MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BLDG. E
ON THURSDAY, JULY 17, 2008,
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, July 17, 2008 at 9:05 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 Rene Berthiaume
Director Eric Beaver
Director Matilda Yoshioka
Director Sam Aiona
Director Sherrilee Dodson

Executive Director, Chad Taniguchi
Deputy Attorney General, Krislen Chun

EXCUSED:
Director Kaulana Park
Director Linda Smith

STAFF PRESENT:
Barbara Arashiro, Executive Assistant
Clifford Laboy, Program Specialist
Derek Fujikami, State Housing Development Administrator
Michael Hee, Contracts Administrator Section Chief
Michael Isobe, Public Housing Supervisor
Myles Sakamoto, Housing Inspector Technician
Patti Miyamoto, Chief Compliance Officer
Sandra Miyoshi, Homeless Program Administrator
Shirley Befitel, Personnel Supervisor
Stephanie Fo, Acting Property Management and Maintenance Services Branch Chief
Taryn Chikamori, Secretary to the Board

OTHERS:
Ericka Liashenko, Hawaii Government Employees Association Union Agent
Larry Jones, MD Strum
Tim Garry, private resident
Juliana Damico, Governor's Policy Office
Suzanne Chun Oakland, State of Hawaii Senate Member

Chairperson Thompson declared a quorum present.

QUORUM

Director Hosino moved, Designee Oliva seconded,

That the minutes of the Regular Meeting held on June 19, 2008 be approved as circulated.

APPROVAL OF MINUTES REGULAR MEETING 06/19/08

Director Beaver stated he would like to amend page 3, paragraph 2 where it states "Legislature regarding this manner" would like to change "manner" to "matter".

The motion was unanimously carried as amended.

PUBLIC TESTIMONY

Tim Garry, private resident, stated the budget assumptions are not realistic. The utility cost is going to go up not down from previous years. Mr. Garry stated that he spoke to Senator Chun Oakland and she informed him that it was illegal to pass a budget with a deficit. Mr. Garry asked that the Board re-look at the assumptions because the economy is getting worse, not better and more tenants will not be able to pay their rent.

Director Beaver asked Mr. Garry if he feels that if the assumptions are changed Hawaii Public Housing Authority (HPHA) will have a larger deficit. Mr. Garry stated "yes" a lot larger.

Suzanne Chun Oakland, State of Hawaii Senate Member, stated she did not tell Mr. Garry that it was illegal for HPHA to pass the budget in deficit. She informed Mr. Garry that it is illegal for the Legislature to pass a budget that is not supported by the council on revenue projections, but she would have to do research to find out if it is illegal for an agency to pass a budget in deficit.

Director Dodson moved, Director Ignacio seconded,

> To move the Approval to Select an Energy Services Company to Perform an Investment Grade Audit for all Hawaii Public Housing Federal Projects to 11:00 a.m.

The motion was unanimously carried.

Director Sam Aiona arrived at 9:15 a.m.

EXECUTIVE DIRECTOR'S REPORT/FY 2009 BUDGET

Chad Taniguchi, Executive Director, stated the U.S. Department of Housing and Urban Development (HUD) operating subsidy funding will be further prorated from 84% to 82%. HPHA is reviewing what the affect on HPHA will be.

Mr. Taniguchi stated it has been confirmed that HPHA will be receiving $400,000 more from HUD for the Payment in Lieu of Taxes (PILOT).

Mr. Taniguchi reviewed the Operating Budget worksheet.

Chairperson Thompson asked what is the plan to help the State Family and Elderly projects get out of deficit. Mr. Taniguchi stated to help the family and elderly projects HPHA will be asking the Legislature to make a change in base funding by adding $2.9 million each to the state family and to the elderly programs, because those programs are structurally under funded.

Chairperson Thompson asked Mr. Taniguchi to keep the Board informed about the progress on asking the Legislature for the $2.9 million.

Chairperson Thompson asked does the Board need to approve the budget if it is amended. Krislen Chun, Deputy Attorney General, stated she believes that the Board needs to approve the amended budget.

Chairperson Thompson asked Director Beaver to work with Mr. Taniguchi on amending the budget.

Chairperson Thompson asked how HPHA is focusing on the Asset Management

Projects (AMPs) that are in the deficit. Barbara Arashiro, Executive Assistant, responded that each AMP has a specific budget plan to follow.

Chairperson Thompson asked whether the AMP managers understand and agree with their budget plans. Stephanie Fo, Acting Property Management and Maintenance Services Branch Chief, stated the managers had some concerns, but in general they feel it can be done.

Director Berthiaume commented that if all the initiatives are realized, and HPHA would be in the positive, how can HPHA ask the Legislature to help provide funds? Mr. Taniguchi stated HPHA is asking the Legislature to provide the basic funding that any agency would need to run State family and elderly housing projects at a break even point. The Legislature has funded construction projects, but has never funded the operation of the projects.

Director Hosino asked how does the Board know what falls under "other income". Michael Hee, Contracts Administrator Section Chief, stated the line by line detail is reported on the general ledger.

Mr. Taniguchi stated St. Paul Housing Authority staff is coming on July 21, 2008, to help train HPHA staff. Chairperson Thompson asked for a report at next month's meeting.

Mr. Taniguchi reported that KMH will be doing HPHA's audit again this year.

Mr. Taniguchi stated that the general ledger is still being worked on and the target date is next month.

FINANCIAL MANAGEMENT

Mr. Taniguchi stated that HPHA will be raising the salary for the Chief Financial Manager Advisor (CFMA). Chairperson Thompson asked Designee Oliva to make sure that the salary change on the CFMA is approved.

TRAINING

Mr. Taniguchi stated the St. Paul Housing Authority pays some of the police salaries to have the projects as their beat. HPHA will try to work with Honolulu Police Department (HPD) to do the same.

Mr. Taniguchi stated at the Public Housing Authorities Directors Association (PHADA) training he learned about mixed income projects. Chairperson Thompson stated that this is an important subject and would like to create a task force committee. Director Beaver stated he is willing to head up the Mixed Income task force. Director Dodson and Director Berthiaume stated they would join the task force.

Mr. Taniguchi handed out a schedule of the resident community meetings and a letter that will be sent out to residents. Director Dodson suggested that on item 6 be changed to possible solutions. Mr. Taniguchi explained that if HPHA does not list the possible solutions then residents will say that HPHA never said that these items where going to be discussed. Chairperson Thompson acknowledged the reasoning behind the listing of possible solutions.

RECESS
RECONVENED

Chairperson Thompson called a recess at 10:20 a.m. and reconvened at 10:30 a.m.

PUAHALA TRANSITIONAL HOUSING UNITS

Sandra Miyoshi, Homeless Program Administrator, stated there are nine families moving in to the Next Step units at Puahala Homes and three more families are waiting for public housing residents to move out the units so they can move in. Ms. Miyoshi stated the last two families are waiting to be identified.

Director Ignacio asked who is doing the case management of these families. Ms. Miyoshi stated Waikiki Health Center. Director Ignacio questioned the H5 award of $950,000, and asked whether the $950,000 includes the families at Puahala Homes. Ms. Miyoshi stated yes.

Director Ignacio asked is Next Step Shelter still accepting more people. Ms. Miyoshi stated yes, on severe need basis.

Director Ignacio asked how many people are at the Next Step Shelter currently. Ms. Miyoshi stated she does not know the exact head count but it holds approximately 125 cubicles.

Director Ignacio stated Next Step will be paid $950,000 for 125 cubicles. Ms. Miyoshi stated yes, plus the 14 units at Puahala. Director Ignacio questioned "as a provider how is the $950,000 justified?" Ms. Miyoshi stated the per person rate is $13 a night.

Director Berthiaume asked when is Office of Hawaiian Affairs (OHA) taking the Next Step Shelter back. Ms. Miyoshi stated HPHA contracted them for one more year with the thought that it would take one more year for HPHA to move and OHA has promised to give HPHA at least three months notice.

FILLING VACANT UNITS

Director Berthiaume stated that the AMPs that are doing well keeping units occupied should be recognized.

Chairperson Thompson asked if the "Number of Families Housed Overtime" is State and Federal or just Federal. Mr. Taniguchi stated he would check.

COLLECTING RENT

Director Beaver asked why the "Low Income Owned or Administered – State" print out states that the present units are zero for Palolo. Mr. Taniguchi stated because these units were sold or leased to Mutual Housing. Mr. Taniguchi stated that is one of the items that fall under the disclaimer that adjustments need to be made to correct data as needed to incorporate information to match with HPHA's current system and this item will be deleted in future reports.

Director Ignacio asked how are rent collections and evictions going. Ms. Fo stated that the evictions are moving along, but some AMPs needed to be re-trained because errors were being made. For example, the 1st notice was addressed to Mr. Smith, but the letter should have been addressed to Mr. and Mrs. Smith. If the letter is addressed wrong then this holds up the eviction process. The letter needs to be addressed to the people named on the rental agreement.

Chairperson Thompson asked whether it is the Hawaii Revised Statues or the Hawaii Administrative Rules that state that in order to evict some the letter needs to be addressed to the person(s) on the rental agreement. Ms. Fo stated she will check, but proper notice is a firm requirement.

Ms. Fo stated the AMPs are processing evictions by the tenants who are three months late first, then 60 days and then 30 days.

APPROVAL TO SELECT AN ENERGY SERVICES CO-MPANY TO PERFORM AN INVESTMENT GRADE AUDIT FOR ALL HAWAII

Director Beaver moved, Director Yoshioka seconded,

> The Approval to Select an Energy Services Company to perform an Investment Grade Audit for all Hawaii Public Housing Federal Projects.

Chairperson Thompson stated that David Birr is retained and paid for by Department of Business Economic Development and Tourism (DBEDT). Mr. Taniguchi stated that Ameresco was selected to review the energy performance of all federal housing projects. The cost of the investment grade

audit would be $151,436. If HPHA does the investment grade audit and decides to do the construction, the $151,436 will be financed as part of the construction project costs (under the energy savings contract). The total savings could be around $5 million per year.

PUBLIC HOUSING FEDERAL PROJECTS

Director Beaver asked how much HPHA would need to spend to realize the $5 million in savings. Mr. Birr stated around $57 – $64 million as the initial estimate.

Chairperson Thompson stated who will be paying for this. Mr. Birr stated the total cost of the construction would be around $57 - $64 million. HUD would fund the cost but HPHA will pay this back to HUD overtime with the savings.

Mr. Birr stated if HPHA does the recommended upgrades HPHA will only get a several thousand dollars in extra cash flow each year but HPHA will also gain $57-$64 million in modernization improvements, which will reduce future maintenance costs.

Director Beaver stated that because HPHA will be looking into mixed income redevelopment projects, HPHA needs to consider whether it should put money into projects that may be converted to mixed income projects. Mr. Birr stated that after the completed audit comes back HPHA can identify which projects receive the upgrades. Mr. Birr also stated if the project is converted to mixed income then HPHA can lease it to the private developer and the developer can pay off the upgrades.

Chairperson Thompson asked once the audit is completed and HPHA agrees with the plan the HPHA needs to find a company to finance the project. Mr. Birr stated yes, but HUD has a process that needs to be followed and will assist in the process.

Chairperson Thompson asked what are the risks involved with entering into a energy savings contract. Mr. Birr stated the primary risk is HUD regulations and funding changes, which risk HPHA already has currently.

Chairperson Thompson clarified that the investment grade audit is for federal projects only. If HPHA wants to do this for the State projects it would need to be done separately.

Chairperson Thompson called for a vote.

The motion was unanimously carried.

Chairperson Thompson called a recess at 11:25 a.m. and reconvened at 11:40 a.m.

RECESS/ RECONVENED

Director Beaver moved, Director Dodson seconded,

EXECUTIVE SESSION

> To go into Executive Session at 11:42 a.m. pursuant to Sections 92-4, 92-5(a)(2), and 92-5(a)(4), the Board of Directors may convene in Executive Session to evaluate the performance of the Executive Director and possible personnel actions related thereto.

The motion was unanimously carried.

The Board reconvened from Executive Session at 12:21 p.m.

RECONVENED

Chairperson Thompson stated that a task force committee has been formed to collect and discuss the evaluation forms submitted by all Board members and to

report back at the next meeting.

Chairperson Thompson reported the members of the Executive Director's review task force are Chairperson Thompson, Director Beaver, Director Yoshioka, and Designee Oliva.

TASK FORCE REPORT/ FINANCIAL

Chairperson Thompson reported that Highpoint in Seattle is a mixed use project. This used to be an area with high crime and now it is a green project. The streams that used to be dirty now have fish swimming. The project manager told him that it took a while, but it's working well now.

HUMAN RESOURCES/ PERSONNEL

Director Beaver asked what are the different job duties between the Chief Financial Management Advisor (CFMA) and the Fiscal Management Officer (FMO). Mr. Taniguchi stated the CFMA is in charge of the Fiscal Management Office, Information Technology Office (ITO), and the Personnel Office. The FMO will be in charge of the accounting and budget staff.

TENANT/ TENANT RELATIONS

Director Hosino stated she asked Mr. Michael Flores at HUD if projects that don't have resident associations can join other resident associations if the project is under the same AMP. Mr. Flores informed her yes, as long as all residents are allowed/asked to serve on the Boards. If the projects don't want to join another project, they can form their own resident association. They will have their own budget.

Director Hosino stated the Resident Advisory Board (RAB) is looking into having phone conferences because the cost of flying people to Oahu is getting high. The RAB is also looking into getting a Video Conference Call (VCC).

Director Hosino stated that someone needs to come up with the description on tenant monitors.

HOMELESS-NESS

Director Berthiaume stated the Homelessness Committee did not meet but Section 8 is getting 70 more vouchers for veterans.

Director Ignacio asked if she understood correctly that Ms. Miyoshi stated that the Next Step Shelter is still looking for more families to put into Puahala Homes, and that HPHA has a one year contract with OHA with three months notice to secure the Next Step Shelter facilities. Most of the Board agreed that she understood this correctly. Chairperson Thompson stated Russ Saito, Comptroller, Department of Accounting and General Services, will be attending the next Board meeting and would like Director Ignacio to bring this up with him at that time.

Director Ignacio stated she does not appreciate that the Board was given misinformation in the past regarding the future availability of the Next Step Shelter when the Board was asked to consider using Puahala Homes for homeless families

Director Hosino stated at the time the Board made the decision to allow Next Step Shelter the use of Puahala the Board was given a list of 14 families, but currently there are only nine families moved in. Why is this?

Chairperson Thompson asked who is responsible to get families moved in. Mr. Taniguchi stated it is Next Step Shelter's responsibility.

Chairperson Thompson stated he would like Mr. Taniguchi let Next Step know that the Board is very disappointed that they only have 12 out of the 14 families that were ready to move in.

Director Ignacio questioned why HPHA made a contract with the Next Step

Shelter for $950,000, if HPHA was unsure how long the Next Step Shelter was able to continue running.

Director Beaver asked when the contract was signed with OHA.

Director Berthiaume asked how long HPHA will allow the units that were taken out of inventory for Next Step to remain vacant before HPHA returns it back to the HPHA inventory.

Director Dodson asked for this to be an agenda item for the August 21, 2008 Board meeting.

OPERATIONS

Director Yoshioka stated that Department of Human Services (DHS) will have training classes on managing/supervising, performance evaluation, and disciplinary action.

Director Yoshioka suggested there should be training on conflict resolution for employees and possibly tenants.

EXECUTIVE SESSION

Director Ignacio moved, Director Yoshioka seconded,

> To go into Executive Session at 1:30 p.m. pursuant to Sections 92-4, 92-5(a)(2), and 92-5(a)(4), the Board of Directors may convene in Executive Session to relative to possible personnel actions at AMP 37.

The motion was unanimously carried.

RECONVENED

The Board reconvened from Executive Session at 1:42 p.m.

Chairperson Thompson stated there was no action taken in Executive Session in relation to AMP 37.

MIXED INCOME PROJECTS

Chairperson Thompson stated the Board will be creating an ad hoc task force for the mixed income project. Directors Beaver, Berthiaume, and Dodson volunteered to be on the task force.

FOR INFORMATION/ ON IMPLE-MENTATION OF PROPOSED FEES FOR AMPS

Chairperson Thompson stated the Board will move to the "For Information" on Implementation of Proposed Fees for AMPs.

Mr. Taniguchi stated this was created to put responsibility on residents and to discourage late and non payment. HPHA wants to: 1) change the fees charged for maintenance work for tenant-caused damages; 2) change the labor charge in accordance with the current hourly wage; 3) charge for excess use of utilities; 4) whenever possible have residents pay for their own utilities; 5) charge late payment fee, bounced check fee, dumping fee; and 6) repeated removal of the smoke detector will be a evictable act. The process is as follows: 1) Attorney General's approval 2) Board's approval, 3) Governor's approval 4) public comment 5) final Board approval. HPHA will have the "For Action" ready for the first approval to the Board within 90 days.

Director Berthiaume asked how HPHA will know if residents are using excess utilities if there are no individual meters. Ms. Fo stated there will be a check meter system. First, HPHA would need to inform the residents, and then monitor the usage for 6 months.

Director Hosino asked if the elderly projects will need to pay for their own utilities. Mr. Taniguchi stated yes.

Director Hosino asked how is HPHA going to put this burden on the elderly when they are having a hard time now. Ms. Fo stated tenants would receive a utility allowance. The utility allowance would take into account health related equipment approved by a physician.

Chairperson Thompson stated it is unfair that the projects with the meters would start immediately and the other projects get to wait six months. Ms. Fo stated that all projects will start at the same time.

Director Hosino stated that she is concerned that the elderly will have a hard time to pay their own utilities. Ms. Fo stated she did some monitoring and with the utility allowance many residents will actually be given more allowance than what the actually cost of their utilities are.

Director Ignacio asked will all tenants get the same allowance. Ms. Fo stated it will be different depending on the size of a unit or the kind of appliances the tenant has. There is a formula from HUD.

Director Aiona asked what brought these changes on, is it to make money? Director Dodson stated this doesn't look like it is to make money; it looks like this is to make the residents responsible for their actions.

FY 2009 OUTLOOK

Chairperson Thompson asked the Board to respond to the request for FY 2009 outlook. This will be deferred to next month's Board meeting.

ADJOURNMENT

There being no further items to be discussed,

Director Aiona moved, Director Dodson seconded,

That the meeting be adjourned at 2:31 p.m.

MATILDA YOSHIOKA
Secretary

Approved