

**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 10, 2011  
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, March 10, 2011, at 9:00 a.m.

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

Present: Director Ralph Mesick, Vice Chairman  
Director Betty Lou Larson, Secretary  
Director Richard Lim  
Director Allan Los Banos  
Director Francis Jung  
Director Gary Siracusa  
Designee Scott Kami

Executive Director Karen Seddon

Excused: Director David Lawrence, Chairman  
Director Kalbert Young

Staff Present: Sandra Ching, Deputy Attorney General  
Craig Iha, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Rick Praher, Development Branch Chief  
Galen Lee, Fiscal Manager  
Cynthia Okubo, Acting Asset Manager  
Patrick Inouye, Housing Finance Specialist  
Byron Chock, Housing Finance Specialist  
Jocelyn Iwamasa, Housing Finance Specialist  
Stan Fujimoto, Development Section Chief  
Lorraine Egusa, Budget Analyst  
Kent Miyasaki, Housing Information Specialist  
Esa Pablo, Secretary to the Board

Guests: Paul Fortino, McDonald Ladd, LLC

A quorum was present.

Director Larson moved, seconded by Director Los Banos, to approve the Meeting Minutes of February 10, 2011.

The motion was unanimously approved, as circulated.

Acting Chairman Mesick noted that the approval of the Executive Session Minutes of February 10, 2011 would be discussed at the latter part of the meeting, proceeding to Item III. A.

Director Jung moved, seconded by Director Siracusa, to approve staff's recommendation:

**CALL TO  
ORDER/  
ROLL CALL**

**QUORUM**

**II. A.  
APPROVAL  
OF MINUTES  
2/10/11  
Regular  
Meeting**

**II. B.  
APPROVAL  
OF MINUTES  
2/10/11  
Executive  
Session**

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

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

- 3. There is an adequate amount of units available to avoid long-term displacement of tenants.
- 4. There are no negative impacts anticipated.
- 5. Trillium is a non-profit housing developer in the State of Washington, which provides a similar loan structure to that of the State Rental Housing Trust Fund.
- 6. An acceptable developer fee ranges between 12% - 15%. Any percentage within the acceptable range is not negotiated.

The motion was unanimously approved.

\*\*\*\*\*  
 Acting Chairman Mesick stated that this Item has been deferred.

Executive Director Seddon noted that the reason for the deferral on this item is that the developer has decided to reevaluate its options on the location of the proposed hospital and affordable housing. The developer anticipates returning to the Board at a future date.

\*\*\*\*\*  
 Acting Chairman Mesick stated that this Item has been deferred.

Executive Director Seddon noted that the reason for the deferral of this item is that the developer found the proposed project to be unfeasible in that particular area.

\*\*\*\*\*  
 Acting Chairman Mesick proceeded to the Report of the Executive Director.

Executive Director Seddon called on Chief Planner Janice Takahashi to provide the Board with an update on the following legislative bills:

- 1. House Bill (HB) 79 - Repeals, terminates, or closes certain revolving and trust funds, requiring agencies to report to the 2012 Legislature on their non-general funds. HHFDC is funded by revolving and trust funds.
- 2. HB 808 - Suspends the distribution of a portion of the conveyance tax to the land conservation fund. Effective June 30, 2011.

In response to Director Larson, Ms. Takahashi stated that the conveyance tax portion will increase automatically to 30% after June 30, 2012.

**III. B.  
 DISCUSSION  
 AND/OR  
 DECISION  
 MAKING**  
 Approve Amendment to the Development Agreement for the Puukolii Triangle Project Located in Kaanapali, Maui, TMK Nos.: (2) 4-4-15: 24 to 31, and 33 (portion)

**III. C.  
 DISCUSSION  
 AND/OR  
 DECISION  
 MAKING**  
 Approve Selection of Developer, Execution of Development Agreement, and Issuance of Lease for the Leasehold Development and Sale of a Single-Family Dwelling on an HHFDC Houselot in the Mohouli Subdivision, Section 1 Located in Waiakea, South Hilo, TMK No.: (3) 2-4-059: 032

**IV.  
 REPORT  
 OF THE  
 EXECUTIVE  
 DIRECTOR**

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

That the HHFDC Board of Directors approve the following:

- A. Approve Resolution No. 34, attached as Exhibit F, which provides for official intent with respect to the issuance of revenue bonds up to \$12,000,000 for the Wilikina Apartments project subject to the provisions recommended in Exhibits C and E.
- B. Reserve up to \$780,943 in annual Federal LIHTC and \$390,471 in annual State LIHTC from the non-competitive pool (4% LIHTC) to the Wilikina Apartments project subject to the provisions recommended in Exhibits D and E and no negative comments by the City and County of Honolulu by March 31, 2011 (the expiration of the county's 30-day review and comment period).
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki presented the For Action, stating that the Wilikina Apartments (Project) consists of 119 existing family units, located in Wahiawa, Oahu.

The following information was highlighted:

- 1. On May 5, 2010, VB Wilikina Limited Partnership (Applicant) submitted a consolidated application for the following: (1) \$12 million in tax-exempt bond cap from the HMMF Bond Program; and (2) \$780,943 in annual Federal Low Income Housing Tax Credits (LIHTC) and \$390,471 in annual State LIHTC.
- 2. The uncommitted HMMF Program Bond Authority is approximately \$87,773,007, as of January 31, 2011.
- 3. This Project is the second project acquired from the Hawaii Public Housing Authority (HPHA) to use HMMF and LIHTC financing.
- 4. The proposed Financing Structure, Budget and Use of Funds, and the estimated construction timeline for the Project were cited, with construction anticipated to start in September 2011 and the Project completion being in July 2012.
- 5. The HMMF Bond shall be a public issuance with an anticipated 6% fixed interest rate during the permanent financing period.
- 6. Resolution No. 034 is a non-binding resolution, which enables the developer to recognize eligible expenditures made 60 days prior to the approval of the Inducement Resolution that may be reimbursed from the bond proceeds.
- 7. If Resolution No. 034 is approved and the bond issuance is determined to be feasible, staff will return at a future date to seek final approval for the issuance, sale, and delivery of the bonds. The bond issuance is subject to the approval of the Department of Budget and Finance and the Governor.

Mr. Ueki opened for questions, along with Mr. Paul Fortino, on behalf of the Project.

In response to the Board, Mr. Ueki and Mr. Fortino noted the following:

- 1. Due to poor maintenance, both exterior and interior repairs will need to be done.
- 2. Under the Project's lease, the units are to remain affordable.

**DECISION  
MAKING**

Approve (1) Resolution No. 034, Which provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds and (2) Reservation of Low Income Housing Tax Credits for the Wilikina Apartments Project Located in Wahiawa, Oahu, TMK Nos. : (1) 7-3-009: 003-013

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- 3. HB 960 - Establishes a program for granting low-income housing tax credit loans in lieu of low-income housing tax credits administered by the HHFDC, authorizing issuance of general obligation bonds to fund the loans. Effective July 1, 2011.
- 4. HB 1270 - Provides for an automatic repeal of the State Low Income Housing Tax Credits (LIHTC) and General Excise Tax (GET) exemptions. Effective December 31, 2016.

In response to Director Larson, Ms. Takahashi clarified that all LIHTC and GET exemptions would be reviewed by the State Department of Taxation and automatically require a schedule of repeals starting from 2012 to 2016. If approved, the HHFDC's schedule of repeal would fall on December 31, 2016 and the HHFDC would no longer have the ability to grant LIHTC.

- 5. Senate Bill (SB) 120 - Amended to take funding from the HHFDC's Waialua Loan Program and the UH Faculty Housing fund, transferring those monies into the State's General Fund.
- 6. SB 897 - Amended to establish a Hawaii Interagency Council on Homelessness under the Department of Human Services for administrative purposes. A member from the HHFDC would be mandated to participate on this council and would be designated by the Director of the Department of Business, Economic Development & Tourism.
- 7. SB 903 - Creates the affordable rental housing development program, which would require the HHFDC to identify expiring United States Department of Housing and Urban Development (HUD) or the United States Department of Agriculture (USDA) rental housing contracts and negotiate the extension of its affordability, giving non-profits first priority to purchase these projects.

The Board discussed their concerns regarding non-profit organizations having first priority to obtain projects, stating that there should be a balance maintained for both non-profit and for-profit organizations, especially in the area of invested private and government funding.

Staff noted that currently under the LIHTC program, non-profit organizations are given preference and developers independently contact projects of interest. SB 903 would also require the HHFDC to negotiate with the owner for the acquisition of a particular project.

- 8. SB 1241 (Administration Bill) - Repeals the conveyance tax exemptions for low-income housing projects that are certified by the HHFDC.

Ms. Takahashi noted that because the law requires the HHFDC to certify exemptions for the payment of conveyance taxes, a Maui project was developed at a cost of approximately \$4 million and was sold for approximately \$12.5 million.

Acting Chairman Mesick thanked Ms. Takahashi for the legislative update and asked for a motion to approve the Executive Session Minutes of February 10, 2011.

Director Jung moved, seconded by Designee Kami.

The motion was unanimously approved, as circulated.

Discussion proceeded on the Report of the Executive Director.

In response to the Board, Executive Director Seddon and Development Branch

**II. B.**  
**APPROVAL**  
**OF MINUTES**  
2/10/11  
Executive  
Session

**IV.**  
**REPORT**  
**OF THE**  
**EXECUTIVE**

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Chief Rick Prahler noted the following:

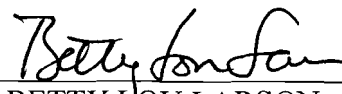
1. The Holomua Project is now working with Mr. Peter Savio, Hawaiian Island Homes LTD, in renewing its marketing efforts.
2. The Maili Self-Help Project is currently working with the City and County of Honolulu on its construction plan approvals.

Executive Director Seddon noted an article in the newspaper regarding the Greenhomes at Lualualei Project, by Mr. RJ Martin, with Pacific Island Investments LLC. A possible request for a Dwelling Unit Revolving Fund Loan is pending.

With no further business on the agenda, Acting Chairman Mesick called for a motion to adjourn.

Director Jung moved, seconded by Director Siracusa to adjourn the meeting at 9:48 a.m.

The motion was unanimously approved.



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BETTY LOU LARSON  
Secretary

**DIRECTOR**

**V.  
ADJOURNMENT**