

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

May 14, 2020

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met virtually for their regular meeting at their office, located at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, May 14, 2020, 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
 Director Gary Mackler
 Director Melvin Kahele
 Director George Atta
 Director Mike McCartney
 Director Sara Lin

 Interim Executive Director Denise Iseri-Matsubara

Excused: Director Craig Hirai

Staff Present: Sandra Ching, Deputy Attorney General
 Matthew Dvonch, Deputy Attorney General
 Janice Takahashi, Chief Planner
 Darren Ueki, Housing Finance Manager
 Holly Osumi, Chief Financial Officer
 Deepak Neupane, Development Branch Chief
 Christopher Woodard, Real Estate Portfolio Manager
 Dean Minakami, Development Section Chief
 Dean Sakata, Housing Finance Specialist
 Jocelyn Iwamasa, Housing Finance Specialist
 Glori Ann Inafuku, Housing Finance Specialist
 Tori Kawahara, Housing Finance Specialist
 Lorraine Egusa, Project Resource Specialist
 Lisa Wond, Planner
 Kent Miyasaki, Housing Information Officer
 Marc Orbito, Info Tech Systems Analyst
 Esa Pablo, Secretary to the Board

Guests: James Rock, UHC H4 LLC
 Douglas Bigley, Ikaika Ohana
 Adrienne Shimonishi Elkind, Ashford & Wriston
 Stanford Carr, Stanford Carr Development (Komohale)
 Christopher Oakes, Stanford Carr Development
 Kaloa Robinson, Stanford Carr Development
 Kevin Kasai, Stanford Carr Development
 Richard Riegels, Stanford Carr Development
 Bradley Martinson, Standard Companies
 Jeffrey Jaeger, Standard Companies
 Robert Koerner, Standard Companies
 Chris Cruz, Standard Companies
 Tim Bourassa, Standard Companies
 Fernando Benavente, The Benavente Group LLC

Dana Peiterson, CBRE
Andrew Reenders, CBRE
Leighton Yuen, Goodsill Anderson Quinn & Stifel

Director Kahele moved, seconded by Vice Chair Mende

That the regular meeting minutes of April 9, 2020 be approved.

By a roll call vote, the motion was carried unanimously.

Approval of the executive session meeting minutes of April 9, 2020 was deferred to later in the meeting.

Planner Lisa Wond presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board of Directors:

- A. Approve the State of Hawaii's Five-Year Consolidated Plan for Program Years 2020 through 2024 (July 1, 2020 through June 30, 2025) and the Annual Action Plan for Program Year 2020 (July 1, 2020 through June 30, 2021); and
- B. Authorize the Executive Director to undertake all tasks necessary to submit and implement the Consolidated Plan and Annual Action Plan.

Director Kahele moved, seconded by Director Atta

That staff's recommendation be approved.

Wond recapped last month's For Information presentation, stating that in collaboration with the various governmental agencies and public/private service providers, the Consolidated Plan and Annual Action Plan are planning tools that project anticipated uses of federal funds under the HOME Investment Partnerships, National Housing Trust Fund, Emergency Solutions Grants, and Housing Opportunities for Persons with AIDS programs.

If approved, both plans will be submitted to the U.S. Department of Housing and Urban Development.

Exhibit A of the For Action was referenced, providing the state's five-year Consolidated Plan goals, anticipated activities, and projected outcomes.

There being no questions, a roll call vote was taken, and the motion was carried unanimously.

(The agenda was taken out of order)

Before being excused for a Legislative hearing, Interim Executive Director Denise Iseri-Matsubara reported on the following:

- HHFDC hosted a forum for developers, owners and property managers of affordable rental housing properties to gather concerns and insights regarding impacts of the COVID-19 pandemic and resources currently and proposed to be available under the CARES Act for affordable rental housing properties. Impacts are more likely to be known in August.

II.A.
APPROVAL
OF MINUTES
Regular
Meeting
4/9/2020

II.B.
APPROVAL
OF MINUTES
Executive
Session
4/9/2020

III.A.
DISCUSSION
AND/OR
DECISION
MAKING
Approve the State
of Hawaii's Five-
Year Consolidated
Plan for Program
Years 2020 through
2024 (July 1, 2020
Through June 30,
2025) and Annual
Action Plan for
Program Year 2020
(July 1, 2020
Through June 30,
2021)

- Results of a survey conducted by the Hawaii Appleseed Center for Law and Economic Justice, to measure the impact of COVID-19 pandemic on rent collections, estimate the need for rental assistance, and other policy initiatives are pending.
- A \$100 billion rent assistance bill is being proposed by Senator Schatz.
- Gratitude was expressed to staff for covering the many facets of the agency while she assists Mr. Alan Oshima, the Governor's appointed lead on Hawaii's economic and community recovery, resiliency efforts.

Director McCartney thanked Interim Executive Director Iseri-Matsubara for all that she is doing.

(Interim Executive Director Iseri-Matsubara was excused at this time – 9:16 a.m.)

There being no further discussion, Chair Pulmano proceed to agenda item III. B.

Housing 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. 141 attached as Exhibit G (within the For Action), which amends Resolution No. 095 by increasing the intended tax-exempt issuance for Kaiaulu O Waikoloa Project to up to \$19,180,800 from \$12,360,000:
 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. 095 and the intended tax-exempt issuance from the Hula Mae Multi-Family (HMMF) Bond Program approved by the HHFDC Board of Directors on January 12, 2017, remain the same.
- B. Increase the award of annual Federal 4% Low Income Housing Tax Credits (LIHTC) over a 10-year period to \$1,395,945 from \$964,554 and the award of annual State 4% LIHTC over a 5-year period to \$1,395,945 from \$964,554.
 1. Subject to 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 January 17, 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 Kahele

That staff's recommendation be approved.

Ueki stated that due to new guidance in building within Waikoloa Maneuver Area Formerly Used Defense Sites regarding the preparation of an Area Emergency Hazard Management Plan, the development process for the Kaiaulu O Waikoloa project (Project) was delayed, resulting in \$11,520,000 budget increase.

The higher project costs would be absorbed by the requested increased amounts of

III.B. DISCUSSION AND/OR DECISION MAKING

Approve: (1) Resolution No. 141, Which Amends Resolution No. 095 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 Kaiaulu O Waikoloa Project Located in Kailua-Kona, Hawaii, TMK No.: (3) 6-8-003: 028

\$3,440,000 in permanent HMMF Bonds and \$6,080,558 in LIHTC equity; \$800,000 in CDBG funds received from the City and County of Hawaii; and a \$512,000 junior loan received from Ikaika Ohana.

Ueki stated that building permits are anticipated this month, with construction to start in July 2020, and project completion in June 2022.

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

There being no questions, a roll call vote was taken, and the motion was carried unanimously.

Real Estate Portfolio Manager Christopher Woodard presented the For Information, stating that HHFDC's acquisition of the leased-fee interest in the Kamakee Vista project (Project) allows HHFDC to accommodate the lender-driven modifications to the Residential and Commercial Apartment ground leases that were previously requested by Komohale LP, a joint venture between Stanford Carr Development and Standard Property Company. However, Komohale LP has instead requested that the ground leases be extended to 75-year terms (vs. the approximately 37 years remaining on the existing leases) subject to an increased purchase price and Board approval.

HHFDC procured an appraisal report from Hastings, Conboy & Associates, Ltd. dated September 27, 2019, which indicated the incremental purchase price for the contemplated extended lease term. Dissatisfied with the findings of the HHFDC appraisal report, Komohale LP engaged The Benavente Group to obtain its own appraisal report.

Due to a lack of consensus among all participating parties, Woodard stated that the term of the Purchase and Sale Agreement (PSA) has been extended five times pending the conclusion of The Benavente Group's appraisal report and a formal request from Komohale LP to modify the terms of the Project's transaction, which is currently set to expire on May 15, 2020.

On April 16, 2020, HHFDC held a conference call with CBRE to discuss its options given the current affordable-housing investment market conditions and a possible re-marketing of the Project with a ground lease term of 75 years. It was reported that the market for such an asset remains strong despite the current COVID-19 pandemic, with favorable low interest rates for mortgage debt. A draft Broker's Opinion of Value for a 75-year leasehold interest in the Project has been received by CBRE and is currently under review.

To determine the next course of action, by email dated April 30, 2020, Woodard requested that Komohale LP submit either:

1. A formal written request to modify the terms of the HHFDC Kamakee Vista transaction and a summary of its justifications for such a request, including supporting documentation, such as an appraisal report. The request should include a complete and detailed list of the specific modifications that Komohale seeks; or
2. A written confirmation that Komohale LP will proceed with the HHFDC Kamakee Vista transaction on the terms to which it originally agreed.

Woodard requested that a motion be entertained to convene in executive session.

Director Kahele moved, seconded by Vice Chair Mende

That the Board convene in executive session pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, to consult with the board attorney on questions or issues regarding the board's powers, duties, privileges, immunities, and

III.C. DISCUSSION AND/OR DECISION MAKING

Information on the
Status of the
Restructuring and
Preservation of the
Kamakee Vista
Mixed-Use
Affordable Housing
Project Located in
Kewalo, Oahu,
TMK No.:
(1) 2-3-003: 018

**EXECUTIVE
SESSION**
9:40 a.m.

liabilities as it relates to the matter above.

A roll call vote was taken, and the motion was carried unanimously.

The Board reconvened in regular session at 10:43 a.m.

Chair Pulmano announced that the Board was briefed and has asked HHFDC staff to extend the PSA to June 19, 2020, for the review of Komohale LP’s written request to modify the terms of the HHFDC Kamakee Vista transaction and appraisal submitted, in hopes of attaining a consensus by participating parties on how to proceed.

Carr clarified that Komohale LP has never been unwilling to close on the Kamakee Vista transaction and is requesting an extended lease term of 75 years.

Carr asked whether the Board received its documents sent via email to Woodard on May 4, 2020. Chair Pulmano reiterated that the Board was only briefed on the matter and did not view or discuss the details of the transaction currently under review by HHFDC staff. She stated that hopefully by the next Board meeting, being her last with HHFDC, an analysis on the appraisals and extension will be valuated and a consensus can be attained.

A roll call vote was taken and carried, to recess the meeting at 10:50 a.m.
The meeting reconvened at 11:02 a.m.

Chair Pulmano summarized the qualities and experience the Executive Director Selection Subcommittee (Subcommittee) looked for in its search to fill the executive director position. Based on those findings, the Subcommittee recommends that the HHFDC Board of Directors:

Approve the hiring of Denise Iseri-Matsubara as Executive Director of HHFDC, effective July 1, 2020, at the salary equivalent to that of the Director of Business, Economic Development and Tourism, as provided under 201H-2, HRS.

Director McCartney moved, seconded by Director Mackler

That the recommendation of the Subcommittee be approved.

A roll call vote was taken and carried unanimously.

In reference to Executive Memo 20-01, as amended, regarding a statewide hiring freeze, Director Lin asked whether this would impact the hiring process. Director McCartney stated no.

Director Kahele moved, seconded by Director Atta

That the Board convene in executive session pursuant to Section 92-5(a)(2), HRS, to consider the hiring of an officer or employee and/or 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.

There being no objections, the motion was carried unanimously.

The Board reconvened in regular session at 11:18 a.m.

With Interim Executive Director Iseri-Matsubara assisting on Hawaii’s economic and community recovery, resiliency efforts, Chair Pulmano asked for a motion to approve:

The naming of Janice Takahashi as the Interim Executive Assistant,

RECONVENED
10:43 a.m.

RECESS
10:50 a.m.
RECONVENED
11:02 a.m.

III.D.
DISCUSSION
AND/OR
DECISION
MAKING
Recommendation of
the Executive
Director Selection
Subcommittee

IV.
EXECUTIVE
SESSION
Approve an Interim
Executive Assistant
11:06 a.m.

RECONVENED
11:18 a.m.

effective immediately, at the salary to be 90 percent of the executive director, with a salary effective April 16, 2020.

The motion was moved by Director Kahele and seconded by Director Mende.

A roll call vote was taken, and the motion was carried unanimously.

Chair Pulmano and the Board congratulated and thanked Takahashi for assisting as the Interim Executive Assistant.

Takahashi thanked the Board and stated that she is here to support the Interim Executive Director and Agency in any way she can.

Director McCartney suggested that an announcement be made on the naming of the executive director and executive assistant positions.

In addition to the Report of the Executive Director, Takahashi added the following:

- Confirmation hearings for Directors Gary Mackler and Carol Reimann (nominated Maui director) have been held and is awaiting approval.
- Chair Pulmano was nominated for the Hawaii Public Housing Authority Board and is awaiting approval.
- Senate Bill 3139 would transfer \$250 million from the RHRF to be replaced with a General Obligation Bond appropriation of the same amount.

Ueki noted that HHFDC's expressed its concern to the Department Budget and Finance on such a transfer possibly having an impact on the timing of existing projects on the books. However, it is anticipated that HHFDC will have enough to cover its existing and new projects in the short term.

(Vice Chair Mende was excused at this time – 11:25 a.m.)

- House Bill 2725 adds an additional \$50 million appropriation to the RHRF, specifically for the neighbor island counties.
- Besides the \$42 million appropriated last year, no additional funds were appropriated to the Dwelling Unit Revolving Fund.
- There was a \$3 million CIP appropriation for the Waipahu Civic Center complex.
- There was a \$100 million appropriation to the Department of Transportation for the widening of Farrington Highway and the facility at the Kapolei Golf Course to Fort Weaver Road.

Director Lin noted that while on leave, the Governor will appoint an alternate designee.

There being no further business on the agenda, Director Atta moved, seconded by Director Kahele to adjourn the meeting at 11:31 a.m.

There being no objections, the motion was carried unanimously.

Rona S.Y. Fukumoto

RONA FUKUMOTO
Secretary

V. OVERVIEW OF THE EXECUTIVE DIRECTOR

VI. ADJOURNMENT 11:31 a.m.