HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

No. 25-73

RESOLUTION

AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED $30,376,937 FOR THE PURPOSE OF MAKING A MORTGAGE LOAN TO PROVIDE FINANCING TO KOMOHALE WEST LOCH VENTURE LP, A HAWAI'I LIMITED PARTNERSHIP, FOR A MULTIFAMILY RENTAL HOUSING DEVELOPMENT; 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, Komohale West Loch Venture LP, a Hawai'i limited partnership (the "Borrower"), has applied to the City and County of Honolulu ("City") for a mortgage loan (the "Loan") to assist in acquiring and constructing a multifamily rental housing development known as Kaleimao Village – West Loch Apartments (the "Project"), and the Council of the City and County of Honolulu (the "City Council") has determined so to assist the Borrower; and

WHEREAS, the City's Department of Planning and Permitting has indicated an intent to issue up to $30,376,937 in tax-exempt bonds by means of utilization of the City's 2022, and/or a portion of the 2023, federal volume cap, proceeds of which are to be loaned to the Borrower, pursuant to an award letter dated October 23, 2023; and

WHEREAS, in order for the Borrower to incur expenditures that will be eligible for reimbursement from proceeds of the tax-exempt bonds, the City Council has determined to provide a declaration of intent to issue the City's Multifamily Housing Revenue Bonds, in an aggregate principal amount not to exceed Thirty Million Three Hundred Seventy-Six Thousand Nine Hundred Thirty-Seven Dollars ($30,376,937) (collectively, the "Bonds"), and to reimburse expenditures of the Project with the proceeds of the Bonds up to such amount; and

WHEREAS, in order to provide monies to make the Loan to assist the Borrower in acquiring and constructing the Project, the City Council has determined to authorize the issuance of the Bonds and to pledge the revenues from the repayment of the Loan to the repayment of the Bonds; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu as follows:

Section 1. <u>Finding and Determination</u>. It is hereby found and determined that it is necessary and desirable for the City to declare its intent to provide, pursuant to Section 1.150-2 of the Internal Revenue Code of 1986, and to provide a Loan through

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the issuance and sale of the Bonds in order to assist the Borrower in acquiring and constructing the Project and to reimburse the Borrower for permitted expenditures incurred prior to the issuance of the Bonds.

Section 2. Authorization of the Bonds. In order to provide monies with which to make the Loan there is hereby authorized the issuance of the Bonds in an aggregate principal amount not to exceed Thirty Million Three Hundred Seventy-Six Thousand Nine Hundred Thirty-Seven Dollars ($30,376,937) to provide financing for the Project.

The Bonds shall be issued in fully registered form without coupons in such denominations as the Director of Department of Budget and Fiscal Services (the "Director") shall determine. The Bonds shall be numbered from one upwards in chronological order of delivery or shall be numbered in any other manner as the Director shall determine. In accordance with, and subject to the provisions of this Resolution and applicable law, the Director is hereby authorized to determine with respect to the Bonds, the aggregate principal amount of Bonds issued; the date of such Bonds; the interest rate or rates thereon or, if any Bonds are issued as variable interest rate bonds, the method of determining from time to time the interest rates thereon; the interest payment dates and maturity dates of the Bonds; the amount of principal of Bonds maturing on each maturity date; the registration privileges and place or places at which Bonds may be paid or registered; whether or not Bonds shall be subject to redemption or tender for purchase prior to the stated maturity thereof and, if subject to such prior redemption or tender for purchase, the times, prices, methods and other provisions for such prior redemption or purchase and all other details of the Bonds and to arrange for the sale of the Bonds.

Section 3. Execution and Form of Fully Registered Bonds. The Bonds shall be lithographed or steel-engraved, shall bear the lithographed or engraved facsimile signatures of the Director and the Mayor and shall be sealed with the seal or a lithographed or engraved facsimile seal of the City; provided, however, the Director may, at his or her election, provide for manual signatures on the Bonds; and provided further, however, that the Director may, at his or her election, provide for the Bonds to be issued in typewritten, printed or other reproduced form and effect a book-entry system for the Bonds. The Director may, at his or her election, prepare such number of blank Bonds executed and sealed as aforesaid as he or she shall determine and deliver such executed blank Bonds to the registrar of the Bonds for safekeeping prior to the time the Bonds are actually issued, exchanged, or transferred. The Director shall direct the registrar of the Bonds to register and authenticate Bonds and no Bond shall be valid or obligatory for any purpose unless and until the certificate of authentication endorsed thereon shall have been manually executed by such registrar.

Section 4. Sale of Bonds. The Director is authorized to enter into a contract with RBC Capital Markets, LLC (or an affiliate) providing for the sale and purchase of the Bonds upon such terms and conditions as the Director determines, with the approval of the Mayor.

Section 5. Approval of Trust Indenture, Loan Agreement, and Regulatory Agreement and Declaration of Restrictive Covenants. To provide for the details of and to prescribe the terms and conditions upon which the Bonds are to be sold, issued, secured, executed, authenticated, and held and the Loan is to be made and serviced, the Director is hereby authorized and directed to execute and deliver, with such changes as he or she may approve, the Trust Indenture, Loan Agreement and Regulatory Agreement and Declaration of Restrictive Covenants, which were presented to the City Council. The City Council hereby determines in accordance with the Act that monies received as proceeds from the sale of the Bonds and as payments on the Loan shall be accounted for as constituting separate funds or accounts of the City.

Section 6. Certain Internal Revenue Code Requirements. The City elects that the Project shall meet the requirements of Section 142(d)(1)(B) of the Internal Revenue Code of 1986, requiring that at least 40 percent of the residential units in the Project be occupied by individuals or families whose income is 60 percent or less of the area median gross income. The Mayor or the Director is hereby authorized and directed, in the name and on behalf of the City, to enter into an agreement with the Borrower requiring the Borrower to comply with such requirement.

Section 7. Official Statements. The Mayor or the Director is hereby authorized, in the name and on behalf of the City, to execute and deliver, in connection with the sale of the Bonds, a preliminary and final Official Statement with respect to the Bonds containing information with respect thereto.

Section 8. Qualification for Reimbursement of Expenditures. This resolution is adopted, in part, as an official action of the City in order to comply with Treasury Regulation Section 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of expenditures of the Borrower incurred prior to the date of issue of the Bonds in an amount not to exceed $30,376,937 and incurred not earlier than 60 days prior to the date hereof, except as otherwise permitted by such Treasury regulations.

Section 9. Prior Actions Ratified and Confirmed; Further Actions Authorized. All actions theretofore taken by the officers and agents of the City with respect to the sale and issuance of the Bonds are hereby approved, confirmed, and ratified, and the proper officers of the City are hereby authorized and directed, in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those described in the Trust Indenture, Loan Agreement, and the Regulatory Agreement and Declaration of Restrictive Covenants which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds.

Section 10. Conflicting Resolutions Repealed. All Resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

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 effect immediately upon its adoption.

HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

No. 25-73

RESOLUTION

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to Mayor Rick Blangiardi; Managing Director Michael D. Formby; Director Andrew T. Kawano of the Department of Budget and Fiscal Services; Director Dawn Takuechi Apuna of the Department of Planning and Permitting; and Komohale West Loch Venture LP, 110 Alakea Street, 27th Foor, Honolulu, Hawai'i 96813.

INTRODUCED BY:

Tommy Waters (br)

DATE OF INTRODUCTION:

FEB 28 2025

Honolulu, Hawai'i

Councilmembers

Report Title:
Resolution Authorizing the Issuance, Sale, and Delivery of Multifamily Housing Revenue Bonds

Description:
Authorizing the issuance of revenue bonds and execution of bond documents with Komohale West Loch Venture LP, to develop an affordable rental housing project.

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