

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

MEETING NO. 391
Wednesday, November 6, 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 9:42 a.m. on Wednesday, November 6, 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
Brian Lee
Lois Mitsunaga
Ralph Morita (DAGS)
Jesse Souki (DBEDT)

Members Absent: Luis Salaveria (DBF)

Others Present: Anthony Ching, Executive Director
Lori Tanigawa, Deputy Attorney General
Lindsey Doi, Compliance Assurance and Community Outreach
Officer
Deepak Neupane, Director of Planning & Development-Kakaako
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 October 2, 2013;
3. Decision Making: Shall the Authority Authorize the Executive Director to Extend Right of Entry 12-13 with Renewable Water Technologies LLC for a Portion of the Look Lab Yard for a Term Not to Exceed One (1) Year? (deferred from October 2, 2013 meeting);

4. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Contract for Landscape Maintenance Services for Kakaako Waterfront, Makai Gateway, and Kewalo Basin Parks and to Expend Up to \$841,500 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount? (deferred from October 2, 2013 meeting);
5. Decision Making: Shall the Authority Authorize the Executive Director to Expend an Amount Not to Exceed \$200,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount, and Execute a Contract for Professional Services with AECOM Technical Services, Inc. to Assist the Hawaii Community Development Authority in Complying with the State Department of Health and National Pollutant Discharge Elimination Systems Permit Requirements for the Kakaako Community Development District and Kewalo Basin Harbor Small Municipal Separate Storm Sewer Systems;
6. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a One (1)Year Exclusive Negotiations Agreement with Bellavita, Inc. for the Potential Lease and Development of the Charter Boat Building (TMK: 2-1-58: 043) for a Family-Oriented Restaurant;
7. Decision Making: Shall the Authority Authorize the Executive Director to Execute an Agreement Subordinating its Shared Equity Encumbrance on the Keola La'i Condominium Unit No. 708 and Consenting to the Owner's Request to Refinance the Original Mortgage.

II. APPROVAL OF MINUTES

1. Regular Kakaako Meeting of October 2, 2013

Chairperson Lee asked whether there were any corrections to the minutes of the October 2, 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 presented his report via a PowerPoint presentation (see Exhibit A).

Chairperson Lee asked where Lot C was located.

Mr. Ching explained that the lot is ewa of the John A. Burns School of Medicine on Keawe Street.

Member Souki asked how the pump station project for an intergenerational center would fit into the larger planning for the region.

Mr. Ching replied that he was concerned initially because of the limited interior space of about 1,500 square feet, although the grounds can be used for temporary or event-type activities. The temporary sheriff's facilities located immediately makai are actually part of the same lot. There are opportunities for growth and expansion, and would be dependent

upon legislative support and funding. The benefits of the particular site are that it is on a bus line, is highly visible, and is in an area where there is expected growth in senior population. The Hawaii Community Development Authority ("HCDA") already has senior rental residence facilities such as Pohulani, Na Lei Hulu and Honuakaha. The historic pump station could be improved and restored without alteration and with a community benefit.

PUBLIC TESTIMONY:

Ms. Paula Stuart thanked the board for the intergenerational center and the fields of lo'i which were good things.

IV. KAKAAKO MATTERS*

2. Decision Making: Shall the Authority Authorize the Executive Director to Extend Right of Entry 12-13 with Renewable Water Technologies LLC for a Portion of the Look Lab Yard for a Term Not to Exceed One (1) Year?
(deferred from October 2, 2013 meeting)

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

Member Souki asked whether the project was potentially in the Special Management Area ("SMA").

Mr. Ching replied in the affirmative.

Member Souki stated that he would recuse himself from voting because his office processes the SMAs.

There were no public comments offered on the agenda item.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to extend Right of Entry 12-13 with Renewable Water Technologies LLC for a portion of the Look Lab Yard for a term not to exceed one (1) year.

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

A roll call vote was conducted.

Ayes: Members Grune, Kamimura, Lee, Mitsunaga and Morita.

Nays: None.

Abstain: Member Souki.

The motion passed 5 to 0 with 1 abstention and 3 excused (Member Salaveria and 2 vacant positions).

3. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Contract for Landscape Maintenance Services for Kakaako Waterfront, Makai Gateway, and Kewalo Basin Parks and to Expend Up to \$841,500 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount? (deferred from October 2, 2013 meeting)

Mr. Ching summarized the report in the packet distributed to Members. He requested some flexibility so that, in the event that the lowest responsible and responsive bid falls out, he would be able to work with the next bidder.

Chairperson Lee asked if that is why the \$841,000 amount was requested.

Mr. Ching replied in the affirmative.

Member Kamimura asked whose option it would be for the 1-year option to extend.

Mr. Ching replied that it would be HCDA's option to offer the additional year based on satisfactory performance.

Member Kamimura asked if the contractor would be obligated to perform that option.

Mr. Ching replied that the contractor could choose not to accept the option.

Member Kamimura commented that it was not really an option, but he was just asking for clarification.

There were no public comments offered on the agenda item.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to execute a contract for landscape maintenance services for Kakaako Waterfront, Makai Gateway, and Kewalo Basin Parks and to expend Up to \$841,500 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount.

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

A roll call vote was conducted.

Ayes: Members Grune, Kamimura, Lee, Mitsunaga, Morita and Souki.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Salaveria and 2 vacant positions).

4. Decision Making: Shall the Authority Authorize the Executive Director to Expend an Amount Not to Exceed \$200,000.00 from the Hawaii Community Development

Revolving Funds, Leasing and Management Subaccount, and Execute a Contract for Professional Services with AECOM Technical Services, Inc. to Assist the Hawaii Community Development Authority in Complying with the State Department of Health and National Pollutant Discharge Elimination Systems Permit Requirements for the Kakaako Community Development District and Kewalo Basin Harbor Small Municipal Separate Storm Sewer Systems?

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

There were no questions from Members on the agenda item.

PUBLIC TESTIMONY:

Ms. Paula Stuart asked if it was a separate storm/sewer system from the City sewer system.

Mr. Ching explained that it was a separate system and was not a wastewater facility. It was a runoff facility for water from rain and storm drains.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to expend an amount not to exceed \$200,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount, and execute a contract for professional services with AECOM Technical Services, Inc. to assist the HCDA in complying with the State Department of Health and National Pollutant Discharge Elimination Systems Permit Requirements for the Kakaako Community Development District and Kewalo Basin Harbor small municipal separate storm sewer systems.

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

A roll call vote was conducted.

Ayes: Members Grune, Kamimura, Lee, Mitsunaga, Morita and Souki.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Salaveria and 2 vacant positions).

5. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a One (1) Year Exclusive Negotiations Agreement with Bellavita, Inc. for the Potential Lease and Development of the Charter Boat Building (TMK: 2-1-58: 043) for a Family-Oriented Restaurant?

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

Member Souki explained that he would be recusing himself from voting on this issue.

Chairperson Lee asked if the restaurant would have Angelo Pietro style price points.

Mr. Ching replied that it could be \$20 per head, which was modest. The price point was not a high end facility.

Member Grune asked if any current uses would be displaced by the proposed use.

Mr. Ching responded that the building was currently vacant, but historically had a police substation, dive shops and a fishing supply store.

Chairperson Lee asked what would be the steps in the negotiations and timeline to go forward.

Mr. Ching explained that the developer's pre-development activities would include a business plan and business terms for the Authority to review. They would have to commit monies for a design to renovate and produce a compliant restaurant facility, and conduct an environmental assessment ("EA") before the Authority can issue a lease. The developer was requesting a one-year timeframe which might be a maximum rather than a performance timeframe. If the design is done concurrently with the EA, it might take 6-8 months.

Chairperson Lee asked if there would be a public hearing before a decision on the terms would be made.

Mr. Ching explained that the EA and the lease would have to be approved. If a lease is executed, then development permit hearings would have to be conducted, so there would be numerous opportunities for public comment.

Member Grune asked if an appraisal would be performed to determine rental value.

Mr. Ching replied that a valuation against lease rent would be considered as part of the lease negotiation and would likely include an appraisal.

PUBLIC TESTIMONY:

Mr. Mike DeRego, owner of 3 charter boats in the harbor, stated that the building was developed specifically to support the services of the commercial entities in the harbor. His concerns about a restaurant included parking, restrooms, trash containers, the loading zone in front of the boats, and the construction process.

Mr. Tony Mathis of Island Charters Sport Fishing agreed with Mr. DeRego. He added his concern about fish hanging up out front and fuel trucks. If the restaurant fails, it would be hard to turn the building back into what it was originally designed for as office space to support the harbor commercial industry.

Mr. Robert St. Romain stated he has 4 companies doing business on the front row. He felt that an Italian restaurant was not appropriate and a restaurant should be fishing or seafood oriented, or a harbor pub. Parking would be an issue.

Mr. Dexter Okada, property and business owner in Kakaako, stated that the Charter Building was not built for a restaurant. The City requires huge grease traps and there might not be enough space for it.

Ms. Paula Stuart stated that a restaurant sounds good but not at that location. There are plenty of other locations for it.

Mr. Ching clarified that the theme of the restaurant would be Italian seafood. The proprietors had even contacted Mr. DeRego about utilizing the catches and contemplated a program incorporating the activity of the restaurant with the tenants of the harbor.

Member Souki asked whether a program to sell fish from the charter boats would be part of the negotiations.

Mr. Ching replied that the developer could codify it in the agreement.

Mr. DeRego asked for clarification if it was a tour or a restaurant.

Mr. Ching clarified that it would be a restaurant, not a tour. He had used the term "restaurateur" which is a fancy name for a restaurant owner.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to enter into a one (1) year exclusive negotiations agreement with Bellavita, Inc. for the potential lease and development of the Charter Boat Building (TMK: 2-1-58: 043) for a family-oriented restaurant.

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

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

Member Grune stated he had some reservations relative to the parking and congestion in the area by the site. He had some concerns about how a 200-person restaurant would function there and was sensitive to the concerns of the charter boat operators.

A roll call vote was conducted.

Ayes: Members Kamimura, Lee, Mitsunaga and Morita.

Nays: Member Grune.

Abstain: Member Souki.

The motion failed with a vote of 4 to 1, with 1 abstention and 3 excused (Member Salaveria and 2 vacant positions).

6. Decision Making: Shall the Authority Authorize the Executive Director to Execute an Agreement Subordinating its Shared Equity Encumbrance on the Keola La'i Condominium Unit No. 708 and Consenting to the Owner's Request to Refinance the Original Mortgage?

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

Member Souki asked if the agreements were written so that the HCDA holds on to the equity encumbrance in perpetuity, even when the buy-back encumbrance expires.

Mr. Ching explained that the buy-back is subject to a maximum of 5 years. In this case it was 2 years. The shared equity encumbrance is a lifetime first transfer. There would be no shared equity encumbrance until after the first transfer.

There were no public comments offered on the agenda item.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to execute an agreement subordinating its shared equity encumbrance on the Keola La'i Condominium Unit No. 708 and Consenting to the owner's request to refinance the original mortgage.

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

A roll call vote was conducted.

Ayes: Members Grune, Kamimura, Lee, Mitsunaga, Morita and Souki.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Salaveria and 2 vacant positions).

7. The Authority anticipates convening an Executive Meeting pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, to negotiate the acquisition of public property on the following items:*

(a) Kewalo Basin Harbor

(b) Kakaako Waterfront Park Maintenance Shed

Chairperson Lee explained that the Authority would be convening an executive meeting to negotiate the acquisition of public property regarding Kewalo Basin Harbor and the Kakaako Waterfront Park maintenance shed.

He asked if anyone in the audience would like to comment on the agenda items. There were none.

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 Mitsunaga and seconded by Member Kamimura.

A roll call vote was conducted.

Ayes: Members Grune, Kamimura, Lee, Mitsunaga, Morita and Souki.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Salaveria and 2 vacant positions).

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

Pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, the Authority convened in Executive Session at 10:56 a.m.

Member Grune exited the meeting at 11:29 a.m.

The Executive Meeting was ended at 11:39 a.m.

A recess was taken at 11:39 a.m.

The regular meeting was reconvened at 11:59 a.m.

V. ADJOURNMENT

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

The meeting was adjourned at 12:00 p.m.

Respectfully submitted,

/s/

Miles Kamimura
Secretary

*Meals were served to Authority members and required staff as an integral part of the Executive Meeting.

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 November 2013 Report Kakaako Community Development District

- Pacific Gateway Center
- Proposed City & County of Honolulu Ocean Emergency Response Station – Kewalo Basin Harbor
- Lot C Master Planning
- Next Meeting

Intergenerational Community Center of Kakaako

- Operated by the Pacific Gateway Center
 - Tin Myiang Thein, Ph.D. Executive Director
- 501(c)(3) private non-profit corporation
- Mission – Assist Hawaii's low-income residents in gaining the skills necessary to better access opportunities leading to self-sufficiency

Intergenerational Community Center of Kakaako

- Program Components
 - Provide Health, Wellness & Educational Programs to Seniors to Better Equip Them w/Rigors & Demands that Accompany Aging
 - Younger Generation will be Brought In to Share Ideas, Teach New Skills or Coordinate Activities
 - Renovate the Historic Pump Station & Preserve the Features of the Station Through Community Partnerships w/Architects Versed in the Preservation of Historic Buildings (Hawaii Architectural Foundation)

Intergenerational Community Center of Kakaako

- Historic Pump Station (3 Buildings)
 - Historic Pump Station Building
 - The Screen House
 - 1940 Pump House
- Renovation & Preservation Program
 - Secure the Building's Envelope & Stabilize It From Further Deterioration
 - Provide Primary Tenant Infrastructure (e.g., power, water, wastewater and toilet facilities)
 - Enhance Building's Presence & Street Appeal; Interior Tenant Improvements

Intergenerational Community Center of Kakaako

- Means & Methods
 - Establish Renovation & Program Budget for Center
 - Pacific Gateway Center Staff to Establish Program Activities & Future Funding Program
 - Authority to Establish Tenancy Agreement for Center
- Establish HCDA as the Expending Agency for Existing \$1M CIP
 - Execute Renovation Portion of Budget w/Assistance of Hawaii Architectural Foundation

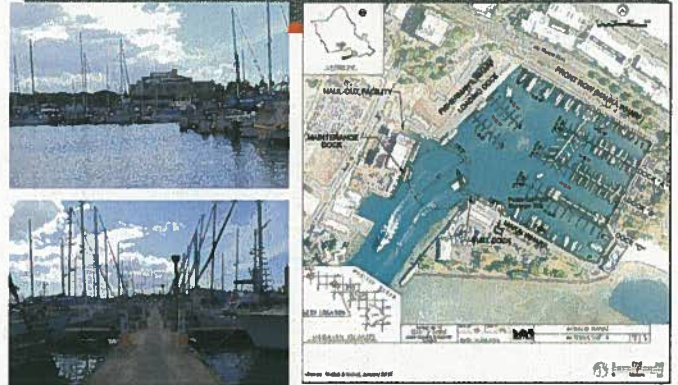
Kewalo Basin Harbor Ocean Emergency Response Station

- Program Being Coordinated w/C&C Honolulu
- Ocean Emergency Response Station
 - Ocean Safety Rescue Craft Response Service
 - Primary Responder – Rescue & Medical Emergencies in Near Shore Waters of South Shore of Oahu
- Operational Requirements
 - Dock for Primary/Backup Rescue Craft
 - Emergency Response Vehicle
 - Road Trailer
 - Space for 5 Ocean Safety Staff Members

Kewalo Basin Harbor Ocean Emergency Response Station

- Terrestrial Operations Tentatively Sited at Harbor Master's Office and Loading Dock Area
 - Temporary Accommodations to be Identified
- C&C to Establish Temporary Water Safety Rescue Craft Facilities at Harbor Master's Loading Dock
- Future Development of Harbor Master's Office and NOAA Yard to Include Provisions for Ocean Emergency Response Station
 - Tenancy Agreement to be Developed
 - C&C Funding for Operations & Program to be Secured

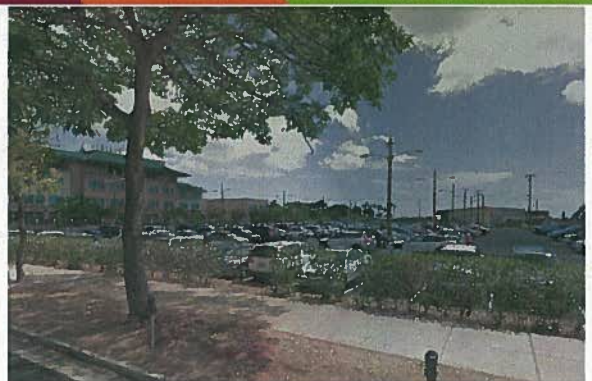
Kewalo Basin Harbor



Lot C Master Planning

- Staff is Developing Conceptual Master Planning
 - Current Use – Surface Parking Lot and Base Yard Activities
- Potential Programming Elements
 - University of Hawaii Health Sciences Facilities
 - Relocation of HTDC Business Incubator Facilities
 - Telemedicine/Health Facilities
 - Terrestrial Landing Site for Trans-Pacific Fiber Optic Cable
 - Regional Parking Facilities
 - JABSOM, Cancer Center Students/Faculty
 - Lot C Tenants
 - Waterfront Park Users

Lot C



Lot C Master Planning

- Execution of Master Plan Will Depend On
 - UH Funding for its Facilities
 - Legislative CIP Appropriations for HTDC Facilities & Terrestrial Cable Landing Facilities
 - Community Partnership Funding for Telemedicine/Health Program
 - Appropriate Funding for Parking Facilities
 - Execution of Tenancy Agreements
- Authority to be Kept Apprised of Developments