

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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, MAY 14, 2009  
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, May 14, 2009, at 9:00 a.m.

Secretary Betty Lou Larson, Acting Chair, called the meeting to order at 9:03 a.m.

**CALL TO  
ORDER/  
ROLL CALL**

Present: Director Betty Lou Larson, Secretary  
Director Linda Smith  
Designee Mark Anderson for Director Theodore E. Liu  
Director Ralph Mesick  
Director Francis Jung  
Director Allan Los Banos

Executive Director Karen Seddon

Excused: Director Charles King, Chairman  
Director David Lawrence, Vice Chairman  
Director Georgina Kawamura  
Director Theodore E. Liu

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  
Edward Sunada, Fiscal Manager  
Stan Fujimoto, Development Section Chief  
Kent Miyasaki, Housing Information Specialist  
Lisa Wond, Planner  
Esa Pablo, Secretary to the Board

Guests: Ron Lee, Makana  
Jesse Wu, Stanford Carr Development  
Pam Witty-Oakland, St. Francis  
Gary Furuta, GSF

Acting Chair Larson declared a quorum present, noting that Designee Mark Anderson is present on behalf of Director Theodore Liu and thanked Director Francis Jung for attending.

**QUORUM**

Director Mesick moved, seconded by Director Smith, to approve the Regular Meeting Minutes of April 9, 2009, with the following amendment:

Page 226, first paragraph of agenda item III.F. to read as follows:  
“Director Lawrence moved, seconded by Director Jung, to approve staff’s recommendation: . . .”

**II. A.  
APPROVAL  
OF MINUTES**  
4/9/09  
Regular  
Meeting

The motion was unanimously approved, as amended.

Acting Chair Larson asked that the approval of the May 4, 2009 Special/ Executive Session meeting minutes be taken up in Executive Session and proceeded to Item III. A.

**II. B.  
APPROVAL  
OF MINUTES**  
5/4/09  
Special

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

That the HHFDC Board of Directors approve the following:

- A. Extend the Loan and Grant Letters of Intent dated October 16, 2007 for the Hale Mohalu II project through October 31, 2009, subject to the requirements as set forth in the For Action dated October 11, 2007.
- 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 Hale Mohalu II project (Project) is located in Pearl City, Oahu, consisting of 164 elderly units.

In October 2007, the Board approved: (1) a \$17 million Rental Housing Trust Fund Project Award (Project Award) to the Hale Mohalu II Senior, LP (Partnership); (2) \$1,587,656 in Federal Low Income Housing Tax Credits (LIHTC) and \$793,828 in State LIHTC; and (3) an allocation of up to \$30 million in Hula Mae Multi-Family (HMMF) Bonds.

Mr. Ueki noted a correction to the Project's estimated construction timeline's Foundation/Grading Permit to be anticipated in August 2009.

The HHFDC staff has evaluated the Partnership's request for an extension based on: (1) Site Control - the Partnership has site control; (2) Zoning Approvals - Finding of No Significant Impact (FONSI) was published in January 2008 and continues to work with the City and County of Honolulu's Department of Planning and Permitting (DPP) for approval of zoning exemptions under 201H, HRS, grading, foundation, and building permits; and (3) Financing Commitments - continues to work with Central Pacific Bank on the private placement of up to \$30 million in HMMF Bonds and with Hawaii Housing Finance LLC for the syndication of the LIHTC.

Mr. Ueki opened for questions, along with Mr. Gary Furuta, on behalf of the Partnership.

Director Smith inquired on the reasoning for the delay in the DPP's expedited process. Mr. Furuta explained that the City and County's DPP process is very tedious, entailing specific conditions to be met before proceeding. The approval process of a master plan takes a lot longer than a single building-type project.

Acting Chair Larson inquired on a subdivision option. Mr. Furuta stated that the subdivision process is anticipated to take just as long. However, on the positive side of doing a master plan project is that once the approvals are received, the various phases are ready to go at a moment's notice.

Director Smith commented that the regulations of the 201H application process be looked at and amended accordingly in efforts of expediting the DPP process further.

Acting Chair Larson inquired on the Project's anticipated completion date and requested that the completion date be added to the Project Information of future "For Actions." Mr. Furuta stated that the Project's completion date is anticipated to be in 2010 - 2011.

The motion was unanimously approved.

**III. A.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**

Approve an Extension to the Rental Housing Trust Fund Letter of Intent for the Hale Mohalu II Project Located in Pearl City, Oahu, TMK No.: (1) 9-7-019: 035.

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

That the HHFDC Board of Directors approves the following:

- A. Increase and amend the RHTF Project Award as described in section III (I).
- B. Increase the LOI expiration date to December 31, 2009 as noted in section III (I).
- C. 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 Franciscan Vistas Ewa project (Project) is located in Ewa Beach, Oahu, consisting of 150-elderly units.

Mr. Ueki noted that the Project is requesting an additional \$2.8 million be added to its existing RHTF award of \$11 million and will be consolidated to close as one loan. Therefore, staff is requesting an extension to the expiration date of the existing loan to accommodate the term of the additional RHTF amount request.

Mr. Ueki noted that a correction be made to the RHTF balance on page 3, second paragraph, to be approximately \$800,000.

The Project has been negatively impacted by the unprecedented deterioration of the tax credit market. As such, the St. Francis Development Corporation (Applicant) anticipates a blended yield of \$0.74, receiving approximately \$1.1 million less in its tax credit equity.

Despite these negative impacts of the financial market, the Applicant has been able to adjust the Project's overall budget cost by \$2.2 million. Although the updated budget shows an increase in the Project's construction cost, the Applicant has modified the site work cost allocation to other areas of the Project.

Staff recommends the following amendment to the existing RHTF Project Award:

- 1. Increase the loan amount from \$11 million to \$13.8 million.
- 2. Reduce the loan amount accordingly should the Applicant receive approval for additional grants from the HOME and/or CDBG.
- 3. Reduce the interest rate to 1.00% starting from year 2.5 through the maturity of this loan at year 42.5.
- 4. All other loan terms and conditions will remain the same.
- 5. Subject to the availability of funds.

Mr. Ueki opened for questions, along with Ms. Pam Witty-Oakland, on behalf of the Developer, and Mr. Jesse Wu, Stanford Carr Development.

In response to Director Mesick, Ms. Witty-Oakland confirmed that the Bank of Hawaii no longer provides financing for the Project.

Director Smith inquired on the Legislative infusion to the RHTF, asking if it was \$15 million per year over the biennium. Mr. Ueki clarified that the \$30 million would be infused in the upcoming fiscal year (\$30 million in FY2010 and \$0 in FY2011). As such, the infused funds would be fully available for allocation in the upcoming fiscal year.

**III. B.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**

Approve: (1) An Increase to the Rental Housing Trust Fund Project Award; and (2) An Extension to the Rental Housing Trust Fund Letter of Intent for the Franciscan Vistas Ewa Project Located in Ewa Beach Oahu, TMK No.: (1) 9-1-126: 009 (portion).

Acting Chair Larson inquired about the status of the RHTF's collections from the conveyance tax. Mr. Ueki stated that average collections have substantially fallen to a little under \$500,000 per month. Acting Chair Larson asked if this amount takes into account the change in the RHTF's share of the conveyance tax. Mr. Ueki responded that RHTF's share of the conveyance tax will fall to 25% from 30% and he has not calculated its impact on projected collections. Mr. Ueki stated that the RHTF currently collects about \$5 to \$6 million per year; a rough estimate is a \$1 million decline in annual collections.

In response to Director Smith, Mr. Wu introduced himself, offering an apology on behalf of Mr. Stanford Carr, that he could not be in attendance. Mr. Wu reported that a request of \$1.3 million was made to the Federal Home Loan Bank in Seattle and the Project was placed as a first alternate. However as first alternate, the Project was told it would not receive funding in 2009, pushing back the Project's timeline. Therefore, a \$2.8 million RHTF funding request was placed as an alternative option, pending approval of the HOME and CDBG funds. Ms. Witty-Oakland added that in order for the Project to receive additional funding through the ARRA Stimulus a new application would need to be submitted.

In response to Director Smith, Mr. Wu explained that the limited partnership is the tax credit investor, who is the owner entity of the Capital Account. The 13-year term acts as a margin to mitigate the issues of operating cost increases due to the tax credit market.

Acting Chair Larson inquired on the projected completion date. Mr. Wu stated that the proposed project completion date would remain in 2011.

The motion was unanimously approved.

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

That the HHFDC Board of Directors approve the dedication of necessary rights-of-way and easement(s) over a portion of the Kamakana Villages at Keahuolu Project in Keahuolu, Kailua-Kona, Hawaii, TMK (3) 7-4-021: 020, to the Department of Public Works, County of Hawaii, for the Ane Keohokalole Highway project, aka Midlevel Road project, substantially as discussed in this For Action, and authorize the Executive Director to take all actions necessary to effectuate the purpose of this For Action.

Development Project Manager Stan Fujimoto presented the For Action, stating that the Ane Keohokalole Highway (Midlevel Road) is a proposed 4-lane highway project in Kona, Hawaii, which would provide several accesses to the proposed Kamakana Villages at Keahuolu project (Kamakana Project).

In February 2009, the County of Hawaii (County) announced that it received a commitment of \$35 million in federal stimulus funds for the construction of Phase I of the Midlevel Road, which would be a 2-lane highway that runs from Palani Road to the Kealakehe High School.

In order to use the stimulus funds for the Midlevel Road project, an Environmental Assessment, plans and specifications, conveyance of necessary rights-of-way titles and easements to the County, and advertisement for bidding, would all need to be completed by October 1, 2009.

The rights-of-way for the Midlevel Road are essentially on the property of the Queen Liliuokalani Trust (QLT); however, the County proposes to include roundabouts at two intersections at the Kamakana Project, which will require additional rights-of-way from the Kamakana Project.

Pursuant to Senate Bill 1677 pending before the legislature, the conveyance of State land in fee simple will be subject to the disapproval of both houses of the

**III. C.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**

Approve the Conveyance of Rights-of-Way and Easement(s) to the County of Hawaii for the Ane Keohokalole Highway, aka Midlevel Road, at the Kamakana Villages at Keahuolu Project Located in Kailua-Kona, Hawaii, TMK No.: (3) 7-4-021: 020.

legislature, subsequent to an appraisal and community meeting. Therefore, staff is looking to convey the proposed roundabouts by easement in order to meet the October 1, 2009 bidding deadline.

Due to a second archeological study done by QLT, the Federal Highway Administration is monitoring the Midlevel Road project to determine whether it will be able to proceed with the federal stimulus funds.

With the assumption that the Midlevel Road project will proceed, this For Action seeks the approval for the dedication of rights-of-way and/or easements over the Kamakana Project necessary for the Midlevel Road project.

Mr. Fujimoto opened for questions.

Director Jung commented that the Midlevel Road is necessary and very much needed in West Hawaii, mitigating traffic problems and creating jobs for people of the community.

Director Jung inquired on the archeological study done by QLT. Mr. Fujimoto stated that the QLT had hired another archeological consultant, which differed in archeological findings of the original study completed by Archeologist Rosenthal.

Director Los Banos inquired on the original archeological findings. Mr. Fujimoto responded that the original study had identified certain preserves, with the subsequent study finding traces of burials. Executive Director Karen Seddon clarified that the evidence found in the original study were of house sites and terraces.

Director Los Banos inquired on redirecting the location of the Midlevel Road. Executive Director Seddon responded that the archeological issues affect the entire area around the Henry Street tie-in. Mr. Fujimoto added that the project engineers are looking at all options possible.

Director Jung stated that he plans to work with the County of Hawaii on behalf of this Board, in pursuing its efforts on the Midlevel Road project.

Director Smith inquired on State funding for the Midlevel Road. Mr. Fujimoto stated that \$15 million in CIP was approved; however, the method of financing is revenue bonds.

Director Smith clarified for the record, that the request before the Board is an approval of the rights-of-ways by means of fee simple or easement for the Midlevel Road project. Mr. Fujimoto concurred.

Acting Chair Larson inquired on whether the roundabouts could be conveyed in fee simple as remnant parcels under SB1677. Mr. Fujimoto stated that the roundabout rights-of-way might be considered remnants. Executive Director Seddon clarified that the request before the Board provides staff an option.

Director Jung asked to consult with counsel in Executive Session at the end of the meeting regarding questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities relating to ceded lands.

The motion was unanimously approved.

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

That the HHFDC Board of Directors:

- A. Approve the Substantial Amendment to the State of Hawaii's Consolidated Plan, 2008 Action Plan for the Hawaii Public Housing

**III. D.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**

Approve a Substantial Amendment to the

Authority's Homelessness Prevention and Rapid Re-Housing Program;  
and

- B. Authorize the Executive Director to undertake all tasks necessary to submit the Substantial Amendment to HUD by May 18, 2009.

Planner Lisa Wond presented the For Action, which seeks an approval of a substantial amendment to the State of Hawaii's Consolidated Plan, 2008 Action Plan (Substantial Amendment) for the Hawaii Public Housing Authority's (HPHA) Homelessness Prevention and Rapid Re-Housing Program (HPRRP).

Under the American Recovery and Reinvestment Act of 2009 (Act), HPHA is eligible to receive \$2,166,888 for the Counties of Hawaii, Kauai, and Maui (Counties), with the City and County of Honolulu being eligible to receive its own allocation of program funds.

The HPHA plans to use the HPRRP funds to assist populations facing housing instability by providing rental assistance, housing relocation and stabilization services, data collection and evaluation, and administrative costs related to services provided. All funds must benefit households with incomes at or below 50% of the U.S. Department of Housing and Urban Development's (HUD) area median income.

In collaboration with the Continuum of Care for the Counties, a Request for Information was issued in search of qualified organizations to provide these homelessness prevention and rapid re-housing services. Applications were reviewed and evaluated based upon the requirements of the HPRRP program and the following nonprofit organizations were selected to receive HPRRP funding: Office for Social Ministry, Kauai Economic Opportunity, YWCA of Kauai, Family Life Center, Maui Economic Concerns of the Community, Maui Economic Opportunity, Women Helping Women, Legal Aid Society of Hawaii, and Maui AIDS Foundation.

If this For Action is approved, the Substantial Amendment will be submitted to HUD by May 18, 2009.

Ms. Wond noted that copies of the Substantial Amendment are available for the Board's review and opened for questions.

In response to Director Smith, Ms. Wond stated that the Substantial Amendment is a form established by HUD, which provides details on the HPHA's process of requesting information, public comment, funding amounts, and proposed uses of those funds.

In response to Director Smith, Ms. Wond stated that the HPHA staff has indicated that the selected organizations were brought to the HPHA Board on two separate occasions.

Director Smith asked that action on this Item be deferred to later in the meeting for further discussion.

Acting Chair Larson inquired on the May 18, 2009 deadline and impacts on the HPRRP funds if the deadline is not met. Ms. Wond stated that HUD established a 60-day notice from the published date of March 18, 2009. Failure to meet this deadline would result in the HPHA losing its eligibility for the HPRRP funding.

Designee Anderson commented that the ARRA process is a challenging one that includes quarterly reports between involved agencies and organizations, and therefore, should be a deciding factor in the selection of the service providers.

Ms. Wond reported that the HPHA will be the receiver of the HPRRP funds and will prepare its existing IDIS system in order to accommodate the tracking

Consolidated Plan's  
2008 Action Plan for  
the Hawaii Public  
Housing Authority's  
Homelessness  
Prevention and Rapid  
Re-Housing Program.

requirements of the HPRRP funds.

Acting Chair stated that action on this Item will be deferred to later in the meeting and proceeded to Item III. E.

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

That the HHFDC Board of Directors:

- A. Approve the State of Hawaii's Consolidated Plan, Action Plan for Program Year 2009-2010; and
- B. Authorize the Executive Director to undertake all tasks necessary to submit and implement the Action Plan.

Ms. Wond presented the For Action, which seeks the Board's approval on the State of Hawaii's Consolidated Plan (Consolidated Plan), Action Plan for Program Year 2009 - 2010. The State's Action Plan for Program Year 2009 - 2010 (Action Plan) is part of a 5-year strategic plan that identifies general housing goals and objectives, and is used as a planning tool in determining how the U.S. Department of Housing and Urban Development (HUD) federal funds will be distributed and invested during the program year under the HOME Investment Partnership (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs.

The HHFDC administers the HOME program, while the HPHA administers the ESG and HOPWA programs.

The HHFDC anticipates receiving \$3,035,377 in HOME funds for Program Year 2009 - 2010, which will be equally allocated between the Counties of Hawaii, Kauai, and Maui (Counties), of which \$45,000 of the allocated amount will be retained with HHFDC as an administrative fee.

The City and County of Honolulu receives its own annual allocation of HOME, ESG, and HOPWA funding from HUD.

The HPHA anticipates receiving \$232,299 for the ESG program and \$168,039 for the HOPWA program.

Ms. Wond reported on state's objectives and the Counties' proposed activities and uses of the HOME, ESG, and HOPWA program funds.

The HHFDC anticipates submitting the Action Plan by the May 15, 2009 HUD deadline.

Ms. Wond reiterated staff's recommendation and opened for questions.

Director Los Banos noted that pages 2 and 4 were missing from the For Action.

While revised copies of the For Action were being made, the Board discussed the following:

- In response to Director Smith, Ms. Wond concurred that this would be the last program year of the 5-year strategic plan.
- In response to Acting Chair Larson, Executive Director Seddon stated that the accomplishments of the Agency are reported annually at Strategic Planning Board meetings.
- In response to Director Smith, Executive Director Seddon stated that the new fiscal year starts in July and the Strategic Planning Board meeting will

**III. E.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**

Approve the State of Hawaii Consolidated Plan, Action Plan for Program Year 2009-2010.

likely be held in August.

Copies of the revised For Action were distributed and circulated.

With no further questions, the motion was unanimously approved.

Acting Chair Larson asked for a motion to recess.

Director Jung moved, seconded by Director Los Banos, to recess the meeting at 10:15 a.m.

Acting Chair Larson reconvened in regular session at 10:37 a.m. and reverted to Item III. D.

Director Smith reported that in discussion with the HPHA staff, there was an informational item on additional funds received and a proposed process; however, the HPHA Board has not yet taken action to approve the nonprofit organizations selected to receive HPRRP funding. The HPHA staff anticipates requesting board approval in June 2009.

Director Smith stated for the record a proviso that the HHFDC was not involved in the procurement or selection of the previously mentioned nonprofit organizations.

The motion was unanimously approved.

Acting Chair Larson opened for questions on the Report of the Executive Director.

Director Smith inquired on the HHFDC Program Resources report (Major Programs); Exhibit A. Chief Planner Janice Takahashi responded that Senate Bill (SB) 884 is anticipated to transfer \$20 million from the Housing Finance Revolving Fund (HFRF) into the General Fund. Finance Manager Darren Ueki added that the HFRF is not considered a major program resource of HHFDC. However, this fund was established to assist smaller programs like the Mortgage Credit Certificate program, Low Income Housing Tax Credit program, and other appropriated boutique programs of the Legislature, such as the Pineapple Workers and Waialua Sugar programs, with a HFRF balance of approximately \$2 to \$3 million.

Director Smith inquired on the Legislature's plan in obtaining \$20 million from the HFRF. Mr. Ueki stated that he believed the intent of the Legislature was to obtain that amount from the Hula Mae Single-Family program rather than the HFRF. However, that issue is currently being addressed between the Department of Budget and Finance and the Legislature.

In response to Acting Chair Larson, Mr. Ueki stated that existing financial commitments within the HFRF will not be harmed by this legislative decision.

Acting Chair Larson inquired on the Development Branch Status Report, page 6, the \$33 million request for the Senior Residence of Iwilei. Executive Director Seddon stated that the \$33 million was not included in the final legislative budget. However, Mr. Marvin Awaya, developer of the project, stated that he plans to reorganize and seek other funding sources, with the Neighborhood Stabilization Program as a possible option.

In response to the Board, Mr. Ueki provided a brief rundown on the Tax Credit Assistance Program (TCAP) and the Low Income Housing Tax Credit (LIHTC) Exchange Program (Exchange Program) under the American Recovery and Reinvestment Act of 2009 (ARRA), reporting the following:

- Under the TCAP, the HHFDC is eligible to receive up to \$9.8 million for

**IV.  
REPORT  
OF THE  
EXECUTIVE  
DIRECTOR**



filling financial gaps in projects that have existing commitments for both 4% or 9% federal Low Income Housing Tax Credits (LIHTC). Awarding procedures on these competitive funds are to be determined.

- Due to the time constraints of the program, the HHFDC is seeking projects that: (1) are shovel-ready; (2) have current commitments of LIHTC in-hand; (3) meet federal environmental requirements; and (4) have experience in federal programs' procedures and requirements.
- Anticipated deadlines: (1) June 3, 2009 - application submission to the Federal Government to participate in program; (2) July or August 2009 - awarding of funds; (3) February 16, 2011 - 75% of the funds to be expended; and (4) February 16, 2012 - 100% of the funds to be expended.
- In the event there are remaining TCAP funds available, a second funding round will take place, allowing remaining projects from the 2009 pool the opportunity to utilize those monies.
- Under the Exchange Program, eligible projects are able to exchange their 2007 - 2008 awarded LIHTC for tax credits at a rate of 85 cents on the dollar, regardless of the current rate of the market. However, tax credits purchased in 2009 will be subject to only exchanging 40% of their tax credits to the 85 cents on the dollar rate, with the remaining 60% of the tax credits to abide by the terms of the traditional LIHTC program.

In response to Acting Chair Larson, Mr. Ueki clarified that the terms of the traditional LIHTC program would include the process of awarding the tax credits and finding a syndicator who will then seek an investor to purchase those credits at an established price.

In response to Designee Anderson, Mr. Ueki stated that only in the event that a project is persistently unable to find an investor for the exchange credits, the developer is able to evoke the use of the Exchange Program.

Mr. Ueki commented that he believes the ARRA programs to serve a dual purpose on a short-term basis in assisting with the development of affordable projects as well as stimulating the economy.

In response to Acting Chair Larson, Mr. Ueki stated that both the TCAP and Exchange programs would alleviate pressure on previously awarded projects for gap financing from the Rental Housing Trust Fund (RHTF), thus supplying leverage for the HHFDC to proceed in providing gap financing for new potential projects.

In response to Director Mesick, Mr. Ueki stated that although there is no formal supporting program in place, the HHFDC does disclose information on available federal funding programs to participating developers and nonprofit organizations that may not apply to this Agency.

Designee Anderson commended Executive Director Seddon for being on top of the provisions of the ARRA, noting that she has composed a comprehensive presentation on housing opportunities under this federal stimulus package and perhaps something that should be provided to the Board to review. Furthermore, with the Hawaii Public Housing Authority (HPHA) also receiving funding from this federal investment, a comparison report on the assistance provided to both housing entities may be of interest.

Designee Anderson commented that at a meeting held at the Washington D.C.'s Treasury Department, which Director Smith also attended, he learned of various types of taxable bonds that the Government plans to issue, that would reimburse up to 100% of the interest cost to the issuer of the bonds and may be a possible option to look into.

Mr. Ueki noted that other entities have also contributed in the HHFDC's efforts of seeking beneficial housing opportunities, such as, but not limited to, the Agency's Bond Counsel, National Council of State Housing Agencies, Novogradac, and the California Tax Credit Allocation Office.

Acting Chair Larson commended Mr. Ueki and the HHFDC staff for staying on top of available housing opportunities and its creative efforts in assisting existing projects to proceed.

Executive Director Seddon commended staff and Designee Anderson in all their hard work and input on a very complex curriculum. However, although it is nice to have transparency and accountability under the ARRA, the required reporting process will contribute to some financial challenges that will need to be addressed. Mr. Ueki added that programs under the ARRA do not provide administrative overhead costs.

Designee Anderson noted that there are some guidance issued by the Office of Management and Budget that allows for some administrative overhead costs for states that administer the stimulus package and within each funding stream.

Director Jung inquired on the Board's powers in terms of SB1677, which would require a two-thirds disapproval vote of the legislature in order to adopt a concurrent resolution to sell or give away certain public lands.

Acting Chair Larson asked that the Board continue with staff's legislation report followed by Executive Session to address inquires on SB1677.

Ms. Takahashi reported on the following housing-related Legislative Bills:

- HB200, infuses a total of \$20 million in CIP monies for DURF for fiscal years 2010 - 2011 (\$10 million per fiscal year); \$30 million for the RHTF in fiscal year 2010 only; and \$0 for the Senior Residence of Iwilei Project (\$33 million request was denied).

In response to Director Smith, Ms. Takahashi stated that the RHTF would not receive additional funding in fiscal year 2011.

In response to Director Smith, Ms. Takahashi clarified that no positions were lost; however, there were two positions transferred within DBEDT.

Passed Administrative Bills:

- House Bill (HB) 1045, allows necessary housekeeping amendments to Chapter 201H, HRS and authorizes HHFDC to impose service fees to recover program expenses.
- SB862, enables HHFDC to collect the value of shared appreciation equity and other restrictions when an affordable housing property is publicly sold through a non-judicial foreclosure and clarifies that such restrictions are priority liens.
- SB884, Act 38, allows the collection of interest earnings from investments obtained from various special and revolving funds including HHFDC's DURF, Rental Assistance Revolving Fund (RARF), and HFRF to be transferred to the State's General Fund until June 30, 2015. This bill also transfers \$600,000 in "excess" funds from DURF and \$20 million from HFRF to the General Fund.

Acting Chair Larson commended staff for utilizing the DURF funds for the development of affordable communities. Executive Director Seddon stated that the Board has been a vital part of that process.

- SCR87, allows the HHFDC to convene a Task Force to review the City and Counties' 201H-38 expedited process for affordable housing projects.

Director Smith commended Ms. Takahashi on her willingness to facilitate that Task Force.

Acting Chair Larson inquired on HCR0063, pertaining to the Kukui Gardens Affordable Housing project. Ms. Takahashi stated that the Kukui Gardens project is one that has been stalled by its inability to find an investor for its State LIHTC. Therefore, the Kukui Gardens project has been placed on a list with other projects that are eligible for TCAP funding.

With no further questions, Acting Chair Larson asked for a motion to move into Executive Session.

Director Jung moved, seconded by Director Mesick, to move into Executive Session, pursuant to Section 92-5(a)(4), HRS, to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities regarding SB1677.

The motion was unanimously approved and the Board proceeded into Executive Session at 11:12 a.m.

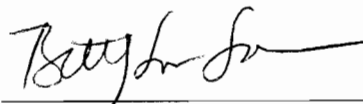
Acting Chair Larson reconvened the meeting in Regular Session at 12:09 a.m.

Director Mesick moved, seconded by Director Los Banos to approve the May 4, 2009 Special and Executive Session minutes.

The motion was unanimously approved.

Director Mesick moved, seconded by Director Los Banos to adjourn the meeting at 12:11 p.m.

The motion was unanimously approved.



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BETTY LOU LARSON  
Secretary

**V.  
ADJOURNMENT**