

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, SEPTEMBER 10, 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, September 10, 2009, at 9:00 a.m.

Chairman Charles King called the meeting to order at 9:00 a.m.

**CALL TO
ORDER/
ROLL CALL**

Present: Director Charles King, Chairman
Director David A. Lawrence, Vice Chairman
Director Betty Lou Larson, Secretary
Director Linda Smith
Director Francis Jung
Director Alan Los Banos

Executive Director Karen Seddon

Excused: Director Theodore E. Liu
Director Ralph Mesick

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
Stan Fujimoto, Development Section Chief
Cynthia Okubo, Acting Asset Manager
Patrick Inouye, Housing Finance Specialist
Byron Chock, Housing Finance Specialist
Jocelyn Iwamasa, Housing Finance Specialist
Esa Pablo, Secretary to the Board

Guests: Mike Condry, Micon Real Estate
Sarah VanDeVanter, Micon Real Estate
Jonathan Kwan, Urban Housing Community
Miguel Saenz, Urban Housing Community
Kalei Kini, Department of Budget and Finance
Jon Wallenstrom, Forest City
Race Randle, Forest City
Stanford Carr, Stanford Carr Development
Jesse Wu, Stanford Carr Development
Jeffery Minter, Halekauwila Place Partners
Gary Furuta, Hawaii Housing Development Corporation
Jeff Furuta, Hawaii Housing Development Corporation
Glenn Okino, Hawaii Housing Development Corporation
Craig Watase, Mark Development
Makani Maeva, Pacific Housing Advisory
Delene Osorio, Big Island Housing Foundation

Chairman King noted a quorum present.

QUORUM

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Director Jung moved, seconded by Director Los Banos, to approve the Regular Meeting Minutes of August 13, 2009.

The motion was unanimously approved.

Director Jung moved, seconded by Director Smith, to approve the Executive Session Minutes of August 13, 2009.

The motion was unanimously approved.

Development Section Chief Stan Fujimoto presented the For Information, providing background information on the 2206-unit Kamakana Villages at Keahuolu (Project), located in Kona, Hawaii.

Mr. Fujimoto introduced the members from the Forest City Hawaii Residences Inc. (Forest City) team, Mr. Jon Wallenstrom and Mr. Race Randle.

Mr. Wallenstrom introduced himself to the Board, stating that this is the first steps towards a rather large development.

A slide handout on the Project was distributed to the Board members.

Mr. Randle thanked staff for all their help and support on the project and provided an update, reporting on: (1) the Project's schedule status; (2) incorporated public input in the development of its concept plan; (3) infrastructure status; (4) key budget issues; (5) Community Development Plan (CDP) impacts; and (6) regional development.

In response to Director Jung, Mr. Randle stated that the plan is to tie into the County's sewer lines in addition to its proposed cost sharing agreements on water and electrical connections with neighboring properties in efforts to further reduce project costs. Furthermore, Forest City will also be seeking variances through the 201H process to reduce fee requirements and variances on roadways.

Director Jung, being from the Kona district, expressed his appreciation for Forest City's efforts in addressing its housing and traffic issues for the people of West Hawaii and offered his services on the Project. Director Smith concurred.

In response to Director Smith, Mr. Randle stated that some of the Project's major order of magnitude costs or fees deal with subdivision, permitting, and DOE impact fees, which are \$2,000 to \$5,000 per unit. Forest City will keep the Board apprised of its order of magnitude.

In response to Director Smith, Mr. Randle stated that Forest City will be going to the County for density variances, Land Use Commission for urban classification, and then back to the County for Transit Oriented Development (TOD) ordinances.

In response to Director Jung, Mr. Wallenstrom stated that Forest City is currently involved in discussions with the West Hawaii community and has had discussions with the labor union on its employment options. Mr. Randle added that there should be a broader mix of bids for the various product types, being sensitive to scheduling based on entitlements and permitting.

In response to Director Larson, Mr. Randle stated that even if the Project pays its full impact fee amount, there still would not be enough money acquired to build a school, which is the reason for implementing smaller school sites.

**II. A.
APPROVAL
OF MINUTES**
8/13/09
Regular
Meeting

**II. B.
APPROVAL
OF MINUTES**
8/13/09
Executive
Session

**III. A.
DISCUSSION
AND/OR
DECISION
MAKING**
Information on the
Status of the Master
Plan for the Kamakana
Villages at Keahuolu
Project Located in
Kailua-Kona, Hawaii,
TMK No.:
(3) 7-4-021: 020.

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The Board provided the following suggestions in efforts to address the schooling challenges for the Project: (1) provide community-based schools in commercial-type settings like shopping centers or other existing community facilities; (2) look to private developers to build schools as opposed to going through the DOE system; and (3) building education facilities into the upper floors of existing retail buildings, reducing expenses on security, parking, and maintenance fees.

Mr. Wallenstrom noted that Forest City is in early discussions with the DOE on the construction of a school and will continue to pursue possible options.

In response to Director Lawrence, Mr. Randle stated that the Federal Highways Administration is secure in funding the mid-level road; however, with a new requirement in place, additional studies are needed, that may postpone the commencement date of construction by a few weeks.

In response to Director Lawrence, Mr. Randle stated that the locations of its photovoltaic panels are yet to be determined, but the ideal location would be in the region closest to the existing substation by the midlevel road and Henry Street.

In response to Director Lawrence, Mr. Randle stated that based on the previously submitted plan, the proposed solar farm would generate approximately 30% - 35% of the Project's annual meter usage.

In response to Director Larson, Mr. Wallenstrom stated that the overall look of the community is yet to be determined.

In response to Chairman King, Mr. Randle stated that traffic studies are currently in progress; however, with the construction of the Keanalehu extension and the anticipated mid-level road, the traffic impact on Palani Road should be mitigated.

In response to Director Larson, Mr. Randle stated that the Project will consist of both market and affordable rentals. However, the Project's final mix of units is yet to be determined.

Chairman King thanked Forest City for their presentation on the Project and proceeded to Item III. B.

Mr. Fujimoto presented the For Information, proving the Board with background information on the proposed 204-unit Halekauwila Place affordable family rental (Project), located in Kakaako, Oahu.

Mr. Fujimoto introduced Mr. Stanford Carr and Mr. Jesse Wu, from Stanford Carr Development (SCD); and Mr. Jeff Minter, from Unidev Hawaii.

Mr. Carr thanked the Board, Executive Director Karen Seddon, Mr. Fujimoto, Development Branch Chief Rick Prahler, and Development Project Coordinator Beth Malvestiti, for their support and confidence in the Project.

Mr. Carr provided the Board with a status update on the Project, reporting on: (1) the completion of the Project's schematic designs and archeological inventory survey; (2) breakdown of the project's units, consisting of 26 studios, 72 one-bedrooms, 82 two-bedrooms, 23 three-bedrooms, and 1 two-bedroom manager unit; (3) commercial space that will include retail shops, police office, and a community service facility; (4) 233 parking stalls, with an additional 51 parking stalls anticipated from the Hawaii Community Development Authority (HCDA); (5) traffic impact analysis report and 201 H application is in progress; (7) proposed waiver requests for 3.5 floor area ratio (FAR) and sewer impact fees;

III. B. DISCUSSION AND/OR DECISION MAKING

Information on the Status of the Halekauwila Place Affordable Family Rental Project Located in Kakaako, Oahu, TMK No.: (1) 2-1-051: 009 (portion).

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(8) a \$15 million soft second mortgage loan received from the HCDA for the Project; (9) final construction drawings and documentations anticipated in April 2010; (10) commencement of construction anticipated in July 2010; and (11) occupancy anticipated in December 2011.

Director Larson expressed her appreciation on SCD's focus on the Project's cosmetic visual.

In response to Director Smith, Mr. Fujimoto stated that the Board has the capability to approve City and County and HCDA exemptions. Mr. Carr added that the City and County has been very cooperative and supportive of this Project, allowing sewer connection and waiver of sewer costs.

In response to Director Larson, Mr. Carr stated that the current maximum rents are provided in the For Information, starting at \$999/month for a studio. Mr. Wu added that there was no formal funding application submitted, but current (2009) maximum unit rents, at 60% and below the HUD median income, would range from \$1,070/month for one-bedroom units, \$1,284/month for two-bedroom units, and \$1,483/month for three-bedroom units.

In response to Director Smith, Mr. Carr stated that he does not anticipate any challenges in obtaining approvals for the requested variances.

In response to Director Smith, Mr. Carr stated that the biggest obstacle at this point would be monetizing tax credits.

Mr. Carr noted that he has been appointed to a legislative taskforce on construction initiatives and looks forward to doing his part to support the Low Income Housing Tax Credit Program's monetization efforts.

Chairman King thanked Mr. Carr and Mr. Wu for their presentation and proceeded to Item III. C.

Planner Lisa Wond provided the Board with an informational summary of the HHFDC's annual Consolidated Annual Performance and Evaluation Report (CAPER) required by HUD, which assesses the State's performance in carrying out the objectives in the Consolidated Plan for the Community Planning and Development programs (CPD). These programs are the HOME Investment Partnerships program (HOME), Emergency Shelter Grant program (ESG), and the Housing Opportunities for Persons with AIDS program (HOPWA). Beginning this year, activities of the Neighborhood Stabilization Program (NSP) and the Homelessness Prevention and Rapid Re-housing Program (HPRRP) will be included in the CAPER.

The HHFDC is responsible for the preparation of the Consolidated Plan, related Action Plans, CAPER, and the administration of the HOME and NSP programs. The Hawaii Public Housing Authority (HPHA) is responsible for the administration of the ESG, HOPWA, and the HPRRP programs.

Ms. Wond reported on the programs' allocation breakdown for the 2009 Program Year and its activity uses, stating that the full CAPER is available for the Board's review and opened for questions.

In response to Director Smith, Ms. Wond stated that the deadline to submit the CAPER to HUD is September 30, 2009.

In response to Director Lawrence, Ms. Wond explained that examples of a homeless prevention activity would be assisting families who are on the brink of homelessness or may lose their home by providing short-term rental assistance,

III. C. DISCUSSION AND/OR DECISION MAKING

Information on the Consolidated Annual Performance and Evaluation Report for Program Year 2008 (July 1, 2008 - June 30, 2009).

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and placing homeless families into permanent housing.

Chairman King thanked Ms. Wond for her presentation and proceeded to Item III. D.

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

That the Board of Directors of the Hawaii Housing Finance and Development Corporation 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 J of this For Action.

A. The Hale Ohana Apartments project.

1. Allocation of up to \$438,065 of annual Federal LIHTC and \$219,032 of annual State LIHTC to Koloa Hale Ohana, 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 \$1,387,000.

B. The Honokowai Villa Apartments project.

1. Allocation of up to \$654,500 of annual Federal LIHTC and \$327,250 of annual State LIHTC to Lahaina Honokowai Villa, 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 \$1,850,000.

C. The Hale Wai II project.

1. Allocation of up to \$1,966,222 of annual Federal LIHTC and \$983,111 of annual State LIHTC; 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 \$2,606,000.

D. The E Komo Mai Apartments project.

1. Allocation of up to \$689,554 of annual Federal LIHTC and \$344,777 of annual State LIHTC; 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 \$774,200.

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

Director Larson recused herself from voting on this For Action, due to her position on the Hale Wai Vista Board.

III. D. DISCUSSION AND/OR DECISION MAKING

Approve an Award of Federal and State Low Income Housing Tax Credits from the State's 2009 Volume Cap to the Hale Ohana Apartments Project Located in Koloa, Kauai, TMK Nos.: (4) 2-8-003: 036 & 037; the Honokowai Villa Apartments Project Located in Lahaina, Maui, TMK No.: (2) 4-4-001: 054; the Hale Wai Vista II Project Located in Waianae, Oahu, TMK No.: (1) 8-6-001: 035 (portion); and the E Komo Mai Apartments Project Located in Hilo, Hawaii, TMK No.: (3) 2-4-025: 001.

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Finance Manager Darren Ueki presented the For Action, stating that the first section provides program information on the Low Income Housing Tax Credit (LIHTC) Program.

Mr. Ueki pointed out that the annual per capita limit for 2009 tax credits is \$2.30.

Under the American Recovery and Reinvestment Act of 2009 (ARRA), the Section 1602 Tax Credit Exchange Program (1602 Program), allows housing credit agencies, such as the HHFDC, to exchange Federal tax credits for direct funds for the eventual subaward to qualified affordable housing projects to finance construction and/or acquisition/rehabilitation projects.

On the February 27, 2009, the HHFDC received eight LIHTC applications requesting an aggregate amount of approximately \$9.6 million in Federal LIHTC and approximately \$4.8 million in State LIHTC. Out of the eight LIHTC applications received, the Board awarded LIHTC to the Hale Wai Vista I and Ainakea Senior Residences Projects on July 9, 2009, due to their anticipated ability to place their tax credits with a syndicator or investor.

On July 16, 2009, the HHFDC announced its Exchange Program outline and application process. The HHFDC elected to allow projects that received and continue to hold, 2007 - 2008 Federal LIHTC to compete for eligible 2009 Exchange LIHTC.

On July 31, 2009, the HHFDC received six applications requesting an aggregate amount of approximately \$7.1 million in eligible 2009 Exchange LIHTC and approximately \$3 million in State LIHTC.

In accordance with the Qualified Allocation Plan (QAP), each application was reviewed and evaluated based on its hierarchy of scoring; project feasibility; and its ability to commence and complete construction within the required 1602 Program deadlines.

Based on these factors, LIHTC awards are recommended to the Hale Ohana Apartments, Honokowai Villa Apartments, and the Hale Wai Vista II projects. Subsequent to the recommended awards, the remaining \$88,000 balance would not be able to address the Hale Mohalu II project's request and therefore, a LIHTC award has been recommended to the next highest scoring project, which is the E Komo Mai Apartments.

Mr. Ueki noted that the Hale Ohana and Honokowai Villa Apartments did not request an allocation of State LIHTC; however, being that there were unsuccessful in marketing its equivalent 4% State LIHTC, staff is recommending that the State LIHTC be awarded to this Project in the event they are able to find a financial investor.

The remaining \$88,000 2009 Exchange LIHTC balance is significantly less than the remaining applicants' request. Staff continues to work with the remaining projects and a possible award may be made in the future. If no awards are made, the remaining \$88,000 will carry forward to the 2010 allocation.

Mr. Ueki opened for questions, introducing Mr. Mike Condry, representing Hale Ohana Apartments and Honokowai Villa Apartments; Mr. Gary Furuta, representing Hale Wai Vista Phase II; and Mr. Miguel Saenz, representing E Komo Mai Apartments.

In response to Director Smith's concerns and inquiries, Mr. Ueki clarified how the ARRA programs' guidelines and regulations incorporate into Criterias 18, 19, and 20.

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The current QAP tends to favor acquisition/rehabilitation projects in terms of leverage, requiring less resources and time that it would take for a new construction to develop and obtain permits, zoning, and exemptions. However, acquisition/rehabilitation projects also preserve subsidies benefits that are very hard to come by and losing such existing inventory can be counterproductive.

Responding to Chairman King, Mr. Ueki stated that changing the point system and addition of criteria would be considered substantive and would require going through the public notice process.

Mr. Ueki noted that the recommendation before the Board is to approve the awarding of 2009 LIHTC to the recommended projects. By approving the 2009 LIHTC awards, the awardees become eligible to exchange the awarded LIHTC under the 1602 Program, but is not converted until the awardee decides to initiate the exchange.

In response to Director Jung, Mr. Ueki stated that the exchange program under the ARRA is bound by the rules and regulations provided by the Internal Revenue Service.

In response to Director Smith, Mr. Ueki confirmed that projects with all their obligations obtained and in place do tend to score higher on the QAP.

With no further questions, the motion was unanimously approved, with Director Larson abstaining.

Mr. Craig Watase, Mark Development, commented that he was in opposition to the Board's decision, and believed the QAP to be obsolete to the current times of the economy and should focus on projects that would leverage the most jobs.

In response to Director Smith, Mr. Mike Condry, Micon Real Estate, stated that he believed the ARRA timeframe to be very difficult for a new construction developer, given the short timeframes to utilize all funds by the December 31, 2010 deadline.

Executive Director Seddon stated that although the HHFDC hesitates to make any drastic changes to the QAP at this time due to possible repercussions, discussions on the matter are welcome.

Ms. Makani Maeva, Pacific Housing Advisor, also commented on the QAP, asking the Board to revisit its policy, which she believes lacks support to provide additional jobs in the workforce.

Chairman King commented that the goal of the Board is to make the QAP clear to the developers on where they stand in terms of the Board's expectations.

Director Smith commented that although there is no doubt in her mind that staff was very transparent, fair, and very balanced on how they approached the evaluation of each project, the Board should revisit its scoring policy in terms of the QAP, to avoid future imbalances.

Chairman King thanked everyone for their comments and concerns on the QAP.

The meeting was recessed at 11:09 a.m.

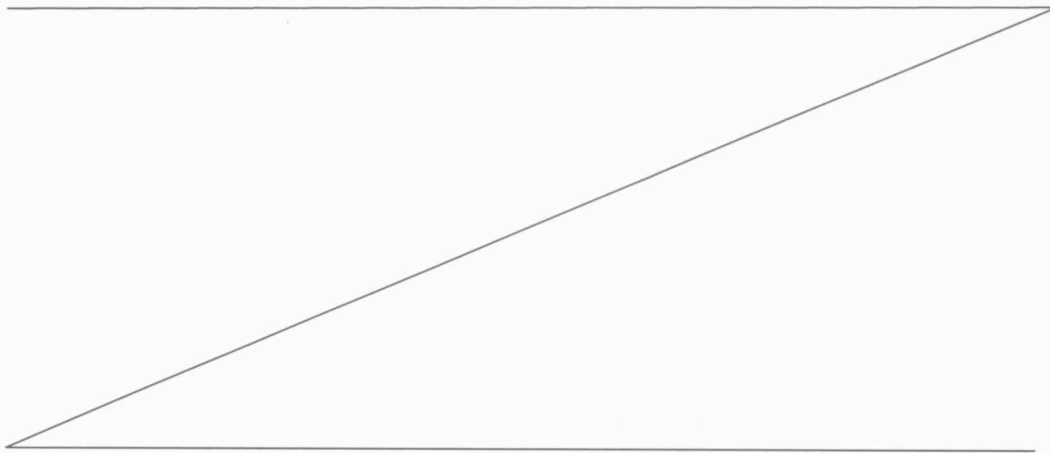
Chairman King reconvened the meeting back into regular session at 11:18 a.m.

RECESS
11:09 a.m.

RECONVENED
11:18 a.m.

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Item III. E. was removed from the agenda.



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

That the HHFDC Board of Directors approve the following:

- A. Approve the Final Approved and Rejected List for the FY 2009 funding round for Project Awards, subject to the following provisions and conditions:
1. The approval of the Approved and Rejected List does not obligate or guarantee that any and all applicants on the Approved Project List will receive funding;
 2. 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 Program;
 3. The amount of an award is subject to the availability of Program funds. HHFDC is not obligated to approve or fund the full amount of the applicant's request;
 4. The actual forms, terms, and conditions of each award shall be determined by HHFDC and are subject to negotiation between the applicant and HHFDC, and the completion of all appropriate legal documentation satisfactory to HHFDC and its legal counsel;
 5. The approval of each award and the disbursement of funds are subject to the final approval of the Governor of the State of Hawaii;
 6. The applicants will agree to abide by all the 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.

Chairman King thanked everyone again, for their perseverance and input on the previous For Action item.

III. E. DISCUSSION AND/OR DECISION MAKING

Approve an Amendment to the Rental Housing Trust Fund Project Award and Extension to the Rental Housing Trust Fund Letter of Intent for the Senior Residence at Kapolei 2 Project Located in Kapolei, Oahu, TMK No.: (10 9-1-016: 153.

III. F. DISCUSSION AND/OR DECISION MAKING

Adopt the Final Approved and Rejected List for the Rental Housing Trust Fund Project Award FY 200 Funding Round.

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Mr. Ueki presented the For Action, stating that the fiscal year 2009 Rental Housing Trust Fund (RHTF) Project Award funding round closed on February 27, 2009, receiving ten application requests.

On April 9, 2009, the Board approved an Initial Approved and Rejected List for the 2009 RHTF Project Award funding round, which consisted of the Franciscan Vistas Ewa, Hale Ohana Apartments, Hale Wai Vista Phase I, and Honokowai Villa Apartments projects.

Subsequent to those awards, the RHTF was left with a remaining balance of approximately \$35 million.

The applications of the six remaining projects were reviewed and evaluated, scoring in excess of the 125 minimum points out of a total 250 points, placing them on the Final Approved and Rejected Project List (Final List). However, the approval of this Final List does not obligate or guarantee that the applicants will receive funding and the HHFDC may elect to select, reject, or defer an applicant's request.

Recommendations for the RHTF Project Awards are anticipated to be presented to the Board within the upcoming months and this Final List will remain in effect until the Board approves a new Approved and Rejected List.

Mr. Ueki opened for questions.

In response to Director Smith, Mr. Ueki confirmed that there will be recommendations set forth in the upcoming months for the remaining six applicants.

In response to Director Larson, Mr. Ueki stated that providing RHTF monies to projects that were unsuccessful in acquiring funding from the Tax Credit Assistance Program or the Section 1602 Exchange Program will depend on the remaining resources available in the RHTF and prior commitments that have been made to that particular project. However, staff will look into the matter further and seek the Board's guidance.

In response to the Board, Mr. Ueki explained that staff reviews a project's financing and other factors before determining and making a final decision on the opportunity given. For instance, a project that is unable to seek additional resources because of something that is not in their control, like the downward pricing in its Low Income Housing Tax Credits.

In response to Director Larson, Housing Finance Specialist Patrick Inouye clarified that USDA projects that are eligible for repayment are issued a letter, informing them that they have the ability, within a certain amount of time, to repay their loan and essentially go to market.

Mr. Ueki further stated that it is a fine line with existing inventory, being that the opportunity for an existing project to extend its affordability is minimal and is not something the HHFDC can force upon a project. In addition, some of HHFDC's existing inventory has subsidies that are very hard to come by and once a project goes to market, those subsidies are lost inevitably.

The motion was unanimously approved.

Executive Director Seddon opened for questions on the Executive Director's Report.

In response to Chairman King, Executive Seddon stated that the Legislature gave the HHFDC \$6.5 million to acquire property in Kakaako, which was intended for

IV. REPORT OF THE EXECUTIVE DIRECTOR

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the HCDA. However, the HHFDC is currently working with the HCDA on plans for a Kakaako parcel, which will be a rental unit project.

Director Larson thanked the HHFDC staff for providing a breakdown of the conveyance tax collection of the RHTF. Mr. Ueki pointed out that the conveyance tax reports are not consistently received on a monthly basis. However, once the information is received, staff will continue to provide the Board with the updated status.

In response to Director Smith, Executive Director Seddon stated that there are a few foreclosed properties within the HHFDC's inventory, of which the HHFDC will be able to collect its Shared Appreciation Equity (SAE). Real Estate Services Section Chief Marlene Lemke added that there are currently 29 foreclosed properties, nine of which the HHFDC is involved with. In addition, Development Branch Chief Rick Prahl added that the 29 foreclosed properties are being monitored by the HHFDC with a majority of those properties being purchased.

In response to Director Jung, Ms. Lemke stated that the foreclosed properties are fee simple and leasehold. Executive Director Seddon pointed out that in some cases, the only way to protect the HHFDC's SAE would be to purchase the property. This is the case where the HHFDC's SAE is in second lien position and the purchase price at auction is still reasonable, the HHFDC can resell the property without losing money. Ms. Lemke added that in some cases where the HHFDC's SAE is in first position, the HHFDC would be paid off before the lender, who would be placed in second lien position. Executive Director Seddon added, that due to Act 176, the HHFDC now needs to go to the legislature for permission to sell the foreclosed properties, which will prolong the sale process.

In response to Director Jung, Executive Director Seddon stated that the HHFDC is currently looking at its overall foreclosed inventory to determine its percentage increase and number of foreclosed properties incurred. Ms. Lemke added that out of the approximately 1500 units that the HHFDC looks after, 29 units are in foreclosure proceedings, which is lower than the State or national average.

In response to Director Lawrence, Executive Director Seddon reported that Forest City has separate funding sources to construct its proposed solar farms. Forest City will be reporting to the HHFDC in October with an updated status.

Director Smith requested that a plan be put in place for the Board to review, with regard to how the HHFDC plans to resolve the responsibilities of its owned properties listed in the Asset Management Report, addressing the timeframes and issues of each property.

In response to Director Jung, Executive Director Seddon stated that the asbestos at the Kamaaina Hale rental project is currently being removed and the units refurbished for rental.

Chairman King called for a motion to go into Executive Session.

Director Smith moved, seconded by Director Lawrence, to convene in executive session pursuant to Section 92-5(a)(4) to consult with the board's attorney on questions and issues pertaining the board's powers, duties, privileges, immunities, and liabilities as it relates to the Uluwehi Homeowner's Association.

The motion was unanimously approved.

The Board moved into Executive Session at 11:46 a.m.

**EXECUTIVE
SESSION**
11:46 a.m.

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Chairman King reconvened the meeting back in Regular Session at 12:03 p.m.


RECONVENED
12:03 p.m.

Executive Director Seddon noted that the HHFDC's 2009 Strategic Planning Session will be held at the next Board meeting, held on October 8, 2009.

With no further business on the agenda, Director Lawrence moved, seconded by Director Jung, to adjourn the meeting at 12:04 p.m.

V.
ADJOURNMENT

The motion was unanimously approved.



BETTY LOU LARSON
Secretary