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

MEETING NO. 393  
Wednesday, January 8, 2014  

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 10:37 a.m. on Wednesday, January 8, 2014, 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:  
Mary Alice Evans (DBEDT)  
Randy Grune (DOT)  
Miles Kamimura  
Brian Lee  
Lois Mitsunaga  
Luis Salaveria (DBF)  
Brian Tamamoto  

Members Absent:  
Dean Seki (DAGS)  

Others Present:  
Anthony Ching, Executive Director  
Lori Tanigawa, Deputy Attorney General  
Lindsey Doi, Compliance Assurance & Community Outreach Officer  
Aedward Los Banos, Administrative Services Officer  
Amy Mutart, Project Manager  
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 December 4, 2013;
3. Decision Making: Shall the Authority Authorize the Executive Director to Expend Up to $600,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount, to Contract a Consultant to Prepare: (a) an Active Use Facilities Master Plan for Kakaako Waterfront Park, Kewalo Basin Park, and Makai Gateway Park, and (b) an Associated Environmental Impact Statement;

4. Decision Making: Shall the Authority Authorize the Executive Director to: (a) Establish a Request For Proposal (RFP) Evaluation Committee; (b) Prepare and Issue an RFP for Planning, Design, Construction and Construction Management of a Cultural Public Market in Kakaako Makai; (c) Enter into Contract with Highest-Ranked Developer Selected through the RFP process; and (d) Expend Up to $2,301,000.00 (Act 106, Session Laws of Hawaii 2012, BED 150, Item No. 19.03) of Capital Improvement Projects Funds for Planning, Design, Construction, and Construction Management of the Cultural Public Market;

5. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Contract for Refuse Collection Services for a Two (2) Year Term Plus a Possible One (1) Year Extension and to Expend Up to $234,654.88 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount;

6. Decision Making: Shall the Authority Issue a Declaratory Order as to the Applicability of Condition No. 4 of the Decision and Order for the Kaiāulu 'O Kaka'ako Master Plan Permit No. PL MASP 13.2.8 (Portion of Paragraph 78 of Findings of Facts of the Master Plan Permit) as Recommended by the Hawaii Community Development Authority Staff Report;

7. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Memorandum of Agreement with the High Technology Development Corporation for the Delegation of Funds for the Planning and Design of HTDC’s Facility to be Located on Kakaako Makai Lot C.

II. APPROVAL OF MINUTES

1. Kakaako Regular Meeting of December 4, 2013

Chairperson Lee asked whether there were any corrections to the minutes of the December 4, 2013 meeting. There no comments or corrections from Members, and the minutes were approved as presented.

III. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Ching reported there were no significant variances in the financials in the report in the packet distributed to Members. He presented a video on transit-oriented development (“TOD”).

There were no questions from Members on the report.
PUBLIC TESTIMONY:

Mr. Dexter Okada, small business owner in Kakaako, stated that there were services and light industrial businesses in Kakaako. TOD will affect those areas so they need to be included in community discussions.

IV. KAKAAKO MATTERS

2. Decision Making: Shall the Authority Authorize the Executive Director to Expend Up to $600,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount, to Contract a Consultant to Prepare: (a) an Active Use Facilities Master Plan for Kakaako Waterfront Park, Kewalo Basin Park, and Makai Gateway Park, and (b) an Associated Environmental Impact Statement?

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

Member Tamamoto asked how long the process would take to complete.

Mr. Ching responded that the environmental impact statement ("EIS") would take about 9-12 months, including public comment, and then another 3 months to complete the master plan.

Member Tamamoto asked if a request for proposal would take about 18 months.

Mr. Ching replied in the affirmative.

Member Salaveria asked whether the study would include the cost to maintain the parks.

Mr. Ching explained that the Makai parks cost about $1 million to maintain, including landscape, trash collection, maintenance, and water services. The EIS would have to establish the impact on costs and contribution from activities to help sustain and maintain the parks.

PUBLIC TESTIMONY:

Mr. Brian Shimokawa stated there was no need for privatization of the parks for activities such as the volleyball training, art center and LED park. TOD is not needed here and should be put in Kalaeloa. The affordable housing is not what the local blue collar worker can afford at 20% market price. We don’t need help to destroy the beauty and uniqueness of this place. You can’t stop development but you can do it in a way that is sensible and right for the people in the community who care.
Ms. Michelle Matson, from the Kakaako Makai Community Planning Advisory Council ("CPAC") asked if the master planning activity would follow the 2007-2010 community-based Kakaako Makai Master Plan Vision and Guiding Principles which HCDA adopted. That consultant cost was also $600,000 plus another $125,000. She wondered what sort of redundancy there will be with this contract, and if there will be community based results or the community based results will be replaced by developer results. She asked if public meetings and CPAC community and stakeholder representatives will be included in the planning and design of the master plan.

Chairperson Lee stated that Mr. Ching would follow up with responses to her questions.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to expend up to $600,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount, to contract a consultant to prepare: (a) an active use facilities master plan for Kakaako Waterfront Park, Kewalo Basin Park, and Makai Gateway Park, and (b) an associated environmental impact statement.

A motion was made by Member Tamamoto and seconded by Member Evans.

Member Salaveria asked how much of the $1 million for parks maintenance is generated from Kakaako Makai properties.

Mr. Ching replied that it was a very nominal amount. The funds come from the HCDA revolving fund which is built on other revenues.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kamimura, Lee, Mitsunaga, Salaveria and Tamamoto.

Nays: None.

The motion passed 7 to 0 with 2 excused (Member Seki and 1 vacant position).

3. Decision Making: Shall the Authority Authorize the Executive Director to: (a) Establish a Request For Proposal (RFP) Evaluation Committee; (b) Prepare and Issue an RFP for Planning, Design, Construction and Construction Management of a Cultural Public Market in Kakaako Makai; (c) Enter into Contract with Highest-Ranked Developer Selected through the RFP process; and (d) Expends Up to $2,301,000.00 (Act 106, Session Laws of Hawaii 2012, BED 150, Item No. 19.03) of Capital Improvement Projects Funds for Planning, Design, Construction, and Construction Management of the Cultural Public Market?
Mr. Ching summarized the report in the packet distributed to Members.

Member Salaveria exited the meeting at 11:10 a.m.

Member Salaveria re-entered the meeting at 11:15 a.m.

Member Evans asked when the funds would lapse if not expended.

Mr. Ching replied that it would lapse on June 30, 2014.

Member Evans asked whether there might be a negative reaction from the Legislature if the funds were allowed to lapse with no action on the part of the HCDA.

Mr. Ching replied in the affirmative. The Legislature has demonstrated its support for a cultural public marketplace. The HCDA would need to encumber the funds and seek the most logical and viable solution to achieve this purpose.

Member Evans asked whether there had been any discussion with the Office of Hawaiian Affairs (“OHA”) lessee, the Kewalo Keiki Fishing Conservancy (“KKFC”).

Mr. Ching replied that discussions were held with KKFC before and after the conveyance of the land to OHA. There would be some contingencies to accomplish the purpose of the KKFC.

Member Tamamoto asked whether there would be a formal written collaboration with OHA that would carry forward.

Mr. Ching replied that his letter to OHA included an invitation to OHA to participate entirely in the process. An invitation to serve on a RFP evaluation committee would not create any binding requirements on OHA and preserves their flexibility to act and provide comment as they choose. The intention was not a formal Memorandum of Agreement to create a binding requirement, but to be an invitation to OHA.

PUBLIC TESTIMONY:

Mr. Kawika Burgess from OHA stated that in the November 12, 2013 letter to the HCDA, Dr. Kamana’opono Crabbe stated that OHA is in the early stages of its planning process for its Kakaako Makai properties. At this time, they do not have any plans for a Cultural Public Market (“CPM”) on Parcel C or any of the other properties in Kakaako Makai. The settlement legislation did state that the lands were subject to all laws, with a couple of exceptions, including HRS 206E-34. They will continue to honor valid leases that were pre-existing on the properties.
Ms. Michelle Matson stated she hoped everybody would be able to work with OHA and have a happy outcome. The statute for Section 206E-34 for the CPM is different from what we have experienced as the process. Perhaps we need to go the Legislature and ask for a better definition because so much has evolved in the last few years. The statute does not require input from the community or from OHA. There are questions on what the public-private partnerships might be. She asked which Kakaako Makai public shoreline acreage would be used and whether it would follow community-based Kakaako Makai Master Plan priorities and the vision and guiding principles.

Discussion with OHA during Public Testimony Period

Member Evans asked Mr. Burgess if OHA had the ability to reset the rent for the KKFC should revenues from the nonprofit organization change over the course of the lease.

Mr. Randall Sakamoto, attorney for OHA, stated that the rent is $1 per year and there was no adjustment mechanism for changes in use.

Chairperson Lee asked how long their planning process would take to complete.

Mr. Burgess replied that they have a draft framework document being evaluated by their board that is intended to set the vision and framework for the master planning process. They are looking to begin this year and it could be an 18-month process.

Member Evans asked whether OHA was opposed, neutral, or interested to see how the planning process proceeds with its participation.

Mr. Burgess replied that OHA was not opposed to the CPM but was in their planning process. They would like to implement the plans that OHA has for its properties. They appreciated Mr. Ching’s letter acknowledging that the CPM cannot be built on OHA properties without its consent.

Member Evans asked for clarification on whether he was opposed to HCDA moving forward with the RFP; or was he asking that HCDA allow the funds to lapse and then have OHA perhaps approach the Legislature for funds after the planning process is completed.

Mr. Burgess replied that he was not proposing either of those. Their main clarification is that OHA is undergoing its planning process and was willing to work with the HCDA on its planning process as well. As far as building anything on OHA lands, they would like the acknowledgement that it is subject to OHA’s board approval.
Member Salaveria asked if it was a fair assumption that if HCDA moves forward with its planning, OHA would benefit from that shared knowledge.

Mr. Burgess explained that if OHA moves forward with its planning and identifies that it would like to build a CPM, then it would be a win/win situation. However, OHA was not there yet and had no plans to compare projects or proposals. He hoped that timing could be coordinated between OHA’s and HCDA’s planning.

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to: (a) Establish a Request For Proposal (RFP) Evaluation Committee; (b) Prepare and Issue an RFP for Planning, Design, Construction and Construction Management of a Cultural Public Market in Kakaako Makai; (c) Enter into Contract with Highest-Ranked Developer Selected through the RFP process; and (d) Expend Up to $2,301,000.00 (Act 106, Session Laws of Hawaii 2012, BED 150, Item No. 19.03) of Capital Improvement Projects Funds for Planning, Design, Construction, and Construction Management of the Cultural Public Market.

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

Member Evans asked whether any specific parcels in Kakaako Makai were named by the Legislature in the CIP appropriation language amended in 2012.

Mr. Ching explained that the CPM is described in Section 206E-34 and generally states it would be “state lands in Kakaako Makai.”

Member Salaveria noted that the legislative intent and the statute clearly define a CPM, so the Authority would be following the laws as dictated.

Member Evans asked if there was a possibility that the master plan for active recreational use in the 3 park zones, and the planning for a CPM could be synergistic, to be a non-specific term.

Mr. Ching replied in the affirmative.

Ms. Matson added that the KKFC is site specific because it relied on that particular site for its studies of fish. They tag fish and this was the only site where they can do what they are doing.

Chairperson Lee stated he did not think it would preclude the CPM from being on state land.

A roll call vote was conducted.

Ayes:   Members Evans, Grune, Kamimura, Lee, Mitsunaga, Salaveria and Tamamoto.
Nays: None.

The motion passed 7 to 0 with 2 excused (Member Seki and 1 vacant position).

4. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Contract for Refuse Collection Services for a Two (2) Year Term Plus a Possible One (1) Year Extension and to Expend Up to $234,654.88 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount?

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

Member Tamamoto asked if the contract was being moved from 5 days to 6 days.

Mr. Sadayasu explained that the previous contract was 5 days and it was now 6 days a week based on the current usage and dumping received in the harbor as well as the park.

Member Tamamoto asked whether there had been was an increase in trash and whether a performance standard was included in the contract.

Mr. Sadayasu replied in the affirmative. He explained that the contract is a basic general conditions contract provided by the Depart of the Attorney General and included performance standards. If they do not meet the specifications we have, there are default procedures that apply.

Mr. Ching noted also that the contingency amount is typically evoked in the event that additional trash collections are needed.

Member Tamamoto asked who was responsible for trash pickup when there are special events at the park.

Mr. Ching replied that if a large event is held at the park, there are separate provisions for pick up that the park user would have to make. It would not be at HCDA expense.

Member Salaveria asked if the contract was part of the $1 million operating cost to maintain the parks.

Mr. Ching replied in the affirmative.

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 refuse collection services for a two (2) year term plus a possible one (1) year extension and to expend up to $234,654.88 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount.
A motion was made by Member Tamamoto and seconded by Member Salaveria

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kamimura, Lee, Mitsunaga, Salaveria and Tamamoto.

Nays: None.

The motion passed 7 to 0 with 2 excused (Member Seki and 1 vacant position).

5. Decision Making: Shall the Authority Issue a Declaratory Order as to the Applicability of Condition No. 4 of the Decision and Order for the Kaiāulu ‘O Kaka’ako Master Plan Permit No. PL, MASP 13.2.8 (Portion of Paragraph 78 of Findings of Facts of the Master Plan Permit) as Recommended by the Hawaii Community Development Authority Staff Report?

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

Member Evans asked Exhibit C showed a diagram of what the park on parking lot requirement was with the putting green, pool, pet park, and pedestrian passageway on top of a residential parking structure podium for a private residential development.

Mr. Ching explained that Exhibit C identified at grade areas which would be considered as appropriate substitutions for a park on parking garage and did not include recreational areas. The original requirement for the 96,000 square feet public park was to provide a public access point. The developer has chosen to design something at grade which would still accomplish public access.

Member Evans asked if the 15,000 square feet requirement for public use plazas, pedestrian passages; almost 13,000 square feet requirement for additional public use plazas, and increased building setback accomplished the 20,000 square feet requirement for the HART station.

Mr. Ching responded in the affirmative.

Member Evans asked what the estimate would be for the cash in lieu payment if the Authority adopted the action.

Mr. Ching replied that it would between about $1 million to $3 million or so.

Member Evans asked if the at grade public areas would be a better community benefit than the requirements under the Master Plan that the Applicant was requesting to get relief from.
Mr. Ching replied that at grade is better than an elevated area that people might not know existed.

Member Tamamoto asked why HCDA could not take that property size, take it in cash and have the Honolulu Authority for Rapid Transportation ("HART") purchase it from the HCDA.

Mr. Ching replied that HART is a City project and they have ample funding and revenues. The 96,000 square foot requirement was a portion over the whole parcel which would include the condemned portion. In any case, HART will have to initiate and execute a condemnation action with the Kamehameha Schools.

Member Tamamoto stated that with the donation, the way it is written, they would also get the tax benefit.

Mr. Ching replied that he would be amenable to review any such proposal at the direction of the board.

Member Tamamoto proposed the motion should amend the first bullet regarding the parcel that has been designated for HART.

Chairperson stated that the board would recess and convene the public hearing scheduled for 12:00 p.m.

A recess was taken at 12:10 p.m.

The meeting was reconvened at 1:42 p.m.

Chairperson Lee stated that the agenda would be taken out of order. The Authority would be convening in Executive Session to discuss agenda item #8.

8. 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) 690 Pohukaina Mixed Use Transit-Oriented Development Project

Chairperson Lee asked whether anyone in the audience wish to comment on the agenda item. There were none.

A motion to convene in Executive Meeting was made by Member Tamamoto. The motion was seconded by Member Salaveria. By a voice vote, the motion passed unanimously.
Chairperson Lee asked Deputy Attorney General Lori Tanigawa and HCDA staff members Mr. Ching, Mr. Neupane, Ms. Doi, Mr. Sadayasu, Mr. Los Banos, Ms. Mutart, and Ms. Yoshino to join the executive session.

Pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, the Authority convened in Executive Session at 1:45 p.m.

The regular meeting was reconvened at 2:33 p.m.

5. (Continued) Decision Making: Shall the Authority Issue a Declaratory Order as to the Applicability of Condition No. 4 of the Decision and Order for the Kaialu 'O Kaka'ako Master Plan Permit No. PL MASP 13.2.8 (Portion of Paragraph 78 of Findings of Facts of the Master Plan Permit) as Recommended by the Hawaii Community Development Authority Staff Report?

Mr. Ching recommended that the Authority issue a Declaratory Order which confirms: (1) that Keaoua Lane, LP, as the authorized agent of Kamehameha Schools, cannot seek an amendment of the repealed Mauka Area Plan, as contemplated in Paragraph 78 of the Findings of Facts of the Master Plan Permit 13.2.8; (2) the requirement that the Petitioner either provide an area equal to the actual loss of park space under the revised park/parking garage designation or negotiate such other alternative arrangement acceptable to the HCDA; and (3) except as provided above, all other terms and conditions of the Master Plan Permit remain in full force and effect.

There were no comments offered by the public on the agenda item.

Member Tamamoto made a motion for the Authority to issue a declaratory order as recommended by Mr. Ching. Member Evans seconded the motion.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kamimura, Lee, Mitsunaga, Salaveria and Tamamoto.

Nays: None.

The motion passed 7 to 0 with 2 excused (Member Seki and 1 vacant position).

6. Information and Discussion: Master Planning for Kakaako Makai Lot C

Mr. Ching presented the staff report via a PowerPoint presentation (see Exhibit A). He explained that HCDA has title to Lot C, located just ewa of the John A. Burns
School of Medicine. It has up to 6 acres with a FAR rating of 1.5, which produces the ability to build up to 261,000 square feet and a maximum height of 100 feet. The development objectives for Lot C include projects such as University of Hawaii Health Sciences and classrooms, High Technology Development Corporation, proposed terrestrial landing site for a new trans-Pacific fiber optic cable, and regional parking.

There were no questions from Members or comments from the public on the agenda item.

7. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Memorandum of Agreement with the High Technology Development Corporation for the Delegation of Funds for the Planning and Design of HTDC’s Facility to be Located on Kakaako Makai Lot C?

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

Member Salaveria and Member Evans stated they would recuse themselves from decision making since they served on the board of the High Technology Development Corporation.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to Enter into a Memorandum of Agreement with the High Technology Development Corporation for the delegation of funds for the planning and design of HTDC’s Facility to be located on Kakaako Makai Lot C.

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

Chairperson Lee asked what would happen if the money is not provided by the Legislature.

Mr. Ching replied that construction could not take place and the plans would remain dormant.

Member Tamamoto asked if the planning and design phase would be handled by HTDC or in collaboration with the HCDA.

Mr. Ching replied that HTDC seeks to transfer funds because they do not have the capacity to engage a consultant consistent with our planning for Lot C. This agency is able to expend monies appropriately and efficiently.

Member Tamamoto commented that some of the HTDC participants are Department of Defense ("DOD") contractors. As such, the building could not be designed to be as open, since high security measures would need to be included in the building design in order to be awarded DOD contracts.
Mr. Ching explained that HTDC can enter into agreements with the John A. Burns School of Medicine and the University of Hawaii ("UH") Cancer Center to provide innovation space for them in the HTDC labs, and the remainder would be office space without technical requirements. HTDC is looking to expand its work programs to entertain the types of activities envisioned in the PowerPoint presentation.

PUBLIC TESTIMONY:

_Ms. Michelle Matson_ wondered if the $2.7 million was already funded and had a chance of lapsing if not used. She asked if the Governor had signed off on it and if the UH has the lease on Lot C.

Mr. Ching responded that $3 million was appropriated, allocated and released, and expenditures of approximately $270,000 were drawn down against the $3 million. The remainder would lapse unless encumbered by June 30, 2014.

Chairperson Lee noted that the $3 million was for the design, but the construction of the building was not yet funded.

Mr. Ching explained that in 2009, the Authority granted a 65-year lease to the UH for the exclusive purpose of the construction of a cancer center on that particular lot. There is a provision in that lease that should the UH not construct a cancer center on that lot within 5 years, the title and lease to the lot would revert back to the HCDA. The time period has passed, and the cancer center was developed on a lot other than Lot C. Recognizing the value of developing UH facilities in the area, we have an understanding that should the UH receive funding sufficient to develop space, we would be inclusive of their desire to develop that space on Lot C since there is adequate space to meet all requirements.

A roll call vote was conducted.


Nays: None.

Abstain: Members Evans and Salaveria.

The motion passed 5 to 0 with 2 abstentions and 2 excused (Member Seki and 1 vacant position).
V. ADJOURNMENT

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

The meeting was adjourned at 3:04 p.m.

Respectfully submitted,

/s/

Miles Kamimura
Secretary

Attachment: Exhibit A - Master Planning on Lot C

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

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.
High Tech Development Corporation
2014 CIP Request

For
Lot C Kakaako Makai
Compiled by
Hawaii Community Development Authority
December 2013

Development Objectives at Full Build Out
Master Plan for Lot C

- University of Hawaii Health Science Facilities
  - Up to 150,000 sf of classroom facilities
  - Phased Development As Funding Permits
- High Tech Development Corporation
  - Collaboration/Innovation Facilities
  - ~ 50,000 sf
- Terrestrial Landing Site for Trans-Pacific Fiber Optic Cable
  - Gateway for High Speed BroadBand
  - Tele-Medicine/Health Site
  - Regional Parking Facility
  - Currently ~ 400 parking stalls at grade
  - Future ~ 600-900 stall parking structure
  - Area Innovation/Collaboration Hub
Flexible Collaboration (Work) Space

Green Screen Studio
Facilitates Distribution of Digital Media
Space Designed for Collaboration/Innovation

LOT "C" – Phase 2a

LOT "C" – Phase 2b