

**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 13, 2013  
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 13, 2013, at 9:00 a.m.

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

**CALL TO  
ORDER/  
ROLL CALL**

Present: Director Ralph Mesick, Chair  
Director Allan Los Banos, Vice Chair  
Director Michael Ng  
Director Francis Jung  
Director Paul Kyno  
Director Leilani Pulmano  
Designee Mary Alice Evans for Director Richard Lim  
Designee Luis Salaveria for Director Kalbert Young  
  
Executive Director Karen Seddon  
  
Excused: Director Richard Lim  
Director Kalbert Young  
Director Betty Lou Larson, Secretary  
  
Staff Present: Colette Honda, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Rick Prahler, Development Branch Chief  
Ann Nakagawa, Fiscal Manager  
Stan Fujimoto, Development Section Chief  
Marlene Lemke, Real Estate Services Section Chief  
Lorraine Egusa, Budget Analyst  
Christopher Woodard, Property Management Coordinator  
Krystal Tabangcura, Procurement Specialist  
Kent Miyasaki, Housing Information Specialist  
Esa Pablo, Secretary to the Board  
  
Guests: Jon Pang, Case Lombardi & Pettit  
Charles Patterson, Cloudbreak Hawaii LLC  
Kyna Chu, Cloudbreak Hawaii LLC  
Scott Gomes, CBRE  
Andrew Reenders, CBRE

A quorum was present.

Designee Evans moved, seconded by Director Jung, to approve the Meeting Minutes of May 9, 2013.

The motion was unanimously approved.

No action was taken on this item.

**QUORUM**

**II. A.  
APPROVAL  
OF MINUTES**  
05/09/13  
Regular  
Meeting

**II. B.  
APPROVAL  
OF MINUTES**  
05/09/13  
Executive  
Session

No action was taken on this item.

Director Larson moved, seconded by Designee Salaveria, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. Amend the RHTF Loan as described in Section III (C); and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Housing Finance Specialist Jocelyn Iwamasa presented the For Action, stating staff's request for approval of the following amendment to the existing Rental Housing Trust Fund (RHTF) Loan for the construction of 50 additional units (Addition) for the Hale Uhiwai Nalu (Project):

1. Subordinate the existing RHTF mortgage to the proposed First Hawaiian Bank (FHB) financing. The existing RHTF loan is currently secured by a first mortgage. The proposed RHTF loan for the additional units would be secured by a junior mortgage to the FHB financing and the existing RHTF loan.
  - a. Subordination subject to 100% Loan To Value (LTV) on the RHTF loans and all liens senior to the RHTF loans, based on an appraisal ordered by HHFDC or a senior financial institution lender.
  - b. Following subordination, the existing RHTF loans would be in second position and the pending RHTF loan would be in third position.
  - c. Both RHTF loans would be secured by the entire aggregate parcel, which includes the existing building and the pending addition.

After discussions with the Department of Veteran Affairs (Lessor), the Project has opted not to obtain consent to a condominium property regime (CPR) due to a required congressional hearing, which would delay construction of the Addition.

In response to Designee Evans, Cloudbreak Hawaii LLC representative Charles Patterson stated that the local Veteran Affairs (VA) does not have the authority to approve a CPR and therefore, would require the Project to go through a congressional hearing, which has been expressed to be difficult and a lengthy process.

In response to Designee Evans, Ms. Iwamasa stated that the Project is still able to close without a CPR being obtained and will basically have a mortgage on the entire lot.

Mr. Patterson stated that the rehabilitation of the Project was completed in 2009 and is 100% occupied with a waiting list of veterans in need of housing.

Chair Mesick questioned the position of the HHFDC on its loans based upon the Project obtaining a CPR or not. Ms. Iwamasa stated that in the case the Project did obtain a CPR, the HHFDC would be in first position on its RHTF loan of \$1 million and in second position on its RHTF loan of \$4 million. A new appraisal is pending and will determine the actual HHFDC exposure.

**II. C.**  
**APPROVAL**  
**OF MINUTES**  
04/11/13  
Executive  
Session

**III. A.**  
**DISCUSSION**  
**AND/OR**  
**DECISION**  
**MAKING**  
Approve an  
Amendment to the  
Terms and Conditions  
Of the Rental Housing  
Trust Fund Loan for  
the Hale Uhiwai Nalu  
Project Located in  
Kapolei, Oahu,  
TMK No.:  
(1) 9-1-013: 027



**Chair Mesick recused himself from voting on this item.**

With no further discussion, the motion was unanimously approved, with Chair Mesick abstaining.

Designee Evans moved, seconded by Vice Chair Los Banos, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. Extend the LOI dated December 13, 2011 for the RHTF Loan for the Hale Uhiwai Nalu Addition project to December 31, 2013, subject to the requirements as set forth in the For Action dated December 11, 2011; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Ms. Iwamasa presented the For Action, stating staff's request of approval for an extension to the RHTF Letter of Intent (LOI) for the Hale Uhiwai Nalu (Project) Addition.

The draft State Environmental Assessment (EA) has been completed and is in the review process. Expiration of the public comment period is in August 2013.

The Project was also awarded a \$450,000 grant from the Federal Home Loan Bank of Seattle to be utilized to cover project cost increases or lower other sources. An updated Project Budget is in progress.

The Project anticipates receiving its building permits in October 2013 and hopes to start construction in November 2013, with Project completion expected a year later.

In response to Director Kyno, Ms. Iwamasa stated that there was an original EA completed; however, it does not cover the additional proposed construction, which the new draft EA includes.

**Chair Mesick recused himself from voting on this Item.**

With no further discussion, the motion was unanimously approved, with Chair Mesick abstaining.

Designee Salaveria moved, seconded by Designee Evans, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. Resolution No. 052, attached as Exhibit C, authorizing amendment of terms and conditions of the Hula Mae Multi-Family Tax-Exempt Revenue Bonds issued for the Hale Hoaloha Apartments Project; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Housing Finance Specialist Patrick Inouye presented the For Action, stating staff's request for adoption of Resolution No. 52, authorizing amendments to the terms and conditions of the Hula Mae tax-exempt bonds for the Hale Hoaloha Apartments (Project) related to a negotiated reduction in their bond and mortgage loan interest rate with Central Pacific Bank (CPB).

The Project is targeted for families at 60% and below the AMGI and has committed to a 30-year affordability period, of which 18 years remain.

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

Approve an Extension to the Rental Housing Trust Fund Letter of Intent for the Hale Uhiwai Nalu Addition Project Located in Kapolei, Oahu, TMK No.: (1) 9-1-013: 027

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

Approve Resolution No. 052, Authorizing the Amendment of Terms and Conditions of the Hula Mae Multi-Family Tax-Exempt Revenue Bonds Issued for the Hale Hoaloha Apartments Project Located in Hilo, Hawaii, TMK No.: (3) 2-4-057: 027

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In response to Chair Mesick, Mr. Inouye stated that there was an amendment fee for CPB; however, the HHFDC does not charge for the lowering or amending of its bonds. The HHFDC does have an annual ongoing administration fee, which is one-eighth of the outstanding balance of the bonds.

In response to Designee Evans, Mr. Inouye clarified that the tax-exempt bonds were issued in conjunction with 4% Low Income Housing Tax credits under the Hula Mae Multi-Family program for rental housing projects rather than the Hula Mae Single Family program for eligible first-time homebuyers.

With no further discussion, the motion was unanimously approved.

Designee Evans moved, seconded by Vice Chair Los Banos, to approve staff's recommendation:

That the HHFDC Board of Directors approve Resolution No. 053, which expresses appreciation to Francis L. Jung.

On behalf of the Board and staff, Chief Planner Janice Takahashi presented the For Action, which expressed appreciation to Director Jung for his service on the HHFDC Board.

Director Jung thanked and expressed his appreciation to the HHFDC for their hard work and all that they have done for the Big Island.

Chair Mesick stated that it was a privilege to have Director Jung on the Board, and appreciated the opportunity to have worked with him and to call him his friend.

With no further discussion, the motion was unanimously approved.

Executive Director Seddon introduced the new HHFDC Fiscal Manager Ann Nakagawa, who was welcomed by the Board.

Designee Evans motioned, seconded by Director Kyno, to add an Executive Session item to the agenda, 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 involved in the work of the Selection Subcommittee in the search for a new executive director.

The motion was unanimously approved and the Board convened in Executive Session at 9:25 a.m.

The Board reconvened into Regular Session at 9:48 a.m., with Chair Mesick calling for a motion to adjourn.

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

The motion was unanimously approved.

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


Approve Resolution  
No. 053, Expressing  
Appreciation to  
Francis L. Jung

**IV.  
REPORT  
OF THE  
EXECUTIVE  
DIRECTOR**

**V.  
EXECUTIVE  
SESSION**

**RECONVENED**  
9:48 a.m.

**VI.  
ADJOURNMENT**

  
For BETTY LOU LARSON  
Secretary