

HAWAIIAN HOMES COMMISSION/BUDGET WORKSHOP

Minutes of June 13, 2024

Hale Pono`i, 91-5420 Kapolei Parkway, Kapolei, O`ahu, 96707, and
Interactive Conferencing Technology (ICT) Zoom

Pursuant to proper call, the meeting of the Hawaiian Homes Commission was held both in person and via Interactive Conferencing Technology, beginning at 10:00 a.m.

PRESENT Kali Watson, Chairperson
Makai Freitas, West Hawai`i Commissioner
Zachary Z. Helm, Moloka`i Commissioner
Michael L. Kaleikini, East Hawai`i Commissioner
Walter Kaneakua, O`ahu Commissioner
Sanoe Marfil, O`ahu Commissioner
Pauline N. Namu`o, O`ahu Commissioner (ICT)
Dennis L. Neves, Kauai Commissioner

EXCUSED Archie Kalepa, Maui Commissioner

COUNSEL Hokulei Lindsey, Deputy Attorney General (ICT)

STAFF Katie L. Lambert, Deputy to the Chair
Richard Hoke, Executive Assistant to the Chair
Leah Burrows-Nuuanu, Secretary to the Commission
Andrew Choy, Planning Office Manager
Kalani Fronda, Acting Administrator, Land Development Division
Linda Chinn, Acting Administrator, Land Management Division
Kahana Albinio, Land Management Division
Juan Garcia, Homestead Services Division Administrator
Lehua Kinilau-Cano, NAHASDA Government Relations Program Manager

ORDER OF BUSINESS

CALL TO ORDER

Chair Watson called the meeting to order at 10:20 a.m. Eight (8) members were present at the meeting, establishing a quorum.

Chair Watson announced that this Budget Workshop is for information only and no action will be taken. The DHHL FY 2025 Budget will be approved at next week's regular Hawaiian Homes Commission meeting.

APPROVAL OF AGENDA

MOTION/ACTION

Moved by Commissioner Neves, seconded by Commissioner Helm, to approve the agenda. Motion carried unanimously.

PUBLIC TESTIMONY ON AGENDIZED ITEMS

PT-1 Germaine Meyers Items A, B, and C

G. Meyers testified on Item C and the decision on Monday, June 17, 2024, to approve \$4.2 million of trust funds. Her concern is about authorizing the Chairman to shift budgets between line items in the overall department budget, between budget line items not to exceed \$500,000. She read out HAR 10-2-16 regarding the delegation of duties to the Chairman; (d) noting approval of contracts under \$25,000.

She read the definition of “tract,” noting any Hawaiian Home Lands leased, as authorized by Section 207. She read out Section 207. She stated this is a homestead program and not a rental program.

WORKSHOP DISCUSSION ON DHHL FY 2025 HAWAIIAN HOME LANDS BUDGET

Budget Analyst Sharon Mendoza presented the DHHL Funding Sources and purposes and the Administrative and Operating Budget.

A. DHHL Sources of Funding: Federal, General Fund, General Obligation Bond, Trust Fund, Special Fund, etc

- Internal: There are two special funds, five trust funds, and two revolving loan funds.
 - All authorized by Section 213 of the Hawaiian Homes Commission Act
 - The special trusts and revolving funds augment legislative appropriations; these are the General Funds and the General Obligation Bond Funds
 - There are four external funding sources, two appropriated by the Legislature.
 - The department initiates the Revenue Bonds and the Federal Funds
- Administration Account and Operating Expenses Section
 - Administration Account pays operating expenses in the absence of general funds
 - Revenues generated from available lands and pledged to repay the DHHL Revenue Bonds
 - Excess funds may be transferred back to the Administration Account upon Commission approval
 - For FY 2024/2025, revenue generated from available lands is approximately \$22 million
- The Revenue Bonds Special Fund was created in 1991, refunded in 2017, and matured in ten years. In 2008, OHA agreed to pay \$3 million annually towards the debt service of the revenue bonds, and OHA has faithfully paid down the debt services.
 - The Hawaiian Home Lands Trust Fund, also known as the Settlement Fund, was the revenue source of *20 annual payments of \$30 million* from the State to settle Hawaiian Home Lands Trust claims Pursuant to Act 14. Settlement payments were paid in full in 2015, and the revenue source is now interest earned under the remaining fund balance. The funds are primarily used for CIP projects; the monies may be used for purposes authorized by the Hawaiian Homes Commission Act. *(Corrected by Chair Watson, the revenue source was 20 annual payments of \$30 million, not \$300 million, for a total of \$600 million)*
 - The Hawaiian Homes Operating Fund’s revenue source is interest from the Hawaiian Home Loan Fund and Investment Interest, receipts from water systems, hall rentals, and homestead lease rents.

- The Operating Fund has two portions: the operating (water systems, community facilities, appraisals, consultant and staff services) and the development portions (maintenance costs, equipment purchases, and real property acquisition. Improvement and development costs require the Governor’s approval).
- Native Hawaiian Rehabilitation Fund was created by the 1978 Constitutional Convention to exclusively improve the general welfare and conditions of native Hawaiians (educational, economic, social and political, social and cultural projects and services)
- Hawaiian Homes Trust Fund is authorized by Section 213(b), Hawaiian Home Commission Act of 1920, as amended.
 - The revenue source is from transfers from the Hawaiian Home General Loan Fund.
 - Reserve for federally insured and guaranteed loan program (HUD 184A, USDA RD Guaranteed loans)
- Hawaiian Homes Receipts Fund’s revenue source is interest from the Hawaiian Homes General Loan Fund.
 - Interest earnings support operations, projects, and loan programs
- Two Revolving Loan Funds
 - Hawaiian Home Loan Fund
 - Authorized by 213(b) HHC Act of 1920, as amended
 - Revenue source, principal repayments from the HH Loan Fund
 - Funds used to pay net proceeds when a homestead is surrendered (Section 209 of HHC Act of 1920, as amended)
 - Hawaiian Home General Loan Fund
 - Authorized by 213(c) HHC Act of 1920, as amended
 - Revenue source, principal repayments from loan
 - Funds used for residential repairs, maintenance, acquisitions, and construction include farm loans(not to exceed \$200,000), as well as livestock and equipment purchases.
- Four external funds resources
 - General Funds – authorized and appropriated annually by the State Legislature for Administrative and Operation costs – planning, development, and management of the HHL program
 - General Obligation Bonds – authorized and appropriated by the State Legislature annually for lot development and repair and maintenance of existing infrastructure (CIP) projects
 - Revenue Bonds – first issued in 1991 to fund DHHL’s lot development (CIP) project.
 - DHHL refunded the outstanding debt of \$30 million in 2017, which matures in 10 years
 - Federal funds –
 - US Department of Housing and Urban Development
 - US Department of Agriculture
 - National Telecommunications and Information Administration
 - Department of Defense
- Development Budget – based on Article XII, Section 1 of the State Constitution, “The Legislature shall make sufficient sums available for the following purposes:
 - Development of home, agriculture, farm, and ranch lots
 - Home, agriculture, farm, and ranch lots

- Rehabilitation projects inclusive of, but not limited to, educational, economic, political, social, and cultural processes by which the general welfare and conditions of native Hawaiians are improved
- The administration and operating budget of DHHL

Commissioner Kaleikini stated in 2025, there were 200 authorized positions, 19 were unfunded, and 181 were funded. Are all the 181 funded positions filled? S. Mendoza stated that as of June 2024, 137 positions had been filled. He asked who would take the lead in filling the positions.

Chair Watson stated different divisions do their recruiting, job fairs are being held, and there is a sign out front. It has been a challenge getting people to work, especially for the pay. The department has been constantly recruiting.

Commissioner Neves asked that he would like to have the number codes that identify the funds.

Commissioner Helm stated he knows the Legislature did not appropriate the monies requested by the department. What was that amount? S. Mendoza said she would get that information for him. Chair Watson stated everybody's budgets were reduced, and some were not. The department did get authorization to go after federal funds.

B. Presentation on DHHL Budget Sections Development Budget Section

Acting Administrator Land Development Division Kalani Fronda stated that LDD is not requesting any increases regarding the Purpose 1 and Purpose 4 budget, and LDD is not seeking any additional trust monies but has made modifications to address the needs of the immediate projects.

- Purpose 1 – Lot Development Projects (addressing the homestead waiting list)
 - 5-Year Agreement executed with Hawai'i Community College
 - 25 model homes completed in East Hawai'i
 - As of May 2024
 - 2 model homes are projected to be completed in Spring 2025
 - 1 model home projected to be completed in 2026
 - Two properties pending
 - HCC is building one house per year, and the department has 3-more years with this agreement

Commissioner Neves asked what the program is. K. Fronda stated the department gives them one house a year to work on, \$325,000 per year for five years. Commissioner Neves asked if there were plans to do this on other islands. K. Fronda hopes that they can have that conversation with other institutions.

- Ka`u Water Filling Station
 - Scheduled to be completed in August 2024, the water tank, spigot, and filling station
 - Determine how the Kama`oa pastoral leases will access water from the spigot
 - Funds are needed for construction costs to install a system and for lessees to have access
- Maku`u 2-acre lots – Pressure test and chlorination
 - Estimated cost of \$400,000 to repair leaks and replace air relief valves

- Then all lots mauka of Hwy. 130 Keaau-Pahoa Rd can have access to potable water serviced by DWS after the facility charge is paid and License 511 is amended
- 24-25 lots

Commissioner Neves asked what is the potential cost of the Ka`u Water Filling Station. K. Fronda stated they never appropriated monies for it but are using carryover monies from the Ka`u Water System improvement phase 2.

- Purpose 4 – Repair, Maintenance, and Operating Costs (promoting thriving, healthy communities)
 - Papakolea Sewer Remediation
 - Design completed 2021, out to bid 2024, estimated start Fall 2024
 - Scope of work – replace 3,500 linear feet of 8-inch pipes, sewer utility holes, and laterals
 - Method: pipe bursting and open trench
 - Estimated cost: \$6.7 million
 - Papakolea Infrastructure Remediation
 - Geotechnical assessment – aerial scans, settlement monitoring, crack gauge instrumentation, test borings
 - Structural assessment
 - Provide reports and recommendations
 - Rehabilitation of School Seawall and pedestrian bridge Nanakuli
 - Estimated cost: \$4.5 million
 - Permit waiting for approval
 - Completion late 2025
 - Identified as a line item approved by the Legislature (CIP)
 - Nanakuli Laterals Concrete Spall and Fencing
 - Reline, repair channel walls, replace repair fencing
 - Estimated cost: \$6.5 million
 - Completion late 2025
 - Legislative appropriations

Commissioner Neves asked if he would like the updated sheet with Kalani’s comments regarding the Kaluwahine Phase 2 project.

- Nanakuli Sidewalks and Stormwater Basin
 - Repair and replace damaged sidewalks and stormwater basin
 - Estimated cost: \$2.2 million
 - Completion late 2025
- Traffic Calming Islandwide
 - Princess Kahanu Estates, Nanakuli Phase 2, Maluohai Subdivision, Kanehili Subdivision,
 - Estimated cost: \$1.2 million
 - Out for bid Spring 2025
- Engineering Services
 - Create a report to summarize projects, outcomes, and schedules
 - Estimated cost: \$250,000
 - Schedule late 2024

C. Rehabilitation Projects Section

Planning Program Manager Andrew Choy stated that the Rehabilitation Budget for FY 2025 is the same as FY 2024, but there is \$1 million in trust funds set aside for the grants program. In the past two fiscal years, in addition to trust funds, general fund allocations were received and used to supplement the \$1.1 million in trust funds. This made it possible to give out a larger amount of grant funding to the homestead associations with the general fund inclusion. He stated they are looking at an additional \$4 - \$5 million general fund allocation for the grants program in FY 2025.

D. Loans Section

Homestead Services Division Administrator Juan Garcia stated that HSD’s Loan Budget is a carryover from FY 2024. The total ask is \$20.7 million.

- Purpose 2 – Loans FY 2025
- Section 209 HHC / HH Loans fund \$2 mil. / General Ln Fund \$1 mil / Total \$3 mil.
- Direct Loan Financing / General Ln Fund \$5 mil. / NAHASDA \$7 mil / total \$12 mil.
- Real Property Taxes / General Ln Fund \$100,000 / Total \$100,000
- Contingency Guaranteed Ins. / General Ln Fund \$2.4 mil. / Total \$2.4 mil.
- Loans & Interest Receivable / Trust Fund \$1.2 mil. / Total \$1.2 mil
- Loan Adjustment / General Ln Fund \$2 mil. / Total \$2 mil
- **Total is \$20.7 million**

Commissioner Kaneakua asked for records that were expended last year versus budgeted, projections for this year, and are running at budget. J. Garcia stated they are running below budget. He stated he could get the specifics asked about Commissioner Kaneakua.

E. Administrative and Operating Expenses Section

Land Management Division Administrator Linda Chinn stated that for FY 2025, they are asking to increase their budget by \$2.2 million. The nine projects LMD is asking to move forward are big. LMD has not been active in the last few years, and the budget has not been reflected for any development. This year, with approval of the nine projects the Commission granted in April, the following is how much money would be needed to get the project out.

- LMD Projected Revenue for these nine new projects (based on 2024 Tax Assessed value @ 7.0% Rate of Return) **\$20,617,261.00**
- FY 2025 Budget Request
 - Appraisal \$150,000
 - Due Diligence \$400,000
 - GL Marketing \$110,000
 - Legal \$150,000
 - Property Mgmt \$1,400,000
- Total Expenses vs. Potential revenue 10.0%

LMD is looking to outsource the Property Management portfolio to a real estate agency to make sure rents are paid, the properties have insurance, and the repair and maintenance of the property, thus freeing up LMD staff to take care of the nine projects and the land management responsibilities. They have two advertisements out for the public auctions, one on June 3, 2024, for the three Mapunapuna warehouse leases and the other on June 5, 2024, for the 139 acres in Kalaeloa. The advertising cost was \$9,000, and by law, they have to do that. LMD is asking for \$2.2 million more for their existing budget.

Commissioner Neves asked regarding outsourcing staff and how many staff will be needed. She stated that for outsourcing, they have to hire a company, not individuals.

Commissioner Helm's concern is there are no plans for any industrial possibilities for Moloka'i. L. Chinn stated they did look at Moloka'i, and there are some challenges and stated maybe the next round of projects. He discussed this with the future Commissioner for Moloka'i, and he will pursue it. She stated that the Commission approved the RP program, and she told staff to go out to the community for any area they wanted to use under a month-to-month program and to submit the land use request form. Eventually, LMD will touch every island.

Chair Watson stated that LMD has been inactive for a few years, and this can get our lands active and generate revenue for our programs. The department has over 200,000 acres. Not all of it is useable, but a majority of it is just sitting there. The PIG has identified nine projects. The department is looking to acquire new lands and partnerships with other organizations, especially the Hawaiian Trusts. People are coming to the department because they see the department as active and, hopefully, want to partner with us.

F. Resource Development Initiative (Office of the Chairman)

Grants Specialist Gigi Cairel, a Grants Specialist temporarily with the Chair's Office, stated she is requesting \$4.2 million from the Trust Fund Account (T-25902), an investment for the department to pursue federal funds needed to Support the DHHL Resource Development Initiatives. This initiative was launched six months ago to represent its first year's budget request, with the best estimate for what the department needs to ramp up.

The Infrastructure Investment and Jobs Act of 2021 and the Inflation Reduction Act of 2022 are opportunities passed by Congress to make funds available to modernize infrastructure, address climate equity, fresh water, reuse, recycle groundwater recharge, clean energy, and transportation. These funds are available only until 2026, which is a short time to access them. There are also existing funds available that the department has barely touched for basic infrastructure, housing, other than HUD/NAHASDA, and rehabilitation programs. DHHL fits the federal definition of what is called an "underserved population or disadvantaged community." DHHL has leveraged power as it has its trust fund, the \$600 million stated allocation, and the value of the Hawaiian homeland. It represents tremendous leveraging power and makes the department much more competitive to receive federal funds. DHHL also has a track record of successfully receiving and using federal funds.

The first \$5 million annually has been re-instated and set aside for water infrastructure financing. Nine proposals have been submitted totaling over \$33 million.

- Budget Breakdown
 - Project Planning \$1,650,000
 - Grant writing/technical studies \$1,065,000
 - Policy Advocacy \$ 585,000
 - Post-award: Grants administration, Compliance, project management \$ 900,000
- Total request: \$4.200,000

Commissioner Neves asked how many staff members they have now. G. Cairel stated that when she worked in planning, she managed to bring in \$15 million for the water systems and La'i 'Opua Village 4. This administration has moved her to take on federal funds full-time. The department needs more help than bringing in the technical staff. He asked if she could come up

with a budget for how many folks she would need for this project. She stated those are the four areas, and they are going through a procurement process now, which will take multiple vendors. At least two more grant writers are needed.

Chair Watson stated they went to Washington, D.C., to request funds, and they received a positive response. They presented the different projects and showed how the department is using its funds. They also laid out the shortage of infrastructure funding besides utility systems. Lehua has been successful in using her NAHASDA funds and bringing in \$22.3 million for the last three years.

G. System Modernization Project (Office of the Chairman)

Paula Aila stated that the request is for the Fiscal Year 2025 DHHL Budget to Support the DHHL System Modernization Initiative for \$2.7 million from Trust Account T25902-1. The work started in 2019, and the intent is to have an integrated system that talks to each other.

- Budget Allocation will support the following areas
 - APPX migration to Salesforce
 - Public Portal for beneficiaries to access information
 - Land inventory search via ArcGIS maps
 - Records management
 - Online Bill Payment and bill invoicing for residential and commercial customers

The department is committed to a full system conversion and would like to proceed to move the department from an antiquated system to a modernized system.

Commissioner Neves asked how much of the system is active now in Hawaiian Homes. She stated that they are copying all the information from APPX, working with IT, into Salesforce right now. Whoever has the license to Salesforce has the visibility and can do the integration from their perspective. The majority of the work now is case management.

Chair Watson stated that a real impediment to the operations and servicing of our beneficiaries is the inaccessibility and inability to share a lot of the information that needs to be shared, and he thinks Salesforce is the answer. For example, using Salesforce, the department's information can be integrated, which is needed by the developer, where the department identifies and qualifies people with loans for the project as it evolves and gets finished. There are also the lenders who have to do the analysis and pre-qualify.

Public testimony – Germaine Meyers. Stated that she did not see OHA's \$3 million to DHHL. Regarding Salesforce, she saw that it was going to be part of the budget, and being technically aware of networking and how apps can enhance or be a deficit to work, she testified in support of Salesforce.

Commissioner Neves asked to identify the actual line item on the operational budget for each one of the items. Chair Watson stated sure.

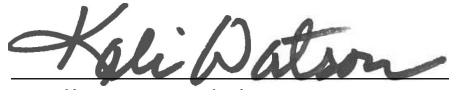
ANNOUNCEMENTS AND ADJOURNMENT

A. Next Regular HHC meeting – June 17 & 18, 2024, 9:30 a.m., Hale Pono`i, 91-5420 Kapolei Parkway, Kapolei, O`ahu 96707

ADJOURNMENT

12:25 PM

Respectfully submitted:



Kali Watson, Chairman
Hawaiian Homes Commission

Prepared by:



Leah Burrows-Nuuanu, Commission Secretary
Hawaiian Homes Commission

Attachments:

- 1) Public Testimony – Germaine Meyers

State of Hawaii
Department of Hawaiian Home Lands

June 17 – 18, 2024

TO: Chair Kali Watson and Members of the Hawaiian Homes Commission
FROM: Gigi O. Cairel, HHL Grants Specialist *GC*
SUBJECT: Approval of Fiscal Year 2025 Department of Hawaiian Home Lands (DHHL)
Budget to support the DHHL Resource Development initiative

RECOMMENDED MOTION/ ACTION

- (1) That the Hawaiian Homes Commission approve \$4,200,000 from trust account number T-905-25 to support the Department of Hawaiian Home Lands Resource Development Initiative; and
- (2) Authorize the Chairman to shift funding between budget line items in the overall department budget between budget line items, not to exceed \$500,000.

BACKGROUND

According to the DHHL Planning System, funding is a major tool for the implementation of Hawaiian Homes Commission-approved DHHL Plans, DHHL construction and improvement projects, and DHHL native Hawaiian Rehabilitation programs.

Through the Inflation Reduction Act (IRA), 2022, and Infrastructure Investment and Jobs Act (IIJA), 2021, referred to as the President's Bi-partisan Infrastructure Law (BIL), the Federal government has made unprecedented funding levels and resources available to communities nationwide. Much of this infusion of federal resources is available through the year 2026. The purpose of the IIJA is to modernize our nation's infrastructure, with an investment of \$1.2 trillion. The IRA is the single largest climate investment in American history. Its goal is to build a new, clean economy, with an investment of \$390 billion. The IRA will invest in climate and clean energy programs and initiatives.

In 2023, the Department of Hawaiian Home Lands (DHHL) launched a major effort to access these Federal funds. This is a significant opportunity to leverage the \$600 million appropriation from State Act 279 SLH 2022 and DHHL Trust Resources. With a goal to reduce the Hawaiian Homes Application wait list, where native Hawaiian beneficiaries have applied for

any individual shall be included in the minutes. [Eff 7/30/81; am and comp 10/26/98] (Auth: HHC Act §222; HRS §91-2) (Imp: HHC Act §202; HRS Chapter 92F)

§10-2-15 Absence, disability of chairman.

Whenever the chairman is absent or disabled from performing the duties of the office, the vice-chairman shall assume the duties of the chairman. [Eff 7/30/81; comp 10/26/98] (Auth: HHC Act §222; HRS §91-2) (Imp: HHC Act §202)

§10-2-16 Delegation of duties to chairman. (a)

It is the desire of the commission that functions and duties, administrative in nature, be delegated to the chairman and duties requiring the exercise of judgement or discretion continue to reside with the commission.

(b) The commission shall be deemed to have delegated to the chairman duties, powers, and authority as may be lawful or proper for the performance of functions vested in the commission, including the following:

- (1) To appoint special committees and prescribe their powers and duties;
- (2) To preside over all meetings of the commission;
- (3) To approve and sign all vouchers, and to approve the assignment of funds to be received;
- (4) To approve leaves of absence;
- (5) To approve plans for construction of homes and improvements;
- (6) To screen matters referred to the chairman by staff and to select those of sufficient importance to place on the agenda for consideration by the commission; and
- (7) To sign commission resolutions, licenses, leases, and contracts approved by the commission.

§10-2-16

(c) Subject to the provisions of section 10-2-17, the chairman may:

- (1) Grant loans from any loan fund;
- (2) Approve the designation of successors;
- (3) Accept surrenders of homestead leases; and
- (4) Approve, in regards to general leases, plans, assignments, subleases, and mortgages.

(d) The chairman or a designee may approve and sign contracts under \$25,000 which are included in the commission's prior approved budget. [Eff 7/30/81; am 11/17/84; am and comp 10/26/98] (Auth: HHC Act §222; HRS §91-2) (Imp: HHC Act §202)

§10-2-17 Ratification of chairman's actions. The chairman shall report to the commission for ratification of any actions taken as permitted under section 10-2-16(c). [Eff 7/30/81; am 11/17/84; am and comp 10/26/98] (Auth: HHC Act §222; HRS §91-2) (Imp: HHC Act §202)

§10-2-18 Responsibility of commissioners. (a) It is the responsibility of each commissioner to:

- (1) Attend all meetings of the commission unless excused;
- (2) Undertake all duties assigned by the commission;
- (3) Keep generally informed of all matters pertinent to the determination of policy by the commission and effectuation thereof;
- (4) Be available to lessees in the representative area at reasonable times;
- (5) Be present at hearings affecting the rights of a lessee from the representative area; and
- (6) Have a working knowledge of the act.

(b) No commissioner may individually direct administrative orders. Instructions or complaints intended for staff members shall be referred to the

§10-2-30

[TITLE 1A: PURPOSE]

[§101. Purpose.] *[Text of section subject to consent of*

Congress.] (a) The Congress of the United States and the State of Hawaii declare that the policy of this Act is to enable native Hawaiians to return to their lands in order to fully support self-sufficiency for native Hawaiians and the self-determination of native Hawaiians in the administration of this Act, and the preservation of the values, traditions, and culture of native Hawaiians.

(b) The principal purposes of this Act include but are not limited to:

(1) Establishing a permanent land base for the benefit and use of native Hawaiians, upon which they may live, farm, ranch, and otherwise engage in commercial or industrial or any other activities as authorized in this Act;

(2) Placing native Hawaiians on the lands set aside under this Act in a prompt and efficient manner and assuring long-term tenancy to beneficiaries of this Act and their successors;

(3) Preventing alienation of the fee title to the lands set aside under this Act so that these lands will always be held in trust for continued use by native Hawaiians in perpetuity;

(4) Providing adequate amounts of water and supporting infrastructure, so that homestead lands will always be usable and accessible; and

(5) Providing financial support and technical assistance to native Hawaiian beneficiaries of this Act so that by pursuing strategies to enhance economic self-sufficiency and promote community-based development, the traditions, culture and quality of life of native Hawaiians shall be forever self-sustaining.

(c) In recognition of the solemn trust created by this Act, and the historical government to government relationship between the United States and Kingdom of Hawaii, the United States and the State of Hawaii hereby acknowledge the trust established under this Act and affirm their fiduciary duty to faithfully administer the provisions of this Act on behalf of

TITLE 2: HAWAIIAN HOMES COMMISSION

§201. Definitions. (a) When used in this title:

"Commission" means the Hawaiian homes commission.

"Fund" means the Hawaiian home loan fund.

"Hawaiian home lands" means all lands given the status of Hawaiian home lands under the provisions of section 204 of this title.

"Irrigated pastoral land" means land not in the description of the agricultural land but which, through irrigation, is capable of carrying more livestock the year through than first-class pastoral land.

"Native Hawaiian" means any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778.

"Public land" has the same meaning as defined in paragraph (3) of subdivision (a) of section 73 of the Hawaiian Organic Act.

"State" means the State of Hawaii.

"Tract" means any tract of Hawaiian home lands leased, as authorized by section 207 of this title, or any portion of the tract.

(b) Any term defined or described in section 347 or 351 of the Revised Laws of Hawaii of 1915, except a term defined in subsection (a) of this section, shall, whenever used in this title, have the same meaning as given by such definition or description. [Am Jun. 8, 1954, c 321, §2, 68 Stat 263; am L 1963, c 207, §5(a); am L 1997, c 197, §1]

Revision Note

Definitions rearranged pursuant to §23G-15.

Law Journals and Reviews

The Lum Court and Native Hawaiian Rights. 14 UH L. Rev. 377.

Case Notes

Native Hawaiians have no standing to challenge

§207. Leases to Hawaiians, licenses. (a) The department

is authorized to lease to native Hawaiians the right to the use and occupancy of a tract or tracts of Hawaiian home lands within the following acreage limits per each lessee: (1) not more than forty acres of agriculture lands or lands used for aquaculture purposes; or (2) not more than one hundred acres of irrigated pastoral lands and not more than one thousand acres of other pastoral lands; or (3) not more than one acre of any class of land to be used as a residence lot; provided that in the case of any existing lease of a farm lot in the Kalaniana'ole Settlement on Molokai, a residence lot may exceed one acre but shall not exceed four acres in area, the location of such area to be selected by the department; provided further that a lease granted to any lessee may include two detached farm lots or aquaculture lots, as the case may be, located on the same island and within a reasonable distance of each other, one of which, to be designated by the department, shall be occupied by the lessee as the lessee's home, the gross acreage of both lots not to exceed the maximum acreage of an agricultural, pastoral, or aquacultural lot, as the case may be, as provided in this section.

(b) The title to lands so leased shall remain in the State. Applications for tracts shall be made to and granted by the department, under such regulations, not in conflict with any provisions of this title, as the department may prescribe. The department shall, whenever tracts are available, enter into such a lease with any applicant who, in the opinion of the department, is qualified to perform the conditions of such lease.

(c)(1) The department is authorized to grant licenses as easements for railroads, telephone lines, electric power and light lines, gas mains, and the like. The department is also authorized to grant licenses for lots within a district in which lands are leased under the provisions of this section, for:

(A) Churches, hospitals, public schools, post offices, and other improvements for public purposes; and

(B) Theaters, garages, service stations, markets, stores, and other mercantile establishments

(all of which shall be owned by native Hawaiians or by organizations formed and controlled by native Hawaiians).

(2) The department is also authorized to grant licenses to the United States for reservations, roads, and other rights-of-way, water storage and distribution facilities, and practice target ranges.

(3) Any license issued under this subsection shall be subject to such terms, conditions, and restrictions as the department shall determine and shall not restrict the areas required by the department in carrying on its duties, nor interfere in any way with the department's operation or maintenance activities. [Am Feb. 3, 1923, c 56, §1, 42 Stat 1222; May 16, 1934, c 290, §2, 48 Stat 779; Jul. 10, 1937, c 482, 50 Stat 504; May 31, 1944, c 216, §§3, 4, 58 Stat 264; Jun. 14, 1948, c 464, §§1, 2, 62 Stat 390; Jun. 18, 1954, c 321, §1, 68 Stat 263; Aug. 23, 1958, Pub L 85-733, 72 Stat 822; am L 1963, c 207, §2; am L 1981, c 90, §1; am L 1983, c 125, §2; am L 1984, c 27, §1 and c 37, §2; am L 1985, c 69, §1 and c 159, §2; am L 1997, c 196, §2]

Note

In addition to the provisions herein made for leases to native Hawaiians, the Act of June 20, 1938, c 530, §3, 52 Stat 781, after providing for the Kalapana extension to the Hawaii National Park, authorized the Secretary of the Interior to lease home sites herein to native Hawaiians under certain circumstances.

Homesteaders Cooperative Association use of Hoolehua Store building free of rent, subject to certain conditions. L 1959, JR 17.

Revision Note

In subsection (b), "State" substituted for "United States" in view of section 5(b) of Hawaii Admission Act.

Attorney General Opinions

Section does not authorize the commission to grant a permit to occupy Hawaiian homes premises from month to month on a monthly charge basis. Att. Gen. Op. 61-64.

Commission has no authority to permit a lessee to subdivide homestead tract and sublease a portion thereof to daughter. Att. Gen. Op. 61-65.

Neither the department nor any lessee is authorized to develop multi-unit dwellings. Att. Gen. Op. 62-9.

Lands not needed for purposes of Act could be subjected to county zoning regulations. Att. Gen. Op. 72-21.

Law Journals and Reviews

The Lum Court and Native Hawaiian Rights. 14 UH L. Rev. 377.

Case Notes

As subsection (c)(1)(A) of this Act does not provide a "statutory entitlement" to any entity which may be granted a license pursuant to it, plaintiff energy producer failed to establish that plaintiff's exclusive telecommunications service license issued under this subsection constituted "property" which would entitle plaintiff to due process protection. 110 H. 419, 134 P.3d 585.

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HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION · DEPARTMENT OF HAWAIIAN HOME LANDS



HHC Budget Workshop

- 1. DHHL Funds and Purposes**
- 2. Budget Overview by Purposes
Article XII, Section I,
Hawaii State Constitution**

June 13, 2024



DHHL Funding Sources

I. Internal Funding Sources

A. Special Funds

1. Hawaiian Home Administration Account
2. DHHL Revenue Bond Special Fund

B. Trust Funds

1. Hawaiian Home Lands Trust Fund (Act 14, SpSLH 1995)
2. Hawaiian Home Operating Fund
 - a. Operating Portion
 - b. Development Portion
3. Native Hawaiian Rehabilitation Fund
4. Hawaiian Home Trust Fund
5. Hawaiian Home Receipts Fund



DHHL Funding Sources

C. Revolving Funds

1. Hawaiian Home Loan Fund
2. Hawaiian Home General Loan Fund

II. External Funding Sources

- A.** General Funds
- B.** General Obligation Bonds
- C.** Revenue Bonds
- D.** Federal Funds



I. DHHL Internal Funding Sources

A. Special Funds

1. Hawaiian Home Administration Account

- Authorized by Section 213(f), Hawaiian Homes Commission Act of 1920, as amended
- Revenue source: leasing activities of available lands:
 - general leases
 - licenses
 - revocable permits
 - rights of entry
 - other dispositions of Hawaiian home lands
- Supplements general fund appropriations for administrative and operating expenses
- Funds expended for administrative and operating expenses are appropriated by the legislature



I. DHHL Internal Funding Sources

A. Special Funds continued

2. Revenue Bond Special Fund

- Authorized by Section 213.5, Hawaiian Homes Commission Act of 1920, as amended
- Reserve account created in 1991 when revenue bonds were issued to finance capital projects
- Revenue source: leasing activities of available lands are pledged as repayment of debt service on revenue bonds



I. DHHL Internal Funding Sources

B. Trust Funds

1. Hawaiian Home Lands Trust Fund

- Authorized by Section 213.6, Hawaiian Homes Commission Act of 1920, as amended
- Revenue source: 20 annual payments of \$300 million from the State to settle Hawaiian Home Lands Trust claim pursuant to Act 14, Special Session 1995; payments paid in full in 2015
- Fund proceeds are primarily used for CIP projects

2. Hawaiian Home Operating Fund

- Authorized by Section 213(e), Hawaiian Homes Commission Act of 1920, as amended
- Revenue source: interest from the Hawaiian Home Loan Fund and investments
 - receipts from water systems
 - hall rentals
 - homestead lease rents



I. DHHL Internal Funding Sources

B. Trust Funds continued

2. Hawaiian Home Operating Fund

- Consists of an operating portion and a development portion:
 - Operation portion funds operations and maintenance of DHHL water systems and community facilities; appraisals; consultant and staff services
 - Development portion funds lot development and maintenance costs, equipment purchases and real property acquisitions

Improvement and development costs from the development portion require the Governor's approval



I. DHHL Internal Funding Sources

B. Trust Funds continued

3. Native Hawaiian Rehabilitation Fund

- Authorized by Section 213(i), Hawaiian Homes Commission Act of 1920, as amended
- Revenue source: 30% of state receipts from previously cultivated sugarcane lands and water licenses; principal and interest from loans and interest from investments
- Finances educational, economic, political, social and cultural projects and services which improve the general welfare and conditions of native Hawaiians



I. DHHL Internal Funding Sources

B. Trust Funds continued

4. Hawaiian Home Trust Fund

- Authorized by Section 213(h), Hawaiian Homes Commission Act of 1920, as amended
- Revenue source: transfers from the Hawaiian Home General Loan Fund
- Reserve for Federally insured and guaranteed loan programs



I. DHHL Internal Funding Sources

B. Trust Funds continued

5. Hawaiian Home Receipts Fund

- Authorized by Section 213(g), Hawaiian Homes Commission Act of 1920, as amended
- Revenue source: loan and investment interest
- Interest earnings are transferred to the following:
 - Hawaiian Home Operating Fund
 - Hawaiian Home Administration Account
 - Hawaiian Home Trust Fund or
 - Any loan fund



I. DHHL Internal Funding Sources

C. Revolving Fund

1. Hawaiian Home Loan Fund

- Authorized by Section 213(b), Hawaiian Homes Commission Act of 1920, as amended
- Revenue source: principal repayments from the Hawaiian Home Loan Fund
- Funds used to pay net proceeds when a homestead lease is cancelled or surrendered in the absence of a qualified successor upon the death of a lessee (Section 209, Hawaiian Homes Commission Act of 1920, as amended)

2. Hawaiian Home General Loan Fund

- Authorized by Section 213(c), Hawaiian Homes Commission Act of 1920, as amended
- Revenue source: principal repayments from loans
- Funds used mainly for residential repair, maintenance, acquisition and construction; includes farm loans, livestock and equipment purchases,



II. DHHL External Funding Sources

II. External Funding Sources

1. General Funds

- Authorized and appropriated annually by the State Legislature for administrative and operating costs, including planning, development, and management of the Hawaiian Home Lands program
- The State Legislature authorized and appropriated \$600 million in general funds pursuant to Act 279, SLH 2022, to reduce the waitlist

2. General Obligation Bonds

- Authorized and appropriated by the State Legislature annually for lot development and repair and maintenance of existing infrastructure (capital improvement program) projects

3. Revenue Bonds

- First issued in 1991 to fund DHHL's lot development (CIP) projects
- DHHL refunded the outstanding debt of \$30 million in 2017 which matures in 10 years



II. DHHL External Funding Sources

II. External Funding Sources continued

4. Federal Funds

- US Department of Housing and Urban Development
- US Department of Agriculture
- National Telecommunications and Information Administration
- Department of Defense



Article XII, Section I, Hawaii State Constitution

The Department of Hawaiian Home Lands' operating and development budgets are based on Article XII, Section 1 of the State Constitution whereby "The legislature shall make sufficient sums available for the following purposes:

- (1) Development of home, agriculture, farm and ranch lots;
- (2) Home, agriculture, farm and ranch loans;
- (3) Rehabilitation projects to include, but not limited to educational, economic, political, social and cultural processes by which the general welfare and conditions of native Hawaiians are thereby improved;
- (4) The administration and operating budget of the department of Hawaiian home lands ..."



Purpose 1 and 4 Development Section

The Development Budget will be presented by the Land Development Division.



Purpose 2 Loans

FY 2025 Loan Request

	FY 2024						FY 2025					
	(S-302-I) HH Loan Fund	(S-323-I) HH General Loan Fund	(T-917-I) HH Trust Fund	(T-902-I) HHL Trust Fund	NAHASDA	Total	(S-302-I) HH Loan Fund	(S-323-I) HH General Loan Fund	(T-917-I) HH Trust Fund	(T-902-I) HHL Trust Fund	NAHASDA	Total
Section 209 HHC Transaction	2,000,000	1,000,000				3,000,000	2,000,000	1,000,000				3,000,000
Direct Loan Financing		5,000,000			7,000,000	12,000,000		5,000,000		7,000,000		12,000,000
Real Property Taxes		100,000				100,000		100,000				100,000
Contingency-Guaranteed/Insured Loan Portfolio		2,400,000				2,400,000		2,400,000				2,400,000
Loans and Interest Receivable -Writeoffs			1,200,000			1,200,000			1,200,000			1,200,000
Loan Adjustment		2,000,000				2,000,000		2,000,000				2,000,000
Total Loans	2,000,000	10,500,000	1,200,000	0	7,000,000	20,700,000	2,000,000	10,500,000	1,200,000	0	7,000,000	20,700,000



Purpose 3 Rehabilitation Projects

FY 2024-2025 Rehabilitation Project Budget

Code	Rehabilitation Projects	FY 2024	FY 2025
7110	Native Hawaiian Development Program and Plan	\$1,100,000	\$1,100,000
7110	Native Hawaiian Development Program Plan Update	\$0	\$150,000
7110	Beneficiary Capacity Building and Technical Assistance	\$200,000	\$200,000
	Total	\$1,300,000	\$1,450,000

Purpose 4 Administration and Operating Budget

OPERATING BUDGET BY APPROPRIATED AND NON-APPROPRIATED FUNDING SOURCES FY 2023-24 (HHC APPROVED), FY 2025

	FISCAL YEAR			
	2023	2024	2025	
I. Funds Appropriated by the Legislature	200	200	200	AUTHORIZED POSITIONS
	(19)	(19)	(19)	UNFUNDED POSITIONS
	181	181	181	FUNDED POSITIONS
General Fund	\$25,795,216	\$26,428,191	\$26,796,100	Difference = \$367,909
Hawaiian Home Administration Account	\$4,824,709	\$4,824,709	\$4,824,709	Special Fund
Hawaiian Home Operating Fund				
Operating Portion	\$3,740,534	\$3,740,534	\$3,740,534	
Development Portion	\$0	\$0	\$0	
Total Operating Fund	<u>\$3,740,534</u>	<u>\$3,740,534</u>	<u>\$3,740,534</u>	Trust Fund
II. Non-Appropriated Funds	FISCAL YEAR			
	2023	2024	2025	
Hawaiian Home Operating Fund				
Operating Portion	\$7,074,023	\$6,925,730	\$9,338,460	Estimate
Development Portion	\$0	\$0	\$0	
Total Operating Fund	<u>\$7,074,023</u>	<u>\$6,925,730</u>	<u>\$9,338,460</u>	Trust Fund
Native Hawaiian Rehabilitation Fund	\$1,400,000	\$1,300,000	\$1,350,000	Trust Fund
DHHL Revenue Bond Special Fund	\$3,200,000	\$3,200,000	\$3,200,000	Special Fund
Total	<u>\$46,034,482</u>	<u>\$46,419,164</u>	<u>\$49,249,803</u>	



Fund Balance Report

Estimated Fund Balances DHHL FY 2025 Budget

	Purpose	Budget Section	FY 25 Budget	Actual Fund Balances as of May 2024	Estimated Revenues	Estimated Fund Balances as of FYE 2025
Hawaiian Home Operating Fund						
Development Portion	1&4	Lot Development, including R&M	-			
Operating Portion	4	Administration and Operating Appropriated	3,740,534			
		Non-Appropriated	9,338,460			
		Total	13,078,994	24,248,445		11,169,451
Hawaiian Home Administration Account	4	Administration and Operating	4,824,709	21,665,280	18,519,273	35,359,844
Native Hawaiian Rehabilitation Fund	3	Rehabilitation Projects	1,350	4,032,854	356,295	4,387,799
Hawaiian Home Loan Fund	2	Loans	2,000,000	3,780,903	127,120	1,908,023
Hawaiian Home General Loan Fund	2	Loans	10,500,000	46,833,775	7,418,231	43,752,006
Revenue Bond Special Fund	4	Administration and Operating	3,200,000	9,028,953	3,000,000	8,828,953
Hawaiian Home Lands Trust Fund	2	Loans	1,200,000	41,471,653		40,271,653



Mahalo



DEPARTMENT OF HAWAIIAN HOME LANDS

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Department of Hawaiian Home Lands										
Development Budget (FY 2025)										
(000's omitted)										
			FY 25 Carryover		FY 25 New Funds		FY 25 Budget Request			
Project Code	Project / Description	New Lots	HHL Trust	Leg Appns	HHL Trust	Leg Appns	HHL Trust	Leg Appns	Act 279	Total
PART A: Lot Development Projects (Addressing the homestead waiting list)										
<u>OAHU</u>										
42003940	East Kapolei II-B Na Kupa'a Loan Payoff		2,300				2,300	-		2,300
42003940	East Kapolei II-A TOD and Telecom								1,000	1,000
42003970	East Kapolei II Backbone Infrastructure									-
42003965	East Kapolei IIE									-
42003980	East Kapolei IID									-
42003990	East Kapolei IIF									-
42003300	Kaupea, Phase 2								21,941	21,941
46005000	Mauii Development									-
42005000	Ewa Beach (former NOAA site)	600								-
41905500	Waimanalo Residential & Agricultural Lots	119	1,750				1,750	-		1,750
40004000	Land Acquisition, Oahu						-	-	24,241	24,241
<u>MAUI</u>										
20705230	Keokea-Waiohuli, Phase 2B	61					-	-		-
20705220	Keokea-Waiohuli, Phase 3	76	500				500	-		500
20003500	Maui Development Fees (water, sewer, etc)		250				250	-		250
22003620	Lei Ali'i Phase 1B	75	500				500	-		500
22003630	Leialii 1B - Off-site Water									-
22003610	Lei Ali'i Highway and Access Improvements						-	-		-
22001200	Honokowai Subs Ag Ph 1	50					-	-		-
20801000	Pulehunui Development						-	-		-
23600000A	Pu'unani Development (\$4 million = AHC)	161	4,000				4,000	-		4,000
23000000	Kahikinui Roadways		1,500				1,500	-		1,500
<u>LANAI</u>										
21004120	Lanai Residence Lots, Offsite Infrastructure						-	-		-
<u>MOLOKAI</u>										
30800000	Kalamaula Ag Lots (Acceleration)	45					-	-		-
30700000	Hoolehua Agricultural Lots- Naiwa Ag Subd	66					-	-	-	-
30109500	Hoolehua-Pala'au Scattered	12					-	-	3,500	3,500
<u>BIG ISLAND</u>										
10801000	HCC Home Project		325				325	-		325
18602000	Hononu Subsistence Ag Lots, Phase 2	40								-
12005200	Kaumana Subdivision Rehabilitation						-	-		-
18402100	Ka'u Water System Improvements, Phs 2		91				91	-		91
	Kau Water Filling Station		200				200	-		200
18500000	Ka'u Agricultural Lots (Pu'ueo)	25	3,000				3,000	-		3,000
17000503	Lalamilo Housing Phase 2A, Increment 1		1,000				1,000	-		1,000
16004000	Laiopua Village 2									-
16003900	Laiopua Village 1									-
16001100	Laiopua Water (site acquisition)						-	-		-
	Laiopua 4								39,240	
	Panaewa Residential Lots								1,000	
	Makuu 2ac lots (pressure test, chloronation)		500				500			500
<u>KAUAI</u>										
50902100	Hanapepe Residence Lots, Phase 2									-
50108300	Anahola Kuleana		250				250		5,000	5,250
53100000	Wailua Masterplan		1,000				1,000			1,000
<u>STATEWIDE PROJECTS</u>										
00001600	Scattered Lots Program (Statewide)		1				1		1,500	1,501
9700	Acquisition Due Diligence		1,000				1,000		1,000	2,000
00004100	VOKA Payment		60				60			60
00009200	Federal Funds Reimbursements/Adjustments		1,000				1,000			1,000
00002700	Dispute Resolution		1				1			1
00009700	Land/Project Acquisition									-
00009900	Project Financing									-

	Department of Hawaiian Home Lands									
	Development Budget (FY 2025)									
	(000's omitted)									
			FY 25 Carryover		FY 25 New Funds		FY 25 Budget Request			
Project Code	Project / Description	New Lots	HHL Trust	Leg Appns	HHL Trust	Leg Appns	HHL Trust	Leg Appns	Act 279	Total
	Individual Assistance								2,000	
	Contingencies								5,000	
	PART A SUBTOTAL	1,330	\$ 19,228	\$ -	\$ -	\$ -	\$ 19,228	\$ -	\$ 105,422	\$ 77,410

Department of Hawaiian Home Lands										
Development Budget (FY 2025)										
(000's omitted)										
			FY 25 Carryover		FY 25 New Funds		FY 25 Budget Request			
Project Code	Project / Description	New Lots	HHL Trust	Leg Appns	HHL Trust	Leg Appns	HHL Trust	Leg Appns	Act 279	Total
PART B: Repair, Maintenance, and Operating Costs (Promoting thriving, healthy communities)										
<u>OAHU</u>										
40404500	Papakolea Sewer Remediation, Ph 2		4,750			6,800	4,750	6,800		11,550
40404400	Papakolea Infrastructure Remediation		1,000				1,000	-		1,000
40108500	Nānākūli Sewer Improvements, Ph 2		6,000				6,000	-		6,000
40108200	Waianae Sewer Improvements						-	-		-
41905620	Waimanalo Flood Control Channel Improvements						-	-		-
41905630	Waimānalo Sewer Improvements		18,000				18,000	-		18,000
40108600	Princess Kahanu Sewer Improvements						-	-		-
42003210	Kapolei Sewer Repairs						-	-		-
40108200	Nanakuli Drainage & Fencing, Ph 2						-	-		-
40108100	Rehabilitation of School Seawall, Nanakuli		403			4,500	403	4,500		4,903
40204200	Waianae Sidewalk & Storm Basin Repairs						-	-		-
41905640	Waimanalo Bell Street Drainage Improvements						-	-		-
41905620	Waimanalo Concrete Channel Relining		5,000				5,000	-		5,000
41905650	Waimanalo Waioleoa Street & Dirt Drainage						-	-		-
41905630	Waimanalo Sewer Repairs (Kumuhau, Kakaina)						-	-		-
	Nanakuli Laterals Concrete Spall and Fencing					6,500	-	6,500		6,500
	Waianae & Nanakuli Sidewalks & Storm Basin Repairs					2,200	-	2,200		2,200
	Traffic Calming Islandwide		1,200				1,200			
<u>MOLOKAI</u>										
30801000	Kalamaula Drainage						-	-		-
30502100	Kapaakea-One Alii Drainage						-	-		-
<u>BIG ISLAND</u>										
18301100	Honokaia Non-potable Water System						-	-		-
10102400	Keaukaha Sewer Improvements Master Plan						-	-		-
15003000	Maku'u Site Remediation		200				200	-		200
18401000	K'au Water System						-	-		-
17000700	Lalamilo Ph 1, Kawaihae Road Channelization		100				100	-		100
17000200	Lalamilo Ph 1, Infrastructure Improvements		420				420	-		420
16003500	La'i 'Ōpuā Brush Clearing & Maintenance		800				800	-		800
10403200	Puukapu Non-potable Water System Improvements						-	-		-
<u>KAUAI</u>										
50111200	Anahola Dam and Reservoir Add'l Improvements		1,500				1,500	-		1,500
<u>STATEWIDE PROJECTS</u>										
00009500	Engineering Services for Various Locations		1,250				1,250	-		1,250
00009600	R/M of Improvements on HHL, Statewide		1				1	-		1
00001000	R/M of Utilities in Existing Subdivisions		1				1	-		1
00009800	Environmental Mitigation/Remediation		1				1	-		1
PART B SUBTOTAL			\$ 40,626	\$ -	\$ -	\$ 20,000	\$ 40,626	\$ 20,000		\$ 60,626
PART A + PART B			\$ 59,854	\$ -	\$ -	\$ 20,000	\$ 59,854	\$ 20,000		\$ 138,036