MINUTES OF THE REGULAR MEETING
OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
HELD AT THEIR OFFICE AT 677 QUEEN STREET ON
THURSDAY, JANUARY 11, 2018,
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, January 11, 2018, at 9:00 a.m.

With a quorum present, the meeting was called to order at 9:00 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 Denise Iseri-Matsubara  
Designee Scott Kami for Director Laurel Johnston

Excused:  Director Luis Salaveria  
Executive Director Craig Hirai

Staff Present:  Sandra Ching, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Rick Prahler, Development Branch Chief  
Stan Fujimoto, Development Section Chief  
Carianne Abara, Development Support Section Chief  
Marlene Lemke, Sales & Counseling Section Chief  
Holly Osumi, Chief Financial Officer  
Christopher Woodard, Real Estate Portfolio Manager  
Dean Sakata, Housing Finance Specialist  
Paige Ishida, Housing Finance Specialist  
Ken Takahashi, Housing Development Specialist  
Genoa Ward, Housing Development Specialist  
Kent Miyasaki, Housing Information Specialist  
Esa Pablo, Secretary to the Board

Guests:  Evan Yamamoto, Accuity LLP  
Donn Nakamura, Accuity LLP  
Tom Fisher, UHC  
Jeff Furuta, GSF LLC  
Keith Perry, KCHA  
Kanani Fu, KCHA  
Koa Duncan, KCHA  
Marian Gushiken, EAH

Approval of the November 30, 2017 special meeting minutes, December 14, 2017 regular and executive session meeting minutes were deferred to a future meeting.
Chair Pulmano entertained a motion to delete item III. I., “Accept the Audited Financial Statements of the Hawaii Rental Housing System Revenue Bond Fund for the Fiscal Year Ended June 30, 2017,” and add an agenda item, as III. A., to “Accept the Audited Financial Statements of the Hawaii Housing Finance and Development Corporation for the Fiscal Year ended June 30, 2017.”

Vice Chair Spindt moved, seconded by Director Kahele

That the agenda be amended as stated.

The motion was carried unanimously.

Chief Financial Officer Holly Osumi presented the For Action, stating staff’s recommendation:

That the HHFDC Board of Directors accept the audited financial statements of the HHFDC for the fiscal year ending June 30, 2017.

Vice Chair Spindt moved, seconded by Director Kahele

That staff’s recommendation be approved.

Ms. Osumi referenced the inclusion of the Audited Financial Statements on the CD submitted with the Board meeting packets, while excerpts of the financial statements for the major funds were distributed to the Board at the meeting.

Ms. Osumi stated that that the auditors, Accuity, LLP, issued the required financial reports for the HHFDC audit.

HHFDC’s total net position increase by $110 million primarily from the net effect of activities in the following funds:

- General Obligation Bond Fund – total net position increased by $70 primarily attributed to the increase from State balance composed of unexpended allotted funds and encumbrances for several projects and capital infusions.

- Rental Housing Revolving Fund (RHRF) – total net position increase by $50 million from conveyance taxes reaching the cap of $38 million, $9.5 million transferred from the Rental Assistance Revolving Fund (RARF) in accordance with Act 128, 2016 Session Laws of Hawaii, and $2 million from interest income on mortgages and investments in mortgage-backed securities.

- RARF – total net position decreased by $11 million due to the aforementioned $9.5 million transferred to the RHRF with the purpose of providing capital for the development of affordable housing.

Further financial highlights were noted to be available within the Management’s Discussion and Analysis section of the Audited Financial Statements on pages 4-12.

Ms. Osumi opened for questions, along with representatives from Accuity, LLC. There being none, the motion was carried unanimously.
Chair Pulmano asked that agenda item III. H., "Accept the Audited Financial Statements of the Nani 'O Puna Project for the Fiscal Year Ended June 30, 2017," be discussed next on the agenda, as item III. B.

Ms. Osumi presented the For Action, stating staff’s recommendation, as follows:

That the HHFDC Board of Directors accept the audited financial statements of the HHFDC Nani 'O Puna Project for the fiscal year ending June 30, 2017.

Vice Chair Spindt moved, seconded by Director Kahele

That staff’s recommendation be approved.

Ms. Osumi stated that the audit of the HHFDC’s Nani 'O Puna Project financial statements for fiscal year ended June 30, 2017, is complete.

The Nani 'O Puna Project’s total net position decreased by $17,000 primarily attributed to net transfers to the Dwelling Unit Revolving Fund (DURF) of $22,000 offset by a net operating income after interest expenses of $5,000.

The audited financial statements have been submitted to the U.S. Department of Agriculture as required by the loan agreements and by the required extended deadline of October 31, 2017.

Ms. Osumi opened for questions, along with Accuity LLC representatives.

With no questions, the motion was carried unanimously.

Finance Manager Darren Ueki presented the For Action, stating staff’s recommendation:

That the HHFDC Board of Directors approve the following:

A. Extend the deadline to issue HMMF Bonds for the Kawaihine Village to July 31, 2018; and

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.

Director Fukumoto recused herself from the discussion.

Mr. Ueki stated that the Kawaihine Village (Project) is a proposed 64-unit (includes 1 manager’s unit) affordable rental housing facility target for families. Improvements shall consist of 10 two-story buildings. Each building shall house 4 to 8 units.

The extension request was based on progress made in site control, zoning approvals, and financing commitments. The Project anticipates its building permits by July 2018, while continuing to work with Alden Capital Partners, LLC on the private placement of the Hula Mae Multi-Family (HMMF) Bonds.

Inducement Resolution No. 096 does not authorize the sale of tax-exempt bonds for the Project. If found feasible, staff will present a subsequent resolution to the Board for consideration of the actual issuance, sale, and delivery of the bonds, subject to the availability of bond cap, as well as approval by the Department of Budget & Finance, and the Governor.

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

Directors Kami and Iseri-Matsubara asked what was the cause of the delay. Mr. Furuta stated that entitlements are being worked on, while approvals from the Maui County were recently received to start with its permitting process.

Mr. Ueki added that staff is seeking further guidance from the QAP Subcommittee in respect to the lengths of the awarding process at its meeting today. However, the current approval period for the HMMF Bonds is approximately 12 to 18 months, and such 9-month extensions are used as checkpoints to evaluate progress made.

Vice Chair Spindt asked what is the blended rate that is being forecasted on the state and federal 4% LIHTC credits. Mr. Ueki stated that staff will follow up on that, however, from a global perspective, the Federal credit rates have decreased, which has positively increased the demand in State credits with the 5-year acceleration rate.

With no further discussion, the motion was carried unanimously.

Mr. Ueki presented the For Action, stating staff’s recommendation as follows:

That the HHFDC Board of Directors approve the following:

A. Extend the deadline to issue HMMF Bonds for the Kaiaulu O Waikoloa to July 31, 2018; and

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.

As a board member of the Big Island Housing Foundation, Inc., Director Mende asked whether a recusal was necessary. Deputy Attorney General Sandra Ching stated that unless there is a financial conflict of interest, such a recusal is not necessary. Director Mende chose not to recuse himself from the discussion and vote.

Mr. Ueki stated that the Kaiaulu O Waikoloa (Project) is a 60-unit family project located in Waikoloa, Hawaii. Improvements shall consist of 8 total buildings featuring a mix of two- and three-stories.

The extension request was based on progress made in site control, zoning approvals, and financing commitments. The Project is working with the Hawaii Department of Health and U.S. Army Corps of Engineers to issue a site closure letter declaring that the property is safe for residential use on a Formally Use Defense Site, acceptance of the Environmental Assessment, and issuance of the Finding of No Significant Impact. Building permits are anticipated in July 2018.

The Project also continues to work with Alden Capital Partners, LLC on the private placement of the HMMF Bonds.

Mr. Ueki referenced the intent and purpose of the Inducement Resolution and opened for questions, along with Mr. Tom Fisher, on behalf of the Project.

Director Kami asked whether a longer extension timeframe should be considered to avoid having such items come back to the Board. Mr. Ueki explained that current timeframes were for the purposes of having “check points” to track progress made on a project. However, discussion on extension timeframes will

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be held within the QAP Subcommittee established, to look at whether alignment of timeframes with the RHRF and HMMF bonds should be done.

Director Kami asked when would the QAP Subcommittee come back with recommendations. Mr. Ueki stated that such recommendations are anticipated within the upcoming months, with one of the primary focuses being on the awarding of LIHTC.

Director Kahele asked about the status on the unexploded ordinance. Mr. Fisher stated that work on the site is ongoing and is pending clearance from the Department of Health. Mr. Ueki noted that the Project would not have been awarded if HUD’s issue notification was received earlier.

With no further discussion, the motion was carried unanimously.

Mr. Ueki presented the For Action, stating staff’s recommendation as follows:

That the HHFDC Board of Directors approve the following:

A. Extend the deadline to issue HMMF Bonds for the Kaiwahine Village to July 31, 2018; and

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

Vice Chair Spindt moved, seconded by Director Kahele

That staff’s recommendation be approved.

Mr. Ueki stated that the Kaiwahine Village (Project) is a 64-unit affordable rental facility targeted for families, located in Kihei, Maui. Improvements shall consist of 10 two-story buildings, housing anywhere from 4 to 8 units.

The extension request was based on progress made in site control, zoning approvals, and financing commitments. The Project’s Environmental Assessment (EA) to comply with federal NEPA requirements required by HOME and HTF programs are being updated and are anticipated to be completed at the end of the 2017 calendar year. Building permits are anticipated in July 2018.

The Project continues to work with Alden Capital Partners, LLC on the private placement of the HMMF Bonds.

Mr. Ueki referenced the intent and purpose of the Inducement Resolution and opened for questions, along with Mr. Fisher, on behalf of the Project.

Chair Pulmano asked about the updated EA. Mr. Fisher stated that the updated EA is currently in the public comment period and should be cleared later this month.

Chair Pulmano asked if that would be the last of the approvals needed besides its building permits. Mr. Fisher concurred; however, noted that at the request of the County of Maui, a portion of a three-lot subdivision is being worked on to be dedicated to the County. Therefore, permits are anticipated to be received in June/July of 2018, with completion of its first building in July/August 2019.

With no further questions, the motion was carried unanimously.

Mr. Ueki presented the For Action, stating staff’s recommendation as follows:

That the HHFDC Board of Directors approve the following:

A. Extend the deadline to issue HMMF Bonds for the Nohona Hale to

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III. E. DISCUSSION AND/OR DECISION MAKING
Approve an Extension to Resolution No. 097, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kaiwahine Village Project Located in Kihei, Maui, TMX No.: (2) 3-8-004: 028

III. F. DISCUSSION AND/OR DECISION MAKING
Approve an Extension
July 31, 2018; and

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 Nohona Hale (Project) is a proposed 107-studio micro unit project targeted for families, located in Honolulu, Oahu. Improvements shall consist of one 14-story building, with each unit being approximately 300 square feet. There will be no residential parking. On-site parking will consist of five (5) stalls for staff only.

The extension request was based on progress made in site control, zoning approvals, and financing commitments. 630 Cooke Street Partnership LP (Awardee) anticipates its building permits in March 2018 and continues to work with JP Morgan Chase on the private placement of the HMMF Bonds, and Stone Equity Group on the sale of the LIHTC.

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

Vice Chair Spindt stated that even with site control issues and staging, he felt that the cost per square foot was considerably high and asked whether staff evaluated that amount to be reasonable. Mr. Ueki stated that an application is reviewed by both the Finance and Development Branches and would not come before the Board if it was found to be unreasonable.

Chair Pulmano asked whether Swinerton, the General Contractor, was selected through the bidding process. Ms. Gushiken clarified that only the sub-contractor has gone through the bidding process.

Ms. Gushiken further stated that an amendment to its tax credit reservations would be needed to reflect the change in the increased square footage number for the units, which will offset the pricing. As its original application did not include square footage amounts for such items as the elevator shafts, lanai, and common areas.

In regard to the Board’s raised issue on parking, Director Kami asked whether the carshare proposal was looked into. Ms. Gushiken stated that discussions with Enterprise and Turo are ongoing.

Director Kami asked that staff be kept apprised on the parking outcome.

With no further discussion, the motion was carried unanimously.

Development Branch Chief Rick Prahlal presented the For Action, stating staff’s recommendation as follows:

That the HHFDC Board of Directors approve the following for Phase 1 of the Lima Ola Workforce Housing Development in 'Ele'ele, Kauai, Hawaii, TMK (4) 2-1-001:054, substantially as discussed in this For Action:

A. Kauai County Housing Agency, or other entity approved by the Executive Directors, as an Eligible Developer pursuant to Section 15-307-24, HAR;

B. A DURF interim loan in the principal amount of up to $13,000,000; and

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C. Authorize the Executive Director take all actions necessary to effectuate the purposes of this For Action;

Subject to the following:

D. Final commitment of County bond proceeds for the Phase 1 Project in the amount noted in this For Action;

E. Availability of DURF funds;

F. Approval and release of funds by the Governor;

G. Approval and execution of necessary loan documents by the Executive Director;

H. All of the units in the Project shall remain affordable pursuant to land use restrictions as agreed to by the Executive Director;

I. Expenses related to the conveyance of improved lots for repayment of the DURF loan, such as for surveys, subdivisions, appraisals, legal documents, and other closing costs and fees, shall be the responsibility of the Borrower; and

J. Other conditions prior to closing of the DURF loan, unless otherwise approved by the Executive Director:

1. Recordation of the affordability requirement of the Project as required by HHFDC as land use restrictions for the Project;

2. Concurrent or prior closing of the County bond financing;

3. In no event shall the loan amount exceed 68.4% of the total cost of the Phase 1 Project;

4. Receipt of grading or building permit for the Phase 1 Project; and

5. ALTA Lender’s title insurance with a mechanics’ lien endorsement acceptable to HHFDC insuring the DURF loan against statutory liens for labor or materials for the improvement of the Property caused by the visible commencement of operations prior to closing of the DURF loan;

K. Commencement of construction of the Phase 1 Project by May 1, 2018, unless otherwise extended at the sole discretion of the Executive Director;

L. Completion of the Phase 1 Project by May 1, 2020, unless otherwise extended at the sole discretion of the Executive Director; and

M. Compliance with all laws and rules and such other terms and conditions as may be required by the Executive Director.

Vice Chair Spindt moved, seconded by Director Kahele

That staff’s recommendation be approved.

Mr. Prahler stated that the setting up of a subaccount within DURF was approved,
with this For Action seeking the approval of the following proposed DURF interim loan terms for financing regional infrastructure improvements for Phase 1 of the Lima Ola Workforce Housing Development (Project):

| Purpose: | Regional infrastructure improvements for Lima Ola Workforce Housing Development Phase 1 |
| Borrower: | County of Kauai Housing Agency, or other entity approved by the Executive Director |
| Loan Amount: | Principal amount of up to $13,000,000 in interim financing |
| Interest Rate: | The actual interest rate paid by the State on the loan funds, compounded annually |
| Loan Origination Fee: | 1.0% of the total loan amount |
| Loan Servicing Fee: | 0.25% of the loan amount, compounded annually 5 years, with two (2) one-year extensions at the sole discretion of the Executive Director. No prepayment penalty. |
| Mortgage Priority: | Senior mortgage |
| Collateral: | Mortgage on Project’s fee simple interest. |
| Repayment: | In-kind payment of improved real property (footnote 6 within For Action) and/or the value of credits or reservations for infrastructure capacity, provided that the value of the improved property and/or credits or reservations shall not be less than the loan amount. |

Chief Planner Janice Takahashi noted that the loan terms deviate from what is in the Administrative Rules. However, the Board has the authority to adjust the terms on a case-by-case basis.

The Kauai County Housing Agency will be the master developer and will lease and/or sell portions of the property to development entities. It is anticipated that a number of multi-family parcels will be delivered to HHFDC as repayment for the DURF Loan. In the event the parcels in Phase 1 do not satisfy the loan, a future parcel in the Project will be conveyed to HHFDC, subject to the approval of the Kauai County Council.

The loan-to-cost (LTC) ration of the proposed DURF loan is 68.4%. In no event shall the loan amount exceed 68.4% of the total cost of the infrastructure project, unless otherwise approved by the Executive Director.

The closing of the construction financing is anticipated in March 2018, with building permits in May 2018. Site construction is anticipated to commence in May 2018 and construction completion in May 2019.

Mr. Prahler stated that future regional infrastructure projects may not be presented to the Board in the form of a loan.

Mr. Prahler summarized and distributed a HHFDC DURF Loan Summary (as of 1/10/18) spreadsheet and pie charts of the current DURF Loan amounts to the Board.

Mr. Prahler opened for questions, introducing Kauai County Housing Agency’s Director Kanani Fu, Special Assistant to the Housing Director Keith Harry, Project Coordinator Koa Duncan.

Chair Pulmano asked whether the County of Kauai representatives would like to provide a brief presentation.

Ms. Fu thanked HHFDC staff and the Board for their help in the process, stating that the Project has been a collaborative effort and looked forward to working with the HHFDC in the many years to come, being a phased development.
Director Kahele asked in the event of an unforeseen incident, should the loan amount exceed 68.4% of the total cost of the infrastructure project, would staff need to return to the Board for approval. Mr. Prahler clarified that the 68.4% is the portion of the project that HHFDC covers and whatever is in excess of that would be covered by the County of Kauai to fund. However, should the Project request additional funding, staff would assess the request and return to the Board for approval if found feasible.

Chair Pulmano asked whether the percentage term is stated within its Administrative Rules. Ms. Takahashi stated no.

Director Kahele asked how was the 68.4% amount determined. Mr. Prahler stated that it was the $13 million over the $19 million in construction cost.

Designee Kami asked what happens if there is a cost savings and the total cost percentage decreases, but the loan amount remains at $13 million. Housing Development Specialist Ken Takahashi stated that the Executive Director will have the discretion to make any small adjustments. However, if there should be any substantial changes, it would be brought back to the Board approval.

Chair Pulmano asked whether the $1.656 million in DURF funds for site work is attributable to the regional infrastructure. Ms. Fu stated that yes, it is attributable to regional infrastructure as it represents a percentage of the cut and fill needed to create the regional access roads and utilities work for the project.

Vice Chair Spindt thanked staff for helping the County of Kauai and stated that he was excited about the possibilities of doing infrastructure projects to facilitate the development of properties, not only for Kauai, but statewide.

With no further discussion, the motion was carried unanimously.

Development Section Chief Stan Fujimoto presented the For Action, stating staff's recommendation as follows:

That the HHFDC Board of Directors approve the following for Village 9 at the Villages of La‘i‘opua, at Kealakehe, North Kona, Hawaii, TMK (3) 7-4-020:004, substantially as described in this For Action:

A. Memorandum of Understanding between HHFDC and the County of Hawaii for the development of Village 9 and the reimbursement of the County’s cost for planning studies from the DURF Fund, including a Concept Plan and Environmental Assessment;

B. Budget of $250,000.00 from the DURF Fund for planning and design work, including a Concept Plan and an EA to be procured, administered and completed by the County, as the budget may be amended by the Executive Director; and

C. The Executive Director shall be authorized to take all actions necessary to effectuate the purposes of this For Action;

Subject to the following:

D. Availability of DURF Fund;

E. Approval of release of DURF Fund by the Governor; and

F. Compliance with all laws and rules, and such other terms and conditions as may be required by the Executive Director.

Vice Chair Spindt moved, seconded by Director Kahele
That staff's recommendation be approved.

Mr. Fujimoto stated that in the 1990’s, predecessor agencies of the HHFDC were the master developer of the Villages of La‘i‘opua (VOL) project, in Kealakehe, North Kona, Hawaii. Due to the ceded lands litigation filed in 1994, residential development was suspended and eventually sold to Department of Hawaiian Home Lands (DHHHL) pursuant to a Transfer Agreement dated December 30, 2004, as amended (Transfer Agreement).

Village 9 of VOL was excluded from the Transfer Agreement with DHHHL, because the HHFDC Board were approving the development of the Kona Community Hospital at Village 9, subject to a condition to start construction by December 31, 2010, or the development rights would revert back to HHFDC.

Since construction for the hospital did not commence by the deadline set by the HHFDC Board, on September 14, 2017, based on a letter from the County of Hawaii, the HHFDC Board approved a request by HHFDC to the Department of Land and Natural Resources (DLNR) for a set aside of Village 9 for affordable housing and permanent facility to service the homeless population; a right-of-entry to the County of approximately 5 acres to establish an emergency encampment for the homeless; subdivision for an access road; a ground lease of approximately 15-20 acres to the County at $1/year for 65 years for permanent facilities to service the homeless population; and non-exclusive easements for access and utility purposes for the benefit of the County parcel and the balance of the site.

On October 13, 2017, the Board of Land and Natural Resources (BLNR) approved the set aside and an immediate management right-of-entry to Village 9 to HHFDC.

Mr. Fujimoto summarized the Memorandum Of Understanding (MOU) terms, stating the obligations of the HHFDC and County. The MOU shall terminate upon fulfillment of its objectives or mutual agreement of the parties and shall not be binding unless approved by the County Council, if required.

In accordance with the MOU, $250,000.00 from DURF fund is being requested for planning and design studies, Concept Plan, and Environmental Assessment for Village 9, subject to the availability of DURF funds and the Governor’s approval.

Mr. Fujimoto distributed and summarized a copy of an email received from the County’s Administrative Assistant to the Mayor Roy Takemoto, which expressed apologies for not having any representatives present to answer questions, inform the Board of the importance of the County’s high priority homeless needs, current thoughts on the project, and their sincere appreciation for HHFDC’s support.

In reference to the email, Director Fukumoto asked about the two types of structures. Mr. Fujimoto stated that his interpretation on the two types of structures were that the tent structures would be temporary facilities under a right-of-entry to the County, and permanent facilities would include an assessment center, cottage shelters, supportive housing, a multi-purpose facility, supportive infrastructure and facilities, and open space for growing food.

Director Fukumoto asked about the water and sewer infrastructure. Mr. Fujimoto stated that the County would provide the water and sewer allocation for the project.

In terms of the Environmental Assessment (EA), Director Kami asked for the reason of having HHFDC reimburse the County to do the EA as opposed to doing it ourselves. Mr. Fujimoto explained that because the County has a greater urgency it was felt that it would be better to have one person do everything rather than two. However, any proposal for further funding would need HHFDC’s approval.

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With no further discussion, the motion was carried unanimously.

Real Estate Portfolio Manager Christopher Woodard presented the For Action, stating staff’s recommendation as follows:

That the HHFDC Board of Directors approve the cancellation of the Declaration of Land Use Restrictive Covenants encumbering Kekuuali Courts, 91-1083 Kekuuali Loop, Kapolei, Oahu, TMK No. (1) 9-1-080: 081 upon the leasehold sale of the property and 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. Woodard stated that through its Hawaii Rental Housing System Revenue Bond Fund (HRHSRBF) HHFDC owns the Kekuuali Courts Affordable Rental Housing project (Project) in fee simple. The Rental Housing Trust Fund (RHTF) provided a $3.5 million second mortgage loan to the HRHSRBF to assist in the purchase of the Project from a third-party developer, and through that transaction the RHTF Commission and the HHFDC recorded a Declaration of Land Use Restrictive Covenants (Declaration) encumbering the property.

The Declaration contains the affordability restrictions at 60% and 75% AMI for a term expiring on December 31, 2030.

Although the RHTF loan was repaid in full in 2005, the loan repayment did not eliminate the affordability requirements and the Declaration remains in place on the Project’s title.

On December 14, 2017, the HHFDC Board approved a contract award to joint offerors Standard Property Company and Stanford Carr Development as successful offeror in response to a Request for Proposals No. 17-010-PPMS Affordable Rental Housing Portfolio Restructuring and Preservation (RFP). It was noted that although the award was approved by the Board, the sale of the Portfolio is subject to entering into a Purchase and Sale Agreement with the buyer, completion of their due diligence, and closing of the transaction.

Pursuant to the RFP and upon the closing of the transaction, the affordability restriction at the Project will be modified to allow households earning up to 80% AMI.

To minimize tenant displacement, rent increases for current residents will be restricted for a period of 35 years after closing and the Rental Assistance Program (RAP) will offer subsidies to qualified tenants beginning five years after the closing. Therefore, the existing Declaration must be cancelled upon the closing of the transaction.

Director Kahele asked about the affordability restrictions. Mr. Woodard explained that although there will be an increase in the AMI limits at the closing, rental protections will be put in place to avoid residential displacement as follows: At closing, the rent cannot increase more than 2% per year for the first 5 years; no more than 5% per year for the next 30 years (up to the 80% AMI limit); and beginning in year 6, at the time when the 2% increase limit changes to 5%, the RAP subsidies come in, covering up to $500 per unit for qualified tenants.

With no further discussion, the motion was carried unanimously.

Chair Pulmano proceeded to the Report of the Executive Director.
Ms. Takahashi reported that the Executive Director is at the Financing Budget Briefing at the Capitol and that any questions will be followed up on by staff.

With no questions, Chair Pulmano asked for a motion to adjourn.

Vice Chair Spindt moved, seconded by Director Mende.

That the meeting be adjourned at 10:46 a.m.

The motion was carried unanimously.

for RONAYUKUMOTO
Secretary
April 12, 2018

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

FROM: Rona Fukumoto
      Board Secretary

SUBJECT: Delegation of Authority Letter

Dear Chair Pulmano 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, 
Craig Hirai, in my absence from May 5, 2018 through May 10, 2018.

Sincerely,

[Signature]

RONA FUKUMOTO
Board Secretary