

HAWAIIAN HOMES COMMISSION
Minutes of March 16 and 17, 2015
Meeting held at Hale Pono'i, Kapolei, Oahu

Pursuant to proper call, the 661st Regular Meeting of the Hawaiian Homes Commission was held at the Department of Hawaiian Home Lands, 91-5420 Kapolei Parkway, Kapolei, Hawaii, beginning at 10:00 a.m.

PRESENT Jobie M. K. Masagatani, Chairman
Doreen N. Canto, Commissioner, Maui
Gene Ross K. Davis, Commissioner, Moloka'i
David B. Kaapu, Commissioner, West Hawai'i (arrived 10:45a.m.)
Michael P. Kahikina, Commissioner, Oahu
William Richardson, Commissioner, O'ahu
Renwick V. I. Tassill, Commissioner, O'ahu
Kathleen Pua Chin, Commissioner Kaua'i

EXCUSED Wallace A. Ishibashi, Commissioner, East Hawaii

COUNSEL Craig Iha, Deputy Attorney General

STAFF William Aila Jr., Deputy to the Chairman, Office of the Chair
Norman Sakamoto, Development Officer, Office of the Chair
Niniau Simmons, NAHASDA Manager, Office of the Chair
Linda Chinn, Administrator, Land Management Division
Francis Apoliona, Compliance Officer
Kip Akana, Enforcement Officer
Paul Ah Yat, Enforcement Office
Kaleo Manuel, Acting Manager, Planning Office
Gigi Cairel, Grants Specialist, Planning Officer
Michelle Brown Secretary to the Commission

ORDER OF BUSINESS

CALL TO ORDER

Chair Masagatani called the meeting to order at 9:46 a.m.

ROLL CALL

Seven (7) members were present at roll call. Commissioner Ishibashi was excused.
Commissioner Kaapu was on his way from the airport.

APPROVAL OF AGENDA

Chair Masagatani announced the minutes were distributed and will be addressed at the start of the Tuesday agenda. Items J-7 will be taken after public testimony.

MOTION/ACTION

Commissioner Canto moved, seconded by Commissioner Davis, to approve the agenda. Motion carried, unanimously.

PUBLIC TESTIMONY ON AGENDIZED ITEMS

ITEM A-1 Stanton Kauhane, Item D-15

S. Kauhane wanted to thank Commissioners for their patience with his family's lease transfer situation. He will be available for questions when the item is up for a motion.

ITEM A-2 Michelle Kauhane, President and CEO Council for Native Hawaiian Advancement

M. Kauhane wanted to share with Commissioners some of the policy discussions CNHA has completed. She also applauded the Department for item H-1, which returns receipts back to the General Loan Fund. For Item C-1, they are excited to see the effort by DHHL to do loss mitigation and the hiring of the Department's HALE manager.

They are supportive of forbearance interest rate reductions and deferment payments. These were all suggestions brought up in community roundtables through the working groups in viewing the audit. This was a great example of what can happen with community engagement. The community rallied around serious audit findings to offer suggestions, recommendations, and solutions that meet the needs of the beneficiaries.

M. Kauhane stated NAHASDA Manager Niniau Simmons did a great job in putting together a comprehensive housing plan. The goals were articulated clearly and beneficiaries are excited. Often the self-determination aspect of the NAHSADA acronym is forgotten. She encourages the Commission to look at things that embrace more self-determination like self-help housing and other community-based projects. She also encourages the Department to use NAHASDA funds to increase the O'ahu land inventory. O'ahu has the highest demand for beneficiary housing but the smallest amount of land.

Commissioner Kahikina asked if the presentation CNHA did for the Hawai'i State Senate could be done for the Commission. M. Kauhane offered to do it if R. Danner's J-Agenda Item will allow for it. M. Kauhane stated it was a briefing on the strategic plan.

Commissioner Kahikina felt it should be an agenda item.

Chair Masagatani thanked M. Kauhane for her testimony.

WORKSHOP PRESENTATIONS

PLANNING DIVISION

ITEM G-1 For Information Only – DHHL Beneficiary Study 2014

RECOMMENDED MOTION/ACTION

None. For Information Only.

Acting Planning Manager Kaleo Manuel and Planner Bob Freitas presented the workshop.

B. Freitas stated from 1985 to 1995 DHHL surveyed the HHCA beneficiaries, both applicants and lessees, to identify their demographic profiles, which were needed to develop housing programs. Starting in 1995, DHHL re-designed its beneficiary demographic studies to meet The U.S. Department of Housing and Urban Development (HUD) criteria, which was necessary to qualify for federal housing assistance programs. After the passage of Title VIII of the Native American

Housing Assistance and Self Determination Act (NAHASDA) a.k.a. Hawaiian Home Lands Homeownership Act, DHHL has collected data to support DHHL's NAHASDA program. From 2003 to the present DHHL has collected trend data, approximately every five (5) years, to support program development.

General Findings

The following is a general summary of findings from the 2014 DHHL Beneficiary Study.

Applicants

- Median age is 57
- The number of applicants has increased by 33% since 2008
- The percentage of DHHL applicants earning less than 80% of the HUD median income each year continues to decrease
- In 2014, 45% of the applicants were classified as below 80% HUD median income, compared to 48% in 2008 and 56% in 2003
- Applicant median income is \$59,932
- Oahu continues to be the most sought-after location for many applicants
- Over half of the applicants live on Oahu
- There is still a demand for single family homes that are move in ready

Lessees

- Median age is 62
- Approximately 73% say the size of their home is sufficient
- Approximately 67% have made home improvements
- Approximately 18% of homes need major repairs, and there are more lessee households below the 30% HUD Area Median Income, many lessees who need repairs cannot afford to pay for the repairs
- Median income has increased to \$59,600
- Approximately 79% of lessees have home insurance
- Approximately 68% believe that their community is a great place to live
- Approximately 80% said they would not move if given the option
- Approximately 89% of lessees feel that communities work better with participation in community associations

Undivided Interest Lessees

- Median age is 55
- Approximately 88% are employed fulltime
- Median income of \$64,933.00 is higher than traditional lessees
- Approximately 20% receive food stamps
- Approximately 13% live in public assisted housing
- Approximately 50% are renting
- Approximately 38% are already homeowners with 69% living in a single-family dwelling
- Approximately 39% expect that DHHL will complete the homes within three to five years and 61% plan to be financially prepared.
- Only 31% fully understand what an Undivided Interest Lease is.

Commissioner Canto stated the information was interesting and asked how often the Department plans to survey its beneficiaries. Commissioner Richardson felt every 5 years makes sense.

Commissioner Kahikina stated it was interesting how the undivided interest lessees believe they would be getting leases within the next year or so. He wondered how they get that information.

Commissioner Richardson thought it interesting that the median age of lessees is 62. It would be difficult for a 62-year-old to take on a mortgage in retirement.

Commissioner Kahikina asked if those that didn't respond to the survey were taken off the list. He wondered who determines which names are taken off the list. K. Manuel stated for the purposes of the survey, they took the mailing list from Homestead Services Division and simply removed bad addresses and duplicate addresses. They did not remove anyone's name from the mailing list. D. Oshiro added that the Commission is the only body that can remove names from the list. The list of deceased applicants is provided to the Commission via monthly submittals on the Commission meeting agenda. No staff are authorized to remove a name from the applicant list.

LAND MANAGEMENT DIVISION

ITEM F-1 For Information Only – 'Āina Mauna Demonstration Game Management Project, Humu'ula, Hawaii

RECOMMENDED MOTION/ACTION

None. For Information Only.

Land Management Division Administrator Linda Chinn and Property Development Agent Mike Robinson presented the workshop.

'Āina Mauna Legacy Program

At its December 15, 2009 meeting, the Hawaiian Homes Commission unanimously adopted the 'Āina Mauna Legacy Program as recommended and presented by Darrell Yagodich, Planning Program Manager of DHHL's Planning Office.

As presented, "the 'Āina Mauna Legacy Program's intent is to restore and preserve sensitive trust resources that exist in the Humu'ula/Pi'ihonua region of Hawaii Island ... while ensuring that a long-term management strategy plan ... will sustain the revitalization of the region and provide benefits to existing and future applicants/lessees of the Hawaiian Home Lands Trust".

The 'Āina Mauna Legacy Program comprehensively addressed the following ten priority issues:

1. Restoration and enhancement of DHHL trust property
2. Provide opportunities for DHHL applicants/lessees
3. Preserve natural and cultural resources
4. Reforestation and restoration of the ecosystem
5. Removal of invasive species - fireweed, etc.
6. Develop revenue and reinvest to sustain activities
7. Provide educational opportunities
8. Identify and secure partners
9. Identify alternative/renewable energy projects
10. Be a lead and/or model for others to engage in ecosystem restoration in a culturally sensitive manner based on partnerships to develop a self-sustaining model

M. Robinson introduced Leonard Tanaka who runs the demonstration game management project. He stated that in the last 4 months they have had many volunteers. Most are teenage high school students and college students. It has taken 500 man-hours to get the trap system to 95% complete. DLNR contributed the fencing material and they hope to have the first round-up in a few months. There has been lots of interest from beneficiaries from all sides of Hawai'i Island. They are trying their best to involve the entire island through association notices.

ITEMS FOR DECISION MAKING

LAND DEVELOPMENT DIVISION

ITEM E-1 Rescission of Undivided Interest Homestead Lease Award and Reinstatement of Application – East Kapolei I – Hiram S. Kaleiohi Jr.

RECOMMENDED MOTION/ACTION

Acting Land Development Division Administrator Norman Sakamoto presented the following:

1. To approve the rescission of one (1) Residential Lease, East Kapolei I Undivided Interest Program, which commenced on December 2, 2006.
2. To reinstate one (1) residential lease applications to the appropriate Residential Lease Waiting list according to the original date of application.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina to approve the motion as stated in the submittal. Motion carried unanimously.

HOMESTEAD SERVICES DIVISION

ITEM D-15 Approval of Assignment of Leasehold Interest- CHRISAL K. JOHNS to STANTON K. KAUHANE, Lease No. 5253, Lot No. 2, Waianae, Oahu; Approval of Assumption of Loan No. 18503 by STANTON K. KAUHANE; Approval of Refinance of Loan No. 18503

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:

1. To approve the transfer of Department of Hawaiian Home Lands (Department) Residential Lease No. 5253, Lot No. 2, Waianae, Oahu from Chrisal K. Johns (Johns) to Stanton K. Kauhane (Kauhane).
2. Due to extraordinary circumstances, allow Stanton Kauhane to assume the indebtedness of Chrisal Johns on her Loan No. 18503.
3. To authorize the refinancing of Loan No. 18503 based on the payment history of Mr. Kauhane. Since March of 2014, up to and including March of 2015, Mr. Kauhane has made consistent monthly payments of \$1,300. The terms of the loan to be refinanced shall not exceed \$107,000, the interest rate shall be set at 4.5% per annum, payment shall not exceed \$1,300 per month, with a term not to exceed 8-1/4 years.

MOTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina to approve the motion as stated in the submittal.

DISCUSSION

Chair Masagatani asked if Mr. Kauhane is okay with the \$1,300.00 monthly payments at 4.5% interest for 8 and 1/4 years. If Mr. Kauhane wanted a lower payment, the term of the loan could be extended to allow for it. S. Kauhane stated he wanted to consider the options.

Chair Masagatani deferred the item to allow staff to work with S. Kauhane on the options available to him.

ITEM D-2 Approval of Consent to Mortgage

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the consents listed in the submittal to mortgages for Federal Housing Administration (FHA) insured loans, Department of Veterans Affairs (VA) loans, United States Department of Agriculture, Rural Development (USDA, RD) guaranteed loans, United States Housing and Urban Development (BUD 184A) guaranteed loans and Conventional (CON) loans insured by private mortgage insurers.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-3 Approval of Streamline Refinance of Loans

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the refinancing of loans from the Hawaiian Home General Loan Fund as listed in the submittal.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-4 Approval to Schedule Loan Delinquency Contested Case Hearings

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To authorize the scheduling of the loan delinquency contested case hearings as shown in the submittal.

MOTION/ACTION

Moved by Commissioner Kaapu, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-5 Approval of Homestead Application Transfers/Cancellations

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the transfers and cancellations of applications from the Application Waiting Lists for reasons described in the submittal.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis. Motion carried unanimously.

ITEM D-6 Reinstatement of Deferred Application – LUVONNE U.L. RIVERA

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To reinstate an application that was deferred due to the applicant not responding to two successive contacts as required by the Department's Administrative Rules.

Moved by Commissioner Davis, seconded by Commissioner Kaapu to approve the motion as stated in the submittal.

ACTION

ITEM D-7 Ratification of Designation of Successors to Leasehold Interest and Designation of Persons to Receive the Net Proceeds

MOTION/ACTION

ITEM D-8 Approval of Assignment of Leasehold Interest

MOTION/ACTION

EXECUTIVE SESSION IN 12:40 PM

EXECUTIVE SESSION OUT 1:05 PM

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:
To approve the amendment of the leasehold interest as listed in the submittal.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto. Motion carried unanimously.

ITEM D-10 Approval to Issue Non-Exclusive Licenses for Rooftop Photovoltaic Systems for Certain Lessees

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the issuance of a non-exclusive license to allow the Permittee to provide adequate services related to the installation, maintenance, and operation of a photovoltaic system on the premises leased by the respective Lessees in the submittal.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-11 Approval for Payment of Net Proceeds - PATRICIA A.K. KANOA, Waimanalo Residential Lot Lease No. 4080, Lot No. 35A, Waimanalo, O‘ahu

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: 1) Accept the following appraisal, 2) approve the following purchase of improvements, and 3) authorize the following payment of net proceeds.

Lessee Name:	Patricia A.K. Kanoa
Lease Date:	December 19, 1973
Residential Lease No./Lot No.:	4080/35A
Area/Island:	Waimanalo, Oahu
Date of Cancellation/Reason:	August 10, 2009/Loan Delinquency
Date of Appraisal/Amount:	June 29, 2012/\$87,000
Loan No. 18216:	\$53,592.92
Expenses to Prepare for Re-award, outstanding RPT, Lease rent, Etc.:	\$25,842.03
Total Indebtedness Amount:	\$79,434.95
Net Proceeds:	\$7,565.05

Property improvements were re-awarded on May 30, 2014.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-12 Approval for Payment of Net Proceeds- DANELL K. LINDSEY, Kaupē‘a Residential Lot Lease No. 11437, Lot No. 17186, Kapolei, Oahu

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: 1) Accept the following appraisal, 2) approve the following purchase of improvements, and 3) authorize the following payment of net proceeds.

Lessee Name:	Danell K. Lindsey
Lease Date:	November 2, 2007
Residential Lease No./Lot No.:	11437/17186
Area/Island:	Kapolei, Oahu

Date of Cancellation/Reason: September 21, 2013/Relocation
Date of Appraisal/Amount: October 3, 2013/\$221,000
American Savings Bank Loan: \$161,988.82
Expenses to Prepare for Re-award, outstanding RPT, Lease rent, Etc.: \$25,644.21
Total Indebtedness Amount: \$187,633.03
Net Proceeds: \$33,366.97

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-13 Approval for Payment of Net Proceeds - DAYNA G.L.N. NG, Kawaihae Mauka Residential Lot Lease No. 7188, Lot No. 172, Kawaihae, Hawai'i

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:
1) Accept the following appraisal, 2) approve the following purchase of improvements, and 3) authorize the following payment of net proceeds.

Lessee Name: Dayna G.L.N. Ng
Lease Date: October 1, 1999
Residential Lease No./Lot No.: 7188/172
Area/Island: Kawaihae, Hawai'i
Date of Cancellation/Reason: April 21, 2014/Surrender
Date of Appraisal/Amount: October 18, 2013/\$243,000
American Savings Bank Loan: \$0
Expenses to Prepare for Re-award, outstanding RPT, Lease rent, Etc.: \$16,243.79
Total Indebtedness Amount: \$16,243.79
Net Proceeds: \$226,756.21

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto. Motion carried unanimously.

ITEM D-14 Approval for Payment of Net Proceeds - GEORGE SHIN, Lālāmilo Residential Lot Lease No. 10183, Lot No. 22, Waimea, Hawai'i

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:
1) Accept the following appraisal, 2) approve the following purchase of improvements, and 3) authorize the following payment of net proceeds.

Lessee Name: George Shin
Lease Date: January 7, 2011
Residential Lease No./Lot No.: 10183/22
Area/Island: Lālāmilo, Hawai'i
Date of Cancellation/Reason: February 18, 2014/Surrender
Date of Appraisal/Amount: December 18, 2013/\$241,000
Res. Credit Solutions Loan: \$236,520.81
Expenses to Prepare for Re-award, outstanding RPT, Lease rent, Etc.: \$1,345.83
Total Indebtedness Amount: \$237,866.64
Net Proceeds: \$3,133.36

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously

Chair Masagatani recalled to Item D-15 for final vote.

ITEM D-15 Approval of Assignment of Leasehold Interest- CHRISAL K. JOHNS to STANTON K. KAUHANE, Lease No. 5253, Lot No. 2, Waianae, Oahu; Approval of Assumption of Loan No. 18503 by STANTON K. KAUHANE; Approval of Refinance of Loan No. 18503

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:

1. To approve the transfer of Department of Hawaiian Home Lands (Department) Residential Lease No. 5253, Lot No. 2, Waianae, Oahu from Chrisal K. Johns (Johns) to Stanton K. Kauhane (Kauhane).
2. Due to extraordinary circumstances, allow Stanton Kauhane to assume the indebtedness of Chrisal Johns on her Loan No. 18503.
3. To authorize the refinancing of Loan No. 18503 based on the payment history of Mr. Kauhane. Since March of 2014, up to and including March of 2015, Mr. Kauhane has made consistent monthly payments of \$1,300. The terms of the loan to be refinanced shall not exceed \$107,000, the interest rate shall be set at 4.5% per annum, payment shall not exceed \$1,300 per month, with a term not to exceed 8-1/4 years.

MOTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina to approve the motion as stated in the submittal.

D. Oshiro stated Mr. Kauhane was fine with the terms as outlined in the submittal. No changes were made.

ACTION

Motion carried. Commissioner Kaapu opposed.

LAND DEVELOPMENT DIVISION

ITEM E-2 Approval of Settlement in Leonard L. Low v. Department of Hawaiian Home Lands et al. Civ. No. 13-1-561K

RECOMMENDED MOTION/ACTION

Deputy Attorney General Craig Iha presented the motion that the Commission approve the settlement brokered by the mediator in the matter Leonard L. Low v. Department of Hawaiian Home Lands et al. Civ. No. 13-1-561K.

MOTION

Moved by Commissioner Kahikina, seconded by Commissioner Canto to approve the motion as stated in the submittal.

Chair Masagatani asked for a motion to recuse into executive session.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Kahikina to recuse into executive session pursuant to HRS Section 92-5 (a)(4). Motion carried unanimously.

EXECUTIVE SESSION IN 1:40 PM

EXECUTIVE SESSION OUT 2:15 PM

ACTION

Motion carried.

LAND MANAGEMENT DIVISION

ITEM F-2 Approval to Issue Master License to HECO, Honolulu, Oahu

Note: This item was deferred to the next agenda.

ITEM F-3 Ratification of Actions taken by Chairman, Hawaiian Homes Commission, Statewide

RECOMMENDED MOTION/ACTION

Land Management Division Administrator Linda Chinn recommended the following:
That the Hawaiian Homes Commission ratify the consents and approvals listed in the submittal granted by the Chairman, Hawaiian Homes Commission.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis to approve the motion as stated in the submittal. Motion carried unanimously.

ADMINISTRATIVE SERVICES DIVISION

ITEM H-1 Transfer of Hawaiian Home Receipts Money at the End of the Third Quarter, FY 2015

RECOMMENDED MOTION/ACTION

Administrative Services Officer Rodney Lau offered the following motion:
That the Commission approve the transfer of the entire receipts deposited in the Hawaiian Home Receipts Fund as of March 31, 2015 to the Hawaiian Home General Loan Fund.

MOTION/ACTION

Moved by Commissioner Kahikina, seconded by Commissioner Canto to approve the motion as stated in the submittal. Motion carried unanimously.

ITEMS FOR INFORMATION

OFFICE OF THE CHAIRMAN

Item C- 1 Draft 2015 Native Hawaiian Housing Plan

RECOMMENDED MOTION/ACTION

None. For information only.

NAHASDA Manager Niniau Simmons presented an overview of the plan.

The draft 2015 Native Hawaiian Housing Plan is being submitted for review. Each year, as part of its compliance with 24 CFR Part 1006, Title VIII of the Native American Housing Assistance and

Self Determination Act (NAHASDA), the Department of Hawaiian Home Lands (DHHL) must file an approved Annual Housing Plan with the U.S. Department of Housing and Urban Development (HUD). This year, the due date is April 17, 2015. DHHL will file an extension request to accommodate the meeting schedule of the Hawaiian Homes Commission for a due date of April 24, 2015.

Commissioner Kaapu asked how many beneficiaries will be taken off the list if the plan is successful. Chair Masagatani answered that part of the Housing Plan goes toward home repair and replacement which addresses a critical housing need, but no names are removed from the list. Then there is the packaged home financing product, which also deals with existing lessees who have had problems building their homes. Next is the HALE program which will eventually help get folks off the list, but not immediately.

Commissioner Kahikina stated the Department cannot do this work by itself, it needs to do partnerships like what they did in Nānākuli with the Hale Makana project. In that project, they addressed thirty-five percent of the MFI (median family income) families. He encourages the Department to consider similar projects. They are looking to do another project in Waianae Valley.

Commissioner Kahikina asked if there will be funds remaining at the end of the year. N. Simmons stated there will be a balance, but it has already been committed. Programmatically, the Department will have expended all of the funds once all of the planned programs are completed.

Commissioner Kahikina asked if NAHASDA money can be used to refinance loans that come back to the Department. N. Simmons stated NAHASDA money cannot be used for bad loans.

Chair Masagatani asked Commissioners to email N. Simmons any additional questions before next month when the item will be on the agenda for approval.

Item C- 2 Review of the Draft Native Hawaiian Housing and Land Use Minition of Concern Policy

RECOMMENDED MOTION/ACTION

None. For information only.

NAHASDA Manager Niniau Simmons presented an overview of the plan.

N. Simmons stated the Department will bring this item to the Commission in May 2015. Copies of the policy are available at the district offices where staff will help to collect comments and concerns.

Commissioner Kaapu stated there are approximately 15 beneficiaries affected by unexploded ordinances (UXO) that are in the process of getting funding from HUD or NAHASDA. He asked what is being done to work on those cases. N. Simmons stated she is going to Waimea to meet with three programs that are affected. One project is a West Hawai'i Habitat for Humanity contract for home repair, another is a demolition and new build home in Pu'ukapu and the last is a HUD 184A loan program participant.

Commissioner Kaapu asked if any of the programs were over the ½ of FHA maximum (FHA cap) cap. N. Simmons stated the HUD184A project is over the FHA max.

N. Simmons stated she and Executive Assistant Derek Kimura recently met with the US Army Corps of Engineers, Native Hawaiian Housing Block Grant Specialist, Claudine Allen, and HUD

Regional Manager Ryan Okuhara. They mentioned the UXO issue would affect all of the financing in the Waikoloa area.

Commissioner Kaapu asked if the Department can override the ½ of FHA max cap. Chair Masagatani answered the cap is in the Hawaiian Homes Commission Act with respect to financing provided by DHHL.

Chair Masagatani asked Commissioners to email Niniau if they had any further comments. The policy will be on the May agenda for approval.

HOMESTEAD SERVICES DIVISION

ITEM D-1 HSD Status Report

RECOMMENDED MOTION/ACTION

None. For Information Only.

Acting Homestead Services Division Administrator Dean Oshiro was available for questions. Commissioners had no questions.

Exhibits:

A- Homestead Lease and Application Totals and Monthly Activity Reports

B-Delinquency Report

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Kahikina to recuse into executive session pursuant to HRS Section 92-5 (a)(4). Motion carried unanimously.

EXECUTIVE SESSION IN

5:34 PM

The Commission anticipates convening in executive meeting pursuant to Section 92 5(a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on these matters.

1. Required qualifications of person receiving a transfer of a homestead lease under the Hawaiian Homes Commission Act, 1920 as amended, and applicable administrative rules.

EXECUTIVE SESSION OUT

5:12 PM

RECESS

5:13 PM

HAWAIIAN HOMES COMMISSION
Minutes of March 16 and 17, 2015
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Gene Ross K. Davis, Commissioner, Moloka'i
David B. Kaapu, Commissioner, West Hawai'i (arrived 10:45a.m.)
Michael P. Kahikina, Commissioner, Oahu
William Richardson, Commissioner, O'ahu
Renwick V. I. Tassill, Commissioner, O'ahu
Kathleen Pua Chin, Commissioner Kaua'i

EXCUSED Wallace A. Ishibashi, Commissioner, East Hawaii

COUNSEL Craig Iha, Deputy Attorney General

STAFF William Aila Jr., Deputy to the Chairman, Office of the Chair
Norman Sakamoto, Development Officer, Office of the Chair
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Kaleo Manuel, Acting Manager, Planning Office
Gigi Cairel, Grants Specialist, Planning Officer
Michelle Brown Secretary to the Commission

ORDER OF BUSINESS

CALL TO ORDER

Chair Masagatani called the meeting to order at 9:46 a.m.

ROLL CALL

Seven (7) members were present at roll call. Commissioner Ishibashi was excused.
Commissioner Kaapu was on his way from the airport.

APPROVAL OF AGENDA

Chair Masagatani announced the minutes were distributed and will be addressed at the start of the Tuesday agenda. Items J-7 will be taken after public testimony.

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PUBLIC TESTIMONY ON AGENDIZED ITEMS

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ITEM A-2 Michelle Kauhane, President and CEO Council for Native Hawaiian Advancement

M. Kauhane wanted to share with Commissioners some of the policy discussions CNHA has completed. She also applauded the Department for item H-1, which returns receipts back to the General Loan Fund. For Item C-1, they are excited to see the effort by DHHL to do loss mitigation and the hiring of the Department's HALE manager.

They are supportive of forbearance interest rate reductions and deferment payments. These were all suggestions brought up in community roundtables through the working groups in viewing the audit. This was a great example of what can happen with community engagement. The community rallied around serious audit findings to offer suggestions, recommendations, and solutions that meet the needs of the beneficiaries.

M. Kauhane stated NAHASDA Manager Niniau Simmons did a great job in putting together a comprehensive housing plan. The goals were articulated clearly and beneficiaries are excited. Often the self-determination aspect of the NAHSADA acronym is forgotten. She encourages the Commission to look at things that embrace more self-determination like self-help housing and other community-based projects. She also encourages the Department to use NAHASDA funds to increase the O'ahu land inventory. O'ahu has the highest demand for beneficiary housing but the smallest amount of land.

Commissioner Kahikina asked if the presentation CNHA did for the Hawai'i State Senate could be done for the Commission. M. Kauhane offered to do it if R. Danner's J-Agenda Item will allow for it. M. Kauhane stated it was a briefing on the strategic plan.

Commissioner Kahikina felt it should be an agenda item.

Chair Masagatani thanked M. Kauhane for her testimony.

WORKSHOP PRESENTATIONS

PLANNING DIVISION

ITEM G-1 For Information Only – DHHL Beneficiary Study 2014

RECOMMENDED MOTION/ACTION

None. For Information Only.

Acting Planning Manager Kaleo Manuel and Planner Bob Freitas presented the workshop.

B. Freitas stated from 1985 to 1995 DHHL surveyed the HHCA beneficiaries, both applicants and lessees, to identify their demographic profiles, which were needed to develop housing programs. Starting in 1995, DHHL re-designed its beneficiary demographic studies to meet The U.S. Department of Housing and Urban Development (HUD) criteria, which was necessary to qualify for federal housing assistance programs. After the passage of Title VIII of the Native American

Housing Assistance and Self Determination Act (NAHASDA) a.k.a. Hawaiian Home Lands Homeownership Act, DHHL has collected data to support DHHL's NAHASDA program. From 2003 to the present DHHL has collected trend data, approximately every five (5) years, to support program development.

General Findings

The following is a general summary of findings from the 2014 DHHL Beneficiary Study.

Applicants

- Median age is 57
- The number of applicants has increased by 33% since 2008
- The percentage of DHHL applicants earning less than 80% of the HUD median income each year continues to decrease
- In 2014, 45% of the applicants were classified as below 80% HUD median income, compared to 48% in 2008 and 56% in 2003
- Applicant median income is \$59,932
- Oahu continues to be the most sought-after location for many applicants
- Over half of the applicants live on Oahu
- There is still a demand for single family homes that are move in ready

Lessees

- Median age is 62
- Approximately 73% say the size of their home is sufficient
- Approximately 67% have made home improvements
- Approximately 18% of homes need major repairs, and there are more lessee households below the 30% HUD Area Median Income, many lessees who need repairs cannot afford to pay for the repairs
- Median income has increased to \$59,600
- Approximately 79% of lessees have home insurance
- Approximately 68% believe that their community is a great place to live
- Approximately 80% said they would not move if given the option
- Approximately 89% of lessees feel that communities work better with participation in community associations

Undivided Interest Lessees

- Median age is 55
- Approximately 88% are employed fulltime
- Median income of \$64,933.00 is higher than traditional lessees
- Approximately 20% receive food stamps
- Approximately 13% live in public assisted housing
- Approximately 50% are renting
- Approximately 38% are already homeowners with 69% living in a single-family dwelling
- Approximately 39% expect that DHHL will complete the homes within three to five years and 61% plan to be financially prepared.
- Only 31% fully understand what an Undivided Interest Lease is.

Commissioner Canto stated the information was interesting and asked how often the Department plans to survey its beneficiaries. Commissioner Richardson felt every 5 years makes sense.

Commissioner Kahikina stated it was interesting how the undivided interest lessees believe they would be getting leases within the next year or so. He wondered how they get that information.

Commissioner Richardson thought it interesting that the median age of lessees is 62. It would be difficult for a 62-year-old to take on a mortgage in retirement.

Commissioner Kahikina asked if those that didn't respond to the survey were taken off the list. He wondered who determines which names are taken off the list. K. Manuel stated for the purposes of the survey, they took the mailing list from Homestead Services Division and simply removed bad addresses and duplicate addresses. They did not remove anyone's name from the mailing list. D. Oshiro added that the Commission is the only body that can remove names from the list. The list of deceased applicants is provided to the Commission via monthly submittals on the Commission meeting agenda. No staff are authorized to remove a name from the applicant list.

LAND MANAGEMENT DIVISION

ITEM F-1 For Information Only – 'Āina Mauna Demonstration Game Management Project, Humu'ula, Hawaii

RECOMMENDED MOTION/ACTION

None. For Information Only.

Land Management Division Administrator Linda Chinn and Property Development Agent Mike Robinson presented the workshop.

'Āina Mauna Legacy Program

At its December 15, 2009 meeting, the Hawaiian Homes Commission unanimously adopted the 'Āina Mauna Legacy Program as recommended and presented by Darrell Yagodich, Planning Program Manager of DHHL's Planning Office.

As presented, "the 'Āina Mauna Legacy Program's intent is to restore and preserve sensitive trust resources that exist in the Humu'ula/Pi'ihonua region of Hawaii Island ... while ensuring that a long-term management strategy plan ... will sustain the revitalization of the region and provide benefits to existing and future applicants/lessees of the Hawaiian Home Lands Trust".

The 'Āina Mauna Legacy Program comprehensively addressed the following ten priority issues:

1. Restoration and enhancement of DHHL trust property
2. Provide opportunities for DHHL applicants/lessees
3. Preserve natural and cultural resources
4. Reforestation and restoration of the ecosystem
5. Removal of invasive species - fireweed, etc.
6. Develop revenue and reinvest to sustain activities
7. Provide educational opportunities
8. Identify and secure partners
9. Identify alternative/renewable energy projects
10. Be a lead and/or model for others to engage in ecosystem restoration in a culturally sensitive manner based on partnerships to develop a self-sustaining model

M. Robinson introduced Leonard Tanaka who runs the demonstration game management project. He stated that in the last 4 months they have had many volunteers. Most are teenage high school students and college students. It has taken 500 man-hours to get the trap system to 95% complete. DLNR contributed the fencing material and they hope to have the first round-up in a few months. There has been lots of interest from beneficiaries from all sides of Hawai'i Island. They are trying their best to involve the entire island through association notices.

Commissioner Richardson asked what is the demand for sheep? He wondered if there is a need to look for a commercial vendor for the excess sheep. His priority is meat for the beneficiaries, but he thinks there will be a lot left over if the demand for sheep is not very high. L. Tanaka stated they are not sure about the demand. The current population of sheep is 1000. The goal is to bring the population down to 400. The herd roams between DHHL land and the Pohakuloa Training Area where hunting is allowed. If there is pressure on DHHL side, the herd could easily move to the other side. There is also a pack of wild dogs that help to keep the population down.

Representative Faye Hanohano testified that her grandmother, who grew up in Puna, raised goats and sold hides to the mainland. She believes the sheep need to be culled to remove the different breeds. The sheep on Mauna Kea do not need anti-biotics to survive like commercial sheep. She supports the demonstration project but disagrees with the Deputy AG's assessment about restricting hunting. She and her husband are hunters and cited Kingdom Law and Article 12 Section 7 of the State Constitution regarding gathering rights.

Commissioner Davis thought it was a good project. His only concern is the movement of live animals. Feral animals can carry diseases that could get into the commercial stock. He knows staff has researched the process for engaging with the Department of Agriculture. He is satisfied that things will be done properly.

Commissioner Canto asked if there was ever an effort to eradicate all the sheep from the mountain. L. Tanaka stated there has never been an effort that big. The project is trying to determine what is sustainable on the amount of land available.

Chair Masagatani asked M. Robinson what the next steps are. M. Robinson replied that the next steps are to test the traps to see how many animals they can catch at one time. Then they would establish the demand for the live and slaughtered animals. Then continue to figure out if hunting can be implemented.

Commissioner Richardson asked how much, if any, land has been designated for homesteading. M. Robinson stated 2000 acres have been designated for homesteading. In theory, there could be as many as 400 parcels. It is a unique place and the weather is normally 60 degrees during the daytime.

Commissioner Kaapu agreed with Senator Solomon that the Department should test and investigate the gathering rights issue to allow the Department to manage its own hunting and gathering. Commissioner Kahikina added that he thinks the Department should test the gathering rights issue as well.

Chair Masagatani asked for an executive session to confer with counsel.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Kahikina to recuse into executive session pursuant to HRS Section 92-5 (a)(4). Motion carried unanimously.

EXECUTIVE SESSION IN 11:30 AM

EXECUTIVE SESSION OUT 12:15 PM

ITEMS FOR DECISION MAKING

LAND DEVELOPMENT DIVISION

ITEM E-1 Rescission of Undivided Interest Homestead Lease Award and Reinstatement of Application – East Kapolei I – Hiram S. Kaleiohi Jr.

RECOMMENDED MOTION/ACTION

Acting Land Development Division Administrator Norman Sakamoto presented the following:

1. To approve the rescission of one (1) Residential Lease, East Kapolei I Undivided Interest Program, which commenced on December 2, 2006.
2. To reinstate one (1) residential lease applications to the appropriate Residential Lease Waiting list according to the original date of application.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina to approve the motion as stated in the submittal. Motion carried unanimously.

HOMESTEAD SERVICES DIVISION

ITEM D-15 Approval of Assignment of Leasehold Interest- CHRISAL K. JOHNS to STANTON K. KAUHANE, Lease No. 5253, Lot No. 2, Waianae, Oahu; Approval of Assumption of Loan No. 18503 by STANTON K. KAUHANE; Approval of Refinance of Loan No. 18503

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:

1. To approve the transfer of Department of Hawaiian Home Lands (Department) Residential Lease No. 5253, Lot No. 2, Waianae, Oahu from Chrisal K. Johns (Johns) to Stanton K. Kauhane (Kauhane).
2. Due to extraordinary circumstances, allow Stanton Kauhane to assume the indebtedness of Chrisal Johns on her Loan No. 18503.
3. To authorize the refinancing of Loan No. 18503 based on the payment history of Mr. Kauhane. Since March of 2014, up to and including March of 2015, Mr. Kauhane has made consistent monthly payments of \$1,300. The terms of the loan to be refinanced shall not exceed \$107,000, the interest rate shall be set at 4.5% per annum, payment shall not exceed \$1,300 per month, with a term not to exceed 8-1/4 years.

MOTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina to approve the motion as stated in the submittal.

DISCUSSION

Chair Masagatani asked if Mr. Kauhane is okay with the \$1,300.00 monthly payments at 4.5% interest for 8 and 1/4 years. If Mr. Kauhane wanted a lower payment, the term of the loan could be extended to allow for it. S. Kauhane stated he wanted to consider the options.

Chair Masagatani deferred the item to allow staff to work with S. Kauhane on the options available to him.

ITEM D-2 Approval of Consent to Mortgage

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the consents listed in the submittal to mortgages for Federal Housing Administration (FHA) insured loans, Department of Veterans Affairs (VA) loans, United States Department of Agriculture, Rural Development (USDA, RD) guaranteed loans, United States Housing and Urban Development (BUD 184A) guaranteed loans and Conventional (CON) loans insured by private mortgage insurers.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-3 Approval of Streamline Refinance of Loans

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the refinancing of loans from the Hawaiian Home General Loan Fund as listed in the submittal.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-4 Approval to Schedule Loan Delinquency Contested Case Hearings

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To authorize the scheduling of the loan delinquency contested case hearings as shown in the submittal.

MOTION/ACTION

Moved by Commissioner Kaapu, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-5 Approval of Homestead Application Transfers/Cancellations

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the transfers and cancellations of applications from the Application Waiting Lists for reasons described in the submittal.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis. Motion carried unanimously.

ITEM D-6 Reinstatement of Deferred Application – LUVONNE U.L. RIVERA

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To reinstate an application that was deferred due to the applicant not responding to two successive contacts as required by the Department's Administrative Rules.

Moved by Commissioner Davis, seconded by Commissioner Kaapu to approve the motion as stated in the submittal.

ACTION

ITEM D-7 Ratification of Designation of Successors to Leasehold Interest and Designation of Persons to Receive the Net Proceeds

MOTION/ACTION

ITEM D-8 Approval of Assignment of Leasehold Interest

MOTION/ACTION

EXECUTIVE SESSION IN 12:40 PM

EXECUTIVE SESSION OUT 1:05 PM

ITEM D-9 Approval of Amendment of Leasehold Interest

The Hawaiian Homes Commission Meeting– March 16 & 17, 2015 Kapolei, Hawai'i

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto. Motion carried unanimously.

ITEM D-10 Approval to Issue Non-Exclusive Licenses for Rooftop Photovoltaic Systems for Certain Lessees

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: To approve the issuance of a non-exclusive license to allow the Permittee to provide adequate services related to the installation, maintenance, and operation of a photovoltaic system on the premises leased by the respective Lessees in the submittal.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-11 Approval for Payment of Net Proceeds - PATRICIA A.K. KANOA, Waimanalo Residential Lot Lease No. 4080, Lot No. 35A, Waimanalo, O'ahu

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: 1) Accept the following appraisal, 2) approve the following purchase of improvements, and 3) authorize the following payment of net proceeds.

Lessee Name:	Patricia A.K. Kanoa
Lease Date:	December 19, 1973
Residential Lease No./Lot No.:	4080/35A
Area/Island:	Waimanalo, Oahu
Date of Cancellation/Reason:	August 10, 2009/Loan Delinquency
Date of Appraisal/Amount:	June 29, 2012/\$87,000
Loan No. 18216:	\$53,592.92
Expenses to Prepare for Re-award, outstanding RPT, Lease rent, Etc.:	\$25,842.03
Total Indebtedness Amount:	\$79,434.95
Net Proceeds:	\$7,565.05

Property improvements were re-awarded on May 30, 2014.

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-12 Approval for Payment of Net Proceeds- DANELL K. LINDSEY, Kaupe'a Residential Lot Lease No. 11437, Lot No. 17186, Kapolei, Oahu

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following: 1) Accept the following appraisal, 2) approve the following purchase of improvements, and 3) authorize the following payment of net proceeds.

Lessee Name:	Danell K. Lindsey
Lease Date:	November 2, 2007
Residential Lease No./Lot No.:	11437/17186
Area/Island:	Kapolei, Oahu

Date of Cancellation/Reason: September 21, 2013/Relocation
Date of Appraisal/Amount: October 3, 2013/\$221,000
American Savings Bank Loan: \$161,988.82
Expenses to Prepare for Re-award, outstanding RPT, Lease rent, Etc.: \$25,644.21
Total Indebtedness Amount: \$187,633.03
Net Proceeds: \$33,366.97

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Kahikina. Motion carried unanimously.

ITEM D-13 Approval for Payment of Net Proceeds - DAYNA G.L.N. NG, Kawaihae Mauka Residential Lot Lease No. 7188, Lot No. 172, Kawaihae, Hawai'i

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:
1) Accept the following appraisal, 2) approve the following purchase of improvements, and 3) authorize the following payment of net proceeds.

Lessee Name: Dayna G.L.N. Ng
Lease Date: October 1, 1999
Residential Lease No./Lot No.: 7188/172
Area/Island: Kawaihae, Hawai'i
Date of Cancellation/Reason: April 21, 2014/Surrender
Date of Appraisal/Amount: October 18, 2013/\$243,000
American Savings Bank Loan: \$0
Expenses to Prepare for Re-award, outstanding RPT, Lease rent, Etc.: \$16,243.79
Total Indebtedness Amount: \$16,243.79
Net Proceeds: \$226,756.21

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Canto. Motion carried unanimously.

ITEM D-14 Approval for Payment of Net Proceeds - GEORGE SHIN, Lālānilo Residential Lot Lease No. 10183, Lot No. 22, Waimea, Hawai'i

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:
1) Accept the following appraisal, 2) approve the following purchase of improvements, and 3) authorize the following payment of net proceeds.

Lessee Name: George Shin
Lease Date: January 7, 2011
Residential Lease No./Lot No.: 10183/22
Area/Island: Lālānilo, Hawai'i
Date of Cancellation/Reason: February 18, 2014/Surrender
Date of Appraisal/Amount: December 18, 2013/\$241,000
Res. Credit Solutions Loan: \$236,520.81
Expenses to Prepare for Re-award, outstanding RPT, Lease rent, Etc.: \$1,345.83
Total Indebtedness Amount: \$237,866.64
Net Proceeds: \$3,133.36

MOTION/ACTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina. Motion carried unanimously

Chair Masagatani recalled to Item D-15 for final vote.

ITEM D-15 Approval of Assignment of Leasehold Interest- CHRISAL K. JOHNS to STANTON K. KAUHANE, Lease No. 5253, Lot No. 2, Waianae, Oahu; Approval of Assumption of Loan No. 18503 by STANTON K. KAUHANE; Approval of Refinance of Loan No. 18503

RECOMMENDED MOTION/ACTION

Acting Homestead Services Division Administrator Dean Oshiro recommended the following:

1. To approve the transfer of Department of Hawaiian Home Lands (Department) Residential Lease No. 5253, Lot No. 2, Waianae, Oahu from Chrisal K. Johns (Johns) to Stanton K. Kauhane (Kauhane).
2. Due to extraordinary circumstances, allow Stanton Kauhane to assume the indebtedness of Chrisal Johns on her Loan No. 18503.
3. To authorize the refinancing of Loan No. 18503 based on the payment history of Mr. Kauhane. Since March of 2014, up to and including March of 2015, Mr. Kauhane has made consistent monthly payments of \$1,300. The terms of the loan to be refinanced shall not exceed \$107,000, the interest rate shall be set at 4.5% per annum, payment shall not exceed \$1,300 per month, with a term not to exceed 8-1/4 years.

MOTION

Moved by Commissioner Davis, seconded by Commissioner Kahikina to approve the motion as stated in the submittal.

D. Oshiro stated Mr. Kauhane was fine with the terms as outlined in the submittal. No changes were made.

ACTION

Motion carried. Commissioner Kaapu opposed.

LAND DEVELOPMENT DIVISION

ITEM E-2 Approval of Settlement in Leonard L. Low v. Department of Hawaiian Home Lands et al. Civ. No. 13-1-561K

RECOMMENDED MOTION/ACTION

Deputy Attorney General Craig Iha presented the motion that the Commission approve the settlement brokered by the mediator in the matter Leonard L. Low v. Department of Hawaiian Home Lands et al. Civ. No. 13-1-561K.

MOTION

Moved by Commissioner Kahikina, seconded by Commissioner Canto to approve the motion as stated in the submittal.

Chair Masagatani asked for a motion to recuse into executive session.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Kahikina to recuse into executive session pursuant to HRS Section 92-5 (a)(4). Motion carried unanimously.

EXECUTIVE SESSION IN 1:40 PM

EXECUTIVE SESSION OUT 2:15 PM

ACTION

Motion carried.

LAND MANAGEMENT DIVISION

ITEM F-2 Approval to Issue Master License to HECO, Honolulu, Oahu

Note: This item was deferred to the next agenda.

ITEM F-3 Ratification of Actions taken by Chairman, Hawaiian Homes Commission, Statewide

RECOMMENDED MOTION/ACTION

Land Management Division Administrator Linda Chinn recommended the following:
That the Hawaiian Homes Commission ratify the consents and approvals listed in the submittal granted by the Chairman, Hawaiian Homes Commission.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Davis to approve the motion as stated in the submittal. Motion carried unanimously.

ADMINISTRATIVE SERVICES DIVISION

ITEM H-1 Transfer of Hawaiian Home Receipts Money at the End of the Third Quarter, FY 2015

RECOMMENDED MOTION/ACTION

Administrative Services Officer Rodney Lau offered the following motion:
That the Commission approve the transfer of the entire receipts deposited in the Hawaiian Home Receipts Fund as of March 31, 2015 to the Hawaiian Home General Loan Fund.

MOTION/ACTION

Moved by Commissioner Kahikina, seconded by Commissioner Canto to approve the motion as stated in the submittal. Motion carried unanimously.

ITEMS FOR INFORMATION

OFFICE OF THE CHAIRMAN

Item C- 1 Draft 2015 Native Hawaiian Housing Plan

RECOMMENDED MOTION/ACTION

None. For information only.

NAHASDA Manager Niniau Simmons presented an overview of the plan.

The draft 2015 Native Hawaiian Housing Plan is being submitted for review. Each year, as part of its compliance with 24 CFR Part 1006, Title VIII of the Native American Housing Assistance and

Self Determination Act (NAHASDA), the Department of Hawaiian Home Lands (DHHL) must file an approved Annual Housing Plan with the U.S. Department of Housing and Urban Development (HUD). This year, the due date is April 17, 2015. DHHL will file an extension request to accommodate the meeting schedule of the Hawaiian Homes Commission for a due date of April 24, 2015.

Commissioner Kaapu asked how many beneficiaries will be taken off the list if the plan is successful. Chair Masagatani answered that part of the Housing Plan goes toward home repair and replacement which addresses a critical housing need, but no names are removed from the list. Then there is the packaged home financing product, which also deals with existing lessees who have had problems building their homes. Next is the HALE program which will eventually help get folks off the list, but not immediately.

Commissioner Kahikina stated the Department cannot do this work by itself, it needs to do partnerships like what they did in Nānākuli with the Hale Makana project. In that project, they addressed thirty-five percent of the MFI (median family income) families. He encourages the Department to consider similar projects. They are looking to do another project in Waianae Valley.

Commissioner Kahikina asked if there will be funds remaining at the end of the year. N. Simmons stated there will be a balance, but it has already been committed. Programmatically, the Department will have expended all of the funds once all of the planned programs are completed.

Commissioner Kahikina asked if NAHASDA money can be used to refinance loans that come back to the Department. N. Simmons stated NAHASDA money cannot be used for bad loans.

Chair Masagatani asked Commissioners to email N. Simmons any additional questions before next month when the item will be on the agenda for approval.

Item C- 2 Review of the Draft Native Hawaiian Housing and Land Use Minition of Concern Policy

RECOMMENDED MOTION/ACTION

None. For information only.

NAHASDA Manager Niniau Simmons presented an overview of the plan.

N. Simmons stated the Department will bring this item to the Commission in May 2015. Copies of the policy are available at the district offices where staff will help to collect comments and concerns.

Commissioner Kaapu stated there are approximately 15 beneficiaries affected by unexploded ordinances (UXO) that are in the process of getting funding from HUD or NAHASDA. He asked what is being done to work on those cases. N. Simmons stated she is going to Waimea to meet with three programs that are affected. One project is a West Hawai'i Habitat for Humanity contract for home repair, another is a demolition and new build home in Pu'ukapu and the last is a HUD 184A loan program participant.

Commissioner Kaapu asked if any of the programs were over the ½ of FHA maximum (FHA cap) cap. N. Simmons stated the HUD184A project is over the FHA max.

N. Simmons stated she and Executive Assistant Derek Kimura recently met with the US Army Corps of Engineers, Native Hawaiian Housing Block Grant Specialist, Claudine Allen, and HUD

Regional Manager Ryan Okuhara. They mentioned the UXO issue would affect all of the financing in the Waikoloa area.

Commissioner Kaapu asked if the Department can override the ½ of FHA max cap. Chair Masagatani answered the cap is in the Hawaiian Homes Commission Act with respect to financing provided by DHHL.

Chair Masagatani asked Commissioners to email Niniau if they had any further comments. The policy will be on the May agenda for approval.

HOMESTEAD SERVICES DIVISION

ITEM D-1 HSD Status Report

RECOMMENDED MOTION/ACTION

None. For Information Only.

Acting Homestead Services Division Administrator Dean Oshiro was available for questions. Commissioners had no questions.

Exhibits:

- A- Homestead Lease and Application Totals and Monthly Activity Reports
- B-Delinquency Report

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Kahikina to recuse into executive session pursuant to HRS Section 92-5 (a)(4). Motion carried unanimously.

EXECUTIVE SESSION IN

5:34 PM

The Commission anticipates convening in executive meeting pursuant to Section 92 5(a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on these matters.

1. Required qualifications of person receiving a transfer of a homestead lease under the Hawaiian Homes Commission Act, 1920 as amended, and applicable administrative rules.

EXECUTIVE SESSION OUT

5:12 PM

RECESS

5:13 PM

HAWAIIAN HOMES COMMISSION
Minutes of January 20 & 21, 2015
Meeting held at Hale Pono'i, Kapolei, O'ahu

PRESENT Jobie M. K. Masagatani, Chairman
Doreen N. Canto, Commissioner, Maui
Gene Ross K. Davis, Commissioner, Moloka'i
David B. Kaapu, Commissioner, West Hawai'i
Michael P. Kahikina, Commissioner, Oahu
William Richardson, Commissioner, O'ahu
Renwick V. I. Tassill, Commissioner, O'ahu
Kathleen Pua Chin, Commissioner Kaua'i

EXCUSED Wallace A. Ishibashi, Commissioner, East Hawaii

COUNSEL Craig Iha, Deputy Attorney General

STAFF William Aila Jr., Deputy to the Chairman, Office of the Chair
Norman Sakamoto, Development Officer, Office of the Chair
Niniau Simmons, NAHASDA Manager, Office of the Chair
Linda Chinn, Administrator, Land Management Division
Francis Apoliona, Compliance Officer
Kip Akana, Enforcement Officer
Paul Ah Yat, Enforcement Office
Kaleo Manuel, Acting Manager, Planning Office
Gigi Cairel, Grants Specialist, Planning Officer
Michelle Brown Secretary to the Commission

ORDER OF BUSINESS

Chair Masagatani called the meeting to order at 2:26 p.m.

ROLL CALL

Eight (8) members were present at roll call. Commissioner Ishibashi was excused.

APPROVAL OF MINUTES

Chair Masagatani asked if there were any corrections to the October 2013 Minutes.

MOTION/ACTION

Commissioner Canto moved, seconded by Commissioner Kahikina, to approve the October 2013 Minutes. Motion carried. Commissioner Kaapu abstained.

ITEMS FOR INFORMATION

GENERAL AGENDA - Requests to Address the Commission

ITEM J-1 Oliver "Sonny" Shimaoka, Board Member Waimea Homestead Association

S. Shimaoka stated he is attending in response to the application submitted by the Waimea Homestead Association. He brought with him a copy of the business plan for the farmers market

at Kuhio Hale in Waimea. The executive summary talks about the purpose, mission, and current team members. There are projections of income they hope to derive from the market. He asked if the Department's revision of the revocable permit program is across the board or on a case by case situation. Chair Masagatani stated the entire program is being revised. S. Shimaoka stated their application is for a 5-year lease.

Chair Masagatani asked if the Association submitted a land use request application. S. Shimaoka stated he was advised that the application he submitted in September 2014 is the one that was required.

S. Shimaoka stated the Association is using the lanai area for their Farming for the Working-Class Project. When they first started the classes, only two lessees were compliant with the 2/3rds farming requirement. They now have 40 lessees who are farming their agriculture leases according to the rules. Section 219 of the Hawaiian Homes Commission Act (HHCA) states the beneficiaries have the proper standing to use the space for a beneficiary-controlled farmers' market.

Chair Masagatani encouraged S. Shimaoka to attend the HHC meeting in Kona in May. Since there are competing applications, all interested parties will have that the opportunity to be heard.

Commissioner Richardson stated he was at the farmers' market recently and saw two sections. He asked which one was the Association. S. Shimaoka stated they were on the lanai because they were suspended from the regular market. He stated they were also upset about homesteaders being denied participation. The HHCA was designed for beneficiaries. If the Department grants the Association the lease, they will grandfather-in all the current participants. He stated the current Farmers' Market Board makes between \$4,000 and \$5,000 per month but they only give the Department \$27 per month for the license. All the revenue earned by the Waimea Hawaiian Homestead Association will benefit the Waimea Nui ag initiatives. Waimea Homestead Association will also provide a higher percentage to the Department in lease rent.

ITEM J-3 Al Hee, President Sandwich Isle Communications

A. Hee stated one of the things he wanted to talk to the Commission about is the sale of the Hawaiian Electric Company (HECO) and the opportunity it presents for DHHL. Many groups have stepped forward to express interest in a coop or some other type of consideration language be put into the sale. He urged the Commission to try to get some type of language accepted into the sale that will allow the DHHL to generate its own electricity for homesteaders. It could reduce electricity costs for homesteaders in certain areas. The biggest costs for water and wastewater systems is the costs associated with pumping.

A. Hee summarized that the IRS has been investigating him for close to ten-years. The charges against him are that he filed fraudulent personal income taxes. They are looking for misappropriated federal funds. The trial has been set for June and no implications were filed against Sandwich Isle. He stated things are going to get ugly before everything is said and done, but Sandwich Isle is committed to the mission it started 20 years ago. He did not want the Commission to feel that Sandwich Isle Communications was in any danger. It is aptly run by Janeen Olds and will continue to be successful.

A. Hee talked about the struggles about being a successful Hawaiian. It is difficult for non-Hawaiians to see Hawaiians achieving success. He expects the IRS will try him in the court of public opinion before the trial even starts. There are people out there that look for Hawaiian organizations to pit against successful Hawaiian businessmen like him.

Commissioner Richardson thanked A. Hee for being available to answer questions. Commissioner Canto stated the same.

Chair Masagatani asked for an executive session to confer with counsel.

MOTION/ACTION

Moved by Commissioner Canto, seconded by Commissioner Kahikina to recuse into executive session pursuant to HRS Section 92-5 (a)(4). Motion carried unanimously.

EXECUTIVE SESSION IN 3:02 PM

EXECUTIVE SESSION OUT 3:10 PM

Note: Commissioner Davis departs at 3:10 PM.

ITEM J-5 Jeff Gilbreath, Hawaiian Community Assets (HCA)

J. Gilbreath stated he is here to follow up on his December and January testimonies to the Hawaiian Homes Commission. He represents the DHHL Audit Working Group (Working Group), which was convened in 2013. The group was made up of 26 beneficiaries who provided recommendations as it related to the 2012 Fiscal Audit of DHHL. Chair Masagatani stated the group did a presentation of their recommendations before the Commission in 2013.

J. Gilbreath focused on audit findings #8 DHHL provides insufficient loan information and reports to the Commission, and #9 DHHL lacks written policies and procedures: Loan Origination Manual and Loan Collection Manual. He reviewed a national Lease Cancellation Prevention Strategy which was developed in 2009. He also provided two products that came out of the working group recommendations.

J. Gilbreath asked for the following:

1. Clarification by the Chair on how to place resolutions for consideration by the Hawaiian Homes Commission on their monthly agenda for Commission action.
2. Workshop in April to increase the Commission's understanding of the Delinquent Loan Assessment Package created by HCA and the Working Group.
3. Meeting with the DHHL Director and/or Deputy Director and Hawaiian Homes Commissioners to discuss the FHA 247 and 184A MOUs as well as partnership opportunities, including participation in a thought leaders discussion in June on housing for native Hawaiian beneficiaries.
4. Review of the Working Group products and recommendations by the Hawaiian Homes Commission, and consideration of a moratorium on lease cancellations as a short-term tool for insuring written Loan Policies and Procedures are adopted by DHHL to create the necessary infrastructure for underwriting, origination, and modification of DHHL mortgage loans in a manner that will preserve the financial viability of the Hawaiian Home Lands trust.

Commissioner Kahikina stated he appreciates everything HCA does for the beneficiaries. He appreciated that the Working Group didn't just complain, but offered recommendations. He asked for more details about the re-negotiation of the FHA 247 and HUD 184A MOUs. J. Gilbreath answered that the Department can write into the MOU that you expect the lenders to consider principal reduction prior to reassignment to DHHL. Also, that they consider interest reduction

down to 2% for five years as part of the MOU. DHHL can hold the lender's feet to the fire a little. DHHL can outline the relationship.

ITEM J-6 Lahela Williams, Program Coordinator Hawaiian Community Assets

L. Williams stated her testimony is in relation to helping build a stronger, more transparent, review and scoring process for DHHL contracts and grants. She clarified that the press release title "HCA News Release" on February 20, 2015, was not authored or issued by HCA. The facts referenced in the press release were from her presentation, but her intent is to fix and strengthen a fractured system.

L. Williams provided resources in a handout that included a sample Scoring Worksheet. It builds on the current version but is more detailed and allows for specific boxes for reviewers to comment on their rating.

L. Williams presented a hybrid of both state procurement laws and national standard processes. She identified two relevant Hawai'i Revised Statutes that should be reviewed. HRS, Chapter 3-122-69: Review and Selection of Committees, validated a community review process already exists and lays the ground work and criteria for non-governmental employees to serve on review and selection committees. The steps outlined in the statute should be implemented as soon as possible to begin building a database of qualified community reviewers. She provided a sample Panel Reviewer Questionnaire from the Administration for Native Americans.

HRS, Section 103D – Requirements of Ethical Procurement should also be included in all reviewer training sessions. All reviewers should review, sign and acknowledge the terms of the statute. The documents should be a guiding force behind creating a transparent process. She also included a Conflict of Interest, Confidentiality Form, Reviewer Responsibilities and Work Agreement for the Departments review and modification.

Commissioner Kaapu stated he agreed that the process needed to be independent and transparent. While he appreciated the score sheets L. Williams provided, there is a problem when a vendor brings a scoring sheet they believe should be used and adopted. He would have problems with any vendor telling the grantor how to review and score applications. There would be an inherent conflict because that vendor would have the advantage having made the score sheet. Commissioners all want an open and fair process and will take the information into consideration as the process is deliberated.

L. Williams understood Commissioner Ka'apu's comment and stated the document was meant as a working document, not to be approved, but to be improved.

Commissioner Kahikina stated he appreciated the sample and didn't think any harm was meant.

ITEM J-7 Michelle Ka'uhane and Kanani Wong, Vice President Kaupe'a Homestead Association

M. Kauhane introduced a group of Kaupe'a homestead families who were able to get 111 signatures from 100 homes at the Kapolei Kai subdivision. In total, they garnered 337 signatures in Kapolei Kai and Kaupe'a from 292 homes.

One of the members in their community contacted Mr. Hirai who was forthcoming about the development of 300 homes. They need to have clear communication with him.

Chair Masagatani offered to extend an invitation to the Hawai'i Housing Finance & Development Corporation (HHFDC) to do a presentation to the Commission at its next meeting on O'ahu in June. The public will have an opportunity to provide testimony to those present. One of the issues for HHFDC is that Villages of Kapolei Association (VOKA) requested a park at the other location. M. Kauhane stated Kaupe'a has asked to be on the VOKA agenda at their meeting later in the week.

Chair Masagatani stated the signatures gathered is a good indication of the community's preference. Another HHFDC issue is who is going to pay for maintenance of the park. The park cannot take up the entire parcel.

M. Kauhane stated they were hoping that the MOU is rescinded so that they can be part of the solution. Once the MOU is overturned and the leverage is back with the community, they want to propose kupuna homes on 6 acres and the park on 3 acres. They need the Department to rescind the MOU so they have leverage at the VOKA meeting.

Chair Masagatani stated the access road to the parcel is owned by HHFDC so the overturning the MOU probably won't get the park. M. Kauhane stated they understand that it might not help, but they want to try anyway. The development HHFDC is proposing will be vertical based on the number of units they're proposing. The parcel is land locked, so if the MOU is overturned, it could buy them time.

Chair Masagatani committed again to email HHFDC with the concerns of the Kaupe'a community and invite HHFDC to the HHC meeting in June to do a presentation. She added the traffic light is another issue of concern and it was included in the MOU.

Commissioners Tassill, Kahikina and Canto stated that they support rescinding the MOU.

Chair Masagatani thanked the Kaupe'a members for attending.

ANNOUNCEMENTS AND ADJOURNMENT

NEXT MEETING

The next regular monthly meeting will be held on April 20 & 21, 2015, in Kalama'ula, Moloka'i, Hawai'i.

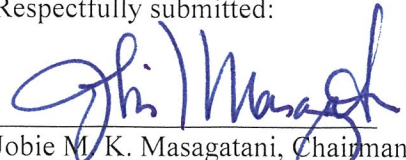
MOTION/ACTION

Moved by Commissioner Kahikina, seconded by Commissioner Canto to adjourn the meeting. Motion carried unanimously.

ADJOURNMENT

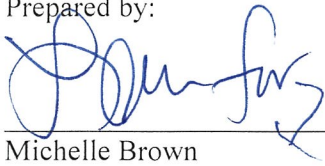
4:41 p.m.

Respectfully submitted:



Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission

Prepared by:



Michelle Brown

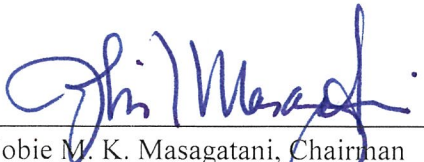
Acting Secretary to the Commission

APPROVED BY:

The Hawaiian Homes Commission

At Its Regular Monthly Meeting On

March 18, 2019



Jobie M. K. Masagatani, Chairman
Hawaiian Homes Commission