



# HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION · DEPARTMENT OF HAWAIIAN HOME LANDS

## **Amendment No. 1 – DHHL FY 2023 Operating Budget Item H-1 Hawaiian Homes Commission meeting**

November 21 – 22, 2022



# Recommended Action

That the Hawaiian Homes Commission approve Amendment No. 1 to the DHHL FY 2023 Operating Budget to increase the Hawaiian Home Operating Fund by \$400,000 to finance Year 1 of the federal loans for improvements to the DHHL Ho'olehua and Anahola water systems.



# Agenda

## DHHL Water System improvements projects

- Ho'olehua Public Water System (PWS) No. 230, Moloka'i
- Anahola Farm Lots PWS No. 432, Kaua'i

## US Department of Agriculture Rural Development financing package

- USDA RD funding conditions – Reserves
- USDA RD loan re-payment

## Next Steps



# DHHL Water Systems

DHHL owns and operates four (4) water utility systems statewide.

- Ho'olehua Public Water System (PWS) No. 230, Moloka'i
- Anahola Farm Lots PWS No. 432, Kaua'i
- Kawaihae Unit #1 PWS No. 164, Hawai'i
- Pu'ukapu Water System (PWS N/A), Hawai'i



# Federal financing package – Ho‘olehua

## US Department of Agriculture Rural Development

### Ho‘olehua PWS No. 230, Moloka‘i

Source	Detail	Amount
DHHL contribution	\$14,073,250	\$14,073,250
USDA RD Grant	\$11,604,083	
USDA RD Loan	\$7,455,000	
Total USDA RD		\$19,059,083
<b>TOTAL PROJECT BUDGET</b>		<b>\$33,132,333</b>



# Federal financing package - Anahola

## US Department of Agriculture Rural Development

### Anahola Farm Lots PWS No. 432, Kaua'i

Source	Detail	Amount
DHHL contribution	\$3,770,723	\$3,770,723
USDA RD Grant	\$5,055,083	
USDA RD Loan	\$4,100,000	
Total USDA RD		\$9,155,083
<b>TOTAL PROJECT BUDGET</b>		<b>\$12,925,806</b>



# USDA RD funding conditions - Reserves

## Ho'olehua PWS No. 230, Moloka'i

- Debt service reserve - \$36,530 annually
- Short-lived asset reserve - \$84,713 annually

## Anahola Farm Lots PWS No. 432, Kaua'i

- Debt service reserve - \$21,000 annually
- Short-lived asset reserve - \$43,790 annually

*Amounts shown above are subject to change at loan closing*

Restrict cash for these reserve amounts



# USDA RD loan re-payment

## Ho'olehua PWS No. 230, Moloka'i - \$7,455,000 loan

- 35 year loan term
- 3.125% interest rate (for planning purposes only)
- \$365,295 estimated annual payment
- Payments for first two years is for interest only - \$232,969 estimate

## Anahola Farm Lots PWS No. 432, Kaua'i -\$4,100,000 loan

- 35 year loan term
- 3.125% interest rate (for planning purposes only)
- \$200,900 estimated annual payment
- Payments for first two years is for interest only - \$128,125 estimate

Request increase FY 2023 budget by \$400,000 TOTAL





# Next Steps

## DHHL:

- Continue to work with USDA RD on loan closing
- Create the USDA RD-required reserve accounts
- Assign the accounts to a Division(s) to oversee and manage
- Develop internal procedures to track and record account transactions
- Report to USDA RD (funder)
- Annually, assess water system short-lived asset needs and adjust the reserve amounts, as needed
- Annually, seek HHC budget approval for the loan re-payment amounts and USDA RD-required reserve amounts



# Questions? Mahalo!



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