

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

MEETING NO. 392  
Wednesday, December 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 11:01 a.m. on Wednesday, December 4, 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/Audrey Hidano (DOT)  
Scott Kami (DBF)  
Miles Kamimura  
Brian Lee  
Lois Mitsunaga  
Dean Seki (DAGS)  
Mary Alice Evans (DBEDT)

Members Absent: None

Others Present: Anthony Ching, Executive Director  
Lori Tanigawa, Deputy Attorney General  
Lindsey Doi, Compliance Assurance & 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 November 6, 2013;
3. Decision Making: Shall the Authority: (a) Waive the Time Limit on a Motion to Reconsider; (b) Reconsider Its Previous Decision; and (c) 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: (1) 2-1-58:043) for a Family-Oriented Restaurant;
4. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Contract for Parking Operations and Management Services for Kauhale Kakaako Parking Garage for a Term Not to Exceed Three Years and to Expend an Amount Not to Exceed \$750,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount;
  5. Decision Making: Shall the Authority Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by the Kewalo Development LLC, the Developer of Phase IV-A of the Project (distributed at the meeting);
  6. Decision Making: Shall the Authority Authorize the Executive Director to Expend an Amount Not to Exceed \$150,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, to Prepare a Sanitary Sewer and Water Supply Master Plan for the Proposed Transit-Oriented Development Plan for the Kakaako Community Development District;
  7. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a One (1) Year Exclusive Negotiation Agreement with Hinamari Hawaii, Inc. for Potential Lease and Development of a Portion of Fast Land Along the Diamond Head Side of Kewalo Basin (Portion of Tax Map Key: 2-1-058: 128) for a Mixed-Use Development Including Parking and Negotiate a Lease and Development Agreement;
  8. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Professional Services Contract and Expend General Obligation Bond Funds (B-2013-407-B) in an Amount Not to Exceed \$300,000.00 for the Design of the Kewalo Basin Harbor Jetty Repairs in the Kakaako Community Development District;
  9. Decision Making: Shall the Authority Authorize the Executive Director to Expend an Amount Up to \$350,000.00 from Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, to Participate in a Honolulu Urban View, Heights and Density Study Being Prepared by the City and County of Honolulu, Department of Planning and Permitting Relating to Transit-Oriented Development Plans;
  10. Decision Making: Shall the Authority Waive Its Option to Buy-Back the Pacifica Honolulu Condominium Reserved Housing Unit #703.

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

Chairperson Lee announced that the agenda would be taken out of order, and Agenda Item #3 would be taken up first.

3. Decision Making: Shall the Authority: (a) Waive the Time Limit on a Motion to Reconsider; (b) Reconsider Its Previous Decision; and (c) 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: (1) 2-1-58:043) for a Family-Oriented Restaurant?

Chairperson Lee explained that at the November 6, 2013 meeting, the motion to authorize the executive director to enter into an exclusive negotiations agreement with Bellavita had failed by a vote of 4 to 1. Member Grune, who voted in opposition, would now like the Authority to waive the time limit on a motion to reconsider and reconsider its previous decision. If the Authority decided to do so, then the Authority would vote again on the original motion to authorize the executive director to enter into a one year exclusive negotiations agreement with Bellavita for the potential lease and development of the Charter Boat Building for a family oriented restaurant. He asked Executive Director Ching to present his report again to refresh everyone's memory on the issue.

Mr. Ching summarized the report in the packet distributed to Members. He explained that the purpose of the exclusive negotiations agreement is not to approve development, but to allow for the developer to expend monies and conduct due diligence to determine whether or not there is a basis to enter into a lease. At the November 6, 2013 meeting, Member Grune had expressed a concern about parking. However, Mr. Ching had not had the opportunity then to explain a traffic circulation study had been initiated and shared with stakeholders with respect to how traffic in the harbor area would be configured and managed. In addition, the development prospects for the Diamond Head side of Kewalo Basin Harbor that would allow for further development and construction of a parking structure had not been presented at the previous meeting.

Chairperson Lee asked if the restaurant would be an Italian seafood restaurant.

Mr. Ching responded in the affirmative.

#### PUBLIC TESTIMONY:

*Mr. Wayne Takamine* stated he was the chair of the Kakaako Community Planning Advisory Council which had come up with a conceptual Master Plan that tried to consolidate the entrances to Ala Moana Park and Kewalo Basin. He felt that the traffic study and the environmental impact statement ("EIS") did not cover new projects and the Charter Boat building.

*Mr. Tony Mathis* of Island Charter Sport Fishing stated that the Charter Boat building should be left as its intended purpose for the commercial tenants. People had to work out of their trucks since there is no office space.

*Mr. Mike DeRego*, owner of Island Charter Boats, was opposed to the project because the harbor building was built to support the commercial interests of the harbor. He could not see how an Italian restaurant would support the harbor. He was concerned about where bathrooms and dumpsters would be located, traffic impact, fueling, and keeping a loading zone in front of their boats.

*Mr. Nick Fidelibus* with Waikiki Diving stated that the restaurant and parking lease would affect the harbor users. He was also concerned about the restrooms, dumpster, and traffic. He felt that meetings were needed for the harbor users to be involved in decisions affecting their livelihood.

Mr. Ching asked Mr. Fidelibus if he was a member of the stakeholder group that had been meeting on matters regarding Kewalo Basin Park.

Mr. Fidelibus replied in the affirmative.

Mr. Ching noted that over the past 2 years, concepts discussed at the stakeholder meeting included traffic circulation, dumpsters, restrooms, and development of commercial opportunities at the Charter Board building. Stakeholder's concerns had been aired at those meetings.

Member Grune made a motion for the Authority to (a) waive the time limit on a motion to reconsider; (b) reconsider its previous decision; for the potential lease and development of the Charter Boat Building (TMK: (1) 2-1-58:043) for a family-oriented restaurant. He stated that he had expressed his concerns at the November 6, 2013 meeting about the Kewalo Basin Harbor traffic, circulation and some parking issues, and his sensitivity to the commercial harbors and commercial fishing needs. Since that meeting, the HCDA staff had provided him an update on its consultant's ongoing efforts to design a more efficient parking and traffic flow for the harbor. Even though he had concerns about traffic and parking and was sensitive to the needs of the commercial fishing industry, he wanted the Authority to reconsider the action item. The Authority was not approving any plan at this time, but was giving the ability for someone to make those proposals. When the proposal comes before the board, he would like to see those concerns and needs met.

Member Evans seconded the motion.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kami, Kamimura, Lee, Mitsunaga and Seki.

Nays: None.

The motion passed 7 to 0 with 2 excused (2 vacant positions).

Chairperson Lee stated that the original motion was made at the November 6, 2013 meeting by Member Kamimura and seconded by Member Mitsunaga 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: (1) 2-1-58:043) for a family-oriented restaurant. He asked if Members had any discussion on the motion. There was none.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kami, Kamimura, Lee, Mitsunaga and Seki.

Nays: None.

The motion passed 7 to 0 with 2 excused (2 vacant positions).

Member Grune and Member Evans exited the meeting at 11:30 a.m. Member Hidano replaced Member Grune as designee from the Department of Transportation.

A recess was taken at 11:30 a.m.

The meeting was reconvened at 1:35 p.m.

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

Chairperson Lee explained that the Authority would be convening an executive meeting to negotiate the acquisition of public property regarding Kewalo Basin Harbor. 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 Kami and seconded by Member Mitsunaga.

A roll call vote was conducted.

Ayes: Members Hidano, Kami, Kamimura, Lee, Mitsunaga, and Seki.

Nays: None.

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

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

The regular meeting was recessed at 1: 37 p.m.

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Pursuant to Section 92-5(a)(3), Hawaii Revised Statutes, the Authority convened in Executive Session at 1:40 p.m.

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The regular meeting was reconvened at 2:23 p.m.

## **II. APPROVAL OF MINUTES**

### **1. Kakaako Regular Meeting of November 6, 2013**

Chairperson Lee asked whether there were any corrections to the minutes of the November 6, 2013 meeting. There were no comments or corrections from Members, and the minutes were approved as presented.

## **III. REPORT OF THE EXECUTIVE DIRECTOR**

Mr. Ching stated he would defer to the written report in the packet distributed to Members. He noted that Mr. Brian Tamamoto was the new county nominee who would be sworn in and ready to attend the next meeting.

There were no questions from Members on the report.

### **PUBLIC TESTIMONY:**

*Mr. Wayne Takamine* requested a copy of the executive director's report.

Mr. Ching stated it would be emailed to him.

## **IV. KAKAAKO MATTERS - continued**

### **4. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Contract for Parking Operations and Management Services for Kauhale Kakaako Parking Garage for a Term Not to Exceed Three Years and to Expend an Amount Not to Exceed \$750,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount?**

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

Member Kamimura noted that there were 8 potential bidders, but only 1 received. He asked why the others did not bid.

Mr. Chris Sadayasu, Asset Manager, explained that some bidders had expressed reservations about the 24-hour security component required in the contract. There were only a handful of companies that provided both parking management and the security component. With the new requirements for security guards, some of the parking management companies will not be continuing their security component. District Parking has been running the facility for the last 8 years, and was the only responsible bid.

Member Kamimura asked if they are required to provide insurance, liability and all of the general coverages.

Mr. Sadayasu replied in the affirmative.

Member Kamimura expressed concern that only one company bid on the contract and wondered if the specifications were too tight or favored one company.

Mr. Sadayasu explained that there was concern about the security component, however, there have been quite a few issues at the parking garage with the homeless in the area. He believed that security was an integral component of the parking management and the specifications were appropriate.

Member Kamimura asked if a security guard and parking attendant were provided.

Mr. Sadayasu replied in the affirmative.

Member Kamimura asked if future proposals could be solicited for separate services.

Mr. Sadayasu replied that it could be done. However, it would be more difficult to handle 2 separate contracts.

Member Kamimura suggested that the 2 different models be explored in the future. He did not feel it made sense to hire a parking attendant to secure the property or a security guard to watch the property.

Mr. Sadayasu agreed that it was a good point. The Hawaii Housing Finance and Development Corporation (“HHFDC”) did provide security for the other part of the building, so there were some double checks there.

Member Seki agreed with Member Kamimura. He recommended that the Department of Accounting and General Services parking control staff be consulted as they might be able to offer insight the next time the contract was put out to bid.

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 parking operations and management services for Kauhale Kakaako Parking Garage for a term not to exceed three years and to expend an amount not to exceed \$750,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount.

Member Seki asked whether it would be difficult to have a 1-year contract and then be evaluated, instead of 3 years. You can look at it and just extend for a year and maybe re-solicit and get more bidders.

Mr. Ching noted that the HHFDC was entertaining the sale of the facility that might require the HCDA to surrender its interest or sell it off. He was not certain what the long term status would be.

Mr. Sadayasu added that per procurement, he did not believe it could go down to a 1-year contract. It was a 2-year contract plus a 1-year option. If it does not work after 2 years and at the direction of the Authority, the contract could be re-solicited. It may also be moot if the HHFDC moves forward, and the contract would be terminated for convenience.

Chairperson Lee asked if the HHFDC would sell to another State agency, and whether it would be the building and not the land.

Mr. Ching responded that it would be a liquidation conveyance.

Mr. Sadayasu explained that the HHFDC was evaluating different options for their affordable housing inventory, similar to what the City & County of Honolulu (“City”) did. It might retain the land and just sell the affordable housing component.

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

A roll call vote was conducted.

Ayes: Members Hidano, Kami, Kamimura, Lee, Mitsunaga and Seki.

Nays: None.

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

5. Decision Making: Shall the Authority Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by the Kewalo Development LLC, the Developer of Phase IV-A of the Project?

Chairperson Lee stated that Agenda Item #5 would be deferred, but public comments would be taken.

#### PUBLIC TESTIMONY:

*Ms. Michelle Matson* stated that had been no explanation as to what the developer has requested, so how would she know what to be testifying.

A recess was taken at 2:40 p.m.

The meeting was reconvened at 2:45 p.m.

Mr. Ching explained that the 404 Piikoi project was initiated in the mid '80s, and involved the Nauru Tower, Hawaiki Tower, Koolani and 1133 Waimanu. The fourth and final phase is Waihonua and a reserved housing building called Phase IV-B. The developer of the project, Kewalo Development, LLC was requesting amendments to facilitate final design development, construction and delivery of the reserved housing



units in the Phase IV-B. The permit currently provides for construction of a supplemental reserved housing project across the street from Hawaiki Tower to satisfy the remaining reserved housing requirements for the project. The project consisted of 72 reserved housing rental units maintained as affordable rentals for a 50-year period. The developer is requesting approval to convey and transfer the Phase IV-B site to a developer and operator who will undertake and agree to develop the remaining reserved housing units for the project. The proposed transferee is an affiliate of Stanford Carr Development LLC. The request is for the HCDA to consent to Kewalo Development's partial assignment of the permit to the Carr affiliate to enable it to design, develop, construct and deliver the reserved housing project.

Chairperson Lee stated the item would be deferred to the end of the meeting.

6. Decision Making: Shall the Authority Authorize the Executive Director to Expend an Amount Not to Exceed \$150,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, to Prepare a Sanitary Sewer and Water Supply Master Plan for the Proposed Transit-Oriented Development Plan for the Kakaako Community Development District?

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

There were no questions from Members on the agenda item.

#### PUBLIC TESTIMONY:

*Ms. Michelle Matson* asked why a basic infrastructure master plan for sustainable connection to the Oahu sewer and water distribution grid was not completed prior to HCDA's fast track private development master plan being rubber stamped for residential tower permits now underway. She understood there was a supplemental EIS and the new master plan will address the capacity to 2035. A comprehensive carrying capacity study and infrastructure master plan including water supply, sewer capacity, needed schools, public park and recreational open space, and other infrastructure vital to the public health and welfare must be accomplished before any further development permits are authorized.

*Mr. Wayne Takamine* stated it was a good idea to study and have a plan for the sewer. The media has been concerned about the sewer smells and reports he has heard from managers of condominiums saying there have been crack lines. There are some water pockets, so when people dig underground they find mullet swimming inside the pools. There should be more caution about the infrastructure when approving new permits. He also suggested putting the Kakaako area before the other hearings because of their unpredictable length of time.

Member Evans reentered the meeting at 2:53 p.m.

Member Evans exited the meeting at 2:59 p.m.

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Expend an Amount Not to Exceed \$150,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, to Prepare a Sanitary Sewer and Water Supply Master Plan for the Proposed Transit-Oriented Development Plan for the Kakaako Community Development District.

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

A roll call vote was conducted.

Ayes: Members Evans, Hidano, Kami, Kamimura, Lee, Mitsunaga and Seki.

Nays: None.

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

Member Kamimura exited the meeting at 3:02 p.m.

7. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a One (1) Year Exclusive Negotiation Agreement with Hinamari Hawaii, Inc. for Potential Lease and Development of a Portion of Fast Land Along the Diamond Head Side of Kewalo Basin (Portion of Tax Map Key: 2-1-058: 128) for a Mixed-Use Development Including Parking and Negotiate a Lease and Development Agreement?

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

Member Evans reentered the meeting at 3:05 p.m.

There were no questions from Members on the agenda item.

#### PUBLIC TESTIMONY:

*Mr. Wayne Takamine*, asked whether the Hinamari group and Goodluck were a partnership or 2 separate entities, and if the permitting process was going to be for one conglomerate. He was concerned about the restrooms and taking park space away. He asked if the safety station would be located at the harbor master building. He felt there should be a preview session to describe the project and let the public have a chance to review it.

Mr. Ching explained that the harbor master's office is located next to the NOAA site. The HCDA was in discussions with the City to develop their life saving unit at that location.

Member Evans asked where the station would be located.

Mr. Ching explained that it would be at the Diamond Head side of the entrance to the harbor basin. The City has embraced the site and are in talks to initiate that immediately. As far as Hinamari, they would be in an exclusive negotiation period and had not yet executed nor committed to a development plan. He thought there might be 3 development agreements with 3 separate entities for Bellavita and the McWayne site as well. The HCDA would be consistent with the conceptual Master Plan and would also respond to concerns about parking and restrooms. Those issues would be included in the development proposals that are forthcoming.

*Mr. Mike DeRego* stated he was concerned about parking. He asked how many restaurants were being considered and where the harbor master's office would go. He felt that the harbor master's office should be in the Charter Boat building.

*Ms. Michelle Matson* was concerned that no one else has a chance for potential lease and development of public land on the Diamond Head side of Kewalo Basin. She asked if there would be a presentation of the development plan and felt there should be a comprehensive development plan, and not segmented, so people know how it is being planned and how the agreements are going to come together.

Chairperson Lee entertained a motion for the Authority to authorize the executive director to enter into a one (1) year exclusive negotiation agreement with Hinamari Hawaii, Inc. for Potential lease and development of a portion of fast land along the Diamond Head Side of Kewalo Basin (Portion of Tax Map Key: 2-1-058: 128) for a mixed-use development including parking and negotiate a lease and development agreement.

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

A roll call vote was conducted.

Ayes: Members Evans, Hidano, Kami, Lee, Mitsunaga and Seki.

Nays: None.

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

8. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Professional Services Contract and Expend General Obligation Bond Funds (B-2013-407-B) in an Amount Not to Exceed \$300,000.00 for the Design of the Kewalo Basin Harbor Jetty Repairs in the Kakaako Community Development District?

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

There were no questions from Members on the agenda item.

PUBLIC TESTIMONY:

*Mr. Wayne Takamine* stated he had talked to Friends of Kewalo who said it was a good idea to repair the Kewalo Basin jetty. He stated that the boulders in the Point Panic side have shifted and he would be monitoring the situation.

Chairperson Lee entertained a motion for the Authority to authorize the executive director to execute a professional services contract and expend General Obligation Bond Funds (B-2013-407-B) in an amount not to exceed \$300,000.00 for the design of the Kewalo Basin Harbor jetty repairs in the Kakaako Community Development District.

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

Chairperson Lee asked if the motion was just for design.

Mr. Ching replied in the affirmative. The construction would have to be approved later.

A roll call vote was conducted.

Ayes: Members Evans, Hidano, Kami, Lee, Mitsunaga and Seki.

Nays: None.

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

9. Decision Making: Shall the Authority Authorize the Executive Director to Expend an Amount Up to \$350,000.00 from Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, to Participate in a Honolulu Urban View, Heights and Density Study Being Prepared by the City and County of Honolulu, Department of Planning and Permitting Relating to Transit-Oriented Development Plans?

Mr. Ching summarized the report in the packet distributed to Members. He noted that George Atta, Director of the City Department of Planning & Permitting (“DPP”) was present in the audience to provide more information.

Member Hidano asked what the total study would cost and who else might be making a contribution to the study.

Mr. Ching explained that the City and the HCDA would match funds. The scope was to develop a preliminary recommendation for general alternative scenarios on viewplanes in areas throughout the city including Kakaako. The cost would be potentially \$700,000 jointly.

Member Hidano asked if there was any other group that could help with the expense.

Mr. Ching replied that the intention was to put matching funds together, and he did not expect there would be another group to tap for additional monies.

Member Hidano asked if the City would be the lead from a monetary standpoint as well as involvement and direction.

Mr. Ching replied that the HCDA was in sync with the mayor, managing director and the director of DPP.

**PUBLIC TESTIMONY:**

*Mr. George Atta*, director of DPP, reiterated that it would be a joint effort at integrating development in Kakaako with the rest of the city. A consultant would be hired, and the HCDA would be part of selecting the consultant as well as part of a review committee as the work products come in. Involvement of the board and staff would be integral to the whole process.

Member Hidano asked how much the consultant would cost.

Mr. Atta replied that the scope would guide the RFP. The cost of the contract would depend on the scope. Once the consultant is selected, the fee would be negotiated. They have done contracts before and were confident within the fee they would get view heights, density guidelines and principles needed to made decisions on a case-by-case basis. It was also tied to the City's effort at master planning the Blaisdell Center. They were calling it the Arts & Cultural Center and expanding it into McKinley, Honolulu museum park.

Member Seki asked whether Honolulu Authority for Rapid Transit ("HART") money could be used.

Mr. Atta replied that HART money cannot be used for Transit-Oriented Development ("TOD") planning and can only be used for rail construction.

*Mr. Wayne Takamine* stated that most of the City TOD initiatives have included a community advisory group. He suggested having a community group to aid with TOD.

Chairperson Lee entertained a motion for the Authority to authorize the executive director to expend an amount up to \$350,000.00 from Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, to participate in a Honolulu urban view, heights and density study being prepared by the City and County of Honolulu, Department of Planning and Permitting relating to Transit-Oriented Development Plans.

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

Ayes: Members Evans, Hidano, Kami, Lee, Mitsunaga and Seki.

Nays: None.

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

A recess was taken at 3:40 p.m.

The meeting was reconvened at 4:00 p.m.

10. Decision Making: Shall the Authority Waive Its Option to Buy-Back the Pacifica Honolulu Condominium Reserved Housing Unit #703?

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

Member Kami stated there were pros and cons if the HCDA were to buy back the unit. He wondered whether they should pursue going to the Legislature to get the statute fixed. If the statute cannot be changed, perhaps the rules could be changed to be consistent with statutes.

Mr. Ching responded he was not optimistic because there was a general State prohibition on selling land. In addition, there was a statutory prohibition levied on the HCDA not to sell any real estate in Kakaako. The general state program rules say that we should have a buy-back option. The shared equity is typical for that type of program.

Member Seki asked what would happen if the option is waived.

Mr. Ching explained that if the buy-back option is waived, then the purchaser is allowed to complete the intended sale of the unit. The HCDA would automatically get the first transfer shared equity payment. In this case it was \$1,000 because the Pacifica was sold at an amount very close to market by formula.

Member Seki noted that the current owner will sell at market price. He asked if it could be sold at a higher price.

Mr. Ching replied that the buyer would keep anything above that.

Member Seki felt it did not make sense that there would be no profit for the buyer because he bought into reserved housing.

Mr. Ching explained that reserved housing is not intended to allow the buyer to have a windfall.

There were no public comments offered 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 #703.

A motion was made by Member Seki and seconded by Member Mitsunaga

A roll call vote was conducted.

Ayes: Members Evans, Hidano, Kami, Lee, Mitsunaga and Seki.

Nays: None.

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

A recess was taken at 4:10 p.m.

The meeting was reconvened at 4:15 p.m.

5. (continued)

Decision Making: Shall the Authority Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by the Kewalo Development LLC, the Developer of Phase IV-A of the Project?

Mr. Ching summarized the report in the packet distributed to Members. He introduced Mr. Rick Stack, representative of Kewalo Development, LLC.

Mr. Stack explained that the 404 Piikoi Project Phase IV-A is the Waihonua Condominium, and Phase IV-B is the reserved housing component on the corner of Kona and Piikoi Streets, which was envisioned as a 72-unit senior rental project. The original developer they worked with was not able to get sufficient financing to proceed with the project. They are now working with a Stanford Carr entity and a different structure to continue the project in compliance with what was issued in the permit. They would donate the land in fee to that entity and provide \$1.9 million in predevelopment costs to assist them in obtaining financing for the project. They also expect to have increased affordability with the revised deal structure. They were asking to modify the development permit to revise the structure as a fee conveyance plus a cash contribution to the project. In exchange, the Stanford Carr entity would become the developer of the reserved housing project.

Chairperson Lee asked what Stanford Carr's plans would be.

Mr. Stanford Carr from Stanford Carr Development stated that he has been in discussion with A&B, or Kewalo Development, LLC in proceeding with the development of what was 72-unit senior rentals. He anticipated submitting within the next 45-60 days an eligibility application as well as a planned development permit. As one option, he was in discussions with the contiguous neighboring landowner for a

joint development consisting of a combined 52,000 square feet of property, which would allow development of senior and family housing much like he was building at Halekauwila Place. He intended to utilize the HUD 221(b) (4) program and was anxious to continue taking on the challenges of lower income rentals. His intent was to reach deeper affordability utilizing the section 42 low income housing tax credit program which would allow rental to households earning 60% of the area median income (“AMI”) in lieu of the current 100% AMI that was allowable.

Member Evans asked if that would be the 4% low income tax credit program that is implemented by HHFDC.

Mr. Carr responded in the affirmative.

Chairperson Lee commented that the Halekauwila Place project was going very nicely.

Mr. Carr stated that there was a 50-year rental restriction covenant. He would be coming to the Authority to amend it, since it may cause an impediment on the financing he was pursuing which was limited to 30 years. The intent was to keep it in affordability in perpetuity. He also understood that he would have to obtain financing by December 2016 and not deliver and construct the units by December 2016.

Mr. Stack clarified that his request letter was to allow sufficient time for the financing programs to be applied for and approved. The December 31, 2016 deadline would apply to obtaining the financing for the project versus completion of the units as described in the request.

Mr. Ching asked if the discussions on the matter have been “to the wire” and, while Mr. Carr was ready to assume the responsibility to produce at least 72 units, there might some details that he might have to explain to the Authority.

Mr. Carr replied in the affirmative. He stated that the information could be provided within the next 45-60 days in preparation of his planned development application.

Member Hidano asked whether Mr. Carr had an alternate plan to take over from Kewalo Development even if he did not secure the additional parcel.

Mr. Carr responded in the affirmative.

Mr. Stack added that they had agreed to make the plans available for the project that was already designed, and the current design could be built by Mr. Carr in the event that the larger project did not come to be.

Member Kami asked who would have the responsibility for the affordable housing requirement.

Mr. Carr stated that his company would assume the obligation and responsibility.



Chairperson Lee entertained a motion for the Authority to convene in Executive Meeting pursuant to Section 92-5(a)(4) HRS.

A motion was made by Member Seki and seconded by Member Mitsunaga. By a show of hands vote the motion passed unanimously.

Chairperson Lee asked Deputy Attorney General Lori Tanigawa, Mr. Ching, Mr. Neupane and Ms. Yoshino to join the executive session.

The regular meeting was recessed at 4:30 p.m.

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Pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 4:30 p.m.

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The regular meeting was reconvened at 5:16 p.m.

Chairperson Lee asked Mr. Ching to re-summarize the issues.

Mr. Ching asked Mr. Stack if Kewalo Development saw Mr. Carr as a capable developer that can produce a product substantially in compliance, if not exceeding, the current requirement for 72 units.

Mr. Stack responded in the affirmative.

Mr. Ching asked Mr. Carr if he would be seeking to establish a project that might have more than 72 units and also continue to address rental needs for the low income population.

Mr. Carr responded in the affirmative. He explained that his project would have approximately 100 senior rental apartments and 200 family apartments consisting of studios, 1-bedrooms, 2 and 3-bedroom units, 260 parking stalls and approximately 15,000 feet of commercial that would front Piikoi and Waimanu Streets.

Mr. Ching asked if instead of 72 units, that Mr. Carr would triple the number of rental units provided and all for qualified low income populations.

Mr. Carr responded in the affirmative.

Mr. Ching asked if the project was an easy or a challenging project.

Mr. Carr responded that every project is a challenge, given all the risks that are incurred. However, having been through the success of Halekauwila Place and the challenges that were overcome, he was confident that he would be able to structure

this type of financing and project. Halekauwila Place would be the first public/private urban core high-rise rental project for families in nearly 40 years. HUD would like to continue, as well as P&C Bank, to provide financing of his developments in Hawaii.

Mr. Stack stated that they had approached Mr. Carr because of his financing and development experience through the Halekauwila Place project.

Mr. Ching stated that the matter before the Authority was to consider amending the planned development permit that would be PD2-84 for 404 Piikoi Phase IV-A.

There were no public comments offered on the agenda item.

Chairperson Lee entertained a motion for the authority to authorize the executive director to amend the planned development permit for 404 Piikoi Project (PD 2-84) to assign the remaining reserved housing requirement to SCD Piikoi LLC, a Stanford Carr Development affiliate, the terms and conditions of which are subject to review and approval by the Department of the Attorney General.

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

A roll call vote was conducted.

Ayes: Members Evans, Hidano, Kami, Lee, Mitsunaga and Seki.

Nays: None.

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

## **V. ADJOURNMENT**

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

The meeting was adjourned at 5:26 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.

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