

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

**December 12, 2019**

**MINUTES**

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met for their regular meeting at their office, located at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, December 12, 2019, at 9:01 a.m.

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

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

Those present and excused were as follows:

Present:            Director Leilani Pulmano, Chair  
                      Director Donn Mende, Vice Chair  
                      Director Rona Fukumoto, Secretary (arrived at 9:01 am)  
                      Director Gary Mackler  
                      Director George Atta  
                      Director Mike McCartney (arrived at 9:35 am)  
                      Director Sara Lin (arrived at 9:10 am)

Executive Director Craig Hirai

Excused:           Director Melvin Kahele  
                      Designee Robert Yu for Director Neal Miyahira

Staff Present:     Sandra Ching, Deputy Attorney General  
                      Matthew Dvorch, Deputy Attorney General  
                      Denise Iseri-Matsubara, Executive Assistant  
                      Janice Takahashi, Chief Planner  
                      Darren Ueki, Housing Finance Manager  
                      Holly Osumi, Chief Financial Officer  
                      Deepak Neupane, Development Branch Chief  
                      Stan Fujimoto, Housing Development Specialist  
                      Dean Sakata, Housing Finance Specialist  
                      Patrick Inouye, Housing Finance Specialist  
                      Jocelyn Iwamasa, Housing Finance Specialist  
                      Lorraine Egusa, Project Resource Specialist  
                      Kent Miyasaki, Housing Information Officer  
                      Esa Pablo, Secretary to the Board

Guests:           Christopher Abbott, Bank of Hawaii  
                      Monika Rossen, AHDH, LLC  
                      Summer Chiana, Mid Pacific  
                      Milan Uncanin, Mid Pacific  
                      Kali Watson, HCDB  
                      Keegan Flaherty, HCDB  
                      Patti Barbara, HCDB  
                      Kathy Inouye, Kobayashi Group  
                      Elton Wong, Kobayashi Group  
                      James Rock, UHC  
                      Mike Kim, BOU  
                      Andrew Gomez, Star-Advertiser  
                      Douglas Bigley, Ikaika Ohana  
                      Tom Fisher, Ikaika Ohana  
                      Chris Delaunay, PRP

Vice Chair Mende moved, seconded by Director Atta

That the regular meeting minutes of November 14, 2019 be approved.

The motion was carried unanimously.

The executive session meeting minutes of November 14, 2019 was deferred to later in the meeting.

The agenda was taken out of order, with agenda item III. M. to be discussed first.

Housing Development Specialist Stan Fujimoto presented the For Action, stating staff's recommendation for the Board's consideration:

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: 044, substantially as described in this For Action:

- A. An amendment to the Memorandum of Understanding (MOU) between HHFDC and the County of Hawaii (County) to include the reimbursement to the County for the planning, design, construction and dedication of the Access Road to the County to be completed by the County;
- B. Amendment to the Revocable Right-of- Entry between HHFDC and the County as applicable;
- C. An increase to the total Dwelling Unit Revolving Fund (DURF) budget in the amount of \$4,000,000.00 for reimbursements to the County for the planning, design, construction and dedication of the Access Road to the County, to be contracted, administered and completed by the County, as the budget may be amended by the Executive Director;
- D. Request to Department of Land and Natural Resources (DLNR) for the dedication of the Access Road to the County by cancellation of the Access Road portion of an existing Executive Order (EO) 4575 to HHFDC and reset aside of the Access Road to the County;
- E. The Executive Director shall be authorized to take all actions necessary to effectuate the purposes of this For Action;

Subject to the following:

- F. Availability of DURF funds;
- G. Approval of release of DURF funds by the Governor;
- H. County request to DLNR for the reset aside of the Access Road to the County, after subdivision approval and prior to commencement of construction of the Access Road, unless otherwise approved by the Executive Director;
- I. Board of Land and Natural Resources' (BLNR's) approval of dedication of the Access Road to the County by cancellation of the Access Road portion of the existing EO 4575 to HHFDC and reset

**II.A.  
APPROVAL  
OF MINUTES**

Regular  
Meeting  
11/14/19

**II.B.  
APPROVAL  
OF MINUTES**

Executive  
Session  
11/14/19

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

Approve: (1) an Amendment to the Memorandum of Understanding Between the Hawaii Housing Finance and Development Corporation (HHFDC) and the County of Hawaii (County); (2) an Amendment to the Revocable Right-of- Entry Between HHFDC and the County; (3) Increase to the Budget from the Dwelling Unit Revolving Fund; and (4) Request to the Department of Land and Natural Resources for the Cancellation of the Access Road Portion of Executive Order No. 4575 to HHFDC and Re-Set Aside of the Access Road to the County for Village 9 of the Villages of La'i'opua at Kealakehe, North Kona, Hawaii, TMK No.: (3) 7-4-020: 004



aside of the Access Road to the County;

- J. To the extent permitted by the Emergency Proclamation, applicable statutes and regulations are suspended;
- K. Approval as to form of the applicable documents by the Department of Attorney General and execution by the Executive Director; and
- L. Compliance with all laws and rules, and such other terms and conditions as may be required by the Executive Director.

Vice Chair Mende moved, seconded by Director Mackler

That staff's recommendation be approved.

Fujimoto summarized the background information on the La'i'opua Project in Kealakehe, a master planned community, which, when HHFDC's predecessor agency was the master developer, proposed to include 3,300 residential units, a golf course, parks, and schools, on approximately 800 acres of State land. The Villages of La'i'opua was sold to DHHL in 2004, however, Village 9 was excluded from the sale for the development of a Kona Community Hospital, subject to a condition that was not met. Therefore, development rights were reverted to HHFDC and has since been approved for the development of an emergency homeless shelter and permanent facility for the homeless by the County and an affordable rental housing project at 60% or below the area median income by HHFDC.

Fujimoto stated that on October 28, 2019, HHFDC received the County's Design-Build estimate of the access road of approximately \$3.45 million for a 1,400-foot long, 50-foot wide right-of-way public access road and cul-de-sac. The estimate includes underground utilities but does not include sidewalks and a contingency budget.

Therefore, the For Action seeks approval to amend the MOU and the Right of Entry with the County and increase the DURF budget by \$4 million dollars to a total of \$4.25 million, including a contingency budget from DURF funds for the planning design, construction, and dedication of the access road to the County to be completed by the County. Further seeking approval to request to DLNR for the dedication of the access road to the County by cancellation of the access road portion of the existing set aside to HHFDC and reset aside of the access road to the County.

Fujimoto opened for questions. No County representative was available.

Chair Pulmano asked whether the County was requiring sidewalks to be included, which would be a cost increase, being one of the reasons for the recommended contingency budget. Fujimoto responded in the affirmative.

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

(Director Lin arrived at this time – 9:10 a.m.)

Finance Manager Darren Ueki 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. 134 attached as Exhibit F (within the For Action), which provides for official intent with respect to the issuance of revenue bonds up to \$22,000,000 for the Hale Makana O Moiliili project, subject to the provisions and conditions recommended in

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

Approve: (1)  
Resolution No. 134,  
Which Provides for  
Official Intent  
with Respect to the  
Issuance of Hula

Exhibits C and E (within the For Action).

- B. Reserve up to \$999,234 in annual Federal Low Income Housing Tax Credits (LIHTC) over a 10-year period and \$999,234 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC) for the Hale Makana O Moiliili project, subject to the provisions and conditions recommended in Exhibits D and E (within the For Action).
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Mende moved, seconded by Director Mackler

That staff's recommendation be approved.

Ueki stated that on February 15, 2019, Ho'okahua Moiliili, LP (Applicant) submitted a consolidated application for the proposed Hale Makana O Moiliili (Project) requesting funding for the development of a 105-unit (includes 1-manager's unit) affordable rental housing facility for the elderly. Improvements will consist of a 5-story mid-rise built over a 1-story podium.

Ueki noted that if approved, there will be a separate For Action regarding the Rental Housing Revolving Fund (RHRF) loan request.

The Project's estimated timeline was noted to receive Building Permits in July 2020, with construction to start in August 2020, and completion of the Project in January 2022.

Ueki stated that the Inducement Resolution is a non-binding resolution, which states HHFDC's intent for the possible issuance of tax-exempt revenue bonds for the Project and further facilitates discussions and negotiations between staff and appropriate parties. Upon submittal of all other requested and required information and if the bond issue is determined to be feasible, staff will return to the Board for the issuance, sale, and delivery of the Bonds, subject to the approval by the Department of Budget and Finance (B&F) and the Governor.

Ueki opened for questions, along with Mr. Kali Watson, on behalf of the Project.

In reference to the proposed Financing Structure on page 4 of the For Action, Director Lin asked for clarification on how the cushion amounts are determined for a project, given the fluctuation in amounts seen between projects, and whether this is something that should be monitored, in consideration of the maximum volume cap issues.

Ueki stated that the cushion amount is an estimate determined by the developer based on their estimated financing structure and is mainly used as a contingency, avoiding the need for further approvals from the Board that may delay the process. HHFDC's bond cap would not be affected, as the bonds will only be issued to the amount that is needed or required. However, a policy could be explored and set, if the Board deems necessary. Director Lin concurred on having further discussions on the matter.

Director Mackler asked whether an appraisal was done to establish the value of the land for the acquisition. Watson stated that an appraisal was not required, and therefore, a market comparison with other projects was done instead.

Chair Pulmano inquired about the blended rate for the LIHTC in comparison to last year. Ueki stated that the rates have been consistent, showing an average blended rate within the 90s for Federal credits and between 60s - high 70s for the State

Mae Multi-Family  
Tax-Exempt  
Revenue Bonds;  
and (2)  
Reservation of Low  
Income Housing  
Tax Credits for the  
Hale Makana O  
Moiliili Project  
Located in  
Honolulu, Oahu,  
TMK Nos.: (1)  
2-7-007: 016 and  
051



credits, depending on the project demand.

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

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

That the HHFDC Board of Directors approve the following:

- A. A RHRF Project Award Loan of \$13,600,000 to Ho'okahua Moiliili, LP (Applicant) for the benefit of the Hale Makana O Moiliili project, with the terms and conditions as shown in Section III (G) of the For Action, and the Letter of Intent (LOI) subject to the following:
1. Authorization and approval by the Governor for the proposed project and the release of RHRF program funds as mandated under Chapter 15-311, Hawaii Administrative Rules (HAR).
  2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents shall specify the 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 (HRS), 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 \$2,298,465.
  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 Mende moved, seconded by Director Atta

That staff's recommendation be approved.

Ueki stated that this is a companion For Action to the previously approved, requesting the approval for a RHRF loan amount of up to \$13.6 million.

Ueki stated that there were no changes by staff regarding the loan terms requested by the Applicant, besides added details regarding repayment. There will be approximately \$2.4 million that will be outstanding at maturity, meeting the minimum 50% repayment of the principal.

In reference to section IV. Recommendation, A. 5., Ueki noted that there is a specific total amount of developer fee and overhead that can be taken for the project.

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

Approve a Rental Housing Revolving Fund Project Award for the Hale Makana O Moiliili Project Located in Honolulu, Oahu, TMK Nos.: (1) 2-7-007: 016 and 051

Ueki opened for questions, along with Watson, on behalf of the project.

There being no questions, the motion was carried unanimously.

Ueki 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. 135 attached as Exhibit F (within the For Action), which provides for official intent with respect to the issuance of revenue bonds of up to \$27,346,140 for the Kaiaulu O Kupuohi project, subject to the provisions and conditions recommended in Exhibits C and E (within the For Action).
- B. Reserve up to \$1,960,926 in annual Federal LIHTC over a 10-year period and \$1,960,926 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC) for the Kaiaulu O Kupuohi project, subject to the provisions and conditions recommended in Exhibits D and E (within the For Action).
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Mende moved, seconded by Director Atta

That staff's recommendation be approved.

Ueki stated that Kaiaulu O Kupuohi (Project) is an 89-unit affordable housing facility targeted for families. Improvements will consist of a 4-story mid-rise residential structure built over a 1-story parking podium with liner units.

The Project's estimated construction timeline was noted to receive its building permits in June 2020, construction to start in July 2020, and project completion anticipated in October 2021.

Ueki opened for questions, and introduced Mr. Doug Bigley, Mr. Tom Fisher, and Mr. James Rock, on behalf of the Project.

Director Mackler asked for the reason of the Project's higher costs in comparison to the historical average costs seen by the Board. Bigley and Fisher explained that the higher costs are mainly attributed to the parking podium on a constricted site.

Director Lin asked what is the average RHRF request amounts that are received. Ueki stated that depending on the project type, the average amount is about \$180,000 per unit.

Director Lin asked whether the Project was receiving Affordable Housing credits from the County. Bigley responded in the affirmative, stating that some will go towards the purchase of the land.

Director Lin asked whether the credits are accounted for within the Project's financial calculation process. Ueki stated that because the Affordable Housing credits cannot be sold until after the project is put into service, the value cannot be determined and, therefore, not included. However, if the credits are sold, a state source (i.e., RHRF or LIHTC) would be reduced accordingly to avoid over funding the project.

Director Lin asked that there be further discussion with developers on whether such

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

Approve: (1) Resolution No. 135, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds; and (2) Reservation of Low Income Housing Tax Credits for the Kaiaulu O Kupuohi Project Located in Lahaina, Maui, TMK Nos.: (2) 4-5-010: 047 and 060



a reduction in state resources is workable.

(Director McCartney arrived at this time – 9:35 a.m.)

Hypothetically, Chair Pulmano inquired about how staff would monitor a loan that had been disbursed with credits then sold years later. Housing Finance Specialist Patrick Inouye stated that when a project is completed an audited cost certification, which verifies the sources and uses of the project, is required to ensure sources are balanced. Anything beyond that period, (e.g., credits are sold 10 years from now) would be caught in a project's audited financial statements that are required annually, being that the loans are cashflow contingent.

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

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

That the HHFDC Board of Directors approve the following:

- A. A RHRF Project Award Loan of \$17,132,500 to A0704 Lahaina, L.P. for the benefit of the Kaiaulu O Kupuohi project, with the terms and conditions as shown in Section III (G) of the For Action, and the LOI 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, HAR.
  - 2. Execution of documentation satisfactory to the HHFDC outlining the 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. Certification 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, HRS, 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 \$3,560,000.
  - 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 Mende moved, seconded by Director Fukumoto

That staff's recommendation be approved.

Ueki stated that this is a companion For Action to the previously approved, requesting the approval for a RHRF loan amount of up to \$17,132,500. This is one of nine projects approved on the Approved List for Fiscal Year (FY) 2019 Funding Round.

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

Approve a Rental Housing Revolving Fund Project Award for the Kaiaulu O Kupuohi Project Located in Lahaina, Maui, TMK Nos.: (2) 4-5-010: 047 and 060

In terms of the requested loan terms, staff is recommending a reduced term of 55 years.

Ueki opened for questions, along with Bigley, Fisher, and Rock, on behalf of the Project.

There being no questions, the motion was carried unanimously.

Ueki 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. 136 attached as Exhibit F (within the For Action), which provides for official intent with respect to the issuance of revenue bonds up to \$17,832,960 for the Kaiaulu O Kapiolani project, subject to the provisions and conditions recommended in Exhibits C and E (within the For Action).
- B. Reserve up to \$1,307,553 in annual Federal LIHTC over a 10-year period and \$1,307,553 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC) for the Kaiaulu O Kapiolani project, subject to the provisions and conditions recommended in Exhibits D and E (within the For Action).
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Mende moved, seconded by Director Atta

That staff's recommendation be approved.

Ueki stated that the Kaiaulu O Kapiolani (Project) is a 64-unit family project located in Hilo, Hawaii. Improvements will consist of 8 two-story residential buildings and a community building, which includes a laundry facility. Each residential building will house 8 units.

The Project's estimated timeline was noted to receive its building permits in July 2020, construction to start in October 2021, and project completion anticipated in November 2021.

Ueki opened for questions, along with Bigley, Fisher, and Rock, on behalf of the Project.

Director Lin asked for the reason in the high site work costs. Rock stated that the higher costs are attributed to the existing site conditions, such as the breaking of rock and drainage easement issues that run through the site. The Project is working with respective specialists to clarify the scope of work.

Director Atta asked that site cost comparisons be provided to the Board. Chair Pulmano stated that its efforts to find a benchmark on costs are ongoing. However, given the limited data from the number of projects received on an annual basis, finding respectable cost standards are difficult. Staff's compilation of average project cost comparisons was noted to be provided in Exhibit A, within the For Action.

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

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

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

Approve: (1) Resolution No. 136, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds; and (2) Reservation of Low Income Housing Tax Credits for the Kaiaulu O Kapiolani Project Located in Hilo, Hawaii, TMK Nos.: (3) 2-4-025: 048, 053, and 080

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



That the HHFDC Board of Directors approve the following:

- A. A RHRF Project Award Loan of \$12,800,000 to A0705 Hilo, L.P. for the benefit of the Kaiaulu O Kapiolani project, with the terms and conditions as shown in Section III (G) of the For Action, and the LOI 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, HAR.
  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, HRS, 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 \$2,400,000.
  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 Mende moved, seconded by Director Fukumoto

That staff's recommendation be approved.

Ueki stated that this is a companion For Action to the previously approved, requesting the approval for a RHRF loan amount of up to \$12,800,000.

Changes have been requested by staff in the areas of the term of the loan being reduced to 57 years, as well as repayment terms of a recommended 65% of the available cashflow.

Ueki opened for questions, along with Bigley, Fisher, and Rock on behalf of the Project.

There being no questions, the motion was carried unanimously.

Ueki 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. 137 attached as Exhibit F (within the For Action),

## **DECISION MAKING**

Approve a Rental Housing Revolving Fund Project Award for the Kaiaulu O Kapiolani Project Located in Hilo, Hawaii, TMK Nos.: (3) 2-4-025: 048, 053, and 080

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

Approve: (1)  
Resolution No. 137,  
Which Provides for

which provides for official intent with respect to the issuance of revenue bonds up to \$49,574,388 for the Hale Kalele project, subject to the provisions and conditions recommended in Exhibits C and E (within the For Action).

- B. Reserve up to \$3,620,779 in annual Federal LIHTC over a 10-year period and \$3,620,779 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC) for the Hale Kalele project, subject to the provisions and conditions recommended in Exhibits D and E (within the For Action).
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds; and (2) Reservation of Low Income Housing Tax Credits for the Hale Kalele Project Located in Honolulu, Oahu, TMK No.: (1) 2-3-012: 019 (por.)

Vice Chair Mende moved, seconded by Director Atta

That staff's recommendation be approved.

Ueki stated that the Hale Kalele (Project) is a 201-unit family project (includes a manager's unit), located in Honolulu, Oahu, is part of a larger development, which includes a Juvenile Services Center and Shelter. Improvements shall consist of one 20-story building and a 5-story parking structure (213 parking stalls for residents and guests).

Ueki noted a correction to the For Action on page 3, section II. D., which should read: "A separate For Action is being presented at the December 12, 2019 HHFDC Board Meeting requesting approval of a RHRF Loan for the Project."

The Project's estimated timeline was noted to receive its building permits in January 2020, construction starting in August of 2020, and project completion anticipated in February 2022.

Ueki opened for questions, along with Ms. Kathy Inouye and Mr. Elton Wong, on behalf of the Project.

Director Lin inquired about the high construction costs. Wong and Inouye stated that the higher costs are attributed to the building being a concrete high-rise and parking being provided. However, Inouye stated that they are still going through the bidding process and anticipate having their final costs done by February 2020.

Director Mackler asked whether the 8-month window, between the building permits and the start of construction, is for the demolition and abatement work. Wong stated that the demolition and abatement work is estimated to take a couple of months.

Inouye raised HHFDC's requirement for a full building permit for high-rises in order to close on its loans and requested that a change be made to grant closing with a superstructure permit instead, which she believes could accelerate construction.

Director Lin asked about the time difference between a superstructure permit and a full permit. Inouye stated that for their Park Lane project, they received their full building permit 90 days before closing the project.

Ueki clarified that changes in the City and County of Honolulu's permitting process has posed some challenges, however, the Project's building permits that are anticipated to be received in January 2020 will be a superstructure permit. Further discussions with the Board are needed regarding possible risks that are undertaken with such a change.



Director Lin commented on the Project's efficient use of the RHRF per unit, being the lowest seen today.

Chair Pulmano inquired about the partnership with the Judiciary on this Project. Chief Planner Janice Takahashi reported that the partnership has been working out well and has done a good job. Inouye further stated that the different departments of the Judiciary were involved and is reflected within the Project's design.

With no further discussion, the motion was carried unanimously.

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

That the HHFDC Board of Directors approve the following:

- A. A RHRF Project Award Loan of \$24,500,000 to MK Alder Street Partners, LLLP for the benefit of the Hale Kalele project, with the terms and conditions as show in Section III (G) of the For Action, and the LOI 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, HAR.
  - 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 Chapter 343, 103D, §103-50 and §104, HRS, 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 \$6,480,000.
  - 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 Mende moved, seconded by Director Atta

That staff's recommendation is approved.

Ueki stated that this is a companion For Action to the previously approved, requesting the approval for a RHRF loan amount of up to \$24,500,000. No changes to the loan terms were recommended. The loan term will be for 42 years, with 70% of the net cashflow being the repayment source and will be fully repaid by the maturity of the loan.

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

Approve a Rental  
Housing Revolving  
Fund Project Award  
for the Hale Kalele  
Project Located in  
Honolulu, Oahu,  
TMK No.: (1)  
2-3-012: 019 (por.)

Ueki opened for questions along with Inouye and Wong, on behalf of the Project.

There being no questions, the motion was carried unanimously.

The Board recessed at 10:08 a.m. and reconvened the meeting at 10:23 a.m.

Ueki 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. 138 attached as Exhibit G (with in the For Action), which amends Resolution No. 106 by increasing the intended tax-exempt issuance for Kaloko Height Affordable Rental Project to up to \$27,000,000 from \$23,130,000:
  - 1. Subject to provisions and conditions for Exhibit D and F (within the For Action); and
  - 2. All other terms and conditions of Resolution No. 106 and the intended tax-exempt issuance from the HMMF Bond Program approved by the HHFDC Board of Directors on September 14, 2017, remain the same.
- B. Increase the award of annual Federal 4% LIHTC over a 10-year period to \$1,696,62 from \$1,669,654 and the award of annual State 4% LIHTC over a 5-year period to \$1,696,62 from \$1,669,654.
  - 1. Subject to the provisions and conditions for Exhibit E and 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 September 14, 2017, remain the same.
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Mende moved, seconded by Director Atta

That staff's recommendation be approved.

Ueki stated the Kaloko Heights Affordable Housing LLLP's (Applicant's) request for additional funding for 19 additional units, bringing the total to 100 units for families, building out the site as a single phase. Improvements will consist of 6 two- and three-story garden style residential buildings and a community center building.

The \$4,154,300 Project budget increase, primarily attributed to the 19 additional units, will be absorbed by a \$2,123,800 increase in Permanent HMMF Bond, \$1,400,000 in HOME funds from the County of Hawaii, and \$1,350,000 in National Housing Trust Fund from the County of Hawaii.

The Project's estimated timeline was noted to receive its building permits in April 2020, construction starting in June 2020, and project completion anticipated in June 2022.

Ueki opened for questions, along with Mr. Jeremy McComber, on behalf of the

#### **RECESS**

10:08 a.m.

#### **RECONVENED**

10:23 a.m.

#### **III.I. DISCUSSION AND/OR DECISION MAKING**

Approve: (1) Resolution No.: 138, Which Amends Resolution No. 106 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 Kaloko Heights Affordable Housing Project Located in Kailua-Kona, Hawaii, TMK No.: (3) 7-3-009: 032



developer.

Given that the project is receiving Section 8 Vouchers, Home Funds, and National Housing Trust Funds, Director Lin asked for the reason of such a high RHRF request, at about \$176,000 per unit. Ueki clarified that 19 additional units will be received with no additional RHRF requested since its prior approval by the Board.

Director Fukumoto commented on the high number of three-bedroom units and asked whether the location of the project, being on the neighbor island, played a factor in the number of larger units being provided. Ueki stated that the number and type of unit is based on the demand of the surrounding community.

Director Mackler asked whether there was a certain percentage cap the number of units that could utilize Project Based Section 8 Vouchers within a project. McComber stated that he was not aware of any limitations. Ueki stated that there have been projects with a 100% of the units utilizing Project Based Section 8 Vouches.

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

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

That the HHFDC Board of Directors approve the following:

- A. A change in the land tenure that Kaloko Heights Affordable Housing LLLP holds on Kaloko Heights Affordable Housing Project to leasehold from fee simple, with Hawaii Island Community Development Corporation (HICDC) as the fee simple owner/lessor.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Vice Chair Mende moved, seconded by Director Atta

That staff's recommendation be approved.

Ueki stated that this is a companion For Action to the previously approved, which requests a change in the land tenure of the project from fee simple to leasehold, to facilitate HICDC's future goal of owning the project outright. Under the leasehold structure, the HICDC would avoid having to repurchase the land, with minimal impact to the affordability and collateral positions of the HMMF, LIHTC, and RHRF awards.

Ueki opened for questions, along with McComber, on behalf of the developer.

Director Lin asked whether this change would avoid equity stripping at the end. Ueki responded in the affirmative.

With no further discussion, the motion was carried unanimously.

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

That the HHFDC Board of Directors approve the following:

- A. Extend the LOI dated June 15, 2018, for the Hale Makana O Maili project to June 30, 2020; subject to the requirements set forth in the For Action dated June 14, 2018; and

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

Approve a Change  
in Land Tenure  
Held by the Owner  
of the Kaloko  
Heights Affordable  
Housing Project  
Located in Kailua-  
Kona, Hawaii, TMK  
No.: (3) 7-3-009:  
032

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

Approve an  
Extension to the  
Rental Housing  
Revolving Fund  
Letter of Intent for  
the Hale Makana O

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

Vice Chair Mende moved, seconded by Director Fukumoto

That staff's recommendation be approved.

As a precautionary measure, Ueki stated that the Hale Makana O Maili (Project) is requesting a 6-month extension to the RHRF loan commitment to June 30, 2020. The extension was evaluated by staff based on progress made in site control, zoning approvals, and securing financing commitments.

Ueki opened for questions, along with Mr. Kali Watson on behalf of the Project.

Director Lin asked whether this was the Project's first or second extension. Ueki stated that it is the first extension before the Board.

Director Lin asked whether the policy on such extensions have been implemented. Ueki stated that notification to the applicants/awardees would be the recommended procedural practice before proceeding with the implementation of the policy.

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

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

That the HHFDC Board of Directors approve the following:

- A. The application cycle for the FY 2020 LIHTC program as noted in Section III (A) (within the For Action); and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposed of the For Action.

Director McCartney moved, seconded by Director Atta

That staff's recommendation be approved.

Ueki stated that for the FY 2020 LIHTC Funding Round, applications are anticipated to be made available on January 24, 2020, with application due in April 17, 2020. Recommendations for the FY 2020 LIHTC Funding Round is anticipated in July/August 2020, dependent upon the number and quality of applications received. The 2019/2020 Qualified Allocation Plan, approved by the Board on November 8, 2018, will be the utilized vehicle for scoring the applications.

There being no questions, the motion was carried unanimously.

Chair Pulmano proceeded to the Report of the Executive Director, announcing the resignation of Executive Director Hirai and expressed her gratitude for all his hard work.

Executive Director Hirai stated that he will continue his work with B&F as the Director of Finance, effective December 16, 2019, and will resume the B&F position as the ex-officio voting member on the Board.

Executive Director Hirai stated that the following reports will be submitted to the Legislature:

1. A report regarding the adjustment to the executive director salary, approved by the HHFDC Board of Directors on July 11, 2010, pursuant to section

Mali Project  
Located in Waianae,  
Oahu, TMK No.:  
(1) 8-7-001: 016

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

Approve the Fiscal  
Year 2020  
Application Cycle  
for the Low Income  
Housing Tax Credit  
Program

**IV.  
REPORT  
OF THE  
EXECUTIVE  
DIRECTOR**



201H-2(C) of the Hawaii Revised Statutes.

2. A report regarding HHFDC's efforts to acquire the leased fee interest in the Front Street Apartments, which states that pursuant to Act 98, Session Laws of 2019, HHFDC entered into negotiations with 3900, LLC to acquire the leased fee interest in the parcel designated as TMK (2) 4-5-003: 013, on which Front Street Apartments is located, and that on October 3, 2019, HHFDC purchased the leased fee interest in the parcel from 3900, LLC at the appraised value of \$14,130,000.

Chair Pulmano proceeded to agenda item V. and asked for a motion to convene in executive session, pursuant to Section 92-5(a)(2) and/or Section 92-5(a)(4).

Director McCartney moved, seconded by Director Atta

That the Board convene in executive session at 10:48 a.m.

The motion was carried unanimously.

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The Board reconvened in regular session at 11:13 a.m.

The executive session meeting minutes of November 14, 2019 was approved in Executive Session.

Chair Pulmano announced that the Board will form an Executive Director Selection Subcommittee to oversee: (1) the selection and hiring of a new executive director; (2) review applications; (3) interview candidates; and (4) make a recommendation to the Board on a new executive director.

Members of the Executive Director Selection Subcommittee will consist of the following Directors:

1. Leilani Pulmano;
2. Donn Mende;
3. Rona Fukumoto; and
4. Director of Finance


Chair Pulmano stated that in Article VI., Section 3 of the By Laws of HHFDC states that "...in the absence, incapacity or vacancy in the position of the Executive Director, the Executive Assistant shall assume the position and perform the duties of the Executive Director until the Board employs or appoints a successor Executive Director."

Therefore, Executive Assistant Denise Iseri-Matsubara will assume the duties of the Executive Director, taking the title of Interim Executive Director until such time that the executive director position is filled.

There being no further business on the agenda, Vice Chair Mende moved, seconded by Director Atta

That the meeting be adjourned at 11:14 a.m.

The motion was carried unanimously.

  
\_\_\_\_\_  
RONA FUKUMOTO  
Secretary

**V.  
EXECUTIVE  
SESSION**

Discuss Personnel  
Matters Related to  
the Hiring of the  
New Executive  
Director

**RECONVENED**  
11:13 a.m.

**VI.  
ADJOURNMENT**  
11:14 a.m.