MINUTES OF THE REGULAR MEETING
OF THE HHA WILIKINA APARTMENTS PROJECT, INC.
HELD AT 1002 N. SCHOOL STREET
HONOLULU, HAWAII 96817
ON THURSDAY, JANUARY 18, 2007
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the HHA Wilikina Apartments Project, Inc., met for their Regular Meeting at 1002 N. School Street, on Thursday, January 18, 2007 at 1:10 p.m.

The meeting was called to order by Vice-Chairperson Matilda Yoshioka and, on roll call, those present and absent were as follows:

CALL TO ORDER/ ROLL CALL

PRESENT: Director Matilda Yoshioka
Director Eric Beaver
Director Clarissa Hosino
Director Carol Ignacio
Director Linda Smith
Director Charles A. Sted
Designee Henry Oliva

Interim Executive Director Patti Miyamoto

EXCUSED: Director Travis O. Thompson, Chairman

STAFF PRESENT: Deputy Attorney General, Margaret Leong
Pamela Dodson, Executive Assistance
Barbara Arashiro, Acting Contracts & Procurement Officer
Shirley Befitel, Special Assistant, Personnel
Adam Burson, Homeless Program Specialist
Dexter Ching, Section 8 Subsidy Programs Branch Chief
Lili Funakoshi, Hearings Officer
Michael Hee, Contracts Administration Section Chief
Norman Ho, Property Mgt. & Maint. Svcs. Branch Chief
Glori Inafuku, Acting Compliance Officer
Michi Kanoura-Hatae, Application Services Supervisor
Mary Jane Hall Ramiro, Public Housing Specialist
Sandra Miyoshi, Homeless Prog. Branch Administrator
Edmund Morimoto, Construction Mgmt. Section Chief
Gary Nakatsu, Data Processing System Analyst
Earl Nakaya, Program Specialist
Dionicia Piiohia, Clerk Typist/OED
Allan Sagayaga, Program Specialist
June Tong, Homeless Program Specialist

OTHERS: William Barton, Recorder
Moana Hampton, Kalihi Valley Homes Resident Assn.
Sergeant John Kauwenaole, Honolulu Police Department
Rob Perez, Honolulu Advertiser
John Unruh, Legal Aid
David Yaw, Resident Advisory Board
Shane Yaw, Kaahumanu Homes Resident

Vice Chairperson Yoshioka declared a quorum present.

QUORUM

Chairman Smith moved, seconded by Director Ignacio,

APPROVAL OF MINUTES ANNUAL

That the minutes of the Annual Meeting held on

July 20, 2006 and the Regular Meeting held on September 21, 2006 be approved as circulated.

The motion was unanimously carried.

MEETING 7/20/2006 AND REGULAR MEETING 9/21/06

Executive Director Patti Miyamoto introduced Michael Hee, Contracts Administration Section Chief, who presented the marketing plan for the sale of the HHA Wilikina Apartments Project, Inc. Mr. Hee summarized the facts listed in the For Action. He stated that a Request for Proposal (RFP) is being drafted to get a consultant on board. The U.S. Department of Housing and Urban Development (HUD) entered into an agreement with the agency when the mortgage was prepaid and the mortgage insurance was removed.

MARKETING PLAN FOR THE SALE OF THE HHA WILIKINA APARTMENTS PROJECT, INC. (TMK 7-3-09-06) LOCATED IN WAHIAWA, OAHU

Chairperson Yoshioka interrupted the discussion upon the Deputy Attorney General Margaret Leong's advice to recess the meeting at 1:14 p.m. because of a lack of quorum.

RECESS

The meeting reconvened at 1:17 p.m., and Chairperson Yoshioka called the meeting back to order.

RECONVENED

Mr. Hee continued, and said that there is a provision in the agreement with HUD that we or any subsequent buyer would have to maintain the Section 8 contract until May 1, 2018, so that locks in any buyer. There are some provisions that HUD is implementing that if a buyer comes in, they can negotiate to get a higher rent than what we are collecting now or markup to market. It would allow the buyer to get a mortgage and to make it feasible for them to own the project and get money for major repairs and maintenance. HUD has put the transfer of these kinds of projects to nonprofits as a high priority.

Mr. Hee read staff's recommendations that the Board approve the hiring of a real estate consultant to assist in preparing the RFP and provide the expertise and assistance in evaluating the final proposals. The Hawaii Public Housing Authority (HPHA) will issue an RFP for the sale of the HHA Wilikina Apartments Project, Inc. with the provision that Section 8 contract be renewed until at least May 1, 2018 and that the cost of marketing the project be a project expense.

Director Smith commented that there is expertise at the Hawaii Housing Finance Development Corporation (HHFDC) to help in preparing RFPs. This would save one step of having to procure a consultant.

Director Sted stated that the RFP is to hire the consultant who is actually going to be our advisor throughout the entire transaction, from seeking buyers, the evaluation process of an interested buyer, to closing of financing structure, including facilitating of tax credits or anything that might be needed, to go through HHFDC and so forth. Director Sted said that what we're doing is acquiring an expert that we don't presently have. So it's not getting someone to do this initial RFP. It's beyond that. We're hiring an expert to see us through the whole thing. Director Sted agrees with Director Smith's frustration of the time it's going to take. Yet that may be what it takes in order to get the person on board who can then see this thing all the way through with us.

Mr. Hee stated the information in the RFP can address the issues of how we can evaluate and select which proposal is the best for the State.

Director Smith feels that it should be what is best for the residents of the building and the premise has got to change in terms of how we're going into this. As a Board member she wants to communicate that better.

Director Ignacio asked if there were experts within the State to put together an RFP.

Director Sted explained that there are two levels of RFP that is being discussed. One is an RFP to get a consultant who is familiar with all aspects of how to put together and accomplish a transaction for the sale of this property and Mr. Hee is working on the RFP to get that. Before the agency split, it may have been, to some extent, that with the combined organization there were resources but now the finance organization has its own agendas and resources, and we have our own agenda and resources; we will move along more expeditiously on this project if we pursue it on our own and seek the outside resources that we need. Director Sted feels that it is important to get the right expertise to lead us through this entire process.

Director Smith suggested going on a parallel track of proceeding with the RFP and also trying to find someone in-house, within the State government who can develop the RFP, do the financing package, help us with the evaluations, and walk us through this. She volunteered to take on that responsibility. She asked when will the tenants be informed of the plan and stated that we need to focus on making their units livable.

Mr. Hee said the tenants will be informed before the RFP is put out, we want to explain to the tenants what we're trying to do.

Director Ignacio asked if it would be possible for a real estate person not bidding for the property to do this pro bono. She does not want the motion approved and limited to two options, but to expand to three. Director Ignacio said that one is the recommendation for the RFP, the second is the possibility of finding someone in-house, and the third possibility is if there's a community resource willing to do this for us pro bono, would that be an option.

Deputy Attorney General Leong said it depends if you want to do an amended motion so it incorporates all three choices, which would come under A, A1, A2, A3, and then B and C.

Director Smith asked if there is anything that prohibits us from accepting volunteer services. Deputy Attorney General Leong stated that she needs to do research but generally speaking we can look at or explore it. The Board can amend the motion that's presented here now and at least explore it.

Vice Chairperson Yoshioka's concern is who would take the lead on that third option of trying to find a volunteer. Director Ignacio volunteered to take the lead and would work with Director Smith to find out if that's even an option.

RECESS
RECONENED

Chairperson Yoshioka declared a recess at 1:34 p.m due to lack of quorum. Chairperson Yoshioka called the meeting back to order and the meeting reconvened at 1:37 p.m.

Director Sted moved, seconded by Director Beaver,

> That staff's recommendation be approved as written, and at the same time the effort to find other expertise within the State or a volunteer can occur. If those bear fruit, then the activity on this as outlined can be slowed down or stopped if the other alternatives bear fruit. In the meantime staff will have the authority to proceed fully with the engaged professional approach.

The motion was unanimously carried.

ADJOURNMENT

Director Sted moved, seconded by Designee Oliva,

That the meeting be adjourned at 1:40 p.m.

The motion was unanimously carried.

LINDA SMITH
Secretary

Approved: MAR 26 2007