

Minutes of a Regular Meeting
of the Members of the
Hawaii Community Development Authority,
State of Hawaii

DRAFT

MEETING NO. 381
Wednesday, January 9, 2013

KAKAAKO

I. CALL TO ORDER/ROLL CALL

A regular meeting of the Kakaako Members of the Hawaii Community Development Authority ("Authority"), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Brian Lee, Chairperson of the Authority, at 9:11 a.m. on Wednesday, January 9, 2013, at the Authority's principal executive offices at 461 Cooke Street, Honolulu, Hawaii, pursuant to Article IV, Section 1 of the Authority's Bylaws.

Members Present: Randy Grune (DOT)
Miles Kamimura
Kamaki Kanahale
Brian Lee
Lois Mitsunaga
Luis Salaveria (DBF) (arrived 9:15 a.m.)

Members Absent: Grady Chun
Richard Lim (DBEDT)
Dean Seki (DAGS)

Others Present: Anthony Ching, Executive Director
Sandra Ching, Deputy Attorney General
Lori Tanigawa, Deputy Attorney General
Loretta Ho, Asset Management Specialist
Patricia Yoshino, Secretary
Holly Hackett, Court Reporter

MATERIALS DISTRIBUTED:

1. Report of the Executive Director;
2. Summary Minutes of Kakaako Authority Meeting of December 5, 2012;
3. Summary Minutes of Kakaako Authority Special Meeting of December 11, 2012;
4. Decision Making: Shall the Authority: (a) Pursuant to Section 92-2.5(b)(1), HRS, Adopt the Findings and Recommendation by the Request for Proposal (RFP) Evaluation Committee and Approve the Selection of Forest City Hawaii Residential Inc. as the Developer With Whom the Hawaii Community Development Authority Will Enter into Negotiations for 690 Pohukaina Mixed-Use Transit-Oriented

- Development Project; and (b) Authorize the Executive Director to Negotiate a Development Agreement with Forest City Hawaii Residential Inc.
5. Decision Making: Shall the Authority Authorize the Executive Director to Expend Up to \$450,000 from the Kewalo Basin Harbor Account No. 28163, and Retain a Consultant for the Design of Repairs to the Kewalo Basin Harbor Fisherman's Wharf Deck;
 6. Information: Kewalo Basin Harbor (confidential material distributed during the Executive Session).

Chairperson Lee acknowledged the presence in the audience of Ms. Lori Lum, former chairperson of the Hawaii Community Development Authority ("HCDA").

II. APPROVAL OF MINUTES

1. Regular Kakaako Meeting of December 5, 2012

Chairperson Lee asked whether there were any corrections to the minutes of the December 5, 2012 meeting. There were no comments or corrections from the Members, and the minutes were approved as presented.

1. Special Kakaako Meeting of December 11, 2012

Chairperson Lee asked whether there were any corrections to the minutes of the December 11, 2012 special meeting. There were no comments or corrections from the Members, and the minutes were approved as presented.

III. REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Anthony Ching provided his report via a PowerPoint presentation (see Exhibit A).

Chairperson Lee asked whether Members had any questions on Mr. Ching's report.

Chairperson Lee asked whether the budget testimony summarizing the Department of Business, Economic Development & Tourism ("DBEDT") was submitted by the director of DBEDT or by Mr. Ching.

Mr. Ching explained that the testimony was from the director of DBEDT and developed according to their format. The HCDA provides summary information as requested by both DBEDT and the Senate and House money committees.

Chairperson Lee noted that the testimony is available on the Capitol website under department information reports.

Chairperson Lee asked whether there was a delay on the 801 South Street project.

Mr. Ching replied that there was no delay. The development permit allows for 635 units. The developer was simultaneously seeking their building permit entitlements. They are moving efficiently and expect to begin pre-sales in February or March and anticipate breaking ground the latter part of 2013.

Chairperson Lee asked if the developer had indicated they would start in the summer of 2013.

Mr. Ching replied that the date might be in October 2013.

Member Kanahale stated his concern that only 71 units of the nearly 3,000 units being developed in various projects in Kakaako were specifically earmarked for kupuna. An influential elderly person had said to him "I would love to live at 690 [Pohukaina] because you're going to have young people and working people but you will not have the class, the finesse, the style and the culture of we kupuna."

Member Kanahale stated that he would be a champion to make sure that something is done for the elderly. Their mana and power should not be underestimated, and they can make the whole community healthy and well.

Chairperson Lee asked whether there were any restrictions on kupuna being in the reserved housing units.

Mr. Ching clarified that while only 72 units at Waihonua 2 were specifically targeted and limited to seniors, workforce housing units, reserved housing units and the 690 Pohukaina project do not discriminate based on age.

Member Kanahale stated that he wanted to be on record that the HCDA supports elderly housing. He wished to let developers know that they can prosper if they pay attention to the care and support of the elderly.

Chairperson Lee asked if the support would include design issues such as grab bars for the aging population.

Member Kanahale replied in the affirmative. He wanted developers know that if they go the extra mile and include those kinds of amenities in the buildings, the kupuna will come out and purchase. However, if they have to put them in themselves, it would become less cost effective for them. He asked the Authority to consider these kinds of issues.

Chairperson Lee stated that Member Mitsunaga is on the Design Advisory Board and she would be attentive to those concerns for future projects. Developers who are wise will recognize the market that is there and would also address those concerns.

Mr. Ching stated that HCDA staff will do what it can to encourage the market developers to be cognizant of amenities and accommodations within the apartments such as lower counter heights as we proceed with design review of the applications.

Member Kanahale remarked that a major player in the Kewalo Basin area is the Office of Hawaiian Affairs (“OHA”). He asked whether the HCDA is looking at a working partnership with OHA where both will contribute to improve the area for all to benefit.

Mr. Ching responded that the HCDA is in discussions with OHA on various matters involving the harbor and development in the area. He would discuss a partnership with OHA and how both agencies could work together towards overall area development.

There were no public comments on the executive director’s report.

IV. KAKAAKO MATTERS

3. Decision Making: Shall the Authority: (a) Pursuant to Section 92-2.5(b)(1), HRS, Adopt the Findings and Recommendation by the Request for Proposal (RFP) Evaluation Committee and Approve the Selection of Forest City Hawaii Residential Inc. as the Developer With Whom the Hawaii Community Development Authority Will Enter into Negotiations for 690 Pohukaina Mixed-Use Transit-Oriented Development Project; and (b) Authorize the Executive Director to Negotiate a Development Agreement with Forest City Hawaii Residential Inc.?

Mr. Ching explained that a public hearing was conducted on November 20, 2012 where developers presented their best and final offers. In addition, 2 open houses were held on November 29, 2012 and December 1, 2012 to allow the public to view and comment on the best and final offer proposals. A second public hearing was conducted on December 13, 2012 where the Request for Proposals (“RFP”) evaluation committee presented the results of its evaluation to the Authority and recommended the selection of Forest City Hawaii Residential Inc. (“Forest City”) as the developer with whom to enter into negotiations. Although the Authority voted to adopt the RFP evaluation committee’s recommendation to select Forest City, it was subsequently discovered that decision making on a recommendation by a committee convened pursuant to Section 92-2.5 (b)(1), HRS, must occur at a meeting subsequent to the meeting at which the findings and recommendations of the committee were made.

It would be appropriate for the Authority to now ratify or endorse the findings and recommendations of the RFP evaluation committee and approve Forest City as the developer with whom the HCDA will enter into negotiations for the 690 Pohukaina project and authorize the executive director to negotiate a development agreement with Forest City.

Member Salaveria asked whether the action taken would be procedural in nature.

Mr. Ching responded in the affirmative.

Member Kanahale asked for counsel on whether it would be appropriate to have the developer consider amenities for elder and kupuna care.

Deputy Attorney General Sandra Ching responded that it is statutorily required when a committee is involved that an action decision on the committee's recommendations be made at a subsequent meeting. This was the subsequent meeting and decision making would be made today.

Chairperson Lee remarked that design and other considerations were things that would still come up for negotiations.

Mr. Ching clarified that the action to be ratified today did not address all design concepts such as amenities and individual unit design, even marketing strategy. He had noted Member Kanahale's comments and would be seeking to incorporate them in the course of the project to be sensitive to the needs of seniors and market to them.

Member Kanahale stated he would like his recommendation on kupuna to be included in the motion as part of the consideration to the developer. If it is just a recommendation, then the developer would not have to pay attention. If it is a requirement, then we would be forcing the issue. The language in the motion was important because he wanted a guarantee that the developer would pay attention to it. It was precedent setting, and he would be bringing the issue up with every developer. He wanted the elders to be present and part of the cultural structure that is Hawaii.

Chairperson Lee called for a recess for Member Kanahale to seek advice of counsel.

A recess was taken at 9:45 a.m.

The meeting was reconvened at 10:00 a.m.

Chairperson Lee asked whether any members of the public wished to comment on the agenda item. There were none.

Chairperson Lee entertained a motion for the Authority to (a) Pursuant to Section 92-2.5(b)(1), HRS, Adopt the Findings and Recommendation by the Request for Proposal (RFP) Evaluation Committee and Approve the Selection of Forest City Hawaii Residential Inc. as the Developer With Whom the Hawaii Community Development Authority Will Enter into Negotiations for 690 Pohukaina Mixed-Use Transit-Oriented Development Project; and (b) Authorize the Executive Director to Negotiate a Development Agreement with Forest City Hawaii Residential Inc.

A motion was made by Member Salaveria and seconded by Member Grune.

Chairperson Lee asked if there was any discussion on the motion.

Member Kanahale amended the motion to include a support (c) to require the Executive Director to address unit design facilities and amenities favorable to the needs of our kupuna population.

Member Mitsunaga seconded the motion to amend.

Member Grune asked if it was appropriate to have the amendment tied to the selection of the developer or have it separated out as a separate motion.

Deputy Attorney General Ching advised that the way the item was on the agenda, it was appropriate to add a support (c) by just incorporating it into the original motion and amending the original motion.

Member Salaveria asked to have the amendment repeated.

Member Kanahale repeated his amendment.

Member Salaveria asked if the motion would require the Executive Director to bring up the issues in negotiations with the project.

Member Kanahale responded in the affirmative.

Member Kamimura stated he was not sure whether "address the design issue" would put more of a requirement on the selected developer. He asked if it would require their input.

Mr. Ching replied that the motion would simply direct him to include issues such as unit design, facilities and other amenities which are favorable to the kupuna population in the discussions with the developer. It was appropriate to include as part of our marketing strategy that the facilities and amenities within the unit design would be sufficient to support and address needs related to kupuna. He did not consider it an unreasonable perspective to bring to the discussions.

Chairperson Lee asked whether the motion would put in any quota or requirements on the projects.

Mr. Ching responded that he felt it was dealing from a conceptual point of view. When the HCDA brings a development agreement forward, it would have to address the motion in the unit design and the inclusion of facilities within the project site. It was a general instruction seeking to be sensitive to an issue that affects the broader population and all units. The test would be when there are more specifics and concepts that are brought back to the Authority to judge whether we have been too intrusive or overbearing in terms of the discussions.

Member Kanahale stated that it puts it on the table for the Executive Director to have discussions. All developers from now would be flagged that there should be some consideration for the kupuna population because everything passed previously had specific language only for the workforce and middle income. He felt it would behoove the Authority to make sure we account for all the population of our community including the elderly, which was a main base stay that had not been accommodated.

Member Kamimura stated that he supported Member Kanahale's intentions. He just wanted to be sure the Authority did not step too far in terms of having all of the units to be considered for kupuna when we give examples such as grab bars, or every bathroom going to be ADA compliant. It may become a reverse discriminatory matter if every unit is built that way and may not be as marketable.

Member Kanahale replied that it was not his intent.

Chairperson Lee asked for legal counsel on whether the motion had a firm requirement as far as dictating or mandating certain things.

Deputy Attorney General Ching replied that it was definitely not a number quota. It was definitely a specific population that the Authority was trying to address. The language was directing the executive director to consider the issue.

Kalaeloa Member Linda Chinn stated that while she was not on the Kakaako Authority, she handled leasing for the Department of Hawaiian Home Lands. She noted that there had been 2 applicants. Based on how the original RFP was stated, it could be subject to challenge by the second applicant if there is a change to the project.

Deputy Attorney General Ching stated that the RFP was very broad in nature as were the proposals themselves. Any Member can make a motion to amend what was on the floor, which was what Member Kanahale did. She did not think the motion would subject the Authority to a challenge by the non-selected developer. Everything was too conceptual and broad in its inception.

Chairperson Lee asked whether any member of the public wished to comment. There were none.

A roll call vote was taken on the amendment to the motion.

Ayes: Members Grune, Kanahale, Lee, Mitsunaga and Salaveria.

Nays: Member Kamimura.

The motion to amend passed 5 to 1 with 3 excused (Members Chun, Lim and Seki).

Member Kanahale noted that there was a main motion, which he asked to be amended. A vote on the amendment had been taken and the amendment was supported. He asked if the amendment now automatically became attached to the main motion.

Deputy Attorney General Ching replied in the affirmative.

A roll call vote was taken on the amended motion.

Ayes: Members Grune, Kamimura, Kanahale, Lee, Mitsunaga and Salaveria.

Nays: None.

The amended motion passed 6 to 0 with 3 excused (Members Chun, Lim and Seki).

Deputy Attorney General Ching exited the meeting at 10:16 a.m.

Deputy Attorney General Lori Tanigawa entered the meeting at 10:16 a.m.

4. Decision Making: Shall the Authority Authorize the Executive Director to Expend Up to \$450,000 from the Kewalo Basin Harbor Account No. 28163, and Retain a Consultant for the Design of Repairs to the Kewalo Basin Harbor Fisherman's Wharf Deck?

Mr. Ching summarized the staff report in the packet distributed to Members.

Member Salaveria asked whether the \$450,000 in the balance sheet for Kewalo Basin Harbor was included in the calculation of net assets that are restricted to capital projects.

Mr. Ching explained that there is a particular account set aside only for Kewalo Basin Harbor with a balance of \$2,654,151.

Member Salaveria stated he wanted to be sure the Kewalo Basin account would not be over-leveraged with something that was not anticipated. The cash and cash equivalents are okay and liabilities are \$1.4 million. Net assets are the amount invested in capital assets, the restrictions for debt service and restrictions for capital projects. He wondered whether it was included in the portion XXIII capital assets going forward.

Mr. Ching explained that the assets were in the chapter and revolving account. The harbor account was separately maintained. The only encumbrance against the account for harbor use only was maintained by the harbor agent with Central Pacific Bank ("CPB") account. The two separate accounting systems were designed specifically to maintain the integrity of any harbor revenues and expenses.

Member Kamimura asked whether the scope of work would call for a complete demolition and rebuild of the area or just treating the rusted areas.

Mr. Ching that the action would authorize funds for design of remediation that might involve extensive deck replacement and refinishing on top. However, based on a survey, the piles were still in sufficient condition and would not require replacement.

Member Kamimura remarked that it seemed like a very extensive repair.

Mr. Ching explained that the action being requested was only for design and to get an understanding of what the costs might be for the logical fix. The expectation was that there would be deck replacement without having to redo piles.

Chairperson Lee asked if there was an estimate of the cost and how it would be paid.

Mr. Ching explained that the cost, including the design cost, might be \$3 million, but was dependent on the final design findings. It would be drawn principally from the harbor account.

Chairperson Lee asked if it would tap out the CPB account.

Mr. Ching replied in the affirmative.

There were no comments from the public on the agenda item.

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Expend Up to \$450,000 from the Kewalo Basin Harbor Account No. 28163, and Retain a Consultant for the Design of Repairs to the Kewalo Basin Harbor Fisherman's Wharf Deck.

A motion was made by Member Kanahale and seconded by Member Kamimura.

A roll call vote was taken.

Ayes: Members Grune, Kamimura, Kanahale, Lee, Mitsunaga and Salaveria.

Nays: None.

The motion passed 6 to 0 with 3 excused (Members Chun, Lim and Seki).

A recess was taken at 10:28 a.m.

The meeting was reconvened at 11:28 a.m.

5. Kewalo Basin Harbor: The Authority anticipates convening in Executive Meeting pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, to discuss negotiations relating to the acquisition of public property.

Chairperson Lee entertained a motion for convene in executive session pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, to discuss negotiations relating to the acquisition of public property.

A motion was made by Member Kanahale and seconded by Member Kamimura. By a show of hands vote, the motion passed unanimously.

Chairperson Lee asked that Ms. Tanigawa, Mr. Ching, Mr. Neupane, Mr. Sadayasu and Ms. Yoshino join the executive session.

Chairperson Lee noted for the public that upon conclusion of the executive session the Authority would reconvene in regular meeting for the sole purpose of adjournment.

Pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, the Authority convened in Executive Session at 11:30 a.m. to discuss negotiations relating to the acquisition of public property.

The regular meeting was reconvened at 12:20 p.m.

Member Grune exited the meeting at 12:20 p.m.

V. ADJOURNMENT

There being no further business, a motion was made by Member Salaveria and seconded by Member Kamimura to adjourn the meeting. By a show of hands vote, the motion carried unanimously.

The meeting adjourned at 12:22 p.m.

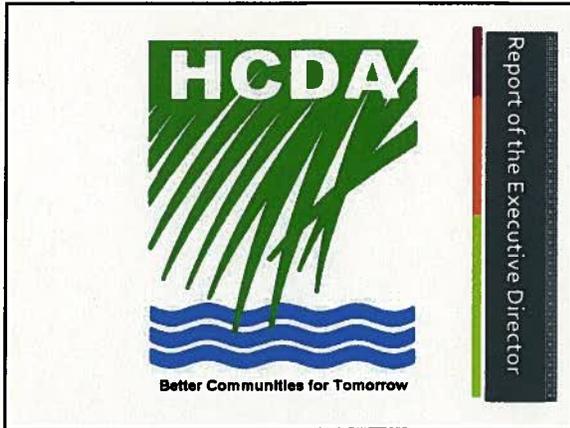
Respectfully submitted,

/s/

Miles Kamimura
Secretary

Attachment: Exhibit A - Report of the Executive Director

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.



ED's January 2013 Report

- Summary Agency Financial Report
- Heeia Section
- Legislative Review
- Kalaeloa Section
- Kakaako Section
- Kewalo Basin Update
- Next Meeting

Kakaako/Kalaeloa Financial Summary

Current Month - November			Fiscal Year to Date		
Actual	Budget	Variance	Actual	Budget	Variance
(KA) 184,258	205,253	(20,995)	1,016,443	1,083,386	(66,943)
(KL) 22,628	22,628	(1,035)	126,487	128,835	2,652
Revenue	Expenditure	Net Change	Revenue	Expenditure	Net Change
(ID) 78,678	5,406,076	(5,327,398)	99,492	5,933,081	(5,833,589)
(LM) 63,009	223,062	(160,053)	393,361	480,855	(87,494)
(PFD) 538	38,944	(38,406)	6,758	262,425	(255,667)
(RH) -	612,664	(612,664)	155,070	1,010,816	(855,746)
(CL) 10,485	316	10,169	27,246	1,594	25,652
(Sec Dep) -	-	-	5,725	37,362	(31,637)
(KL) 18	123	(105)	130	2,015	(1,885)
(Heeia) -	-	-	-	-	-

Summary of HCDA Revolving Funds

Description	Amount
Cash on Hand	
HCDA Revolving Fund & Kakaako District Operating Fund	26,981,785
Outstanding Obligations	
Subtotal - Known Obligations as of 02/29/2012	24,644,610
Cash Balance	2,337,175
Additional Cash	
Kewalo Basin Harbor Operations Fund (for KBH only)	2,654,151
Kalaeloa Community Development District Revolving Fund	99,319
Kalaeloa Community Development District Operating Fund	44,925
Heeia Community Development District Revolving Fund	50,000
Subtotal Additional Cash Balance	2,848,395

- ### Personnel
- Compliance Assurance & Community Outreach Officer Functions
 - Compliance Assurance
 - Ensure Agency Compliance w/procurement protocols & directives
 - Conduct Staff Training As Needed
 - Community Outreach
 - Digital Format - Web Site and Public Consultation Portal
 - Within Each Community Development District for Regulatory and Agency Projects
 - Legislative Coordinator
 - Media Relations

Kakaako Section

- ## 2013 Priorities
- Repair of Fisherman's Wharf Loading Dock
 - Revenue Generation/Cost Control Programs
 - Kewalo Basin Projects
 - Partnership to Offset Makal Park Expenses
 - Kewalo Basin Harbor Lease
 - Implement Capitol Improvement Projects (CIP)
 - Seek Out & Establish Public/Private Partnership

Development Update

Projects Under Construction	#Units
Walhonua (market housing)	400
Halekauwila Place (affordable rental units)	204
680 Ala Moana (affordable rental units)	54
Total	658
Projects Permitted	
801 South Street (workforce housing units)	635
Symphony (market/reserved housing units)	400
Total	1,035

Development Update

Projects in the Pipeline	#Units
690 Pohukaina (market/affordable rental units)	800
CompUSA (market units)	400
Artspace/Pa'i (affordable artist rental units)	80
Walhonua 2 (affordable senior rental units)	72
Total	1,356
Other Projects	
(4) market/reserved housing developments	Est. 1,500

- ## Holiday Lights
- December 8 to January 2
 - Overhead and Ground Effects Lights Displayed
 - Each Night Found 100s of People Enjoying the Lights
 - Many Compliments Received
 - Some Incidents of Vandalism to Ground Based Lights Suggest Redesign of Exhibits
 - Santa Claus (2)
 - Christmas Tree Lights (4)

- ## Kewalo Basin Update
- November/December Occupancy – projected 100%
 - Occupancy – 139 vessels in 138 slips and loading docks
 - Guests (no permits) – 4
 - Maintenance Projects
 - Pumped out Vida Mia and Pacific Star
 - Facility repairs to DH Comfort Station, D and E Piers
 - Electrical Repairs on HM loading docks
 - Tenant Profile
 - Commercial Fish (6%), Charter (58%), Pleasure (38%)

Kewalo Basin Update

- **Vessel Trespass**
 - >12 incidents recorded, police reports filed
- **NPDES Compliance**
 - 2 violations issued
- **Various incidents Reported**
 - Violations (4) for Returning to Harbor during Tsunami closure
 - Violation for exceeding maximum speed of vessels
- **Water Main Break Repaired in October**
- **Gate Installed at FW Ahui Street exit**

Kewalo Basin Update

	November	December
Overall Occupancy	100%	98%
Slip Revenue	\$92,000	\$92,000
Parking Revenue	\$750	\$750
Total Revenue	\$115,000	\$115,000
Operating Expenses	\$130,000	\$75,000
Net Income	\$-15,000	\$40,000
Deposits (02-29-12)	\$66,321	

Next Meeting

- **Regularly Scheduled Meeting**
 - Feb. 6, 2013
- **Location**
 - 461 Cooke Street