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 13, 2014
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 a regular meeting at 677 Queen Street, on Thursday, November 13, 2014, at 9:00 a.m.

The meeting was called to order at 9:00 a.m. by Chair Leilani Pulmano and those present and excused were as follows:

Present: Director Leilani Pulmano
Director Rona Fukumoto, Secretary
Director Audrey Abe
Director Michael Ng
Director Melvin Kahele
Designee Mary Alice Evans for Director Richard Lim
Designee Neal Miyahira for Director Kalbert Young

Executive Director Craig Hirai

Excused: Director Edwin Taira, Vice Chair
Director Richard Lim
Director Kalbert Young

Staff Present: Sandra Ching, Deputy Attorney General
Colette Honda, Deputy Attorney General
Janice Takahashi, Chief Planner
Darren Ueki, Finance Manager
Rick Prahler, Development Branch Chief
Ann Nakagawa, Chief Financial Officer
Stuart Kritzer, Asset Manager
Stan Fujimoto, Development Section Chief
Marlene Lenke, Real Estate Services Section Chief
Patrick Inouye, Housing Finance Specialist
Jocelyn Iwamasa, Housing Finance Specialist
Ken Takahashi, Development Project Manager
Christopher Woodard, Property Management Coordinator
Kent Miyasaki, Housing Information Specialist
Esa Pablo, Secretary to the Board

Guests: Blake Vance, KVDC
Geoff Miasnik, MVE Institutional, Inc./SVA Architects
Jennifer Sieger, KCAC/Kinia Village Housing Partners
Cathryn Vandebroek, ArtSpace
Abbey Mayer, ArtSpace
Stacy Sur, Hawaii Housing Finance
Kevin Carney, EAH Housing
Aaron Eberhardt, EAH Housing
Marian Gushiken, EAH Housing
Makani Maeva, Vitus Group
T Lee, Hunt Development Group, LLC
Douglas Bigley, Urban Housing Communities
Alvin Wong, California Dream Partnership
Paul Buss, OliverMcMillan, Inc.
Dan Nishikawa, OliverMcMillan, Inc.
Kris Hui, OliverMcMillian, Inc.
Alan Ong, Hunt Companies

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A quorum was present.

Chair Pulmano recognized and welcomed new Board Director Audrey Abe, who shared her background in real estate appraisals in both residential and commercial, also as a certified public accountant and financial advisor.

Designee Evans moved, seconded by Director Ng

That the meeting minutes of October 9, 2014 be approved, as circulated.

The motion was unanimously approved.

The approval of the executive session meeting minutes of October 9, 2014 was deferred to a later date not specified.

Chair Pulmano proceeded to Item A.

Finance Manager Darren Ueki presented the For Action, stating that the Low Income Housing Tax Credit (LIHTC) Program was created to encourage construction and rehabilitation of low-income rental units. The Qualified Allocation Plan (QAP) sets forth the criteria to evaluate and allocate the tax credits to projects that best meet the housing need of the state and preferences required by Section 42 of the Internal Revenue Code (IRC).

Due to the Board’s focus on best utilizing HHFDC’s limited resources, a Request for Proposals (RFP) for consulting services was issued and Cohn Reznick was contracted to assess and improve the efficiency and effectiveness of the LIHTC program and other financing programs of the HHFDC.

Based on the consultant’s recommendations the Proposed QAP:

1. Strikes a balance between project financing and the proposed development. The proposed project financing criteria address and align with HHFDC’s financing objectives/priorities. The proposed development criteria address and align with HHFDC’s housing affordability/sustainability, housing production, and location/design objectives/priorities.

2. Continues to allow the 9 percent (volume cap) credits to be used for new construction and rehabilitation projects. However, acquisition costs cannot be counted in eligible basis.

3. Adds to the list of threshold criteria:
   a. Submission of a market study (existing threshold)
   b. Evidence of site control (existing threshold)
   c. Submission of a capital needs assessment for projects acquiring an existing property (existing threshold)
   d. Demonstrates that all low-income units will be made available
to people on the waiting list for low-income public housing and/or people who have successfully completed a transitional housing program. This new threshold is intended to increase safe, decent, and affordable housing opportunities for lower-income households.

e. No smoking
f. Contractor Profit Limitation
g. Debt Service Ratio Requirement
h. Phase I Environmental Assessment
i. Proof Non-Profit Status (if applicable)
j. Maximum Developer Fee
k. Minimum Total Score for 9% LIHTC and 4% LIHTC

4. Uses a Criteria Point System to evaluate and score applications for both the 9 percent (volume cap) and 4 percent (non-volume cap) credits. There are 17 criteria totaling 120 points which are organized into the following four major categories:

a. Development (40 points)
b. Development Team (10 points)
c. Financing (40 points)
d. Readiness to Proceed (10 points)

The remaining 20 points will be awarded to applicants who waive the right to request a Qualified Contract.

Section 42(h)(6)(F) allows an owner of a qualified low-income housing development to request a qualified contract from a state low-income housing tax credit allocating agency. A qualified contract is a bona fide offer from a buyer to acquire the low-income housing development and operate it for the remaining extended use period for an amount not less than the sales price calculated in accordance with Section 42(h)(6)(F), subject to all applicable low-income rent and occupancy requirements. If the agency does not find a buyer to submit a bona fide qualified contract within one year of the request, the extended use period is terminated ending the low-income occupancy and rent restriction requirements.

Mr. Ueki noted the approval process of the QAP and the allocation and awarding of the LIHTC with the following tentative timeline:

- November 17, 2014 – Publish Notice of Public Hearing
- December 15, 2014 – Conduct Public Hearing
- January 30, 2015 – Applications Available
- April 1, 2015 – Applications Due
- July 2015 – Present Recommendations to the Board
- August/September 2015 – Applications Due
- November/December 2015 – Present Recommendations to the Board

Any substantive amendments made will require a repeat of the entire QAP approval process.

Due to the limited amount of bond cap that is received and controlled by the Department of Budget and Finance, staff believes that a competitive round process for the 4% LIHTC would create efficiency in allowing for better projects, as opposed to currently administering on a ‘first-come, first-served’ basis.

Mr. Ueki opened for questions.

Given that a new administration is coming in and considering all the work that

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has been done to revise the QAP, Designee Miyahira suggested that the proposed structure be limited to calendar year 2015 only, allowing the new administration to decide what they want to do for calendar year 2016.

Mr. Ueki stated that although it has been common practice to approve the QAP for two years, nothing precludes the Board from a one-year approval.

Chair Pulmano asked if there were any initial comments from the developers present.

Ms. Makani Maeva, Vitus Group, expressed her concerns on the types of limitations, which she believes would necessitate smaller projects, unqualified developers, and a loss in affordable inventory to market rate buyers. Written comments are to be submitted during the public hearing process.

Mr. Doug Bigley, Urban Housing Communities, concurred, and added that effectively utilizing all bond cap competitively for housing would deploy an increase in bond cap, which will then bring an increase of federal subsidies. Written comments are to be submitted during the public hearing process.

Mr. Ueki clarified that HHFDC does not receive the dedicated portion of the State’s Bond Cap for housing, but rather requests on a project-by-project basis.

Due to an increase in 4% Tax Credit applications, creating a scoring arena for the 4% Tax Credit program was considered in hopes to allow greater return in the length of affordability. Currently, the minimum affordability period is 30 years; however, within the 9% Tax Credit program, due to its competitiveness, 61 years is the standard.

In response to Chair Pulmano, Mr. Ueki stated that two funding rounds are anticipated, with the first round being in April 2015 and the second round during the summer.

Chair Pulmano asked Ms. Maeva to reference which criterions her comments were based upon. Ms. Maeva reiterated her concerns in detail and referenced Criteria 3 – Developer Fees, stating that there are distinctions between the cash portion and deferral and as a threshold item, transparency of true costs may be hindered. Furthermore, project readiness is vital and perhaps the reason for the increase in 4% Tax Credit applications was unprepared projects.

Director Kahele asked how the deferral of developer fees would affect federal credits. Mr. Bigley reiterated Ms. Maeva’s comment on having a distinction between the cash portion and the actual deferral. Greater the deferral of developer fees will result in more federal subsidies.

Mr. Hirai asked on the estimated delay time if a substantive amendment is made to the Proposed QAP. Mr. Ueki stated that there would be a delay of approximately 4 months, having a public hearing in March 2015 and applications due in May 2015.

Chair Pulmano asked on what would be considered as a “substantive amendment.” Mr. Ueki stated that he believes a substantive amendment would be anything that would affect the scoring portion; however, what is substantive is at the discretion of the Executive Director.

The Board discussed its possible options in depth, and decided to go through with the public hearing process and amend the motion to approve for 2015 only.

Director Ng moved, seconded by Director Kahele

That the motion be amended to approve the Proposed QAP for 2015 only.
The motion was unanimously approved.

Executive Director Hirai asked Counsel if the motion would suffice the intended purpose, considering the amount of ‘2015/2016’ references throughout the For Action and whether or not staff would need to strikethrough each ‘2015/2016’ reference. Deputy Attorney Sandra Ching stated that she believes the intention is clear and that the Finance staff would amend the For Action accordingly.

The main motion was unanimously approved, as amended.

The Board recessed at 10:05 a.m.

The Board reconvened the meeting at 10:15 a.m.

(Director Kahele was not present at the call; returned at 10:20 a.m.)

Designee Evans moved, seconded by Director Ng

That the HHFDC Board of Directors approve the following:

A. Extend the deadline to issue HMMF Bonds for the Kunia Village project to May 31, 2015; and

B. 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 Kunia Village (Project) is a combination of acquisition/rehabilitation and new construction, providing 82 affordable rental units for families (rehabilitation of 45 units, demolition and reconstruction of 23 units, and construction of an additional 14 units).

All units will be a one-story single family home on post and pier foundation with a carport and storage space.

The Project’s anticipated construction start date is February 2015, with the completion of the first building in April 2015 and project completion in June 2016.

The Project is awaiting USDA approval for Section 515 Loans, Section 538 Loan Guarantee, and project based rental assistance.

The Inducement Resolution is required under Section 1.150-2 of the Treasury Regulations before the project’s sponsor acquires or commences construction of the development and does not authorize the sale of tax-exempt bonds for the Project.

If deemed feasible, a subsequent resolution requesting Board approval for the actual issuance, sale, and delivery of the bonds at a later date, subject to the availability of volume cap and approvals by the Department of Budget and Finance and the Governor.

Mr. Ueki opened for questions.

For the new Board Directors, Designee Evans noted that the letter of intent is non-binding and allows the developer to move forward on a project. Another review of this Project will be presented to the Board later.

Designee Evans also commented that maintaining the Plantation Villages’ affordable communities is a great accomplishment.
The motion was unanimously approved.

Chair Pulmano asked that the order of the agenda be amended as follows: Item E, followed by Items C, D, G, H, followed by F, N, IV. Report of the Executive Director, followed by Items I, J, L, K, M.

Chair Pulmano proceeded to Item E.

Director Ng moved, seconded by Designee Evans

That the HHFDC Board of Directors approve the following:

A. Extend the deadline to issue HMMF Bonds for the Kekuiani Gardens project to May 31, 2015; and

B. 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 Kekuiani Gardens (Project) is an existing 56 family unit affordable rental consisting of seven residential buildings with eight units in each and one community building.

The Project is anticipated to start construction in January 2015, with the first building completed in March 2015 and Project completion in August 2015.

The Project is awaiting USDA approval for the project sale, USDA loan assumption, and transfer of the project based rental assistance.

If deemed feasible, a subsequent resolution requesting Board approval for the actual issuance, sale, and delivery of the bonds at a later date, subject to the availability of volume cap and approvals by the Department of Budget and Finance and the Governor.

With no further discussion, the motion was unanimously approved.

Chair Pulmano proceeded to Item C.

Designee Evans moved, seconded by Director Ng

That the HHFDC Board of Directors approve the following:

A. Extend the deadline to issue HMMF Bonds for the Kalani Gardens project to May 31, 2015; and

B. 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 Kalani Gardens (Project) is an existing 118 family units consisting of six residential buildings.

The Project anticipates starting construction in December 2014, with the first building completed in February 2015 and project completion in November 2015.

Although the Project is working on the Final Review Letter from the Disability and Communication Access Board, HUD has approved the Project’s use agreement amendment and transfer of the project based rental assistance.

With no further discussion, the motion was unanimously approved.
Chair Pulmano proceeded to Item D.

Director Ng moved, seconded by Designee Evans

That the HHFDC Board of Directors approve the following:

A. Resolution No. 065, attached as Exhibit E, which provides approval to issue revenue bonds of up to $12,700,000 for the Kalani Gardens project, subject to the provisions and conditions recommended in Exhibit D and

B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki presented the For Action, explaining that the previous approval for the extension of Resolution No. 057 was taken as a precaution. The Project is anticipated to close in December 2014.

The programmatic facts of the Hula Mae Multi-Family (HMMF) Bond program and Project facts were noted for the new Board Directors.

Since November 2013, changes to the project budget have resulted in a net increase of $353,493. There was no impact to State resource commitments.

Resolution No. 065 satisfies the requirement to accomplish and allow staff to complete the sale of the Bonds.

Mr. Ueki opened for questions.

Designee Evans commented that a 65-year length of affordability is a strong incentive for approving the For Action.

Chair Pulmano asked if there were any comments by the Developer.

EAH Housing Aaron Eberhardt noted that residents have been informed of the rehabilitation that will be taking place and looks forward to modernizing the Project.

With no further discussion, the motion was unanimously approved.

Chair Pulmano proceeded to Item G.

Designee Evans moved, seconded by Director Ng

That the HHFDC Board of Directors approve the following for the development of a new mixed use urban village on a 26-acre land site at the Villages of Kapolei known as the “Northwest Corner” located at the intersection of Fort Barrette Road and Farrington Highway, Kapolei, Oahu, Hawaii; TMK No. (1) 9-1-16:035, substantially as described in this For Action:

A. OM, or other successor in interest entity approved by the Executive Director, as an Eligible Developer pursuant to Section 15-307-24 HAR;

B. Proposal submitted by OM for the development of a mixed use urban village, subject to changes approved by the Executive Director, provided such changes are substantially consistent with HHFDC’s objectives for the Project;

C. Authority to negotiate and execute a development agreement with

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OM, or other entity approved by the Executive Director, substantially consistent with this Ro Action, and

D. Conveyance of the Northwest Corner parcel to the applicable party substantially in accordance with this For Action and the executed development agreement;

Subject to the following:

E. If a development agreement is not executed with the developer within one calendar year from the date of this approval, HHFDC reserves the sole and absolute right to terminate negotiations with the developer and reissue the RFP;

F. Approval of the project proposal does not obligate HHFDC to make an award for any of its financial programs, such as LIHTC, Federal tax exempt private activity bonds, RHTF, and DURF; and

G. Other terms and conditions deemed necessary and acceptable by the Executive Director.

Development Branch Chief Rick Praehler presented the For Action, stating that the Northwest Corner (Project) is one of the last major properties to be developed in the Villages of Kapolei (VOK), located on the corner of Fort Barrette and Farrington Highway. Temporary uses have been for fairs and other community events. Proceeds obtained are put back into VOK for the development of more affordable housing.

Economic Planning Systems, Inc., a nationwide real estate consulting firm, helped to do the solicitation and Request for Proposals (RFP) issued in March 2014.

Presentations of the RFP solicitations have been made to the full Makakilo/Kapolei/Honokal Hale Neighborhood Board.

Mr. Praehler provided an overview of the major requirements of the RFP.

HHFDC received one submittal from OliverMcMillian, Inc. (OM), essentially having everything the HHFDC asked for.

The Development Team was noted.

OM’s vision for the Project site is to create a residential destination for new and current residents to live, shop, dine, socialize, and enjoy, creating a welcoming gateway for the Villages of Kapolei. Four development zones proposed are Zone 1 – mixed-use retail/residential and village green (community area); Zone 2 – mixed-use retail residential; Zone 3 – affordable rental and for sale housing; and Zone 4 – single family for sale housing.

The Project will include 414 residential units, of which 168 will be affordable for sale units at 30% to 60% of the HUD area median income (AMI), 42 affordable for sale units at 80% to 120% of HUD AMI, 170 market rate rental units, and 34 market rate for sale clustered single-family residences.

Residents will be able to use the recreation centers in the VOK; however, the association created will manage the internal areas of the Project. Annexing of the internal areas is to be discussed with the Villages of Kapolei Association.

Initially, land would be sold under the affordable rental projects; however, in previous discussions with the Board, staff is now requesting that all affordable rentals be long-term ground leases to retain control of the property and help continue the affordable housing mission of the HHFDC.
Preliminary estimated costs were noted. The total project development cost is estimated at $142.9 million.

In meetings with the OM, developers are open to refinements that would improve the Project, such as not selling the ownership under the affordable rentals.

OM's President Paul Buss, Senior Management Partner Dan Nishikawa, and Project Manager Chris Hui were introduced to the Board.

On behalf of OM, Mr. Nishikawa thanked the Board and staff for the opportunity, sharing OM's intent and core value.

Mr. Hui provided a brief overview of the OM's proposed plan for the Project.

Discussion ensued on concerns regarding the infrastructure and traffic. OM stated that traffic studies are yet to be done and will work through public-private partnerships to coordinate its plans accordingly.

Chair Pulmano stated that the proposed plans being presented is just the initial framework of the RFP and is the very first step in a very long development process. Further studies are yet to be done.

Designee Evans commented that using these assets to generate revenues for more affordable units is very important and commended the Executive Director and staff for building that into the competitive process.

In response to Chair Pulmano, Mr. Prahler stated that OM is anticipated to return for 4% Tax Credit financing.

The motion was unanimously approved.

The Board recessed at 11:15 a.m.

Chair Pulmano reconvened the meeting at 11:22 a.m.

Chair Pulmano proceeded to Item H.

Director Ng moved, seconded by Director Fukumoto

That the HHFDC Board of Directors approve the following for the Ola Ka 'Ilima Artspace Lofts project in Kakaako, Oahu, Hawaii, TMK: (1) 2-3-003:040, substantially as discussed in this For Action:

A. Certification of Artspace Projects, Inc., or other successor entity approved by the Executive Director, as an Eligible Developer pursuant to Section 15-307-24, HAR;

B. Development of the Project with the proposed exemptions from statutes, ordinances and rules of the City and County of Honolulu as recommended for approval, pursuant to Section 201H-38, HRS;

C. Development of the Project with the proposed exemptions from statutes, ordinances and rules of the Hawaii Community Development Authority as recommended for approval, pursuant to Section 201H-38, HRS;

D. Execution of a development agreement required for such exemptions as approved by the Executive Director; and

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E. Authorize the Executive Director to take all actions necessary to effectuate the purpose of this For Action.

Subject to compliance with all rules and regulations and such other terms and conditions as may be required by the Executive Director.

Mr. Prahler presented the For Action, stating that the propose Ola Ka 'Ilima Artspace Lofts (Project) is located in Kakaako and is a HCDA owned property. The Project will consist of 84 units for families with a preference for tenants involved in artistic or literary activities in accordance with the IRC, Section 42 (g)(9)(C).

Project facts and financial approvals were noted.

The For Action seeks the Board’s approval of the exemptions from statutes, ordinances and rules pursuant to HRS Section 201H-38, for the propose Project for exemptions from the requirements of the City and HCDA.

Exhibit C, D, and E were referenced.

Artspace’s Vice President Cathryn Vandenbrink and Local Consultant Abbey Mayer were introduced.

Designee Evans disclosed for the record that she sits on the HCDA Board, which does not constitute a conflict of interest and stated that she will be voting in favor due to the need of affordable rentals in the Kakaako area.

The motion was unanimously approved.

Chair Pulmano proceeded to Item F.

Designee Evans moved, seconded by Director Kahele

That the HHFDC Board of Directors approve a DURF budget of up to $316,455.00 for planning and environmental studies for the HHFDC and Judiciary Mixed-Use Affordable Rental Housing and Juvenile Services/Shelter Facility located at 902 Alder Street, Honolulu, Hawaii, TMK: (1) 2-3-012: 019, as discussed in this For Action, subject to the following:

A. Availability of DURF Funds;
B. Approval and release of funds by the Governor;
C. Compliance with all HHFDC rules and regulations; and
D. Other terms and conditions as may be required by the Executive Director.

(Director Ng stepped out at 11:40 a.m.; returned at 11:43 a.m.)

Mr. Prahler presented the For Action, stating that this will be the first joint development with another state agency.

The 902 Alder Street property is set aside by the State of Hawaii to the Judiciary. The HHFDC-Judiciary partnership proposes a project that would deliver approximately 180 affordable rental housing units for working families, on a 1.45 acre parcel, zoned A2 (medium-density apartments), with a 150 feet height limit.

The Judiciary currently operates the Home Maluhia, a non-secured facility, which provides therapeutic counseling and rehabilitative services for status offenders,

III. F. DISCUSSION AND/OR DECISION MAKING
Approval of Dwelling Unit Revolving Fund Budget for Planning And Environmental Studies for the Mixed-Use Affordable Rental Housing and Juvenile Services/Shelter Facility Located at 902 Alder Street, Honolulu, Hawaii
TMK No.: (1) 2-3-012: 019

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and minor law violators who do not require detention at the site.

The Judiciary did receive a $250,000 CIP appropriation from the Legislature, which will lapse in June 2016.

A consultant was procured through DAGS to prepare a minimum of two concept plans as follows:

Concept 1: The Residential and Judiciary components would be collocated in the same building and parking for both components would be in separate parking structure.

Concept 2: The Residential component would be located in a tower and the Judiciary component would be located in a shared parking structure.

A third concept plan may be developed if determined necessary by HHFDC and the Judiciary, which will then be further defined and analyzed in the Draft EA, scheduled to be completed and published in September 2015.

Therefore, staff is request for authorization to spend $316,455 in DURF funds for DAGS and consultant services.

Key dates noted are as follows:

- February 2015 – DAGS issues NTP to consult for planning and preparation of the EA
- September 2015 – HHFDC issues RFP for Design-Build contractor
- May 2016 – HHFDC Board approval of proposal and Design-Build contractor
- November 2016 – Execute Development Agreement
- December 2019 – Project Completion

Mr. Prahler deferred questions to Chief Planner Janice Takahashi and Housing Development Specialist Ken Takahashi.

Director Abe asked if there were similar cases that combined mixed-use with juvenile offenders. Unaware of similar cases, Mr. Prahler stated that residential units and low-income rental projects currently surround the Juvenile facility.

Director Abe asked if the facility and affordable units would be in the same structure. Mr. Prahler stated that the consultant is currently working on the different concepts. Ms. Takahashi clarified that the HHFDC is unaware of any combination residential with the Juvenile services/shelter facility; however, the Judiciary is planning the specs of the construction and security measures needed.

Discussion ensued on the safety for families with children being combined with the Juvenile services/shelter facility of status offenders. Staff stated that the status offenders (e.g., minors that have committed truancy or ran away from home) are supervised.

Chair Pulmano commented that she believes this is a great opportunity of leveraging HHFDC’s expertise in development and financing.

The motion was unanimously approved.

Chair Pulmano proceeded to Item N.

Designee Evans moved, seconded by Director Kahele

That the HHFDC Board of Directors accept the audited financial statements for Nani O Puna Project and Kekuila Gardens Project for the HHFDC Regular Meeting – November 13, 2014

III. N.
DISCUSSION
AND/OR
DECISION
MAKING
Accept the Audited
Financial Statements

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fiscal year ending June 30, 2014.

Chief Financial Officer Ann Nakagawa presented the For Action, stating that as USDA projects, Nani O Puna and Kekuilani Gardens require separate audited financial statements.

Accuity LLP, the Auditor, issued the USDA required reports by the October 31, 2014 deadline.

Ms. Nakagawa highlighted the following:

Nani O Puna:

- Total assets decreased by $179,000 to 1,266,000, due primarily from a net operating loss of $152,000.

Kekuilani Gardens:

- Total assets decreased by $223,000 to $4,408,000, due primarily from a mortgage principal, interest payments, and a net operating loss of $51,000.
- A revised plan for a rent increase for FY 2015 to bring up the reserve account balance within a 24-month period was rejected by USDA.
- Expenses are being reevaluated, while pending sale.
- HHFDC’s Property Management and Fiscal Management Office will continue to remind and monitor monthly financials and year-end accrual adjustments.

Designee Evans asked if the acquisition/rehabilitation of Kekuilani Gardens would improve the project’s cash flow. Asset Manager Stuart Kritzer stated that a new rent schedule from the purchaser, Vitus Group, is believed to increase the cash flow of the project. Rent schedule is subject to USDA-RD approval.

Director Ng asked what would happen to the Nani O Puna project in regard to the lava flow. Staff stated that there are currently eight vacancies, which are anticipated to increase. Although Nani O Puna has been placed first on the list for other HUD projects, housing units on the Big Island and Oahu are very scarce.

The motion was unanimously approved.

Chair Pulmano proceeded to the Report of the Executive.

Executive Director Hirai reported that information briefings with the Legislature emphasized working together with other State agencies and the City and County on Transit Oriented Development. Other focuses were on HCDA’s micro units on Cook Street and homelessness.

With no further discussion, Chair Pulmano proceeded to Item I.

Director Ng moved, seconded by Designee Evans

That the HHFDC Board of Directors approves Resolution No. 066, which expresses appreciation to Richard Lim.

The motion was unanimously approved.

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Chair Pulmano proceeded to Item J.

Director Ng moved, seconded by Designee Evans

That the HHFDC Board of Directors approves Resolution No. 067, which expresses appreciation to Kalbert Young.

The motion was unanimously approved.

Chair Pulmano proceeded to Item L.

Director Ng moved, seconded by Designee Evans

That the HHFDC Board of Directors approves Resolution No. 069, which expresses appreciation to Luis Salaveria.

The motion was unanimously approved.

Chair Pulmano proceeded to Item K.

Designee Miyahira moved, seconded by Designee Evans

That the HHFDC Board of Directors approves Resolution No. 068, which expresses appreciation to Michael Ng.

Ms. Takahashi expressed deep appreciation for Director Ng’s vast experience, guidance, and perseverance on getting things through the Governor’s Office.

The motion was unanimously approved.

Chair Pulmano proceeded to Item M.

Director Ng moved, seconded by Designee Evans

That the HHFDC Board of Directors approves Resolution No. 070, which expresses appreciation to Mary Alice Evans.

Ms. Takahashi expressed deep appreciation for Designee Evan’s engagement in the Corporation’s business and continuous support.

The motion was unanimously approved.

With no further items on the agenda, the meeting was adjourned at 12:13 p.m.

RONA FUKUMOTO
Secretary

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