

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

MINUTES OF THE REGULAR MEETING
OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
HELD AT THEIR OFFICE AT 677 QUEEN STREET, SUITE 300,
ON THURSDAY, APRIL 12, 2007
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Housing Finance and Development Corporation met for their Regular Meeting at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, April 12, 2007, at 9:00 a.m.

Acting Chairman David Lawrence called the meeting to order at 9:01 a.m.

**CALL TO
ORDER/
ROLL CALL**

- Present: Director David A. Lawrence, Vice Chairman
Director Betty Lou Larson, Secretary
Director Linda Smith
Director Charles P. Wathen
Director Theodore E. Liu
Designee Rick Manayan
Designee Scott Kami
Executive Director Orlando (Dan) Davidson
- Excused: Director Charles King, Chairman
Director Georgina Kawamura
- Staff Present: Sandra Ching, Deputy Attorney General
Janice Takahashi, Chief Planner
Darren Ueki, Finance Manager
Karen Seddon, Development Branch Chief
Stanley Fujimoto, Project Manager
Chris Sadayasu, Project Manager
Gary Umeda, Project Coordinator
Beth Hallinan, Project Coordinator
Marlene Lemke, Real Estate Services Section Chief
Dean Sakata, Finance Staff
Lisa Wond, Housing specialist Coordinator
Lloyd Fukuoka, Housing Loan Specialist
- Guests: Marvin Awaya, Pacific Housing Assistance Corp.
Shannon Sheets, EAH Inc.
Kevin Carney, EAH Inc.
Missy Tenneson, HCCC Kahikolu Project
Dave Asato, HCCC Kahikolu Project
Pastor Boo Soares, HCCC Kahikolu Project
Kali Watson, Hawaiian Community Development Board
Patti Barbee, Hawaiian Community Development Board
Keith Kato, Hawaii Island LPC
Hannah Salas, WWCA
Liike Garcia, WWCA
V. Roberts, WWCA
Boydon, WWCA
Charlie Reppun, Kalopa'a
Gary Furuta, CSH
Paul Reppun, Kalopa'a
Meala Bishop, Kalopa'a
Bernie Lam Ho, WWCA
Norman Sadayana, WWCA
Danial Bishop, Kalopa'a
Mele Coelho, Kalopa'a
Joe and Pat Royos, WWCA

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Filisima Manalo, WWCA
Calvin Hoe, Hakipu'u Learning Center
Curtis Christensen, Kutak Rock LLP
Mike Leidemann, Honolulu Advertiser
Robert Cappella, WWCA
Richard Garcia, WWCA
Stacy Sur
Sam Chung

Other: Wendy Tomita, Court Reporter

Acting Chairman Lawrence declared a quorum present.

QUORUM

Acting Chairman Lawrence asked for a motion to approve the Meeting Minutes of February 8, 2007.

**II.A.
APPROVAL
OF MINUTES**
2/08/07
Regular
Meeting

Director Smith moved for the adoption of the minutes, seconded by Designee Manayan.

The motion was unanimously carried.

Acting Chairman Lawrence asked for a motion to approve the Meeting Minutes of March 8, 2007.

**II.B.
APPROVAL
OF MINUTES**
Regular
Meeting

Designee Manayan moved, seconded by Designee Kami.

The motion was unanimously carried.

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.A.

**III.A.
DISCUSSION
AND/OR
DECISION
MAKING**

Director Smith moved, seconded by Director Larson to approve staff's recommendation to:

Approve an Award of Federal and State Low-Income Housing Tax Credits from the State's 2007 Volume Cap to the Following Projects: Ainaka Senior Residences(TMK No. (3)3-5-011:102); Ewa Villages Phase I (TMK No. (1)9-1-17: 76 and 77); Ewa Villages Phase II (TMK No. (1)9-17: 76 and 77); and The Villas at A'eloa (TMK No.(1) 9-1-016:036)

A. Approve the Award of federal and state Low Income Housing Tax Credit to the following projects subject to the conditions specified in Exhibit C of this For Action:

1. The Ewa Villages Phase I project.

a. The allocation of up to \$1,001,806 of annual federal and \$500,903 of annual state low income housing tax credits to the Hui Kauhale, Inc.; subject to the terms as described in Section III, Subsection E and the following project specific conditions:

1) The Developer's Fee, Overhead and related costs does not exceed \$1,348,046.

2. The Ewa Villages Phase II project.

a. The allocation of up to \$1,054,000 of annual federal and \$527,000 of annual state low income housing tax credits to the Hui Kauhale Inc.; subject to the terms as described in Section III, Subsection E and the following project specific conditions:

1) The Developer's Fee, Overhead and related costs of

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

this project does not exceed \$1,500,000.

3. The Ainakea Senior Residence project.

a. The allocation of up to \$434,710 of annual federal and \$217,355 of annual state low income housing tax credits to the Ainakea Senior Residence, LLLP; subject to the terms as described in Section III, Subsection E and the following project specific conditions:

- 1) The project is awarded LIHTC from the state’s non-profit set-aside.
- 2) The Developer’s Fee, Overhead and related costs of this project does not exceed \$550,000.

4. The Villas at A’eloia project.

a. The allocation of up to \$1,269,400 of annual federal and \$634,700 of annual state low income housing tax credits to the Pacific Housing Assistance Corporation; subject to the terms as described in Section III, Subsection E and the following project specific conditions:

- 1) The project is awarded LIHTC from the state’s non-profit set-aside.
- 2) The Developer’s Fee, Overhead and related costs of this project does not exceed \$1,200,000.

B. The Executive Director approving all actions and undertaking all tasks necessary to effectuate the purposes of this For Action.

Executive Director Davidson introduced Darren Ueki, Finance Manager, to present Item III.A.

Mr. Ueki gave a brief overview of the application and review process of the applications which were received seeking funding from the various programs.

Discussions between the developers and the Board followed regarding funding, timeline, and tenant issues.

The motion was unanimously approved.

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.B.

Designee Manayan moved, seconded by Director Smith to approve staff’s recommendation to:

- A. Adopt Resolution No.002, attached as Exhibit B, which provides for official intent with respect to the issuance of revenue bonds up to \$9,000,000 for the Kahului Town Terrace project subject to the provisions attached hereto as Exhibit C of this For Action
- B. Reserve up to \$419,475 annual Federal LIHTC and \$209,737 in annual State LIHTC from the non-competitive pool for the Kahului Town Terrace project subject to the following:
 - 1. The terms and conditions attached hereto in Exhibit C of this For Action;

**III.B.
DISCUSSION
AND/OR
DECISION
MAKING**

Adopt Resolution No.002 which Provides for Official Intent with Respect to the Issuance Of Hula Mae Multi-Family Tax Exempt Revenue Bonds and Reservation of Low Income Housing Tax Credits for the Kahului Town Terrace Project (TMK No. (2)3-7-012:8C

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

2. Developer Fee limited to no greater than \$450,000.

C. Authorize the Executive Director to undertake all tasks necessary to undertake the intent and purposes of this For Action.

Darren Ueki, Finance Manager, presented Item III.B.

Mr. Ueki noted that should the HHFDC Board adopt the resolution and the bond issue is deemed feasible, staff will return to obtain the Board’s approval for the actual issuance, sale, and delivery of the bonds. Further, the bond issuance is subject to the approval of the Department of Budget and Finance and the Governor.

Discussion regarding potential displacement of current tenants who may be ineligible under the new rent structure followed.

The motion was unanimously approved.

Acting Chairman Lawrence asked for a motion to recess.

RECESS

Designee Manayan moved, seconded by Director Larson.

At 10:25 a.m., Acting Chairman Lawrence reconvened the Regular Meeting of the Board.

RECONVENED

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.C.

III.C.
DISCUSSION
AND/OR
DECISION
MAKING

Designee Manayan moved, seconded by Director Wathen to approve staff’s recommendation to:

Adopt the Approved and the Rejected Project Lists Rental Housing Trust Fund Program Project Awards FY07-1 Funding Round.

A. Approve the Approved Project List for the FY07-1 funding round for Project Awards, subject to the following provisions and conditions:

1. The approval of the Approved Project List does not obligate nor guarantee that any and all applicants on the Approved Project List will receive funding;
2. The HHFDC may elect to select, reject, or defer an applicant’s request, if the HHFDC judges such action to be in the best interest of the Program;
3. The amount of an award is subject to availability of Program funds. The HHFDC is not obligated to approve or fund the full amount of the applicant’s request;
4. The actual form, terms, and conditions of each award shall be determined by the HHFDC and are subject to negotiation between the applicant and the HHFDC, and the completion of all appropriate legal documentation satisfactory to the HHFDC and its legal counsel;
5. The approval of each award and the disbursement of funds are subject to the final approval of the Governor of the State of Hawaii; and
6. The applicants will agree to abide by all the terms and conditions that may arise due to the use of public funds.

B. Authorize the Executive Director of the HHFDC to take all action

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

necessary to effectuate the purposes of the For Action.

Darren Ueki, Finance Manager, presented Item III.C.

Mr. Ueki informed the Board that staff received a total of eight applications. One application, Pohukaina Vista, was withdrawn by the applicant. The remaining seven projects did qualify under the Trust Fund’s guidelines to be placed on the list.

The motion was unanimously approved.

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.D.

Director Wathen moved, seconded by Designee Manayan to approve staff’s recommendation to:

- A. Approve a Project Award with terms as shown in III.D. of this For Action, and the issuance of the Letter of Intent subject to the following:
 - 1. Authorization and approval by the Governor of the proposed project and the release of Program funds as mandated under Chapter 15-180, Hawaii Administrative Rules.
 - 2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents will specify the standard terms and conditions as required in order to meet all statutory requirements of the RHTF Program and the specific terms and conditions that are applicable to the applicant's request for Project Award funds.
 - 3. Completion of all documentation necessary and required to secure the release of RHTF funds.
 - 4. Certification of the applicant to comply with all applicable statutory and Program requirements, including but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.
- B. Authorize the Executive Director of the HHFDC to take all action necessary to effectuate the purposes of the For Action.

Darren Ueki, Finance Manager, presented Item III.D.

Mr. Ueki stated that Hui Kauhale, Inc. is requesting a construction/permanent loan in the form of a second mortgage amounting to \$6,768,000 to develop 76 units.

The motion was unanimously approved.

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.E.

Director Smith moved, seconded by Director Wathen to approve staff’s recommendation to:

- A. Approve a Project Award with terms as shown in III.D. of this For Action, and the issuance of the Letter of Intent subject to the following:
 - 1. Authorization and approval by the Governor of the proposed project

**III.D.
DISCUSSION
AND/OR
DECISION
MAKING**

Approve a Rental Housing Trust Fund Project Award to the Hui Kauhale, Inc for The Ewa Villages Phase II Project (TMK No. (1) 9-1-17:76 and 77)

**III.E.
DISCUSSION
AND/OR
DECISION
MAKING**

Approve a Rental Housing Trust Fund Project Award to the Ainakea Senior Housing LLLP for the Ainakea Senior Residence Project (TMK No. (3)3-5-011:102)

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

and the release of Program funds as mandated under Chapter 15-180, Hawaii Administrative Rules.

- 2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents will specify the standard terms and conditions as required in order to meet all statutory requirements of the RHTF Program and the specific terms and conditions that are applicable to the applicant's request for Project Award funds.
- 3. Completion of all documentation necessary and required to secure the release of RHTF funds.
- 4. Certification of the applicant to comply with all applicable statutory and Program requirements, including but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.

B. Authorize the Executive Director of the HHFDC to take all action necessary to effectuate the purposes of the For Action.

Darren Ueki, Finance Manager, presented Item III.E.

He noted that Ainakea Senior Housing LLLP is requesting a construction loan of \$5.3 million and a permanent loan of \$1,685,961 in the form of a first mortgage to develop 30 units.

The motion was unanimously approved.

Acting Chairman Lawrence noted for the record that written testimony was received regarding this For Action.

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.F.

Director Smith moved, seconded by Designee Manayan to approve staff's recommendation to:

- A. Approve a Project Award with terms as shown in III.D. of this For Action, and the issuance of the Letter of Intent subject to the following:
 - 1. Authorization and approval by the Governor of the proposed project and the release of Program funds as mandated under Chapter 15-180, Hawaii Administrative Rules.
 - 2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents will specify the standard terms and conditions as required in order to meet all statutory requirements of the RHTF Program and the specific terms and conditions that are applicable to the applicant's request for Project Award funds.
 - 3. Completion of all documentation necessary and required to secure the release of RHTF funds.
 - 4. Certification of the applicant to comply with all applicable statutory and Program requirements, including but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.

**III.F.
DISCUSSION
AND/OR
DECISION
MAKING**

Approve a Rental Housing Trust Fund Project Award to the Hui Kauhale, Inc for the Kauhale Town Terrace Project (TMK No.(2)3-7-012:80)

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

- B. Authorize the Executive Director of the HHFDC to take all action necessary to effectuate the purposes of the For Action.

Darren Ueki, Finance Manager, presented Item III.F.

He noted that Hui Kauhale, Inc. is requesting a construction/permanent loan in the form of a second mortgage amounting to \$8,331,609 to acquire and rehabilitate a 72-unit project.

Additional discussions regarding the potential displacement of tenants followed.

The motion was unanimously approved.

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.G.

Director Kami moved, seconded by Director Smith to approve staff's recommendation to:

- A. Approve a Project Award grant in the amount no greater than \$3,000,000 with terms as shown in III.E. of this For Action, and the issuance of the Letter of Intent subject to the following:

1. Authorization and approval by the Governor of the proposed project and the release of Program funds as mandated under Chapter 15-180, Hawaii Administrative Rules.
2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents will specify the standard terms and conditions as required in order to meet all statutory requirements of the RHTF Program and the specific terms and conditions that are applicable to the applicant's request for Project Award funds.
3. Completion of all documentation necessary and required to secure the release of RHTF funds.
4. Certification of the applicant to comply with all applicable statutory and Program requirements, including but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.
5. The Rental Housing Trust Fund grant will be funded to the project after all other funding sources have been fully expended.
6. The total of the Developer Fee, Overhead and Project Management not to exceed \$355,000.
7. The use of the Rental Housing Trust Fund is limited to fund the construction of housing. Funds shall not be used for non-residential uses.
8. All funds committed under this grant must be expended and the project must be completed by April 30, 2009.

- B. Authorize the Executive Director of the HHFDC to take all action necessary to effectuate the purposes of the For Action.

Darren Ueki, Finance Manager, presented Item III.G.

**III.G.
DISCUSSION
AND/OR
DECISION
MAKING**

Approve a Rental Housing Trust Fund Project Award Grant to the Hawaii Community Development Board For the Hale Makana O'Nanakuli Project (TMK No. (1)8-9-02:01 and 67)

He stated that the Hawaii Community Development Board requested a grant in the amount of \$3 million to develop a 48-unit project which will include a community center, playground/totlot, picnic area, and laundry room.

In response to the Board, Mr. Ueki explained the requirements of an applicant receiving a grant from the Trust Fund versus a Trust Fund loan.

Responding to the Board, Mr. Kali Watson of the Hawaii Community Development Board explained that because the project sits on Department of Hawaiian Homelands, priority will be given to those of Hawaiian ancestry; however, it will not be limited only to those of Hawaiian ancestry.

The motion was unanimously approved.

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.H.

Director Smith moved, seconded by Designee Manayan to approve staff's recommendation to:

A. Approve a Project Award grant in the amount no greater than \$2,356,000 with terms as shown in III.E. of this For Action, and the issuance of the Letter of Intent subject to the following:

1. Authorization and approval by the Governor of the proposed project and the release of Program funds as mandated under Chapter 15-180, Hawaii Administrative Rules.
2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents will specify the standard terms and conditions as required in order to meet all statutory requirements of the RHTF Program and the specific terms and conditions that are applicable to the applicant's request for Project Award funds.
3. Completion of all documentation necessary and required to secure the release of RHTF funds.
4. Certification of the applicant to comply with all applicable statutory and Program requirements, including but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.
5. The Rental Housing Trust Fund grant will be funded to the project after all other funding sources have been fully expended.
6. The total of the Developer Fee, Overhead and Project Management not to exceed \$355,000.
7. The use of the Rental Housing Trust Fund is limited to fund the construction of housing. Funds shall not be used for non-residential uses.
8. All funds committed under this grant must be expended and the project must be completed by April 30, 2009.

B. Authorize the Executive Director of the HHFDC to take all action necessary to effectuate the purposes of the For Action.

**III.H.
DISCUSSION
AND/OR
DECISION
MAKING**

Approve a Rental Housing Trust Fund Project Award Grant to The Hawaii Coalition of Christian Churches for The Kahikolu Ohana O Waianae Project (TMK No. (1)8-5-027: 71 and 73)

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Darren Ueki, Finance Manager, presented Item III.H.

He stated that the Hawaii Coalition of Christian Churches is requesting a grant in the amount of \$2,356,000 to develop and 72-unit project and an additional 40 emergency beds in Waianae. The project will include a community center with commercial kitchen, office, and a preschool/nursery facility.

The motion was unanimously approved.

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.I.

Director Wathan moved and Director Larson seconded a motion to approve staff's recommendation.

Project Manager Stan Fujimoto summarized the background of a 10.347 acre lot owned by HHFDC which was acquired by HHA together with other parcels used for the development of the Kauhale Aupuni O Kuliouou project in 1980. This is the remaining lot from the project. DLNR has since developed a well on the site which is being operated by BWS without an easement to BWS. Since BWS did not want the entire site, and since the site was not suitable for development, approval to return the site to DLNR was requested.

The Board discussed the condition and uses of the lot, along with the judiciousness of transferring a problematic lot from one state agency to another, and questioned whether other beneficial uses could be derived from the property.

Director Smith moved and Director Kami seconded a motion to defer action on this item.

The motion to defer action was unanimously approved.

Acting Chairman Lawrence asked for a motion to recess

Director Wathen moved, seconded by Director Smith.

At 11:50 a.m., Acting Chairman Lawrence reconvened the Regular Meeting of the Board.

Acting Chairman Lawrence asked for a motion to approve the discussion of Agenda item III.J.

Director Smith moved, seconded by Designee Kami.

Executive Director Davidson introduced Marlene Lemke, Real Estate Services Section (RESS) Chief to present the For Action to the Board requesting approval of the selected proposal submitted by Kalopa'a to maintain and cultivate taro lo'i on a portion of Lot 79 in the Waiahole Agricultural Park and Residential Lots Subdivision. The Request for Proposal (RFP) process and the For Action recommending approval was summarized by Chief Lemke.

Testimony was presented by three (3) members of Waiahole Waikane Community Association (WWCA) and one (1) member of Kalopa'a. The Board requested

**III.I.
DISCUSSION
AND/OR
DECISION
MAKING**

Approve of the Return Of a Remnant Lot at the Kauhale Aupuni O' Kuliouou Subdivision Kuliouou, Oahu, Hawaii, to DLNR; TMK (1) 3-8-11:003

RECESS

RECONVENED

**III.J.
DISCUSSION
AND/OR
MAKING**

Approval of Selected Proposal to Maintain And Cultivate Taro Lo'i On A Portion of Lot 79 In the Waiahole Agriculture Park and Residential Lots Subdivision, Oahu, Hawaii, identified as Tax Map Key No. (1)4-8-12:01

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

clarification on the evaluation criteria and how the process for ranking the proposers was achieved. Chief Lemke referred them to the exhibits that listed the RFP requirements and reviewed the scoring process. After discussion by the Board, the vote was taken and the For Action item was not approved by three (3) no votes, two (2) yes votes and one (1) abstention.

(A recess was taken at 12:35 p.m.)

At 12:45 p.m., Acting Chairman Lawrence reconvened the Regular Meeting of the Board.

Acting Chairman Lawrence asked for a motion to go into Executive Session

Designee Kami moved, seconded by Director Wathen.

The Board conducted business in Executive Session at 12:42 p.m. to discuss the deliberation of the negotiation of the acquisition of the Kukui Garden property.

Executive Director Davidson provided a written Activities Report for April 12, 2007 to the Board.

Acting Chairman Lawrence asked for a motion to adjourn the meeting.

Director Liu moved, seconded by Director Smith,

That the meeting be adjourned at 1:13 p.m.



BETTY LOU LARSON
Secretary

RECESS

RECONVENED

**IV.
EXECUTIVE
SESSION**

**V.
REPORT OF THE
EXECUTIVE
DIRECTOR**

**VI.
ADJOURNMENT**