

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, AUGUST 09, 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, August 09, 2007, at 9:00 a.m.

Acting Chairman David Lawrence called the meeting to order at 9:12 a.m.

**CALL TO
ORDER/
ROLL CALL**

- Present: Director David A. Lawrence, Vice Chairman
Director Betty Lou Larson, Secretary
Director Linda Smith
Director Georgina Kawamura
Director Allan Los Banos
Director Richard Toledo
Director Charles P. Wathen
Executive Director Orlando (Dan) Davidson
- Excused: Director Charles King, Chairman
Director Theodore E. Liu
- Staff Present: Sandra Ching, Deputy Attorney General
Janice Takahashi, Chief Planner
Darren Ueki, Finance Manager
Edward Sunada, Fiscal Manager
Rick Manayan, Asset Manager
Karen Seddon, Development Branch Chief
Beth Hallinan, Project Coordinator
Marlene Lemke, Real Estate Services Section Chief
Chris Sadayasu, Project Manager
Ryan Morita, Project Coordinator
Scott Kami, Administrator Dept. of Budget and Finance
Stan Fujimoto, Project Manager
Marsha Umamoto, Secretary to the Executive Director
Kent Miyasaki, Housing Information Specialist
Cynthia Okubo, Property Management Coordinator
Peter Nelson, Property Management Coordinator
Merry Balatico, Acting Secretary to the Board
- Guests: Matt Steinle, EAH Housing Inc.
Mary Murtagh, EAH Housing Inc.
Kevin Carney, EAH Housing Inc.
Marvin Awaya, Pacific Housing Assistance Corp.
D. Scott MacKinnon, Special Deputy Attorney General
Rev. Bob Nakata, FACE
Rod Tam, Councilman City & County
Carol Anzai, Kukui Gardens
Clifford Isara, Sonoda & Isara LLC. (CPA)
Robert Faleafine, Property Manager: Urban Realty
- Other: Jessica Perry, Court Reporter

Acting Chairman David A. Lawrence declared a quorum present.

QUORUM

Acting Chairman David A. Lawrence asked for a motion to approve the Meeting Minutes for July 12, 2007.

Director Wathen moved, seconded by Director Smith.

The motion was unanimously carried.

Acting Chairman Lawrence requested a motion to approve the discussion of Item III.A.

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

- A. Adopt Resolution No. 003, attached as Exhibit C, which provides for official intent with respect to the issuance of revenue bonds up to \$42,000,000 for the Kukui Gardens project, subject to:
 - 1. The terms and conditions attached hereto in Exhibit D of this For Action;
 - 2. Developer Fee limited to no greater than \$1,600,000.
- B. Authorize the Executive Director to undertake all tasks necessary to undertake the intent and purposes of this For Action.

Executive Director Dan Davidson introduced Darren Ueki, Finance Manager, to present Item III.A. Adopt Resolution No. 0003 Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kukui Gardens Project (TMK No. (1)1-7-26:07)

Mr. Ueki walked the Board through the For Action, noting that one of the reasons for requesting the adoption of the inducement resolution deals with recognizing the developer's expenditures. Federal guidelines governing the tax credit program enable the developer to be reimbursed for eligible expenditures made 60 days prior to the adoption of the resolution.

Further, if the Board adopts the resolution and the bond issue is determined to be feasible, staff will return at a later date for Board approval on the issuance, sale, and delivery of the bonds. Additionally, the bond issuance is subject to the approval of the Department of Budget and Finance, as well as the Governor.

In response to Director Kawamura, Mr. Ueki gave the Board a brief explanation of the proposed State's financial involvement in the Kukui Gardens Project.

Director Wathen recused himself from voting on the For Action, because he sits on the Housing Hawaii board with Kevin Carney from EAH Housing, which both lobbied very heavily to get legislation supporting the acquisition of Kukui Gardens approved. Additionally, because the property was not offered to other non-profits, he disagrees with the process of awarding Kukui gardens to only EAH.

Director Smith expressed concern with the developer fee and inquired about the role of Devine & Gong in this transaction. Mr. Ueki and Executive Director Davidson, clarified that this is a financial consulting firm, now a partner with EAH, Inc., and believe that they act as a developer in deals like this on the mainland.

Responding to the Board, Mr. Ueki explained that the replacement reserves for the project would be for long-term capital expenditures such as the replacement of the roof. Operating reserves deal with day-to-day operations to maintain and operate the project.

In addition, Mr. Matt Steinle, of EAH Housing Inc., clarified that currently there is no proposed figure for the operating reserves; however, it is typically three months of project expenditures.

II.A.
APPROVAL
OF MINUTES
7/12/07
Regular
Meeting

III.A.
DISCUSSION
AND/OR
DECISION
MAKING
Adopt Resolution
No.003 Which
provides for
Official Intent with
Respect to the
Issuance of Hula
Mae Multi-Family
Tax-Exempt Revenue
Bonds for the Kukui
Gardens Project
TMK No.(1)1-7-26:07

