

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

August 12, 2021

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met virtually for their Regular Meeting at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, August 12, 2021.

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

With a quorum present, Chair Mende called the meeting to order at 9:00 a.m.

Those present and excused were as follows:

Directors: Director Donn Mende, Chair
Director Gary Mackler, Vice Chair
Director Rona Fukumoto, Secretary
Director Carol Reimann (in-person)
Director Sean Sasaki
Director Kymberly Sparlin
Designee Gloria Chang for Director Craig Hirai
Executive Director Denise Iseri-Matsubara

Excused: Director Mel Kahele
Director Mike McCartney

Staff: Sandra Ching, Deputy Attorney General
Francis Keeno, Executive Assistant
Janice Takahashi, Chief Planner
Holly Osumi, Chief Financial Officer
Dean Minakami, Development Branch Chief
Randy Chu, Development Section Chief
Stan Fujimoto, Housing Development Specialist
Cheryl Kajitani, Housing Development Specialist
Albert Palmer, Housing Development Specialist
Christopher Oakes, Housing Finance Specialist
Jocelyn Iwamasa, Housing Finance Specialist
Melissa Loy, HHFDC Corporate Controller
Mavis Masaki, Planner
Chris Woodard, Real Estate Portfolio Manager
Gordon Pang, Housing Information Officer
Marc Orbito, Information Tech Systems Analyst
Esa Pablo, Secretary to the Board

Guests: Christopher Flaherty, `Ikenakea Development LLC
Keegan Flaherty, `Ikenakea Development LLC
Kali Watson, Hawaiian Community Development Board
Patti Barbee, Hawaiian Community Development Board
Tyler Gomes, Department of Hawaiian Home Lands
Stewart Matsunaga, Department of Hawaiian Home Lands
Andrew Choy, Department of Hawaiian Home Lands
Mohannad Mohanna, Highridge Costa
Harrison Herzberg, Highridge Costa
Monte Heaton, Highridge Costa
Thomas Erickson, Highridge Costa
Thomas Fischer, Ikaika Oahana

Chair Mende announced that under the Governor's August 5, 2021 Emergency Proclamation Related to COVID-19 Response, HHFDC has elected to continue its

meetings via interactive conference technology (ICT) until further notice. He asked that the hand-icon be used should attendees wish to speak, keeping microphones muted until called upon. He further stated that those providing oral testimony will be given 3 minutes and asked to state and spell out their names for the record.

Chair Mende then asked the Board to state any interested parties in attendance at their remote locations. There being none, he proceeded to the approval of the meeting minutes.

A motion was made by Director Sparlin, seconded by Designee Chang, to approve the Annual Meeting Minutes of July 8, 2021.

The motion was carried unanimously.

A motion was made by Director Sparlin, seconded by Director Sasaki, to approve the Regular Meeting Minutes of July 8, 2021.

The motion was carried unanimously.

Director Sparlin moved, seconded by Designee Chang, to approve staff's recommendation.

Housing Finance Specialist Christopher Oakes presented the For Action, requesting the adoption of Resolution No. 159, which authorizes the issuance, sale, and delivery of up to \$22,000,000 in Hula Mae Multi-Family (HMMF) tax-exempt bonds to support the construction of Hale Makana O Moiliili project (Project).

Construction of the project is anticipated to commence in September 2021, with a private placement of the HMMF bond being with Bank of Hawaii.

Oakes noted a correction to Exhibit D within the For Action, number 11., the total fees paid to the Developer shall not exceed \$2,298,465.

In reference to the correction made to Exhibit D, Watson clarified that the Developer's Overhead of \$480,000 was left out in the original calculation (i.e., \$1,818,465 Developer's Fee + \$480,000 = \$2,298,465).

Oakes opened for questions along with Mr. Kali Watson, on behalf of the development team.

Vice Chair Mackler asked whether the Project was on schedule with its estimated construction timeline within the For Action. Oakes responded in the affirmative.

Watson added that tenants have been relocated and the Project is ready to proceed with its demolition phase upon closing, anticipated on August 31, 2021.

There be no further discussion, the motion was carried unanimously as noted.

Director Sparlin moved, seconded by Director Fukumoto, to approve staff's recommendation.

Housing Finance Specialist Jocelyn Iwamasa presented the For Action, requesting the adoption of Resolution No. 160, which authorizes the issuance, sale, and delivery of up to \$53,378,465 in HMMF tax-exempt bonds to support the construction of Kokua project (Project).

Construction of the project is anticipated to commence in September 2021, with a private placement of the HMMF bond being with Citicorp USA.

**II.A.
APPROVAL
OF MINUTES**
Annual
Meeting
7/8/2021

**II.B.
APPROVAL
OF MINUTES**
Regular
Meeting
7/8/2021

**III.A.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve Resolution
No. 159, Authorizing
the Issuance of Hula
Mae Multi-Family
Tax-Exempt
Revenue Bonds for
the Hale Makana O
Moiliili Project
Located in Honolulu,
Oahu, TMK Nos.:
(1) 2-7-007: 016 and
051

**III.B.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve Resolution
No. 160, Authorizing
the Issuance of Hula
Mae Multi-Family
Tax-Exempt
Revenue Bonds for

Iwamasa opened for questions along with members of the Project’s development team.

Vice Chair Mackler asked whether the Project was on schedule with its estimated construction timeline stated within the For Action. Iwamasa responded in the affirmative.

Highridge Costa Development Company’s President Mohannad Mohanna recognized and thanked HHFDC’s Executive Director Iseri-Matsubara, Iwamasa, and staff of the Department of Planning and Permitting for their collaborative efforts in this process.

With no further discussion, the motion was carried unanimously.

Housing Development Specialist Stan Fujimoto delivered a PowerPoint presentation (Attachment A), providing background information on the the Villages of Leiali’i (Project) and development challenges in the remainder of the project in terms of water availability, private wastewater treatment plant requirement, an assessment of a Maui Electric Company substation site, possible update of the master plan with the Land Use Commission, collaboration with the Department of Education on school facilities, and mitigation of previously-identified historic properties at the Project.

Development Branch Chief Dean Minakami added that the development model that was first conceived in the 1980’s would offer the project to developers to construct the necessary infrastructures and recoup their cost through a fee-simple home sale. However, given that legislative approval is now required to sell lands in fee simple and the Project is comprised of ceded lands, such approval will be difficult to obtain. Therefore, staff would like to discuss possible options with the Board in executive session.

Executive Director Iseri-Matsubara introduced Department of Hawaiian Home Lands (DHHL) Deputy Director Tyler Gomes, who opened for questions, along with DHHL’s Planning Program Administrator Andrew Choy and Land Development Administrator Stewart Matsunaga.

There being no questions, Chair Mende called for a motion to go into executive session.

Designee Chang moved, seconded by Director Sparlin, to convened in executive session pursuant to Section 92-5(a)(3), Hawaii Revised Statutes (HRS), to deliberate concerning the authority of persons designated by the board to negotiate the acquisition of public property, or during the conduct of such negotiations; and/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.

The motion was carried unanimously.

The Board convened in Executive Session at 9:38 a.m.

The Board returned in Regular Session at 9:59 a.m.

(Designee Chang was excused at this time – 9:59 a.m.)

Chair Mende called for a motion to go into executive session.

Director Sparlin moved, seconded by Vice Chair Mackler, to convened in executive session pursuant to Section 92-5-(a)(4), HRS, to consult with the board attorney on questions or issues regarding the board’s powers, duties, privileges, immunities, and liabilities as it relates to this matter.

the Kokua Project
Located in Honolulu,
Oahu, TMK Nos.:
(1) 2-1-010: 052 and
053 (por.)

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

Updated on the
Villages of Leiali’i
in Lahaina, Maui,
TMK Nos.: (2)
4-5-021: 003, 013,
018, 019, 020, 021
(por.), 023 (por.),
041; (2) 4-5-028:
070 and 081; (2)
4-5-036: 001 to 112

**EXECUTIVE
SESSION
9:38 a.m.
RECONVENED
9:59 a.m.**

**IV.
EXECUTIVE
SESSION**
Discussion on the
State’s Private
Activity Bond Cap

The motion was carried unanimously.

The Board convened in Executive Session at 10:00 a.m.

The Board reconvened in Regular Session at 10:53 a.m.

Chair Mende proceeded to the report of the Executive Director.

Executive Director Iseri-Matsubara stated that, this legislative session, HHFDC received an infusion of \$20 million (second-half of the biennium) in DURF, \$25 million in RHRF (second-half of the biennium), and a RHRF set-aside of \$40 million (first-half of the biennium) for phase 1 of Hawaii Public Housing Authority's School Street elderly rental project.

Executive Director Iseri-Matsubara stated that HHFDC and the counties are actively engaged in the planning and programing for the Homeowner Assistance Fund (HAF) program under the American Rescue Plan Act of 2021. Hawaii will receive \$50 million in HAF funds for assistance to homeowners who are behind on their mortgages or already in foreclosure as a result of the pandemic and for administrative fees.

Takahashi updated the Board on the status of the HAF program, stating that the HAF draft plan has greatly evolved since last presented at its June 10, 2021 board meeting. The Department of Treasury has opened an electronic portal for HAF participants to submit their completed HAF plans. Hawaii's plan is anticipated to be submitted by the August 20, 2021 deadline.

Executive Director Iseri-Matsubara stated that the University of Hawaii Economic Research Organization identified that there are approximately 17,000 households in need of assistance, while available funds allocated may only assist 1,400 to 8,000 households.

There being no further business on the agenda, Director Sparlin moved, seconded by Director Fukumoto, to adjourn the meeting at 10:57 a.m.

The motion was carried unanimously.

Rona Fukumoto

RONA FUKUMOTO
Secretary

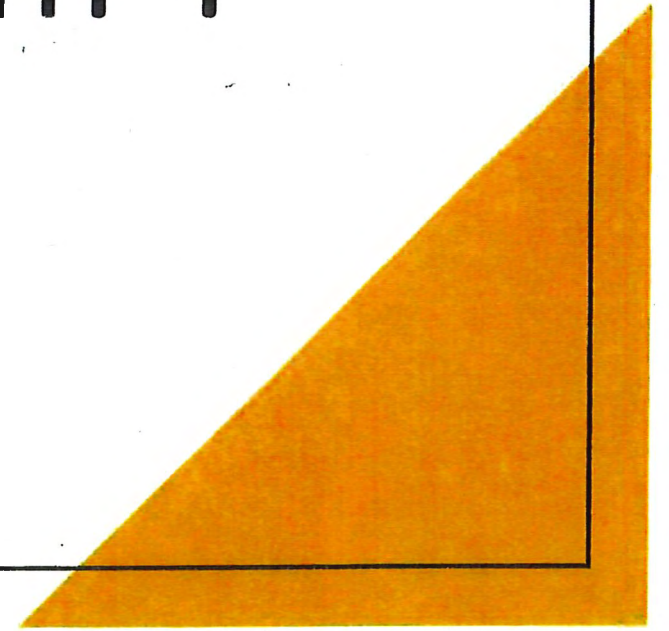
and the Impact on
the Hula Mae
Multi-Family Tax
Exempt Revenue
Bond Program

RECONVENED
10:53 pm

**V.
OVERVIEW
OF THE
EXECUTIVE
DIRECTOR**

**VI.
ADJOURNMENT**
10:57 a.m.

Villages of Leiali'i



Villages of Leiali'i – Background

- HHFDC is the master developer of the 1,100-acre Villages of Leiali'i master planned community in Lahaina, Maui.
- The land was reclassified Urban by the Land Use Commission in 1990.
- HHFDC acquired approximately 544 acres below the proposed Bypass Highway from DLNR in 1994.
- In 2005, HHFDC conveyed approximately 72 acres of Villages 1A and 1B to DHHL.
- HHFDC completed a new Final EIS in 2012.
- In 2018, HHFDC issued a 65-year ground lease to the County at \$1/year for approximately 20 acres next to the Lahaina Civic Center for additional parking and a base yard.
- In 2020, HHFDC dedicated approximately 21 acres to DOT for the Keawe Street Extension and a portion of Phase 1A of the Bypass Highway.

ATTACHMENT A

EXHIBIT A

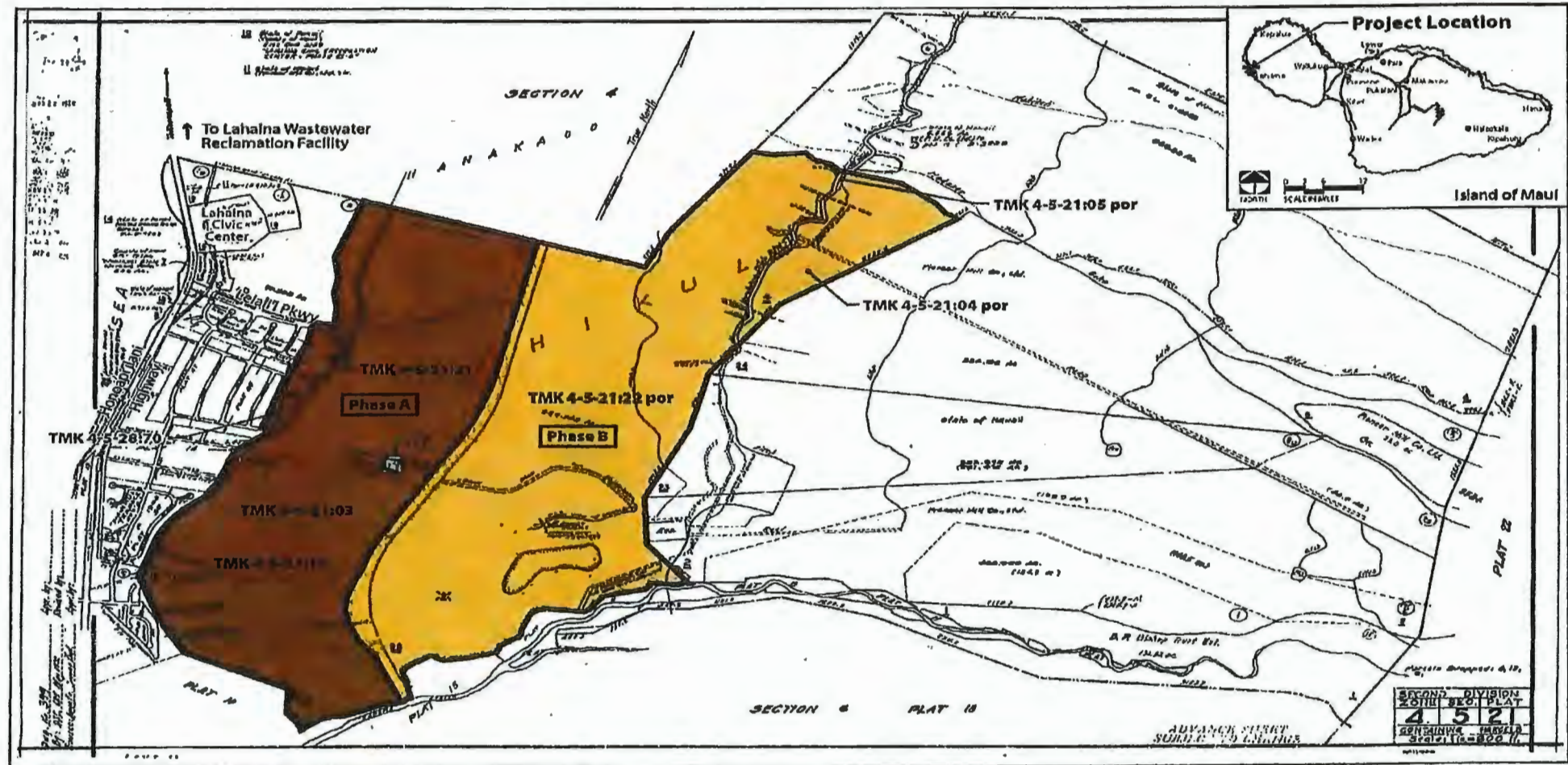


Figure 2a
SITE MAP WITH TAX MAP KEYS

Villages of Lela'i
September 2009

ATTACHMENT A



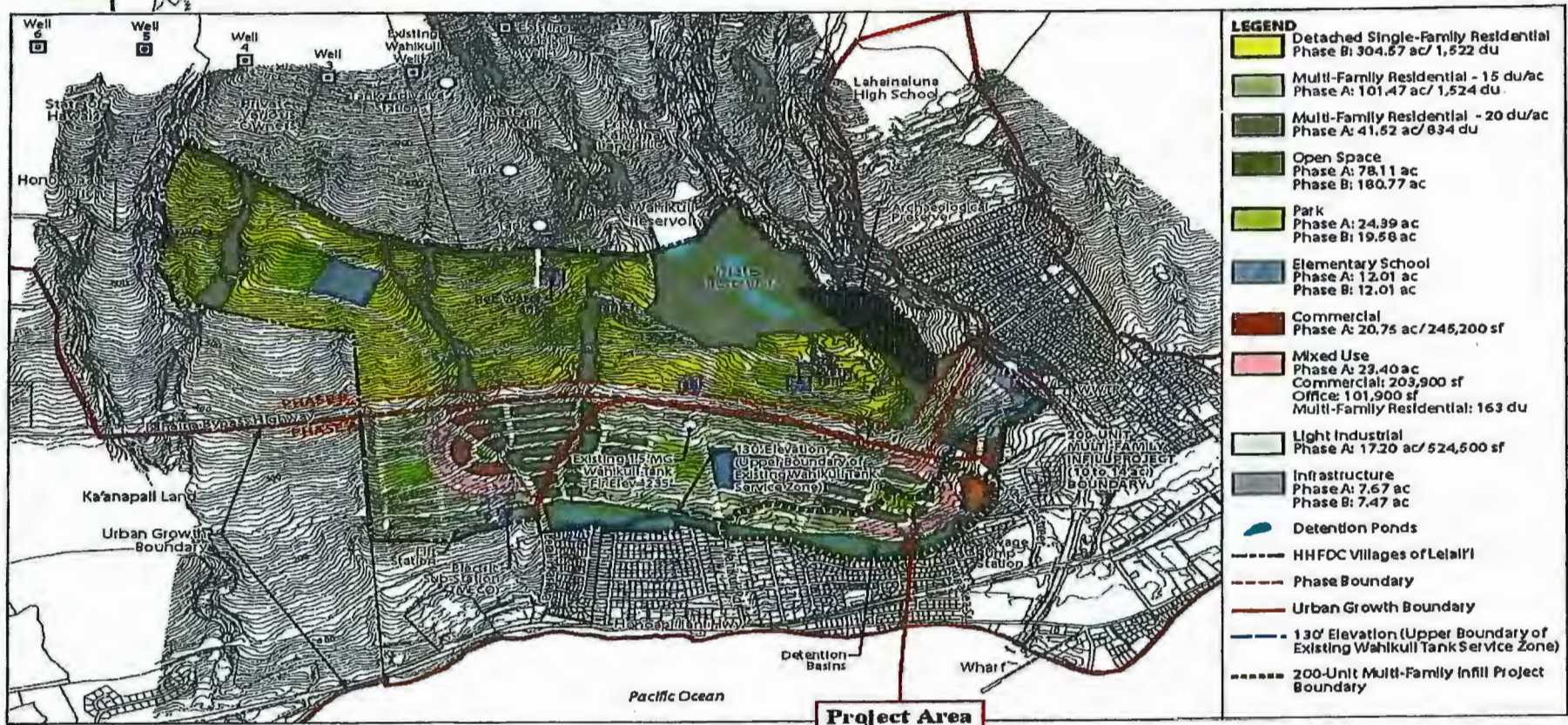


ATTACHMENT A

Villages of Leialī'i

ATTACHMENT A

EXHIBIT A



Kaiaulu O Kūku'ia Project at the Villages of Leiali'i

- January 2019, after an RFP process, the HHFDC Board approved the proposal submitted by Ikaika Ohana for the proposed 200-unit Kaiaulu O Kūku'ia family rental project on 28.5 acres of land north of the Keawe Street Extension at the Villages of Leiali'i.
- The Project will be affordable to families between 30% to 60% or below the HUD Area Median Income.
- HHFDC will issue a 75-Year Ground Lease to the Developer at \$1/year; the Project will remain affordable for the term of the Ground Lease.
- The Project will include a public access road from Keawe Street Extension called, Kuku'ia Street.

ATTACHMENT A





ATTACHMENT A



Request For Proposals No. DEV-RFP-18-001
KEAWE STREET APARTMENTS AT THE VILLAGES OF LEIALI'I
Affordable Family Rental Housing Project

RESIDENTIAL VIEW 1

October 31, 2018



Kaiaulu O Kūku'ia - Status

The developer is working on the following:

- SHPD accepted Archaeological Monitoring Plan on August 3, 2021.
- HHFDC Board approval of the tax credits and RHRF financing for the Project.
- Building permits.
- January-February 2022 – Targeting commencement of construction.
- January-February 2024 – Targeting completion of construction.

Villages of Leiali'i – Status

- In December 2012, the County of Maui approved 245 acres below the Bypass Highway for development of 1,200 units in the Urban Growth Boundary of the Maui Island Plan.
- The Maui County Council is currently reviewing the West Maui Community Plan, which designates the area proposed for the Kaiaulu O Kuku'ia Project, and a little north to Wahikuli Road as Residential and the balance of the area in the Urban Growth Boundary as Agriculture.

Villages of Leialī'i



0 500 1000 2000
SCALE IN FEET

Note: Lot lines shown are approximate and for illustrative purposes. Imagery is from Google Earth Pro and is approximately matched to lot lines.

FIGURE 2
LAND USE PLAN CONCEPT TWO
Villages of Leialī'i
200-Unit Multi-Family Infill Project
January 2017

EXHIBIT C

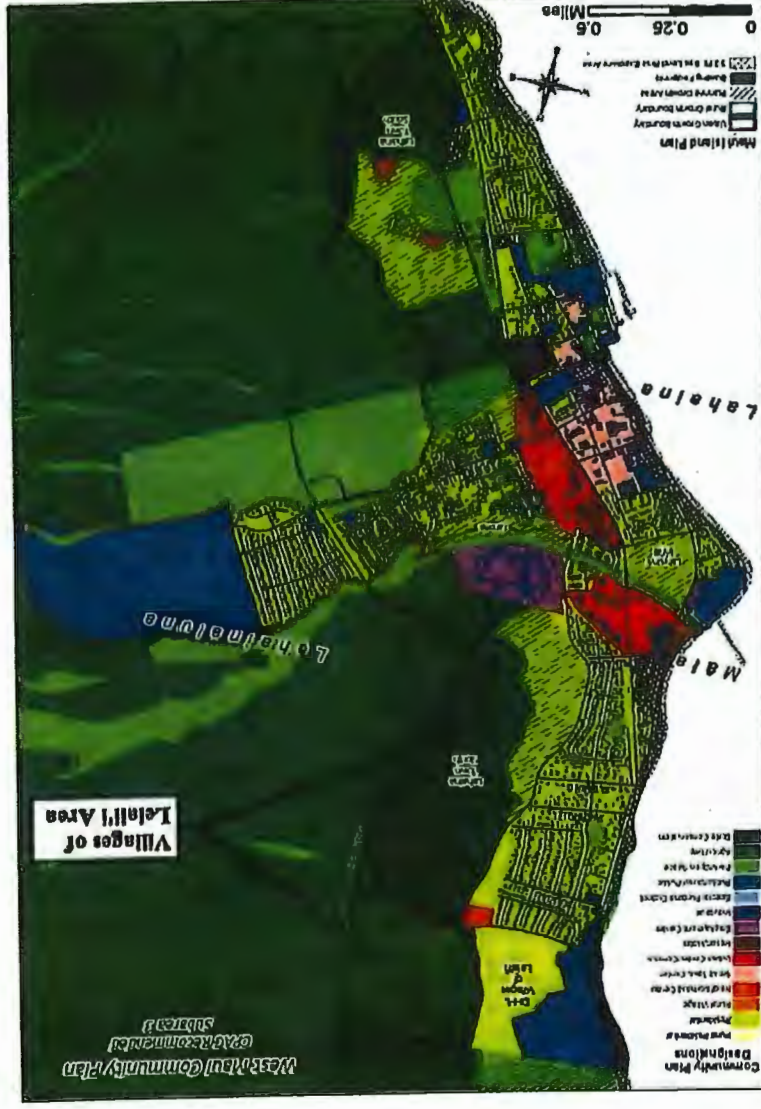
West Maui Community Plan | CPAC Draft

Subarea 3

This 10,376-acre subarea has a population of 12,906 and serves as the region's commercial, service and residential center. The area is rich in history and culture and has two County Historic Districts and one National Historic Landmark District. Lahaina has a unique character and charm that draws residents and visitors alike. Urban development in this subarea runs primarily along the coastline and also extends mauka along Lahainaluna Road.

also extends mauka along Lahaialuna Road.

Figure 3.5: Subarea 3 (Lahaina) (at right)



Villages of Leiali'i – Challenges for Next Projects

- Water Availability
 - If DWS has water, payment of a DWS Water Reservation Deposit for a 100% affordable project;
 - HHFDC-DHHL MOU for joint development of Honokowai Well and ancillary water facilities; new reservoir above Village 1B will increase DWS service area at the Villages of Leiali'i;
- Development and maintenance of a new private wastewater treatment plant at the Villages of Leiali'i;
- Mitigation of previously identified historic properties and consultation with SHPD on AIS requirements for future projects on a project-by-project basis;
- Potential trigger for a new MECO substation;
- Potential trigger for an update of the master plan with the LUC; and
- Potential trigger for usable land for elementary school facilities and an Educational Contribution Agreement with DOE (LUC Condition #8).

Mahalo

ATTACHMENT A