MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BLDG. L
ON THURSDAY, NOVEMBER 16, 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, November 16, 2006 at 10:05 a.m.

CALL TO ORDER/ ROLL CALL

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

PRESENT:
Director Charles A. Sted, Chairman
Director Eric Beaver
Director Clarissa Hosino
Director Charles Ridings
Director Linda Smith
Director Matilda Yoshioka
Designee Henry Oliva

EXCUSED:
Director Carol Ignacio
Director Travis O. Thompson

STAFF PRESENT:
Deputy Attorney General, Nalani Wilson-Ku
Barbara Arashiro, Acting Procurement Officer
Shirley Befitel, Special Assistant
Pamela Dodson, Executive Assistant
Derek Fujikami, Construction Mgmt. Unit 1 Chief
Lili Funakoshi, Hearings Officer
Michael Hee, Contracts Administration Section Chief
Michael Isobe, Public Housing Supervisor, Section 8
Glori Inafuku, Acting Compliance Officer
Edmund Morimoto, Construction Mgmt. Section Chief
Charlene Nakamoto, Hsg. Compliance & Eval. Specialist
Gary Nakatsu, Data Processing System Analyst
Dionicia Piiohia, Clerk Typist/OED
Allan Sagayaga, Program Specialist & Tenant Services
Richard Speer, Acting Dev. Support Section Chief

OTHERS:
Keefelynne Aipia
Lea Atiga, MHAH
Susan Akin, Kapiolani Community College (KCC)
Dahlia Asuega, Mutual Hsg Assn. of HI, Inc. (MHAH)
Tutamo Chipen, Palolo Valley Home, Resident
Lezley P. Faleafini, Urban Real Estate (URBAN)
Lui Faleafini, URBAN
Bob Franco, KCC
Halepuna Hodges, URBAN
Jan M. Ii, Palolo Valley Homes Ohana Association
Desiree Kihano, Resident Advisory Board, Palolo VHDA
Frank Kingery, Tetra Tech
Judi Kirkpatrick, KCC
Yvonne Mori
David Nakamura, MHAH
James Nakapaaha, Olelo
Dalphne Nisa, Palolo Valley Homes Ohana Association
Candice Sakuda, Palolo Homes Partners, Chaminade Unv.
William Sabalburo, U.S. Dept. of Housing & Urban Dev.
Auale Sefo, URBAN
Lusila Sefo, Palolo Homes Resident
Brendalee Tausaga, MHAH, Tenant Assn.

Joni Toyama, MHAH
Nhi Tran, Legal Aid
Lomalinda Yuhashi, MHAH
David Yaw, President, Resident Advisory Board

Chairman Sted declared a quorum present.

QUORUM

The Chair changed the order of the agenda to approve the regular minutes, items for actions, move item III. C Status of the Executive Director search to the end of the meeting after the Executive Session. Move the Privatization of Palolo Valley Homes up to the first item then take the Energy Performance Contract presentation second.

Director Ridings moved, seconded by Director Hosino

APPROVAL OF MINUTES REGULAR MEETING 10/19/2006

> That the minutes of the Regular Meeting held on October 19, 2006 be approved as circulated, with the following corrections:
>
> Page 44, last line under approval of Regular Meeting 8/17/06, "and is available" should read "and are available"; and Page 50, last line under Reconvened, "the Board well move" should read "the Board will move".

The motion was unanimously carried.

The Chair said that the Executive Session Minutes will be taken up during the Executive Session.

Director Yoshioka moved, seconded by Director Oliva,

APPROVAL OF THE REVISION TO CHAPTERS 2, 9, 10, 13 AND 15 OF THE SECTION 8 HOUSING CHOICE VOUCHER (HCV) PROGRAM ADMINISTRATIVE PLAN FOR THE HAWAII PUBLIC HOUSING (HPHA)

> That the Board approve the revision to chapters 2, 9, 10, 13, and 15 of the Section 8 Housing Choice Voucher (HCV) Program Administrative Plan for the Hawaii Public Housing Authority.

Ms. Pamela Dodson, Executive Assistant, introduced Mr. Michael Isobe, of the Section 8 program. Mr. Isobe presented the For Action and briefly explained the major changes to the Section 8 HCV.

Chapter 2 creates a new chapter for the Fair Housing and Equal Opportunity policy which addresses persons with disabilities and limited English proficiencies.

Chapter 9 amends policies that allow flexibility in approving an initial lease term of less than one year. Section 8 HCV will be able to address the market trends on initial leases.

Chapter 10 amends the policy to allow HPHA to use a client's current annual recertification when they move to a new unit within the public housing authority (PHA) jurisdiction. This would streamline HPHA's operation, landlords would know what the housing assistance would be and would not delay the process of leasing to families.

Chapter 13 is creating a policy on expanding housing opportunities as required by CFR 982.301. The policy is written to encourage participation by owners of units located outside the areas of poverty or minority concentration. The current policy is not written in the current administrative plan, therefore we were unable to claim five points in the previous Section 8 Management Assessment Program (SEMAP) scoring.

Chapter 15 is a new chapter for "special housing types." This Chapter on home ownership policy would be in line with the PHA plan.

Director Ridings asked how the area of poverty or minority concentration is defined in Chapter 13. Mr. Isobe explained that a census track map shows all the poverty areas.

Director Yoshioka asked by changing the lease term to less than a year, would that cause an administrative burden on the agency. Mr. Isobe said that the market trend is less than one year and the City and County Section 8 office also has that flexibility.

Director Ridings stated that under the current Section 8 HCV, after one year the lease is month-to-month. He expressed concern that with a shorter lease, it would be month to month after that.

There being no further discussion, the Chair asked if the Directors are in favor of the motion.

The motion was unanimously carried.

APPROVE THE REVISION TO CHAPTER 7 OF THE ADMISSIONS AND CONTINUED OCCUPANCY POLICY (ACOP) FOR FEDERAL PUBLIC HOUSING

Director Ridings moved, seconded by Director Smith,

> That the Board approve the revision to Chapter 7 of the Admissions and Continued Occupancy Policy (ACOP) for Federal Public Housing.

Ms. Dodson introduced and asked Ms. Glori Inafuku, Acting Compliance Officer, to present the For Action. Ms. Inafuku explained that in December 2005, the Board approved a revision to Chapter 7 to include the Enterprise Income Verification (EIV) system. Subsequent to that, there have been changes in the EIV procedures. We have updated Chapter 7 to include the changes.

Director Ridings stated that there seems to be a contradiction between Discussion, B 8 and 10 because if we cannot get a verification of a divorce, how are we going to verify the alimony or child support that results from that divorce. Ms. Inafuku said that number 8 clarifies that, due to civil rights concerns, we will not be looking at the verification of marital status as a practice. However, when families disclose that they have different sources of income, which includes child support, then item number 10 addresses the order of priority for that verification. Then the copy of the divorce decree can serve as verification.

Director Ridings suggested that staff check on page 7-24 under Unreimbursed Expense. He stated that on Maui the state no longer pays the child care providers directly. They pay the family because the family changes child care providers frequently, and they were having to ask for the money back. That would then flow over to page 7-25 under the allowable child care. Ms. Inafuku will look into it.

Director Smith asked on page 7-20 if the three-month recertification for families with zero income is a HUD standard that we are following. Ms. Inafuku said that it is a HUD recommendation that we do an update every three months.

There being no further discussion, the Chair asked if the Directors are in favor of the motion.

The motion was unanimously carried.

PRIVATIZATION OF PALOLO VALLEY HOMES HOUSE CONCURRENT RESOLUTION NO. 51 REQUESTING THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) TO ASSIST IN THE PRIVATIZATION OF ITS PALOLO VALLEY HOMES PROJECT

The Chair moved to Agenda Item IV. B. For Information. Privatization of Palolo Valley Homes. House Concurrent Resolution No. 51 requesting the United States Department of Housing and Urban Development (HUD) to assist in the privatization of its Palolo Valley Homes project. Ms. Dodson presented and provided background information on the federal Palolo Valley Homes and the Palolo Homes state project.

Director Smith asked to hear from the Palolo Valley Homes Ohana Association to understand the chronology of what occurred

Ms. Dalphne Nisa., President of the federal Palolo Valley Homes Ohana Association, said that in the past, the tenants wanted the housing to be privatized and be a part of Mutual Housing Association of Hawaii (MHAH). After two years, many had a change of heart and they no longer want the housing to be privatized. She stated that the buildings are solid but the plumbing is very bad. She and others just want a healthy, safe community to live in.

Director Smith thanked Ms. Nisa for coming and explaining the situation to the Board. She was impressed that many members living in Palolo Valley Homes wanted to move in another direction, working toward finding an organization to upgrade the properties, and allow it to be managed independent of this organization. Even going as far as having a resolution in the Legislature, and then within a relatively short time we were asked to stop moving along this path. The issues that have been identified are the set rent, fees and concerns about renovations that need to be readdressed. She asked if Ms. Nisa can explain each one of the concerns and how can the Board address those concerns.

Ms. Nisa said they lack information as to what the rules and regulations are on the MHAH side. It is hearsay from friends and families at the MHAH side. Director Smith asked if they want the information gap to be bridged to make sure that everybody understood what the arrangements are. Ms. Nisa wants to leave things as they are and they will try to get resources to move the renovations forward.

Ms. Dodson said that staff is aware of the plumbing issues and that there is capital fund money being allocated.

Director Smith stated that we have to think about other creative ways to find the resources for all federally funded housing projects because the federal government monies are decreasing.

Ms. Brenda Tausaga, President of the MHAH Palolo Homes, said that Ms. Nisa is her sister who lives on the federal side. She asked if the Board had any questions for her.

Director Smith said that some tenants on the federal side were interested in working with MHAH, but some concerns were raised about the renovated cabinets, questions on the rents and fees. She asked Ms. Tausaga about her experience with the cabinets.

Ms. Tausaga explained that the cabinet latches were not the best quality but all the cabinets have been redone. The fee is a $25 late fee if you're late on your rent. On rents, we have set rents; if you qualify for Section 8, you'll get it. People who do not qualify pay the cap rent. If your income increases, your rent stays the same and you can save a little. On the federal side the rent is based on your income.

The Chair thanked Ms. Tausaga and informed the guests if they would like to address the Board, a three minutes time limit will be invoked.

Ms. Lusila Sefo, Treasurer from the federal Palolo Valley Homes, stated that they don't want to be privatized. They are Federal and they want it that way. There's nothing wrong with their side, everything is good and management and everybody's happy. Ms. Sefo said that as the years went by residents found out what was not good so they changed their minds not to be privatized.

The Chair thanked Ms. Sefo for clarifying the issue because it hasn't been clear and it now helps give the Board guidance.

Ms. Desiree Kihano, of Urban Management and a member of the Resident Advisory Board (RAB), commented that the best thing that happened is the split from the state project and to be ourselves. They are able to address the crime and to improve the project. At their last meeting everybody decided they don't want to be privatized. We want to stay low income because the purpose of public housing is to help low income people to make a better life for them and their families. The rents are thirty percent of your income and people can afford to raise their children where it is safe and not worry about how they are going to make their rent. There are programs under HPHA such as the self-sufficiency program. She participates in that program and currently everything that she pays goes into an escrow account. She has two more years left and hopes to leave public housing and buy a home. Nobody promised them homeownership. They thought of that because HPHA had done something like that at Waimanalo. But as far as the federal side, they want to be as they are and stay that way.

Ms. Jan Ii, Palolo Valley Homes Ohana Association Board Vice President, said that they don't want to be privatized. They voted in August as a community and not just the five Board Members are saying that they don't want to be privatized. Their tenants had a say and they voted to not be privatized. They are fine just the way they are and they deal with their plumbing and potholes.

Mr. David Yaw, Resident Advisory Board Chairperson, said that the community has spoken out against being privatized. The association is the voice of the community and the concern that they have is regarding the condition of the community. It needs to be fixed properly.

Director Smith asked Mr. David Nakamura, President of MHAH, to inform the Board about the efforts that went on and the issues that were raised by some of the community. Mr. Nakamura said that in the past, the Palolo Federal community did want to be privatized. MHAH had been working with them for about two and a half years. With the change of heart, MHAH support what their neighbors want to do and wishes them all the best in their efforts.

Director Smith asked what options he sees out there knowing that federal funds are diminishing. One possible option was the Section 22 program which allows for the voluntary conversion of public housing. That allows the community to have access to vouchers which would come from the federal government. You could pull those subsidies in from outside and maybe use those rent subsidies to leverage through tax credits or bonds to renovate the buildings.

The Chair thanked all for coming to make their concerns clear as to what they and the community want and he appreciates that.

The Chair called for a recess at 10:52 a.m. RECESS

The Chair reconvened the meeting at 10:59 a.m. RECONVENED

The Chair introduced the next item on the Agenda, the Energy Performance Contract presentation by Tetra Tech EM, Inc., Consultant Mr. Frank Kingery. Mr. Derek Fujikami, Construction Management Unit 2 Chief, presented a Power Point on what is an Energy Performance Contract (EPC). The reasons for doing an EPC is that the Legislature passed a bill requesting all state ENERGY PERFORMANCE CONTRACT PRESENTATION BY TETRA

agencies to draft an energy savings plan and in addition to that, HUD has an energy federal policy for public housing.

TECH EM INC. CONSULTANT, FRANK KINGERY

The Agency plans to have an RFP drafted to invite Energy Services Company (ESCO) to tell us what they can do. An Investment Grade Audit will be done where the selected ESCO will go to all 68 federal projects and they will do an inventory of each room of the light fixtures, toilets, refrigerators, and come up with bottom lines for each project.

The Chair asked if HUD is supportive of housing authorities moving in this direction. Mr. William Sabalburo, of HUD, said they have been doing this for a long time.

Mr. Richard Speer, Acting Development Support Section Chief, is working with Mr. Fujikami on this project and on the request for proposal (RFP). He informed the Board of the research he and Mr. Fujikami have done on energy performance contracts.

The Chair asked how long has staff been working on this project. Mr. Speer said eight months. The Chair asked if Mr. Kingery is a consultant to help the Board understand this opportunity and to help put together an RFP. Mr. Kingery said he is working with the Department of Business Economic Development and Tourism (DBEDT), and that DBEDT has a technical support role with HPHA.

The Chair mentioned that there were a lot of questions raised today and that maybe there are other angles to look at this more broadly than it may have been up to this point. He asked staff to show the RFP to the Board before it is finalized to make sure staff gets the support at that level. And when staff gets a bid back and selects the contractor, they can be sure that the Board's issues have been addressed.

Mr. Speer said that they have no problem showing the draft RFP to the Board and having them make comments, so those comments can be included in the RFP.

Director Smith is concerned about HPHA's liability. From what she has reviewed, she sees a loan created by HPHA to make improvements and wants to know what's involved. Mr. Fujikami said that there is a liability because we have a loan, but it's paid by the energy savings and the ESCO guarantees those savings. Director Smith wants to better understand the scope of the RFP and wants to rethink this approach.

The Chair wants to know when staff will be ready to come back to the Board for another discussion and to respond to the questions and suggestions that have been raised.

Mr. Sabalburo commented that he worked with energy performance contracts fifteen years ago and one way to minimize the risk to the housing authority is to have the contractor finance the whole thing. Most of the risk is on the contractor. Another housing authority in Minneapolis selected to issue bonds because the money then was cheaper. In effect, they got more savings and more money. It doesn't really affect HUD. Go ahead and do your own financing as a housing authority, or let the contractor do everything. That's a matter of choice.

Director Smith commended the staff for looking at ways we can save money imaginatively, effectively, and for working with private sector entities. The Board needs to have a basic understanding of the risks that are being taken by this Board and this agency. What you're doing is the right thing in terms of figuring out how to save money and using these private companies to help us do that.

EXECUTIVE SESSION

The Chair thanked everyone for the discussion. He changed the order of the agenda to discuss the items in Executive Session before he had to leave. He asked for a motion to go into Executive Session.

Director Beaver moved, seconded by Director Smith,

That the Board meets in Executive Session at 11:45 a.m.

The motion was unanimously carried.

The Chair left the meeting at 11:55 a.m.

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RECONVENED

Acting Chair, Director Yoshioka, reconvened the meeting at 12:30 p.m. At the advice of the Deputy Attorney General, the Board will be adjourning the meeting and taking up the Banyan Street Manor item at the next meeting, due to lack of quorum.

Deputy Attorney General Nalani Wilson-Ku stated that the problem is receiving information without a quorum even though no action is being taken. She asked that the Board take a recess.

RECESS

The Acting Chair called for a recess at 12:31 p.m.

RECONVENED

The Acting Chair reconvened the meeting at 12:44 p.m.

The Acting Chair was advised by our attorney that since there is no quorum, the Board is unable to ask questions on any material that's going to be presented. It would be in the Board's best interest to adjourn and defer any further items on this agenda to the next meeting.

Directors Hosino, Smith and Beaver stated that they agree to put the remaining Agenda items on the next meeting's Agenda.

ADJOURNMENT

Director Smith moved, seconded by Director Beaver,

That the meeting be adjourned at 12:46 p.m.

The motion was unanimously carried.

Matilda Yoshioka

MATILDA YOSHIOKA

Approved: DEC 21 2006