MINUTES OF THE REGULAR MEETING
OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION
HELD AT THEIR OFFICE AT 677 QUEEN STREET, SUITE 300,
ON THURSDAY, FEBRUARY 10, 2011
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met for their Regular Meeting at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, February 10, 2011, at 9:00 a.m.

Chairman David Lawrence called the meeting to order at 9:02 a.m.

Present: Director David Lawrence, Chairman
Director Ralph Mesick, Vice Chairman
Director Betty Lou Larson, Secretary
Director Kalbert Young
Director Allan Los Banos Jr.

Executive Director Karen Seddon

Excused: Director Richard Lim
Director Francis Jung
Director Gary Siracusa

Staff Present: Sandra Ching, Deputy Attorney General
Craig Iha, Deputy Attorney General
Janice Takahashi, Chief Planner
Darren Ueki, Finance Manager
Rick Prahler, Development Branch Chief
Galen Lee, Fiscal Manager
Stan Fujimoto, Development Section Chief
Marlene Lemke, Real Estate Services Section Chief
Dean Sakata, Housing Finance Specialist
Patrick Inouye, Housing Finance Specialist
Jocelyn Iwamasa, Housing Finance Specialist
Byron Chock, Housing Finance Specialist
Ken Takahashi, Development Project Manager
Leonell Domingo, Development Project Coordinator
Lorraine Egusa, Budget Analyst
Lisa Wond, Planner
Kent Miyasaki, Housing Information Specialist
Esa Pablo, Secretary to the Board

Guests: Stephen Arnett, County of Hawaii Office of Housing and Community Development
Howard Hanzawa, Kaanapali Land Management Corporation
Janis Yee, Kaanapali Land Management Corporation
Joseph Pluta, West Maui Improvement Foundation
Randall Sakamoto, Newport Hospital Corporation
Bruce Barrett, Castle & Cooke Hawaii Homes, Inc.
Andrew Furuta, Castle & Cooke Hawaii Homes, Inc.
RJ Brown, Civil Beat
Marian Gushiken, EAH Housing, Inc.
Roy Katsuda, Hale Mahaolu
Robyne Nishida Nakao, Hale Mahaolu
Byron Ooka, Wailuku Senior Living
Andrew Gomes, Honolulu Star Advertiser
Stacy Sur, Hawaii Housing Finance
Audrey Awaya, Pacific Housing
A quorum was present.

Director Mesick moved, seconded by Director Los Banos, to approve the Meeting Minutes of January 13, 2011.

The motion was unanimously approved.

Director Mesick moved, seconded by Director Larson, to approve staff’s recommendation:

That the HHFDC Board of Directors:

A. Approve the proposed NSP3 Substantial Amendment to the State of Hawaii’s Consolidated Plan, Action plan for Program Year 2010-2011;

B. Authorize the Executive Director to make any non-substantive amendments to the NSP3 Substantial Amendment; and

C. Authorize the Executive Director to undertake all tasks necessary to submit and implement the NSP3 Substantial Amendment to the State of Hawaii’s Consolidated Plan, Action Plan for Program Year 2010-2011.

Executive Director Seddon noted that a For Information on the NSP3 Substantial Amendment was presented last month at the January 13, 2011 Board Meeting.

Planner Lisa Wond presented the For Action, stating that the HHFDC must submit its Neighborhood Stabilization Program, Round 3 (NSP3) Substantial Amendment to the State of Hawaii’s Consolidated Plan, Action Plan for Program Year 2010-2011, to the U.S. Department of Housing and Urban Development (HUD) by March 1, 2011, in order to receive NSP3 funding.

The following information was highlighted:

1. On January 11, 2011, a Notice of Public Comment was published in newspapers in all counties and posted on the HHFDC’s website.

   a. The HHFDC received one public comment from a non-profit organization, which commented that such funding should be focused within the City and County of Honolulu and requested for the opportunity to apply for the NSP3 funding.

   b. Due to the December 22, 2010 application deadline for the NSP3 funding, the non-profit organization’s request was denied, but was encouraged by the HHFDC to apply for future NSP funding, if made available, and directed to seek CDBG funding from the City and County of Honolulu.

2. The State of Hawaii is eligible to receive $5 million in NSP3 funding, of which Na Hale O Maui in the County of Maui will receive $500,000, and the County of Hawaii’s Kaloko Affordable Housing project will receive $4.275 million.

3. If approved, the NSP3 Substantial Amendment will be submitted to HUD, which will then have 45 days from receipt, to review and approve.

4. NSP3 funds are estimated to be available in April 2011.

Ms. Wond introduced the County of Hawaii’s Department Head Housing

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Administrator of the Housing and Community Development Stephen Arnett, who wished to speak before the Board and opened for questions.

Mr. Arnett thanked the Board and noted the following: photographs of the project site; first phase will consist of 10-fourplex buildings anticipated to be completed in August 2011; and the NSP3 funding received will go towards the second phase of the project.

Director Larson commented that this is a good project supported by the community.

Mr. Arnett stated that this project would replace the transitional housing originally located in Kawaihae, which is anticipated to be closed down at the end of December 2011.

In response to Chairman Lawrence, Mr. Arnett stated that the NSP3 funding will cover costs of the second phase, but may seek additional funding in the future for the overall project.

In response to Director Larson, Ms. Wond and Executive Director Seddon noted the following:

1. Opportunities for such funding are announced through statewide newspaper publications, HHFDC website, and HUD.

2. After the March 1, 2011 deadline, HUD will have 45 days to review and approve HHFDC’s application for NSP3 funding, so funds will be available in mid-April. Once HHFDC receives HUD’s approval, contracts will be processed and executed, permitting the immediate draw down of available funds.

Executive Director Seddon assured Chairman Lawrence that Na Hale O Maui was appreciative of the funding amount received and anything more would be challenging to meet in terms of the expenditure deadlines set forth under the program.

The motion was unanimously approved.

Director Mesick moved, seconded by Director Los Banos, to approve staff’s recommendation:

That the HHFDC Board of Directors approve the following:

A. Resolution No. 033, attached as Exhibit C, which provides for the approval of the issuance of revenue bonds up to $17,028,993 for the Ewa Villages Phase I Project subject to the provisions recommended in Exhibit D.

B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Finance Manager Darren Ueki presented the For Action, stating that the Ewa Villages Phase I (Project) consists of 64 family units, located in Ewa Beach, Oahu.

The following information was highlighted:

1. The Hula Mae Multi-Family (HMMF) Bond Program is federally authorized and allows the HHFDC to issue tax-exempt revenue bonds: (a) to finance the acquisition and rehabilitation or development of privately owned affordable rental projects; and (b) provide below market financing to private developers or owners of affordable rental units.
2. The HHFDC acts as a conduit for the financing by issuing the bonds; however, all repayment obligations are the responsibility of the developer or owner requesting the financing.

3. The Project shall be developed, owned, and operated by Ewa Homes, L.P., with its General Partner being Hui Kauhale, Inc.

4. The proposed Financing Structure, Budget and Use of Funds, and the estimated construction timeline for the Project were cited, with an anticipated bond closing and construction start date of March 2011; the first building being placed in service in June 2012; and project completion in July 2012.

5. The HMMF Bond shall be a public issuance with a credit enhancement provided by a Wells Fargo letter of credit during the construction and a commitment for permanent financing provided by Freddie Mac.

6. The Bonds will be divided into two series: approximately $3,643,000 in “A Bonds” and $12,631,852 in “B Bonds” for a total of $16,274,852 issued at closing. Only a governmental agency may issue these types of bonds.

7. HHFDC will monitor the Project’s compliance pursuant to the application rules and requirements of the HMMF Bond Program. The issuance of the HMMF tax-exempt bonds is subject to the Governor’s approval.

8. Resolution No. 33: (a) Authorizes the issuance, sale, and delivery of a mortgage revenue bond in a principal amount not to exceed $17,028,993 for the purpose of making a mortgage loan to provide financing to Ewa Homes, L.P. for a multi-family rental development; (b) determines and prescribes certain other matters relating thereto; and (c) approves and authorizes relation action and the execution and delivery of related documents and agreements.

Mr. Ueki opened for questions, along with Ms. Marian Gushiken, on behalf of the Project.

In response to Chairman Lawrence, Ms. Gushiken and Mr. Ueki noted the following:

1. The Project has received its subdivision approvals, with building permits pending.

2. The developer provides the financing structure of a project.

The motion was unanimously approved.

Director Mesick moved, seconded by Director Larson, to approve staff’s recommendation:

That the HHFDC Board of Directors approve the following:

A. A RHTF Project Award Loan of $2,235,000 to the Wailuku Senior Living L.P. or its successors, as approved by the Executive Director, with the terms and conditions as shown in Section III(F) of this For Action, and the issuance of the Letter of Intent subject to the following:

1. Authorization and approval by the governor of the proposed project and the release of RHTF program funds as mandated under Chapter 15-311, Hawaii Administrative Rules.
2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents shall specify the standard terms and conditions as required in order to meet all statutory requirements of the RHTF program and the specific terms and conditions that are applicable to the Applicant’s request for Project Award funds.

3. Completion of all documentation necessary and required to secure the release of RHTF funds.

4. Certification of the applicant to comply with all applicable statutory and Program requirements, including, but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may related to the use of State funds.

5. Availability of RHTF program funds.

B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki presented the For Action, stating that the Lokenani Hale (Project) consists of 63 existing senior units, located in Wailuku, Maui.

The following information was highlighted:

1. In February 2010, the Wailuku Senior Living, L.P. (Applicant) submitted a consolidated application for a Dwelling Unit Revolving Fund (DURF)/Rental Housing Trust Fund loan for $2,235,000.

2. On May 13, 2010, the Board approved a $2,235,000 Dwelling Unit Revolving Fund (DURF) loan, with the following exceptions by the Board: (a) explore the possibility of amending its area median gross income (AMGI) requirements to alleviate cash flow concerns; and (b) to explore higher AMGI thresholds to help offset the impact of the RHTF requirement of having 5% of units at 30% AMGI or below.

3. It was found that: (a) the LIHTC minimum threshold requirement of 20% of units at 50% AMGI cannot be amended and is irrevocable; (b) AMGI requirements for units outside of the LIHTC threshold could be amended; and (c) the Applicant would have to obtain the consent of its LIHTC investor on the Project’s AMGI requirements regarding tax implications, if any.

4. The Project’s inability to generate sufficient cash flow to adequately service their Central Pacific Bank (CPB) debt necessitated the request for a $2,235,000 RHTF loan for the takeout of its CPB loan.

5. Staff had reviewed the Applicant’s request and proposes the following RHTF loan terms:

   a. Loan Amount: $2,235,000
   b. Interest Rate: 0.00%
   c. Fee: None.
   d. Term/Maturity: 45 years
   e. Repayment: 75% of available Cash Flow
   f. Collateral: First Mortgage on Project
g. Guarantee: Personal guarantee from Mr. Byron Ooka

h. Purpose: Repayment of balance under the DURF loan approved by the HHFDC Board on May 13, 2010.

i. AMGI: Allow the Project to increase the AMGI threshold on 47 units up to 80% AMGI or below.
   
   1) Enables the project to:
   
   a) Increase the number of prospective tenants; by creating a larger spread between the maximum rent limitation and the rent actually charged.
   
   b) Offset the impact of the 30% AMGI requirement for the RHTF.
   
   c) Improve project cash flow and accelerate RHTF repayments.

   2) Ability of Project to amend AMGI may be subject to LIHTC investor approval.

j. Other terms:
   
   1) The Project’s loan to value ratio (on the RHTF loan and debt senior to the RHTF loan) shall not exceed 100%.

   2) The RHTF Project Award is subject to the availability of funds.

k. If the Board approves staff’s recommendation, a Letter of Intent describing the terms and conditions of the Project Award will be sent to the Applicant. The Letter of Intent will be subject to all conditions being met to the satisfaction of HHFDC, approval of the Governor of Hawaii, and the availability of funds. The terms outlined in the Letter of Intent will expire on March 15, 2011 at 4:00 PM unless the HHFDC receives an executed copy by said date. After this date, the Letter of Intent shall expire and no obligation shall exist thereafter, unless extended or modified at the sole discretion of HHFDC.

Mr. Ueki opened for questions, along with staff, Mr. Byron Ooka, Mr. Roy Katsuda, and Ms. Robyne Nishida Nakao, on behalf of the Project.

In response to the Board, Mr. Ueki, Ms. Nishida Nakao, Mr. Katsuda, Mr. Ooka Executive Director Seddon, and Housing Finance Specialist Patrick Inouye, noted the following:

1. An exact limit of takeout is clearly defined within the RHTF loan agreement documents.

2. Discussions regarding any tax implications are dealt with between the Applicant and its tax credit investor, which is currently in process.

3. RHTF and DURF loan requests are handled separately, with all applicants for RHTF submitted and processed within funding cycles; whereas, requests for DURF funding are handled on a case-by-case basis as received.
4. The approved DURF loan funds are currently in escrow and are anticipated to close by the end of March 2011, pending approval from its tax credit investor.

5. The affordability period of 45 years meets the criteria of the RHTF program; however, an extension to the affordability period would need to be discussed with the Limited Partnership of the Project.

Discussion ensued on extending the affordability period to 60 years.

Mr. Ueki stated that with a project developed on privately owned land, the affordability period, as long as it is within the programs' parameters, are determined by the owner/developer through a proforma.

Director Larson commented that perhaps the Board should consider extending a project's affordability period in such cases where the Corporation is the only means of a project's financial survival.

6. Staff noted that a project's affordability period could not be shorter than the term of its loan.

Director Larson moved to defer approval for one-month to determine whether the Partnership would agree to extend its affordability period to 60 years.

With 4 votes in opposition and 1 vote in favor of deferral, the motion did not carry.

Discussion proceeded.

7. New rent rates are implemented for new tenants only and do not apply to residing tenants.

8. There are two additional projects pending from the 2010 RHTF funding round, and six applications received during the 2011 RHTF funding round at the end of January 2011. The RHTF is currently oversubscribed by approximately $30 million.

With no further discussion, Chairman Lawrence called for a vote on the main motion.

Director Larson abstained.

With 4 votes in favor and 1 abstention, the motion did not carry. Chairman Lawrence called for a motion to recess.

Director Larson moved, seconded by Director Mesick to recess the meeting at 9:43 a.m.

The meeting was reconvened into Regular Session at 9:48 a.m.

Director Young moved, seconded by Director Los Banos, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

A. A RHTF Project Award Loan of $1,305,000 to HHF Holdings, LLC or its successors, as approved by the Executive Director, with the terms and conditions as shown in Section III(G) of this For Action, and the issuance of the Letter of Intent subject to the following:

1. Authorization and approval by the governor of the proposed project and the release of RHTF program funds as mandated under

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Chapter 15-311, Hawaii Administrative Rules.

2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents shall specify the standard terms and conditions as required in order to meet all statutory requirements of the RHTF program and the specific terms and conditions that are applicable to the Applicant’s request for Project Award funds.

3. Completion of all documentation necessary and required to secure the release of RHTF funds.

4. Certification of the applicant to comply with all applicable statutory and Program requirements, including, but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may related to the use of State funds.

5. Availability of RHTF program funds.

B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki presented the For Action, stating that the 1839 Kaioo Drive (Project) is an existing market rate apartment building being proposed to be converted to an affordable rental, consisting of 15 family units, located in Honolulu, Oahu.

The following information was highlighted:

1. The Rental Housing Trust Fund (RHTF) Project Award Program provides “Equity Gap” low interest loans to qualified owners and developers constructing, acquiring, or rehabilitating affordable housing units.

2. On February 1, 2010, HHF Holdings, LLC (Applicant) submitted a consolidated application for a RHTF Project Award in the amount of $1,305,000.

3. The proposed Financing Structure, Budget and Use of Funds, and the estimated construction timeline for the Project were cited, with its financing closing/acquisition anticipated to be completed in May 2011.

4. Staff reviewed the Applicant’s requested RHTF loan terms and proposes the following:
   a. Loan Amount: $1,305,000
   b. Interest Rate: 0.00% Years 1 through 6
      1.00% Years 7 through 32
   c. Fee: None
   d. Term/Maturity: 32 years
   e. Repayment: Years 1 through 6 – No payments
      Years 7 through 32 – 50% of Available Cash Flow after payment of expenses, senior debt service, and other recognized expenses.
   f. Collateral: Second mortgage loan on the fee simple interest in the Project.
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Other Terms:

1) The Project's loan to value ratio (on the RHTF loan and debt senior to the RHTF loan) shall not exceed 100%.

2) No disbursement of Developer's Fee until satisfactory completion of the Project.

3) The RHTF Project Award is subject to the availability of funds.

If the Board approves staff's recommendation, a Letter of Intent describing the terms and conditions of the Project Award will be sent to the Applicant. The Letter of Intent will be subject to all conditions being met to the satisfaction of HHFDC, approval of the Governor of Hawaii, and the availability of funds. The terms outlined in HHFDC receives an executed copy by the said date. After this date, the Letter of Intent shall expire and no obligation shall exist thereafter, unless extended or modified at the sole discretion of HHFDC.

Mr. Ueki opened for questions, along with Mr. Stacy Sur, on behalf of the Project, noting that this acquisition of a market development provides a unique opportunity for a well deserving project.

In response to the Board, Mr. Ueki, Mr. Sur, Housing Finance Specialist Patrick Inouye, and Executive Director Seddon noted the following:

1. Deferred development fee will be a recognized expense.

2. The intent of the developer is to keep the Project affordable.

3. Utilities are not included.

4. The minimum affordability period required under the RHTF Program is 30 years. Under the Low Income Housing Tax Credit and RHTF programs, projects score additional points for longer affordability periods.

Director Larson stated that she contacted the City & County of Honolulu's Section 8 Program to request the current fair market rents. She found the rents to be slightly lower than that of the proposed Project, with utilities included. For such reasons, she did not feel that this project provided any long-term benefits and was therefore, not in support of this Project.

5. Approximately $85,000 - $87,000 is being invested per unit, which is substantially lower than what is typically invested on a RHTF project.

6. The mission of the Corporation is to facilitate affordable housing, not to own or manage.

7. There is a need for balance in rental housing opportunities that cover both the lower and higher ends of the affordability continuum.

With 2 votes in favor and 3 in opposition, the motion did not carry.

Director Larson moved, seconded by Director Los Banos, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

A. Extend the deadline to issue HMMF Bonds for the Senior Residence at Iwilei Project to March 31, 2012.
B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki presented the For Action, stating that the Senior Residence at Iwilei (Project) consists of 155 – 160 senior units, located in Iwilei, Oahu.

The following information was highlighted:

1. Original approval date of Resolution No. 082, which provides official intent to the issuance of the Hula Mae Multi-Family (HMMF) Tax-Exempt Revenue Bonds, was in June 2003.

2. In December 2010, a $24,100,000 Dwelling Unit Revolving Fund (DURF) Interim Loan was approved to the Senior Residence at Iwilei Limited Partnership (Partnership).

3. The Partnership continues to work on a request to the legislature for a direct appropriation of funds and a Low Income Housing Tax Credit request for the Project. Proposed Financing Structure and Project Budget and Use of Funds remain pending until all financing gaps are sought and obtained.

Chairman Lawrence stated that he felt this to be an important project in an important location and would like to see it through fruition.

Mr. Ueki opened for questions, along with Ms. Audrey Awaya, on behalf of the Project.

In response to Director Larson, Mr. Ueki assured that at this point, the Project is not withholding any resources from other potential projects.

With no further discussion, the motion was unanimously approved.

Director Mesick moved, seconded by Director Los Banos, to approve staff’s recommendation:

That the HHFDC Board of Directors approve a request to allow 23 units or 25% of the affordable housing project to be sold at market prices for the Villages of Kapolei Multi-Family Housing Project at Village Center Nohona II, as substantially as described in this For Action, subject to other terms and conditions deemed necessary and acceptable by the Executive Director.

Development Branch Chief Rick Prahler presented the For Action, stating that the Villages of Kapolei – Village Center Nohona II (Project) consists of 93 units, located in the Village Center at Kapolei, Oahu.

The following information was highlighted:

1. In March 2007, the Board approved Castel & Cooke Homes Hawaii, Inc. (CCHHI) to be the developer of the Village Center mixed-used project and a development agreement was signed in September 2007.

2. In April 2010, a Noticed to Proceed was issued to begin the construction of the Project.

3. On January 24, 2011, CCHHI indicated that sales have been slower than anticipated and is requesting for the ability to sell up to 23 units or 25% of the total to be sold to market buyers, with a one-year owner-occupancy restriction. Market units would only be offered after all affordable buyers had an opportunity to choose one of the units first.
Mr. Prahler opened for questions, along with Mr. Bruce Barrett, on behalf of the Project.

In response to the Board, Mr. Prahler, Mr. Barrett, and Executive Director Seddon noted the following:

1. The pricing of the affordable for-sale units will remain within the 140% and below area median income.

2. The Villages of Kapolei has always been advertised as a mixture of both market and affordable housing.

3. If approved, 23 units or 25% of the market for-sale units will not require the affordable housing restrictions, such as the HHFDC’s 10-year buyback and Shared Appreciation Equity.

Director Larson commented that maybe the Corporation should focus on doing more rental projects rather than for-sale and master planned communities.

4. It has been made clear to all developers that the conversion of affordable to for-sale requests is a “one-time offer” due to the economic downturn.

5. There will be a $5,000 - $10,000 differentiation in price for the market units. However, CCHHI will continue to prequalify and focus on the affordable units by paying down interest rates, reducing points and closing costs and including appliances and window coverings. None of these deals will be available to the market units.

6. Although the CCHHI has been actively working with the Homeownership Center and the Realtor community, there is not a deep enough market for affordable under the current economic circumstances.

With no further discussion, the motion was unanimously approved.

Chairman Lawrence proceeded to agenda item III. G., asking for a motion to move into Executive Session, pursuant to Section 92-5(a)(4), to consult with the board’s attorney on questions and issues pertaining to the board’s powers, duties, privileges, immunities, and liabilities as it relates to the West Maui Hospital at the Puukolii Triangle Project, located in Kaanapali, Maui.

Director Young moved, seconded by Director Los Banos, to move into Executive Session at 10:15 a.m.

The motion was unanimously approved.

The Board reconvened into Regular Session at 11:00 a.m. and discussion proceeded as follows:

Mr. Howard Hanzawa, Vice Present of Kaanapali Land Management Corporation (KLMC), provided background history on the KLMC and status of the development of Puukolii Mauka and Puukolii Triangle, and thanked the Board and HHFDC staff, Executive Director Karen Seddon and Development Section Chief Stan Fujimoto for their support, help, and vision. The following topics were discussed: the project’s estimated construction timeline; pending and completed infrastructures of the project; and review of the project site.

Mr. Joe Pluta, President of the West Maui Improvement Foundation and Taxpayers Association, provided background information on his involvement and discussed the following: the importance of health and safety and infrastructure; Certificate of Need application; importance of affordable housing; 100% County and community support; and thanked the Board for all that they do.
Chairman Lawrence noted that the mission and primary focus of this Agency is the development of affordable housing.

In response to Director Larson, Mr. Pluta and Mr. Hanzawa noted that the location of the proposed housing community is of walking distance to work establishments, the Kaanapali resort area, and hospital, with the addition of a new road, lessening many of the traffic issues and disturbances.

Chairman Lawrence stated that the Board appreciates hearing about upcoming affordable housing developments; however, because this is a For Information, no action will be taken at this time, but looks forward to what may be presented in the future, and thanked Mr. Hanzawa and Mr. Pluta for coming.

Chairman Lawrence proceeded to the Report of the Executive Director.

Executive Director Seddon reported the following:

1. The HHFDC has asked the Hawaii Community Development Authority (HCDA) to hold off on any immediate conversion of the Fiddlesticks property site to open space.

2. A $6.5 million Capital Improvement Project appropriation for the acquisition of a property to develop a rental project in Kakaako was erroneously given to the HHFDC. A memorandum of understanding will be executed for the transfer of the appropriation to the HCDA.

With no further business on the agenda, Chairman Lawrence asked for a motion to adjourn.

Director Mesick moved, seconded by Director Los Banos, to adjourn the meeting at 11:43 a.m.

The motion was unanimously approved.

BETTY LOU LARSON
Secretary