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, AUGUST 11, 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, August 11, 2011, at 9:00 a.m.

CALL TO ORDER/ ROLL CALL

Chairman David Lawrence called the meeting to order at 9:00 a.m.

Present: Director David Lawrence, Chairman
Director Ralph Mesick, Vice Chairman
Director Michael Ng
Director Kalbert Young
Director Richard Lim
Director Francis Jung
Director Paul Kyno
Director Allan Los Banos

Executive Director Karen Seddon

Excused: Director Betty Lou Larson, Secretary

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 Patrick Inouye, Housing Finance Specialist
Byron Chock, Housing Finance Specialist
Jocelyn Iwamasa, Housing Finance Specialist
Mavis Masaki, Planner
Lisa Wond, Planner
Peter Nelson, Property Management Coordinator
Lorna Kometani, Housing Sales Coordinator
Lorraine Egusa, Budget Analyst
Kent Miyasaki, Housing Information Specialist
Esa Pablo, Secretary to the Board

Guests: Keith Kato, Hawaii Island Community Development Corporation
Alvin Wong Royal Kinau Limited Partnership
Lloyd Tom, Kilanikoa
David Billings, DBR Development
Keith Stanley, Horizon Development Consulting LLC
Craig Watase, Mark Development
Stacy Sur, Hawaii Housing Finance
Makani Maeva, Vitus
Joelle Chiu, Vitus
Kevin Carney, EAH Housing
Marian Gushiken, EAH Housing
Marvin Awaya, Pacific Housing Assistance Corporation
Patti Barber, Hawaiian Community Development Board
Lee Ann Crabbe, Queen Liliuokalani Trust
Yuko Funaki, Imanaka Kudo & Fujimoto
Kamuela Cobb Adams, Kahuku Housing Foundation

A quorum was present.

QUORUM

Director Jung moved, seconded by Director Los Banos, to approve the Meeting Minutes of July 14, 2011.

II. A. APPROVAL OF MINUTES
7/14/11 Regular Meeting

Chairman Lawrence asked that Keith Kato, with the Hawaii Island Community Development Corporation, be added to the guest attendance list of the July 14, 2011 Meeting Minutes.

The motion was unanimously approved, as amended.

III. A. DISCUSSION AND/OR DECISION MAKING
Approve (1) Resolution No. 036, Which Amends Resolution No. 020 by Increasing the Intended Issuance Amount of the Revenue Bonds and (2) a request from the Developer to Increase the Low Income Housing Tax Credit Reservation for the Hale Makana O Nanakuli Affordable Rental Project Located in Waianae, Oahu, TMK No.: (1) 8-9-002:001

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

That the HHFDC Board of Directors approve the following:

A. Increase the non-competitive (4%) Federal LIHTC reservation to $563,970 from $509,319 and increase the State LIHTC reservation to $281,985 from $254,659, as described in Sections (III)(I)(1) and (III)(J)(1).

    1. All other terms and conditions of the non-competitive (4%) Federal and State LIHTC reservation remain the same.

B. Increasing the intended issuance amount of the HMMF Bonds to $7,350,000 from $7,100,000 as described in Sections (III)(I)(2) and (III)(J)(2).

    1. All other terms and conditions of the intended issuance amount of the HMMF Bonds remain the same.

C. Amend the collateral description on the HMMF Bond as described in Sections (III)(I)(3) and (III)(J)(3).

D. 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 Hale Makana O Nanakuli (Project) consisting of 48 family units, is located in Waianae, Oahu.

Previous financial approvals made in 2009 - 2011 for the Project were noted.

Changes in the Project's architectural and design, reserves, and construction, resulted in a net increase of $387,138. Cost increases were covered through its Low Income Housing Tax Credit (LIHTC) Equity and Deferred Developer's Fee.

The Project's estimated construction key dates are as follows: construction start date in January 2012; completion of first building in September 2012; and project completion in March 2013.

Mr. Ueki opened for questions.

In response to the Board, staff noted the following:

1. In regard to the project qualifying for more permanent financing and a quicker repay on the Rental Housing Trust Fund (RHTF), staff stated that once the project's financing is finalized and the selected lender's terms are identified, staff will seek to reduce the RHTF debt wherever possible. However, with U.S. Department of Agriculture (USDA) subsidies providing money to the Project over an extended period, the HHFDC will have to adhere to requirements under the USDA Program.

2. The USDA typically reviews a project's subsidy payment on an annual basis. Any excess cash is used to pay down the RHTF loan, which is not the case for this Project.

3. Due to an erroneous inclusion of parcel (1) 8-9-002:067, the Boys and Girls Club structure (a Community Center) financed by the Weinberg Foundation, a recommended amendment to remove this parcel as part of the collateral securing the Hula Mae Multi-Family (HMMF) Bond is being sought. No units will be loss.

The motion was unanimously approved.

III. B. DISCUSSION AND/OR DECISION MAKING
Approve an Award of Federal and State Low Income Housing Tax Credits from the State's 2011 Volume Cap to Mohouli Heights Senior Neighborhood Phase I Project Located in Hilo, Hawaii, TMK No.: (3) 2-4-001:177 (portion); Kahuku Elderly Hauoli Hale Project Located in Kahuku, Oahu, TMK No.: (1) 5-6-002:003; and Imi Ikena Apartments Project Located in Wailuku, Maui, TMK No.: (2) 3-8-037: 028

Director Jung moved, seconded by Director Kyno, to approve staff's recommendation:

That the HHFDC Board of Directors approve the Award of Federal and State LIHTC to the following Projects in accordance with the QAP and subject to the conditions specified in Exhibit H of this For Action.

A. The Mohouli Heights Senior Neighborhood Phase 1 (Option 2) project.

   1. Allocation of up to $1,367,887 of annual Federal and $683,943 of annual State LIHTC to Mohouli Senior Phase 1 LLLP; subject to the terms as described in Section II, Subsection D and the following project specific conditions:

      a) The Developer's Fee, Overhead, and related costs of this project does not exceed $1,250,000.

B. The Kahuku Elderly Hauoli Hale project.

   1. Allocation of up to $886,759 of annual Federal and $443,379 of annual State LIHTC to Kahuku Elderly Partners, LP; subject to the terms as described in Section II, Subsection D and the following project specific conditions:

      a) The Developer's Fee, Overhead, and related costs of this project does not exceed $1,783,504.

C. The Imi Ikena Apartments project.

   1. Allocation of up to $827,922 of annual Federal and $413,961 of annual State LIHTC to Imi Ikena Housing Partners LLC; subject to the terms as described in Section II, Subsection D and the following project specific conditions:

      a) The Developer's Fee, Overhead, and related costs of this project does not exceed $1,080,260.

D. 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 this For Action is brought to the Board on an annual basis, awarding Low Income Housing Tax Credit (LIHTC) allocations.

The programmatic details of the LIHTC Program were noted for new Board members.

The deadline for applications requesting LIHTC from the 2011 State Volume Cap was on January 31, 2011, in which the HHFDC received 9 applications requesting $8,110,525 in LIHTC. There is only $4,623,851 in Federal and State LIHTC available for 2011.

Summary tables were cited, listing the applicants, resources requested, and points received.

All projects met the goals of the Corporation; however, based upon the limited amount of LIHTC available, the hierarchy of scoring, and project feasibility, LIHTC awards are being recommended to the Mohouli Heights Senior Option 2, Kahuku Elderly Hauoli Hale, and Imi Ikena Apartments.

The LIHTC recommendation for Mohouli Heights Senior Option 2 is higher than originally requested based on the HHFDC's evaluation of its accompanying RHTF request, proportionately reducing the amount of RHTF needed for permanent financing and correspondingly making the RHTF debt-servicing requirement more manageable.

The 2011 LIHTC Volume Cap will be depleted following the recommended awards. As such, any project that has applied and has not received a 2011 LIHTC award must reapply in an identified funding round for future LIHTC Volume Cap consideration, subject to availability.

Mr. Ueki opened for questions.

In response to the Board, staff noted the following:

1. In efforts to balance the Mohouli Heights Senior Option 2 project's inability to retire its RHTF Loan based on its original request, an increase from \$500,000 to \$1,367,887 and from \$250,000 to \$683,943 in Federal and State LIHTC were recommended, respectively.

2. Delays in awarding the 2011 Federal and State LIHTC Awards were due to pending Legislature appropriations and Board awareness and understanding of the Qualified Allocation Plan (QAP) discussed at the July 14, 2011 Board Meeting. None of the applicants is believed to be negatively impacted by the delays and were informed of the timeframe involved. The projects awarded will have 6 months to expend 10% of their total project costs and by 2013 the project must be completed and put into service.

The motion was unanimously approved.

III. C. DISCUSSION AND/OR DECISION MAKING
Adopt the Approved and Rejected List for the Rental Housing Trust Fund Project Awards for the FY2011-1 Funding Round

Director Jung moved, seconded by Vice Chairman Mesick, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

A. The Approved Project List for the FY2011-1 funding round for Project Awards, subject to the following provisions and conditions:

    1. Approval of the Approved Project List does not obligate HHFDC to make an award to any applicant on the Approved Project List;

    2. Applicants on the Approved Project List shall not construe its approval as an indication or guarantee of receiving an award or any other funding from HHFDC;

    3. HHFDC may elect to select, reject, or defer an applicant's request, if HHFDC judges such action to be in the best interest of the RHTF program;

    4. The amount of an award is subject to availability of RHTF Program funds;

5. HHFDC is not obligated to approve or fund the full amount of an applicant's request;

6. The actual form, terms, and conditions of each award shall be determined by HHFDC and is subject to negotiation between the applicant and HHFDC, and the completion of all appropriate legal documentation satisfactory to HHFDC and its legal counsel;

7. The approval of each award and the disbursement of funds is subject to the final approval by the Governor of the State of Hawaii;

8. The applicants agree to abide by all terms and conditions that may arise due to the use of public funds; and

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

Mr. Ueki presented the For Action, seeking the Board's approval of the RHTF Project Award Approved and Rejected List for Fiscal Year 2011-1.

In October 2010, the Board approved two RHTF Project Award Program Funding Rounds for Fiscal Year 2011. The RHTF FY2011-1 closed in February 2010, in which HHFDC received six applications.

The RHTF FY2011-1 applications were reviewed and consequently, all were placed on the Approved List. However, the Approved List does not obligate or guarantee that an applicant will receive funding and the Corporation may elect to select, reject, or defer an application's request based on the best interest of the RHTF Program.

Recommendations for the RHTF Project Awards and project details will be provided in separate For Actions at a future Board Meeting.

The Approved List shall remain in effect until projects on the Approved List have been awarded or a new approved list is accepted, whichever is earlier.

Mr. Ueki opened for questions.

In response to the Board, Mr. Ueki noted the following:

1. The RHTF scoring is a threshold; however, the list of points used can be made available for the Board's review.

2. The RHTF FY2011-2 was approved in June 2011, in which one application was received. It was reiterated that the current Approved List would remain in effect until the awards have been made to projects on the List or until a new approved list is accepted, whichever comes earlier.

The motion was unanimously approved.

III. D. DISCUSSION AND/OR DECISION MAKING
Approve Extension of Ground Lease for the Senior Residence at Iwilei Project, Iwilei, Oahu, Hawaii TMK No.: (1) 1-5-007:002

Director Jung moved, seconded by Vice Chairman Mesick, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following for the Senior Residence at Iwilei affordable rental housing project, in Iwilei, Oahu, Hawaii, TMK (1) 1-5-007: 002, substantially as described in this For Action:

A. Extension of the Ground Lease for the property by 20 years at \$1/year, to a total term of 75 years at \$1/year; and

B. The Executive Director shall be authorized to take all actions necessary to effectuate the purpose of this For Action;

Subject to the following:

A. Use of the HUD 202 funds for the project, unless otherwise approved by the Executive Director;

B. Approval and execution of necessary lease extension documents by the Executive Director; and

C. Compliance with all laws and rules, and such other terms and conditions as may be required by the Executive Director.

Development Section Chief Stan Fujimoto presented the For Action, stating that the Senior Residence at Iwilei (Project) is a 160-unit elderly rental on State land, located in Iwilei, Oahu.

Background information and previous approvals for the Project were noted.

On June 21, 2011, Pacific Housing Assistance Corporation (PHAC) submitted an application for U.S. Department of Housing and Urban Development (HUD) Section 202 (HUD 202) funds for 40 units at 50% and below the HUD area median income.

In order to accommodate the HUD 202 requirement of a 75-year Ground Lease term, staff is requesting that the Project's current lease term be extended from 55 years to 75 years at a nominal lease rent. As such, this request was also submitted to the Department of Land and Natural Resources (DLNR), which was approved on July 22, 2011.

Currently under review, is an updated consolidated application submitted by PHAC to the HHFDC for Hula Mae Multi-Family Bonds and 4% non-competitive Low Income Housing Tax Credits (LIHTC).

If found acceptable to its private bond lender and tax credit syndicator, the HUD 202 funds could eliminate the $5 million in Dwelling Unit Revolving Fund (DURF) permanent financing for the Project.

Mr. Fujimoto opened for questions along with Mr. Marvin Awaya, with PHAC.

In response to the Board, Mr. Awaya and Mr. Fujimoto noted the following:

1. If the Project is awarded the HUD 202 funds, the DURF permanent loan could be significantly reduced or eliminated.

2. Currently, the developer is working on supplemental information requested by HHFDC for its consolidated application submitted in July 2011 (e.g., solidifying its credits letters from its tax credit investor and underwriter, and calculating the maximum amount of tax credits the Project is eligible to receive) Furthermore, funding for the removal/relocation of utilities and drain/sewer lines for the Project is pending. Work for the building is anticipated to commence in March 2011.

3. If the Project were to be unsuccessful in its endeavors, the HHFDC would issue a new request for proposals (RFP) to recover its investments.

4. Until a final project financing plan is in place, no more money will be expended.

The motion was unanimously approved.

III. E. DISCUSSION AND/OR DECISION MAKING
Approve a Delegated Procurement Authority from the Director of the Department of Business, Economic Development and Tourism to the Executive Director of the Hawaii Housing Finance and Development Corporation for the Fiscal Year 2012

Director Jung moved, seconded by Vice Chairman Mesick, to approve staff's recommendation:

That the HHFDC Board of Directors approve the delegated procurement authority from the Director of the Department of Business, Economic and Development and Tourism to the Executive Director of the Hawaii Housing Finance and Development Corporation for the Fiscal Year 2012.

Executive Director Seddon presented the For Action, stating that approval of this delegation is done on an annual basis, which grants the Executive Director full authority of up to $500,000 from the point of developing the initial solicitation to awards and any subsequent signing of contracts, purchase orders, or agreements.

Executive Director Seddon introduced HHFDC's Procurement Specialist Krystal-Lee Tabangcura to the Board.

With no further discussion, the motion was unanimously approved.

VI. EXECUTIVE SESSION
9:40 a.m.

Chairman Lawrence asked for a motion to go into Executive Session.

Vice Chairman Mesick moved, seconded by Director Jung, to convene in 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 Kamakana Villages at Keahuolu QLT Settlement Agreement.

Director Ng was excused at 10:40 a.m.

RECONVENED & RECESSED
11:10 a.m.

The Board reconvened into Regular Session at 11:10 a.m., followed by a motion to recess, moved by Vice Chairman Mesick, seconded by Director Jung.

The motion was unanimously approved.

RECONVENED
11:15 a.m.

The Board reconvened into Regular Session at 11:15 a.m.

IV. REPORT OF THE EXECUTIVE DIRECTOR

With no questions on the Report of the Executive Director, Chairman Lawrence proceeded to the Strategic Planning Session.

V. STRATEGIC PLANNING SESSION

Vice Chairman Mesick moved, seconded by Director Jung, to approve staff's recommendation that:

Based upon full discussion during the strategic planning session of July 14, 2011 and August 11, 2011, the HHFDC Board of Directors approve the actions and items agreed upon for inclusion in the HHFDC Strategic Plan for Fiscal Year 2012.

Chief Planner Janice Takahashi facilitated session two of the HHFDC Strategic Plan, recapping topics and discussions covered at the July 14, 2011 strategic planning session, along with Mr. Ueki and Executive Director Seddon.

Points of interests were discussed and noted, as follows:

Production Goal of 5,000 Housing Units – The production goal of 5,000 new and preserved units will be kept for the new 2012 – 2016 planning period. A production of 6,300 new and preserved units are anticipated over the new 5-year period.

An updated Housing Policy Study, which presents the housing need by income groups, is in progress. Based on the 2006 Housing Policy Study, approximately 17,000 affordable rental units are needed by 2015.

Director Lim asked if there were metrics for housing development costs, specifically to ascertain whether costs are reasonable. Ms. Takahashi indicated that staff has gathered information on the total and per unit development costs for all Low Income Housing Tax Credit (LIHTC) projects, but not yet by buildable area (i.e., per square foot). There are however, many variables that come into play including project location, infrastructure availability, type of construction, and amenities.

In response to Vice Chairman Mesick's question on what metrics other housing agencies use, Executive Director Seddon noted that the majority of Housing Financing Agencies rely on their own historical costs due to the variances in numbers projected in the reports of the U.S. Department of Housing and Urban Development (HUD).

The Board asked that staff include in the For Actions, additional project information and justification on project costs to assist in the decision-making process.

Are Changes to the Qualified Allocation Plan (QAP) necessary? – The QAP sets forth criteria to evaluate and allocate LIHTCs. There are 20 separate, but interrelated, criteria that are assigned a range of points totaling 90 points. Grouping criteria by priority area, the highest priorities are financial/operating structure, project feasibility, the level of affordability, construction readiness, and length of affordability. With respect to the length of affordability, LIHTC projects are required to be affordable for 30 years. Scoring ranges from 0 points for projects that meet the 30-year threshold to 10 points for projects that exceed the threshold by 46+ years (i.e., affordable for 61+ years). There has been much discussion on requiring affordability in perpetuity. Chair Lawrence acknowledged the many times the issue was discussed by the Board and indicated that the major concern was the impact on project feasibility. The board members concurred that perpetual affordability should not be required.

In the area of energy efficiency and sustainability, staff is looking to increase the number of points provided for energy features included within a project. Board members confirmed their support.

Director Larson's proposal is to provide an incentive, by adding 2 or 3 points, for developers that are willing to partner with transitional housing programs and provide housing for appropriate families coming out of homelessness. As suggested by Director Larson, developers would participate in the City and County of Honolulu's (City's) Ready-to-Rent Certificate Program, waiving the credit score checking process for certified families coming out of homelessness. This proposed criterion was suggested to be included in Criterion 5, at the July 14, 2011 Board Meeting.

If staff were to amend the QAP to include the proposed criterion, it would need to be broadened so that all counties (not just Honolulu) could participate.

It was questioned on whether or not this income group would fall within the responsibility of the Corporation. Director Lim stated that from the State's perspective, because the HHFDC is an advocate of mixed-income housing, he believes it does. However, such a program becomes complicated in terms of providing the supportive services needed and suggested that only a percentage of the Corporation's projects promote these types of mixed-income rather than requiring all the Counties to participate.

Staff cautioned the Board that additional points may skew the importance of priority and categories. It was noted that the necessary adjustments, based on the Board's discussions at both the July 14 and August 11 Board Meetings, would be made and brought back to the Board for final review before going through the public hearing process.

Assess Financial Risk in the Dwelling Unit Revolving Fund (DURF) – DURF is a major asset of the HHFDC, representing approximately 23% of a billion dollars in total assets. Outstanding DURF interim loans are estimated at approximately $125 million. Informational DURF charts were distributed to the Board.

Ms. Takahashi noted that last year, Chair Lawrence appointed a DURF Subcommittee for the purpose of recommending guidelines for making loans to ensure alignment with HHFDC goals in order to secure the long-term stability of HHFDC programs. The subcommittee met once and has more work to do. Chairman Lawrence appointed Director Young to the DURF Subcommittee, replacing Director Kawamura (who is no longer on the Board).

Director Lim suggested that the DURF Subcommittee strongly consider reviewing the following: (1) policies and procedures, ensuring that adequate controls and risk management systems are in place; (2) the portfolio structure in terms of composition and risk; (3) loan documents, ensuring adequate control and policies in place to monitor those controls; and (4) look at how the Corporation projects its DURF cash flows and reserves to know how much is outstanding and how much it will get back at anytime.

The DURF Subcommittee will have 3 months to complete its study and report its findings.

Create More Public-Private Partnerships (P3) – HHFDC owns 9 rental housing projects because they are either assets of DURF or financed through the sale of tax-exempt revenue bonds under the Rental Housing System. Staff is looking to dispose of some of the projects, such as the Kamaaina Hale (lease to expire in 2016), and Nani O Puna and Kekuilani Gardens (which are USDA-Rural Development assisted projects). Neighbor island projects such as Lailani (Kona) and Honokowai Kauhale (Maui) are also under consideration. HHFDC would lease the projects, in order for the state to retain ownership of the land.

Director Lim suggested that, because HHFDC does not have the infrastructure to own and manage the projects, they could be bundled and sold under P3.

Additional Rental Assistance Program Subsidy Commitments – RAP provides project-based rental assistance subsidies of about $175 to $250 per month for 13 projects. There are 1,602 units in those projects, but RAP is only provided for about 1,200 units. The estimated value of the RAP contracts is approximately $49 million. There is a cash balance of $13 million to make rental assistance payments. The maximum RAP liability is about $2.8 million a year, but based on current spending, HHFDC pays out about $1.4 million a year.

In 1996 and 2002, a total of $19.5 million in RAP funds were transferred to help balance the State's Budget with understanding that the HHFDC will need to seek additional funding from the Legislature.

The RAP funds are currently recapitalized through interest earned on the RARF. The RAP is a shallow rent subsidy and very productive in moving people to the next level. There is room to make additional RAP commitments and staff will explore its RAP options further.

Interaction with Other Housing Entities - HPHA has approximately 72 projects consisting of 6,600 total units - 61 projects or 4,700 units are federally subsidized and 11 projects or 860 units do not receive subsidies.

The City and County of Honolulu (City) has 12 projects, totaling approximately 1,200 units in various areas, primarily in Downtown Honolulu. The City is looking to sell their inventory and keep it affordable.

With the privatization of Kuhio Park Terrace, HHFDC's role was to provide about $66 million in multi-family bond proceeds and non-volume cap LIHTCs.

Director Lim stated that he believes the HHFDC should take a leadership role in the P3 concept, as it brings much needed skills, talent, expertise, and experience to the table. Therefore, he encouraged further involvement with other housing entities, foreseeing a much bigger role for the agency.

Executive Director Seddon stated that the competitive nature for the Corporation's resources should remain to ensure that those funds are used in the best way possible. However, staff could work with the HPHA on its Request for Proposal (RFP) process.

The HHFDC received approximately $500 million in bond authority; with project commitments bring the total down to about $88 million. There is a State volume cap of approximately $270 - $280 million that is received per year, half of which is allocated to the Counties, with no dedicated source going to housing. The HHFDC will need to go to the Legislature for additional bond authority next session. The amount needed is yet to be determined.

The State receives approximately $3 million in federal HOME funds on an annual basis, which is currently being equally allocated to the neighbor island Counties of Hawaii, Kauai, and Maui. Given the cost of development, the counties typically have to save several allocations of HOME funds to have enough monies to have a viable project. As such, HHFDC often receives "red flags" because the HOME monies are not spent quickly enough. Additionally, Congress is increasing its scrutiny on the performance of the HOME program. As such, staff is looking at changing the way HOME funds are allocated to the counties.

It was suggested that the HOME funds be made competitive and allocated to the best proposal. Mr. Ueki stated that although the HOME funds received are not required to be allocated to each County, these funds are somewhat dependent upon by the Counties and such sudden change would be drastic. Staff will come back to the Board with a recommendation.

Ms. Takahashi recapped the discussions of the Board Meeting and opened for additional discussion by the Board.

Director Lim asked that a metrics system be put in process to evaluate the Corporation's performance.

With no further discussion, the motion was unanimously approved.

VII. ADJOURNMENT

Director Young moved, seconded by Vice Chairman Mesick, to adjourn the meeting at 12:20 p.m.

Betty Lou Larson

BETTY LOU LARSON
Secretary