

FOR ACTION

I. REQUEST

Approve an Extension to the Rental Housing Revolving Fund Letters of Intent for the Halawa View II Project Located in Aiea, Oahu, TMK No.: (1) 9-9-003: 026 0002

II. FACTS

<i>Project Name:</i>	Halawa View II		
<i>Awardee:</i>	Halawa View II, L.P.		
<i>Tax Map Key and Location:</i>	TMK No. (1) 9-9-003: 026 0002 99-009 Kalaloe Street Aiea, HI 96701		
<i>Land Tenure:</i>	Fee Simple		
<i>Project Type:</i>	New Construction		
<i>Target Population:</i>	Family Households		
<i>Length of Affordability:</i>	56 Years		
<i>Affordability Restrictions:</i>	16 Units @ 30% Area Median Gross Income (AMGI) 46 Units @ 40% AMGI 181 Units @ 50% AMGI 57 Units @ 60% AMGI 2 Manager Units <hr/> 302 Total Units		
<i>Projected Unit and Rent Mix:</i>	Units	Unit Type	Monthly Rent*
	2	Studio Unit	\$493
	7	Studio Unit	\$722
	21	Studio Unit	\$950
	6	Studio Unit	\$1,179
	6	1-Bedroom Unit	\$510
	18	1-Bedroom Unit	\$755
	67	1-Bedroom Unit	\$1,000
	23	1-Bedroom Unit	\$1,245
	8	2-Bedroom Unit	\$574
	21	2-Bedroom Unit	\$868
	83	2-Bedroom Unit	\$1,162
	24	2-Bedroom Unit	\$1,456
	10	4-Bedroom Unit	\$1,418
	4	4-Bedroom Unit	\$1,797
	2	Manager Units	N/A
<i>*Net of Utility Allowance</i>			
<i>Estimated Completion:</i>	2025-Q2		

<i>Type of Construction:</i>	Type 1-B, non-combustible fire rated construction on concrete slab foundation.						
<i>Amenities and Services:</i>	Project Amenities: playground/tot lot, picnic area, community room, and laundry room. Unit Amenities: range, disposal, and refrigerator.						
<i>Floor Area:</i>	<table> <tr> <td>188,320 SF</td><td>Residential Area</td></tr> <tr> <td>90,070 SF</td><td>Common Area</td></tr> <tr> <td>278,390 SF</td><td>Total Area</td></tr> </table>	188,320 SF	Residential Area	90,070 SF	Common Area	278,390 SF	Total Area
188,320 SF	Residential Area						
90,070 SF	Common Area						
278,390 SF	Total Area						
<i>Developer:</i>	Halawa View II, L.P. Contact: Joe Michael 1820 W. Kettleman Lane., Suite. D Lodi, CA 95242 (209) 747-2636						
<i>Contractor:</i>	Nordic PCL Contact: George Burkards 1099 Alakea Street, Suite 1600 Honolulu, HI 96813 (808) 357-0121						
<i>Property Manager:</i>	Mark Development, Inc. Contact: Craig Watase 3165 Waialae Ave., Suite 200 Honolulu, HI 96816 (808) 735-9099						

ORIGINAL APPROVAL DATE: July 11, 2019
 ORIGINAL EXPIRATION DATE: April 30, 2020
 1st EXTENSION EXPIRATION DATE: January 31, 2021
 2nd EXTENSION EXPIRATION DATE: January 31, 2022
 3rd EXTENSION EXPIRATION DATE: January 31, 2023
 4th EXTENSION EXPIRATION DATE: April 13, 2023
 5th EXTENSION REQUEST: June 8, 2023

A. On July 11, 2019, the Hawaii Housing Finance and Development Corporation (HHFDC) Board of Directors approved the following for the benefit of the Halawa View II and III (**Exhibit A**) respectively (Project):

Halawa View II

1. \$40,200,000 intended tax-exempt issuance from the Hula Mae Multi-Family (HMMF) Bond Program (Resolution No. 129);
2. \$2,664,038 in annual Federal Low Income Housing Tax Credits (LIHTC) over a ten-year period and \$2,664,038 in annual State LIHTC over a five-year period from the non-volume cap pool (4% LIHTC); and
3. A Rental Housing Revolving Fund (RHRF) loan of up to \$21,300,000. (NOTE: RHRF was formerly known as the Rental Housing Trust Fund pursuant to Act 237, SLH 2015, effective July 14, 2015.)

Halawa View III

1. \$40,000,000 intended tax-exempt issuance from the HMMF Bond Program (Resolution No. 130);
 2. \$2,590,963 in annual LIHTC over a ten-year period and \$2,590,963 in annual State LIHTC over a five-year period from the non-volume cap pool (4% LIHTC); and
 3. A RHRF loan of up to \$21,000,000.
- B. On July 12, 2019, HHFDC issued Letters of Intent (LOI) for the Halawa View II and III RHRF Loans with a requirement that the loans close by April 30, 2020. Halawa View II, L.P. (Awardee) accepted the LOI's on August 7, 2019 (**Exhibit B**).
- C. On April 2, 2020, the Executive Director approved a 9-month extension to the RHRF LOI's to January 31, 2021 from April 30, 2020. (NOTE: On May 17, 2001, the Housing and Community Development Corporation of Hawaii Board of Directors, predecessors to the HHFDC Board of Directors, granted the Executive Director authority to act upon requests for extensions to the project Award LOI up to (i) an additional 9-month period from the original LOI expiration date or (ii) a total of 18-months from the issue date of the LOI. Any subsequent extensions would require the Board of Directors approval.)
- D. On January 14, 2021, the Board of Directors approved extensions to the RHRF LOI's to January 31, 2022 from January 31, 2021.
- E. On December 9, 2021, the Board of Directors approved extensions to the RHRF LOI's to January 31, 2023 from January 31, 2022.
- F. On January 12, 2023, the Board of Directors approved extensions to the RHRF LOI's to April 13, 2023 from January 31, 2023.
- Note: The Awardee has combined the two projects into a singular project now known as Halawa View II.
- G. On March 23, 2023, Halawa View II, L.P. (Awardee) requested to extend the RHRF LOI's (**Exhibit C**).

III. DISCUSSION

- A. The Project is a 302-unit (including two manager units) affordable rental housing facility targeted for families. The project will consist of two towers with 156 units in the first tower (formerly known as Halawa View II) and 146 units in the second tower (formerly known as Halawa View III). Improvements will also include a shared 7-parking structure. Please see (**Exhibit D**) for Project Location, Plans and Images.
- B. The Awardee is a single-asset, real estate holding company, specifically established to develop, construct, and operate the Project. The Administrative General Partner is Pacific SPT, LLC. The Managing General Partner is Hawaii Community Development Board. The Special General Partner is Mark Development Inc.

1. David Michael and Joseph Michael own Pacific SPT, LLC. The Michaels are experienced LIHTC developers with a concentration in California. The Michaels are involved in three (3) LIHTC projects in Hawaii.
2. Hawaii Community Development Board is a 501(c)(3) corporation and is involved in three (3) LIHTC projects in Hawaii.
3. Mark Development Inc. is an experienced affordable housing manager and developer. Mark Development was involved in the development of four (4) LIHTC projects in Hawaii.

C. The proposed Financing Structure (Source of Funds) is as follows:

Source	Interim	Permanent
Sponsor Equity	\$ —	\$ —
LIHTC Equity	11,567,298	93,381,099
HMMF Bond	80,200,000	24,600,000
Taxable Loan	12,300,000	—
RHRF Loan	42,300,000	42,300,000
Subordinate Debt (AHF)	5,000,000	5,000,000
Deferred Developer Fee	8,707,309	2,856,439
Other Deferred Costs	8,062,931	—
Total	\$ 168,137,538	\$ 168,137,538

D. The proposed Budget (Use of Funds) is as follows:

Budget Item	Amount	Cost/sf	Total Cost %
Land Acquisition	\$ 890,000	\$ 3.20	0.53%
Construction	119,204,671	428.19	70.90%
Interim & Soft Costs	14,109,000	50.68	8.39%
Financing & Syndication Costs	15,140,837	54.39	9.01%
Developer Fee & Overhead	10,726,830	38.53	6.38%
Project Reserves	1,150,966	4.13	0.68%
Contingency	6,915,234	24.84	4.11%
Total	\$ 168,137,538	\$ 603.96	100.00%

E. The Project's estimated milestones are as follows:

- | | | |
|----|----------------------|-----------|
| 1. | Building Permit: | 2023 - Q2 |
| 2. | Loan Closing: | 2023 - Q2 |
| 3. | Construction Start: | 2023 - Q2 |
| 4. | Building Completion: | 2025 - Q2 |
| 5. | Occupancy (100%) | 2025 - Q4 |

- F. HHFDC evaluated the extension request based on progress made on three (3) basic milestones:
1. Site Control: Awardee has site control through an Assignment and Assumption Agreement.
 2. Approvals and Permits: On September 8, 2019, the Department of Planning and Permitting of the City and County of Honolulu determined that the Project was exempt from the State Environmental Assessment requirements (Hawaii Revised Statutes Chapter 343). The exemption list was published in the October 8, 2019 issue of the Environmental Notice. In 2022, the Awardee obtained the final approval from the Disability and Communication Access Board (DCAB). On January 17, 2023, the City and County of Honolulu entered a 201H Zoning Exemption Agreement with the Awardee for the Project which was subsequently recorded in the Bureau of Conveyances on March 23, 2023. The Foundation Permit for the Project has been approved and the Superstructure Permit is being submitted for final processing. Developer is working with Palekana Permitting and Planning as its permit expediter (**Exhibit E**).
 3. Financing Commitments: All sources of construction and permanent financing to develop the Project have been committed to and remain in place, including the Affordable Housing Funds from the City and County of Honolulu.
- G. Staff recommends an extension from April 13, 2023 to June 8, 2023, to provide the Project with additional time to close the RHRF Loans and fulfill the requirements of the respective LOI's.

IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following:

- A. Extend the deadline for the Rental Housing Revolving Fund Letters of Intent for the Halawa View II Project to June 8, 2023, subject to the requirements as set forth in the For Actions dated July 11, 2019; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Attachments: Exhibit A – For Actions dated July 11, 2019 for Halawa View II and III (excludes Exhibits B & C)
Exhibit B – RHRF LOI's dated July 12, 2019
Exhibit C – RHRF LOI Extension Request dated March 28, 2023
Exhibit D – Project Location, Plans and Images
Exhibit E – Update Letter from Palekana Permitting and Planning dated March 28, 2023

Prepared by:  Christopher Oakes, Finance Specialist 

Reviewed by: David Oi, Finance Manager 

For Action – April 13, 2023

Approved by The Board of Directors at its meeting
on April 13, 2023
Finance Branch
Please take necessary action.

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EXECUTIVE DIRECTOR

FOR ACTION

I. REQUEST

Approve a Rental Housing Revolving Fund Project Award for the Halawa View II
Project located in Aiea, Oahu, TMK No.: (1) 9-9-003: 026 (por.)

II. FACTS

Project Information:

Project Name:	Halawa View II		
Applicant:	Halawa View II, L.P.		
TMK and Location:	TMK No.: (1) 9-9-003: 026 (por.) (pending CPR) 99-009 Kalaloa St. Aiea, HI 96701		
Land Tenure:	Fee Simple		
Project Type:	New Building		
Target Population:	Family		
Length of Affordability:	56 Years		
Affordability Restrictions:	8 units @ 30% AMGI 24 units @ 40% AMGI 93 units @ 50% AMGI 30 units @ 60% AMGI 1 Manager's unit 156 Total Units		
Projected Unit and Rent Mix:	Units	Unit Type	Rent / Mo.*
	1	Studio Unit	\$568
	3	Studio Unit	\$773
	11	Studio Unit	\$977
	3	Studio Unit	\$1,181
	3	1-Bedroom Unit	\$597
	9	1-Bedroom Unit	\$816
	35	1-Bedroom Unit	\$1,034
	13	1-Bedroom Unit	\$1,253
	4	2-Bedroom Unit	\$705
	12	2-Bedroom Unit	\$968
	47	2-Bedroom Unit	\$1,230
	14	2-Bedroom Unit	\$1,493
	1	2-Bedroom Manager's Unit	N/A
	*Net of Utility Allowance		
Estimated Completion:	First Building – N/A (one building) Project Completion (Last Building) – September 2021		
Type of Construction:	Metal frame construction on concrete slab foundation. 18-story residential tower on a 6-story parking podium.		
Amenities and Services:	Project amenities: playground/tot lot; picnic area, community room, laundry room, elevator. Unit amenities: range, refrigerator, disposal.		

<i>Floor Area:</i>	81,948 sq. ft. Residential Area <u>50,606 sq. ft. Common Area</u> 132,554 sq. ft. Total
<i>Developer:</i>	Halawa View II, L.P. Contact - Joe Michael 1820 W. Kettleman Ln., Ste. D Lodi, CA 95242 (209) 747-2636
<i>Contractor:</i>	Layton Construction Company Contact - Micael Parker 707 Richards St., Ste. PH-1A Honolulu, HI 96813 (808) 672-2579
<i>Property Manager:</i>	Mark Development, Inc. Contact - Craig Watase 3165 Waialae Ave., Ste. 200 Honolulu, HI 96816 (808) 735-9099

- A. The Rental Housing Revolving Fund (RHRF) Project Award program provides "Equity Gap" low interest loans to qualified owners and developers constructing, acquiring, or rehabilitating affordable rental housing units. (NOTE: RHRF was formerly known as the Rental Housing Trust Fund pursuant to Act 237, SLH 2015, effective July 14, 2015.)
- B. On February 15, 2019, Halawa View II, L.P. (Applicant) submitted a consolidated application on behalf of Halawa View II (Project) for:
1. Tax-exempt issuance of \$40,200,000 from the Hula Mae Multi Family (HMMF) Bond Program;
 2. \$2,664,038 in annual Federal Low Income Housing Tax Credits (LIHTC) over a 10-year period and \$2,664,038 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC); and
 3. A RHRF Loan of up to \$21,300,000.
- C. On June 13, 2019, the Hawaii Housing Finance and Development Corporation (HHFDC) Board of Directors approved the RHRF Approved Project List (Approved List) for the FY2019 Funding Round. The Project is one of nine (9) projects on the Approved List.
- D. A separate For Action is being presented at the July 11, 2019 HHFDC Board Meeting requesting: (i) intent to issue under the HMMF Bond Program and (ii) approval of 4% LIHTC for the Project.
- E. RHRF Program available funds as of June 30, 2019:
- | | |
|--|-----------------------|
| RHRF Uncommitted Funds (HHFDC) | \$ 114,490,139 |
| FY2018 RHRF Funds - Held by Budget & Finance | \$ 25,000,000 |
| Less: Leialii Set-Aside | <u>(30,000,000)</u> |
| Total RHRF Funds - HHFDC & Budget & Finance | <u>\$ 109,490,139</u> |

EXHIBIT A

III. DISCUSSION

- A. The Project is a proposed 156-unit (includes 1-manager's unit) affordable rental housing facility targeted for families. Improvements shall consist of an 18-story residential tower built over a 6-story parking podium. The Project shall share the parking podium and a 1-story common entry building with Halawa View III.
1. The project is the second of three phases. Phase I is an existing 121-unit (includes 1-manager's unit) family affordable rental housing facility consisting of one (1) 14-story and two (2) 3-story residential buildings. Phase I was the subject of a 9% LIHTC and RHRF supported acquisition/rehabilitation in 2014.
2. Phase III is a concurrently planned 146-unit (includes 1-manager's unit) affordable rental housing facility targeted for families. The 16-story Phase III tower shall be built over the same parking podium as Phase II.
- B. The Applicant is a single-asset, real estate holding company, specifically established to develop, own, and operate the Project. The Administrative General Partner is Hawaii Pacific LLC. The Managing General Partner is Hawaii Community Development Board. The Special General Partner is Mark Development Inc.
1. David Michael and Joseph Michael own Hawaii Pacific LLC. The Michaels are experienced LIHTC developers with a concentration in California. The Michaels are involved in two (2) LIHTC projects in Hawaii with a third preparing for financial closing and construction.
2. Hawaii Community Development Board is a 501(3)(c) corporation and is involved in three (3) LIHTC projects in Hawaii. A fourth project is preparing for financial closing and construction (same project with Hawaii Pacific LLC).
3. Mark Development, Inc. is an experienced affordable housing manager and developer. Mark Development was involved in the development of three (3) LIHTC projects in Hawaii with a fourth under construction.
- C. The proposed Financing Structure is as follows:

Source	Interim	Permanent
Sponsor Equity	\$ 0	\$ 0
LIHTC Equity	6,632,792	33,163,957
HMMF Bond*	35,105,000	11,390,000
RHRF Loan	19,000,000	21,300,000
Deferred Developer Fee	3,926,398	422,127
Other Deferred Costs	1,611,894	0
Total	\$ 66,276,084	\$ 66,276,084

* Authorized issuance of up to \$40,200,000 compared to budgeted use of \$35,105,000. The \$5,095,000 excess represents a cushion against budget increases with respect to the 50% Test requirement. To maximize 4% LIHTC eligible basis, tax-exempt proceeds must cover at least 50% of land and depreciable assets.

D. The proposed Project Budget and Use of Funds is as follows:

Budget/Cost Item	Amount	Per Square Foot	%
Land Acquisition	\$ 445,000	\$ 3.36	0.67
Construction – Sitework	650,000	4.90	0.98
Construction – Vertical	42,628,204	321.59	64.32
Construction – Contractor Profit	6,037,309	45.55	9.11
Interim & Soft Costs	4,919,620	37.11	7.42
Financing & Syndication Costs	3,171,934	23.93	4.79
Developer's Fee	3,926,398	29.62	5.92
Developer's Overhead	926,068	6.99	1.40
Project Reserves	1,105,775	8.34	1.67
Contingency	2,465,776	18.60	3.72
Total	\$ 66,276,084	\$ 499.99	100.00

E. The Project's estimated construction timeline is as follows:

1. Building Permits – March 2020
2. Construction Start Date – April 2020
3. First Building Completion – N/A (one building)
4. Project Completion (Last Building) – September 2021

F. Applicant's Request. (Loan Terms)

1. Loan Amount: \$21,300,000
2. Interest Rate: Years 1 through 3 – 0.00%
Years 4 through 55 – 0.25%
3. Loan Fee: None
4. Term/Maturity: 55 Years
5. Repayment: Years 1 through 3 – No Payments
Years 4 through 55 – 55% of Net Cash Flow
6. Collateral: Junior Mortgage on the Project Site

G. Recommendation (Loan Terms)

1. Loan Amount: \$21,300,000
2. Interest Rate: Years 1 through 3 – 0.00%
After Year 3 – 0.25%
3. Loan Fee: None

4. Term/Maturity: 55 Years
3 Years – Interim/Construction Phase
52 Years – Permanent Phase
5. Repayment: Years 1 through 3 -- No Payments
After Year 3 -- 55% of Available Cash Flow after payment of expenses, senior debt service, and other recognized expenses.
6. Collateral: Junior Mortgage on the Project Site
7. Other Terms:
 - a) The Project's loan to value ratio (on the RHRF loan and all debt senior to the RHRF loan) shall not exceed 100%.
 - b) No disbursement of Developer's Fee until satisfactory completion of the Project.
 - c) The RHRF Project Award is subject to the availability of funds.

IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following:

- A. A RHRF Project Award Loan of \$21,300,000 to Halawa View II, L.P. for the benefit of the Halawa View II project, with the terms and conditions as shown in Section III (G) of this For Action, and the Letter of Intent subject to the following:
 1. Authorization and approval by the governor of the proposed project and the release of RHRF program funds as mandated under Chapter 15-311, Hawaii Administrative Rules.
 2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents shall specify the standard terms and conditions as required in order to meet all statutory requirements of the RHRF program and the specific terms and conditions that are applicable to the Applicant's request for Project Award funds.
 3. Completion of all documentation necessary and required to secure the release of RHRF funds.
 4. Certification of the applicant to comply with all applicable statutory and Program requirements, including, but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.
 5. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project management Fees, for the project shall not exceed \$4,852,466.
 6. Availability of RHRF program funds.

- B. Applicant option to combine the development and financing of Halawa View II with Halawa View III into a single phase. Separate For Actions are being presented at the July 11, 2019 HHFDC Board Meeting requesting: (i) intent to issue under the HMMF Bond Program, (ii) 4% LIHTC; and (iii) RHRF for Halawa View III.
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Attachments: Exhibit A - Financing Summary
Exhibit B - Project Location Map and Pictures
Exhibit C - Letter of Intent (Draft)

Prepared by: Patrick Inouye, Finance Specialist PI

Reviewed by: Darren K. Ueki, Finance Manager DU

Approved by The Board of Directors at its meeting
on JUL 11 2019
FINANCE BRANCH
Please take necessary action.

[Signature]
EXECUTIVE DIRECTOR

FOR ACTION

I. REQUEST

Approve a Rental Housing Revolving Fund Project Award for the Halawa View III
Project located in Aiea, Oahu, TMK No.: (1) 9-9-003: 026 (por.)

II. FACTS

Project Information:

Project Name:	Halawa View III		
Applicant:	Halawa View III, L.P.		
TMK and Location:	TMK No.: (1) 9-9-003: 026 (por.) (pending CPR) 99-009 Kalaloe St. Aiea, HI 96701		
Land Tenure:	Fee Simple		
Project Type:	New Building		
Target Population:	Family		
Length of Affordability:	56 Years		
Affordability Restrictions:	8 units @ 30% AMGI 22 units @ 40% AMGI 88 units @ 50% AMGI 27 units @ 60% AMGI 1 Manager's unit 146 Total Units		
Projected Unit and Rent Mix:	Units	Unit Type	Rent / Mo.*
	1	Studio Unit	\$568
	4	Studio Unit	\$773
	10	Studio Unit	\$977
	3	Studio Unit	\$1,181
	3	1-Bedroom Unit	\$597
	9	1-Bedroom Unit	\$816
	32	1-Bedroom Unit	\$1,034
	10	1-Bedroom Unit	\$1,253
	4	2-Bedroom Unit	\$705
	9	2-Bedroom Unit	\$968
	36	2-Bedroom Unit	\$1,230
	10	2-Bedroom Unit	\$1,493
	10	4-Bedroom Unit	\$1,560
	4	4-Bedroom Unit	\$1,898
	1	2-Bedroom Manager's Unit	N/A
	Net of Utility Allowance		
Estimated Completion:	First Building – N/A (one building) Project Completion (Last Building) – September 2021		
Type of Construction:	Metal frame construction on concrete slab foundation. 16-story residential tower on a 6-story parking podium.		

<i>Amenities and Services:</i>	Project amenities: playground/tot lot; picnic area, community room, laundry room, elevator. Unit amenities: range, refrigerator, disposal.
<i>Floor Area:</i>	84,674 sq. ft. Residential Area 48,594 sq. ft. Common Area <u>133,268 sq. ft. Total</u>
<i>Developer:</i>	Halawa View III, L.P. Contact – Joe Michael 1820 W. Kettleman Ln., Ste. D Lodi, CA 95242 (209) 747-2636
<i>Contractor:</i>	Layton Construction Company Contact – Micael Parker 707 Richards St., Ste. PH-1A Honolulu, HI 96813 (808) 672-2579
<i>Property Manager:</i>	Mark Development, Inc. Contact – Craig Watase 3165 Waialae Ave., Ste. 200 Honolulu, HI 96816 (808) 735-9099

- A. The Rental Housing Revolving Fund (RHRF) Project Award program provides “Equity Gap” low interest loans to qualified owners and developers constructing, acquiring, or rehabilitating affordable rental housing units. (NOTE: RHRF was formerly known as the Rental Housing Trust Fund pursuant to Act 237, SLH 2015, effective July 14, 2015.)
- B. On February 15, 2019, Halawa View III, L.P. (Applicant) submitted a consolidated application on behalf of Halawa View III (Project) for:
1. Tax-exempt issuance of \$40,000,000 from the Hula Mae Multi Family (HMMF) Bond Program;
 2. \$2,590,963 in annual Federal Low Income Housing Tax Credits (LIHTC) over a 10-year period and \$2,590,963 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC); and
 3. A RHRF Loan of up to \$21,000,000.
- C. On June 13, 2019, the Hawaii Housing Finance and Development Corporation (HHFDC) Board of Directors approved the RHRF Approved Project List (Approved List) for the FY2019 Funding Round. The Project is one of nine (9) projects on the Approved List.
- D. A separate For Action is being presented at the July 11, 2019 HHFDC Board Meeting requesting: (i) intent to issue under the HMMF Bond Program and (ii) approval of 4% LIHTC for the Project.
- E. RHRF Program available funds as of June 30, 2019:

RHRF Uncommitted Funds (HHFDC)	\$ 114,490,139
FY2018 RHRF Funds – Held by Budget & Finance	\$ 25,000,000
Less: Leialii Set-Aside	<u>(30,000,000)</u>
Total RHRF Funds -- HHFDC & Budget & Finance	<u>\$ 109,490,139</u>

EXHIBIT A

III. DISCUSSION

- A. The Project is a proposed 146-unit (includes 1-manager's unit) affordable rental housing facility targeted for families. Improvements shall consist of a 16-story residential tower built over a 6-story parking podium. The Project shall share the parking podium and a 1-story administration building with Halawa View II.
1. The project is the third of three phases. Phase I is an existing 121-unit (includes 1-manager's unit) family affordable rental housing facility consisting of one (1) 14-story and two (2) 3-story residential buildings. Phase I was the subject of a 9% LIHTC and RHRF supported acquisition/rehabilitation in 2014.
2. Phase II is a concurrently planned 156-unit (includes 1-manager's unit) affordable rental housing facility targeted for families. The 18-story Phase II tower shall be built over the same parking podium as Phase III.
- B. The Applicant is a single-asset, real estate holding company, specifically established to develop, own, and operate the Project. The Administrative General Partner is Hawaii Pacific L.L.C. The Managing General Partner is Hawaii Community Development Board. The Special General Partner is Mark Development Inc.
1. David Michael and Joseph Michael own Hawaii Pacific LLC. The Michaels are experienced LIHTC developers with a concentration in California. The Michaels are involved in two (2) LIHTC projects in Hawaii with a third preparing for financial closing and construction.
2. Hawaii Community Development Board is a 501(c)(3) corporation and is involved in three (3) LIHTC projects in Hawaii. A fourth project is preparing for financial closing and construction (same project with Hawaii Pacific LLC).
3. Mark Development, Inc. is an experienced affordable housing manager and developer. Mark Development was involved in the development of three (3) LIHTC projects in Hawaii with a fourth under construction.
- C. The proposed Financing Structure is as follows:

Source	Interim	Permanent
Sponsor Equity	\$ 0	\$ 0
LIHTC Equity	8,063,566	32,254,264
IIMMF Bond*	34,550,000	11,350,000
RHRF Loan	16,200,000	21,000,000
Deferred Developer Fee	4,780,911	607,110
Other Deferred Costs	1,616,897	0
Total	\$ 65,211,374	\$ 65,211,374

* Authorized issuance of up to \$40,000,000 compared to budgeted use of \$34,550,000. The \$5,450,000 excess represented a cushion against budget increases with respect to the 50% Test requirement. To maximize 4% LIHTC eligible basis, tax-exempt proceeds must cover at least 50% of land and depreciable assets.

D. The proposed Project Budget and Use of Funds is as follows:

Budget/Cost Item	Amount	Per Square Foot	%
Land Acquisition	\$ 445,000	\$ 3.34	0.68
Construction – Sitework	25,000	0.19	0.04
Construction – Vertical	41,120,783	308.56	63.06
Construction – Contractor Profit	5,739,837	43.07	8.80
Interim & Soft Costs	5,572,425	41.81	8.55
Financing & Syndication Costs	3,007,461	22.57	4.61
Developer’s Fee	4,780,911	35.87	7.33
Developer’s Overhead	1,093,453	8.21	1.68
Project Reserves	1,082,223	8.12	1.66
Contingency	2,344,281	17.59	3.59
Total	\$ 65,211,374	\$ 489.33	100.00

E. The Project’s estimated construction timeline is as follows:

1. Building Permits – March 2020
2. Construction Start Date – April 2020
3. First Building Completion – N/A (one building)
4. Project Completion (Last Building) – September 2021

F. Applicant’s Request. (Loan Terms)

1. Loan Amount: \$21,000,000
2. Interest Rate: Years 1 through 3 – 0.00%
Years 4 through 55 – 0.25%
3. Loan Fee: None
4. Term/Maturity: 55 Years
5. Repayment: Years 1 through 3 – No Payments
Years 4 through 55 – 55% of Net Cash Flow
6. Collateral: Junior Mortgage on Project Site

G. Recommendation (Loan Terms)

1. Loan Amount: \$21,000,000
2. Interest Rate: Years 1 through 3 – 0.00%
After Year 3 – 0.25%
3. Loan Fee: None

4. Term/Maturity: 55 Years
 - 3 Years – Interim/Construction Phase
 - 52 Years – Permanent Phase
5. Repayment: Years 1 through 3 – No Payments

After Year 3 – 55% of Available Cash Flow after payment of expenses, senior debt service, and other recognized expenses.
6. Collateral: Junior Mortgage on the Project Site
7. Terms:
 - a) The Project's loan to value ratio (on the RHRF loan and all debt senior to the RHRF loan) shall not exceed 100%.
 - b) No disbursement of Developer's Fee until satisfactory completion of the Project.
 - c) The RHRF Project Award is subject to the availability of funds.

IV. RECOMMENDATION



That the HHFDC Board of Directors approve the following:

- A. A RHRF Project Award Loan of \$21,000,000 to Halawa View III, L.P. for the benefit of the Halawa View III project, with the terms and conditions as shown in Section III (G) of this For Action, and the Letter of Intent subject to the following:
 1. Authorization and approval by the governor of the proposed project and the release of RHRF program funds as mandated under Chapter 15-311, Hawaii Administrative Rules.
 2. Execution of documentation satisfactory to the HHFDC outlining the terms and conditions of the Project Award. The documents shall specify the standard terms and conditions as required in order to meet all statutory requirements of the RHRF program and the specific terms and conditions that are applicable to the Applicant's request for Project Award funds.
 3. Completion of all documentation necessary and required to secure the release of RHRF funds.
 4. Certification of the applicant to comply with all applicable statutory and Program requirements, including, but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.
 5. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project management Fees, for the project shall not exceed \$5,874,364.
 6. Availability of RHRF program funds.

EXHIBIT A

- B. Applicant option to combine the development and financing of Halawa View III with Halawa View II into a single phase. Separate For Actions are being presented at the July 11, 2019 HHFDC Board Meeting requesting: (i) intent to issue under the HMMF Bond Program, (ii) 4% LIHTC; and (iii) RHRF for Halawa View II.
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Attachments: Exhibit A - Financing Summary
Exhibit B - Project Location Map and Pictures
Exhibit C - Letter of Intent (Draft)

Prepared by: Patrick Inouye, Finance Specialist 
Reviewed by: Darren K. Ueki, Finance Manager 

Approved by The Board of Directors at its meeting
on JUL 11 2019
FINANCE BRANCH
Please take necessary action.


EXECUTIVE DIRECTOR

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

19:FIN/1128

July 12, 2019

Mr. Joe Michael
Halawa View II, L.P.
1820 W. Kettleman Ln., Ste. D
Lodi, CA 95242

Dear Mr. Michael:

Subject: Rental Housing Revolving Fund Project Award Program
Halawa View II

Your project has been awarded a Rental Housing Revolving Fund loan in an amount not to exceed \$21,300,000 (the "Loan"), subject to the approval of the Governor, the successful negotiation of the final terms and conditions of the award, and the execution of loan documentation satisfactory to the Hawaii Housing Finance and Development Corporation ("HHFDC").

As a preliminary commitment letter, please review the following general terms and conditions:

Award Recipient: Halawa View II, L.P.
(Borrower)

Guarantor(s): None

Purpose: To provide interim and permanent financing to assist in the development of a 156-unit affordable rental project located at 99-009 Kalaloa St.; Aiea, HI 96701; TMK No.: (1) 9-9-003: 026 (por.) (pending CPR).

The project will feature 18 studio apartment units, 60 one-bedroom apartment units, and 78 two-bedroom apartment units. 8 units shall be set aside for families with incomes at or below 30% of the area median gross income, 24 units shall be set aside for families with

EXHIBIT B

Mr. Joe Michael
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incomes at or below 40% of the area median gross income, 93 units shall be set aside for families with incomes at or below 50% of the area median gross income, and 30 units shall be set aside for families with incomes at or below 60% of the area median gross income. One unit is a manager's unit. The project will remain affordable for 56-years.

Loan Amount: Up to \$21,300,000 for interim and permanent financing.

This amount may be reduced to the extent that the Award Recipient is able to secure additional funding sources for the development.

The Borrower may elect to combine the development and financing of Halawa View II with Halawa View III into a single phase as stated in the two For Actions dated July 11, 2019, for the respective projects. The total Loan Amount to the Borrower for the combined project (Halawa View II and Halawa View III) is up to \$42,300,000.

Form of Loan: 55-year, junior mortgage loan on the leasehold interest in the project premises, improvements, and chattels.

Interest Rate: 0.00% Years 1 through 3
0.25% After Year 3

Interest will be calculated on a 365-day year.

Origination Fee: None

Loan Term: 55-Years

Prepayment penalty: None

Payment Terms: Years 1 through 3 - No Payments

After Year 3 - 55% of Available Cash Flow after payment of expenses, senior debt service, and other recognized expenses.

Any accrued interest and outstanding principal shall be due and payable at end of Loan Term.

Security: The Loan is to be secured by the following:

EXHIBIT B

Mr. Joe Michael
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- 1) A valid, ALTA-insured junior mortgage on the Award Recipient's leasehold interest in the subject property, together with all improvements to be constructed;
- 2) A security interest in all furniture, fixtures and equipment owned by the Award Recipient and utilized in the normal occupancy and operation of the subject property;
- 3) An assignment of all project-related documents including, but not limited to, development agreements, plans and specifications, construction, architectural, management contracts, and any other studies, approvals and authorizations, and permits;
- 4) Award Recipient acknowledges that all of Award Recipient's obligations, agreements, and completion of the improvements are the direct obligations of Award Recipient's general partner.

Governor Approval: The preliminary commitment by the HHFDC and the disbursement of funds are subject to approval by the Governor of the State of Hawaii.

Termination of Affordability: Should the project fail to maintain its affordable use during the 56-year affordability period following the funding of the interim/permanent Loan, the full amount of the Loan shall become immediately due and payable. In addition to the principal amount due, as a penalty for the early termination of the mortgage, due to a loss of its "affordable character," the principal amount due the HHFDC will be multiplied by 0.06, then multiplied by the number of remaining years of affordability. This amount will constitute the total amount of the penalty payment due.

Documentation: The HHFDC's participation in the proposed development shall be subject to the completion and execution of documentation mutually acceptable to all parties to the transaction. Such documentation to include standard terms and conditions for transactions of this nature.

Boilerplate Loan documents listed on Exhibit 1 will be provided for your review and finalizing by your counsel. Any changes to these Loan documents must be satisfactory to the HHFDC and the Attorney General and shall be at their sole discretion.

Expenses: All out of pocket expenses shall be the responsibility of the Award Recipient. It is understood and agreed that the Award Recipient shall

EXHIBIT B

Mr. Joe Michael
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be responsible for expenses pertaining to any and all transactions contemplated herein and the preparation of any document reasonably required thereunder including, but not limited to, all recording and filing fees, taxes, insurance premiums (including title insurance), inspection fees, insurance review and any surveyors', appraisers' and attorneys' fees. In the event the Loan transaction is not consummated for whatever reason, the Award Recipient will remain responsible for payment of those fees and expenses.

Title Insurance:

Upon recordation of the Loan documents, Award Recipient shall provide the HHFDC with an ALTA mortgagee's policy of title insurance, in the full amount of the Loan, issued by a title insurer acceptable to HHFDC, insuring the lien of the mortgage to be a valid junior lien on the leasehold interest in the subject property, subject only to such other liens and encumbrances as may have been approved by the HHFDC, to include survey, mechanics lien and foundation endorsements and other endorsements as HHFDC may reasonably require.

Property and Liability Insurance:

Prior to the closing date of the Loan, the Award Recipient must properly insure the subject property and provide the HHFDC with such original policies of insurance including: a broad form insurance policy covering the security, in an amount sufficient to cover 100% of the full replacement value at the time of loss of the security, including all buildings now existing or thereafter constructed; public liability, property damage, rental loss, and other insurance as may be required by the HHFDC; and including flood insurance, if applicable, in such form and in such amount as may be required by the Federal Flood Disaster Protection Act. All such policies shall name the State of Hawaii and the Hawaii Housing Finance and Development Corporation as insured parties and loss payees and shall be satisfactory to the HHFDC as to amount, effective and expiration dates, form, content, mortgagee's loss payable endorsement, and all other terms, and/or endorsements, specifically including a 30-day written notice of any cancellation of or material change in coverage.

You may procure such insurance from any insurance company authorized to do business in the State of Hawaii. All insurance policies should be delivered to the HHFDC and addressed as follows:

Hawaii Housing Finance and Development Corporation

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677 Queen Street, Suite 300
Honolulu, HI 96813

If the Award Recipient uses an "insurance binder" as temporary evidence of insurance coverage, the Award Recipient must provide HHFDC with the original insurance policy prior to the expiration of the binder, but in no event more than 30 days.

Opinion of Counsel:

A written opinion of your legal counsel acceptable to the HHFDC shall be provided to the HHFDC prior to closing and state that:

- 1) The Award Recipient has the power and has been duly authorized to enter into and execute the Loan documents;
- 2) The Loan documents are duly authorized and when executed and delivered, will be valid and legally binding obligations of the Award Recipient;
- 3) Compliance by the Award Recipient with the Loan documents and any other instruments contemplated hereby will not violate any instruments or agreements binding upon the Award Recipient;
- 4) No action of any governmental commission or agency is required in connection with the execution and delivery of the Loan documents or, if required, that the same has been obtained;
- 5) Such other matters as the HHFDC may reasonably request.

Borrowing and Signing Resolution:

The Award Recipient agrees to provide the HHFDC with a borrowing and signing resolution, which shall authorize and ratify the acceptance of this Loan, and identify the individual(s) authorized to execute all documents, agreements and instruments evidencing and/or securing the Loan and perform all obligations thereunder. If the Award Recipient is a partnership, the resolution shall be signed by all of the partnership's general partners and identify the partner(s) authorized to execute all documents. If a corporation, then the resolution shall be authorized by the board of directors and specify the officer(s) authorized to execute all documents.

Organizational Documents:

The Award Recipient shall provide the HHFDC with organizational documents including, but not limited to, validly filed articles of incorporation or certificate of limited partnership, by laws, partnership agreement and amendments thereto setting forth such

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Mr. Joe Michael
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terms as the sales price, equity contribution, distributions and all other significant terms and conditions, for the Award Recipient and its constituent entities.

A certificate of good standing for the Award Recipient and its constituent entities dated no earlier than 30 days prior to closing shall be provided to the HHFDC.

A current tax clearance certificate for state and federal taxes for the Award Recipient and its constituent entities shall be provided just prior to the HHFDC's execution of Loan documents.

Financial Statements: During the term of the Loan, the Award Recipient agrees to provide the HHFDC with such financial and supporting data as the HHFDC may require, in form and content satisfactory to the HHFDC including: Audited financial statements of the Award Recipient on an annual basis within 90 days of year-end, and partnership tax returns annually when filed.

Independent Consultant: The HHFDC shall have the right to employ, at the Award Recipient's expense, an independent consultant such as an engineer, architect or construction manager, to review and monitor on behalf of the HHFDC. The consultant shall review all construction documents, including construction plans and specifications, construction contracts, contractor's progress schedules and other pertinent documents and submit a written report to the HHFDC as to whether the plans and specifications provide for complete usable facilities which can be constructed within the amount of the construction contract and the project budget and as to the adequacy of the construction schedule. The consultant shall also visit the subject property periodically to review whether the construction is proceeding in accordance with the plans and specifications and construction schedule, to estimate the nature and amount of construction in place and to verify the amount of payment which the contractor is entitled to receive in accordance with the project budget and to verify that materials are stored onsite.

Inspections: The Award Recipient shall permit the HHFDC or its agents to inspect the property and its records. Such inspections will be made for the HHFDC's sole benefit at such reasonable times as the HHFDC may require and will be at the Award Recipient's expense.

EXHIBIT B

Appraisal: Prior to the closing of the Loan, the HHFDC must receive an HHFDC-ordered appraisal report (at the Award Recipient’s expense) of the leasehold interest in the subject property. The appraisal shall be subject to the satisfactory review of the HHFDC.

Reappraisal: The HHFDC shall have the right to obtain, at the Award Recipient’s expense, reappraisals of the subject property from any certified appraiser designated by the HHFDC, from time to time whenever such reappraisal may be:

- 1) Required by law, rule or procedure; or
- 2) When reasonably deemed appropriate by the HHFDC.

ALTA Survey Prior to closing of the Loan, the Award Recipient shall provide an ALTA survey of the subject property prepared by a professional land surveyor registered with the State of Hawaii, showing thereon the perimeter of the subject property, all easements affecting the property, the location of the improvements to be built on the property, any other matters of record affecting the property, and such other matters as may be required by the title insurance company together with a written certification by the surveyor that all setback requirements have been complied with and that there are no encroachments by or on the subject property.

Financing Commitments: The Award Recipient shall provide to the HHFDC binding interim construction financing commitments in an aggregate amount sufficient to meet the Project’s total development costs, which shall include, but not limited to:

- 1) Low Income Housing Tax Credit Equity for no less than \$6,632,792;
- 2) Senior Financing for no less than \$35,105,000; and
- 3) Deferred Developer Fee for no less than \$3,926,398.

Binding permanent financing commitments for:

- 1) Low Income Housing Tax Credit Equity for no less than \$33,163,957;
- 2) Senior Financing for no less than \$11,390,000; and
- 3) Deferred Developer Fee for no less than \$422,127.

Closing and funding of the RHRF Project Award is contingent upon the Award Recipient securing and evidencing sufficient financing sources to meet the Projects total development costs to the satisfaction of HHFDC.

Such commitments shall be in form and content satisfactory to the HHFDC and shall set forth such terms as the amount of the commitment, the interest rate, term, and other terms and conditions of the loans. The commitments may need to be assigned to the HHFDC as determined by HHFDC and, as such, may need to include satisfactory assignment language. The terms and conditions of this preliminary commitment letter are subject to change, modification, or additions depending on the terms and conditions of the other commitment letters.

*Environmental
Examination and
Covenants:*

Prior to the closing of the Loan, the Award Recipient shall furnish the HHFDC with the completed Environmental Questionnaire. If such written statement appears insufficient for the HHFDC’s reliance or leads the HHFDC to believe that environmental contamination may have resulted or may result from a prior or current use of the property, the Award Recipient may have to obtain an environmental examination or audit, at its expense, to be made of the property, by an environmental engineer acceptable to the HHFDC. The HHFDC may decline the Loan if such examination reveals the existence or prospect of environmentally hazardous materials in amounts or of a nature unacceptable to the HHFDC. The Loan documents will provide for your indemnification of the HHFDC against all liabilities, costs, etc., incurred by the HHFDC as a result of any violation of any environmental laws as a result of any “clean up” of environmentally hazardous materials or conditions in respect of the property to be mortgaged to the HHFDC.

Loan Agreement:

The disbursement of Loan proceeds will be governed by a Loan Agreement containing warranties by the Award Recipient, conditions of the HHFDC’s obligations, covenants relating to construction procedures and Loan disbursements, requirements for payment of project costs, requirements for performance and payment bonds, prohibition against junior liens and security interests, rights of inspection, rights to employ an independent architect or engineer at the HHFDC’s request, requirement for completion surveys, remedies on default and such other covenants and provisions as the HHFDC

may require, or as are customarily incorporated in similar agreements by prudent lenders:

- 1) Each disbursement request shall be accompanied by an updated budget and partial lien releases or lien waivers and receipt bills showing to the HHFDC's satisfaction that all remaining budgeted costs are covered either by the remaining undisbursed Loan proceeds or other funding sources already committed;
- 2) Updated endorsements from insuring title company;
- 3) Written report of engineer as to the progress of the work, and the cost to complete, said report to be satisfactory to the HHFDC;
- 4) In general, disbursements on the construction will be made on the basis of the value of the work in place and the costs of materials delivered to the site and adequately stored and insured, less 5% retainage.

*Compliance with
Applicable Laws:*

The Award Recipient shall submit to the HHFDC, evidence satisfactory to the HHFDC, that all applicable laws, regulations, including the Americans with Disabilities Act and any other applicable environmental laws and regulations, covenants, conditions, governmental approvals and permits for the use and operation of the property and improvements thereon have been obtained.

Complete Agreement:

This preliminary commitment letter constitutes the agreements between the Award Recipient and the HHFDC relating to the Loan and the subject property, and supersedes all other prior or current letters, agreements, understandings, negotiations or warranties (whether written or oral). No variation or amendment to this preliminary commitment letter shall be valid or enforceable without the approval of the Award Recipient and the HHFDC set forth in writing specifically referring to this preliminary commitment letter.

*Regulatory
Requirements:*

This preliminary commitment letter and the HHFDC's obligations thereunder are subject to all laws and governmental regulations affecting the HHFDC's ability to make the Loan upon the terms and conditions set forth in this letter. If the HHFDC is unable under said laws and regulations to make the Loan upon such terms and conditions, then the HHFDC may terminate this preliminary commitment letter and its obligations thereunder without any liability to the Award Recipient.

Specific Conditions:

The following documents, among others, are to be provided to the HHFDC prior to closing and funding of the Loan:

- 1) All partnership or venture documents;
- 2) A satisfactory Phase One environmental report;
- 3) Copies of all plans and specifications for the improvements and proposed work, together with a copy of the general construction contract(s) covering all of the improvements and proposed work, and copies of each major subcontract or material supply contract relating to the improvements and proposed work ("major" shall include all those having contract prices in excess of \$250,000) and a copy of all architect's and engineer's contracts relating to the improvements and proposed work;
- 4) A 100% performance bond and a 100% payment bond covering the obligations of the general contractor(s), issued by a surety doing business in Hawaii, which bonds shall contain riders in form and content satisfactory to the HHFDC naming the Award Recipient and the HHFDC as obligees. Expiration of performance bond will not be less than one year following substantial completion;
- 5) Satisfactory evidence that all consents, permits and approvals from the governmental authorities required or advisable in connection with the construction of the improvements and proposed work have been obtained by the Award Recipient;
- 6) A detailed budget of the overall cost of construction of improvements and proposed work, including construction costs, building equipment costs, other on-site and off-site improvement costs, costs of furnishing and fixtures, financing costs, legal expenses, design fees, appraisal costs, and all other related costs directly attributable to the improvements or proposed work;
- 7) A detailed cash-flow schedule of Borrower's sources-and-uses of funds, evidencing to the HHFDC satisfaction that all of the improvements and proposed work can be completed in a timely manner with proceeds from the Loan and other funding sources, and that there are sufficient proceeds to adequately make all payments when due on the Loan and all other construction costs, carrying charges and all other costs shown on the budget referred to above setting forth a schedule of

EXHIBIT B

disbursement of proceeds and payment of the costs shown on said budget;

- 8) Letters from the Award Recipient's architect, engineer and general contractor, in form and content satisfactory to the HHFDC, containing among other things, the architect's, engineer's and contractor's consents to the assignment of their contracts to the HHFDC as security for the Loan, their agreement to continue performance under their contracts if requested by the HHFDC, and the subordination of all of their lien rights to the Loan and the HHFDC's Loan documents;
- 9) The HHFDC reserves the right to obtain a construction cost analysis report (verifying cost to complete) prepared by an independent third party consultant acceptable to the HHFDC and paid by the Award Recipient;
- 10) Such other items as may be described in the Loan Agreement referred to above.

Other Terms:

In addition, the Award Recipient shall provide and/or comply with the following prior to closing and disbursement of funds:

- 1) The receipt and approval by the HHFDC of the project's final construction drawings and specifications showing all revisions;
- 2) Receipt and staff's satisfactory review and approval of the Uniform Standards of Professional Appraisal Practice (USPAP) appraisal (ordered by HHFDC, paid by Award Recipient);
- 3) Final plans and specifications being reviewed by the State's Disabilities and Communication Access Board (DCAB) and the HHFDC's receipt of the DCAB's "Final Document Review Letter" indicating that the documents appear to meet the requirements of the American with Disabilities Act Accessibility Guidelines (ADAAG) and the Fair Housing Act;
- 4) The project shall comply with the requirements of all municipal, state and federal authorities and observe all municipal, state and federal laws including, but not limited to, Chapter 343, Hawaii Revised Statutes (HRS) relating to environmental impact statements; Chapter 103-50, HRS, relating to accessibility requirements; Chapter 103D, HRS, relating to Hawaii Public Procurement Code; Chapter 104, HRS, relating to wage and hour requirements applicable to the project and the use of State funds;

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Mr. Joe Michael
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- 5) Satisfactory review and approval of all aspects of the project by the HHFDC and, if necessary, independent experts;
- 6) Award Recipient must obtain all necessary loans, grants, and leases from the applicable entities in order to fulfill the purpose of this Loan;
- 7) Receipt by the HHFDC of evidence satisfactory to the HHFDC that the sources of permanent financing are sufficient;
- 8) Delivery and execution by the Award Recipient, and HHFDC approval, of the items enumerated on the checklist prior to closing and funding of the Loan (Exhibit 1);
- 9) The Award Recipient consulting with the HHFDC and receiving prior written approval of the Executive Director to effectuate any changes to the project as proposed;
- 10) Detailed accounting of all projected expenditures to the closing date, supported by copies of receipts or invoices to indicate a minimum equity contribution of \$0;
- 11) Applicant must evidence debt service coverage satisfactory to HHFDC based on the financing sources needed to meet the Project's total development costs;
- 12) The Project's total loan to value ratio shall not exceed 100%;
- 13) 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 \$4,852,466.
- 14) No disbursement of Developer's Fee until satisfactory completion of the Project;
- 15) The RHRF Project Award is subject to the availability of funds;
- 16) Other terms and conditions to be mutually acceptable to all parties involved with the transaction.

Loan Closing:

The loan is to be closed and recorded no later than April 30, 2020. In the event that the loan is not closed and recorded by said date, the HHFDC shall have the right to terminate this commitment and all of its obligations under, or the option to consider extending the closing date subject to such amended terms and conditions as it shall deem appropriate in its sole judgment.

Commitment Fee:

None

Expiration:

The terms outlined in this letter will expire on August 31, 2019, at 4:00 p.m. unless the HHFDC receives an executed copy by said date.

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Mr. Joe Michael
Halawa View II
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The HHFDC and the Award Recipient agree to work in good-faith to complete all the necessary documentation satisfactory to all parties.

The Award Recipient shall defend, indemnify, and hold harmless the State of Hawaii, the HHFDC, its directors, advisory commissioners, officers, employees, agents, its successors and assigns, from and against all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, and expenses including attorney's fees, arising out of or in connection with the development of the project including, but not limited to, construction of the improvements, leasing of the project and/or use, occupation or operation of any of the property to be encumbered by the mortgage.

As previously mentioned, the above-referenced items represent the general terms of the Loan. The specific terms and conditions will be negotiated and incorporated into the final documents for execution.

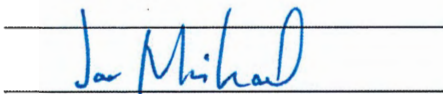
Please sign and return the original preliminary commitment letter and maintain a copy for your files.

Sincerely,



Craig K. Hirai
Executive Director

ACKNOWLEDGED AND ACCEPTED:



By: JOSEPH D. MICHAEL

Its: Manager of Hawaii Pacific, LLC, The GP

Date: August 7, 2019

EXHIBIT B

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

19:FIN/1130

July 12, 2019

Mr. Joe Michael
Halawa View III, L.P.
1820 W. Kettleman Ln., Ste. D
Lodi, CA 95242

Dear Mr. Michael:

Subject: Rental Housing Revolving Fund Project Award Program
Halawa View III

Your project has been awarded a Rental Housing Revolving Fund loan in an amount not to exceed \$21,000,000 (the "Loan"), subject to the approval of the Governor, the successful negotiation of the final terms and conditions of the award, and the execution of loan documentation satisfactory to the Hawaii Housing Finance and Development Corporation ("HHFDC").

As a preliminary commitment letter, please review the following general terms and conditions:

Award Recipient: Halawa View III, L.P.
(Borrower)

Guarantor(s): None

Purpose: To provide interim and permanent financing to assist in the development of a 146-unit affordable rental project located at 99-009 Kalaloa St.; Aiea, HI 96701; TMK No.: (1) 9-9-003: 026 (por.) (pending CPR).

The project will feature 18 studio apartment units, 54 one-bedroom apartment units, 60 two-bedroom apartment units, and 14 four-bedroom apartment units. 8 units shall be set aside for families with incomes at or below 30% of the area median gross income, 22 units

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Page 2

shall be set aside for families with incomes at or below 40% of the area median gross income, 88 units shall be set aside for families with incomes at or below 50% of the area median gross income, and 27 units shall be set aside for families with incomes at or below 60% of the area median gross income. One unit is a manager's unit. The project will remain affordable for 56-years.

Loan Amount: Up to \$21,000,000 for interim and permanent financing.

This amount may be reduced to the extent that the Award Recipient is able to secure additional funding sources for the development.

The Borrower may elect to combine the development and financing of Halawa View III with Halawa View II into a single phase as stated in the two For Actions dated July 11, 2019, for the respective projects. The total Loan Amount to the Borrower for the combined project (Halawa View II and Halawa View III) is \$0 (no loan).

Form of Loan: 55-year, junior mortgage loan on the leasehold interest in the project premises, improvements, and chattels.

Interest Rate: 0.00% Years 1 through 3
0.25% After Year 3

Interest will be calculated on a 365-day year.

Origination Fee: None

Loan Term: 55-Years

Prepayment penalty: None

Payment Terms: Years 1 through 3 - No Payments

After Year 3 - 55% of Available Cash Flow after payment of expenses, senior debt service, and other recognized expenses.

Any accrued interest and outstanding principal shall be due and payable at end of Loan Term.

Security: The Loan is to be secured by the following:

EXHIBIT B

- 1) A valid, ALTA-insured junior mortgage on the Award Recipient's leasehold interest in the subject property, together with all improvements to be constructed;
- 2) A security interest in all furniture, fixtures and equipment owned by the Award Recipient and utilized in the normal occupancy and operation of the subject property;
- 3) An assignment of all project-related documents including, but not limited to, development agreements, plans and specifications, construction, architectural, management contracts, and any other studies, approvals and authorizations, and permits;
- 4) Award Recipient acknowledges that all of Award Recipient's obligations, agreements, and completion of the improvements are the direct obligations of Award Recipient's general partner.

Governor Approval: The preliminary commitment by the HHFDC and the disbursement of funds are subject to approval by the Governor of the State of Hawaii.

Termination of Affordability: Should the project fail to maintain its affordable use during the 56-year affordability period following the funding of the interim/permanent Loan, the full amount of the Loan shall become immediately due and payable. In addition to the principal amount due, as a penalty for the early termination of the mortgage, due to a loss of its "affordable character," the principal amount due the HHFDC will be multiplied by 0.06, then multiplied by the number of remaining years of affordability. This amount will constitute the total amount of the penalty payment due.

Documentation: The HHFDC's participation in the proposed development shall be subject to the completion and execution of documentation mutually acceptable to all parties to the transaction. Such documentation to include standard terms and conditions for transactions of this nature.

Boilerplate Loan documents listed on Exhibit 1 will be provided for your review and finalizing by your counsel. Any changes to these Loan documents must be satisfactory to the HHFDC and the Attorney General and shall be at their sole discretion.

Expenses: All out of pocket expenses shall be the responsibility of the Award Recipient. It is understood and agreed that the Award Recipient shall

EXHIBIT B

be responsible for expenses pertaining to any and all transactions contemplated herein and the preparation of any document reasonably required thereunder including, but not limited to, all recording and filing fees, taxes, insurance premiums (including title insurance), inspection fees, insurance review and any surveyors', appraisers' and attorneys' fees. In the event the Loan transaction is not consummated for whatever reason, the Award Recipient will remain responsible for payment of those fees and expenses.

Title Insurance:

Upon recordation of the Loan documents, Award Recipient shall provide the HHFDC with an ALTA mortgagee's policy of title insurance, in the full amount of the Loan, issued by a title insurer acceptable to HHFDC, insuring the lien of the mortgage to be a valid junior lien on the leasehold interest in the subject property, subject only to such other liens and encumbrances as may have been approved by the HHFDC, to include survey, mechanics lien and foundation endorsements and other endorsements as HHFDC may reasonably require.

Property and Liability Insurance:

Prior to the closing date of the Loan, the Award Recipient must properly insure the subject property and provide the HHFDC with such original policies of insurance including: a broad form insurance policy covering the security, in an amount sufficient to cover 100% of the full replacement value at the time of loss of the security, including all buildings now existing or thereafter constructed; public liability, property damage, rental loss, and other insurance as may be required by the HHFDC; and including flood insurance, if applicable, in such form and in such amount as may be required by the Federal Flood Disaster Protection Act. All such policies shall name the State of Hawaii and the Hawaii Housing Finance and Development Corporation as insured parties and loss payees and shall be satisfactory to the HHFDC as to amount, effective and expiration dates, form, content, mortgagee's loss payable endorsement, and all other terms, and/or endorsements, specifically including a 30-day written notice of any cancellation of or material change in coverage.

You may procure such insurance from any insurance company authorized to do business in the State of Hawaii. All insurance policies should be delivered to the HHFDC and addressed as follows:

Hawaii Housing Finance and Development Corporation

terms as the sales price, equity contribution, distributions and all other significant terms and conditions, for the Award Recipient and its constituent entities.

A certificate of good standing for the Award Recipient and its constituent entities dated no earlier than 30 days prior to closing shall be provided to the HHFDC.

A current tax clearance certificate for state and federal taxes for the Award Recipient and its constituent entities shall be provided just prior to the HHFDC's execution of Loan documents.

Financial Statements: During the term of the Loan, the Award Recipient agrees to provide the HHFDC with such financial and supporting data as the HHFDC may require, in form and content satisfactory to the HHFDC including: Audited financial statements of the Award Recipient on an annual basis within 90 days of year-end, and partnership tax returns annually when filed.

Independent Consultant: The HHFDC shall have the right to employ, at the Award Recipient's expense, an independent consultant such as an engineer, architect or construction manager, to review and monitor on behalf of the HHFDC. The consultant shall review all construction documents, including construction plans and specifications, construction contracts, contractor's progress schedules and other pertinent documents and submit a written report to the HHFDC as to whether the plans and specifications provide for complete usable facilities which can be constructed within the amount of the construction contract and the project budget and as to the adequacy of the construction schedule. The consultant shall also visit the subject property periodically to review whether the construction is proceeding in accordance with the plans and specifications and construction schedule, to estimate the nature and amount of construction in place and to verify the amount of payment which the contractor is entitled to receive in accordance with the project budget and to verify that materials are stored onsite.

Inspections: The Award Recipient shall permit the HHFDC or its agents to inspect the property and its records. Such inspections will be made for the HHFDC's sole benefit at such reasonable times as the HHFDC may require and will be at the Award Recipient's expense.

EXHIBIT B

<i>Appraisal:</i>	Prior to the closing of the Loan, the HHFDC must receive an HHFDC-ordered appraisal report (at the Award Recipient's expense) of the leasehold interest in the subject property. The appraisal shall be subject to the satisfactory review of the HHFDC.
<i>Reappraisal:</i>	<p>The HHFDC shall have the right to obtain, at the Award Recipient's expense, reappraisals of the subject property from any certified appraiser designated by the HHFDC, from time to time whenever such reappraisal may be:</p> <ol style="list-style-type: none">1) Required by law, rule or procedure; or2) When reasonably deemed appropriate by the HHFDC.
<i>ALTA Survey</i>	Prior to closing of the Loan, the Award Recipient shall provide an ALTA survey of the subject property prepared by a professional land surveyor registered with the State of Hawaii, showing thereon the perimeter of the subject property, all easements affecting the property, the location of the improvements to be built on the property, any other matters of record affecting the property, and such other matters as may be required by the title insurance company together with a written certification by the surveyor that all setback requirements have been complied with and that there are no encroachments by or on the subject property.
<i>Financing Commitments:</i>	<p>The Award Recipient shall provide to the HHFDC binding interim construction financing commitments in an aggregate amount sufficient to meet the Project's total development costs, which shall include, but not limited to:</p> <ol style="list-style-type: none">1) Low Income Housing Tax Credit Equity for no less than \$8,063,566;2) Senior Financing for no less than \$34,550,000; and3) Deferred Developer Fee for no less than \$4,780,911. <p>Binding permanent financing commitments for:</p> <ol style="list-style-type: none">1) Low Income Housing Tax Credit Equity for no less than \$32,254,264;2) Senior Financing for no less than \$11,350,000; and3) Deferred Developer Fee for no less than \$607,110.

Closing and funding of the RHRF Project Award is contingent upon the Award Recipient securing and evidencing sufficient financing sources to meet the Projects total development costs to the satisfaction of HHFDC.

Such commitments shall be in form and content satisfactory to the HHFDC and shall set forth such terms as the amount of the commitment, the interest rate, term, and other terms and conditions of the loans. The commitments may need to be assigned to the HHFDC as determined by HHFDC and, as such, may need to include satisfactory assignment language. The terms and conditions of this preliminary commitment letter are subject to change, modification, or additions depending on the terms and conditions of the other commitment letters.

*Environmental
Examination and
Covenants:*

Prior to the closing of the Loan, the Award Recipient shall furnish the HHFDC with the completed Environmental Questionnaire. If such written statement appears insufficient for the HHFDC's reliance or leads the HHFDC to believe that environmental contamination may have resulted or may result from a prior or current use of the property, the Award Recipient may have to obtain an environmental examination or audit, at its expense, to be made of the property, by an environmental engineer acceptable to the HHFDC. The HHFDC may decline the Loan if such examination reveals the existence or prospect of environmentally hazardous materials in amounts or of a nature unacceptable to the HHFDC. The Loan documents will provide for your indemnification of the HHFDC against all liabilities, costs, etc., incurred by the HHFDC as a result of any violation of any environmental laws as a result of any "clean up" of environmentally hazardous materials or conditions in respect of the property to be mortgaged to the HHFDC.

Loan Agreement:

The disbursement of Loan proceeds will be governed by a Loan Agreement containing warranties by the Award Recipient, conditions of the HHFDC's obligations, covenants relating to construction procedures and Loan disbursements, requirements for payment of project costs, requirements for performance and payment bonds, prohibition against junior liens and security interests, rights of inspection, rights to employ an independent architect or engineer at the HHFDC's request, requirement for completion surveys, remedies on default and such other covenants and provisions as the HHFDC

EXHIBIT B

may require, or as are customarily incorporated in similar agreements by prudent lenders:

- 1) Each disbursement request shall be accompanied by an updated budget and partial lien releases or lien waivers and receipt bills showing to the HHFDC's satisfaction that all remaining budgeted costs are covered either by the remaining undisbursed Loan proceeds or other funding sources already committed;
- 2) Updated endorsements from insuring title company;
- 3) Written report of engineer as to the progress of the work, and the cost to complete, said report to be satisfactory to the HHFDC;
- 4) In general, disbursements on the construction will be made on the basis of the value of the work in place and the costs of materials delivered to the site and adequately stored and insured, less 5% retainage.

*Compliance with
Applicable Laws:*

The Award Recipient shall submit to the HHFDC, evidence satisfactory to the HHFDC, that all applicable laws, regulations, including the Americans with Disabilities Act and any other applicable environmental laws and regulations, covenants, conditions, governmental approvals and permits for the use and operation of the property and improvements thereon have been obtained.

Complete Agreement:

This preliminary commitment letter constitutes the agreements between the Award Recipient and the HHFDC relating to the Loan and the subject property, and supersedes all other prior or current letters, agreements, understandings, negotiations or warranties (whether written or oral). No variation or amendment to this preliminary commitment letter shall be valid or enforceable without the approval of the Award Recipient and the HHFDC set forth in writing specifically referring to this preliminary commitment letter.

*Regulatory
Requirements:*

This preliminary commitment letter and the HHFDC's obligations thereunder are subject to all laws and governmental regulations affecting the HHFDC's ability to make the Loan upon the terms and conditions set forth in this letter. If the HHFDC is unable under said laws and regulations to make the Loan upon such terms and conditions, then the HHFDC may terminate this preliminary commitment letter and its obligations thereunder without any liability to the Award Recipient.

EXHIBIT B

Mr. Joe Michael
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Specific Conditions:

The following documents, among others, are to be provided to the HHFDC prior to closing and funding of the Loan:

- 1) All partnership or venture documents;
- 2) A satisfactory Phase One environmental report;
- 3) Copies of all plans and specifications for the improvements and proposed work, together with a copy of the general construction contract(s) covering all of the improvements and proposed work, and copies of each major subcontract or material supply contract relating to the improvements and proposed work ("major" shall include all those having contract prices in excess of \$250,000) and a copy of all architect's and engineer's contracts relating to the improvements and proposed work;
- 4) A 100% performance bond and a 100% payment bond covering the obligations of the general contractor(s), issued by a surety doing business in Hawaii, which bonds shall contain riders in form and content satisfactory to the HHFDC naming the Award Recipient and the HHFDC as obligees. Expiration of performance bond will not be less than one year following substantial completion;
- 5) Satisfactory evidence that all consents, permits and approvals from the governmental authorities required or advisable in connection with the construction of the improvements and proposed work have been obtained by the Award Recipient;
- 6) A detailed budget of the overall cost of construction of improvements and proposed work, including construction costs, building equipment costs, other on-site and off-site improvement costs, costs of furnishing and fixtures, financing costs, legal expenses, design fees, appraisal costs, and all other related costs directly attributable to the improvements or proposed work;
- 7) A detailed cash-flow schedule of Borrower's sources-and-uses of funds, evidencing to the HHFDC satisfaction that all of the improvements and proposed work can be completed in a timely manner with proceeds from the Loan and other funding sources, and that there are sufficient proceeds to adequately make all payments when due on the Loan and all other construction costs, carrying charges and all other costs shown on the budget referred to above setting forth a schedule of

EXHIBIT B

- disbursement of proceeds and payment of the costs shown on said budget;
- 8) Letters from the Award Recipient's architect, engineer and general contractor, in form and content satisfactory to the HHFDC, containing among other things, the architect's, engineer's and contractor's consents to the assignment of their contracts to the HHFDC as security for the Loan, their agreement to continue performance under their contracts if requested by the HHFDC, and the subordination of all of their lien rights to the Loan and the HHFDC's Loan documents;
 - 9) The HHFDC reserves the right to obtain a construction cost analysis report (verifying cost to complete) prepared by an independent third party consultant acceptable to the HHFDC and paid by the Award Recipient;
 - 10) Such other items as may be described in the Loan Agreement referred to above.

Other Terms:

In addition, the Award Recipient shall provide and/or comply with the following prior to closing and disbursement of funds:

- 1) The receipt and approval by the HHFDC of the project's final construction drawings and specifications showing all revisions;
- 2) Receipt and staff's satisfactory review and approval of the Uniform Standards of Professional Appraisal Practice (USPAP) appraisal (ordered by HHFDC, paid by Award Recipient);
- 3) Final plans and specifications being reviewed by the State's Disabilities and Communication Access Board (DCAB) and the HHFDC's receipt of the DCAB's "Final Document Review Letter" indicating that the documents appear to meet the requirements of the American with Disabilities Act Accessibility Guidelines (ADAAG) and the Fair Housing Act;
- 4) The project shall comply with the requirements of all municipal, state and federal authorities and observe all municipal, state and federal laws including, but not limited to, Chapter 343, Hawaii Revised Statutes (HRS) relating to environmental impact statements; Chapter 103-50, HRS, relating to accessibility requirements; Chapter 103D, HRS, relating to Hawaii Public Procurement Code; Chapter 104, HRS, relating to wage and hour requirements applicable to the project and the use of State funds;

EXHIBIT B

- 5) Satisfactory review and approval of all aspects of the project by the HHFDC and, if necessary, independent experts;
- 6) Award Recipient must obtain all necessary loans, grants, and leases from the applicable entities in order to fulfill the purpose of this Loan;
- 7) Receipt by the HHFDC of evidence satisfactory to the HHFDC that the sources of permanent financing are sufficient;
- 8) Delivery and execution by the Award Recipient, and HHFDC approval, of the items enumerated on the checklist prior to closing and funding of the Loan (Exhibit 1);
- 9) The Award Recipient consulting with the HHFDC and receiving prior written approval of the Executive Director to effectuate any changes to the project as proposed;
- 10) Detailed accounting of all projected expenditures to the closing date, supported by copies of receipts or invoices to indicate a minimum equity contribution of \$0;
- 11) Applicant must evidence debt service coverage satisfactory to HHFDC based on the financing sources needed to meet the Project's total development costs;
- 12) The Project's total loan to value ratio shall not exceed 100%;
- 13) 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 \$5,874,364.
- 14) No disbursement of Developer's Fee until satisfactory completion of the Project;
- 15) The RHRF Project Award is subject to the availability of funds;
- 16) Other terms and conditions to be mutually acceptable to all parties involved with the transaction.

Loan Closing: The loan is to be closed and recorded no later than April 30, 2020. In the event that the loan is not closed and recorded by said date, the HHFDC shall have the right to terminate this commitment and all of its obligations under, or the option to consider extending the closing date subject to such amended terms and conditions as it shall deem appropriate in its sole judgment.

Commitment Fee: None

Expiration: The terms outlined in this letter will expire on August 31, 2019, at 4:00 p.m. unless the HHFDC receives an executed copy by said date.

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The HHFDC and the Award Recipient agree to work in good-faith to complete all the necessary documentation satisfactory to all parties.

The Award Recipient shall defend, indemnify, and hold harmless the State of Hawaii, the HHFDC, its directors, advisory commissioners, officers, employees, agents, its successors and assigns, from and against all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, and expenses including attorney's fees, arising out of or in connection with the development of the project including, but not limited to, construction of the improvements, leasing of the project and/or use, occupation or operation of any of the property to be encumbered by the mortgage.

As previously mentioned, the above-referenced items represent the general terms of the Loan. The specific terms and conditions will be negotiated and incorporated into the final documents for execution.

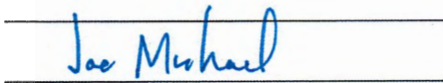
Please sign and return the original preliminary commitment letter and maintain a copy for your files.

Sincerely,



Craig K. Hirai
Executive Director

ACKNOWLEDGED AND ACCEPTED:



By: JOSEPH D. MICHAEL

Its: Manager of Hawaii Pacific LLC, The G.P.

Date: August 7, 2019

EXHIBIT B



March 28, 2023

Mr. David Oi
Hawaii Housing Finance Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

RE: Halawa View II – Rental Housing Revolving Funds (RHRF) & Hula Mae Multi-Family (HMMF) Tax Exempt Revenue Bonds – Request for Extension

Dear Mr. Oi,

On behalf of Halawa View II, LP; we are requesting a 2-month extension to the Financial Closing Deadline for the Halawa View II project; which is currently set to expire on April 13, 2023.

The reason for the extension request is to finalize the Subordination Agreement with the City and County of Honolulu (C&C) over the C&C's grant of \$5 million in Affordable Housing Funds (AHF). The AHF needs to be subordinate to the HHFDC and Senior Lender in the project financing stack as currently approved by HHFDC and the HHFDC Board.

The Draft documents that the C&C prepared and circulated last year did not require recording the AHF in a Senior Position. However, in mid-March 2023, C&C informed us that they revised their documents requiring that we record the AHF in a Senior position above all other financing. Our financing parties, Bank of Hawaii and HHFDC, will not permit the AHF (and more specifically, potential repayment of the AHF if the Project defaults) to take seniority over their loans.

Our prior precedent project (Hale Makana O Maili) had C&C funds as subordinate. So, this was an unexpected last-minute change from what the C&C previously approved that negatively affects the financing parties and Halawa View II's financial closing. The entire project team has been actively working with C&C to try to resolve the priority issue since it came up, but it is not yet resolved.

Absent finalizing the AHF Subordination Agreement, the project is fully prepared for financial closing having completed these milestones:

- The 201H Agreement has been fully executed by the City and County of Honolulu
- The Foundation Permit has been approved and is ready for pickup.
- The Superstructure Permit is in final processing with DPP.
- The Construction Contract is fully executed, and the Payment and Performance Bond has been issued.

EXHIBIT C

- The General Contractor is currently conducting pre-construction activities and long lead material procurement. The Contractor will mobilize the site immediately after closing.
- The Closing Checklists are complete except for time sensitive (within 30 days of closing) items such as Lien Searches and Vendor Compliance Certificates.

To accommodate this AHF Subordination delay, our schedule has been slightly modified as follows:

Schedule

Construction Schedule

Construction Start Date – June 2023
Grading Completion – October 2023
Foundation Completion – December 2023
Parking Structure Completion – June 2024
Certificate of Occupancy – April 2025

Lease Up

Initial Marketing Outreach - August 2024
First Move ins – April 2025
100% occupancy – December 2025

In conclusion, once the AHF Subordination Agreement is finalized and agreed to by all parties, the Financial Closing will occur as soon as possible consistent with the For Actions approved on March 9, 2023.

Sincerely,

Joseph Michael
President, Pacific Development Group – Developer
1820 W. Kettleman Lane, Suite D, Lodi, CA 95242
Joe@PacificDG.com

PROJECT LOCATION, PLANS, AND IMAGES

Halawa View II

Tax Map Key: (1) 9-9-003: 026 CPR 0002
99-009 Kalalo Street
Aiea, Hawaii 96701

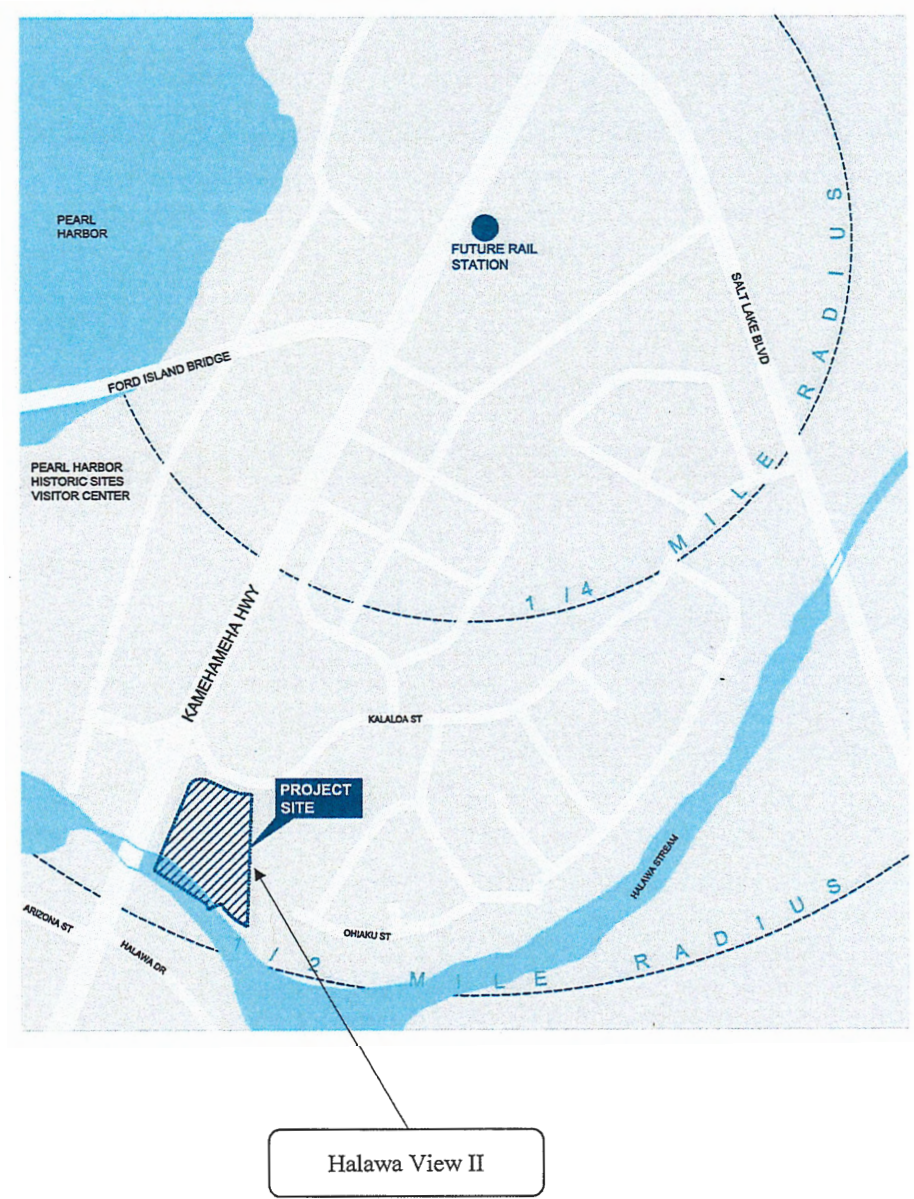




EXHIBIT D



March 28, 2023

To: Mr. Joe Michael
From: Palekana Permits
Subject: Halawa View Superstructure (A2022-09-0635)

Dear Mr. Michael,

Below is the status of the project:

- Third Party Structural: Approved, no further action required
- Third Party Building Code: Approved, no further action required
- Fire Prevention Bureau: Approved, no further action required
- Traffic Review Branch: Approved, no further action required
- Zoning: Re-submitted 3/23/23

Please see the screenshot of DPP's website below for confirmation:

Type of Review	Date Plans Received	Date Completed	Outcome
Fire Code (HFD)	Sep 15, 2022	Sep 22, 2022	Reviewed - Comments
Fire Code (HFD)	Dec 14, 2022	Dec 15, 2022	Reviewed - Approved
Traffic Review Branch (TRB)	Mar 22, 2023	Mar 22, 2023	Reviewed - Approved as Noted
Zoning Code (ZPRB)	Feb 24, 2023	Mar 6, 2023	Routed internally
Zoning Code (ZPRB)	Feb 24, 2023	Mar 14, 2023	Reviewed - Comments
Zoning Code (ZPRB)	Mar 24, 2023	mmm dd, yyyy	(None)

The remaining zoning comment was to submit a copy of the recorded agreement, which was completed on Thursday, 3/23/23. We met with the zoning reviewer this afternoon who indicated that due to unforeseen circumstances, he will not be able to complete his review until the end of the week. Once completed, we will begin the wet signing of the plans before submitting the project to DPP for final processing. We anticipate submitting the project for final processing this Friday, March 31, 2023 and obtaining the "approved to issue" email from DPP in the first week of April.

Please feel free to contact me at 808-722-7386 or email at office@palekanapermits.com should you have any questions or wish to discuss further.

Sincerely,

John Srikawa
Palekana Permits



Palekana Permits
Third Party Review Comments
Building Code Review

Date: 1/11/2023
Project: Halawa View Apartments Phase 2 & 3 (Superstructure Permit)
99-009 Kalaloa St.
Aiea, HI 96701
TMK: 9-9-003:026
Application No: A2022-09-0635
Review: 2012 IBC as Amended
Existing Occupancy Group/Use: N/A
Occupancy Group/Use: R-2(Apartment), B(Office), F-1(Utility Room), S-1(Storage), S-2 (Open Parking)
Story / Heights: 25 Stories, 216 Ft
Automatic Fire Sprinkler System: Yes - NFPA 13
Type of Construction: IA (w/ High Rise FR reduction 403.2.1.1)
Floor Area:

1 st Floor:	24,335 SF
2 nd Floor:	19,320 SF
3 rd – 6 th Floors:	23,910 SF
7 th Floor:	14,626 SF
8 th Floor:	10,309 SF
9 th Floor:	10,520 SF
10 th – 15 th Floors:	10,489 SF
16 th Floor:	10,471 SF
17 th – 20 th Floors:	10,489 SF
21 st Floor:	10,527 SF
22 nd Floor:	10,233 SF
23 rd Floor:	10,481 SF
24 th – 25 th Floor:	10,512 SF

☐ New Building ☐ Existing Building ☐ New Structure ☒ Other Superstructure
Special Inspections Required: Choose an item. If Yes special inspections are listed on Sheets S002
Called Inspections Required: NO
Certificate of Occupancy Required: NO
Plan Maker: Emile C. Alano (NO 8112), Reid K. Nishimura (NO 15625-S)
Code Review By: Darren Lee

General Comments

- ~~Provide dimensioned floor/slab plans for all floors.~~
Response: Dimensioned floor/slab plans have been provided.
See sheets: A-101S, A-102S, A-103S, A-104S, A-105S, A-106S, A-107S, A-108S, A-111S, A-112S, A-116S
 - ~~Provide drawings to show the heights of all floor levels.~~
Response: Sheet A-301 has been provided showing heights of all floor levels.
- Sheet S-101**
- ~~Provide a note on the plans stating that the foundation is permitted under application no A2022-09-0675~~
Response: Note has been provided.



Provide electronic follow-up response next to each of the comments above in Microsoft word format. Revisions on the plans are required to be clouded and accompanied with numbered Deltas.

765 Amana Street, Suite 208 | Honolulu, HI 96814 | Ph: (808)941-3232 | Email: office@palekanapermits.com

EXHIBIT E



Palekana Permits, LLC
Third Party Review Comments
Structural Review

Date: January 11, 2023
Project: Halawa View Apartments – Phase 2 & 3 (Superstructure)
99-009 Kalaloa Street
Aiea, HI
TMK: 9-9-003:026
Application No: [Click here to enter text.](#)
Review: 2012 IBC as Amended
Occupancy Group: [Click here to enter text.](#)
Story Heights: [Click here to enter text.](#)
Automatic Fire Sprinkler System: [Choose an item.](#)
Type of Construction: [Choose an item.](#)
Floor Area: [Click here to enter text.](#)
☒ New Building ☐ Existing Building
Special Inspections Required: Yes ☒ No ☐ N/A ☐ If Yes special inspections are listed on Sheets S-002
Called Inspections Required: Yes ☐ No ☐ N/A ☐

Plan Maker: Reid K. Nishimura (15625-S)
Code Review By: Darin K. Okuda, P.E.

General Comments
The structural drawings comply with the 2012 IBC as amended by the City and County of Honolulu.
No revisions are required.

Provide electronic follow-up response next to each of the comments above in Microsoft word format.
Revisions on the plans are required to be clouded and accompanied with numbered Deltas.