

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

MINUTES OF THE SPECIAL MEETING  
OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT  
CORPORATION  
HELD AT THEIR OFFICE AT 677 QUEEN STREET, SUITE 300,  
ON THURSDAY, APRIL 27, 2017  
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 special meeting at 677 Queen Street, on Thursday, April 27, 2017, at 9:00 a.m.

With a quorum present, the meeting was called to order by Chair Pulmano.

Those in attendance were as follows:

- Present: Director Leilani Pulmano, Chair
- Director Edwin Taira, Vice Chair
- Director Rona Fukumoto, Secretary
- Director Melvin Kahele
- Director Audrey Abe
- Director Milo Spindt
- Director Denise Iseri-Matsubara
- Director Scott Kami (for Director Wesley Machida)
- Director Mary Alice Evans (for Director Luis Salaveria)

Executive Director Craig Hirai

- Staff Present: Sandra Ching, Deputy Attorney General
- Janice Takahashi, Chief Planner
- Darren Ueki, Finance Manager (arrived at 9:29 a.m.)
- Rick Praher, Development Branch Chief
- Kristi Maynard, Chief Financial Officer
- Christopher Woodard, Property Management Coordinator
- Lorraine Egusa, Budget Analyst
- Kent Miyasaki, Housing Information Specialist
- Esa Pablo, Secretary to the Board

- Guests: Andrew Reenders, CBRE Hawaii
- Dana Peiterson, CBRE Hawaii

Director Evans moved, seconded by Vice Chair Taira

That the Board convene in executive session pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, to deliberate concerning the authority of persons designated by the board to negotiate the acquisition of public property, or during the conduct of such negotiations; and 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.

The motion was unanimously carried.

The Board convened in executive session at 9:01 a.m.

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The Board reconvened in regular session at 11:30 a.m.

Mr. Woodard stated the findings and recommendations of the Affordable Rental Housing Portfolio Restructuring and Preservation Subcommittee (the

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

**II. REPORT BY THE AFFORDABLE RENTAL HOUSING PORTFOLIO RESTRUCTURING AND PRESERVATION SUBCOMMITTEE - FINDINGS AND RECOMMENDATIONS**

**EXECUTIVE SESSION**  
9:01 a.m.

**RECONVENED**  
11:30 a.m.

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Subcommittee), established to investigate and recommend policies and parameters for the restructuring and preservation of the Hawaii Rental Housing System Revenue (RHS) Bond Fund portfolio, as follows:

- A. The Subcommittee finds that consistent with HHFDC's intent to minimize residential tenant displacement through certain rent-increase restrictions to be imposed on the RHS Bond Fund portfolio, HHFDC should generally limit increases to parking rates to approximately 2% to 3% per year. At Kekuilani Courts, Honokowai Kauhale, and Lailani Apartments, no fee should be charged for the first stall rented by each household.

Discussion ensued on whether parking rates were necessary for a second parking stall, considering there is mass transit available and limited driving of senior tenants. Mr. Woodard stated that CBRE recommends a policy of not charging for the first parking stall at the garden-style properties.

- B. The Subcommittee recommends that the Board hold a discussion and decision-making concerning a possible new long-term commercial lease for HHFDC at Pohulani Elderly. Upon the advice of CBRE, a decision on HHFDC's long-term occupancy should be made at the May 11, 2017 Board meeting, if possible. A decision made later than the June 18, 2017 Board meeting will negatively impact the RHS Bond Fund portfolio marketing process.
- C. The Subcommittee finds that based on CBRE's valuations, the RHS Bond Fund portfolio restructuring and preservation is financially feasible. The Subcommittee recommends that HHFDC direct CBRE to complete Phase I of the contract (i.e., preparation of an offering memorandum) and proceed with Phase II to assist staff with portfolio marketing efforts with the objective of closing the transaction by January 31, 2018.

Mr. Woodard noted that engagement of outside legal counsel remains in progress.

- D. The Subcommittee finds that the current maximum monthly subsidies provided by HHFDC's Rental Assistance Program will be able to be increased based on the portfolio valuation ranges. To further the goal of minimizing tenant displacement, the Subcommittee recommends that staff and CBRE perform additional analysis on the levels of rental assistance that may be funded from the portfolio restructuring and preservation transaction proceeds.

Mr. Woodard noted that an analysis would be done after the first round of offers are received.

Mr. Woodard opened for questions.

In response to Director Fukumoto, Mr. Woodard clarified that the Affordable Rental Housing Portfolio Restructuring and Preservation Subcommittee Report dated April 13, 2017 is public, while negotiations and valuations reports remain confidential.

In response to Deputy Attorney General Sandra Ching, Mr. Woodard concurred that approval of the Subcommittee's findings and recommendations and also approval of a new long-term lease for HHFDC will be sought at the May 11, 2017 Board of Directors Meeting.

Chief Planner Janice Takahashi asked whether the language of the Subcommittee's recommendation in section II. D., should be further clarified to

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avoid raised expectations of RAP subsidies. Mr. Woodard stated that based on CBRE's valuations, the Subcommittee feels there is the ability to increase the RAP subsidies dependent upon the offers that are received.

Discussion ensued on the recommended language and whether further clarification was needed.

Director Kahele moved, seconded by Director Abe,

To convene in executive session at 11:45 a.m., 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.

The motion was carried unanimously.

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The Board reconvened in regular session at 11:59 a.m.


Mr. Woodard stated that, to further clarify its recommendation, the Subcommittee amended section II. D. of the report to read as follows:

[The Subcommittee finds that the current maximum monthly subsidies provided by HHFDC's Rental Assistance Program will be able to be increased based on the portfolio valuation ranges.] To further the goal of minimizing tenant displacement, the Subcommittee recommends that staff and CBRE perform additional analysis on the levels of rental assistance that may be funded from the portfolio restructuring and preservation transaction proceeds. The Subcommittee recommends that the subsidies made available under the RAP contracts shall include and be no less than the existing monthly rental amounts per unit, which are \$250 for Pohulani and \$175 for the family properties.

Director Spindt moved, seconded by Director Fukumoto

That the meeting be adjourned at 12:00 p.m.

The motion was carried unanimously.

  
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RONA FUKUMOTO  
Secretary

EXECUTIVE  
SESSION  
11:45 a.m.

III.  
ADJOURNMENT  
12:00 p.m.