

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

MEETING NO. 389  
Wednesday, September 4, 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 9:04 a.m. on Wednesday, September 4, 2013, at the University of Hawaii Cancer Center, Sullivan Conference Room, 701 Ilalo Street, Honolulu, Hawaii, 96813, pursuant to Article IV, Section 1 of the Authority’s Bylaws.

Members Present:     Jamie Lum (DBEDT)  
                              Miles Kamimura  
                              Brian Lee  
                              Luis Salaveria (DBF)  
                              Dean Seki (DAGS)

Members Absent:     Randy Grune (DOT)  
                              Lois Mitsunaga

Others Present:     Anthony Ching, Executive Director  
                              Lori Tanigawa, Deputy Attorney General  
                              Lindsey Doi Leaverton, Compliance Assurance and Community  
                                  Outreach Officer  
                              Chris Sadayasu, Asset Manager  
                              Shelby Hoota, Program Specialist  
                              Patricia Yoshino, Secretary  
                              Holly Hackett, Court Reporter

**MATERIALS DISTRIBUTED:**

1. Report of the Executive Director;
2. Summary Minutes of Regular Kakaako Authority Meeting of August 7, 2013;
3. Decision Making: Shall the Authority Authorize the Executive Director to Enter Into a Thirty (30) Year Lease Agreement with an Option to Extend an Additional Ten (10) Years with KB Marina L.P. for the Kewalo Basin Harbor in Accordance with the Terms and Conditions Recommended by the Hawaii Community

Development Authority Staff Report (deferred from August 21, 2013 Special Meeting);

4. Decision Making: Shall the Authority Authorize the Executive Director to Enter Into a Forty (40) Year Lease Agreement with KB Marina L.P. for the Kewalo Basin Harbor in Accordance with the Terms and Conditions Recommended by the Hawaii Community Development Authority Staff Report;
5. Decision Making: Shall the Authority Waive Its Option to Buy-Back the Pacifica Honolulu Condominium Reserved Housing Unit #1203.

Chairperson Lee introduced Ms. Jamie Lum, from the Department of Business, Economic Development and Tourism, Business Development Support Division, who was attending as designee for Director Richard Lim.

## **II. APPROVAL OF MINUTES**

### **1. Regular Kakaako Meeting of August 7, 2013**

Chairperson Lee asked whether there were any corrections to the minutes of the August 7, 2013 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 Ching introduced Hawaii Community Development Authority (“HCDA”) new employee Ms. Lindsey Doi Leaverton, Compliance Assurance and Community Outreach officer.

Mr. Ching reviewed the financial summary included in the packet distributed to Members. He noted that the monthly HCDA community briefings would be restarted and held on the third Tuesday of each month from 5:30 p.m. to 7:30 p.m. The briefings would feature discussion of the upcoming agenda and give the public the opportunity to review and ask questions about project materials.

There were no questions from Members regarding the report.

### **PUBLIC TESTIMONY:**

*Mr. Wayne Takamine*, chair of the Kakaako Makai Community Planning Advisory Council, stated that people had called him about the special session held on August 21, 2013 and were upset that they did not have enough time to discuss the 3 action items or prepare adequate testimony on the Kakaako Park with the Illuminage Group. The site for the proposed wedding chapel was planned for a lifeguard work station according to the Master Plan. The community feels that the 25-year lease for 9 acres and one-third of the park is something that should not even be considered.

Member Salaveria stated that the actions taken at the last session were to begin discussion so that information could start getting disseminated. The direction of the Authority to the executive director was to insure that the information would be made available so a rational decision can be made with input from the board and the public.

Chairperson Lee stated that Agenda Item #4 would be taken up first, then followed by the Kewalo Basin Harbor lease agreement.

#### **IV. KAKAAKO MATTERS**

4. Decision Making: Shall the Authority Waive Its Option to Buy-Back the Pacifica Honolulu Condominium Reserved Housing Unit #1203?

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

There were no questions from Member or comments from the audience on the agenda item.

Chairperson Lee entertained a motion for the Authority to waive its option to buy-back the Pacifica Honolulu Condominium Reserved Housing Unit #1203.

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

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

Member Salaveria stated that the Authority did not want to have people flipping the reserved housing units. However, the owner was a federal employee who has an opportunity to get a job somewhere else, which was a reasonable and valid decision to leave.

Mr. Ching stated that relocation was the reason for most of the recent requests for this type of action.

Member Seki noted that the owner stated his desire to rent the unit to cover the cost of ownership and move back at the end of the 3 years.

Mr. Ching explained that the reserved housing rules require strictly that it be an owner-occupant, so no rental would be allowed.

Member Seki asked whether the HCDA could rent the unit.

Mr. Ching responded that the HCDA would have to repurchase the unit in order to rent.

A recess was taken at 9:24 a.m.

The meeting was reconvened at 9:30 a.m.

Chairperson Lee stated that the agenda item would be deferred to later in the meeting.

Chairperson Lee announced to the public that the agenda would be pursued but there would not be any decision making on the item of the Kewalo Basin lease agreement.

2. (Deferred from August 21, 2013 Special Meeting)  
Decision Making: Shall the Authority Authorize the Executive Director to Enter Into a Thirty (30) Year Lease Agreement with an Option to Extend an Additional Ten (10) Years with KB Marina L.P. for the Kewalo Basin Harbor in Accordance with the Terms and Conditions Recommended by the Hawaii Community Development Authority Staff Report?

Chairperson Lee explained the proposed term of the lease agreement with KB Marina L.P. from 30 years with an option to extend an additional 10 years had been changed to a new proposed term of 40 years for the lease agreement. As a technical matter due to the change, the lease would be taken up as a new agenda item.

3. Decision Making: Shall the Authority Authorize the Executive Director to Enter Into a Forty (40) Year Lease Agreement with KB Marina L.P. for the Kewalo Basin Harbor in Accordance with the Terms and Conditions Recommended by the Hawaii Community Development Authority Staff Report?

Chairperson Lee asked representatives of KB Marina L.P. to provide a brief introduction and report.

Mr. Jim Hayes, Chief Operating Officer of Almar Management, introduced himself and Mr. John Eveleth, the new harbor director replacing Mr. Charles Barclay. Mr. Hayes explained that they were excited about the potential for Kewalo Basin Harbor (“KBH”). Their plan would be to put in Bellingham docks, which are one of the better dock systems and the same system they had used in Cabo San Lucas and Ko Olina. There was a lot of demand for berths in Hawaii and their goal is to expand the number of berths in KBH to 98 berths. They have been following the KBH rules developed in 2009. It would take another 5 years to get through the project from the construction side.

There were no questions from Members for Mr. Hayes.

#### PUBLIC TESTIMONY:

*Mr. Mike DeRego* stated that the boat owners would like to support the project but there was a severe drawback for boats in the front row. With the floating docks in the envisioned plan, they would not be able to fuel their

boats from the same place in the dock, the ticket booths or kiosks would be eliminated, and they would not be able to handle or hang their fish every day. They would not benefit from any walk-by traffic because they would have no sales tools. They did not like the idea of giving up a major asset without knowing what the State would be getting for it.

*Mr. Tony Mathis* stated he was a front row tenant of KBH and was also concerned about how the front row would turn out with floating docks. The ewa side would not be touched, but the far side where most of the fishing boats are located will turn into floating docks. He was concerned about how the atmosphere of the harbor would change. Overall, Almar's plan to do major renovation is a great idea because the harbor really needs some work. However, he wanted the State to take a close look before entering into a 40-year lease and wondered if it could be done on our own through the HCDA.

*Mr. Robert St. Romain* stated he had 3 corporations in KBH. While he welcomed Almar and their upgrades, he was concerned about people. His boats hold 39 passengers and there could be close to 200 people on a floating dock at any one given point versus 45 people at a time walking down to the boat on a solid pier.

*Mr. Nick Fidelibus*, Waikiki Dive Center, stated he was on the front row at KBH. He was concerned that he had not heard about the floating docks until this meeting. He could not see why \$18 million was needed to renovate the harbor. Ala Wai Harbor, Koko Marina, Ko Olina have been revamped without the large cost. The current rules call for their rents to double after the renovations. With a hundred more slips, higher rent and disruptions to his business, it would be hard to stay in business. There was confusion about the floating docks in the plans, and he did not know what the lease says. The harbor is a strong State asset and he wanted to make sure we need to spend \$18 million before a decision is made.

*Mr. Bob McCowan* stated he owned a sports fishing business in KBH. People come to Hawaii to enjoy the ambience of places like KBH and the front row setup right now. On the island of Oahu, we made the mistake of trying to be too modern, too Miami Beach, too California, and people don't like it. What brings people back to Hawaii is the Hawaiian style.

*Mr. Tim Mardell*, president of Makani Catamaran, stated he was from Minneapolis. His question was how the proposed changes would impact the existing business signage for the businesses along the front row.

### Questions/Discussion by Authority Members during the Testimony Period

Member Salaveria asked Mr. DeRego how much it cost to charter a boat.

Mr. De DeRego replied that they charge \$1,040 for the day, but only net about \$150.

Mr. Ching asked Mr. DeRego whether he believed that ticket booths would not be allowed.

Mr. DeRego replied that he did not. However, he did not see how a ticket booth would make any sense with the floating dock plan.

Mr. Ching explained that there had been no announcement or contemplated plans for eliminating the ticket booths and the HCDA did not contemplate removal of the ticket booths. He asked Mr. DeRego if he had been given any reason to believe that he could not hang fish along the front row.

Mr. DeRego replied that that no one had said that. However, he believed it would be a logistics problem.

Mr. Ching explained that governance of submerged lands and the slips was the sole province of the HCDA. The agency was in discussions with the Office of Hawaiian Affairs regarding the Fisherman's Wharf loading dock where there might be other provisions. However, along the existing front row, he did not expect to have any changes to the current operations.

Mr. Ching further clarified that renovating the front row fixed piers and converting to a floating dock was not within the current plan. The HCDA staff had made no representation that the phase 4, which would be the existing front row, would envision a conversion to floating docks. The issue of fueling procedures had been discussed in stakeholder meetings and would not be changed.

Mr. DeRego explained that with floating docks, they would not be able to fuel where they are now.

Chairperson Lee explained to Mr. Mardell that the issue of signage was something that would be addressed later. Answers would be provided before anything substantive comes out.

Chairperson Lee stated that the staff report and decision making on the KBH agenda item would be deferred. The Authority would be convening in Executive Meeting, then returning to the regular meeting to continue the Pacifica condominium agenda item.

Chairperson Lee entertained a motion for the Authority to convene in Executive Session pursuant to Section 92-5 (a)(3), Hawaii Revised Statutes.

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

A roll call vote was conducted.

Ayes: Members Kamimura, Lee, Lum, Salaveria and Seki.

Nays: None.

The motion passed 5 to 0 with 4 excused (Members Grune and Mitsunaga and 2 vacant positions).

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

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Pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, the Authority convened in Executive Session at 10:12 a.m.

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The regular meeting was reconvened at 11:02 a.m.

- 4. (Continued) Decision Making: Shall the Authority Waive Its Option to Buy-Back the Pacifica Honolulu Condominium Reserved Housing Unit #1203?

Chairperson Lee noted that there was a pending motion by Member Salaveria and seconded by Member Kamimura.

Member Kamimura withdrew his second for the motion.

Member Salaveria made a new motion for the Authority to waive its option to buy back the Pacifica Honolulu Condominium Reserved Housing Unit #1203 subject to Attorney General review and approval.

Member Kamimura seconded the motion.

A roll call vote was conducted.

Ayes: Members Kamimura, Lee, Lum, Salaveria and Seki.

Nays: None.

The motion passed 5 to 0 with 4 excused (Members Grune and Mitsunaga and 2 vacant positions).

**V. ADJOURNMENT**

A motion to adjourn was made by Member Seki and seconded by Member Kamimura. By a show of hands vote, the motion carried unanimously.

The meeting adjourned at 11:04 a.m.

Respectfully submitted,

/s/

Miles Kamimura  
Secretary

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