

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, NOVEMBER 8, 2012
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met for their Regular Meeting at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, November 8, 2012, at 9:00 a.m.

Chair Ralph Mesick called the meeting to order at 9:00 a.m.

Present: Director Ralph Mesick, Chair
Director Allan Los Banos, Vice Chair
Director Betty Lou Larson, Secretary
Director Leilani Pulmano
Director Paul Kyno
Director Michael Ng
Designee Mary Alice Evans for Director Richard Lim

Executive Director Karen Seddon

Excused: Director Francis Jung
Director Kalbert Young
Director Richard Lim

Staff Present: Sandy Ching, Deputy Attorney General
Colette Honda, Deputy Attorney General
Darren Ueki, Finance Manager
Rick Prahler, Development Branch Chief
Galen Lee, Fiscal Manager
Stuart Kritzer, Asset Manger
Marlene Lemke, Real Estate Services Section Chief
Stan Fujimoto, Development Section Chief
Jocelyn Iwamasa, Housing Finance Specialist
Peter Nelson, Property Management Coordinator
Krystal-Lee Tabangcura, Procurement Specialist
Mavis Masaki, Planner
Lorraine Egusa, Budget Analyst
Kent Miyasaki, Housing Information Specialist
Esa Pablo, Secretary to the Board

Guests: Delene Osorio, Big Island Housing Foundation
Doug Bigley, Urban Housing Corporation LLC
Jesse Wu, Stanford Carr Development

A quorum was present.

Director Los Banos moved, seconded by Designee Evans, to approve the Meeting Minutes of October 11, 2012.

The motion was unanimously approved.

Chair Mesick stated that the approval of the Executive Session Meeting Minutes of October 11, 2012 would be deferred until the next Board meeting held on December 13, 2012.

**CALL TO
ORDER/
ROLL CALL**

QUORUM

**II. A.
APPROVAL
OF MINUTES**
10/11/2012
Regular
Meeting

**II. B.
APPROVAL
OF MINUTES**
10/11/2012
Executive
Session

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Designee Evans moved, seconded by Director Kyno, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. A RHTF Project Award Loan of \$7,894,095 to UHC 00382 Hilo, L.P. or its successors for the benefit of the Riverside Apartments project, as approved by the Executive Director, with the terms and conditions as shown in Section III(G) 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 RHTF program funds as mandated under Chapter 15-311, Hawaii Administrative Rules.
 - 2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents shall 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. Availability of RHTF program funds.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Finance Manager Darren Ueki presented the For Action, stating that the Riverside Apartments (Project) consists of 74 family units, located in Hilo, Hawaii.

In February 2012, the UHC 00382 Hilo, L.P. (Applicant) applied for both Low Income Tax Credits (LIHTC) and Rental Housing Trust Fund (RHTF) Project Awards.

At the October 11, 2012 Board Meeting, the Board approved \$721,082 in annual 9% Federal LIHTC and \$360,541 State LIHTC, which was less than the Applicant's request, but does represent the remaining balance of the LIHTC available for the Calendar Year 2012.

Project construction is anticipated in July 2013, with Project completion expected in August 2014.

To offset the shortage of the LIHTC amount requested, the RHTF loan amount is being increased up to \$7,894,095.

The Loan Terms have been discussed and accepted by the Developer.

Mr. Ueki opened for questions, along with Mr. Doug Bigley and Ms. Delene Osorio, on behalf of the Project.

In response to the Board, Mr. Ueki, Mr. Bigley, and Ms. Osorio, noted the following:

- 1. Hunt Capital Group is a national investor company.

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

Approve a Rental Housing Trust Fund Project Award for the Riverside Apartments Project Located in Hilo, Hawaii, TMK No.: (3) 2-6-003:009

2. Awarding of the LIHTC and RHTF is contingent upon whether the Project's HUD subsidy is maintained.
3. The RHTF loan is underwritten at 61 years in assumption that the subsidies are in place and the loan is paid off at year 46. Excess cash flow through the Rental Assistance subsidy is generated and factored in.
4. The Project has submitted two letters to HUD requesting a 20-year HUD Subsidy Contract, of which the HHFDC is awaiting. However, with today's RHTF Project Award and last month's LIHTC approval, the Project should meet the conditions required by the September 28, 2012 HUD letter. Response from HUD is pending.

With no further questions, Chair Mesick recused himself from voting, and proceeded to Item B.

The motion was unanimously approved.

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

That the HHFDC Board of Directors approve the following:

- A. Extend the deadline to issue HMMF Bonds for the Halekauwila Place project to March 31, 2013, subject to the requirements set forth in the For Actions dated November 18, 2010, August 9, 2012, and October 11, 2012.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Mr. Ueki presented the For Action, stating that the Project is running up against its November 30, 2012 expiration date, which Staff is requesting to extend to March 31, 2013. The issuance of the Bonds is anticipated later in November or December 2012.

With no further discussion, the motion was unanimously approved.

Chair Mesick proceeded to Item C.

Director Kyno moved, seconded by Designee Evans, to approve staff's recommendation:

That the HHFDC Board of Directors approve the delegated procurement authority from the Director of the DBEDT to the Executive Director of the HHFDC For the Fiscal Year 2013.

Procurement Specialist Krystal-Lee Tabangcura presented the For Action, stating that the Procurement Delegation essentially has the same effect as last year, in which the Executive Director will have full procurement authority over a majority of the procurement methods under the Hawaii Revised Statutes §103D.

Two of the exceptions are: (1) small purchases, which are limited by statute to \$100,000 or less; and (2) the sole source procurements, which must be conducted by DBEDT and approved by the State Procurement Office.

Ms. Tabangcura opened for questions.

Designee Evans stated that the purpose for this approach is to be more specific in the DBEDT procurement delegations, which has been authorized by the State

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

Approve an Extension to Resolution No. 030, Which Provides for Official Intent with Respect to the Issuance Of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Halekauwila Place Project Located in Honolulu, Oahu, TMK Nos.: (1) 2-1-051:042 and 043

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

Approve Delegated Procurement Authority from the Director of the Department of Business, Economic Development and Tourism to the Executive Director of the Hawaii Housing Finance and Development Corporation for Fiscal Year 2013

Procurement Office. A written Memorandum of Delegation is issued to all DBEDT division heads. Delegated authority to each division varies based on the needs of the different agency programs and their procurement delegation history, in which the HHFDC has been excellent.

With no further discussion, the motion was unanimously approved.

Chair Mesick proceeded to the Report of the Executive Director.

Executive Director Seddon distributed several handouts (HHFDC Facebook page, ULI's *What's Next*, Richard Florida's *Cities and the Creative Class*, and *Banyan Street Manor Preservation*) to the Board for review, stating that various housing and project information will be provided to the Board via email and/or other various means in attempts to keep the Board informed on the current actions and studies regarding housing.

In December 2012, Executive Director Seddon stated that she will be attending the NCSHA Executive Director Forum to work with other state executive directors and NCSHA staff to defend the HFA finance programs (e.g., LIHTC and HOME) in Congress. Furthermore, recent trips to the 2012 ULI Fall Meeting and NCSHA Annual Conference attended were motivating, with actionable information on the current economic and future development trends, of which housing is a vital part.

Designee Evans concurred in support of HHFDC efforts, stating that other attached agencies of DBEDT are also working on their goals and missions around the same demographic changes and trends. In reference to the article *Cities and the Creative Class*, Executive Director Seddon added that the three conditions that drive successful city economies are: talent, tolerance, and technology.

Executive Director Seddon reported that she is currently working with Mr. John Wallenstrom, President of ULI to involve Mayor Kirk Caldwell in the ULI's initiative to work with Mayors to help solve issues specific to their city.

Director Larson stated that perhaps developers should be informed, resulting in more projects that fit these new initiatives. Executive Director Seddon stated that many developers are aware; however, they are often constrained by local regulations and policies that make it difficult for developers to make the paradigm shift to the needs of a changing population (e.g., mixed use and mixed income housing).

Executive Director Seddon stated that the Banyan Street Manor Project is an example of a Public-Private Partnership that is working and creates community.

In reference to the Development Branch Status Report, Director Larson stated that it would be helpful for her to annually discuss each project individually, on any issues or updates. Executive Director Seddon stated that ordinary project issues are usually administratively resolved, with any extraordinary issues being brought to the Chair for input and resolution, resulting in the rare unresolved issue being brought to the Board. The most current project updates are added at the bottom of each section within the Monthly Branch Reports.

In response to Director Larson, Executive Director Seddon reported on the following:

Holomua – The Project's building is completed and sales are positive. Energy planning with HECO is ongoing.

Villages of Leialii – Staff continues to monitor and testify regarding the project plan for inclusion in the Maui Island Community Plan.

2013 Legislature – HHFDC is currently requesting \$25 million in RHTF, \$30

**IV.
REPORT
OF THE
EXECUTIVE
DIRECTOR**

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

million for DURF (\$20/\$10), and \$7.25 million for State LIHTC loans.

Designee Evans stated that the HHFDC budget request is currently going through DBEDT and will then be reviewed by the Department of Budget and Finance, with definite answers pending on the Governor's finalized budget requests anticipated in December 2012.

Executive Director Seddon stated that the Economic Development and Housing Committee is a new senate committee chaired by Senator Donovan Dela Cruz, who is familiar with the mission and goals of the HHFDC.

With no further discussion, Chair Mesick asked for a motion to adjourn.

Designee Evans moved, seconded by Vice Chair Los Banos, to adjourn the meeting at 9:43 am.

The motion was unanimously approved.

V.
ADJOURNMENT



BETTY LOU LARSON
Secretary