

**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
BOARD OF DIRECTORS
REGULAR MEETING**

June 13, 2019

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met for a regular meeting at their office, located at 677 Queen Street, Honolulu, Hawaii, on Thursday, June 13, 2019, at 9:00 a.m.

**I.
CALL TO
ORDER/
ROLL CALL**

With a quorum present, Chair Leilani Pulmano called the meeting to order at 9:01 a.m.

Those present and excused were as follows:

Present: Director Leilani Pulmano, Chair
 Director Donn Mende, Vice Chair
 Director Rona Fukumoto, Secretary
 Director Gary Mackler
 Director Melvin Kahele
 Director George Atta
 Director Sara Lin
 Director Robert Yu
 Director Mike McCartney

Executive Director Craig Hirai

Staff Present: Sandy Ching, Deputy Attorney General
 Matthew Dvonch, Deputy Attorney General
 Janice Takahashi, Chief Planner
 Darren Ueki, Housing Finance Manager
 Deepak Neupane, Development Branch Chief
 Dean Minakami, Development Section Chief
 Christopher Woodard, Real Estate Portfolio Manager
 Holly Osumi, Chief Financial Officer
 Melissa Loy, Corporate Controller
 Lorraine Egusa, Project Resource Specialist
 Patrick Inouye, Housing Finance Specialist
 Jocelyn Iwamasa, Housing Finance Specialist
 Albert Palmer, Housing Development Specialist
 Tammy Murakami, Housing Sales Coordinator
 Kent Miyasaki, Housing Information Officer
 Esa Pablo, Secretary to the Board

Guests: Stewart Matsunaga, Hawaiian Home Lands
 Stacy Sur, Hawaii Housing Finance, LLC
 Jeff Furuta, CCHDC
 Douglas Bigley, Ikaika Ohana
 James Rock, UHC
 Miguel Saenz, UHC
 Kim Balauro, WWCA
 Joseph Aiona, WWCA
 David Matayoshi, WWCA
 Leilani Rivera, WWCA
 Paul Zweng WWCA
 Norman Sadoyama, WWCA
 Laurence Uyemura, WWCA
 Wayne K. Matayoshi, Waiahole/WWCA
 Rose B., WWCA
 John Reppun, Waiahole
 Lanette Mahelona, Waiahole

La'a Chartrand, Waiahole
Mahoe Collins, WWCA
Lucy Salas, WWCA
Nellie Dano, WWCA
Hersch Singer, SMS
Carl Cunningham, Mark Development
Robin S. Midkiff, Atherton Family Foundation
Lia Sheehan, Atherton Family Foundation
Paul Morgan, Atherton Family Foundation
Riley Fujisaki, Housing Finance
Makani Maeva, AHE Group
Joelle Chiu, AHE Group
Chris Oakes, SCD
Kevin Kasai, SCD
Leighton Yuen, Goodsill

Chair Pulmano recognized and welcomed HHFDC's new Kauai Director Gary Mackler. Director Mackler shared a few words, stating that it was an honor to serve on the HHFDC Board and looked forward to working with HHFDC staff and Board members.

Director Kahele moved, seconded by Vice Chair Mende

That the minutes of the regular meeting held on May 9, 2019 be approved as circulated.

The motion was carried unanimously.

Housing Finance Branch Manager Darren Ueki presented the For Action, stating staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. The Fiscal Year (FY) 2019 funding round Approved Project List for Rental Housing Revolving Fund (RHRF) Project Awards, subject to the following provisions and conditions:
1. Approval of the Approve 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 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 RHRF program;
 4. Any Award is subject to availability of RHRF 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;

II. A.
APPROVAL
OF MINUTES
Regular
Meeting
5/9/19

III. A.
DISCUSSION
AND/OR
DECISION
MAKING
Adopt the Approved
and Rejected List
for the Rental Housin
Revolving Fund
Project Awards for
the FY2019 Funding
Round

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 the For Action.

Director Kahele moved, seconded by Vice Chair Mende

That staff's recommendation be approved.

Ueki stated that the HHFDC Board approved one RHRF Funding Round for Fiscal Year FY2019 in November 2018, in which ten applications were received by the closing date of February 15, 2019. The Consolidated Application of Meheula Vista IV did not meet the Minimum Threshold under the Qualified Allocation Plan (QAP) for Low Income Housing Credits (LIHTC) and was therefore, deemed ineligible. Hence, the remaining nine applicants were stated to be placed on the Approved Project List:

1. Kaiaulu O Kapiolani
2. 902 Alder Street Affordable aka Hale Kalele
3. Halawa View II
4. HalawaView III
5. Hale Makana O Moiliili
6. Kahului Lani II
7. Kaiaulu O Kupuohi
8. Kupuna Hale
9. Villages of La'i`opua

The Approved Project List remains in effect until the HHFDC makes an award to the projects on the Approved List or until a new approved project list is approved by the Board.

Director Yu asked what is the general timeframe between the approval of the Approved List to when projects are completed. Ueki stated that it would depend on the type of project. With the most common type of deals being 9% Tax Credit and 4% Bond project deals, the general timeframe would be approximately 2 to 3 years from start to completion.

Director Lin asked for a brief update on the \$200 million appropriated to the RHRF for FY2019. Ueki stated that between its first award made in September 2018 and last award in January/February 2019, approximately \$101 million of the allocated \$200 million had been awarded out. With the new applications received, requesting an aggregate amount of approximately \$150 million, the current plan is to exhaust the remaining balance during this funding round.

In comparison to previous rounds, Chair Pulmano asked how this funding round measures in terms of request amounts and applicants. Ueki stated that with an increase in Legislative support and appropriations to the RHRF, there has been an overall increased demand as well as in the requested amounts and project sizes.

Director Lin asked for the average per unit cost for each project on the Approved List. Ueki stated that he did not have those numbers with him.

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

Ueki presented the For Action, stating staff's recommendation:

That the HHFDC Board of Directors approve the Award of Federal and State 9% LIHTC to the following Projects in accordance with the QAP and subject

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

Approve an Award of
Federal and State Lov

to the terms and conditions specified in Section II – Subsection E, and Exhibit H of the For Action.

A. The Villages of La'i'opua project:

1. Allocation of up to \$1,050,996 in annual Federal 9% LIHTC over a 10-year period and \$1,050,996 in annual State 9% LIHTC over a 5-year period; with the following project specific conditions:
 - a. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project Management Fees, for the project shall not exceed \$1,720,877.
 - b. First right of refusal unit purchase option available to project tenants at the end of the initial 15-year LIHTC compliance period in accordance with Internal Revenue Code (IRC) Section 42.
 - (1) See Exhibit B (within the For Action) – Development Section 1 for the predetermined unit sales price and other details.

B. The Kahului Lani II project:

1. Allocation of up to \$1,431,411 in annual Federal 9% LIHTC over a 10-year period and \$1,431,411 in annual State 9% LIHTC over a 5-year period; with the following project specific conditions:
 - a. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project Management Fees, for the project shall not exceed \$2,035,000.

C. The Pua Loke project:

1. Allocation of up to \$1,384,250 in annual Federal 9% LIHTC over a 10-year period and \$1,384,250 in annual State 9% LIHTC over a 5-year period; with the following specific conditions:
 - a. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project Management Fees, for the project shall not exceed \$3,323,000.
 - b. Designation of 5-units; with supportive services in accordance with points granted under Criterion 12 of the QAP and in compliance with the IRC Section 42 for tenants with special housing needs.

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

Director McCartney moved, seconded by Director Yu

That staff's recommendation be approved.

Ueki stated that applications requesting 2019 9% LIHTC were due on February 15, 2019, in which HHFDC received six applications requesting an aggregate amount of \$7,427,543 in Federal LIHTC over 10-years and \$7,427,543 in State LIHTC over 5-

Income Housing Credits from the State's 2019 Volume Cap to: (1) Villages Of La'i'opua Located In Kona, Hawaii, TMK No.: (3) 7-4-02 -012 (por.); (2) Kahului Lani II Located in Kahului, Maui, TMK No.: (2) 3-7-005-003 CPR 0002; and (3) Pua Loke Located in Lihue, Kauai, TMK Nos.: (4) 3-8-005: 02: and 029

years. In its review and scoring of the applications, DE Thompson and Meheula Vista IV did not meet the Minimum Threshold and were deemed ineligible for an allocation or award of the 9% LIHTC. Therefore, awards are being recommended to the following:

1. Villages of La'i'opua
2. Kahului Lani II
3. Pua Loke

Subsequent to the recommended awards of 9% LIHTC, \$90,923 in Federal 9% LIHTC and \$90,923 in State 9% LIHTC remains. The HHFDC will carryover the remaining 9% LIHTC balance to 2020 for future allocations.

Applicants failing to receive a 2019 9% LIHTC award may choose to re-apply for 9% LIHTC in a future identified funding round, subject to availability.

Ueki opened for questions, along with representatives of each awarding project.

In regard to the first-right of refusal purchase option for the Villages of La'i'opua, Director Mackler asked at what point will they work with potential families in preparation for the transition to homeownership. Mr. Doug Bigley, representing Villages of La'i'opua, stated that hypothetically, their program team will work with potential homebuyers from day one.

In a follow up question, Director Mackler asked if there would be any monies escrowed through a potential buyer's monthly rent payments for their future purchase. Bigley responded no, however, stated that through the LIHTC program the unit's purchase price is reduced.

In regard to previous Board discussions on a self-scoring point system, Chair Pulmano asked project representatives whether HHFDC's allocated point score was close to their own self-scored number. Bigley confirmed that their numbers are similar to that of HHFDC's when conducting their own self-scoring and tracking. While Ms. Makani Maeva, representing the Pua Loke project, stated that their scores usually come in higher or lower than HHFDC's.

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

Ueki presented the For Action, stating staff's recommendation:

That the HHFDC Board of Director approve the following:

- A. A RHRF Project Award Loan of \$7,620,000 to A0597 Kona, L.P. for the benefit of the Villages of La'i'opua project, with the terms and conditions as shown in Section III (G) of the For Action, and the Letter of Intent (LOI) subject to the following:
 1. Authorization and approval by the Governor of the proposed project and the release of RHRF program funds as mandated under Chapter 15-311, Hawaii Administrative Rules (HAR).
 2. Execution of documentation satisfactory to the HHFDC outlining the terms and condition of the Project Award. The documents shall specify the standard terms and conditions as required in order to meet all statutory requirements of the RHRF program and the specific terms and conditions that are applicable to the Applicant's request for Project Award funds.
 3. Completion of all documentation necessary and required to secure the release of RHRF funds.

III. C. DISCUSSION AND/OR DECISION MAKING

Approve a Rental Housing Revolving Fund Project Award for the Villages of La'i'opua Project Located in Kona, Hawaii, TMK No.: (3) 7-4-021-012 (por.

4. Certification of the applicant to comply with all applicable statutory and Program requirements, including, but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes (HRS), as they may relate to the use of State funds.
 5. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project management Fees, for the project shall not exceed \$1,720,877.
 6. Availability of RHRF program funds.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Director Mende moved, seconded by Director Kahele

That staff's recommendation be approved.

Ueki stated that the project's financing request received on February 15, 2019, proposes to develop a 60-unit project targeted for families, with a first right of refusal purchase option available to tenants at the end of the initial 15-year tax credit compliance period. Units that are not sold shall continue as LIHTC rental units until the earlier of: (1) the end of the affordability period; (2) tenant execution of their first right of refusal purchase option; (3) voluntary tenant lease termination or non-renewal and sale of the corresponding unit to a household qualified under the unit's designated area median gross income (AMGI); or (4) involuntary tenant lease termination or non-renewal for good cause and sale of the corresponding unit to a household qualified under the unit's designated AMGI.

The construction of the project is anticipated to commence in December 2019, with completion of the first building in December 2020 and project completion in April 2021.

In comparison to the Applicant's requested maturity loan term of 63 years, Ueki stated that staff recommends a maturity term of 57 years, with a 2-year interim/construction phase and a 55-year permanent phase, which meets the Board's criteria of a 50% paydown of the principal amount.

Ueki opened for questions, along with Messrs. Doug Bigley and James Rock, on behalf of the project; and Mr. Steward Matsunaga, on behalf of the Department of Hawaiian Home Lands (DHHL).

In reference to the proposed Financing Structure table, Director Lin asked whether DHHL's \$5 million interim financing was in the form of a loan or grant. Rock stated that it is currently structured as a loan.

Director Yu asked if there are construction standards used in determining the quality of or materials used for a particular project. Ueki stated that in addition to the Development Branch staff's review on cost reasonableness, certain criterions, such as, but not limited to, affordability commitments of 60 years or more, incentivizes developers to use a certain quality and sustainable products that will be cost-effective in the long run. Bigley added that there are also certain LEED standards in regard to energy efficiencies.

In regard to a first right of refusal purchase option, Director Lin stated that she would like to see more of these types of projects.

Director Kahele asked whether there was a blood quantum requirement. Matsunaga responded in the affirmative, stating qualifying applicants will be selected off of a waiting list that will be in perpetuity. He also added that there are design standards and Declaration of Conditions, and Restrictions Communities (DCCR), which the Developer is to be compliant with in its designs.

Housing Finance Specialist Patrick Inouye added that from the perspective of the Tax Credit Program, a provision in the code allows for preferences to certain groups that are a part of an identified state or federal housing program, and therefore, does not negatively impacting the General Use requirement. Furthermore, the project is also working with the Native American Housing Assistance and Self-Determination Act of 1996 and DHHL requirements, being in compliance with Fair Housing.

Director McCartney thanked the project for their work.

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

Ueki presented the For Action, stating staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. A RHRF Project Award Loan of \$14,250,000 to Kahului Lani II LP for the benefit of the Kahului Lani II project, with the terms and conditions as shown in Section III (G) of the For Action, and the LOI subject to the following:
 - 1. Authorization and approval by the Governor of the proposed project and the release of RHRF program funds as mandated under Chapter 15-311, HAR.
 - 2. Execution of documentation satisfactory to the HHFDC outlining the terms and condition of the Project Award. The documents shall specify the standard terms and conditions as required in order to meet all statutory requirements of the RHRF program and the specific terms and conditions that are applicable to the Applicant's request for Project Award funds.
 - 3. Completion of all documentation necessary and required to secure the release of RHRF funds.
 - 4. Certification of the applicant to comply with all applicable statutory and Program requirements, including, but not limited to, Chapters 343, 103D, §103-50 and §104, HRS, as they may relate to the use of State funds.
 - 5. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project management Fees, for the project shall not exceed \$2,035,000.
 - 6. Availability of RHRF program funds.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Director Mende moved, seconded by Director Kahele

That staff's recommendation be approved.

Ueki stated that the project's financing request received on February 15, 2019, proposes to develop an affordable rental housing consisting of 83 one-bedroom units for the elderly, being the second of two phases.

The construction of the project is anticipated to begin in the Frist Quarter of 2020, with project completion anticipated in the 3rd Quarter of 2021.

In comparison to the Applicant's requested maturity loan term of 69 years, Ueki stated that staff recommends a maturity term of 57 years, with a 2-year interim/construction phase and a 55-year permanent phase, which meets the Board's criteria of a 50% paydown of the principal amount.

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

Approve a Rental Housing Revolving Fund Project Award for the Kahului Lani II Project Located in Kahului, Maui, TMK No.: (2) 3-7-005-003 CPR 0002

In comparison to the Applicant's request repayment loan term of a 35% of net cash flow in Years 3 through 69, staff recommends a repayment term of 75% of available cash after all recognized debts are taken care of after Year 2.

Ueki opened for questions, along with Mr. Jeff Furuta, on behalf of the project.

Director Lin stated that the project construction cost average per square foot is higher than the average, asking if the higher cost was due to the type of construction. In reference to Exhibit A, 6., Inouye stated that attributes to why the higher construction costs are noted, relating to the Concrete Masonry Unit block construction, smaller unit living areas, and lower density.

In comparison to its Kahului Lani Phase 1, Chair Pulmano asked whether construction costs were consistent with Phase 2. Furuta stated that construction costs for Phase 2 were about 4% higher to cover its contingencies.

In response to Director Lin's question on higher construction costs, Bigley pointed out that comparing project costs can be challenging when each project is unique (e.g., Infrastructure and build structures). However, having those averages are helpful for developers to see how the project compares to the other parties.

Chair Pulmano commented that this is something that the Board struggles with in terms of finding a good matrix in which to compare its projects against.

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

Real Estate Portfolio Manager Chris Woodard presented the For Action, stating staff's recommendation:

That the HHFDC Board of Directors:

- A. Approve the establishment of a Dwelling Unit Revolving Fund (DURF) budget in the amount of up to \$17,560,000 for the acquisition of the leased-fee interest in Kamakee Vista, Kewalo, Oahu as substantially described in the For Action, subject to other terms and conditions deemed necessary and acceptable by the Executive Director, including the reallocation of line item funds as the need arises, and also subject to the following:
 - 1. Availability of DURF funds; and
 - 2. Approval and release of funds by the Governor; and
- B. Authorize the Executive Director to:
 - 1. Execute a non-binding LOI to acquire the leased-fee interest in Kamakee Vista substantially on the recommended terms and conditions described herein and/or such other terms and conditions as may be deemed acceptable in the Executive Director's sole and absolute discretion;
 - 2. Execute a Purchase and Sale Agreement to acquire the leased-fee interest in Kamakee Vista substantially on the recommended terms and conditions described herein and/or such other terms and conditions as may be deemed acceptable in the Executive Director's sole and absolute discretion; and
 - 3. Undertake all tasks necessary to effectuate the purposes of the For Action.

Director McCartney moved, seconded by Director Yu

That staff's recommendation be approved.

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

Approve: (1) the Establishment of a Dwelling Unit Revolving Fund Budget; (2) the Execution of a Non-Binding Letter of Intent; and (3) the Execution of a Purchase and Sale Agreement to Acquire the Leased-Fee Interest in Kamakee Vista, Located in Kewalo, Oahu, TMK No.: (1) 2-3-003: 018

Woodard provided the Board with background information on the Kamakee Vista project, stating that the leasehold ownership is composed of three condominium units (residential, commercial, and daycare apartments), all subject to ground leases with the Atherton Family Foundation (Atherton).

HHFDC owns the leasehold interest in the residential apartment that consist of 226 units, as well as the commercial apartment containing about 29,000 square feet of usable commercial space. The residential apartment lease is at a nominal rent of \$1.00 per year and the commercial apartment lease is at a market rent. Both leases are set to expire at the end of 2056.

KCAA Preschools of Hawaii leases the daycare apartment through the end of 2021.

On May 17, 2019, HHFDC and Komohale closed on the sale of the Hawaii Rental Housing System Revenue Bond Fund portfolio of five of the six affordable multifamily rental properties (Portfolio), excluding Kamakee Vista. The Kamakee Vista closing was delayed due to ongoing discussions with Atherton regarding: (1) requested modifications to the residential and commercial apartment ground leases, primarily due to Komohale’s senior lender’s requirements; and (2) the possible purchase by HHFDC of Atherton’s leased-fee interest in Kamakee vista.

Pursuant to Section 201H-33(d), Hawaii Revised Statutes (HRS), HHFDC can pay no more than \$3.36 million for the leased-fee interest in the residential apartments. The Department of the Attorney General (ATG) has opined that the statute does not apply to a purchase of the leased-fee interests in the commercial and daycare apartments. However, staff suggests that, as a matter of policy, HHFDC pay no more than the appraised market value when acquiring property from a third-party.

On May 31, 2019, HHFDC received from Atherton, a draft non-binding Letter of Intent (draft LOI) setting forth the basic terms and conditions upon which it would agree to sell its leased-fee interest in Kamakee Vista to HHFDC.

Chair Pulmano asked for a motion to enter into executive session to discuss the terms and conditions of the draft LOI.

Director McCartney moved, seconded by Director Fukumoto

That the Board convene in executive session pursuant to Section 92-5(a)(3), HRS, to deliberate concerning the authority of persons designated by the board to negotiate the acquisition of public property, or during the conduct of such negotiations; and Section 92-5(a)(4), HRS, to consult with the board attorney on questions or issues regarding the board’s powers, duties, privileges, immunities, and liabilities as it relates to this matter.

The motion was unanimously approved.

The Board entered into executive session at 9:54 a.m.

The Board reconvened in regular session at 10:25 a.m.

Woodard stated that the following recommended terms for the acquisition of the leased-fee interest in Kamakee Vista from Atherton, are as follows:

- A purchase price of \$17.56 million.
- As a condition to the sale, HHFDC agrees to extend the existing ground lease with KCAA for at least an additional 30 years at a nominal annual rent of \$1.00.
- A good-faith deposit of \$400,000 payable within 15 business days after the execution of a definitive Purchase and Sales Agreement.
- Politely decline Atherton’s request to seek a waiver of conveyance tax, as no such statutory waiver or exemption is available.

**EXECUTIVE
SESSION**
9:54 a.m.

RECONVENED
10:25 a.m.

- A due diligence period of 45 days and additional 30 days to close the transaction.

Based on the Rental Housing System Portfolio Proceeds Subcommittee's recommendations presented at the February 8, 2018 Board of Directors Meeting, excess net proceeds within the DURF will be used to purchase the leased-fee interest in the land beneath HHFDC rental housing projects, which includes Kamakee Vista, to ensure long-term affordability. There are sufficient DURF funds available to acquire Atherton's interest in the project, as well as pay for due diligence services.

Komohale requests to extend the ground leases for the residential and commercial apartments to a term of 75 years, matching the term of the leases which were issued in May 2019, from the other five properties.

Proceeding to close the Project's transaction with Komohale on its originally agreed-upon key terms, Woodard suggested that: (1) Post-closing, parties can discuss possible ground-lease extensions of up to a term of 75 years; and that (2) an appraisal report be prepared regarding the market value of the leasehold interests in the Kamakee Vista residential and commercial apartments based on a ground lease term 75 years with payment of a nominal \$1.00 annual rent. The difference between such a valuation and the agreed purchase price of \$29.5 million on an as-is basis should form the basis of HHFDC's negotiation of Komohale's purchase price for the lease extensions.

Chair Pulmano asked whether wording should be added to the For Action to ensure that all transaction costs are included. Woodard stated that at the February 14, 2019 Board of Directors Meeting, a Capital Asset Transaction DURF budget included \$85,000 for due diligence services relating to the possible acquisition of the leased-fee interest in Kamakee Vista, and therefore, no additional wording is needed.

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

The Board recessed at 10:34 a.m.; reconvening the meeting at 10:44 a.m.

RECESS
10:34 a.m.
RECONVENED
10:44 a.m.

Woodard updated the Board on the status of the Waiahole Valley Community Strategic Plan, stating that since its meeting in March 2019, the Waiahole-Waikane Community Association (WWCA) has met on numerous occasions and has produced a draft Waiahole-Waikane Strategic Plan (draft WWCA Plan). Furthermore, by a letter received by HHFDC on May 15, 2019, WWCA suggested that a panel consisting of individuals representing HHFDC and the Waiahole community, be established with the goal of producing a joint community plan. Ballots for the petition of the community's desire to come up with an integrated plan that would work for all was distributed. The WWCA Draft Plan was cited as Exhibit C to the For Action.

III. F.
DISCUSSION
AND/OR
DECISION
MAKING
Information on the
Status of the Waiahole
Valley Community
Strategic Plan

Woodard point out that both plans share the same vision statement, that "Waiahole Valley is a self-sustaining and thriving rural agricultural community."

Woodard summarized the major recommendations of the draft WWCA Plan, stating that further discussions with the community is needed to understand and reconcile the two plans, with the objective of creating a strategic plan that summarizes areas of mutual agreement no later than the Board's December 12, 2019 Board of Directors Meeting.

It is recommended that as the parties work together on this joint endeavor, the strategic plan prioritizes the following action plans:

- Community Infrastructure Action Plan
- Lease Action Plan
- Agricultural Production Action Plan

Financial implications to HHFDC and its lessees are expected to permeate all aspects of the to-be-drafted action plans.

Woodard noted a correction on page 4, under section III. G., last sentence, which should read: (Note that the [~~agricultural~~] residential lot ground leases reference Section 519-2, HRS, which is attached as Exhibit E.)

The following schedule was suggested in the planning process for the Waiahole Valley Community Strategic Plan, as applicable:

- | | |
|--|-------------------|
| • Board Approval of Strategic Plan | December 12, 2019 |
| • Development of Action Plans | During 2020 |
| • Implementation of the Action Plan | During 2021 |
| • Lease Rent Renegotiation Services Procurement | During 2021 |
| • Commencement of Lease Rent Renegotiations | January 2022 |
| • Trigger Residential Lot Lease Rent Arbitrations | April 1, 2023 |
| • Trigger Agricultural Lot Lease Rent Mediations | May 1, 2023 |
| • Trigger Agricultural Lot Lease Rent Arbitrations | June 30, 2023 |

Woodard thanked the community for all their efforts in the draft WWCA Plan and introduced WWCA representatives Messer. Paul Zweng and John Reppun for comments.

With Woodard leaving HHFDC, it was noted that Development Section Chief Dean Minakami would take over the work on the draft WWCA Plan. Minakami introduced himself and stated that he looked forward to working with the community on a plan that could work for everyone.

Zweng thanked the Board for the opportunity to work together on the strategic plan, stating that over the course of its community meetings held, he believes that the draft WWCA Plan provides a fair and balanced critique of the 27 strategic recommendations of the SMS/HHFDC plan, putting forth 36 new recommendations of the community. Ballots and petitions received were stated to have reflected the community's desire to be a part of the strategic planning process. In reference to HHFDC's recent sale of its properties, Zweng further stated that a declaration indicating there would not be an intention to sell would be welcomed to avoid restarting the planning process with a new potential owner. With that, Zweng thanked Woodard for his service to Waiahole and wished him the best in his new endeavors.

Reppun thanked HHFDC and Zweng for their services in taking the initiative to getting the planning process started. Reppun focused on the history of Waiahole Valley, stating that while its future planning options have improved immensely, further cross-training/education and transitioning skills are needed to be developed, especially for future generations. He further expressed his hope of collaboration between all involved parties and State, in addressing the issues of Waiahole.

Executive Director Hirai suggested that a subcommittee be established to work on such matters.

Chair Pulmano concurred and thanked the community on their work done with the strategic plan.

Discussion was had, and a Waiahole Valley Community Strategic Plan Subcommittee was established to:

Investigate key issues identified in the March 2019 draft SMS/HHFDC Plan and the May 2019 draft WWCA Plan to ensure priority items are addressed, in terms of community infrastructure, leases, and agricultural production.

Subcommittee members were named as follows:

- Director Mike McCartney
- Director Sara Lin
- Director Gary Mackler
- Director Donn Mende

Both the Waiahole Valley Community Strategic Plan Subcommittee and the HHFDC Lease Subcommittee are to coordinate and present a collaborative strategic plan anticipated in December 2019.

Director Lin asked who of staff will be taking over the HHFDC Lease Subcommittee. Woodard stated that he believed it would be facilitated by Development Branch Chief Deepak Neupane and Sales & Counseling Section Chief Lorna Kometani. HHFDC Lease Subcommittee members were noted as follows:

- Director Sara Lin
- Director George Atta
- Director Donn Mende
- Designee Mary Alice Evans

With the establishment of the Waiahole Valley Community Strategic Plan Subcommittee, Zweng asked whether the work on the strategic plan would involve the Waiahole community's input. Chair Pulmano confirmed that the intent is to ensure a consensus plan with the community's involvement.

There being no further discussion, Chair Pulmano asked for a recess at 11:45 a.m. and the meeting was reconvened at 11:49 a.m.

Chair Pulmano proceeded to the Report of the Executive Director.

Executive Director Hirai reported on the following House Bills (HB):

- The Governor signed HB 1259, Act 40, which appropriates \$42 million in the first biennium and \$25 million in the second biennium into DURF. The Bill also includes a proviso to allocate \$5 million for an Emergency Housing Program in Kahului, in which, as of last Friday, HHFDC entered into a Memorandum of Understanding with the County of Maui.
- HB 1312 appropriates \$50 million in the first biennium and \$50 million in the second biennium into the RHRF, pending Governor's signature.
- HB 820 appropriates \$150,000 for a study on Aloha Homes.

There being no further business on the agenda, Designee Yu moved, seconded by Director Atta

That the meeting be adjourned at 11:51 a.m.

The motion was carried unanimously.

RECESS
11:45 a.m.
RECONVENED
11:49 a.m.

**IV.
REPORT
OF THE
EXECUTIVE
DIRECTOR**

**V.
ADJOURNMENT**
11:51 am



RONA FUKUMOTO
Secretary