REPORT OF THE COMMITTEE ON BUDGET

Voting Members:
Tyler Dos Santos-Tam, Chair; Scott Y. Nishimoto, Vice Chair;
Radiant Cordero, Esther Kia'āina, Matt Weyer

Committee Meeting Held
March 13, 2025

Honorable Tommy Waters
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Resolution 25-73 entitled:

"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,"

transmitted by Departmental Communication 137, dated February 26, 2025, from the Department of Planning and Permitting reports as follows:

The purpose of the resolution is to authorize 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

The Department of Planning & Permitting, Executive Assistant, Private Activity Bond Administration, Elsa Kings, provided comments.

ADOPTED ON MAR 19 2025

COMMITTEE REPORT NO. 97

Kathleen Orlandi, of the City's bond counsel, Hawkins, Delafiedl & Wood LLP, provided comments in support.

One individual provided comments in support.

Your Committee considered and approved a proposed posted CD1 version that makes the following amendments:

A. Adds a new first WHEREAS clause, to read as follows:

"WHEREAS, Chapter 49, Hawaii Revised Statutes ("HRS"), as made applicable to the counties by HRS Sections 46-15.1 and 46-15.2 (collectively, the "Act"), authorizes the City and County of Honolulu ("City") to issue revenue bonds to provide moneys to carry out a program of making mortgage loans available to assist in developing, constructing, rehabilitating, and providing housing for persons of low and moderate income; and".

B. In the BE IT RESOLVED clause, Section 2, adds a new first sentence to read as follows:

"In accordance with Section 1.147(f)-1 of the Internal Revenue Code of 1986, the Council hereby approves of the issuance of the Bonds, as both issuer of the Bonds, and as the governmental unit having jurisdiction over the area in which the Project is located."

C. Substitutes "the Director" for the pronouns of "his or her" or "him or her" throughout the resolution.

D. Makes miscellaneous technical and nonsubstantive amendments.

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:
Tyler Dos Santos-Tam, Chair; Scott Y. Nishimoto, Vice Chair;
Radiant Cordero, Esther Kia'āina, Matt Weyer

Your Committee on Budget is in accord with the intent and purpose of Resolution 25-73, as amended herein, and recommends its adoption in the form attached hereto as Resolution 25-73, CD1. (Ayes: Cordero, Dos Santos-Tam, Kia'āina, Nishimoto, Weyer – 5; Noes: None.)

Respectfully submitted,

Committee Chair

HONOLULU CITY COUNCIL
Ke Kanihela o ke Kalana o Honolulu
CITY AND COUNTY OF HONOLULU

ADOPTED ON MAR 19 2025

COMMITTEE REPORT NO. 97

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. 25-73, CD1

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, Chapter 49, Hawaii Revised Statutes ("HRS"), as made applicable to the counties by HRS Sections 46-15.1 and 46-15.2 (collectively, the "Act"), authorizes the City and County of Honolulu ("City") to issue revenue bonds to provide moneys to carry out a program of making mortgage loans available to assist in developing, constructing, rehabilitating, and providing housing for persons of low and moderate income; and

WHEREAS, Komohale West Loch Venture LP, a Hawai'i limited partnership (the "Borrower"), has applied to the 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 City Council ("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 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 moneys to make the Loan to assist the Borrower in acquiring and constructing the Project, the 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,

RESOLUTION

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

Section 1. Finding and Determination. 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 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 accordance with Section 1.147(f)-1 of the Internal Revenue Code of 1986, the Council hereby approves of the issuance of the Bonds, as both issuer of the Bonds, and as the governmental unit having jurisdiction over the area in which the Project is located. In order to provide moneys 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 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 the 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 the Director's election, provide for manual signatures on the Bonds; and provided further, however, that the Director may, at the Director's 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 the Director's election, prepare such number of blank Bonds executed and sealed as aforesaid as the Director 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 the Director may approve, the Trust Indenture, Loan Agreement, and Regulatory Agreement and Declaration of Restrictive Covenants, which were presented to the City Council ("Council"). The Council hereby determines in accordance with the Act that moneys 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.

RESOLUTION

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 that 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, CD1**

RESOLUTION

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Mayor; Managing Director; Director of Budget and Fiscal Services; Director of Planning and Permitting; and Komohale West Loch Venture LP, 110 Alakea Street, 27th Floor, Honolulu, Hawai'i 96813.

INTRODUCED BY:

Tommy Waters (br)

DATE OF INTRODUCTION:

February 28, 2025
Honolulu, Hawai'i

Report Title:
Bond Issuance; Multifamily Housing Revenue Bonds; Komohale West Loch Venture LP; Mortgage Loan; Kaleimao Village – West Loch Apartments

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.