

**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 ON  
THURSDAY, JULY 13, 2017,  
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII**

The Board of Directors of the Hawaii Housing Finance and Development Corporation met for a regular meeting at their office located at 677 Queen Street, on Thursday, July 13, 2017, at 9:00 a.m.

With a quorum present, the meeting was called to order at 9:01 a.m. by Chair Pulmano.

Those present and excused were as follows:

Present: Director Leilani Pulmano, Chair  
Director Milo Spindt, Vice Chair  
Director Rona Fukumoto, Secretary  
Director Donn Mende  
Director Melvin Kahele  
Director Audrey Abe  
Director Luis Salaveria  
Director Wesley Machida

Executive Director Craig Hirai

Excused: Director Denise Iseri-Matsubara

Staff Present: Sandra Ching, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Rick Prahler, Development Branch Chief  
Kristi Maynard, Chief Financial Officer  
Stan Fujimoto, Development Section Chief  
Marlene Lemke, Sales and Counseling Section Chief  
Christopher Woodard, Real Estate Portfolio Manager  
Patrick Inouye, Housing Finance Specialist  
Jocelyn Iwamasa, Housing Finance Specialist  
Glori Ann Inafuku, Housing Finance Specialist  
Paige Ishida, Housing Finance Specialist  
Holly Osumi, Corporate Controller  
Lorraine Egusa, Budget Analyst  
Kent Miyasaki, Housing Information Specialist  
Esa Pablo, Secretary to the Board

Guests: Paige Christian, Ralph Rosenberg Court Reporters  
Lee Ann Crabbe, Liliuokalani Trust  
Michael Shibata, Liliuokalani Trust  
Alvin Takahashi, American Savings Bank  
Kevin Carney, EAH  
Marian Gushiken, EAH  
Aaron Eberhardt, EAH  
Ivan Nishiki, DAGS  
Greg Handberg, Artspace  
Stanford Carr, SCD  
Liz Char, Michaels Development Corporation  
Stacy Sur, HHF LLC  
Andrew Furuta, GSF LLC  
Craig Watase, Mark Development  
Max Lindsey, Mark Development  
Carl Cunningham, Mark Development

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

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Henry Chang, Ililani  
Aaron Lee, Ililani  
William Yuen, Alston Hunt  
Rod Maile, Judiciary  
Dee Dee Letts, Judiciary  
Jon Wallenstrom, Alakai Development  
Cayenne Pe'a, Alakai Development

Chair Pulmano introduced Court Reporter Paige Christian and asked that presenters/speakers state who they are for the record.

Director Salaveria moved, seconded by Vice Chair Spindt

That the regular meeting minutes of April 13, 2017 be approved, as circulated.

The motion was carried unanimously.

Director Salaveria moved, seconded by Vice Chair Spindt

That the special meeting minutes of April 27, 2017 be approved, as circulated.

The motion was carried unanimously.

Approval of the executive session meeting minutes of April 27, 2017 was deferred to later in the meeting.

Approval of the regular and executive session meeting minutes of May 11, 2017 and June 8, 2017 was deferred to a later time.

**II. A.  
APPROVAL  
OF MINUTES**  
Regular  
Meeting  
4/13/17

**II. B.  
APPROVAL  
OF MINUTES**  
Special  
Meeting  
4/27/17

**II. C.  
APPROVAL  
OF MINUTES**  
Executive  
Session  
4/27/17

**II. D.  
APPROVAL  
OF MINUTES**  
Regular  
Meeting  
5/11/17

**II. E.  
APPROVAL  
OF MINUTES**  
Regular  
Meeting  
6/8/17

**II. F.  
APPROVAL  
OF MINUTES**  
Executive  
Session  
6/8/17

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action, including execution of an amendment to the DAGS lease for Pohulani Suite 400 to modify it substantially on the terms described herein.

Director Salaveria moved, seconded by Vice Chair Spindt

That staff's recommendation be approved.

Real Estate Portfolio Manager Chris Woodard presented the For Action, providing an overview of the new HHFDC commercial lease for Suite 300 at

**III. A.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**  
Approve Modification  
of Commercial Lease  
with State of Hawaii,  
Department of  
Accounting and  
General Services for  
Premises Located at  
Pohulani Elderly,  
Honolulu, Oahu, TMK  
Nos.: (1) 2-1-51:

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Pohulani to include a 30-year initial term at CAM only, with renewal options providing for an extended term of up to 75 years. The lease would commence upon the closing of HHFDC's planned leasehold sale of Pohulani, and HHFDC would absorb Suite 400 after the existing lease with DAGS expires in August 2022.

Parcels 13, 18, and 33

Pursuant to the Comptroller's letter dated June 27, 2017, DAGS requested that the lease be modified as follows:

1. Upon the closing of the HHFDC sale of Pohulani, annual base rent would be reduced to \$1.20 per square foot through August 31, 2019; and
2. Base rent would increase by two percent (2%) on each September 1, thereafter.

Mr. Woodard reported that the \$1.20 per square foot annual base rent proposed by DAGS is consistent with CBRE, Inc.'s estimate of a market rent for comparable office space. The continued occupancy of Suite 400 by DHS on a sublease basis after the existing lease expires would be discussed in the future.

Mr. Woodard opened for questions, along with Mr. Ivan Nishiki, on behalf of DAGS.

Director Salaveria suggested that further analysis be done to ensure the best value is obtained for HHFDC's Rental Housing System portfolio and that signing leases prior to marketing does not negatively impact the ability to execute a portfolio sale.

Mr. Woodard noted that a request for proposals was published on July 10, 2017, with terms subject to change.

Director Machida asked when will the bonds be retired. Finance Manager Darren Ueki stated that the intent is to retire the bonds at the point of sale. Due to prior refunding activity, any capital received on the sale may be held in escrow before dissemination of the bonds.

A vote was taken, with Director Salaveria in opposition.

Discussion ensued on the Board's approval of the lease terms and intent to protect the State's long-term occupancy of the space.

Director Machida asked how the new lease would affect the appraisal of the property.

Chair Pulmano asked for a motion to go into executive session.

Director Salaveria moved, seconded by Director Kahele

**EXECUTIVE  
SESSION**  
9:28 a.m.

To convene in executive session at 9:28 a.m., pursuant to Section 92-5(a)(3), Hawaii Revised Statutes (HRS), 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), HRS, 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.

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The Board reconvened in regular session at 9:38 a.m.

**RECONVENED**  
9:38 a.m.



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Director Salaveria withdrew his opposition after receiving additional information.

The motion was carried unanimously.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approved the following:

- A. Resolution No. 103, attached as Exhibit D, which provides approval to issue revenue bonds of up to \$27,000,000 for the Ola Ka 'Ilima Artspace project subject to the provisions and conditions recommended in Exhibit C; and
- B. Increase the reservation of 4% Federal LIHTC reservation to \$2,012,625 from \$1,951,925 and the 4% State LIHTC reservation to \$1,006,312 from \$975,962.
  - 1. All other terms and conditions of the Federal and State 4% LIHTC reservation remain the same.
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Spindt moved, seconded by Director Kahele

That staff's recommendation be approved.

Mr. Ueki presented the For Action, stating that Resolution No. 103 does satisfy the requirements to accomplish the Hula Mae Multi-Family bond sale.

Mr. Ueki further stated that in addressing the Ola Ka 'Ilima Artspace Lofts' (Project) estimated \$685,000 shortfall due to the decrease in the blended investment rate, an additional \$60,700 in federal and \$30,350 in State Low Income Housing Tax Credits (LIHTC) is also being requested.

Mr. Ueki opened for questions, along with Mr. Greg Handberg, Mr. Kevin Carney, Ms. Gushiken, and Mr. Aaron Eberhardt, on behalf of the Project.

Vice Chair Spindt asked if there was a continued downward pricing in LIHTC. Mr. Ueki stated that there has been a stabilization in pricing as a result of the amendment to the reduction on the investment recapture term on the State tax credits to offset the downward pricing on the federal side. Furthermore, guidance provided by the Board has placed staff in the position to react to the downward pricing by providing additional gap financing.

With no further discussion, the motion was carried unanimously.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the Award of Federal and State 9% LIHTC to the following Projects in accordance with the QAP and subject to the terms and conditions specified in Section II, Subsection E and Exhibit J of this For Action.

- A. The Koa'e Workforce Housing Development project:
  - 1. Allocation of up to \$2,737,800 in annual Federal 9% LIHTC over a 10-year period and \$2,737,800 in annual State 9% LIHTC over a 5-year period; with the following project specific conditions:
    - a) Total fees paid to the Developer, including, but not

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

Approve: (1) Resolution No. 103, Authorizing the Issuance of Hula Mae Multi-Family Tax-Exempt Bonds; and (2) a Request by the Applicant to Increase the Low-Income Housing Tax Credit Reservation for the Ola Ka 'Ilima Artspace Lofts Project Located in Honolulu, Oahu, TMK No.: (1) 2-3-003:040

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

Approve an Award of Federal and State Low Income Housing Credits from the State's 2017 Volume Cap to: (1) Koa'e Workforce Housing Development Located in Koloa, Kauai, TMK No.: (4) 2-6-004: 019; (2) Meheula Vista III

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limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project Management Fees, for the project shall not exceed \$3,750,000.

### B. The Meheula Vista III project:

1. Allocation of up to \$942,741 in annual Federal 9% LIHTC over a 10-year period and \$942,741 in annual State 9% LIHTC over a 5-year period; with the following project specific conditions:
  - a) Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project Management Fees, for the project shall not exceed \$1,630,000.
  - b) Return and cancelation of intended tax-exempt issuance from the Hula Mae Multi-Family Bond Program (Resolution No. 076), Federal and State LIHTC from the non-volume cap pool (4% LIHTC), and a Rental Housing Revolving Fund loan approved on September 10, 2015. Meheula Vista III's consolidated application dated February 15, 2017 represents a complete restructure of its financing.

### C. The Keahumoa Place Phase 3 project:

1. Allocation of up to \$1,162,349 in annual Federal 9% LIHTC over a 10-year period and \$1,162,349 in annual State 9% LIHTC over a 5-year period; with the following project specific conditions:
  - a) Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project Management Fees, for the project shall not exceed \$1,818,507.
  - b) Keahumoa Place Phase 1 shall commence construction no later than May 1, 2018 and Keahumoa Place Phase 3 shall commence construction no later July 1, 2018. This condition is being imposed as East Kapolei II Phase 3, LLC indicated that Keahumoa Place Phase 1 must start before Phase 3 and Phase 1 has not yet commenced construction or closed its financing.
    - (1) Keahumoa Place Phase 3 shall immediately return the \$1,162,349 in Federal and State 9% LIHTC allocation if it fails to meet this construction commencement condition for Phase 1 or Phase 3.

### D. The Keahumoa Place Phase 2 project:

1. Allocation of up to \$1,253,090 in annual Federal 9% LIHTC over a 10-year period and \$1,253,090 in annual State 9% LIHTC over a 5-year period; with the following project specific conditions:
  - a) Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees,

Located in Mililani, Oahu, TMK No.: (1) 9-5-002: 060 CPR 0003; (3) Keahumoa Place Phase 3 Located in Ewa Beach, Oahu, TMK No.: (1) 9-1-107 109 (por.); and (4) Keahumoa Place Phase 2 Located in Ewa Beach, Oahu, TMK No.: (1) 9-1-017:109 (por.)

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Consultant Fees, and Project Management Fees, for the project shall not exceed \$2,003,765.

- b) Keahumoa Place Phase 1 shall commence construction no later than May 1, 2018 and Keahumoa Place Phase 2 shall commence construction no later July 1, 2018. This condition is being imposed as East Kapolei II Phase 2, LLC indicated that Keahumoa Place Phase 1 must start before Phase 2 and Phase 1 has not yet commenced construction or closed its financing.
- (1) Keahumoa Place Phase 2 shall immediately return the \$1,253,090 in Federal and State 9% LIHTC allocation immediately if it fails to meet this construction commencement condition for Phase 1 or Phase 2.

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

Director Kahele moved, seconded by Vice Chair Spindt

That staff's recommendation be approved.

Mr. Ueki presented the For Action, stating that the Keahumoa Place Phase 2, Phase 3, and Phase 4 share the same development team, which elected to forego a 9% LIHTC award for the higher scoring Phase 4 in favor of proceeding with Phase 2 as the phases scored in consecutive order at the bottom of the awarding range.

Furthermore, the recommended 9% LIHTC awards to Keahumoa Place Phase 3 and Phase 2 are lower than the requested amounts as there is sufficient 9% LIHTC to meet its request. An increase in the projected Rental Housing Revolving Fund (RHRF) permanent loan will help offset the 9% LIHTC reduction.

Mr. Ueki opened for questions, along with Mr. Craig Watase and Mr. Karl Cunningham, on behalf of the Koa'e Workforce Housing; Mr. Andrew Furuta, on behalf of Meheula Vista; and Ms. Liz Char, on behalf of Keahumoa Place Phases 2 and 3.

Vice Chair Spindt asked on the pricing rates of the LIHTC. In reference to the project write-up exhibits within the For Action, Housing Finance Specialist Patrick Inouye stated that the average pricing ranges from high 70's to low 80's.

The motion was carried, with a recusal made by Director Fukumoto.

Chair Pulmano asked for a recess at 9:58 a.m.; reconvening the meeting at 10:09 a.m.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the following:

- A. A RHRF Project Award Loan of \$14,547,000 to East Kapolei II Phase 3 for the benefit of the Keahumoa Place Phase 3 project, with the terms and conditions as shown in Section III (G) of this For Action, and the issuance of the Letter of Intent subject to the following:

**RECESSED**  
9:58 a.m.  
**RECONVENED**  
10:09 a.m.

**III. D.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**  
Approve a Rental  
Housing Revolving  
Fund Project Award  
for the Meheula Vista  
III Project Located in  
Mililani, Oahu, TMK  
No.: (1) 9-5-002: 060



1. Authorization and approval by the governor of the proposed project and the release of RHRF program funds as mandated under Chapter 15-311, Hawaii Administrative Rules.
2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents shall specify the standard terms and conditions as required in order to meet all statutory requirements of the RHRF program and the specific terms and conditions that are applicable to the Applicant's request for Project Award funds.
3. Completion of all documentation necessary and required to secure the release of RHRF funds.
4. Certification of the applicant to comply with all applicable statutory and Program requirements, including, but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.
5. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project management Fees, for the project shall not exceed \$1,818,507.
6. Availability of RHRF program funds.

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

Vice Chair Spindt moved, seconded by Director Kahele

That staff's recommendation be approved.

Mr. Ueki stated that the next 3 are companion For Actions requesting RHRF loans.

Mr. Ueki stated that should the Meheula Vista (Project)'s February 2017 consolidation application request be awarded today, all awards approved in September 2015 shall be returned and canceled.

Loan terms changes to the Project's term of maturity, interest rate, and repayment were highlighted.

Mr. Ueki opened for questions, along with Mr. Andrew Furuta, on behalf of the Project.

Chair Pulmano asked that a general overview of the Project be provided. Mr. Furuta stated that the request before the Board is for Phase III. Phase I was completed in 2016 and will be 100% leased in a few weeks. Phase II is under construction and is anticipated to be completed at the end of the year.

The motion was carried, with a recusal made by Director Fukumoto.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the following:

- A. A RHRF Project Award Loan of \$16,239,000 to East Kapolei II Phase 2 for the benefit of the Keahumoa Place Phase 2 project, with the

**III. E.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**  
Approve a Rental  
Housing Revolving  
Fund Project Award

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terms and conditions as shown in Section III (G) of this For Action, and the issuance of the Letter of Intent subject to the following:

1. Authorization and approval by the governor of the proposed project and the release of RHRF program funds as mandated under Chapter 15-311, Hawaii Administrative Rules.
2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents shall specify the standard terms and conditions as required in order to meet all statutory requirements of the RHRF program and the specific terms and conditions that are applicable to the Applicant's request for Project Award funds.
3. Completion of all documentation necessary and required to secure the release of RHRF funds.
4. Certification of the applicant to comply with all applicable statutory and Program requirements, including, but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.
5. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project management Fees, for the project shall not exceed \$2,003,765.
6. Availability of RHRF program funds.

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

Vice Chair Spindt moved, seconded by Director Kahele

That staff's recommendation be approved.

Mr. Ueki presented the For Action. Loan term changes to the loan amount, interest rate, and repayment were highlighted.

Mr. Ueki opened for questions, along with Ms. Liz Char, on behalf of the Project.

Chair Pulmano asked about the site plan phasing having the same construction timeline. Staff explained that because the final tax credit amounts are not received from the IRS until after the fact, developers try to strategize the number of units financed as there may not be enough credits to fund it. Therefore, although there are separate phases for financing purposes, the phases will be eventually rolled into one construction contract. Ms. Char stated that financing for Phase 4 will be postponed to a later time.

Chair Pulmano asked for a brief overview of the Project. Ms. Char circulated a preliminary site plan to the Board, stating that its 201H approval was received yesterday by the City Council. The Project is on a 19.7-acre parcel owned by HHFDC and will be executing a ground lease once it closes on its construction. Units will consist of one-, two-, and three-bedrooms at 60% to 100% AMI and below. The Project will be LEED Platinum certified with parking, solar water, in unit washers/dryers, and social services.

The motion was carried unanimously.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the following:

for the Keahumoa  
Place Phase 3 Project  
Located in Ewa Beach  
Oahu, TMK No.:  
(1) 9-1-017:109 (por.)

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



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- A. Consent to transfer the ownership from Hale Makana O' Waiale Limited Partnership to Hale Makana O' Waiale, LLC subject to the conditions in III. D of this For Action;
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Spindt moved, seconded by Director Kahele

That staff's recommendation be approved.

Mr. Ueki presented the For Action. Loan term changes to the loan amount, interest rate, and repayment were highlighted.

Mr. Ueki opened for questions, along with Ms. Char, on behalf of the Project.

With no questions, the motion was carried unanimously.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the following:

- A. Consent to transfer the ownership from Hale Makana O' Waiale Limited Partnership to Hale Makana O' Waiale, LLC subject to the conditions in III. D. of this For Action.
- B. Authorize the Executive Director to take all actions necessary to effectuate the purposes of this For Action.

Vice Chair Spindt moved, seconded by Director Kahele

That staff's recommendation be approved.

Mr. Ueki stated that this is a housekeeping For Action, requesting the approval to transfer ownership of the project from the limited partnership to the Hale Makana O' Waiale, LLC in order to comply with the State's requirement of a two-partner minimum.

Mr. Ueki opened for questions.

The motion was carried unanimously.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the following for the development of the Alder Street mixed-use residential project, substantially as described in this For Action:

- A. Authorize the Executive Director to enter into the Amended and Restated MOA with the Judiciary;
- B. Approve the preliminary commitment of up to \$15,000,000 from the DURF to finance the development of Phase 1 of the juvenile center/shelter; and
- C. Authorize the Executive Director to take all actions necessary to effectuate the purposes of this For Action.

Subject to the following:

- D. Final approval of DURF commitment by the HHFDC Board.

### MAKING

Approve a Rental Housing Revolving Fund Project Award for the Keahumoa Place Phase 2 Project Located in Ewa Beach, Oahu, TMK No.: (1) 9-1-017: 109 (por.)

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

Approve a Request to Transfer Ownership of the Hale Makana O' Waiale Project Located in Wailuku, Maui, TMK No.: (2) 3-8-046: 021

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

Authorize the Executive Director to Enter Into an Amended and Restated Memorandum of Agreement Between the Hawaii Housing Finance and Development Corporation (HHFDC) and the Judiciary and Approve a Preliminary Commitment of Funds from the Dwelling Unit Revolving Fund for the Development of the Proposed

- E. Availability of DURF funds; and
- F. Approval and release of funds by the Governor.

Vice Chair Spindt moved, seconded by Director Kahele

That staff's recommendation be approved.

Chief Planner Janice Takahashi introduced State of Hawaii Judiciary, Administrator of the Courts, Mr. Rod Maile, and head of the First Judicial Court, Office of Project Management, Ms. Dee Dee Letts.

Ms. Takahashi presented the For Action, stating that the project has stalled since HHFDC has not been able to secure an appropriation of \$15 million in CIP funds to finance the juvenile facility during the 2015, 2016, and 2017 legislative sessions. While HHFDC has another year to seek an appropriation of CIP funds pursuant to the amended MOA, the likelihood of obtaining funds is uncertain given the State's competing priorities.

Pursuant to section 201H-12, HRS, the HHFDC may, in cooperation with any state or county department or agency, plan facilities and related infrastructure as an integral part of its housing projects, including mixed-use development, using all its innovative powers toward achieving that end expeditiously and economically. Thus, the Dwelling Unit Revolving Fund (DURF), pursuant to section 201H-191, HRS, may be used for carrying out such purposes.

The use of up to \$15 million of DURF to finance Phase 1 of the juvenile facility would expedite the development of the Project, however, it would be a straight outlay with no cash reimbursement and HHFDC will ultimately own the completed leasehold improvements upon termination of the lease. DURF will not be reimbursed and fees will not be assessed.

Development Branch Chief Rick Prahler provided an overview of the Exhibit C handout distributed to the Board on the committed DURF fund percentages.

Chair Pulmano suggested that DURF "grants" not become a model.

Staff stated that although there is no equity return, there is a public purpose that is served.

Mr. Maile thanked the Board for their continued support and acknowledged the support and commitment that Craig Hirai, Janice Takahashi, Ken Takahashi, and Rick Prahler have shown to its original vision.

If approved, Ms. Takahashi stated that staff intends to do a request for proposals in October 2017, with construction anticipated to be completed in 2021.

In response to Chair Pulmano, Ms. Takahashi stated that staff will return to the Board once a developer is obtained, for the approval of the DURF loan.

Director Fukumoto asked what would happen if the partnership does not go through. Ms. Takahashi stated that the Judiciary would build its shelter and office space and HHFDC would lose its opportunity to build housing.

The motion was carried unanimously.

Chair Pulmano asked for a motion to go into executive session.

Mixed-Use Affordable  
Rental Housing and  
Juvenile Services  
Center/Shelter Facility  
Located at 902  
Alder Street,  
Honolulu, Hawaii,  
TMK No.:  
(1) 2-3-012:019

**III. I.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**  
Discuss Proposal by

Ililani, LLC to  
Lease 620 Coral  
Street, Honolulu,  
Hawaii, TMK No.:  
(1) 2-1-051: 018

**EXECUTIVE  
SESSION**  
11:20 a.m.

Director Salaveria moved, seconded by Director Kahele

That the Board convene in executive session at 11:20 a.m. pursuant to Section 92-5(a)(3), HRS, 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 92-59(a)(4), HRS, 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.

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The Board reconvened in regular session at 12:23 p.m.

Chair Pulmano proceeded to agenda item J.

Written testimony from Queen Liliuokalani Trust was received and distributed to the Board.

Development Section Chief Stan Fujimoto provided a brief overview of the Project and possible withdrawal of Forest City as the master developer of Kamakana Villages.

**RECONVENED**  
12:23 p.m.

**III. J.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**  
Approve Alakai  
Development Kona  
LLC, JCR Consulting,  
LLC, and Other  
Successor Entities  
Approved by the  
Executive Director, as  
Eligible Developers  
Pursuant to Section  
15-307-24, Hawaii  
Administrative Rules,  
and Execution of the  
Fifth Amendment to  
the Development  
Agreement and  
Related Documents  
for the Kamakana  
Villages at Keahuolu  
Project Located in  
Keahuolu, North  
Kona, TMK Nos.:  
(3) 7-4-021: 020, 024,  
028 to 049

Director Salaveria moved, seconded by Vice Chair Spindt

That the Board convene in executive session at 12:25 p.m. pursuant to Section 92-5(a)(3), HRS, 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 92-59(a)(4), HRS, 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.

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The Board reconvened the meeting at 1:07 p.m.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the following for Kamakana

**EXECUTIVE  
SESSION**  
12:25 p.m.

**RECONVENED**  
1:07 p.m.



## HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Villages at Keahuolu Project located in Keahuolu, North Kona, Hawaii, TMK Nos. (3) 7-4-021: 020, 024, 028 to 037, and 039 to 048, substantially as discussed in this For Action:

- A. Alakai Development Kona LLC, JCR Consulting, LLC, and other successor entities to Forest City Hawaii Kona, LLC approved by the Executive Director, as Eligible Developers pursuant to Section 15-307-24, HAR;
- B. Execution of the Fifth Amendment to Development Agreement and related documents necessary for the withdrawal of Forest City as the master developer; and
- C. Authorize the Executive Director to take all actions necessary to effectuate the purpose of this For Action;

Subject to the following:

- D. Future HHFDC Board approval of a development entity designated by Stanford S. Carr succeeding as master developer under the Development Agreement if an agreement in concept can be approved by the HHFDC Board within 3 calendar months of this For Action, unless otherwise extended at the sole discretion of the Executive Director;
- E. Approval and execution of necessary documents by the Department of Attorney General and the HHFDC Executive Director; and
- F. Compliance with all rules and regulations and such other terms and conditions as may be required by the Executive Director.

Vice Chair Spindt moved, seconded by Director Salaveria

That staff's recommendation be approved.

The motion was carried unanimously.

Executive Director Hirai reported that staff did an informational briefing for the senate and house housing committees yesterday, which was received well.

Mr. Ueki reported on a letter received by the IRS, notifying the HHFDC that a random audit would be conducted on the bonds issued for Kuhio Park Terrace. HHFDC has until July 24, 2017 to respond. Staff is working with the owner, Michaels Development, on gathering information needed. This is the first audit that HHFDC has received. Staff will keep the board updated.

Chair Pulmano asked that a subcommittee be established to discuss the recasting of loans on State lands and how acquisition/rehab projects will be treated through the QAP. Chair Pulmano suggested that Director Mary Alice Evans be the Chair of that subcommittee.

Executive Director Hirai stated that the establishment of a subcommittee could be done at the next board meeting.

Director Kahele stated his interest in being on the subcommittee.

With recommendations approved, Chair Pulmano asked if the Rental Housing Portfolio Subcommittee needed to be dissolved, considering review of the bids still needed to be done. Deputy Attorney General Sandra Ching advised that the Subcommittee disband and that a new subcommittee be established for the review of the bids.

## IV. REPORT OF THE EXECUTIVE DIRECTOR

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Chair Pulmano stated for the record that the two executive session meeting minutes held on April 27, 2017, were approved in executive session.

With no further items on the agenda, Chair Pulmano asked for a motion to adjourn.

Director Kahele moved, seconded by Director Spindt.

That the meeting be adjourned at 1:24 p.m.

The motion was carried unanimously.

**V.**  
**ADJOURNMENT**  
1:24 p.m.

  
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RONA FUKUMOTO  
Secretary