

FOR ACTION

I. REQUEST

Approve Resolution No. 208, Authorizing the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Palolo Homes Acquisition and Rehabilitation Project Located in Honolulu, Oahu, TMK Nos.: (1) 3-4-007: 016 & 018 and (1) 3-4-008:002

II. FACTS

<i>Project Name:</i>	Palolo Homes Acquisition and Rehabilitation		
<i>Awardee:</i>	Palolo Homes II Limited Partnership		
<i>Tax Map Key and Location:</i>	TMK Nos.: (1) 3-4-007: 016 & 018 and (1) 3-4-008: 002 (scattered site) 2170 Ahe Street (main office) Honolulu, HI 96816		
<i>Land Tenure:</i>	Leasehold (sublease) Original Lessee: Mutual Housing Association of Hawaii Fee Owner: State of Hawaii		
<i>Project Type:</i>	Acquisition/Rehabilitation of an Existing Buildings Used for Housing		
<i>Target Population:</i>	Family		
<i>Length of Affordability:</i>	61 Years		
<i>Affordability Restrictions:</i>	<div>36 Units @ 30% Area Median Gross Income (AMGI)</div> <div>259 Units @ 50% AMGI</div> <div>10 Units @ 60% AMGI</div> <div>1 Manager Unit</div> <div>306 Total Units</div>		
<i>Projected Unit and Rent Mix:</i>	Units	Unit Type	Monthly Rent*
	3	1-Bedroom	\$481
	22	1-Bedroom	\$668
	23	2-Bedroom	\$642
	105	2-Bedroom	\$849
	7	3-Bedroom	\$716
	78	3-Bedroom	\$1,068
	3	4-Bedroom	\$773
	56	4-Bedroom	\$1,286
	8	5-Bedroom	\$1,511
	1	Manager Unit	N/A
*Rents are based on the 2024 HUD guidelines and are net of utility allowance			

<i>Estimated Completion:</i>	First Building – January 2025 Project Completion (Last Building) – May 2026
<i>Type of Construction:</i>	Type I-B
<i>Amenities and Services:</i>	Project Amenities: computer with high-speed internet access, community learning center and meeting room Unit Amenities: range and refrigerator; washer hookups available in units
<i>Floor Area:</i>	269,670 SF Residential Area 12,251 SF Common Area 281,921 SF Total Area
<i>Developer:</i>	Mutual Housing Association of Hawaii, Inc. Contact: David Nakamura 900 Fort Street Mall, Suite 1690, Honolulu, HI 96813 (808) 550-0804
<i>Consultant:</i>	NA
<i>Contractor:</i>	Arita Poulson General Contracting
<i>Property Manager:</i>	Palolo Homes II Limited Partnership Contact: David Nakamura 900 Fort Street Mall, Suite 1690, Honolulu, HI 96813 (808) 550-0804

- A. On August 10, 2023, the Hawaii Housing Finance and Development Corporation (HHFDC) Board of Directors approved the following for the benefit of Palolo Homes Acquisition and Rehabilitation (Project).
1. \$31,500,000 intended tax-exempt issuance from the Hula Mae Multi-Family (HMMF) Bond Program (Resolution No. 191) **Exhibit A**.
 2. \$2,790,000 in annual Federal Low-Income Housing Tax Credits (LIHTC) over a 10-year period and \$2,790,000 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC); and
 3. A Rental Housing Revolving Fund (RHRF) Loan of up to \$14,965,000.
- B. On October 10, 2023, HHFDC submitted a request to the Department of Budget and Finance, and the Governor’s Office for preliminary approval to issue revenue bonds. The request was approved by the Governor on November 21, 2023.
- C. Available authority under the HMMF Bond Program as of September 30, 2024, is summarized below:

HMMF Program Bond Authority	\$ 3,000,000,000
Less: Bonds Issued to Date (67)	(1,836,164,677)
Less: HMMF Pending Issuance (8)	(303,249,173)
Uncommitted HMMF Program Bond Authority	\$ 860,586,150

III. DISCUSSION

- A. The Project is an existing 306-unit affordable rental housing facility targeted for families with incomes at thirty (30) percent or below sixty (60) percent of the AMGI. The Project consists of sixty-five (65) buildings of which sixty-three (63) are two-story residential buildings and two (2) are administrative buildings. The residential buildings only are part of the rehabilitation. The residential buildings consist of one-bedroom to five-bedroom units. The Project includes amenities to improve the quality of life for tenants, including a community learning center, and meeting room, See **Exhibit B** for the Project Location, Plans & Images.
- B. The Awardee is a single asset, real estate holding company, specifically established to develop, own, and operate the Project. The General Partner of the Partnership is Mutual Housing Association of Hawaii, Inc. The Limited Partners are NEF Assignment Corporation as the Federal LIHTC investor and Sugar Creek Capital as the State LIHTC investor.
- C. The current Financing Structure (Source of Funds) is as follows:

Source	Interim	Permanent
Sponsor Equity	\$ 550,000	\$ 550,000
LIHTC Equity	4,822,793	28,333,214
HMMF Bond	31,500,000	21,500,000
RHRF	14,965,000	3,035,000
Subordinate Debt)	5,981,846	6,901,425
Deferred Developer Fee	2,500,000	-
Total	\$ 60,319,639	\$ 60,319,639

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

Budget Item	Amount	Cost/sf	Total Cost %
Building/Improvements	\$ 13,920,000	\$ 49.38	23.08%
Construction	30,782,350	109.19	51.03%
Interim & Soft Costs	1,299,601	3.72	1.74%
Financing & Syndication Costs	4,018,825	14.26	6.66%
Developer Fee & Overhead	2,500,000	8.87	4.14%
Project Reserves	1,950,984	6.92	3.23%
Contingency	5,847,879	21.63	10.11%
Total	\$ 60,319,639	\$ 213.97	100%

- E. The Project’s estimated milestones are as follows:
1. Building Permits: Ready for Issuance
 2. Loan Closing: 2024 – Q4
 3. Construction Start: 2024 – Q4
 4. Building Completion: 2026 – Q2
 5. Placed in Service: 2026 – Q2
 6. Stabilized Occupancy: 2026 – Q2
- F. The Project has completed the necessary requirements for bond issuance:
1. Awardee expects the HMMF Bond issuance amount to fund over 50% of the Project’s anticipated basis. This qualifies the Project to receive Federal 4% LIHTC along with the corresponding State LIHTC.
 2. HHFDC conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing on July 26, 2024, but under advisement from bond counsel, HHFDC will do another TEFRA hearing due to the separate sites involved in this project before closing.
 3. The Project satisfied all bond checklist requirements from HHFDC.
- G. Resolution No. 208 satisfies the requirement to accomplish and complete the HMMF Bond sale, attached as **Exhibit C**:
1. Authorizes the issuance, sale, and delivery of HMMF bonds in a principal amount not to exceed \$31,500,000 for the purpose of making a mortgage loan to provide financing to the Awardee for the Project; and
 2. Determines and prescribes certain other matters relating thereto; and
 3. Approves and authorizes related actions, and the execution and delivery of related documents and agreements.
- H. Final bond issuance is subject to (i) availability of volume cap and (ii) approval by the Department of Budget and Finance, and the Governor.

IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following:

- A. Resolution No. 208, which authorizes a tax-exempt issuance of up to \$31,500,000 from the HMMF Bond Program, subject to the provisions and conditions detailed therein; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Attachments: Exhibit A – LIHTC/HMMF Award For Action, dated August 10, 2023
(w/out Exhibits)

Exhibit B – Project Location, Plans & Images

Exhibit C – Resolution 208

Prepared by: Jimmy Nguyen, Finance Specialist I

Reviewed by: David Oi, Finance Manager

Approved by the Board of Directors as

☒ Circulated ☐ Amended

On October 25, 2024

Finance Branch

Please take necessary action.

Executive Director

Reviewed and Approved by the Interim Executive Director: pm
August 10, 2023

FOR ACTION

I. REQUEST

Approve: (1) Resolution No. 191, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds; and (2) Reservation of Low-Income Housing Tax Credits for the Palolo Homes Acquisition and Rehabilitation Project Located in Honolulu, Oahu, TMK Nos.: (1) 3-4-007:016, (1) 3-4-007:018, and (1) 3-4-008:002

II. FACTS

<i>Project Name:</i>	Palolo Homes Acquisition and Rehabilitation		
<i>Applicant:</i>	Palolo Homes II Limited Partnership		
<i>Tax Map Key and Location:</i>	TMK Nos.: (1) 3-4-007:016, (1) 3-4-007:018, and (1) 3-4-008:002 2170 Ahe Street Honolulu, HI 96816		
<i>Land Tenure:</i>	Leasehold Fee Owner: State of Hawaii		
<i>Project Type:</i>	Acquisition/Rehabilitation of an Existing Building Used for Housing		
<i>Target Population:</i>	Family		
<i>Length of Affordability:</i>	61 Years		
<i>Affordability Restrictions:</i>	36 Units @ 30% Area Median Gross Income (AMGI) 259 Units @ 50% AMGI 10 Units @ 60% AMGI 1 Manager Unit 306 Total Units		
<i>Projected Unit and Rent Mix:</i>	Units	Unit Type	Monthly Rent*
	3	1-Bedroom	\$481
	22	1-Bedroom	\$668
	23	2-Bedroom	\$534
	105	2-Bedroom	\$849
	7	3-Bedroom	\$577
	78	3-Bedroom	\$1,068
	3	4-Bedroom	\$602
	56	4-Bedroom	\$1,286
	7	5-Bedroom	\$1,462
	1	5-Bedroom	\$1,511
	1	Manager Unit	N/A
<i>*Net of Utility Allowance and inclusive of operating subsidy from Section 8 Project-Based Voucher Program</i>			
<i>Estimated Completion:</i>	First Building – October 2025 Project Completion (Last Building) – March 2026		
<i>Type of Construction:</i>	Type I-B		

<i>Amenities and Services:</i>	Project Amenities: playground/tot lot (pending resident discussion/feedback), computer with high-speed internet access, community learning center and meeting room Unit Amenities: range and refrigerator; washer/dryer hookups available in units
<i>Floor Area:</i>	269,670 SF Residential Area 12,251 SF Common Area 281,921 SF Total Area
<i>Developer:</i>	Mutual Housing Association of Hawaii, Inc. Contact: David Nakamura 900 Fort Street Mall, Suite 1690, Honolulu, HI 96813 (808) 550-0804
<i>Consultant:</i>	N/A
<i>Contractor:</i>	To be determined. Applicant has a shortlist of contractors and will seek competitive bids from which to award a construction contract prior to commencement of rehabilitation work.
<i>Property Manager:</i>	Palolo Homes II Limited Partnership Contact: David Nakamura 900 Fort Street Mall, Suite 1690, Honolulu, HI 96813 (808) 550-0804

- A. The Hula Mae Multi-Family (HMMF) Bond Program is a federally authorized program, which allows the Hawaii Housing Finance and Development Corporation (HHFDC) to issue tax-exempt revenue bonds to finance the acquisition and rehabilitation or development of privately owned affordable rental projects.
- Under the HMMF Program, the HHFDC can issue tax-exempt revenue bonds to provide below market financing to private developers or owners of affordable housing projects. The HHFDC acts as a financing conduit by issuing the bonds on behalf of the project. However, repayment of the bonds is the responsibility of the financed project and its owners, not HHFDC or the State of Hawaii (State).
- Multi-family, tax-exempt bonds require Private Activity Bond Cap (Bond Cap), which the State receives annually in a limited amount from the Federal Government. For 2023, the State received \$358,845,000 in Bond Cap.
- The Department of Budget and Finance oversees the allocation and use of the Bond Cap. Half of the Bond Cap is available to the four counties with the balance available to the State. HHFDC is one of many competing issuers that can use Bond Cap. HHFDC uses Bond Cap for its HMMF and Mortgage Credit Certificate Programs.
- B. The Tax Reform Act of 1986 established the Low-Income Housing Tax Credit (LIHTC) Program, which replaced tax incentives for low-income housing investments. The 1993 Budget Act granted permanent authority to the LIHTC Program.
1. Only a designated state or local housing credit agency can allocate LIHTC. The designated agency for the State is the HHFDC.

EXHIBIT A

2. The HHFDC publishes a Qualified Allocation Plan (QAP), which includes the criteria for evaluating and allocating LIHTC. The QAP also includes the procedures to monitor compliance of projects that receive a LIHTC allocation.
 3. To qualify for LIHTC, projects must meet the following general guidelines in addition to other program requirements as mandated under Section 42 of the Internal Revenue Code.
 - a) The LIHTC is available only for units rented to low-income occupants.
 - b) A project must have at least:
 - (1) 20% of its units rented to households with income 50% or less than AMGI; or
 - (2) 40% of its units rented to households with income 60% or less than AMGI.

The United States Department of Housing and Urban Development (HUD) establishes the AMGI for each county annually. HUD considers family size in the AMGI calculation.
 - c) Low-income rents are restricted based on the number of bedrooms in the units, adjusted by a utility allowance.
 - d) Projects must comply with the rental rate and household income restrictions for a minimum of 30 years.
 - e) All units must be available to the general public.
 - f) Before awarding the LIHTC, staff must evaluate proposed projects to award the least amount of LIHTC necessary to make a project feasible.
- C. On February 17, 2023, Palolo Homes II Limited Partnership (Applicant) submitted a Consolidated Application on behalf of Palolo Homes Acquisition and Rehabilitation (Project) for:
1. \$31,500,000 tax-exempt issuance from the HMMF Bond Program;
 2. \$2,790,000 in annual Federal LIHTC over a 10-year period and \$2,790,000 in annual State LIHTC over a 5-year period from the non-volume pool (4% LIHTC); and
 3. \$14,965,000 Rental Housing Revolving Fund (RHRF) loan. A separate For Action is being presented to the HHFDC Board requesting approval for this item.

EXHIBIT A

- D. Available authority under the HMMF Bond Program as of July 31, 2023, is summarized below:

HMMF Program Bond Authority	\$ 3,000,000,000
Less: Bonds Issued to Date (59)	(1,477,105,735)
Less: HMMF Pending Issuance (13)	(511,783,845)
Uncommitted HMMF Program Bond Authority	\$ 1,011,110,420

III. DISCUSSION

- A. The Project is an existing 306-unit affordable rental housing facility targeted for families with incomes at sixty (60) percent and below of the AMGI. The Project consists of sixty-five (65) buildings of which sixty-three (63) are two-story residential buildings and two (2) are administrative buildings. The residential buildings only are part of the rehabilitation. The residential buildings consist of one-bedroom to five-bedroom units. The Project includes amenities to improve the quality of life for tenants, including a community learning center, meeting room, and playground/tot lot (pending resident discussion/feedback). See **Exhibit A** for the Financing Summary/Analysis and **Exhibit B** for the Project Location, Plans and Images.
- B. The Applicant is a single asset, real estate holding company, specifically established to develop, own, and operate the Project. The General Partner of the Partnership is Mutual Housing Association of Hawaii, Inc. The Limited Partners are to be determined.
- C. The proposed Financing Structure (Source of Funds) is as follows:

Source	Interim	Permanent
Sponsor Equity	\$ 550,000	\$ 550,000
LIHTC Equity	4,310,550	28,737,000
HMMF Bond*	31,500,000	21,500,000
RHRF	14,965,000	3,035,000
Subordinate Debt**	8,013,875	8,017,425
Deferred Developer Fee	2,500,000	—
Total	\$ 61,839,425	\$ 61,839,425

* Bond proceeds will finance a tax-exempt loan from Bank of Hawaii
** Subordinate Debt consists of a loan provided by Seller to Applicant, which will be subordinate to RHRF loan repayments

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

Budget Item	Amount	Cost/sf	Total Cost %
Acquisition	\$ 13,920,000	\$ 49.38	22.51%
Rehabilitation	35,410,000	125.60	57.26%
Interim and Soft Costs	835,100	2.96	1.35%
Financing and Syndication Costs	3,933,325	13.95	6.36%
Developer Fee	2,500,000	8.87	4.04%
Project Reserves	1,700,000	6.03	2.75%
Contingency	3,541,000	12.56	5.73%
Total	\$ 61,839,425	\$ 219.35	100%

EXHIBIT A

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

- 1. Building Permits: 2023 - Q4
- 2. Loan Closing: 2024 - Q1
- 3. Construction Start: 2024 - Q2
- 4. Building Completion: 2026 - Q1
- 5. Certificate of Occupancy: 2026 - Q1
- 6. Stabilized Occupancy: 2026 - Q1

F. The proposed “Inducement Resolution” (Resolution) for the bond issue is **Exhibit C** to this For Action. The Resolution is a non-binding resolution, which states that it is HHFDC’s intent to possibly issue tax-exempt revenue bonds for a project. Staff conducted a review of the preliminary information submitted and the Project appears to meet the requirements for tax-exempt bond financing. Upon submittal of all other requested and required information, staff will be able to make a final recommendation to the Board with respect to a commitment for tax-exempt bond financing.

One of the reasons for requesting the approval of the Resolution deals with recognizing the expenditures made by the developer. Pursuant to the Federal guidelines that govern tax-exempt bond financing, bond proceeds can reimburse eligible expenditures made sixty (60) days prior to the Resolution approval. Thus, the Developer is requesting the approval of the Resolution to be eligible for reimbursements on current expenditures for the Project.

Approval of the Resolution by the Board may be viewed as “Official Action” being undertaken by the issuer HHFDC. This is one of the requirements of the multi-family housing bond program.

Approval of the Resolution does not authorize the sale of tax-exempt bonds for the Project. Section 147(f) of the Internal Revenue Code requires that the “applicable elected representative of the affected governmental units” approve all private activity bond obligations after a public hearing.

Approval of the Resolution only facilitates further discussions and negotiations between staff, developer, underwriter, bond counsel, and other appropriate parties to determine the feasibility of the contemplated project. Approval of a Resolution neither commits nor obligates HHFDC to issue bonds for the Project.

If the Board approves the Resolution and the bond issue is determined to be feasible, staff will return to seek the Board’s final approval for the issuance, sale, and delivery of the Bonds. Furthermore, the bond issuance is subject to the approval by the Department of Budget and Finance and the Governor.

G. The recommendation to reserve LIHTC is in accordance with the QAP.

H. The recommendation to approve the Resolution and a LIHTC reservation are subject to the provisions and conditions in **Exhibit D, Exhibit E, and Exhibit F** and completion of reporting requirements as shown on **Exhibit G**.


IV. RECOMMENDATION


That the HHFDC Board of Directors approve the following:

- A. Resolution No. 191, attached as **Exhibit C**, which provides for official intent with respect to the issuance of revenue bonds up to \$31,500,000 for the Palolo Homes Acquisition and Rehabilitation project, subject to the provisions and conditions recommended in **Exhibit D** and **Exhibit F**.
- B. Reserve up to \$2,790,000 in annual Federal LIHTC over a 10-year period and \$2,790,000 in annual State LIHTC over a 5-year period from the non-volume pool (4% LIHTC) for the Palolo Homes Acquisition and Rehabilitation project, subject to the provisions and conditions recommended in **Exhibit E** and **Exhibit F**.
- C. Authorize the Interim Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Attachments:

- Exhibit A – Financing Summary/Analysis
- Exhibit B – Project Location, Plans and Images
- Exhibit C – Inducement Resolution No. 191
- Exhibit D – Inducement Resolution No. 191 Provisions and Conditions
- Exhibit E – Low-Income Housing Tax Credit Provisions and Conditions
- Exhibit F – Provisions and Conditions applicable to both Inducement Resolution No. 191 and Low-Income Housing Tax Credits
- Exhibit G – Submittal Form and Requirements for IRS Form 8609 (subject to update and change)

Prepared by: Kan Cheung, Finance Specialist 

Reviewed by: David T. Oi, Finance Manager 

Approved by The Board of Directors at its meeting
on August 10, 2023
Finance Branch
Please take necessary action.


EXECUTIVE DIRECTOR

EXHIBIT A

PROJECT LOCATION, PLANS & IMAGES

Palolo Homes Acquisition and Rehabilitation
Tax Map Key: (1) 3-4-007: 016 & 018 and (1) 3-4-008: 002
2170 Ahe Street
Honolulu, HI 96816

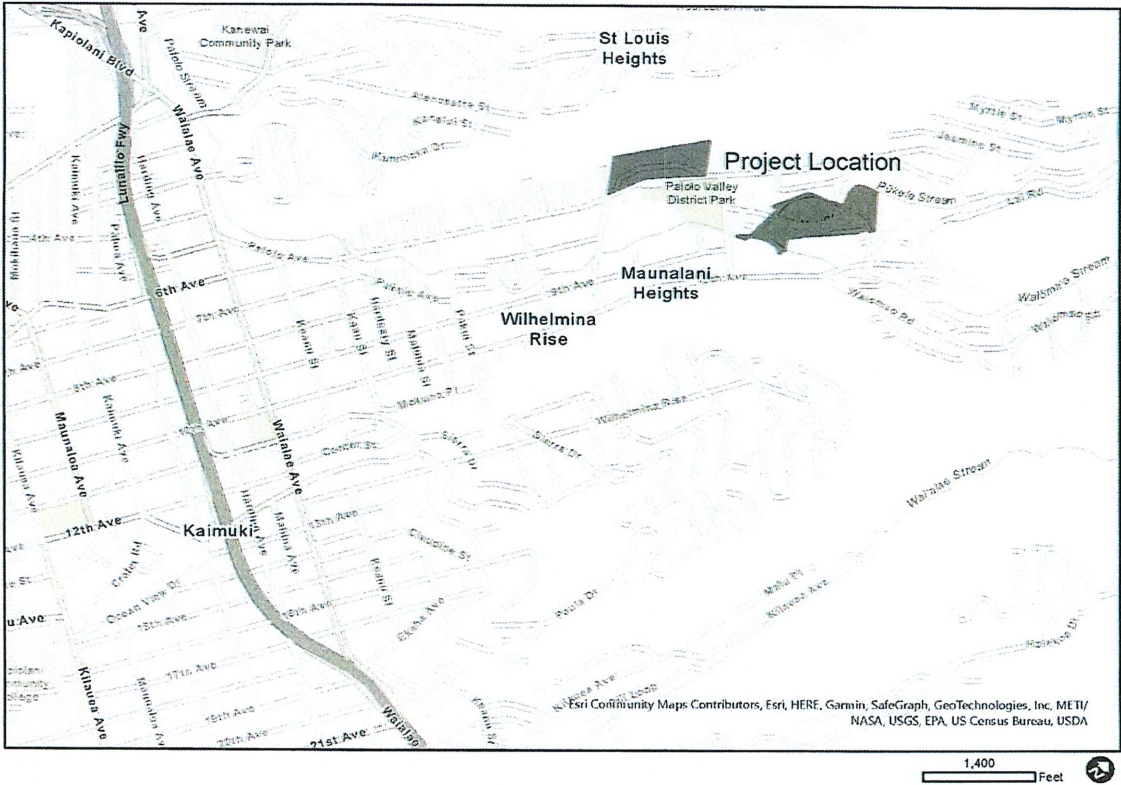


EXHIBIT B

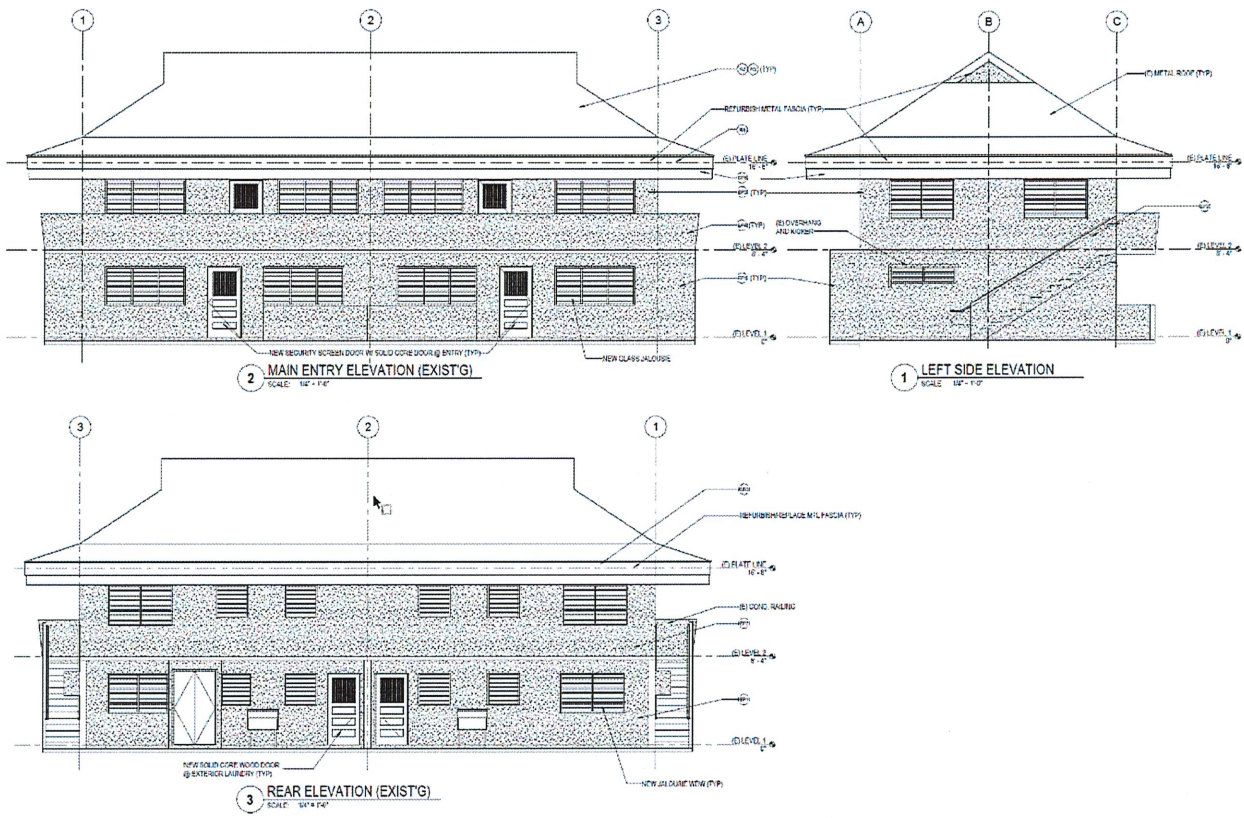


EXHIBIT B

RESOLUTION NO. 208

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE MULTIFAMILY HOUSING REVENUE NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED THIRTY-ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$31,500,000) FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING TO PALOLO HOMES II LIMITED PARTNERSHIP, A HAWAII LIMITED PARTNERSHIP, FOR THE ACQUISITION AND REHABILITATION OF MULTIFAMILY RENTAL HOUSING; DETERMINING AND PRESCRIBING CERTAIN OTHER MATTERS RELATING THERETO AND APPROVING AND AUTHORIZING RELATED ACTIONS AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS.

WHEREAS, Part III of Chapter 39 and Part III of Chapter 201H, Hawaii Revised Statutes, as amended, authorize the Hawaii Housing Finance and Development Corporation, a public body and a body corporate and politic of the State of Hawaii (the "Corporation") to issue bonds and other obligations to provide moneys to make mortgage loans available to assist in providing affordable housing;

WHEREAS, Palolo Homes II Limited Partnership, a Hawaii limited partnership (the "Borrower"), has applied to the Corporation for a mortgage loan (the "Loan") to assist the Borrower for the purpose of the acquisition and rehabilitation of a scattered site multifamily rental housing development containing a total of 306 units (including one manager's unit), generally known as Palolo Homes, located in the City and County of Honolulu (the "Project"); and

WHEREAS, to provide moneys to make the Loan to the Borrower to assist the Borrower in acquiring, constructing and developing the Project, the Board of Directors of the Corporation has determined to authorize the execution and delivery of one or more multifamily housing revenue notes, in one or more series, in an aggregate principal amount not to exceed thirty-one million five hundred thousand dollars (\$31,500,000) (whether one or more, collectively, the "Note"), and to pledge the revenues from the repayment of the Loan to the repayment of the Note;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Hawaii Housing Finance and Development Corporation as follows.

Section 1. Finding and Determination. It is hereby found and determined that it is necessary and desirable for the Corporation to provide a loan through the execution and delivery of the Note for the purpose of assisting the Borrower in acquiring, constructing and developing the Project.

Section 2. Authorization of the Note. To provide moneys with which to make the Loan there is hereby authorized the execution and delivery of the Note in an aggregate principal amount not to exceed thirty-one million five hundred thousand dollars (\$31,500,000).

The Note shall have a final maturity date not exceeding 40 years from the date of execution and delivery thereof. Principal of and interest on the Note shall be payable in lawful money of the United States of America.

EXHIBIT C

In accordance with and subject to the provisions of this resolution, the Executive Director is hereby authorized to determine the form, dated date, interest rate or rates or manner of determining the interest rate or rates from time to time, interest payment dates, due dates for principal, prepayment provisions and all other details of the Note, subject to such specific limitations as are provided in this resolution and applicable law.

The Note shall be a special obligation of the Corporation and shall be payable as to principal and interest, and the obligations of the Corporation under a Pledge and Assignment (as hereinafter defined) shall be paid and satisfied, solely from the rents, revenues, receipts and other assets derived from or related to the Loan, as more fully provided in the Pledge and Assignment. The Note shall not be a general or moral obligation of the State of Hawaii or the Corporation or a charge on the general fund of the State, and neither the full faith and credit of the State of Hawaii nor of the Corporation is pledged to the payment of the principal and interest in respect thereof. Neither the Note nor any of the Corporation's agreements or obligations with respect to the Note shall be construed to constitute a debt of the State of Hawaii or any political subdivision or body corporate and politic thereof, within the meaning of any Constitutional or statutory debt limitation. The Note shall contain a recital that it is executed and delivered pursuant to Part III of Chapter 201H, and Part III of Chapter 39, Hawaii Revised Statutes.

Section 3. Execution and Form of Note. The Note shall be lithographed or engraved, shall bear the manual or facsimile signature of the Chairperson or Executive Director (or the Executive Director's authorized designee in writing) and Secretary and shall be sealed with the seal or a lithographed or engraved facsimile seal of the Corporation and shall be countersigned with a lithographed or engraved facsimile signature of the Director of Finance of the State of Hawaii, provided, however, the Executive Director may, with the approval of the Governor of the State (the "Governor"), provide for the Note to be issued in typewritten, printed or other reproduced form and that the signature of the Director of Finance may be a manual signature.

Section 4. Execution and Delivery of Note. The Executive Director is authorized to provide for the execution and delivery of the Note to Bank of Hawaii (or an affiliate), as funding lender under the Pledge and Assignment and as agent of the Governmental Lender under the Agency Agreement (as applicable, the "Agent" and the "Funding Lender"), in a private placement transaction, upon such terms and conditions as the Executive Director determines, with the approval of the Governor.

Section 5. Approval of Agency Agreement. To Authorize the Agent to enter into, execute, deliver and perform under the Pledge and Assignment and the Loan Agreement between the Agent and the Borrower, as agent for the Governmental Lender, to advance the proceeds of the Note to fund the Loan, to service and administer the Loan and otherwise to act on behalf of the Governmental Lender as and to the extent contemplated by the Pledge and Assignment, the Executive Director or the Executive Director's authorized designee in writing (each, an "Authorized Signer") is hereby authorized and directed to execute and deliver an Agency Agreement between the Corporation and the Agent (herein, the "Agency Agreement"). Such Agency Agreement shall be in substantially the form thereof presented at this meeting, with such changes as the Executive Director may approve, the execution thereof to constitute conclusive evidence of such approval of all such changes.

Section 6. Approval of Pledge and Assignment. To provide for the details of and to prescribe the terms and conditions upon which the Note is to be executed, delivered and secured, the covenants and representations of the Corporation with respect to the Note and the terms and conditions upon which the Loan to be financed with proceeds of the Note is to be made, any Authorized Signer is hereby authorized and directed to execute and deliver a Pledge and Assignment from the Corporation and the Agent to the Funding Lender or such other entity approved by the Director of Finance (herein, the "Pledge and Assignment"). Such Pledge and Assignment shall be in substantially the form thereof presented at this meeting, with such changes as the Executive Director may approve, the execution thereof to constitute conclusive evidence of such approval of all such changes.

Section 7. Approval of Regulatory Agreement. To establish the regulations concerning the development, use and operation of the Project by the Borrower, any Authorized Signer is hereby authorized and directed to execute and deliver a Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") by and between the Corporation and the Borrower in substantially the form of such Regulatory Agreement presented at this meeting with such changes as the Executive Director may approve, the execution thereof to constitute conclusive evidence of such approval of all such changes.

Section 8. Prior Actions Ratified and Confirmed. The actions of the officers of the Corporation in doing any and all acts necessary in connection with the execution, delivery and sale of the Note and the making of the Loan are hereby ratified and confirmed.

Section 9. Further Actions Authorized. The proper officers, agents and employees of the Corporation are hereby authorized, empowered and directed to do all such acts and things and to execute and deliver all such documents, including but not limited to a tax certificate, loan related documents, an assignment of deed of trust, an endorsement, allonge or assignment of any note and such other documents as described in the Pledge and Assignment and the other documents herein approved, as may be necessary in connection with the execution and delivery of the Note and the making of the Loan, including impressing the seal of the Corporation on any document or instrument and attesting the same. References in this resolution to the Executive Director shall include any duly appointed and acting interim Executive Director. In addition, the Executive Assistant of the Corporation is hereby authorized to execute and deliver the Note and all other documents, certificates, agreements and other instruments authorized to be executed and delivered by the Executive Director hereunder.

Section 10. Conflicting Resolutions Repealed. All prior resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby superseded, amended and/or replaced by the terms of this resolution.

Section 11. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any remaining provisions of this resolution.

Section 12. Effective Date. This resolution shall take immediate effect from and after its adoption. Notwithstanding the foregoing, the Note shall not be executed and delivered prior to the approval of the provisions hereof and of the Pledge and Assignment by the Governor, and the filing of this resolution in the office of the Director of Finance together with an opinion of the

Attorney General of the State as to certain matters relating to the Note and an executed copy of the Pledge and Assignment.

The undersigned hereby certify that the foregoing Resolution was duly adopted by the Directors of the Hawaii Housing Finance and Development Corporation on October 25, 2024.

Gary Mackler, Chair

Carol Reimann, Vice Chair

Sean Sasaki, Secretary

Donn Mende, Director

Jason Bradshaw, Director

Jay Kimura, Director

Luis Salaveria, Director

James Kunane Tokioka, Director

Scott Glenn, Director