MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BLDG. L
ON THURSDAY, AUGUST 17, 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, August 17, 2006 at 10:40 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 A. Sted, Chairman
Director Eric Beaver
Director Clarissa Hosino
Director Carol Ignacio
Director Charles Ridings
Director Linda Smith
Director Travis O. Thompson
Director Matilda Yoshioka
Designee Henry Oliva

STAFF PRESENT:
Deputy Attorney General, Nalani Wilson-Ku
Barbara Arashiro, Acting Contracts & Procurement Officer
Shirley Befitel, Special Assistant
Dexter Ching, Public Housing Supervisor
Lili Funakoshi, Hearings Officer
Michael Hee, Contracts Administration Section Chief
Patti Miyamoto, Compliance Officer
Sandra Miyoshi, Homeless Program Section Administrator
Edmund Morimoto, Construction Mgmt. Section Chief
Gary Nakatsu, Data Processing System Analyst
Dionicia Piiohia, Clerk Typist/OED
Allan Sagayaga, Program Specialist & Tenant Services
Rick Sogawa, Acting Resident Services Section Manager

OTHERS:
Doug Allen, Resident Advisory Board
William Barton, Recorder
Melissa Chun, PACT, Kuhio Park Terrace Family Center
Patricia Deliz, Wilikina Apartments, Tenant
Julia Estrella, Island Tenant on the Rise
Wendell Gaui, Tenant
Jerry Ross Gomes, Tenant
Nancy Heck, Queen Liliuokalani Children Center
Dolly Kema, Koolau Village Resident Association Board
Vai Leatiota, Honolulu Community Action Program
Mary Manewa, Wahiawa Terrace
S. Mote, Honolulu Police Department
Marsha Rodrigues, Resident Association Board
John Unruh, Legal Aid
David Yaw, Resident Advisory Board

Chairman Sted declared a quorum present.

QUORUM

Director Ridings moved, seconded by Director Ignacio

APPROVAL OF MINUTES ANNUAL AND

That the minutes of the Annual and Regular Meeting held on

July 20, 2006 be approved as circulated.

REGULAR MEETING 7/20/2006

Director Thompson requested an amendment on page 13, that the names of the volunteers for the Asset Management Task Force be listed.

Director Yoshioka moved, seconded by Director Ridings that the minutes be amended to indicate that:

> Directors Sted, Smith, Thompson and Ignacio volunteered to be members on the Asset Management Task Force.

Director Thompson had a question that the Chairman is on every task force.

Director Smith and Deputy Attorney General Nalani Wilson-Ku said that the Chairman can be on every task force.

The motion was unanimously carried.

STATUS OF EXCUTIVE DIRECTOR SEARCH

Designee Oliva thanked Directors Hosino, Smith and Thompson for their participation in the Search Committee's work. He reviewed the committee's process of the search with the help of Shirley Befitel and Patty Taketa. There were twenty-one interested parties, interviews were conducted and a short list would be available for the Board members.

Chairman Sted asked if the Directors would like to be involved in the interview of the applicants or set up a task group. The majority preferred a task group.

Director Thompson asked if the recommendation of the task force be subject to the approval from the entire Board.

Chairman Sted said yes and appointed Director Oliva to be the Chair of the group and Directors Beaver, Ignacio, and Thompson volunteered.

APOINTMENT OF INTERIM EXECUTIVE DIRECTOR

Director Thompson, seconded by Director Yoshioka

> To nominate Ms. Patti Miyamoto to serve as the Interim Executive Director until the Board selects a permanent Executive Director.

Chairman Sted announced that Ms. Aveiro retired effective August 1, 2006. Pursuant to the By-Laws, Executive Assistant Pamela Dodson became the operational head.

Director Thompson added that his nomination reflected the recommendations of both the prior Executive Director and her Executive Assistant.

The motion was unanimously carried.

Director Thompson announced that Ms. Dodson's father passed away and asked that a moment of silence be observed in respect of Ms. Dodson. A moment of silence was observed and Director Thompson thanked everyone.

DISCUSSION ON THE PRI-VATIZATION OF PALOLO VALLEY HOMES

Chairman Sted received a facsimile this morning from Mr. David Nakamura, Executive Director of the Mutual Housing Association of Hawaii (MHAH). He read the letter stating that MHAH the discussion on the privatization of Palolo Valley Homes be removed from the Agenda on behalf of the president of the Palolo Valley Homes Resident Ohana Association.

Chairman Sted said that we will honor his request and take the item off the agenda and that an appropriate action would be a motion to defer in which we can request

their presence to explain what's happening.

Director Beaver moved, seconded by Director Oliva

> That discussion on the privatization of Palolo Valley Homes be deferred.

Director Smith suggested that MHAH, the Resident Association and residents be present at the meeting. It is important for us to hear directly from those individuals who were personally affected by this.

Director Thompson asked if the Chairman would entertain either a second motion later or an amendment to this motion to indicate that in accordance with Director Smith's expression that the Legislature also be notified of the actions we're taking and why?

Director Beaver moved, seconded by Designee Oliva that

> That the motion be amended to indicate that the Hawaii Public Housing Authority communicate with the Legislature with regard to what has transpired and the Board's action to defer and to obtain additional information.

The motion was unanimously carried.

APPROVAL OF RESOLUTION NO. 02 APPROVING THE SECTION 8 MANAGEMENT ASSESSMENT SYSTEM (SEMAP) CERTIFICATION FOR FISCAL YEAR ENDING JUNE 30, 2006

Director Thompson moved, seconded by Director Hosino

> That the Board approve Resolution Number 02 Approving the Section 8 Management Assessment Program (SEMAP) Certification for Fiscal Year Ending June 30, 2006.

Ms. Miyamoto introduced Dexter Ching, Public Housing Supervisor to present the For Action.

Mr. Ching reported that the SEMAP is a management assessment system that the Department of Housing and Urban Development (HUD) uses to measure the performance of all housing agencies (HA) that administer the Section 8 tenant-based rental assistance program annually. SEMAP sets 14 indicators to measure program performance and enables HUD to ensure program integrity and accountability by identifying HA management capabilities and deficiencies and by improving risk assessment to effectively target monitoring and program assistance. The HA's uses the SEMAP performance analysis to assist in their program operations.

Mr. Ching explained what the indicators entailed on the list. After analyzing the documents, the anticipated points that HPHA would like to declare for this fiscal year period would be 115 points out of a total of 145 points of which five points is coming from the de-concentration bonus. This will put the agency at 79 percent. The amended For Action reflects HUD's confirmatory review.

Director Ridings pointed out several amendments to the For Action:

- Page 2 under item 9, second line, the word "lease" should be "least";
- Number 11 on the first line the word "united" should be "units.";
- SEMAP certification is being submitted for fiscal year ending June 30, 2005. should June 30, 2006;
- The 125/145, should be 115/145.

Mr. Ching agreed to the changes and explained that the denominator is 145 and not 150. Under indicator 15 there are bonus points that are not calculated into the denominator. The concentration bonus is not part of the maximum points. It's a bonus point. The maximum points you can gain from de-concentration is either zero or five.

Mr. Ching explained that certain indicators like indicator 13, is zero, 15, or 20 and some are just all or nothing. Indicator 3 and 13, you can take partial points. HUD has already looked at this and is comfortable with the 115 points. Indicator 7 in our Public Housing Administrative (PHA) Plan has no written policies on how to expand the housing opportunities. The new document included this component but was deferred by the previous Board. The new PHA Plan will be introduced to the Board and will include that component and then we will be in compliance.

When the files were reviewed, errors in Indicator 10 were found and reported to HUD. HUD conferred with our findings and that's how we got zero. Under the lease-up, we opened up the waiting list which was closed since 1999. We literally exhausted the eligible names on that list. Because the list was closed, action was taken to amend the five-year PHA Plan that the wait list would remain closed. A decision was made to wait until the new fiscal year, July 2006 to come out with the opening of the Section 8 wait list.

Mr. Ching explained the lease up, where HUD gives 3,058 vouchers as a baseline figure. They reviewed the budget utilization based on monies that are given out, and are telling the PHA's to manage within that HA's $50 million. The two ways of measuring your lease-up is that HUD reviews if you can reach your voucher amount. If you are not able to do that, then are you utilizing your monies? At this time, indicator 13 lease-up on the baseline of 3,058 vouchers is 63 percent. Our budget utilization for the last fiscal year has reached 93.4 percent. We are about five to six points away from hitting a hundred percent of utilization. To get additional points we need 95 to 97 percent for 15 points.

Director Smith added that we would either have used up all 3,058 vouchers or all $50 million and we would have gotten twenty points. In this particular case we used $47.9 million, about 93 percent of it. We did not hit the 95 percent threshold. Our voucher level is very low because there are not affordable housing units out there for people to rent. The reason why we get the dollar figure is because our rents are high, so we can use up the money, but not the vouchers.

Mr. Ching said one of the indicators is the payment standards. HUD sets a fair market rent nationwide. In October 2005, we increased our payment standards up to 110 percent. Ten percent more than what HUD will allow, so the increase was effective December 2005 and January 2006.

Director Ignacio asked we are looking at creating incentives for landlords to open some of their units for Section 8?

Mr. Ching explained that every year we have an outreach inviting current and new landlords, the private sector or those not in the program and invite them to come to a one-day symposium. This is done in conjunction with the City and County of Honolulu. The program includes what it can and cannot do and information on landlord/tenant codes. An attorney is on site to answer questions. Landlords were asked what were their needs and their comments and our needs were compiled and presented it at the outreach symposium. We are always looking for new ideas to attract landlords, whether it's a financial incentive or assisting them with rent deposit.

Director Ignacio suggested looking at the private sectors models in developing solution program such as landlords opening up units, case management and a 24-hour, or a staff to handle issues that landlords cannot solve.

Director Smith thanked Director Ignacio for the encouraging ideas, and mentioned for the record, Oahu's chapter of property management owners are either people who own buildings and rent them out or realtors who are in the business of property management. Oahu's chapter is the single largest chapter in United States with over 300 member, they meet monthly with all major owners and managers of rental apartments on this island. They have chapters on the neighbor islands to explain to the Section 8 program and ask the very questions that Director Ignacio suggested in

terms of what, can we do to work with you to open up their units for Section 8 tenants. So I encourage talking to that group.

Mr. Ching said that the HPHA and the city was invited to one of their chapter meetings, and spoke to them about the program, encouraging the property managers to be participants in the program.

Director Thompson asked to call the question.

Chairman Sted said a question has been called by Director Thompson. All in favor of the motion?

The motion was unanimously carried.

RESOLUTION NO. 02

HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

RESOLUTION APPROVING THE SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP) CERTIFICATION

WHEREAS, the Board of Directors of the Hawaii Public Housing Authority, in compliance with the U.S. Department of Housing and Urban Development (HUD) management performance requirements for Fiscal Year 2006, has reviewed the Section 8 Management Assessment Program (SEMAP) Certification, herein attached, and

WHEREAS, the Section 8 Management Assessment Program (SEMAP) provides policies and procedures for HUD's use in identifying Public Housing Agency management capabilities and deficiencies, and

WHEREAS, HUD will utilize and allow the Section 8 Management Assessment Program (SEMAP) to practice accountability, monitoring, and risk management.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority hereby approve the SEMAP Certification for FY ending June 30, 2006.

The UNDERSIGNED, hereby certifies that the foregoing Resolution was duly adopted by the Directors of the Housing and Community Development Corporation of Hawaii on August 17, 2006.

ADOPTED BY
AUG 17 2006
The Board of Directors

Charles Sted, Chairperson

APPROVAL OF RESOLUTION NO. 03 APPROVING THE PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) CERTIFICATION FOR FISCAL YEAR ENDING JUNE 30, 2006

Director Smith moved, seconded by Director Thompson

> That the Board approve Resolution No. 03 Approving the Public Housing Assessment System (PHAS) Certification for fiscal year ending June 30, 2006.

Ms. Miyamoto presented the For Action and explained the indicators and points.

Director Thompson asked where we need to be to get points.

Ms. Miyamoto said the annual unit inspections must be at least 93 percent inspected. For building and systems at least 60 percent needs to be inspected. We anticipate getting all 4 points for security. That consists of tracking crime-related problems, screening of applicants, lease enforcement, and grant program goals. The last indicator is economic self-sufficiency. We met our goal with 100 percent, taking the 7 full points which brings us to a total of 18 out of the 30 points. We're anticipating physical inspection to score about 21 points.

Until the Real Estate Assessment Center (REAC) comes and conducts the physical inspections, our score is an estimate. For financial indicator, we won't know until April of next year. We expect the score to drop because of the current ratio and we anticipate getting about 22 points. For the resident services satisfaction we anticipate 9 points which brings us to a total of 70 out of 100, which is a standard performance.

Director Thompson asked how much margin do we have, sixty?

Ms. Miyamoto pointed out on the standard performer score is not less than sixty percent of total available points. We would be going in as a standard performer. HUD would then come in and do a confirmatory review once we submit to confirm that score.

Director Beaver asked for a short summary be given on the indicators and why we are not taking any points or planning on achieving those points.

Ms. Miyamoto explained that on indicator 3, emergency and non-emergency work orders, work orders were incomplete or work wasn't done within 24 hours and we can't count that. Emergency work order is supposed to be completed or abated within 24 hours. In some cases it was not done within 24 hours or it wasn't even abated. Another training session with the management units to review work orders and non-emergency work orders will be done. Ms. Dodson has been working with and monitoring each of the management unit staff to find out exactly what the problem is. It's a combination of the work not being done or work orders not closed out.

The Directors suggested a report as to what causes these unfinished open work orders. That the Board review with staff what the Agency is doing to work on this and recommend what can be done. And go to those low performing areas and ask the residents for their inputs, then improvements can be done.

Ms. Miyamoto refreshed the Directors on the sub-indicator five under security and crime-related, that the score is 91 percent, and that each management unit has to submit their log of what was reported. On sub-indicator 4 the inspections of the common areas, dwelling units, and systems are 58 percent. We have a form that we use that utilizes the Uniform Physical Condition Standard Protocol that HUD provides. By following that, they have to fill it out a certain way, and open the work order on the day of inspection. In auditing the inspection reports, the reports were not filled out correctly, so we can't count them. Because HUD comes in for a confirmatory, that's going to be taken away due to paperwork and in some cases the inspection was not done.

Director Ridings asked if it is possible for a resident or tenant to continue to live in

a unit if a unit has been put into this capital fund exemption classification and the criteria for putting the vacancy days into the capital fund.

Mr. Edmund Morimoto, Construction Management Section Chief explained that there are actually two types of criteria. If we have a scheduled modernization and a block of 75 units that is going to be done, HUD is notified and it goes into a Public Housing Agency (PHA) plan which HUD has to approve. When HUD approves that plan, the 75 units up for modernization are exempt. Units may not be vacant at that point. During the period of exemption the design will be done. We'll move the people out, do the construction and when finished, the people move back in. On the date of return from construction, it leaves the exemption and becomes another unit that has to be filled. The second criteria is we have vacant units in bad conditions and are classified as A's, B's, and C's. The units that we are exempt from are the ones that our management people cannot do. So these units are put on a schedule to be repaired, and it goes back into the PHA plan. The day the PHA plan is approved to be repaired those units are now exempted from the count.

Director Ridings asked if the empty units that need a stove to be replaced, would that not be in the capital funds exemption. Mr. Morimoto said no, it would have to be something like the damaged floors in the building where it is not safe for people to walk through get hurt.

Director Ignacio asked if the elderly project in Honokaa that has vacant units over two years, needing very little repair and new appliances have a management agent.

Ms. Miyamoto said that the Request for Proposal (RFP) will be going out to procure a management agent for that area and that staff in Honolulu flies over to do repairs and management work.

There being no further discussion,

The motion was unanimously carried.

RESOLUTION NO. 003

HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

RESOLUTION APPROVING THE PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) MANAGEMENT OPERATIONS CERTIFICATION

WHEREAS, the Board of Directors of the Hawaii Public Housing Authority, in compliance with the U.S. Department of Housing and Urban Development (HUD) management performance requirements for Fiscal Year 2005, has reviewed the Public Housing Assessment System (PHAS) Management Operations Certification, herein attached, and

WHEREAS, the Public Housing Assessment System (PHAS) provides policies and procedures for HUD's use in identifying Public Housing Agency management capabilities and deficiencies, and

WHEREAS, HUD will utilize and allow the Public Housing Assessment System (PHAS) to practice accountability, monitoring, and risk management.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority hereby approve the PHAS Management Operations Certification for FY ending June 30, 2006.

The UNDERSIGNED, hereby certifies that the foregoing Resolution was duly adopted by the Directors of the Hawaii Public Housing Authority on August 17, 2006.

Charles Sted, Chairperson

ADOPTED BY
AUG 17 2006
The Board of Directors

Chairman Sted suggested moving to the next item on the agenda of the reappointment, then crime and safety item, then meet in Executive Session, having lunch at the same time to deal with the legal matters that are calendared for the Executive Session.

REAPPOINTMENT OF MS. THELMA AKITA-KEALOHA TO THE MAUI EVICTION BOARD FOR A TWO-YEAR TERM EXPIRING ON AUGUST 31, 2008

Director Thompson moved, seconded by Director Oliva

> That the Board reappointment of Ms. Thelma Akita-Kealoha to the Maui Eviction Board for a two-year term expiring August 31, 2008.

The motion was unanimously carried.

DISCUSS CRIME AND SAFETY IN PUBLIC HOUSING

Director Hosino introduced Mr. David Yaw, the Chairman for our Resident Advisory Board (RAB), and the Resident Association for Kaahumanu Homes. Mr. Yaw has concerns with the crime and safety in public housing.

Mr. Yaw thanked the Board Members for allowing him to speak at the meeting. He mentioned that there was confusion of information provided to the previous Board of the Housing and Community Development Corporation of Hawaii (HCDCH) from staff. There are incidences of drugs, gangs, managers involved in putting tenants against tenants. Tenants feel submissive when they approach the HA because they feel they will be intimidated by eviction or reprisals. He and other tenants we have been given Temporary Restraining Order (TRO) when speaking about issues in our communities, trying to find out what happened to financial resources within our community.

Mr. Yaw cited vacant units and crime in the community as a concern. He cited issues that have been going on for the last three years and nothing has been done. He called HUD in Washington D.C. and found out if there is an issue with the PHA plan. You can hold it back and not forward the plan, but the consequence is you hold back funding. We held back that one component of crime and safety and allowed the PHA plan to go through. HUD recommended we hold a special meeting to solve the problems.

In the PHA Plan under Crime and Safety, the crime statistic report attachment to the plan was missing. The physical need assessment for each community that is done by HUD is an underlying problem. When crime and violence is committed in the community, management and tenants are not meeting to see what can be done. The Weed and Seed program ends in two years. He gave incidences of problems they encountered between the tenants and management.

Director Ignacio requested that Mr. Yaw provide the Board with the names of the management agencies and individuals he complained about so it can be investigated.

Mr. Yaw agreed and wants to see complaints kept confidential and that the community and tenants become self sufficient and excel beyond the minimal requirements.

Chairman Sted asked is the Board going to get the information that Director Ignacio requested. Mr. Yaw said that he has been working with Director Hosino. The Chairman said that Mr. Yaw has expressed to the Board what's going on and opened up our eyes to more of what's happening and asked if the Directors if they had any questions. Mr. Yaw said that there are guests present that would like to also comment.

Director Yoshioka asked Ms. Miyamoto about the discussion of funding that is now gone and if that was for crime and security. Ms. Miyamoto explained that the Public Housing Drug Elimination Grant was done away with. Funding of those

activities comes out of the operating subsidy. Chairman Sted added that Congress discontinued that fund.

Director Smith mentioned that the law changed. They used to say our public housing was private property so the police could not go on that private property, even though there was a call made. We got the law changed to allow police officers to come on property when you call 911. She asked if that made any difference. Mr. Yaw said no and that they tried initiating the No Trespass Bill, and that was defeated by the Police Department and the Attorney General's office. Director Smith said we need to reintroduce that bill to the Legislature.

Mr. Yaw wants to see changes within the public housing to help people that need the help. Chairman Sted agreed and asked if anyone would like to address the Board.

Mr. Douglas Allen of Waianae said that the problem mentioned about the management companies not doing their job should be rid of. If they don't do the job and they are working for this company, tell them to go. You got somebody else. They are not doing the job, and you all will put up with it and next year you hire them back again.

Ms. Marsha Lee from Wahiawa, Kauhale Nani, said that in their community there are a lot of drinking, kids running around late at night, stealing of bicycles, gasoline, and car equipments. But thinks we can have our community together. Management should keep complaints confidential and not the person who made the complaint on him. During evictions, an individual who has to testify should be kept confidential because it takes time to get evicted and there's retaliation between families. I have a TRO on one of my tenants plus five more on him. Ms. Lee mentioned that the tenants want complaints to management be kept confidential.

Ms. Melissa Chun from Parents and Children Together thanked the Board for allowing her to say a few words and that Mr. Yaw had her statements in writing. Her concern is that she meets with families regularly and share concerns about safety and crime. She also commented on the crimes committed at the project, conflicts between residents and that Urban Real Estate management company in terms of security, places trespasses on people in the community at their will. She also gets many maintenance concerns. Plumbing and sewage problems that don't get fixed. Sewage spilling in units, damaged personal belongings has not been replaced or compensated for, medical emergencies by the elderly and broken elevators. Those are just some of the concerns that the residents tell her.

Chairman Sted thanked everyone for coming today and that it was and opportunity for Board to have this kind of connection and a sharper focus on the issues.

Mr. Yaw thanked the Board and expressed his appreciation.

Mr. Allen added that he has been telling the Board since 1999 that we're trying to work with you not against you because we all want the same thing, and to be treated like the best. He thanked the Board for listening to them.

Directors Hosino, Ridings and Beaver requested from Mr. Yaw in writing the list of testimonies and signatures of the tenants.

Mr. Yaw said that he will do a full assessment of what he did and will put it all down and include the testimonies of the nonprofits and get it to the Board on September 1, 2006.

Director Beaver also requested that he submit to the Board an idea of what he said when he talked to a number of people in the community and give in terms of how many people he talked to so the Board understands the basis for what he is brings.

EXECUTIVE SESSION

Director Ridings moved, seconded by Director Beaver

That the Board move into Executive Session at 12:40 p.m.

The motion was unanimously carried.

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RECONVENED

Chairman Sted left the meeting at 1:02 p.m., and Vice-Chairman Thompson called the meeting to order.

OIP DECISION 07-01, (JULY 26, 2006) CONSULTANT ASSET MANAGEMENT REPORT (APPEAL 06-03)

Ms. Miyamoto reported that the Office of Information Practices (OIP) reported that the decision where the HCDCH withheld the asset management report that was requested by Senator Donna Mercado Kim was proper. This was a response to a complaint filed with the OIP.

Director Smith explained that Senator Kim claimed that Chairman Sted was withholding information that should have been in the public arena. The judgment was that this is a pre-decisional document and it contains highly confidential proprietary information. It is a document that we are using to make some determination about the assets and the best use of the assets that are under the purview of this Board. We had the OIP, Les Kondo come and hear comments from our predecessor Board, and on the information he collected plus the rules that he has to follow under Freedom of Information requirements and open records practice, he made a determination that the bulk of the report is not releasable, except for certain factors. Like the name and address of each one of the properties that we own does have to be released back to the Senate.

Vice Chairman Thompson further explained what the Board's plans were and that a task force was formed to review and determine what needs to be done, but the report has not yet been finalized and that copies of the report were given to the members of the Asset Management Task Force to keep it confidential.

Director Smith commented that this is a national trend that HUD is recommending, that public housing agencies look at their asset base, determine where you can monetize that base to leverage both, to build more affordable housing as well as better utilize or manage your assets. HUD is encouraging entities such as ours to look at your assets and their value to see what you should be doing in terms of spending, the law, increasing densities, and the whole spectrum of options. We are responding in part to that suggestion from HUD.

Ms. Miyamoto commented that the tenants concerns discussed today are valid. Each complaint that comes through to the office individually is investigated to see whether there is merit to the complaint and if there are other factors involved. Sometimes there are other situations that brought that situation on and we have to address that. It's a variety of reasons as to why some of these complaints are voiced.

Director Ignacio asked if there's a central records of complaints and what actions were taken, so an analysis can be made to see if there are trends that show up.

A database system will track all the complaints set up at the office of the Executive Director. Ms. Miyamoto will check to see that it was actually implemented.

Vice Chairperson Thompson said that the Board's role is essentially to provide general policy direction, to assure that processes are in place that allows our current Agency to be looking at this and to make sure that the treatment is fair handed.

Director Beaver said that one of the principles in property management is you need a property manager that will be fair and objective and be firm with the rules and consistent.

DISCUSSION OF THE HAWAII PUBLIC HOUSING AUTHORITY (HPHA) LONG TERM AND SHORT TERM GOALS AND OBJECTIVES

Vice Chairman Thompson asked the Board for their comments for the Hawaii Public Housing Authority (HPHA) long and short term goals and objective.

Director Ignacio wants the agency to be high performing and not accepting the standard performance. She suggested looking at the system from all angles, restructuring the Agency and the organization. As a short-term goal we access the work done by the prior Board to identify what the strengths, the weaknesses, the opportunities and threats are as a PHA. That the Board be brought up to speed with issues that have been identified and what is the next step of the plan. The long-term is my vision that public housing in Hawaii will be a place that any one of us would be proud to be a resident.

Director Ridings commented that we should go out of the business and not be in the, we don't know how to do it and we can't figure out how to do it right. When listening to these tenants this morning, the very simple goal is to provide clean, safe, and secure housing to people in the low income arena. I will quote then Mayor Lingle in 1992 when we did our blessing at our Homeless Resource Facility, she said there are some things that the private sector can do more efficiently, more economically, and timely than the public sector, and one of those is housing. We shouldn't be in housing. I've been to Kahekili Terrace and Wilikina, and both are a disgrace to their respective communities. Our goal should be to begin to privatize those projects that can be privatized, and refurbish them so they can be used. Sell off the rest of them to the private sector. That way they know that the people that are going to provide this service will do it correctly or they will get fired. There should be restrictive covenants saying that it will remain that way into perpetuity. We're in the wrong business. We have a lot of money we could put towards going to the private sector. That is the long-term goal.

The short-term and immediate term goal is to substantially improve the facilities that we currently have. Director Ridings' strong recommendation is that we set ourselves up to put ourselves out of business. But in the interim put in the appropriate money, time, and dedication to let people live in a clean, safe, and secure environment so that we can then get them ready to go into the housing that they really deserve. Nobody wants to live in public housing. They are there because almost all cases, they don't have a choice. But we are taking advantage of that because they don't have any alternatives. And because of that, we should be ashamed of ourselves as a state. Director Ridings suggested that it's time for us to face up to our past predecessors and move forward, we don't have much time and get it done quickly.

Director Beaver said he needs to learn a lot more. Health and safety are critical and we need to get on top of those right away. The issue of people not being able to feel safe when they call 911 is very disturbing. If you can't rely on the law enforcement, that's an issue. The short-term goal is we've got to address the immediate public safety and health issues.

Director Hosino said that crime and safety is very important and so is the health and safety of the living environment. I have sent out a survey to each association and managers as to what we can do to improve the safety guidelines in the projects, and hopefully I'll get a reply back. To me that survey is very important.

Designee Olivia said that since we first started and looking at the progress that's been made and how far we still have to go, the inspiration I got today from listening to people makes me realize why I'm here. It's not easy, it's really hard work and we all desire the same thing for those that we are serving, and making decisions. The challenge is a big one, I'm up to it, and whatever it's going to take for us to make the assessment of whether we're headed in the right direction, or change in direction, for myself I'm doing the best I can to make sure we take care of those that depend on us for the things we are supposed to be providing for them.

Director Yoshioka said that she agrees with Director Ridings. On Kauai the private sector is doing low-end modern income housing, and they do a great job because

they don't have all these barriers that public housing and the government goes through. She feels that we should dissolve public housing as we see it today and have the private sectors because they are proving that it works. It can work you don't need to have all these tenants coming in with all these complaints.

Vice Chairman Thompson said that the HCDCH Annual Report spells out the goals and objectives and improving the housing for families and communities, and helping the homeless. There are aspects of what we're into that are challenging. We've made a lot of progress but it hurts to see the conditions of the housing to see how it could be and it's not. To be realistic and say I know I'd like to get out, but we've got to find some options that will work. An exit strategy is one of them, but that's a three to five-year plan. If that's one way, we should think about that as a Board. In the interim we have challenges ahead of us and work to do. The financial side continues to be an agency that is standard performance. I don't want to be troubled again. The Legislature felt that we were in such bad shape that there was a potential of being taken over and the assets and State assets, would all accrue to the Federal. That's why the Board was split. We are losing $1 million plus a year. How do we handle multi-island with the 24-hour rule on work orders when you have to come here and get them and go back? It takes information, help, direction and implementation by the organization.

Director Smith said she sees us as having three spheres of responsibility. One is 8,000 public housing units. The other is the 3,000 vouchers plus the small amount that is our State supplement to utilize getting people into housing utilizing the private sector. We haven't talked today about the homeless programs, emergency shelters, and transitional shelters. Those are the three pieces that we are responsible for. We have to work with our own staff and out of 400 people, we have an approximately 100 vacancies including Executive Director. We get about $50 million dollars for housing vouchers which goes out and about $13 million from the Feds to run all 67 of our public housing projects. As Director Thompson said, we're losing money big time. So we have to figure out how do we get a handle on our costs? We all want to renovate these units but every time we renovate we are deeper in the hole in terms of our finances. So that is a real challenge that the Board has to deal with in the next couple of months.

The third piece is the development of our resources after our staff and our dollars are used on our actual physical properties. That is where we have the opportunity for the Board to see how we leverage or work with those who have the ability to get us out of this money situation so we can do all of the renovations, so we can maybe get these properties to a point to where they become attractive and we can work to put them in hands of people who can better manage them in the long run. That's how I see our responsibility.

Every year a subsidy calculation is done for the budget and the legislature gives State money to supplement the Homeless Program. Everything else is Federal dollars, set by the Feds. A two-year plan for the budget is put together and each year we're on probation from the Legislature. The agency receives no State money for administrative costs. It comes from each of those three programs.

Designee Oliva commented that we were able to cover a lot of our expenses from the activities which were previously in HCDCH and are now in the Hawaii Housing Finance Development Corporation (HHFDC). Upon the split, HHFDC took everything with them.

Director Ignacio asked if the legal settlements come out from our budget. Director Smith explained that we are not the only entity that gets sued. It's across the Board where they get millions of dollars of settlement all put in lump sum, and they go to the Legislature saying these are the total claims of settlements not covered by insurance against the State of Hawaii.

Director Ridings moved, seconded by Director Beaver to

To defer further discussion until the next meeting, and that

Interim Executive Director, Patti Miyamoto summarize the points discussed.

The motion was unanimously carried.

REPORT OF THE EXECUTIVE DIRECTOR

REPORT ON CONTRACTS AND CHANGE ORDERS OVER $25,000

Ms. Miyamoto presented the report listing all contracts over $25,000 that was executed the month of June of this year.

Director Ignacio asked how the contracts are done and if we could entertain a process to make sure that the Hawaii Affordable Properties and the Urban Real Estate Company, which has been identified by our tenants and who have recently been awarded contracts, that we be on top of it so next year we are not back to the same situation. I don't know what leverage we have with these groups to ensure that some of their management methods are improved.

Ms. Miyamoto asked Mr. Hee, to explain what his office is doing in terms of contract monitoring of private management.

Mr. Hee explained that we had three-year contract with these companies, and they had options to extend. They were due at the same time with other contracts. We don't tie them to fiscal year but these happen to fall on that date. The Purchasing Office is assisting with the contracts. We are trying to monitor the PHAS indicators, and investigate complaints that are valid or not. Our job is to take care of these complaints and resolve them within the boundaries of our agency. We are trying to build staff to do it and meet monthly. HUD is watching us and is interested in how we do this. That was part of the independent assessment that we monitor the contracts.

Vice Chairman Thompson asked what would your recommendation be as to how would you stimulate more bidding and competition for contracts. Mr. Hee said we tried to do some outreach but there are inherent problems dealing with public housing. First clientele, state procedures, the legal side, the indemnity clause, and other issues. Managing agents decline because of the procedures and policies, especially the federal part.

Designee Oliva asked if new language with performance outcomes were included in the contracts for these agencies and specifics like resident satisfaction and other issues.

Mr. Hee said we are concentrating on the PHAS indicators, looking at trends to improve. In our contracts it states that they have to work with the resident associations and cooperate with the changes. We both have to be flexible in letting them deal with those particular issues. But we control all the capital projects so that becomes an issue.

Vice Chairman Thompson pointed out to the Board that the Agency uses two different models. First, go outside and privatize to property management firms, and solicit bids. Second, we do it ourselves, and neither works.

Director Ignacio asked how it is decided as to which ones are privatize and which ones are done by the agency.

Mr. Hee said that HUD requested to look for areas where we could geographically group them and put them out. The criteria for privatization or doing it ourselves is a combination of geographic and availability of staff at that time.

A discussion on having a tenant as a manager at the project was suggested but when issues arises, or new rules, investment money handling is involved, issues with other residents, there may be retaliation, they get ostracized. Designee Oliva suggested possibly a resident facilitator. If we have other discussions about third or fourth options, we can look at how to do it so it benefits the residents, the State or the management company. Mr. Hee said that the resident associations are looking

at those options and they report it the management company or us, and there are feedbacks and reactions to that.

Director Smith expressed her appreciation to Ms. Sandra Miyoshi of the Homeless Branch for getting the contracts out quickly. Thank you.

AGENDA AMENDED

Vice Chairman Thompson, and that the Board move into Executive Session. Deputy Attorney General Wilson-Ku said that an amendment has to be made.

Vice Chairman Thompson proposed an amendment to the agenda.

> Director Smith moved, to amend the Agenda by including an Executive Session pursuant to Section 92-5(a)(2), Hawaii Revised Statute, for the purpose of considering the hire and named candidates for Executive Director. Director Ignacio seconded the motion, and by unanimous vote of all eight (8) members of the Board,

The motion was carried.

EXECUTIVE SESSION

Director Beaver moved, seconded by Director Ridings,

> That the Board meets in Executive Session at 2:32 p.m.

The motion was unanimously carried.

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ADJOURNMENT

The Board moved out of Executive session at 3:05 p.m.

Vice Chairman Thompson declared

> That the meeting be adjourned at 3:05 p.m.

The motion was unanimously carried.

MATILDA YOSHIOKA

Approved: OCT 18 2006