MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BLDG. E
ON THURSDAY, MARCH 20, 2008,
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority met for their continued Special Meeting at 1002 N. School Street, on Thursday, March 20, 2008 at 9:00 a.m.

ORDER/ ROLL CALL

The meeting was called to order by Chairperson Travis Thompson and, on roll call, those present and absent were as follows:

PRESENT:
Chairperson Travis Thompson
Director Eric Beaver
Director Anne Marie Beck
Director Rene Berthiaume
Director Sherrilee Dodson
Director Clarissa Hosino
Director Carol Ignacio
Designee Henry Oliva
Director Kaulana Park
Director Linda Smith

Executive Director, Chad Taniguchi
Deputy Attorney General, Krislen Chun

EXCUSED:
Director Matilda Yoshioka

STAFF PRESENT:
Barbara Arashiro, Chief Contracts & Procurement Officer
Adam Burson, Homeless Program Specialist
Kelfred Chang, Housing Management Specialist
Dexter Ching, Section 8 Subsidy Program Branch Chief
Derek Fujikami, Building Engineer V
Michael Hee, Contracts Administration Section Chief
Charles Itliong, Chief Accountant
Derek Kimura, Property Management and Maintenance Services Branch Chief
Sandra Miyoshi, Homeless Programs Branch Administrator
Lili Funakoshi, Hearings Officer
Edmund Morimoto, Construction Management Section Chief
Earl Nakaya, Program Specialist
Pui Shan Ng, Homeless Program Specialist
Allan Sagayaga, Program Specialist
June Tong, Homeless Program Specialist
Deesha Piiohia, Clerk Typist II

OTHERS:
Beatrice Kobayashi, private resident
Bernadette Young, private resident
C. Mitchell, Institute for Human Services
David Yaw, Resident Advisory Board (RAB)
Douglas Sencio, Next Step Project
Francis Nishimura, private resident
Gina Mangieri, KHON TV
Gisele Ferreira, private resident
Guerrero Donald, private resident
Honorable Linda Lingle, Governor of the State of Hawaii

James, Next Step Project
Jeffrey Fujimoto, Department of Hawaiian Home Lands (DHHL)
Joni Tanimoto, Akinaka & Associates Ltd.
Shane Yaw, Neighborhood Board
Steven Obara, Next Step Project
Sudhen Tranawala, Associated Press
Timothy Garry, private resident
Utu Langi, Next Step Project
Wendy Moranha, Budget & Finance (B & F)
Wilcox Choy, KMH LLP

Chairperson Thompson declared a quorum present.

QUORUM

Director Dodson moved, Director Ignacio seconded,

That the minutes of the Special Meeting held on February 15, 2008 be approved as circulated.

The motion was unanimously carried.

APPROVAL OF MINUTES SPECIAL MEETING 02/15/08

Director Dodson moved, Director Ignacio seconded,

That the minutes of the Continued Special Meeting from February 15, 2008 held on February 29, 2008 be approved as amended.

Director Hosino stated that she voted aye on page 202 regarding hiring of Barbara Arashiro as the Executive Assistant, she is currently not listed as voting.

Director Park asked that on page 201 after Director Park declined the appointment" "but did state that he and the homelessness task force committee members will be part of the community outreach effort." be added.

The motion was unanimously carried.

APPROVAL OF MINUTES CONTINUED SPECIAL MEETING FROM 02/15/08 TO 02/29/08

Director Dodson moved, Designee Oliva seconded,

That the minutes of the Continued Special Meeting from February 15, 2008 held on February 29, 2008 be approved as amended.

Director Hosino stated she would like to add to page 207 before at Kalanihuia there is a ..."as an example" be added.

The motion was unanimously carried.

APPROVAL OF MINUTES REGULAR MEETING 02/29/08

Chairperson Thompson stated the Board will move on the Public Testimony and recognized Honorable Linda Lingle, Governor of the State of Hawaii.

PUBLIC TESTIMONY

Honorable Linda Lingle, Governor of the State of Hawaii, stated she would like to applaud the decision made to use Puahala Homes as transitional housing for the Next Step Shelter. She understands some Board members are having second thoughts about the decision that was made and she would like to address some of the comments, concerns and information the Board has received. She stated the Board received a letter from the State Legislature which asked the Board to rescind their decision and she quoted the letter "having transitional housing units with a different set of conditions, rules and challenges placed in public housing is

counter productive to ongoing efforts to improve public housing operations and living conditions". The Governor stated the different standards that will be required would be different because the families that are moving in would need a criminal background check, a negative drug and alcohol test, and a no tolerance of drug or alcohol in the units. She believes this standard is a positive different standard and this is not a reason to deny these families a shelter. The Legislature also had a news release which stated "Senator Chun Oakland believes the decision could undermine the ongoing effort to improve public housing and living conditions. Changing the rules now without considering the affect it would have on our system and these residents could have devastating unintended consequences". The Governor stated how it can undermine the effort when it is part of the public housing mission to care for the homeless and what the devastating consequences are. In the same press release Senator Sakamoto says "to suddenly introduce these additional factors without warning and without planning is simply unfair and ultimately counterproductive". Governor Lingle stated what is unfair about letting 10 children that might attend the school get an education near where they live. Governor Lingle quoted the same press release with Senator Kim stating "I know the Governor has made showing progress in the homeless situation a political priority, but we should not sacrifice the entire group that sincerely needs our help just so that we can claim progress". She stated this is not political; it is about making life better for people of Hawaii. There are 13 families, 10 of the families have both a mother and father living in the house. Eighty five percent of the 13 families have at least 1 parent working full time and the other parent is at home caring for the children. She feels it is not "dumping" but giving families a safe place to live.

Gisele Ferreira, private resident, supports the transitional housing. She has helped at the Next Step Shelter and knows that the families are striving to be self sufficient.

Timothy Garry, private resident, stated that he is upset with the management of the Hawaii Public Housing Authority (HPHA) because there are 300-400 vacancies with 7,000 people on the waiting list. HPHA should have a professional manage the units because the state has mismanaged its assets. There needs to be a long term solution to the housing problem. He does not have a problem with the transitional shelter but has a problem with moving these families around with no accountability.

Steven Obara, former resident of the Next Step Shelter, stated that he lived on the streets for 6 years then he moved into Next Step and used the programs to get his life back on track. Shelters and parks are not the right place for children.

Douglas Sencio, resident of the Next Step Shelter, believes the Next Step Shelter has helped him and the children.

James, resident of the Next Step Shelter, stated his concern for the children. The children need a place to stay.

Utu Langi, Manager of the Next Step Shelter, wanted to bring more former families of Next Step but some of the families did not want to put the children through some of the comments that were made about the families.

Francis Nishimura, private resident, stated he is disappointed in the actions of the Board but applauds the effort in seeking homes for transitional housing. It seems the Board is intent on moving forward with this action without answering all the questions being asked. Where is the fairness to the people on the waiting list? The focus has been on children, what about the applicants on the waiting list that have children? How many of the Next Step families have extended families to live with like many of the applicants are doing? Has this and other options been explored? There seems to be a rush to put the Next Step families in the units at the expense of the applicants on the waiting list. His neighbor called the Veteran's shelter in Waianae that has 12 vacant units right now and there is another shelter in Waianae that has vacancies. Because the transitional shelter

will not have an asset check, they could possibly have money in the bank and be able to pay but do not have to. How would this make the neighbors who have to pay feel? During the continuation of the Special Board meeting the public was told that if they already testified at the February 15, 2008 Board meeting they would not be able to testify again so the residents were not allowed to share important information.

Bernadette Young, private resident, says she is not against the homeless but there are still many unanswered questions.

Chad Taniguchi, Executive Director, stated he is implementing the Board's policy adopted in October 2007, which was to have transitional shelters ready for occupancy beginning July 1, 2008. The Legislature provided $3 million to fix vacant units and HPHA is on schedule to do that at Puahala Homes and elsewhere. The reason inmates came without notice to clean the yards and units is because several Board members got involved in implementation activities which should have been left to staff. This did not give staff enough time to consult with Puahala Homes residents about the program, rules and other details. The amount of resources Governor Lingle has put into the solving the homelessness problem has been remarkable. There are over 7,000 applicants on the state public housing waitlist, of which many are homeless. The decision to put 14 families in Puahala Homes takes units away from the public housing inventory and adds it to the homeless inventory.

RECESS
RECONVENED

Chairperson called a recess at 10:13 a.m. and reconvened at 10:20 a.m.

DECISION MAKING ACCEPTANCE OF THE AUDITED FINANCIAL STATEMENTS OF THE HAWAII PUBLIC HOUSING AUTHORITY OF THE FISCAL YEAR ENDING JUNE 30, 2007

The Board of Directors agreed to move to Decision Making: Item C, Acceptance of the audited Financial Statements of the Hawaii Public Housing Authority for the Fiscal Year Ending June 30, 2007.

Director Ignacio moved, Director Hosino seconded,

> The Acceptance of the Audited Financial Statements of Hawaii Public Housing Authority of the Fiscal Year ending June 30, 2007.

Wilcox Choy, KMH LLC., auditor, stated the financial statement is broken down into five parts. Part 1 is the basic financial statement and related note, part 2 is the report on internal controls over financial reporting, part 3 is the report on compliance, part 4 is the schedule of findings and question costs, and part 5 is prior year's audit finding. The scope of the audit was to audit the financial statement of the generally accepted auditing standards. The other that was performed was the single audit or the OMB133 because HPHA is federally funded.

The audit has 2 opinions. Part 1 has the unqualified or clean opinion. Part 3 has the opinion on compliance with federal program requirements. This resulted in a qualified opinion. Some of the finding has been severe and some of them have material weaknesses.

Chairperson Thompson stated that the Board can approve the finding and still make changes on the responses.

Mr. Choy stated the key item is the auditor's opinion. The next pages are the changes management has done during the year. The three primary federal funds are Housing Choice Voucher Program, Section 8, and Federal Low Rent. The funding level is a total of about $63 million. The state funds which include Capitol Improvement Funds (CIP) are about $36 million compared to last year's $19.9 million. This was 87% increase from last year. Most of this increase has

been to the homeless programs. The report on the OMB133 states that HPHA is not in compliance with the federal funding requirements. There are three major material weaknesses in financial reporting.

Director Smith asked if this is the first draft of the management response. Mr. Choy stated yes but Mr. Taniguchi has redrafted a more detailed plan of action.

Director Smith asked since the fiscal year has been closed out has the net cash been carried over from the previous year? Mr. Choy stated the $9.6 million cash and $5.2 million have been expended so there was $4.4 million being forwarded to fiscal year 2008.

Director Berthiaume asked is there a reserve fund set up. Mr. Choy stated there is a reserve fund set-up that is considered restricted funds.

Chairperson Thompson called for a vote on the motion.

The motion was unanimously carried.

RESOLUTION NO. 12, EXPRESSING APPRECIATION TO MS. ANNE MARIE BECK

Director Dodson moved, Director Berthiaume seconded,

Resolution No.12, Expressing Appreciation to Ms. Anne Marie Beck.

Chairperson Thompson read the resolution.

The motion was unanimously carried.

RESOLUTION NO. 12

EXPRESSING APPRECIATION TO MS. ANNE MARIE BECK

WHEREAS, Ms. Anne Marie Beck was confirmed to the Board of Directors of the Hawaii Public Housing Authority on the 5th of May 2007; and

WHEREAS, Ms. Beck admirably served as the Board's designated advocate for low-income and homeless persons; and

WHEREAS, Ms. Beck's tireless work as the Executive Director of the Honolulu Habitat for Humanity complemented her role on the Board of Directors. In this capacity, Ms. Beck facilitated the construction of Habitat homes built primarily through volunteer labor, improved the organization's fundraising capacity, recruited a multitude of qualified volunteers, and reduced mortgage delinquencies by more than 500 per cent; and

WHEREAS, Ms. Beck has given unconditionally of her time and talents to ensure that Hawaii's most vulnerable residents know the comfort and security of having a roof over their heads; and

WHEREAS, Ms. Beck is held in the highest regard by her fellow Board members, staff and volunteers that have worked alongside her, and the citizens in the communities that she has helped; and

BE IT RESOLVED that the Board of Directors of the Hawaii Public Housing Authority adopt Resolution No. 12 Expressing Appreciation to Ms. Anne Marie Beck on this 20th day of March 2008; and

BE IT FUTHER RESOLVED that a copy of this Resolution be transmitted to Ms. Anne Marie Beck along with expressions of sincere appreciation for her outstanding contributions to the Hawaii Public Housing Authority and the citizens of the State of Hawaii.

Travis O. Thompson, Chairperson

R. Eric H. Beaver, Vice Chair

Matilda A. Yoshioka, Secretary

Carol R. Ignacio, Member

Linda L. Smith, Member

Henry Oliva, Designee

Kaulana H. Park, Member

Clarissa P. Hosino, Member

Rene Berthiaume, Member

Sherrilee K. Dodson

APPROVAL TO ENTER INTO AN AGREEMENT WITH THE DEPARTMENT OF HAWAIIAN HOME LANDS FOR A SEWER EASEMENT AT 41-555 HUMANA PLACE WAIMANALO, HAWAII

Director Smith moved, Director Berthiaume seconded,

> The approval to enter into an agreement with the Department of Hawaiian Home Lands for a sewer easement at 41-555 Humana Place, Waimanalo, Hawaii.

Derek Fujikami, Building Engineer V, introduced Jeffrey Fujimoto, Department of Hawaiian Home Lands (DHHL) and Joni Tanimoto, consultant from Akinaka & Associates Ltd. to help answer any questions.

Director Park stated the DHHL has placed families in 52 from DHHL's waitlist and easements will help get the sewer lines hooked up. The hook up will hopefully start in April and to be completed in one year.

Director Berthiaume asked does this mean the easement will cross HPHA property. Mr. Fujimoto stated yes it will cross HPHA's property.

Chairperson Thompson asked if this goes between two houses. Mr. Fujikami stated yes it will go between two houses but the easement will be on one property.

Chairperson Thompson asked what the depth of the easement. Ms. Tanimoto stated 6 ½ feet.

Director Dodson asked if HPHA owns the houses and if the tenants will be notified ahead of time of the construction. Mr. Fujikami stated yes HPHA owns the homes and will notify the tenants in advance.

The vote was as follows:

Aye: Chairperson Thompson
Director Beck
Director Beaver
Director Berthiaume
Director Dodson
Director Hosino
Director Ignacio
Designee Oliva

Abstained: Director Park

The motion was carried.

EXECUTIVE SESSION

Director Beck moved, Director Berthiaume seconded,

> To go into Executive Session at 11:13 a.m. pursuant to sections 92-4 and 92-5 (a)(4), Hawaii Revised Statutes, to consult with the Board's attorney on questions and issues pertain to the Board's powers, duties, privileges, immunities, and liabilities on the release of the opinion provided by the Attorney General's office relative to the Board's action on Puahala Homes.

The motion was unanimously carried.

The Board reconvened from Executive Session at 11:45 a.m.

Chairperson Thompson stated the Board decided not to release the opinion by the Attorney General's office relative to the Board's action on Puahala Homes.

Chairperson called a recess at 11:45 a.m. and reconvened at 11:53 a.m.

RECESS
RECONVENED

Director Ignacio moved, Director Berthiaume seconded,

EXECUTIVE SESSION

> To go into Executive Session at 11:54 a.m. pursuant to sections 92-4 and -2-5 (a)(2), Hawaii Revised Statues to evaluate the performance of the Executive Director and possible personnel actions related thereto, to cover performance to date, including first six months performance review.

The motion was unanimously carried.

The Board reconvened from Executive Session at 1:09 p.m.

The Board has discussed the Executive Director's evaluation and will formulate a formal evaluation to be distributed to the Executive Director for discussion.

Director Berthiaume left at 1:09 p.m.
Chairperson called a recess at 1:10 p.m. and reconvened at 1:13 p.m.

RECESS
RECONVENED

Chairperson Thompson stated the Board will go into the Task Force Report.

TASK FORCE REPORT/ FINANCE AUDIT/ASSEST MANAGEMENT

The letter was sent to Governor Lingle and the Legislature regarding the financial situation not being the greatest. The results from U.S. Department of Housing and Urban Development (HUD) stated the consultant that provided technical assistance will also assist in assembling a team of people who will come to HPHA and help with the financial area. HUD also stated that HPHA will be in asset management as of July 1, 2008. HUD recommended that an internal committee be set up to meet weekly to track the progress of the conversion to asset management.

Designee Oliva stated the Legislature has not cut any of HPHA's state funded positions. Interviews have been done for the financial officer's position but he is not sure if any one has been hired at this time.

HUMAN RESOUCES/ PERSONNEL

Director Hosino stated the Board need's to address the smoking and drinking problems in public areas and trespassing on the family properties. The pet policy is being addressed. On Maui it was suggested that parking decals for residents be issued to control expired registration or safety check. HPHA needs to respond back to the residents in a timely manner.

TENANT/ TENANT RELATIONS

Director Park stated the council member committee on homelessness will meet to finalize the plan to end homelessness and then work to get the support from the four County Mayors and then take the plan to Governor Lingle.

HOMELESS-NESS PUBLIC HOUSING OPERATIONS

Director Park stated there was a House Bill that provided $4.3 million to add new homeless shelters. The $20 million that was appropriated to Next Step Shelter was cut to $5 million, but Senator Baker asked what the impact would be with the cut. The Next Step team is putting together the justification on the impact.

The Kaloko project on the Big Island is being promoted in a form of the bill which didn't pass the House of Representatives. It is a $12 million project.

Director Dodson stated the task force is meeting monthly on how to improve the morale of staff and discuss operational issues.

PUBLIC HOUSING OPERATIONS

REPORT OF THE THE EXECUT-IVE DIRECTOR FIXING VACANT UNITS

Barbara Arashiro, Chief Contracts & Procurement Officer, stated $10.2 million needs to be encumbered by June 30, 2008. This involves 20 contracts and 20 small purchases that would need to be encumbered.

Chairperson Thompson asked if the CIP funds have to be used in two years before they lapse and the repair and maintenance funds in 1 year before they lapse. Ms. Arashiro stated yes.

Ms. Arashiro stated the state funds lapsing June 30, 2008 will primarily fund construction and consultant design work. The reason there is $28 million budgeted and not encumbered is because it will be used for construction during the next fiscal year and contracts are going out for bid in April.

Director Beaver stated the column that states vacant units should be changed to fixed units.

Director Smith asked what the Request for Proposal (RFP) process is. Ms. Arashiro stated only twice has there been a RFP for construction. Usually only the design and build contracts have an RFP. For design HPHA uses the Request for Qualification (RFQ) process. Every fiscal year a RFQ is posted; Construction Management creates a list of all qualified companies. Depending on the projects Construction Management then looks at the list and ranks all companies qualified for the project and then starts negotiations with the most qualified company.

Director Smith asked does only one person do the ranking and who chooses the person and from where in HPHA. Ms. Arashiro stated a team is chosen and they come from the Construction Management Division.

Chairperson Thompson asked is there a finance person on the selection team. Mr. Fujikami stated no because this is only the technical side. Ms. Arashiro stated it is based on qualifications at this point, negotiations of price happen later and if negotiations cannot be done then HPHA will move on to the next qualified company.

Ms. Arashiro stated someone from construction management does a cost estimate to show what HPHA is willing to pay for the design to be done. Then a contract is drafted.

FILLING VACANT UNITS

Director Beaver asked why 6 units that were rent ready from January 1, 2008 through March 20, 2008 have not been filled.

Kelfred Chang, Housing Management Specialist, stated the Big Island has its own application process.

Director Dodson stated that because the construction management knows that units will be repaired and rent ready they should be informing the managing unit to start the application process before hand.

Mr. Taniguchi stated construction management needs to inform property management that the units will be rent ready to start getting the pool of applicants together.

Director Beaver asked that the next report list how many units have been filled.

Mr. Taniguchi stated from July 2007 HPHA has been trying to move the application process to the Asset Management Projects (AMPs). Only two AMPs have created a pool. This needed to be added to the job description for the AMPs because it was only in the job description of the neighbor islands. This is something that also needed to be worked out with the Hawaii Government Employees Association (HGEA). Some AMPs have begun to create the pools even if it was not in their job description, where others have held back in doing so.

Director Smith asked that the application process be re-discussed.

Mr. Taniguchi stated there have been 700 tenants who have paid or vacated the units due to pass due rent. HPHA is working on how many people have vacated versus how many have paid. The Maui staff has been working at decreasing the delinquencies.

Director Ignacio asked why in January 2007 HPHA had 96 C units but in January 2008 there are now 156 C units. Mr. Taniguchi stated because HPHA told HUD that HPHA was going to demolish about 70 units at Kalihi Valley but now HPHA is not going to demolish the units so 70 were added into the count. There are contracts that will start fixing the C units.

Director Smith asked if there is a backlog of inputting applications into the system. Mr. Taniguchi stated yes but the priority is certifying the applicants that will have a unit available for them soon.

Director Smith asked if applicants are given notice immediately to say if they qualify for public housing. Mr. Chang stated the applications are immediately reviewed and the applicants are notified. Director Hosino stated that this is not true. Someone turned in an application 2 months ago and they still did not get a letter from HPHA. Ms. Inafuku agreed there may be delays in responding to applicants because the priority is filling vacant units.

FIXING ELEVATORS

Mr. Fujikami stated at Kuhio Park Terrace (KPT) Hawaii Occupational Safety and Health (HIOSH) and the maintenance contractor have agreed to what is needed to stop the elevator in an emergency. The consultant reviewed the report and agrees. Kone stated it will take three weeks or longer to design the mechanism because someone from the mainland needs to come and design the mechanism. HIOSH understands this and once the mechanism is in place HIOSH will test the elevator to ensure it is working properly.

Mr. Fujikami stated the other issue is with the tower A, smoke detectors in the machine room which shorted out. Kone stated the elevators can not be operated. A fire alarm contractor will be giving HPHA an estimate on fixing the smoke detectors.

Chairperson Thompson asked what the estimated date of completion is. Mr. Fujikami stated it should be about a month.

Mr. Fujikami stated the bid for the KPT elevators modernization was opened the beginning of this week.

If the money is not provided by the Legislature then HPHA will have to prioritize the projects that will get the elevator modernization.

ADJOURNMENT

There being no further items to be discussed,

That the meeting be adjourned at 2:34 p.m.

MATILDA YOSHIOKA
Secretary

Approved