

WAIKALANI WOODLANDS AOA

95-225 Waikalani Drive
Mililani, HI 96789

MEETING OF THE BOARD OF DIRECTORS

Wednesday, February 5, 2025 –6:00 P.M.

CALL TO ORDER

The Meeting was called to order at 6:02 p.m.

ESTABLISH A QUORUM

A quorum was established.

Members Present: Merle Kobashigawa/President; Shara Chapek/Vice President; Isaiah Walters/Treasurer; Carole Amrhein/Secretary; Noelle Aiono/Director; Miriam Neuman/Director

Members Absent: Amy Herbranson/Director

By Invitation: Christian Arciaga, Hawaiian Properties

SELECTION OF FINANCIAL INSTITUTION FOR ADMINISTERING \$11M LOAN: Treasurer Walters motioned that “in order to fund the community Drain/Waste/Vent repipe and the code compliant upgraded fire alarm system the Board accept the Hawaii USA Federal Credit Union January 21, 2025 term sheet, Option 2 for 25 year loan, 15 year term at 5.875%.” Pending review by attorney. Approved unanimously.

ADJOURNMENT

There being no further business, the Executive Session adjourned at 6:04 p.m.

Submitted by:



Carole Amrhein / Recording Secretary
Attachments: Hawaii USA FCU Term Sheet dated 1/21/2025

TERM SHEET
January 21, 2025
For Discussion Purposes Only

Thank you for providing HawaiiUSA Federal Credit Union (the "Lender") the opportunity to review your credit request. This term sheet is a basic outline of the terms and conditions currently being considered. It is not a commitment to make a loan. Closing of any Loan in accordance with this preliminary Term Sheet is subject to loan approval, the preparations, review and approval of appropriate documentation by HawaiiUSA Federal Credit Union, its attorneys, and other appropriate parties. This Term Sheet should not be shared with any other financial institutions or other parties and will expire on March 1, 2025.

Borrower(s):	Association of Apartment Owners of Waikalani Woodlands	
Guarantor(s):	None	
Loan Type:	Commercial Term Loan	
Purpose:	To fund Infrastructure Upgrades consisting of Drain, Waste, and Vent Replacement, Fire Alarm Upgrade, and FLSE Related Modifications.	
Commitment Amount:	Up to \$11,000,000	
	Option #1	Option #2
Interest Rate:	As an indication only, the interest rate will be fixed for ten years at 5.65%. This interest rate will be good until 3/1/25, the expiration date of this term sheet.	As an indication only, the interest rate will be fixed for fifteen years at 5.875%. This interest rate will be good until 3/1/25, the expiration date of this term sheet.
Term / Maturity:	Ten (10) years	Fifteen (15) years

Amortization Period:	Twenty-Five (25) years	Twenty-Five (25) years
Repayment Terms:	<p><u>Construction Period:</u> The first 24-months will be considered the Buildout Period. During the period, repayments will be interest only based on loan amount disbursed. Additional principal payments may be made during the period.</p> <p><u>Permanent Period:</u> Upon completion of the Buildout Period, repayment will be monthly principal and interest payments sufficient to fully amortize the loan over 25-years. Based on a maximum loan amount of \$11,000,000 and interest rate indication of 5.65%, monthly payments would be \$68,539.</p>	<p><u>Construction Period:</u> The first 24-months will be considered the Buildout Period. During the period, repayments will be interest only based on loan amount disbursed. Additional principal payments may be made during the period.</p> <p><u>Permanent Period:</u> Upon completion of the Buildout Period, repayment will be monthly principal and interest payments sufficient to fully amortize the loan over 25-years. Based on a maximum loan amount of \$11,000,000 and interest rate indication of 5.875%, monthly payments would be \$70,036.</p>
Advances:	<ul style="list-style-type: none"> • Advances will be allowed for up to twenty-four (24) months. • Progress payments to be paid to the General Contractor as outlined in the construction agreement. • Advances shall be accompanied by an executed disbursement request, invoices, and description of work completed. • Any un-utilized funds shall be cancelled and no longer available to the Borrower after the advance period. 	
Prepayment Fees:	Borrower may prepay in part or whole without any prepayment fees.	
Loan Fee/Closing Fees:	None; closing fees related to third party paid by Borrower.	
Collateral:	<ul style="list-style-type: none"> • Assignment and/or security interest in the Borrower's right to collect, assess, impose, and declare regular and/or special maintenance fee assessments to cover loan payments and/or the loan payoff, which shall include but not necessarily be limited to the right to lien and foreclose upon any apartment unit(s) that fail to pay such assessments. • Commercial blanket security interest in all of the Borrower's assets now owned or hereafter acquired and the proceeds thereof, 	

	including, but not limited to, all personal property, goods, furniture, fixtures, equipment, accounts (including replacement reserve accounts of Borrower to the extent permitted by Hawaii Law), all contract rights, escrow accounts, general intangibles, inventory, instruments and insurance policies.
Financial Requirements:	Annual submission of CPA prepared audited financial statements, annual operating budget, annual Reserve Study, and accounts receivable aging schedule on delinquencies within 120 days from said period.
Deposits:	Borrower shall be required to open a business savings account of their choice with HawaiiUSA FCU, with a minimum deposit of no less than \$250,000.
Other Closing Conditions:	<ol style="list-style-type: none"> 1. Subject to receipt and satisfactory review of executed construction contract, executed engineering contracts, DPP approved plans and specifications, construction budget and schedule, building permit(s), list of subcontractors and 100% performance and payment bond issued by Surety, acceptable to HawaiiUSA Federal Credit Union; 2. Evidence of approval to borrow the Loan by the required percentage of owners. 3. Evidence of maintenance fee increases/special assessments necessary to make loan payments. 4. Meeting minutes or other document evidencing current AOA officers. 5. Legal counsel to review and draft all pertinent documents to consummate this transaction. 6. Opinion letter from association's legal counsel certifying the following: <ol style="list-style-type: none"> a) Association's borrowing resolution (certified by the secretary) was passed in accordance with the governing documents and applicable law. b) Association has the authority to borrow. c) Association has the authority to pledge its assets as collateral, more particularly a lender having a security interest in the right to collect monthly assessments from the apartment owners and all existing and futures statutory lien and foreclosure rights of the association. d) Association's legal counsel disclosing it has reviewed final documents and all details of the transaction on behalf of the association. e) Association's legal counsel certifying that the loan documents are legal, binding, and enforceable, and that all resolutions passed and actions taken by the board and/or the unit owners, relative to the loan transactions were taken in accordance with the association document. f) Association has no unsettled litigations. 7. Other documents and information as deemed necessary to close the loan.

	<p><u>Membership Requirement</u> Borrower will become a member of Lender and will remain a member throughout the term of the Loan.</p> <p><u>Insurance</u> Fire, hurricane, flood (if applicable), general liability and extended coverage insurance, with adequate coinsurance, for the full insurable value of the improvements, fixtures and equipment, and such further insurance coverage as the Lender may require from time to time in a form acceptable to Lender, with standard mortgagee clause or additional insured endorsement in favor of Lender. Lender hereby notifies the Borrower that the Borrower shall be free to procure such policy or policies from any insurer or insurers authorized to do business in the State of Hawaii.</p> <p><u>Borrower's Entity Documents</u> Borrower shall provide appropriate constituent and organizational documents of Borrower, together with appropriate resolutions approving the Loan, and such other documents, including good standing certificates, tax clearance certificates, permits and licenses as Lender may require.</p> <p><u>UCC Lien Report</u> Lender shall have satisfactory evidence of a UCC chattel lien report disclosing financing statements, judgments, notices or other instruments have been filed or recorded against Borrower or its properties prior to or on parity with any proposed security interest of Lender.</p> <p><u>Lender Expenses</u> Whether or not the Loan closes or any or all portions thereof are funded, Borrower shall pay for all expenses incurred by Lender related to this term sheet. Such expenses may include, but are not limited to, appraisal costs, legal fees and expenses, and any and all search or lien review costs.</p> <p><u>Other Conditions</u> Such other and further customary, necessary or advisable terms acceptable to Lender, as Lender may require to be included in the Loan documents, to satisfy Lender's underwriting requirements, or to satisfy Lender in connection with the Loan, the requirements and standards of a prudent lender in the State of Hawaii making the Loan, or otherwise reasonably appropriate for the Loan.</p>
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