

DAVID Y. IGE  
GOVERNOR



DENISE ISERI-MATSUBARA  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

677 QUEEN STREET, SUITE 300  
HONOLULU, HAWAII 96813  
FAX: (808) 587-0600

In reply, refer to:

21:OED-05

June 1, 2021

TO: The Hawaii Housing Finance and Development Corporation  
Board of Directors

FROM: Rona Fukumoto  
Board Secretary

SUBJECT: Delegation of Authority Letter

Dear Chair Mende and Members of the Board:

By means of this letter, I, Rona Fukumoto, the Hawaii Housing Finance and Development Corporation (HHFDC) Board Secretary, hereby delegate (pursuant to the Bylaws of the HHFDC, Section 6) all board secretarial duties to the Executive Director, Denise Iseri-Matsubara, in my absence on June 10, 2021.

Sincerely,

*Rona Fukumoto*

RONA FUKUMOTO  
Board Secretary

**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS  
REGULAR MEETING**

**May 13, 2021**

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met virtually for their regular meeting at their office, located at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, May 13, 2021, at 9:00 a.m.

**I.  
CALL TO  
ORDER/  
ROLL CALL**

With a quorum present, Chair Donn Mende called the meeting to order.

Those present and excused were as follows:

Present: Director Donn Mende, Chair  
Director Gary Mackler, Vice Chair  
Director Rona Fukumoto, Secretary  
Director Carol Reimann  
Director Melvin Kahele  
Director Sean Sasaki  
Director Mike McCartney  
Director Kymberly Sparlin

Executive Director Denise Iseri-Matsubara

Excused: Director Craig Hirai

Staff Present: Sandra Ching, Deputy Attorney General  
Francis Keeno, Executive Assistant  
Janice Takahashi, Chief Planner  
Darren Ueki, Housing Finance Manager  
Dean Minakami, Development Branch Chief  
Randy Chu, Development Section Chief  
Christopher Woodard, Real Estate Portfolio Manager  
Carianne Abara, Development Support Section Chief  
Lorna Kometani, Sales & Counseling Section Chief  
Jocelyn Iwamasa, Housing Finance Specialist  
Christopher Oakes, Housing Finance Specialist  
Nathan Akamu, Housing Finance Specialist  
Jamie Aqui, Housing Finance Specialist  
Mark Ogata, Housing Finance Specialist  
Glori Inafuku, Housing Finance Specialist  
Amy Mutart, Mortgage and Rental Finance Section Chief  
Sery Berhanu, Housing Development Specialist  
Cheryl Kajitani, Housing Development Specialist  
Stan Fujimoto, Housing Development Specialist  
Melissa Loy, HHFDC Corporate Controller  
Gayle Nishimoto, Project Resource Specialist  
Lisa Wond, Planner  
Mavis Masaki, Planner  
Kent Miyasaki, Housing Information Officer  
Esa Pablo, Secretary to the Board

Guests: George Atta, former HHFDC Board Member  
Craig Iha, Deputy Attorney General  
Michelle Agsalda, Deputy Attorney General  
Lisa Itomura, Deputy Attorney General  
Thomas Erickson, Highridge Costa Companies  
Monte Heaton, Highridge Costa Companies

Scott Settle, Settle Meyer Law  
Charles Fasi, Settle Meyer Law  
Natalie Mesa, Settle Meyer Law  
Karen Seddon, The Michaels Organization  
Benjamin Edgar, The Michaels Organization  
Questor Lau, Michaels Development

Chair Mende welcomed the Board's newest member, Director Sean Sasaki, who comes from an extensive civil engineering and project management background.

Director Sasaki thanked the Board for the opportunity and stated that he looked forward to working with HHFDC.

Director Kahele moved, seconded by Director Reimann

That the regular meeting minutes of April 8, 2021 be approved.

The motion was carried unanimously.

With former director George Atta not in attendance, item III.A. was deferred to later in the meeting and Chair Mende proceeded to agenda item III.B.

Planner Lisa Wond presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board of Directors:

- A. Approve the State of Hawaii's Consolidation Plan Annual Action Plan (AAP) for Program Year (PY) 2021; and
- B. Authorize the Executive Director to undertake all tasks necessary to submit and implement the PY2021 AAP.

Vice Chair Mackler moved, seconded by Director Kahele

That staff's recommendation be approved.

Wond stated that this For Action seeks the Board's approval of the draft PY2021 AAP covering the period from July 1, 2021 through June 30, 2022, in which the State will receive approximately \$3 million from the U.S. Department of Housing and Urban Development's (HUD's) HOME Investment Partnerships (HOME) funds, \$3,480,969 in National Housing Trust Fund (HTF), \$444,100 in Emergency Solutions Grant (ESG), and \$270,474 in Housing Opportunities for Persons with AIDS (HOPWA) program. The use of funding for the PY2021 activities were summarized.

Wond stated that the draft AAP was subject to a 30-day public comment period, in which no comments were received, and submission is due to HUD by May 15, 2021.

The motion was carried unanimously.

Development Support Section Chief Carianne Abara presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board of Directors approve the increase to the Waiahole

**II.A.**  
**APPROVAL**  
**OF MINUTES**  
Regular  
Meeting  
4/8/2021

**III.A.**  
**DISCUSSION**  
**AND/OR**  
**DECISION**  
**MAKING**  
Approve Resolution  
No. 153 Expressing  
Appreciation to  
George Atta

**III.B.**  
**DISCUSSION**  
**AND/OR**  
**DECISION**  
**MAKING**  
Approve the  
Consolidated Plan  
Annual Action Plan  
for Program Year  
2021-2022 (PY2021)

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

Valley Budget by \$5,530,000 as presented in the For Action and authorize the Executive Director to take all actions necessary to effectuate the purpose of this For Action, subject to:

- A. Availability of Dwelling Unit Revolving Funds (DURF);
- B. Approval and release of funds by the Governor; and
- C. Compliance with all HHFDC rules and regulations and such other terms and conditions as may be required by the Executive Director.

Approve a Request to Increase the Budget for the Waiahole Valley Agricultural Park and Residential Lots Subdivision, Located in Waiahole, Koolaupoko, Oahu, Hawaii, TMK Nos.: (1) 4-8: Various

Director McCartney moved, seconded by Director Kahele

That staff's recommendation be approved.

Abara stated that the \$5.53 million budget increase is being requested for additional planning and legal expenses, additional repairs related to storm damage, and additional operations and maintenance of the water system, as follows:

- 1. Water system improvements – \$1.5 million;
- 2. Water system repairs – \$2.22 million;
- 3. Additional operations & maintenance of infrastructure – \$1.21 million;
- 4. Additional operations & maintenance of water – \$300k; and
- 5. Planning/Legal expenses – \$300k

Under the Governor's Proclamation Related to Rains and Flooding, Vice Chair Mackler asked whether federal resources could be sought to help pay for some of the costs or supplemented for additional funds. Development Branch Chief Dean Minakami stated that the Hawaii Emergency Management Agency has been contacted and feasibility of long term costs for reimbursement is being assessed.

Vice Chair Mackler commended Minakami and Abara on their efforts and hard work regarding this matter.

Executive Director Iseri-Matsubara also recognized and thanked Director McCartney for his time in accompanying staff to Waiahole Valley, which has assisted in the collaboration among landowner and tenants.

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

Director Reimann moved, seconded by Vice Chair Mackler

That the HHFDC Board of Directors approves Resolution No. 153, which expresses appreciation to Director George Atta.

Director McCartney thanked Mr. George Atta for his service, guidance, and expertise on this Board.

Director Sparlin read the Governor's message to Mr. Atta.

On behalf of the Corporation and Board, Executive Director Iseri-Matsubara and Chair Mende expressed their gratitude to Mr. Atta for his service and support.

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

Housing Finance Specialist Jocelyn Iwamasa presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board of Directors approve the following:

- A. Resolution No. 154 (attached as Exhibit G within the For Action), which amends Resolution No. 125 by increasing the intended tax-

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

Approve Resolution No. 153 Expressing Appreciation to George Atta

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

Approve: (1) Resolution No. 154, Which Amends



exempt issuance for the Kokua Project to up to \$53,378,465 from \$45,928,783.

1. Subject to the provisions and conditions in Exhibits D & F (within the For Action); and
  2. All other terms and conditions of Resolution No. 125 and the intended tax-exempt issuance from the Hula Mae Multi-Family (HMMF) Bond Program approved by the HHFDC Board of Directors on January 10, 2019, remain the same.
- B. Increase the award of annual Federal 4% Low Income Housing Tax Credits (LIHTC) over a 10-year period to \$3,135,954 from \$2,424,698 and the award of annual State 4% LIHTC over a 5-year period to \$3,135,954 from \$2,424,698.
1. Subject to the provisions and conditions in Exhibits E & F (within the For Action); and
  2. All other terms and conditions of the Federal and State LIHTC reservation approved by the HHFDC Board of Directors on January 10, 2019, remain the same.
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Resolution No. 125 by Increasing the Intended Issuance Amount of the Revenue Bonds; and (2) a Request from the Developer to Increase the Low Income Housing Tax Credit Reservation for the Kokua Project Located in Honolulu, Oahu, TMK Nos.: (1) 2-1-010: 052 and 053 (por.)

Director Mackler moved, seconded by Director Reimann

That staff's recommendation be approved.

Iwamasa stated that the subject For Action requests an increase to the intended issuance amount of the HMMF Bonds and the LIHTC reservation for the Kokua project.

The 8.08 percent project budget increase was primarily attributed to higher construction costs, project reserves, contingency, financing interim costs, acquisition cost, and changes to the building plans due to the 201H exemption approval process.

Iwamasa opened for questions along with Mr. Tom Erickson, Mr. Monte Heaton, and Mr. Scott Settle, on behalf of the project.

Vice Chair Mackler inquired about the project's building permits and execution of construction contracts. Erickson stated that building permits are anticipated in the next couple of months with construction contract numbers to be finalized with the approval of this For Action.

In response to Director Sparlin, Iwamasa and Executive Director Iseri-Matsubara stated the following:

1. Cost increases were understandable considering that Highridge Costa became involved to move the project forward, and because of the changes resulting from the 201H exemption process, the COVID pandemic, and constraints of the relatively small construction site.
2. With the addition of the Housing Finance Programs Subcommittee's recommendation regarding a zoning/201H threshold requirement for the 2022/2023 Qualified Allocation Plan (QAP), more project-ready developments are anticipated.

Director Sparlin expressed appreciation for the work done in moving this project forward for seniors.

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

Iwamasa presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board approve the following:

- A. Extend the deadline to issue HMMF Bonds for the Kokua Project to July 31, 2022; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Director Kahele moved, seconded by Vice Chair Mackler

That staff's recommendation be approved.

Based on progress made on site control, zoning approvals, and securing of financing commitments, Iwamasa stated that the subject For Action requests a 12-month extension to July 31, 2022 to issue bonds for the Kokua project. This is the 3<sup>rd</sup> extension for the project and closing is anticipated within the next few months.

There being no questions, the motion was carried unanimously.

Iwamasa presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board approve the following:

- A. Extend the Rental Housing Revolving Fund (RHRF) Letter of Intent (LOI) dated January 14, 2019 for the Kokua Project to July 31, 2022, subject to the requirements as set forth in the For Action dated January 10, 2019; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Director Sparlin moved, seconded by Director Kahele

That staff's recommendation be approved.

Based on progress made on site control, zoning approvals, and securing of financing commitments, Iwamasa stated that the subject For Action requests a 12-month extension to July 31, 2022 for the RHRF LOI for the Kokua project.

There being no questions, the motion was carried unanimously.

Housing Finance Specialist Christopher Oakes presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board approve the following:

- A. Extend the deadline to issue HMMF Bonds for the Kokua Project to July 31, 2022; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Director Kahele moved, seconded by Director Reimann

That staff's recommendation be approved.

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

Approve an Extension to Resolution No. 125, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kokua Project Located in Honolulu, Oahu, TMK Nos.: (1) 2-1-010: 052 and 053 (por.)

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

Approve an Extension to the Rental Housing Revolving Fund Letter of Intent for the Kokua Project Located in Honolulu, Oahu, TMK Nos.: (1) 2-1-010: 052 and 053 (por.)

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

Approve Resolution No. 155, Authorizing the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Halewai'olu Senior Residences Project Located in Honolulu, Oahu, TMK No.: (1) 1-7-006: 012



Oakes welcomed Director Sasaki to the Board.

Oakes stated that the subject For Action requests the adoption of Resolution No. 155, authorizing the issuance, sale, and delivery of HMMF bonds to support construction of the Halewai'olu Senior Residences project and will be a private placement with First Hawaiian Bank and American Savings Bank on the construction financing and Walker & Dunlop on the permanent financing through a Freddie Mac Tax-Exempt Loan.

The 1.00 percent project budget decrease was attributed to lower interim and soft costs and project reserves offset by increased financing and syndication costs.

Oakes opened for questions, along with Ms. Karen Seddon, Mr. Questor Lau, Mr. Ben Edger, Ms. Natalie Mesa, and Mr. Charles Fasi, on behalf of the project.

There being no questions, the motion was carried unanimously.

Mortgage and Rental Finance Section Chief Amy Mutart and Housing Development Specialist Sery Berhanu presented the For Information, providing an update on the Iwilei Infrastructure Master Plan and the Liliha Civic Center Master Plan projects.

Vice Chair Mackler inquired about the area median income (AMI) groups served. Mutart stated that the target is to serve those at or below the 140 percent AMI.

Vice Chair Mackler commented that he felt it was important to look at addressing that spectrum of households for future housing.

(Director Reimann was excused at this time – 9:54 a.m.)

(Network visual connection lost at 10:08 a.m. and reconnected at 10:12 a.m.)

A PowerPoint presentation was distributed and shown to the Board, providing an overview of the planning and infrastructure master plan scope, design schemes, assessment efforts, and current and future infrastructure needs.

Executive Director Iseri-Matsubara introduced HHFDC's new Development Section Chief Randy Chu. Minakami stated that Chu joins us from the City and County of Honolulu's Land Management Division and has a wealth of background experience in project management and engineering.

Chu stated that he was happy to be at HHFDC and looked forward to helping the Corporation achieve its goal with affordable housing.

There being no further discussion, Chair Mende proceeded to agenda item IV. A.

Executive Assistant Francis Keeno presented background information on the subject For Information regarding an aggregate amount of 52 delinquent loans arising from the Kahana Valley Loan Program and the Milolii-Hoopuloa Loan Program serviced by First Hawaiian Bank and Bank of Hawaii. Twelve (9 from Kahana Valley and 3 with the Milolii-Hoopuloa) out of the 52 loans have been seriously delinquent, and therefore, turned over to HHFDC. Due to a lack of documentation, there is uncertainty as to what collection efforts have been made dating back to 2015. Staff anticipates returning to the Board at a later date to seek further guidance and approval on a proposed course of action.

Director McCartney moved, seconded by Director Kahele

That the Board convene in executive session pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, to consult with the board attorney on questions or issues regarding the board's powers, duties, privileges, immunities, and liabilities as it relates to this matter.

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

Update on the Preparation of a Master Plan and Environmental Impact Statement for Infrastructure Improvements in the Iwilei-Kapalama Neighborhoods and Development of Liliha Civic Center, TMK Nos.: (1) 1-5-007: 001; Various

**IV.A.  
EXECUTIVE  
SESSION**

(10:24 a.m.)  
Information on and Discussion of Delinquent Loans in the Kahana Valley Loan Program (Oahu) and the Milolii-Hoopuloa Loan Program (Big Island)

The motion was carried unanimously.

(The Board convened in executive session at 10:24 a.m.)

\*\*\*\*\*

(The Board reconvened in regular session at 10:49 a.m.)

Chair Mende stated that staff will report back to the Board on this matter at a later date.

There being no further discussion, Chair Mende proceeded to agenda item IV. B.

Director Kahele moved, seconded by Director Mackler

That the Board convene in executive session pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, to consult with the board attorney on questions or issues regarding the board’s powers, duties, privileges, immunities, and liabilities as it relates to this matter.

The motion was carried unanimously.

(The Board convened in executive session at 10:50 a.m.)

\*\*\*\*\*

(The Board reconvened in regular session at 11:58 a.m.)

There being no further discussion, Chair Mende proceeded to agenda item V.

Executive Director Iseri-Matsubara congratulated Chair Mende and Director Sasaki on their Senate Confirmation and thanked them for their service.

Executive Director Iseri-Matsubara referenced the For Information in reporting on the re-organization of the corporation, which was done primarily to improve the functionality within the Finance and Development Branches. The re-organization had already been approved when it was signed by DBEDT Director Mike McCartney on April 11, 2021.

Legislative highlights were noted as follows:

- House Bill (HB) 200 – relating to the state budget. Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2021-2022 and 2022-2023. HHFDC lost 7 positions of which were vacant, with \$20 million received for DURF and \$25 million for the RHRF.
- HB 77 – relating to lands controlled by the state. Exempts the sale of the leased fee interest in certain affordable leasehold developments by the HHFDC from legislative approval.
- HB 79 – relating to housing. Establishes an affordable homeownership revolving fund within HHFDC to provide loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development of affordable homeownership housing projects.
- HB1311 – relating to affordable housing. Removes the construction completion deadline for the Leialii affordable housing project. Specifies that the developer of Keawe Street apartments affordable housing project will be responsible only for paying the cost of the AIS for their footprint of the project and not for the entire master planned community.
- SB39 (died) - Clarifies that the eligibility for the general excise tax exemption includes the nonreceipt of financing from the Hawaii Finance and Development Corporation. Allows certain affordable rental housing projects to receive a waiver of various development fees from a county. Removes the

**IV.B.**  
**EXECUTIVE**  
**SESSION**  
 (10:50 a.m.)  
 Information on and  
 Discussion of the  
Hawaii Housing  
Finance and  
Development  
Corporation, State of  
Hawaii v. Waipahu  
Community Adult  
Day Health Center  
and Youth Day Care  
Center; Civil No.  
 19-1-0909-06

**V.**  
**OVERVIEW**  
**OF THE**  
**EXECUTIVE**  
**DIRECTOR**



limit on the type of costs eligible for exemption from the general excise tax for development of affordable rental housing certified by the Hawaii Housing Finance and Development Corporation.

Woodard updated the Board on the recommended terms of HHFDC project lease extensions, stating that actual costs to manage the project leases are being calculated by the Fiscal Management Branch. Recommendations for its rental project leases are anticipated to be presented in July 2021.

Vice Chair Mackler asked when can recommendations for the 2021 Consolidated Application be expected. Executive Director Iseri-Matsubara stated that recommendations for the 9 percent LIHTC are anticipated next month, with 4 percent LIHTC anticipated in July.

With the departure of former directors Sara Lin and George Atta, housekeeping measures of the following subcommittees were noted as follows:

#### **Waiahole Valley Strategic Plan Subcommittee**

- Purpose: To investigate key issues identified in the March 2019 draft SMS/HHFDC Plan and the May 2019 draft WWCA Plan to ensure priority items are addressed, in terms of community infrastructure, leases, and agricultural production.
- Reconstituted with Directors: Mike McCartney, Donn Mende, Gary Mackler, and Kymerly Sparlin.

#### **Staffing Subcommittee**

- To be disbanded indefinitely, as the subcommittee was no longer needed nor have met.

#### **HHFDC Leasehold Policy Subcommittee**

- Purpose: To review current HHFDC leasehold policies for residential leases and recommend possible modifications.
- Reconstituted with Directors: Donn Mende, Chung Chang, Kymerly Sparlin, and Sean Sasaki

#### **Finance Branch Program Rules Subcommittee (New)**

- Purpose: To evaluate, review, and make recommendations to amend financing program rules (i.e., LIHTC, HMMF, and RHRF), including amending fees to keep pace with the marketplace and other state housing finance agencies across the nation, and make program administration more sustainable.
- New Members: Directors Donn Mende, Gary Mackler, Carol Reimann, and Sean Sasaki.

There being no further business on the agenda, Director Kahele moved, seconded by Director Sparlin, to adjourn the meeting at 12:18 p.m.

The motion was carried unanimously.



For RONA FUKUMOTO  
Secretary

**VI.**  
**ADJOURNMENT**  
12:18 p.m.