



STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS

P. O. BOX 1879
HONOLULU, HAWAII 96805

September 24, 2012

Kaiini Kimo Kaloi, Director
Office of Hawaiian Relations
U.S. Department of the Interior
1849 C Street, N.W.
Mail Stop 4426
Washington, D.C. 20240

Dear Mr. Kaloi:

I am writing in response to your e-mail inquiry sent earlier this year regarding Act 114 (2011) and its impact on the Hawaiian Home Operating Fund. I understand from our staff that the previous administration sent an original response in March, but your office did not receive it. Please consider this letter our department's response to your inquiry.

The department's guarantee of loans does not affect the Hawaiian Home Operating Fund in any way. To that end, the increase of the loan guarantee ceiling from \$50 million to \$100 million does not affect the solvency of this fund. Deputy Attorney General Beverly Hiramitsu opined in 1979 on a previous increase of this same loan guarantee ceiling that this amendment to the Hawaiian Homes Commission Act concerns "provisions for obtaining moneys from sources outside the department, [the amendment] would not reduce or impair the Hawaiian home-loan fund, the Hawaiian home-operating fund or the Hawaiian home-development fund."

The need for this amendment is outlined in our testimony and justification sheet (attached to the original version of the bill, as introduced). At the time the legislation was passed, the department was approaching the \$50 million loan ceiling. This amendment increases the department's access to external sources of loan financing for home construction, and

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the department's ability to guarantee these loans is directly tied to our ability to meet our mission.

We appreciate your review and action on Act 114. Please contact me, or the DHHL Policy & Program Analyst, Ms. Dre Kalili at (808) 620-9486, should you have any questions or need additional documentation on this amendment.

Aloha,

A handwritten signature in black ink, appearing to read "Jobie M. K. Masagatani". The signature is written in a cursive, flowing style.

Jobie M. K. Masagatani,
Chairman Designate
Hawaiian Homes Commission