio asked what is being done to ensure that the corrections are made. Ms. Fo responded maintenance is doing weekly walks and she visits the properties.

Director Hosino asked why Kalakaua's score dropped so much. Ms. Fo stated she would need to check.

Director Beaver asked how are AMPs being recognized for raising their score. Director Dodson stated that the AMPs need to get to a 100% without health and safety issues to be recognized.

Director Aiona asked that Ms. Fo recommend to Chairperson Thompson the AMPs that should receive a letter for improving their REAC score.

Director Godfrey asked if AMPs are aware of each other's score. Ms. Fo responded yes.

TRAINING

Ms. Arashiro stated that on January 27 and 28, 2010 the HPHA had training on asset management conducted by Nan McKay.

Chairperson Thompson asked how many people attended the training. Ms. Arashiro responded about 40.

Director Yoshioka asked if this was the first training. Ms. Arashiro responded no, but the training by Nan McKay was superior to previous training sessions.

Chairperson Thompson asked if staff gave feedback on the training. Mr. Buflo responded he liked the training and FMO staff is grateful for the training. The training was very holistic.

Chairperson Thompson stated the HPHA should ask staff for feedback on the training.

Ms. Arashiro stated that the training was tailored to the HPHA as Ms. Befitel and Mr. Buflo coordinated this with Nan McKay.

Director Beaver stated the HPHA should have the training on an ongoing basis.

SETTLEMENT AGREEMENT ON BANYAN STREET MANOR

Ms. Arashiro stated HUD and the HPHA executed the settlement agreement for the Banyan Street Manor FY 2008-2009 audit.

SALE OF BANYAN STREET MANOR

Ms. Arashiro stated that the HPHA executed the Purchase and Sale Agreement (P & SA) on January 28, 2009. The HPHA received $50,000 in an escrow account on February 4, 2010.

Chairperson Thompson asked what the HPHA is doing with the funds.
Ms. Arashiro responded the funds will be put into the HPHA's general funds.

WILIKINA

Ms. Arashiro stated that the Wilikina P & SA was signed on February 17, 2010.

KALIHI VALLEY ROCKFALL

Ms. Arashiro stated on January 22, 2010 a boulder fell from the Board of Water Supply's (BWS) property into building J at Kalihi Valley Homes. No one was injured, but there is structural damage to the building. It took about 50 staff members to help relocate the families.

Director Aiona asked who mobilized staff. Ms. Arashiro responded Ms. Fo.

Ms. Arashiro stated that the HPHA received help from the Department of Accounting and General Services (DAGS), State Procurement Office (SPO), AG's office, Department of Human Services (DHS).

Ms. Arashiro stated that on January 28, 2010 Ms. Fo and Lydia Camacho, state housing development administrator, received a call from BWS informing them that there are additional rock formations that posed an imminent danger two buildings. The BWS recommended that the HPHA take action including possible relocation. The next morning Ms. Fo and Ms. Camacho along with maintenance staff helped move the 17 families to hotels.

Director Aiona stated that one of the residents who was affected by this incident complimented the HPHA's efforts.

Director Ignacio stated that the nuns were also very impressed with how the HPHA handled the incident.

Ms. Fo stated that a tenant association board member helped inform all the families and she helped with the relocation of the families.

Ms. Arashiro stated initially the BWS wouldn't acknowledge that it was their property, so the HPHA hired a geologist, structural engineer, and architect to assess the damage. Later, the AG's office clarified with BWS that it was their property.

Chairperson Thompson stated that a letter of commendation should be written to all the staff that helped.

EXECUTIVE SESSION

Director Beaver moved, Director Hosino seconded,

> To go into executive session at 11:35 a.m. pursuant to sections 92-4 and 92-5(a)(2), 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 Kalihi Valley Homes Rock fall

The motion was unanimously carried.

RECONVENED

The Board reconvened from Executive Session at 11:50 a.m.

Chairperson Thompson stated that the Board discussed possible litigation relative to the Kalihi Valley Homes rock fall.

EXECUTIVE SESSION

Director Beaver moved, Director Hosino seconded,

> To go into executive session at 11:51 a.m. pursuant to sections 92-4 and 92-5(a)(2), Hawaii Revised Statutes, to discuss the term of the current Executive Director, 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 term of the current Executive Director and the KPT Lawsuits.

The motion was unanimously carried.

RECONVENED

The Board reconvened from Executive Session at 12:35 p.m.

Chairperson Thompson stated that the Board unanimously agreed to extend Chad Taniguchi's unpaid leave to February 26, 2010. The Board also discussed the KPT lawsuit.

UPDATE ON THE AUDIT OF THE HAWAII PUBLIC HOUSING AUTHORITY BY THE OFFICE OF THE LEGISLATIVE AUDITOR

Chairperson Thompson stated that the Board will discuss the audit of the HPHA by the Office of the Auditor.

Ms. Arashiro stated that she has no report because she did not receive the draft audit from the auditor.

Chairperson Thompson asked if the HPHA has seen the audit. Ms. Arashiro responded no, the auditor is still asking follow up questions.

UPDATE ON THE OPERATING SUBSIDY FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE OPERATION OF THE

Chairperson Thompson stated the Board will be discussing the update on the operating subsidy from HUD for the operation of the federal low income public housing program.

Ms. Arashiro stated that this is to keep the Board informed on the operating subsidy because in the coming months there will be discussions on the budget for the next fiscal year.

Mr. Hee stated that there was a major change in how HUD provided the subsidy starting in 2007. Before the change there were eligible expenses and the HPHA

would subtract rents and other income to come up with the subsidy amount, which was subject to proration. From 2007, HUD figures out what the operating subsidy should be then takes the project expense level which includes 10 different items and is based on occupied units. HUD then subtracts rent roll and this becomes the subsidy. HUD also changed it from fiscal year to a calendar year. The problem is HUD doesn't collect the data mid-year so what HUD does for the first couple of months is take last year's subsidy and inflate it. Once the information is submitted to HUD, then HUD can reduce or increase the HPHA's subsidy.

FEDERAL LOW INCOME PUBLIC HOUSING PROGRAM

Chairperson Thompson asked where the money comes from if the subsidy goes down. Mr. Hee stated that in the past, the HPHA used reserves and the HPHA budgeted conservatively.

Ms. Arashiro stated that there are two views, one view is to project revenues according to the HPHA goals and the other view is project revenues conservatively.

Chairperson Thompson stated he feels the HPHA needs to be conservative.

Chairperson Thompson asked what the penalties are for the AMPs that are not meeting asset management requirements. Ms. Arashiro responded that HUD has not worked out all of the sanctions.

Director Ignacio stated that she believes that the HPHA needs to change the way they think. The HPHA can't be HUD driven, do things because it is right for the residents.

Chairperson Thompson asked Mr. Hee if he is retiring. Mr. Hee responded yes. Chairperson Thompson thanked Mr. Hee for all his work at the HPHA.

Chairperson Thompson stated the Board will be discussing the update on legislative bills affecting the HPHA.

UPDATE ON LEGISLATIVE BILLS AFFECTING THE HAWAII PUBLIC HOUSING AUTHORITY

Mr. Sarhan stated that HB 1877 HD1 exempts non-general funded public employees from furloughs; HB 2561 would repeal the requirement to get legislative approval to sell land; and HB 2568 and SB 2721 SD1 is to reduce the quorum requirement for the HPHA Board. Mr. Sarhan stated all of these bills are moving through the legislature.

Director Hosino asked about HB 2281. Mr. Sarhan stated it has been deferred.

Director Hosino asked does that mean the age requirement is 55 and not 62. Mr. Sarhan responded yes. If the bill passed, then everyone in the household except the spouse would need to be 62 or older to live in an elderly project.

Director Beaver asked if the HPHA submits a bill every year to raise the salary for the executive director and the executive assistant. Director Dodson stated this isn't the year to do it.

Mr. Sarhan stated that HCR 041 is to approve the sale of the Hana parcel. The Chairperson for the Water Land and Ocean Resources wanted to consult with the local representative before passing the resolution. He doesn't know where the resolution currently stands and will follow up on this issue.

Mr. Sarhan stated that SB 2276 SD1 relates to the open liquor container in public housing and is moving through the legislature.

Mr. Sarhan stated that SB 2473 is relating to grandchildren in public housing. If this bill passes the HPHA would be required to allow grandchildren to live with their grandparents in a crisis situation. The HPHA supports placing

children with the grandparents, but the bill would undermine elderly housing. The HPHA's testimony was that the HPHA would try to immediately move the family to a family housing project.

Mr. Sarhan stated that SB 2108 would change the number of tenant members from one to two.

Director Berthiaume asked if that means one Board member would lose their slot. Mr. Sarhan responded yes.

UPDATE ON THE STATUS OF THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT'S CORRECTIVE ACTION ORDER AGAINST THE HAWAII PUBLIC HOUSING AUTHORITY

Chairperson Thompson stated that the Board will be discussing the update on the status of the HUD corrective action order against the HPHA.

Ms. Arashiro stated that the HPHA was under a MOA with HUD, but has since been put on an improvement plan. The two areas that the HPHA needs to improve on are the fiscal office and the obligation of the capital funds.

Chairperson Thompson asked if the actions are the HPHA's actions or HUD's actions. Ms. Arashiro responded this is the HPHA's actions, but it was based on the MOA, improvement plan, and a meeting with HUD.

Director Yoshioka asked when the new executive director is starting. Chairperson Thompson stated March 1, 2010. Ms. Arashiro stated she and Chairperson Thompson will meet with the new executive director in the morning, then there will be a pre-board meeting and staff luncheon to follow.

Ms. Arashiro invited the Board to the luncheon on March 1.

ADJOURNMENT

There being no further items to be discussed,

Director Aiona moved, Director Hosino seconded,

That the meeting be adjourned at 2:56 p.m.

The motion was unanimously carried.

This represents the proceedings of this Board meeting to the best of my knowledge:

Taryn T. Chikamori
TARYN T. CHIKAMORI
Secretary to the Board

Certified:

Matilda Yoshioka
MATILDA YOSHIOKA
Secretary