

**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, JUNE 18, 2009  
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, June 18, 2009, at 9:00 a.m.

Chairman Charles King called the meeting to order at 9:05 a.m.

**CALL TO  
ORDER/  
ROLL CALL**

Present: Director Charles King, Chairman  
Director David A. Lawrence, Vice Chairman  
Director Betty Lou Larson, Secretary  
Designee Scott Kami for Director Georgina Kawamura  
Director Ralph Mesick  
Director Francis Jung

Executive Director Karen Seddon

Excused: Director Theodore E. Liu  
Director Linda Smith  
Director Allan Los Banos

Staff Present: Sandra Ching, Deputy Attorney General  
Craig Iha, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Stan Fujimoto, Development Section Chief  
Marlene Lemke, Real Estate Services Section Chief  
Patrick Inouye, Housing Finance Specialist  
Byron Chock, Housing Finance Specialist  
Jocelyn Iwamasa, Housing Finance Specialist  
Kent Miyasaki, Housing Information Specialist  
Esa Pablo, Secretary to the Board

Guests: Makani Maeva, Pacific Housing Advisors  
Gary Furuta, Hawaii Housing Development Corporation

Chairman King noted a quorum present and thanked Director Larson for presiding last month's May 14, 2009 Regular Board of Directors Meeting.

**QUORUM**

Director Lawrence moved, seconded by Director Mesick to approve the Regular Meeting Minutes of May 14, 2009.

**II. A.  
APPROVAL  
OF MINUTES**  
5/14/09  
Regular  
Meeting

The motion was unanimously approved.

Chairman King noted that the approval of the Executive Session Meeting Minutes of May 14, 2009, will be in Executive Session and noted that there will be a brief swear-in ceremony upon Director Jung's arrival.

**II. B.  
APPROVAL  
OF MINUTES**  
5/14/09  
Executive  
Session

Director Lawrence moved, seconded by Director Mesick to approve staff's recommendation:

**III. A.  
DISCUSSION**

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That the HHFDC Board of Directors approve the following:

- A. Increase and amend the RHTF Project Award as described in section III(K).
- B. Extended the RHTF Project Award Letter of Intent as described in section III(K).
- C. 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 84-unit Hale Wai Vista Phase I family project (Project) is located in Waianae, Oahu.

In June 2006, the former Hawaii Community Development Corporation of Hawaii (HCDCH) Board approved the following for the Project: (1) a \$4.5 million Rental Housing Trust Fund (RHTF) Project Award; (2) an allocation of \$1,243,882 in Federal Low Income Housing Tax Credits (LIHTC); and (3) \$621,941 in State LIHTC.

Currently, the Letter of Intent (LOI) is set to expire on June 30, 2009. Numerous LOI extensions were granted primarily due to zoning and permitting delays affected by the financial market. As such, the Project’s 2006 LIHTC allocation was returned on December 13, 2008.

In February 2009, the Hale Wai Vista I, LP (Awardee) requested an additional \$1 million in the form of a grant to be added to its existing RHTF award of \$4.5 million and in April 2009, submitted a request to extend its LOI to June 30, 2010.

The Project is currently under construction and is anticipated to be complete in December 2009.

Despite the negative impacts of the tax credit yields and increases to the Project’s construction costs, the Awardee has been able to obtain the following resources: (1) \$1,823,000 in HOME Funds; (2) \$100,000 in CDBG Funds; and (3) an increase in its HCRC loan commitment of \$1,878,994 to \$4,187,688.

The following amendments to the existing RHTF Project Award is recommended:

- 1. A RHTF loan increase from \$4.5 million to \$5.5 million. The Awardee’s request for a \$1 million RHTF Grant has been modified to a \$1 million increase in the loan amount due to the pending expiration of the RHTF Grant Program on June 30, 2009.
- 2. Extension to the LOI dated June 28, 2006 to December 31, 2009.
- 3. All other loan terms and conditions remain the same.
- 4. Subject to the availability of funds.

Mr. Ueki noted that the Terms of the Loan were not included in this For Action and are as follows:

Principal Amount:	\$5.5 million
Interest Rate:	1.0%
Loan Term:	42 years
Repayment Sources:	Years 1 through 5 - No repayment.

**AND/OR  
DECISION  
MAKING**

Approve: (1) An Increase to the Rental Housing Trust Fund Project Award; and (2) An Extension to the Rental Housing Trust Fund Letter of Intent for the Hale Wai Vista Phase I Project Located in Waianae, Oahu, TMK No.: (1) 8-6-001: 035 (portion).

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Years 6 through 32 - the RHTF will receive 60% of residual cash receipts.

Years 33 through 44 - the RHTF will receive 80% of the residual cash receipts.

The \$1 million increase to the Project's RHTF loan will extend its payback period to approximately 4 years. However, staff believes there will be sufficient equity in the Project at the end of the loan term.

Mr. Ueki opened for questions, along with Mr. Gary Furuta, Hawaii Housing Development Corporation (HHDC).

In response to Chairman King, Mr. Furuta stated that the 201H process is a very protracted process; however, it provides an opportunity in processing affordable projects.

In response to Director Lawrence, Mr. Furuta stated that the Project is a 5-acre master plan and may take about 4 years to complete.

In response to Director Larson, Mr. Furuta stated that the next phase will not take as long and will be handled by the HHFDC for its financing. Furthermore, with the Project's Environmental Assessment, Finding Of No Significant Impact, and 201H approved, the Project will be able to proceed as soon as the financing is received.

Chairman King commended Mr. Furuta for his perseverance.

Director Larson recused herself, stating that she is a member of the HHDC Board.

The motion was unanimously approved, with Director Larson abstaining.

Before proceeding to the next agenda item, Chairman King administered a brief oath of office ceremony for Directors Larson and Jung, thanking them for their services.

Ms. Makani Maeva, Pacific Housing Advisors, provided the Board with a brief presentation on the status of the Lokahi Ka'u project (Project) located in Kailua-Kona, Hawaii.

Ms. Maeva distributed the following to the Board: a Lokahi Apartments brochure, flyer, and a website printout.

In response to the Board, Ms. Maeva reported on the following:

- In August 2009, the first 3-story studio building will be delivered, producing approximately one building every 3 weeks thereafter.
- Interior will include koa pattern vinyl flooring throughout, granite countertops, and tiled bathrooms.
- Exterior will include coated-base roofing and the unit's exterior color schemes are determined by the building type.
- The Project is currently 3 weeks ahead of schedule.
- Three different building styles will include a total of 90 studios, 108 one-bedrooms, and 108 two-bedrooms

**III. B.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**  
Discussion on Status  
of the Lokahi Ka'u  
Project Located in  
Kailua-Kona, Hawaii,  
TMK No.:  
(3) 7-3-010: 003.

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- In order for the Project to meet its September 1, 2009 delivery deadline, occupancy of the units must commence by August 31, 2009.
- Due to the high volume of responses, the Project has not experienced challenges related to increased unemployment.
- The EAH Housing, Inc is administering credit checks according to its fair housing standards.

Director Larson commented on flexibility in credit checks for those who are transitioning from homelessness and striving for housing stability. Ms. Maeva stated that the Project is currently working with the Salvation Army on a similar transition program, noting that Jodie Sakai, EAH, would be a person of contact.

- The Lokahi Ka'u website is currently tracking the number of downloads completed, pages of most interest, as well as stopping points, which will be addressed accordingly.
- Currently, there were approximately \$1.1 million in change orders including: \$400,000 for ADA revisions, \$300,000 in HELCO electrical revisions, \$180,000 in contractual wage increases; along with other miscellaneous changes.

Director Jung stated for the record that as counsel to the Elite Architects, he will remain silent on the conversations pertaining to this matter.

In response to Director Mesick, Ms. Maeva stated that the Project is still within its budget.

In response to Chairman King, Ms. Maeva stated that the scheduling of the community center's electrical work is currently under negotiations with HELCO and anticipated to be complete in October or November 2009.

In response to Director Larson, Ms. Maeva stated that each building will have solar panels.

- A webcam will be set up to view construction progress.
- All wood for the Project has been termite treated.
- There are approximately 175 applications for the three unit types.

In response to Designee Kami, Ms. Maeva clarified that EAH's criminal criteria precludes anyone that has committed a felony.

Director Larson noted that the Senior Residence at Kapolei's criminal criteria allows for no criminal record. Ms. Maeva stated that within EAH's criminal criteria, each crime is rated with a cutoff point.

With no further discussions, the Board thanked Ms. Maeva for her presentation update.

Chairman King asked for a motion to recess.

Director Lawrence moved, seconded by Director Kami to recess the meeting at 9:53 a.m.

The motion was unanimously approved.

**RECESS**  
9:53 a.m.

## HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Chairman King reconvened the meeting at 10:00 a.m. and noted that the Board will proceed to the Report of the Executive Director before going into Executive Session.

Director Larson inquired on the transfer of the \$20 million from the Hula Mae Single-Family (HMSF) program. Designee Kami stated that the HMSF has \$52 million in the general account.

Director Larson inquired on risks to the HMSF due to the economy. Mr. Ueki stated that in previous discussions among staff and the Department of Budget & Finance (B & F), there are no negative impacts to the HMSF program at this time.

Director Lawrence inquired on the uses of the HMSF funds. Mr. Ueki stated that as long as the Corporation meets the terms and conditions of the indenture, the money may be use for other purposes.

Director Larson inquired on the \$30 million appropriation for the Rental Housing Trust Fund for fiscal year 2010. Designee Kami stated that at this point, he does not foresee any restrictions on the General Obligation or tax-exempt bonds. Mr. Ueki added that with last year's appropriation B & F has indicated that at the point the HHFDC needs the appropriated funds, the bonds would be issued and available in cash. Unless instructed otherwise, on July 1, 2009, the HHFDC will assume that the \$30 million is available to make future commitments.

Director Jung inquired on the authorization for the transfer of the \$20 million in HMSF funds to the State's General Fund. Designee Kami stated that through an Act passed by the Legislature (SB884) the \$20 million, as well as any interest earned from various non-general funds, would be placed in the State's general fund. Mr. Ueki added that the HHFDC has lost its interest for both the Rental Assistance and Dwelling Unit Revolving Funds.

Director Larson inquired on the impacts anticipated by the State's furloughs. Executive Director Seddon stated that if the furloughs go through, the furlough days are set to be scheduled on the first 3 Fridays of each month, unless there is a holiday, in which the furlough day is to fall on the following Friday.

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

- Villages of Kapolei: Four lots in Kealakai were conveyed to Castle and Cooke Homes Hawaii.
- Plantation Town Apartments (PTA): The remaining 44% of the units are unsold. The PTA will be submitting a request to convert the unsold affordable units to market sales at the next Board meeting in July.
- Nohona at Kapolei: There are sales challenges due to the economy and unemployment, but the project is proceeding forward.
- Neighborhood Stabilization Program, Round 2 (NSP 2): Chief Planner Janice Takahashi stated that the HHFDC is providing program information to several non-profit organizations, like Habitat for Humanity on the Big Island. It was hoped that the Senior Residence of Iwilei would be able to compete for NSP2 funds; however, the project is located in a geographic area that is ineligible for funding. Considering the tight terms and conditions under the NSP 2, eligibility for the program funding is very limited.
- Neighborhood Stabilization Program -- Round 1 (NSP 1): Ms. Takahashi reported that the NSP 1 contracts were executed and the projects are

RECONVENED  
10:00 a.m.

V.  
REPORT  
OF THE  
EXECUTIVE  
DIRECTOR

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currently under environmental review. NSP1 funds must be obligated within 15 months of our contract, being sometime in May or June 2010.

Executive Director Seddon commended staff on doing a great job of researching the do's and don'ts of the expedited programs of the NSP, National Foreclosure Mitigation Counseling (NFMC), Tax Credit Assistance Program (TCAP), and the Tax Credit Exchange Program (Exchange Program).

In response to Director Larson, Mr. Ueki stated that the HHFDC's focus is on projects that are currently on the books that have been delayed due to issues of the economy; reporting on the following:

- The HHFDC application has been approved for \$9.8 million in TCAP funding and anticipates distribution of eligibility letters to participating projects by tomorrow.
- Under the Exchange Program, 40% of the 2009 pool of credits can be monetized to fill financial gaps, leaving 60% to new applications. Projects receiving monetized credits must show proof of all funds expended within an 18-month period.

In response to Chairman King, Mr. Ueki stated that the HHFDC understands that there is a lot of time and effort that goes into a project and therefore, makes every attempt in providing projects the opportunity to succeed before reverting to other avenues.

In response to Director Larson, Executive Director Seddon stated that the Senior Residence of Iwilei project is in the process of seeking alternative financing.

With no further discussions, Chairman King called for a motion to go into Executive Session.

Director Lawrence moved, seconded by Director Mesick, to move into Executive Session at 10:35 a.m., pursuant to Section 92-5(a)(4) to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities as it relates to the following matters stated on the Meeting Agenda.

The motion was unanimously approved.

Chairman King reconvened the meeting in Regular Session at 11: 45 a.m., noting that the Executive Session Meeting Minutes of May 14, 2009 were unanimously approved.

Furthermore, Chairman King announced that a nominating committee, consisting of Directors Liu and Smith, will be selecting the slate of officers for next month's Annual Meeting.

Director Lawrence moved, seconded by Director Larson, to adjourn the meeting at 11:47 a.m.

The motion was unanimously approved.



BETTY LOU LARSON  
Secretary

**IV.  
EXECUTIVE  
SESSION**

**VI.  
ADJOURNMENT**