

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, MARCH 8, 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, March 8, 2007, at 9:00 a.m.

Chairman Charles King called the meeting to order at 9:00 a.m.

**CALL TO
ORDER/
ROLL CALL**

Present: Director Charles King, Chairman
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 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, Development Specialist
Marlene Lemke, Real Estate Services Section Chief

Guests: Marvin Awaya, Pacific Housing Assistance Corporation
Stanford Carr, Stanford Carr Development, LLC
Andrew Furuta, Castle & Cooke Hawaii Homes, Inc.
Bruce Barrett, Castle & Cooke Hawaii Homes, Inc.
Gary Furuta, GSF Inc.
Tim Rattigan, Citigroup
Wilcox Choy, KMH LLP
Warren Wegesend, Villages of Kapolei Association
Jamie Gentry, Villages of Kapolei Association
Stacy Sur, HCRC
Glenn Okino, HHDC
Don Tarleton, HCRC
Amod Imaoka, HCDA
Rick Prahler, Castle & Cooke Hawaii Homes, Inc.
Carlton Ching, Castle & Cooke Hawaii Homes, Inc.
Richard Riegels, Stanford Carr Development, LLC
Jeff Minter, UniDev Hawaii LLC
Geoff Miasnik, MVE Pacific, Inc.
Patti Takayama, Prudential Locations
Gary Takayama, Prudential Locations

Other: William T. Barton, Court Reporter

Chairman Charles King declared a quorum present.

QUORUM

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The Board indicated that the February 8, 2007 meeting minutes were received by the Board and seemed incomplete. Therefore, the Chair passed the approval of the minutes until the next Regular Board Meeting on April 12, 2007.

Chairman King asked for a motion to approve.

Director Smith moved, seconded by Designee Manayan.

Executive Director Davidson introduced Chris Sadayasu, Project Manager and asked him to present this For Action to the Board. Mr. Sadayasu stated this For Action requests the Board’s approval of Castle & Cooke Homes Hawaii, Inc.’s (CCHHI) proposal and authorization to enter into a development agreement with this developer for the development of a new-mixed use project within the Villages of Kapolei. CCHHI submitted the only proposal in response to the Villages of Kapolei Request for Proposals dated November 6, 2006. The proposed mixed-use project includes 273 housing units, 4,800 sq.ft. of commercial space, a community center, pedestrian walkway and a church site. After reviewing this proposal, the Villages of Kapolei RFP Evaluation and Selection Committee recommend that the Board approve the selection of CCHHI’s development proposal.

Mr. Sadayasu then introduced Bruce Barrett, Executive Vice President Residential Operations from CCHHI to present the key elements of their development proposal. Mr. Barrett emphasized that the Village Center component of this development is the “heart of the Villages of Kapolei” and CCHHI will design the development to complement the Villages of Kapolei master planned community. With regard to housing units, the development will include 177 (165 affordable) for sale multi-family units on the Village Center parcels, 64 rental multi-family units on the Village 4 parcels and 32 for sale single-family units on the Village 5 parcels. Site construction is scheduled to start in 3Q 2008 and units will be delivered between 2009 and 2011.

After Mr. Barrett completed his presentation, the Board asked how CCHHI intended to finance the project. Andrew Furuta of CCHHI stated CCHHI will obtain private financing for the for sale units and will be applying to HHFDC for approximately \$1 million in competitive Low Income Housing Tax Credits (LIHTC) and a \$5.4 million Rental Housing Trust Fund (RHTF) loan in 2009 for the 64 rental multi-family units. The Board stated it is their fiduciary duty to determine what effect this Board action would have on HHFDC’s resources in the future as this project will require a future LIHTC and RHTF allocation. The Board asked CCHHI why it planned on submitting a request for LIHTC in 2009 rather than the 2008 funding round. Mr. Furuta answered that the Village 4 project is scheduled behind two other projects for which CCHHI is requesting tax credit allocations, one funding application submitted in 2007 and another to be submitted in 2008. The Board stated they would like detailed information about the LIHTC request and RHTF loan. Staff stated that it is still reviewing the 2007-1 round of applications and Executive Director Davidson stated we will provide the information at a later date when it becomes available.

The motion was unanimously approved.

Chairman King asked for a motion to recess.

Director Lawrence moved, seconded by Director Larson, to recess the meeting.

Chairman King reconvened the Regular Meeting of the Board.

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

**III.A.
DISCUSSION
AND/OR
DECISION
MAKING**
Approval of Proposal,
Execution of
Development Agreement
and conveyance of
Property for a New
New-Mixed Developer
Project at Villages of
Kapolei, Kapolei, Ewa,
Oahu, Hawaii; TMK Nos
(1) 9-1-16:37, 38&39;
(1) 9-1-79:01 to 35 & 54
(1) 9-1-92:37 to 66& 104

RECESS

RECONVENED

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Chairman King asked for a motion to approve.

Director Lawrence moved, seconded by Designee Kami.

Director Larson abstained from this vote.

Project Manager Stan Fujimoto summarized the RFP process and the For Action recommending approval of the proposal for Halekauwila Place, a 196-unit affordable family rental housing project submitted by Halekauwila Partners, LLC, for the 1.25 acre Pohukaina site at the corner of Halekauwila and Kewalo Streets in Kakaako, Oahu, Hawaii, TMK (1) 2-1-51: por. 009. A unique feature of this proposal was the use of tax exempt multi-family revenue bonds (501(c)3 bonds), which would not affect HHFDC's nor the State's private activity bond cap, and was the proposal that used the least amount of State resources.

The developer, Stanford Carr, introduced his development team, gave a brief presentation of his proposal, and was available for questions.

The Board positively commented on the uniqueness of the financing, and discussed how this project should not be impacted by the concerns of the Save Our Kewalo citizen group since this project was in the Mauka Area and was an affordable rental housing project.

The Board also discussed the proposed rents of \$998 to \$2,500/month for studios and 3-bedroom units, respectively, proposed application for GET exemptions, required exemptions from HCDA for items such as Floor Area Ratio (FAR) to enable this project to proceed, and how the assessment of additional lease rent for the commercial space was meant to address the use of ceded land for this project.

The motion was unanimously approved.

Chairman King indicated that the next agenda item III.C. is for discussion.

Project Manager Stan Fujimoto summarized this For Action requesting approval of a \$3 million interim DURF second mortgage loan to kick start the Mokuola Vista affordable for-sale project within HHFDC's Kau'olu Properties Development in Waipahu, Oahu, Hawaii, by enabling the project to commence with construction.

A motion to accept staff's recommendation was made by Director Larson and seconded by Director Lawrence.

The Board discussed the sales status, availability of DURF funds, and the estimated acceleration of commencement of construction by 6 months or more because of the primary interim lender's 100% pre-sale requirement.

The motion was unanimously approved.

Chairman King indicated that the next agenda item III.D. is for discussion.

Real Estate Services Section Chief, presented the For Action to the Board for approval of a request for an access easement by owner, Napoleon M. Durante Family Trust for property located at 48-172 Waiahole Valley Road in Waiahole Valley. The Family Trust is fee owner of a property with a sliver of property owned by HHFDC between their property and the access roadway, Waiahole Valley Road and there currently is no easement of record granting the property owner access over the sliver of land to Waiahole Valley Road Highway. The property is for sale and the buyer cannot obtain title insurance and financing unless there is a recorded easement. Staff believes the request is reasonable and recommends that the Board

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

Approval of Proposal, Execution of Development Agreement and Conveyance of Property for a New Affordable Family Rental Project at the Pohukaina Site in Kakaako, Oahu, Hawaii; TMK (1) 2-1-051: por. 009

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

Approval of an Interim Dwelling Unit Revolving Fund (DURF) Loan to GSF, Inc. for the Development of the Mokuola Vista Project At Waipahu, Oahu, Hawaii; TMK (1) 9-4-17: 53 & 54

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

Approval of Request for an Easement by owner, Napoleon M. Durante Family Trust, for Property Located at 48-172 Waiahole Valley Road; TMK (1) 4-8-008:013

approve the easement request. If the request is approved, the Family Trust will have the appropriate maps created, obtain the approval of the Land Court, and then prepare an easement document for HHFDC's review and approval by the Executive Director. The easement request was approved by the Board.

Pursuant to the discussion on this For Action, the Board expressed a desire to divest the Corporation of remnant pieces of property whenever and wherever possible. Staff related that in light of this easement request, an inventory of all of the properties in the Waiahole Valley, large and small, is in progress to evaluate the extent of these types of properties and an analysis for disposition will be generated.

The motion was unanimously approved.

Chairman King asked for a motion to approve.

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

- A. Extend the Letter of Intent dated November 1, 2005, for the Senior Residence at Kapolei Project to August 31, 2007, subject to the requirements as set forth in For Action dated October 20, 2005.
- B. Authorize the Executive Director to undertake all actions necessary to effectuate the intent and purposes of this For Action.

Executive Director Davidson introduced Darren Ueki, Finance Manager, to present this For Action.

Mr. Ueki gave a brief overview of the project and its financing for the benefit of the Board.

Staff has reviewed the request for extension from the awardee and has determined that sufficient progress has been made. The awardee is in the permit process and anticipates approval of the application by the City and County of Honolulu in mid-March with the loan closing to occur shortly thereafter.

The For Action being presented today is in anticipation of any delays with the loan closing process. The extension being requested would ensure that the letter of intent from the Rental Housing Trust Fund does not lapse.

In response to inquiries by the Board, Mr. Ueki explained that any extensions beyond 18-months would require Board approval. The applicant had requested a 5-month extension; however, staff is confident that a 6-month extension would allow for any potential delays without having to come before the Board for additional extensions.

At the request of the Board, the applicant explained the necessity of the extension due to the lengthy permit process.

Discussion followed regarding the hurdles and delays applicants face when dealing with unforeseen requirements imposed by the City and County of Honolulu.

There being no further discussion, the motion was unanimously approved.

Chairman King asked for a motion to recess.

Director Smith moved, seconded by Designee Kami.

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

Extension of the Rental Housing Trust Fund Letter of Intent for the Senior Residence at Kapolei Project located In Kapolei, Oahu; TMK (1) 9-1-16:93

RECESS

Chairman King reconvened the Regular Meeting of the Board.

RECONVENED

Chairman King indicated that item F be moved to the end of the agenda and move on to the Executive Director's report.

Executive Director Dan Davidson indicated that the Board has his Activities Report for March 8, 2007. He stated that the staff is hard at work at the legislature, and that the environment is still good for housing.

**IV.
REPORT
OF THE
EXECUTIVE
DIRECTOR**

Chairman King asked if it would be helpful at any point if testimony from Directors on a particular bill would be helpful. Mr. Davidson stated that it's definitely getting to that time.

Mr. Davidson commented that some CIP projects are going well such as the Kona water.

In response to a board member's inquiry on the Kapolei road, although Mr. Davidson felt that it may not survive the first cut, work will continue on the project with new strategies.

In response to an inquiry on HB 1001, Mr. Davidson stated that a package of amendments will be submitted. The Board of Directors and Mr. Davidson both identified that the number one problem is permitting.

Several comments were stated by a board member:

- To review the administrative rules and propose changes to speed up contract processing and development processing.
- The Board should be informed of any limitation before their approval of any RFPs.
- Staff should provide better analysis in the For Action Topics.

The Following were responses to inquiries raised by board members:

- Uluwehi: Ms. Janice Takahashi, Chief Planner, stated that actual construction is supposed to begin this month. Ms. Karen Seddon, Development Branch Chief, stated that staff is working very closely with the project team.
- Hokulele and Kau'olu: Ms. Marlene Lemke, Sales and Counseling Section Chief, stated that a broker will be selling both properties.
- Kuliouou: Ms. Karen Seddon, Development Branch Chief, stated that the little parcel by the Board of Water Supply well will be offered back to DLNR.
- Waiahole Lot 79: Executive Director Dan Davidson stated that the two proposals received had missing sections of information, so supplemental information was requested of them. It is anticipated that the selection committee will bring a proposed operator to the Board next month.
- Villages of Leialii: Due to liability issues, it is necessary for the ditches to be cleaned out to prevent problems due to rain or flooding.

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Chairman King indicated that item III.F. is for discussion and asked for a motion to approve.

Director Wathen moved, seconded by Designee Manayan.

Chairman King asked for a motion to go into Executive Session.

Director Wathen moved, seconded by Director Smith.


The Board conducted business in Executive Session at 11:55 a.m. to consult with the Board's attorney regarding the Board's power, duties, and liabilities relating to the audited financial statements for the year end June 30, 2006.

The motion was unanimously carried.

There being no further discussion, Chairman King asked for a motion to adjourn the meeting.

Director Larson moved, seconded by Designee Manayan,

That the meeting be adjourned at 12:30 p.m.


BETTY LOU LARSON
Secretary

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

Accept the Audited
Financial Statements of
The Housing and
Community Developme
Corporation of Hawii
("Corporation") for the
Fiscal Year Ended
June 30, 2006

**EXECUTIVE
SESSION**

**IV.
ADJOURNMENT**