

HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII

**MINUTES OF THE SPECIAL MEETING
OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
HELD AT THEIR OFFICE AT 677 QUEEN STREET, SUITE 300,
ON MONDAY, JULY 3, 2006
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII**

**AMENDED
MINUTES
08/10/06**

The Board of Directors of the Hawaii Housing Finance and Development Corporation met for their Special Meeting at 677 Queen Street, Suite 300, Honolulu, Hawaii on Monday, July 3, 2006, at 9:00 a.m.

Ms. Stephanie Aveiro, Executive Director of the former Housing and Community Development Corporation of Hawaii (HCDCH) thanked the Members for serving on the new HHFDC Board. She added that her presence at the meeting was to obtain a consensus from the Board to call the meeting to order.

**CALL TO
ORDER/
ROLL CALL**

The Members of the Board unanimously agreed to call the meeting to order at 9:05 a.m.

PRESENT: Director Charles King
Director David Lawrence
Director Betty Lou Larson
Director Linda Smith
Designee Scott Kami for Director Georgina Kawamura
Director Theodore Liu
HPHA Executive Director Stephanie Aveiro

Staff Present: Nalani Wilson-Ku, Deputy Attorney General
Janice Takahashi, Chief Planner
Darren Ueki, Finance Manager
Thomas Otake, Acting Development Section Chief
Leo Domingo, Housing Development Specialist
Mavis Masaki, Planner
Fay Morinaga-Pang, Chief Financial Officer

Others: Tom Mitrano, Private Consultant
Holly Hackett, RPR, CSR Court Reporter
David Yaw, Representative, Resident Advisory Board

Ms. Aveiro then asked for a volunteer from the Board to serve as Chairperson pro tem in order to discuss the Board agenda items.

**II.
SELECTION
OF CHAIR-
PERSON PRO
TEM**

Director Linda Smith volunteered to serve as Chairperson pro tem.

The Chairperson pro tem declared a quorum present.

QUORUM

The Chairperson pro tem then asked for nominations for Board Chairperson.

Director Liu moved, seconded by Director Larson,

**III.A.
ELECTION
OF BOARD
OFFICERS
Chairperson**

That Director Charles King be nominated as Chairperson.

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Director Liu mentioned that Director King brings much experience to the Board, having been a member of the former HCDCH Board of Directors. Director King is also well-respected in the business community and has a real interest in this Board's mission of providing affordable workforce housing, both for rentals and for homeownership.

There being no further nominations, the motion was unanimously carried.

The Chairperson pro tem then turned the meeting over to Chairman King.

The Chair asked for nominations for Vice-Chair.

Director Smith asked for clarification as to whether or not ex-officio members could serve as officers of the Board. Deputy Attorney General Nalani Wilson-Ku replied that in accordance with the By-Laws of the HHFDC, Article V, Section 3, ex-officio members are ineligible to serve as Chairperson. However, clarification was needed to determine whether or not an ex-officio member could serve as the Vice-Chair or as Secretary of the Board in the absence of the Chairperson.

Director Liu suggested that an ex-officio member should not serve as Vice-Chair, and this has been the practice of other Boards that he has served on.

Director Liu moved, seconded by Director Larson,

That Director David Lawrence be nominated as Vice-Chair.

The Chair asked for nominations for Secretary.

Director Smith moved, seconded by Designee Scott Kami,

That Director Betty Lou Larson be nominated as Secretary.

The motion was unanimously carried.

The Chair indicated that the next agenda item would be Item IV.A., Selection and Hiring of Executive Director.

Director Smith moved, seconded by Director Liu,

That the Board enter into Executive Session at 9:10 a.m. to discuss the hiring of an officer or employee pursuant to §92-5(a)(2), Hawaii Revised Statutes.

The Executive Session concluded at 9:49 a.m.

The Chair reconvened the Special Meeting at 9:49 a.m.

The Chair reported that the Board met in Executive Session and indicated that Ms. Janice Takahashi, HHFDC Chief Planner, was asked and agreed to serve as Acting Executive Director of the Corporation, for one month, to allow the corporation to advertise for an Executive Director so that all interested applicants could apply for the position. The Board will review all resumes and take action at the next Regular Meeting of the Board on August 10, 2006.

Chairman King asked for a motion.

**II.B
ELECTION
OF BOARD
OFFICERS
Vice-Chair**

**II.C.
ELECTION
OF BOARD
OFFICERS
Secretary**

**EXECUTIVE
SESSION**

**IV.A.
SELECTION
AND HIRING
OF
EXECUTIVE
DIRECTOR**

RECONVENED

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Director Smith moved, seconded by Mr. Kami,

That Janice Takahashi serve as Acting Executive Director of the HHFDC to allow the Board to continue its efforts to hire a permanent Executive Director.

Director Liu added that the Board expects to make a decision on the permanent Executive Director on the basis of the applications received by the Corporation’s deadline of July 20, 2006.

There being no further discussion, the motion was unanimously carried.

Director Smith excused herself from the meeting and indicated that she would return shortly.

Chairman King indicated that the Board would select the Executive Assistant after the selection of the Executive Director is made.

**IV.B.
SELECTION
AND HIRING
OF
EXECUTIVE
ASSISTANT**

Acting Executive Director Janice Takahashi presented the For Action, Item V.A., Adopt By-Laws for the Hawaii Housing Finance and Development Corporation.

**V. A.
DISCUSSION
AND
DECISION
MAKING
Adopt By-Laws
for the HHFDC**

Ms. Takahashi indicated that the following revisions were made to the By-Laws for the HHFDC which were included in the Board Members packets.

1. Page 3, under Section 1. Financing and developing affordable housing. Sentence 1, delete words [or non-existent]. Sentence 2, insert the word the before the word “Corporation’s” to read: “It is the Corporation’s intent, etc.” Sentence 3, change to the plural form the word “function” to read “functions”.
2. Page 4, under Section 1. Definitions, Paragraph 3, capitalize the word “board” to read “Board”.
3. Page 5, Sentence 1, delete words [duly selected].
4. Page 8, under Section 3. Officers of the Corporation; term; vacancy. Sentence 1, insert the word the before the word “Chairperson,” to read: “The officers of the Corporation shall be the Chairperson, etc.”
5. Page 9, under Section 4. Chairperson; duties. Sentence 1, delete the word [the] before the word “law,”
6. Page 9, under Section 4. Paragraph 4, Sentence 1, delete the words [from the directors of the Board any investigative committee] and replace with one or more members of the Board. Also, in Line 4 of Sentence 1, delete words [of such a committee].
7. Page 9, under Section 4. Insert new Paragraph 5 to read: “In the absence or incapacity of the Chairperson, Vice-Chairperson and Secretary, the Chairperson’s designee shall perform the duties of the Chairperson.”
8. Page 11, under Section 7. Treasurer; duties. Delete Paragraph 2 [The Treasurer shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson, Vice-Chairperson, and Secretary].
9. Page 14, under Section 3. Special and emergency meetings; notice. Sentence 1, delete the words [with the written approval of two other directors of the Corporation.]. Sentence 1 ends after the word “Corporation.”

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10. Page 14, under Section 2, Regular meeting of the Corporation. – After discussion, the Board decided that the Regular meetings of the Board would be held on the second Thursday of each month, at 9:00 a.m., commencing with Thursday, August 10, 2006. The Board decided not to hold a Regular Meeting in July, 2006.

Under Article VII. Meetings, the Board also decided to change Section 1. Annual Meeting., as follows:

- Sentence 1, Insert word generally after the word “Corporation”
- Insert new Paragraph 2 to read: “The Board may change the date and time of any regularly scheduled meeting, provided however, that proper notice as prescribed by law, be given of such rescheduled meeting.”

Director Smith returned to the meeting.

Chairman King asked for a motion to approve.

Director Lawrence moved, seconded by Director Liu,

That the By-Laws of the Hawaii Housing Finance and Development Corporation, as presented to the Board, be adopted.

The motion was unanimously carried.

Acting Executive Director Janice Takahashi asked staff to distribute the revisions made to the HHFDC By-Laws to the Board Members.

Ms. Janice Takahashi presented the For Action, Delegation of Duties to the Executive Director of the Hawaii Housing Finance and Development Corporation. She indicated that the specific duties that are proposed to be delegated to the Executive Director are:

1. Authorize litigation or other service of process for collection accounts, where all reasonable efforts to collect have failed; and
2. As permitted by all applicable laws, approve all contracts, including change orders, and report monthly to the Board on any contracts and change orders approved by the Executive Director over \$100,000.

**IV.B.
DISCUSSION
AND
DECISION
MAKING**
Delegation of
Duties to the
Executive
Director of
the HHFDC

The Chair asked for a motion to approve.

Director Larson moved, seconded by Director Smith,

That the Board approve staff’s recommendation as stated in the For Action.

Director Smith asked for clarification on: 1) Under the former HCDCH, although the threshold of [~~approving~~] reporting contracts and change orders was \$100,000, the Executive Director reported monthly to the Board all contracts and change orders over \$25,000, and 2) Would the intent be to retain the \$25,000 and over threshold for reporting purposes?

Ms. Takahashi replied that staff would be reporting any contracts and change orders over \$100,000 vs. the \$25,000+. She explained that in the past, it was the decision to report all contracts and change orders over \$25,000 although the delegation was \$100,000+.

Mr. Thomas Otake, Acting Development Section Chief, replied that the numbers reported would depend on the volume of activity that is received by staff and also the number of projects that staff would develop this year.

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Director Liu suggested that the delegation for Item II.B. of the For Action remain as stated, and that changes can be made in the future. Thus, the HHFDC Executive Director will approve all contracts and change orders [up to \$100,000] and report monthly to the Board any contracts and change orders over [~~\$100,000~~] \$25,000.

The motion was unanimously carried.

Chairman King indicated that there was no further formal business before the Board. However, he did indicate that since this Board is a new one, it would be appropriate to discuss the goals and priorities of the new HHFDC.

The Chair opened the meeting for any discussion by the Members of the Board.

Director Smith indicated that some of the goals and priorities were discussed with staff and the DBEDT. Since Director Liu attended that meeting, she asked if he would share with the Board what were the overall views, missions and goals that were discussed with staff.

Director Liu welcomed the HHFDC and its staff to the DBEDT, and mentioned that he has big shoes to fill when DBEDT inherited the corporation from the Department of Human Services. Director Liu also expressed his appreciation to Stephanie Aveiro who was very respected and admired while she managed the HCDCH. Director Liu pledged his Department's support to provide the HHFDC staff with whatever tools are needed and to work with the Board to ensure that the HHFDC does well.

Affordable workforce housing, and the lack of it, is clearly a major constraint in Hawaii's economy, and will be a top priority of the DBEDT. Since Bill 180, SLH 2006, became law, the DBEDT has been meeting with staff weekly to ease the transition, to help the DBEDT to understand what is ahead for the Corporation, and to provide the HHFDC with the necessary support that it needs.

There is also interest in the re-emergence of the HHFDC by the business communities – banks, developers, and others. Expectations of what the HHFDC can and should be doing are high, and creates challenges, and the businesses and financial institutions are prepared to work with the Corporation in order to provide more affordable housing of rental and homeownership units.

Director Liu mentioned that the DBEDT thought it would be useful prior to the Board's first Regular meeting to have senior HHFDC staff meet together in a session facilitated by Mr. Tom Mitrano, a private-sector consultant. The intent of the session was to create the conditions in which staff talked about their expectations, needs, requirements, and some of their limitations. The nature of the session was closed-door; therefore, notes of the session will not be shared until a later date.

All issues were on the table – stakeholders' expectations, external targets and goals and how the Department expects the organization to run internally, how staff will treat each other, issues of ethics, communications, teamwork, etc. The session was very good.

Mr. Tom Mitrano introduced himself and indicated that he has managed various businesses in Hawaii for the past twenty years. Mr. Mitrano has also practiced law, and for the past four years, he has been a business consultant. Director Liu approached Mr. Mitrano to design a process that would create a way for the HHFDC staff to think broadly about a successful future for the new Corporation, and to envision that future and work back to today – the specific objectives, goals, and targets in order to accomplish coming back to today. Staff would determine where they would want the Corporation to be, where it is today, and make the

**VIA.
FOR
INFORM-
ATION**
Discussion of
Goals for the
HHFDC

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necessary changes to be in that position to deliver that kind of future.

The session was to create an environment where staff could think freely and discuss through their differences, play with a variety of future State options, and work their way back, and then be specific. A tool used to test all this was to use the metaphor of a brand. This would capture what people think HHFDC is and what staff would want people to think HHFDC should be. A simple statement about HHFDC begins to create promises.

The objective was to get out of the typical daily operational mode and allow staff to think. There were some very high level agreements among staff as to what the key promises would cover. There were commitments with respect to responsiveness and specific goals and objectives set out for what that would mean. Whatever is done, staff will keep things simple:

- Vision – Staff will share with the Board on what they are doing;
- Responsibility- Staff will be accountable;
- Ethics – There was extensive discussion about the ethics commitment;
- Promises – Staff will collaborate to work together—being innovative and a commitment to being a leader and not just participating with others; being bold and taking initiatives and risks.
- Finance –Staff will develop new or increase existing financial resources; to achieve and build goals to increase the supply of affordable rental and ownership housing units.
- Collaboration – Staff will look at partnering and team building and collaboration as a strategic tool to use, to main high ethical standards, to be responsible and accountable for the resources entrusted to the HHFDC.
- To provide the public with a clear vision of what HHFDC stands for and how the agency will impact the housing in Hawaii.

Staff now wants to come to the Board with initiative, with clarity about some of the goals and with a commitment to work with the Board. Staff does not want to just sit back and react to what the Board requests, but rather, to arrive with an attitude, with a brand, promise, attitude about the differences that they want to make. The road ahead for staff is very challenging.

The Board thanked Mr. Mitrano for his presentation and for informing the Board that staff is ready to engage with the Board.

In order to bring the Board up to speed, particularly for the new Board Members, staff was asked to provide the following information to the Board. The Board also indicated they would appreciate having the information by the next Board meeting on August 10, 2006, if at all possible:

1. HHFDC's proposed organization chart (showing filled positions and vacancies) and when will it be approved;
2. HHFDC's financial balance sheet;
3. Assets of the Corporation (buildings and property owned by the Corporation including vacant land);
4. Laundry list of HHFDC's financing tools;
5. HHFDC's processing tools and how they can be streamlined. Ms. Takahashi indicated that staff will provide the Board with HHFDC's orientation material that refers to the Corporation's position, where it is starting from and what tools that are available.
6. HHFDC's other assets and ancillary duties;
7. Existing set of financials that the Corporation has to transfer to the Hawaii Public Housing Authority, and a set of financials for the HHFDC, and when would these financials be available to the Board;
8. What HHFDC owns and operates; what the Corporation participated in as a financing conduit;
9. HHFDC's financing programs; and
10. HHFDC's projects that are in the pipeline.

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Director Larson then indicated that a major focus on the Corporation's goals and objectives is permanency. The Corporation has a 10-year buyback, but where are the affordable homes now? Also, the 20 and 30-year commitments on affordable rentals should be permanent.

Director Lawrence stated that a major issue is not only creating housing but creating housing for the future that will be there. It seems one of the reasons for our crisis is having to re-do what was done 20 or 30 years ago, especially in homeownership. The State has not been able to create an inventory that continues. The Board has to look at new answers on how to keep homeownership and the continuous supply.

Ms. Stephanie Aveiro reported that the Plantation Town Apartments Project, which will be built on State land owned by the HHFDC in Waipahu, goes before the Honolulu City Council for 201G approval. The community is absolutely in opposition of this project for various reasons.

Director Liu expressed interest in attending the Honolulu Council meeting and asked staff to inform him of the date and time of the meeting.

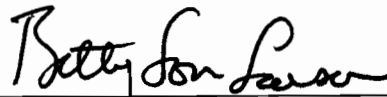
There being no further questions, Chairman King asked for a motion to adjourn the meeting.

**VII.
ADJOURNMENT**

Director Lawrence moved, seconded by Director Liu,

That the meeting be adjourned at 11:00 a.m.

The motion was unanimously carried.



BETTY LOU LARSON.
Secretary