

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

Wednesday, August 6, 2014

KAKAAKO

I. CALL TO ORDER/ROLL CALL

A regular meeting of the Kakaako Members of the Hawaii Community Development Authority (“Authority” or “HCDA”), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Brian Lee, Chairperson of the Authority, at 9:01 a.m. on Wednesday, August 6, 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: Rodney Funakoshi (DBEDT)
Randy Grune (DOT)
Miles Kamimura
Brian Lee
Lois Mitsunaga
Luis Salaveria (DBF)
Ralph Morita (DAGS)
Brian Tamamoto

Others Present: Anthony Ching, Executive Director
Lori Tanigawa, Deputy Attorney General
Lindsey Doi, Compliance Assurance & Community Outreach
Officer
Loretta Ho, Asset Management Specialist
Aileen Saito, Administrative Services Officer
Shelby Hoota, Program Specialist
Ann Shimamura, Secretary
Holly Hackett, Court Reporter

MATERIAL DISTRIBUTED:

1. August estimate of the homeless population in Kakaako Makai
2. Agenda item IV, 6. – Shall the Authority Authorize the Executive Director to Expend an Amount Up to \$120,000.00 from Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, for the Purchase of a Twenty-One (21) Foot Guardian Boat (or Similar) and Donation to the City and County of Honolulu Emergency Services Department for

Emergency Rescues In and Around the Kewalo Basin Harbor, Tax Map Key 1-2-1-58: 128 and Near Shore Waters of Oahu?

IV. KAKAAKO MATTERS

Chairperson Lee announced that he will take item #3 first and out of order on the Agenda.

3. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Four-Year Memorandum of Agreement with the City and County of Honolulu for Use of Approximately 10,000 sf of the First Floor of the Former Look Lab Facilities at Tax Map Key No. (1) 2-1-60:001 (Por.) for its Sidewalk-Nuisance Ordinance and Stored Property Ordinance Program and Coning Unit Branch?

Mr. Ching summarized the staff report in the packet distributed to Members. He explained that the City and County Department of Facility Maintenance currently operates its Sidewalk-Nuisance Ordinance (SNO) and Stored Property Ordinance program and Coning Unit Branch out of several locations, one being in Halawa and another on Auahi Street.

The HCDA's former Look Lab Facility ("Look Lab") consists of 18,000 square foot warehouse and 29,560 square foot open yard space that is enclosed with a six foot chain link fence. Mr. Ching stated that it was previously leased by the University of Hawaii until 2003 and has since been vacant except for short term tenants. The Look Lab is not equipped with public utilities, electric power, waste water and drinking water. It is planned to be a part of the potential development of the Barrack Obama Presidential Center with possible construction to begin after the completion of the President's current term. He stated that HCDA anticipated that the Obama Foundation would be a long term lessee of this site.

He also stated that the HCDA staff and the City believe that relocating the City teams that conduct the SNO enforcements would benefit from moving into the Look Lab for a four year term because of its central location. This arrangement would be mutually beneficial to both agencies because it will provide a needed facility for the City and enforcement of the SNO program in the Kakaako Makai area, conveniently conducted from the site. An added benefit by relocating the city facility to the Look Lab would allow for Auahi Street to be opened up to pedestrian, bicycle and vehicular circulation. Mr. Ching stated that it was staff's recommendation that the Authority authorize him to enter a Four-Year Memorandum of Agreement (MOA) with City & County of Honolulu for use of approximately 10,000 square feet of the first floor of the former Look Lab, at a no cost in exchange for mutually beneficial use as a facility for the City to conduct its SNO enforcement in the Makai area.

Mr. Ching introduced Ross Sasamura, Director and Chief Engineer of the City and County Department of Facility Maintenance to share his comments of the intended use of this property by the City.

Mr. Sasamura stated that the activity his department is presently maintaining in this area relates to the enforcement of Sidewalk-Nuisance Ordinance and Stored Property Ordinance as well as the Coning branch that takes care of the contraflow coning along Ward Avenue, Kapiolani Boulevard and Kalaniana'ole Highway. The Coning group in particular has been located here primarily due to the favorable geographical location to serve East Honolulu. This Coning group was formerly located in Kakaako but has since moved to Halawa Valley and the travel time is excessive for the crew.

Member Tamamoto questioned the length of the four-year lease agreement being used as a storage facility. He further stated that he understands the favorable central location however this is a valuable piece of property. Coming from the private sector he did not understand the use of prime land for storage. He questioned the four-year lease versus a two-year lease which he felt would be more appropriate as it would probably be determined within the period if the Presidential Library will be awarded to Hawaii. While he understood that the agreement would be temporary, he asked Mr. Sasamura and Mr. Ching as to the rationale of the four-year lease versus a two-year lease. Member Tamamoto felt that to be stuck in a four-year agreement may hamper decision making for future planning of that area.

Mr. Sasamura explained that this property will not be used solely for storage but will house their crew's equipment as well. He stated that this would be temporary arrangement and they do not intend to remain or refuse to leave the area. It would allow them to run their operations of the metropolitan Honolulu area efficiently. They are currently pursuing other properties for the Coning crew specifically.

Member Tamamoto asked about the possibility of an early termination of the lease.

Mr. Sasamura answered that it would be possible but asked that the Authority to consider the full four-year lease because of the time required to enter negotiations on a lease with a new property. He further explained that his department would also need to consult with the Union about relocating their staff. The reason for moving the facility now is to facilitate the opening of the Auahi Street extension.

Mr. Ching explained that this is actually a two part action as HCDA is looking to provide a non-exclusive right of entry for the remainder of the building to a private party (Agenda item 4). The value and use of this property is very limited due to the lack of utilities. Mr. Ching explained that this property has been vacant for 4 years. This MOA allows sixty days notification in the event circumstances dictate that the

city should vacate. He stated that even if the Presidential Center is awarded to Honolulu, the four-year lease is not unreasonable due to the time that the design process of the center takes.

Member Tamamoto asked how was the Look Lab able to operate under the University without utilities.

Mr. Ching stated that the University did operate with the utilities intact. In 2005, when the A&B proposal was received, this particular lot was included in that proposal. To prepare for this development, the utilities were cut.

Member Tamamoto further questioned Mr. Ching, in the event that HCDA goes through with this lease and it's not extended and there is no Presidential Library award, does HCDA or the Authority have a Plan B for the best use of this property?

Mr. Ching clarified that HCDA is not entering a lease but a Memorandum of Agreement with notice and a Right of Entry with notice (Agenda item 4).

Mr. Ching stated that he is very optimistic with the interest and the application given by the University of Hawaii for locating a Presidential Library or a Presidential Center in Hawaii. Plan B would involve redevelopment of the area appropriately should the Presidential Center not come into fruition.

Member Tamamoto asked Mr. Sasamura should the MOA pass, how soon would the City work on Auahi Street.

Mr. Sasamura stated that they would begin as soon as possible, as early as next week, to begin preparatory measures. It would take several months before moving in but his department would begin immediately.

Member Tamamoto asked Mr. Sasamura if the City had the necessary budget to begin this work.

Mr. Sasamura stated that they had in-house resources to begin the work. They have the heavy equipment and skilled trade people to perform the work.

Mr. Tamamoto asked if it would involve fiscal year budgeting.

Mr. Sasamura assured Mr. Tamamoto that they have the necessary in-house skills to perform the work.

Mr. Ching explained that due to the partnering with a private entity to utilize the remainder of the Look Lab facilities, the City would not have to wait for any Council budget appropriation. The utilities will be brought into the facility by a private entity to the City specifications. Mr. Ching further explained that HCDA has been in discussion for about a year regarding this MOA.

Chairperson Lee asked if there were further questions.

Member Kamimura expressed that the Authority does not have not have sufficient information to make a decision on this MOA, particularly as this Agenda item is tied into a financial deal with Agenda item Four.

Chairman Lee asked Mr. Ching to address this issue.

Mr. Ching explained that this Memorandum of Agreement with HCDA and the City and County of Honolulu was attached in their packets as an exhibit. He referenced Paragraph 16 whereby HCDA may terminate with sixty day notice. Mr. Ching suggested that decision making on this MOA be delayed until the other Agenda item Four could be discussed.

Chairperson Lee stated that this was a prudent plan and asked if there were any further questions.

Member Funakoshi asked Mr. Sasamura if there was any anticipated vehicle maintenance or storage of petroleum or hazardous materials at the facility.

Mr. Sasamura responded that there would be no vehicle maintenance at this facility and no storage of hazardous materials.

Member Tamamoto expressed concern whether the MOA sixty day cancellation clause would serve as sufficient notification of the HGA UPW contract requirement of an office location move.

Mr. Sasamura replied that there is no timeframe in the collective bargaining regarding consultation. He stated that the Union has been very accommodating in the past for extenuating circumstances and emergencies.

Chairperson Lee asked for any public testimony. There were none.

II. APPROVAL OF MINUTES

1. Kakaako Special Meeting of June 27, 2014

Chairperson Lee asked whether there were any corrections to the minutes of the June 27, 2014 meeting. There were no comments or corrections from Members, and the minutes were approved as presented.

2. Kakaako Regular Meeting of July 2, 2014

Chairperson Lee asked whether there were any corrections to the minutes of the July 2, 2014 special meeting. There were no comments or corrections from Members, and the minutes were approved as presented.

III. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Ching told the Authority about the Kewalo Basin Harbor Celebration event held on Friday, August 1, 2014. He explained that the event was being held to express appreciation to the members of our boating community who are tenants and who have supported and taken the harbor to the next level. This community also includes groups such as Friends of Kewalo Basin Park, Kupu and Life 360, a youth diversion and training program. Mr. Ching stated that these entities ensure that there will be a community purpose for the area. This event also hosted the City and County Emergency Services Department, the lifeguards. He explained that their future participation will be discussed later in the meeting.

Mr. Ching talked about storm preparation in the park. HCDA planned not to open the park on Thursday. He noted in situations such as this, the residents including the Next Step Shelter are evacuated to the Blaisdell Center or possibly McKinley High School. The harbor is controlled by the Commander of the port during civil emergencies which is the Coast Guard. HCDA has issued an advisory through an e-mail blast to all tenants to prepare for the event and possible evacuation.

Member Tamamoto asked Mr. Ching if security guards will be hired to make sure that the park is closed.

Mr. Ching replied that security is employed to open, close and patrol the park. However in civil event such as this, HPD would actually restrict access into the Makai area.

Member Tamamoto stated that it was his understanding that there is a little over a hundred homeless in Kakaako.

Mr. Ching replied that after a count taken on August 5th, there are approximately a hundred twenty homeless individuals in the park during the daytime hours. He went on to qualify this and stated that many of the Next Step Shelter residents go the park area when the shelter is closed during the day. This count was taken during the day and reflects a sizable population. Mr. Ching stated that his guess however is about 70 persons that might be considered homeless and residents of Kakaako.

Mr. Tamamoto asked Mr. Craig Uemura, HCDA Asset Management Specialist, if the homeless cooperated when asked to leave the park because of an impending storm.

Mr. Uemura replied that there has not been problems.

Mr. Ching explained that Mr. Uemura knows many of the homeless in Kakaako on a first name basis. So typically, they have listened and cooperated in civil emergencies. Mr. Uemura also conducted the recent point-in time park census.

Mr. Ching disclosed that Senator Hirono has convened a work group. She is especially interested in the COFA (Compact of Free Association) population in the area. Mr. Ching pointed out yellow spots in the distributed Kakaako census where there were COFA encampments. This Makai Area census also includes a local and mainland designation as Senator Hirono looks to address and seek relief for the COFA population. Mr. Ching explained that the estimate for locals, long-time Hawaii residents of 5 years or more is about sixty nine, primarily Marshall Islanders and Chukees. There are five new visitors (recent arrivals). Mr. Ching went on to explain that there are pockets in the Mauka Area along Keawe Street and sometimes along South Street but the majority of the homeless is in the Makai Area.

Mr. Ching introduced Gregg Hamburg of Art Space who was in the audience. The Art Space project, an artist live and work community, has recently received a tax credit award from the Hawaii Housing Finance and Development Corporation. Mr. Ching hoped that the Rental Housing Trust fund allocation, which this project has applied for would be forthcoming. Mr. Ching anticipates that the Environmental Assessment should be completed by our next September meeting and he would be asking for the Authority's consideration to execute a lease so this project could officially move forward. He pointed out some of Art Space's features:

- 80-unit project of varying sizes up to 3-bedroom.
- Will include provisions for at least 5% to serve those at 30% of area median income.
- They will be clustered at no more than 60 % of area median income. This type of project is defined by the federal government as very low income housing.
- Project is located on 30,000 square foot lot between Kawaiahao and Waimanu Streets in central Kakaako neighborhood.
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Chairperson Lee asked Mr. Ching if HCDA would be contributing the land.

Mr. Ching replied affirmatively and that it would be a long-term lease. He explained that the capital stack would draw from the Rental Housing Trust Fund tax credit, some city funds and other assorted sources. He further explained that it would include some third-party financing based on rental revenue and the ability to mortgage.

Chairperson Lee asked Mr. Ching about the value of the 30,000 square foot lot.

Mr. Ching replied that the land was purchased for approximately \$4.2 million, on the low side considering its location, street exposure on both sides and central location. He believed that the project would be well received. Project cost is in the vicinity of \$40 million and would include a community center.

Chairperson Lee expressed that even when the land is given free, it is not easy to construct an affordable housing project.

Mr. Ching concurred that land must at least be at acquisition cost to attempt to assemble a capital stack.

Member Tamamoto expressed that from his background, developers tend to shy away from affordable housing because it is very risky. He further expressed that when you do have it, it is a blessing.

Mr. Ching moved to the next item on his report which was Harbor slip revenue and occupancy. He noted that the Harbor lease will commence on September 1. Victoria Ward-Howard Hughes Corporation will take over operations September 1, 2014. Mr. Ching noted on the occupancy review that the commercial aspect of the Harbor tenants, commercial charter, commercial fishing and tour excursion would be approximately 58 percent. He also noted that 35 percent is recreational and seven percent is guests. Mr. Ching mentioned that the Friends of Kewalo Basin continues to be very supportive in maintaining the park.

Mr. Ching addressed Member Tamamoto's comments regarding insurance at the last meeting. He noted that HCDA is typically self-insured and that their fees are about \$25,000.00 per year and is currently on track.

Mr. Ching referenced the Summary Financial Reports, June variances:

- \$58,608.00 expenditure for June due to annual expenses such as attorney general share, supplies, car rental and insurance.
- \$68,977.00 revenue due to reserved housing shared equity being deposited into the fund.
- Spike in supplies expenditures due to recent move to the DHHL location. Charges were taken and reconciled at this point but are at year to date.

Mr. Ching next referenced the cash balance sheet, summarizing cash on hand is nearly \$16 million. Removing the outstanding obligations, \$8 million is the remaining balance. There are additional accounts of about \$3.8 million.

Member Tamamoto asked for a reconciliation on projections for the Harbor at the next Authority meeting.

Mr. Ching replied affirmatively.

Member Tamamoto stated that the percentage rents will all change due to the signing of the contract and that there would be a large deposit. He stated these are the projections that he would like to see.

Mr. Ching replied affirmatively.

Chairperson Lee asked if there were any further questions. There were none. He then asked the audience for public testimony. There were none.

IV. KAKAAKO MATTERS

4. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Four-Year Right of Entry with Ocean Investments for Use of Approximately 6,000 sf of the First Floor of the Former Look Lab Facilities at Tax Map Key No. (1) 2-1-60:001 (Por.) for its Guest Transportation Fleet?

Mr. Ching summarized the staff report:

- Ocean Investments, LLC operates the 53 By the Sea fine dining restaurant and services to their guests which includes transportation to and from their hotels.
- They have a guest transportation fleet.
- Ocean Investments, LLC proposes to underwrite the cost of utility restoration at the Look Lab facility. Cost is not final but maybe about \$50,000.00.
- Ocean Investments, LLC anticipates being credited back on a rent basis approximately \$3,000 a month.
- Ocean Investments, LLC intends to use a portion of the Look Lab to park their guest transportation fleets, which are limos.

Mr. Ching recommended that in conjunction with the Memorandum of Agreement with the City, a parallel Right-Of-Entry Agreement be entered with Ocean Investments, LLC for use of approximately 6,000 square feet of the first floor of the former Look Lab facilities for parking or storage of their guest transportation fleet.

Member Tamamoto questioned Ocean Investment's \$3,000 monthly credit – was \$3,000 a minimum rent regardless of what improvements were made or was the rent \$3,000 and the improvements deducted over the 4-year period using \$3,000 as the base rent? He also asked how was the \$3,000 for 6,000 square feet price formulated. He stated that it seems too reasonable.

Mr. Ching replied that the cost of improvements would be deducted over the 4-year period and that this is an unusual situation where an entity is asked to front an unspecified cost for utility improvements for a building that has little value because it is expected to be demolished. He further stated that HCDA has received very interest for use of this building. It would be to the public's benefit to have the facility and maintenance people located in this area as this is a popular spot for the homeless, directly in the front door and driveway where the City would be operating. Mr. Ching stated the modest return balanced with this continual maintenance of this area is a public benefit that goes beyond dollars.

Member Tamamoto stated that it is his understanding that the package appears to be at the City's expense with in-house resources and Ocean Investments will be paying for utility improvements using a baseline of \$3,000 a month.

Mr. Ching replied affirmatively.

Member Tamamoto asked about the City's commitment to open up Auahi Street being permanent or temporary.

Mr. Sasamura stated that particular parcel in question is City-owned and is intended to be used as a street.

Mr. Ching stated that the VIA project is in preliminary stages. He further stated that opening up Auahi makes sense since access or increased vehicular access along Ala Moana Boulevard would be discouraged. The City needs to use Auahi and Kula Streets as their primary access point for this project.

Member Tamamoto asked if Ocean Investments would have a similar Memorandum of Agreement like the City's with a 60-day cancellation clause.

Mr. Ching replied that it would be a similar arrangement as a Right-of Entry, not a lease with a 60-day termination notice – parallel to what would be given to the City.

Member Tamamoto asked what would happen if after two years, their improvement cost exceeds the amount of the lease rent.

Mr. Ching replied that they would pay the base rent.

Member Kamimura asked if the basic structure was sound.

Mr. Ching replied that the steel framing is sound. However the roof leaks and there are no enclosed windows. He stated that HCDA has welded rebars across the window to prevent vagrancy. The second floor has lead and asbestos within the structure.

Member Kamimura expressed that with the utilities improvement this 18,000 square foot space is still leasing at 50 cents rent and we are actually paying for the improvements via rent subsidy.

Mr. Ching replied affirmatively.

Mr. Kamimura commented on the benefit to the City to give them an area to work but with the restoration of utilities, it would still be a 50 cents rent.

Mr. Ching agreed that the economics on the cash return are reasonable but there is still a leaky roof, insecure windows, lead and asbestos situation. However, he noted

that Ocean Investments would simply be using the property to park their limos and no other active use but the bathroom. The City would actually be running their trailers onsite. He further noted that they will not be using the space as office space as they will bring their own facility. Mr. Ching viewed the situation more as an immense benefit of having the City in our hot bed area and anticipated that their presence would alleviate some of the stress we are experiencing around the Children's Discovery Center. He stated that the homeless have been forewarned of this pending MOA and that they need to find other arrangements or be part of the solution. The homeless has been very hostile to the Children's Discovery Center so the benefit goes beyond the return on dollars in this particular case.

Mr. Kamimura understood about the benefit but questioned our exposure regarding the hazardous materials presence and the risk as landlords. He deferred to our Deputy Attorney General Lori Tanigawa for guidance.

Ms. Tanigawa referenced Number 9 in the Agreement – Condition of Premise / Assumption of Risk. She also stated that HCDA will make sure that adequate protection is taken.

Member Tamamoto suggested that to address Member Kamimura's concerns, that a disclosure be part of the agreement.

Ms. Tanigawa concurred

Member Salaveria summarized that the value for the City is 59,800 square feet of open space to do staging and for Ocean Investments, it's the 6,000 square feet of space that is under roof and that no one will be using the existing office spaces.

Mr. Ching replied affirmatively.

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Enter into a Four-Year Right of Entry with Ocean Investments for Use of Approximately 6,000 sf of the First Floor of the Former Look Lab Facilities at Tax Map Key No. (1) 2-1-60:001 (Por.) for its Guest Transportation Fleet.

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

Member Tamamoto asked Mr. Ching if he would utilized his negotiation skills with Ocean Investments to increase the lease amount.

Member Salaveria agreed with Member Tamamoto. He also stated that this is a complex motion with larger implications involving domino phasing of two entities.

Member Kamimura expressed his discomfort with leasing a facility with known hazardous material.

Chairperson Lee thanked Members for their invaluable comments and expertise on this issue.

A roll call vote was conducted.

Ayes: Members Tamamoto, Salaveria, Grune, Funakoshi, Morita, Mitsunaga and Lee

Nays: Member Kamimura

The motion passed 7 to 1, 1 excused (Vacant Cultural Specialist)

Chairperson Lee thanked Members. He stated that he respected Member Kamimura's no vote and appreciated his insights. He then entertained a motion for the Authority Authorize the Executive Director to Enter into a Four-Year Memorandum of Agreement with the City and County of Honolulu for Use of Approximately 10,000 sf of the First Floor of the Former Look Lab Facilities at Tax Map Key No. (1) 2-1-60:001 (Por.) for its Sidewalk-Nuisance Ordinance and Stored Property Ordinance Program and Coning Unit Branch.

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

Member Tamamoto asked if the lease negotiations did not work out with Ocean Investments, would the City and or HCDA be responsible for the utility improvements.

Mr. Ching replied that Ocean Investments and the Children's Discovery Center are the two entities economically affected by the homeless in that area. They both welcome the City in that facility. Mr. Ching felt confident that he could successfully execute both leases.

Ms. Tanigawa added that both the City's MOA and Ocean Investment's ROE had 60 day early termination provisions for convenience.

A roll call vote was conducted.

Ayes: Members Tamamoto, Grune, Mitsunaga, Salaveria, Funakoshi, Morita and Lee.

Nays: Member Kamimura

The motion passed 7 to 1, 1 excused (Vacant Cultural Specialist)

Chairperson Lee called a recess at 10:20 a.m.

Chairperson Lee reconvened the meeting at 10:34 a.m.

5. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Contract with Network Enterprises, Inc. and to Expend an Amount Not to Exceed \$100,000.00 from the Hawaii Community Development Revolving Funds Leasing and Management Subaccount for Tree Root Trimming and the Pavilion Paver Replacement in the Kakaako Waterfront Park and for Tree Trimming of the Banyan Trees within the Makai Portion of the Kakaako Community Development District?

Executive Director Ching summarized that each year we spend approximately a million dollars on the maintenance of our parks – Kewalo Basin Park, Waterfront Park and the Makai Gateway Park. The staff has identified repair projects that require immediate attention, tree root removal and paver replacement at the three pavilions. He noted a recently received complaint and a risk management situation for tripping over the pavers.

Mr. Ching talked about Network Enterprises, a non-profit organization that provides quality vocational rehabilitation, assessments, job training, job replacement and support services for individuals with or without disabilities. He further explained that Network Enterprises has the approval from the State Procurement Office because of the nature of their program and how it would be allowed to work directly with them without having to go through normal procurement.

Mr. Ching noted that staff has identified a contract of approximately \$100,000 to trim back roots, install root barriers to replace the pavers at three trellises in our Waterfront Park and to trim two Banyan trees at the makai end of Keawe Street and the other at the historic pump station. He recommended that the Authority authorize him to enter into a Contract with Network Enterprises, Inc. and to Expend an Amount Not to Exceed \$100,000.00 from the Hawaii Community Development Revolving Funds Leasing and Management Subaccount for Tree Root Trimming and the Pavilion Paver Replacement in the Kakaako Waterfront Park and for Tree Trimming of the Banyan Trees within the Makai Portion of the Kakaako Community Development District.

Mr. Ching noted that Jennifer Dotson of Network Enterprises was in the audience should there be any questions.

Member Tamamoto asked Ms. Dotson if Network Enterprises had assessed if the trees needed to be removed.

Ms. Dotson stated that they only perform the work and do not make recommendations.

Member Tamamoto expressed that it was a lot of money for repairs that could be ongoing and questioned why a tree removal assessment was not performed.

Mr. Ching responded that tree removal or replacement would be controversial. He went on to explain that the root barrier installation would be a strategy for maintenance.

Member Tamamoto expressed that from a practical standpoint, he felt that moving forward, the entire picture should be encompassed in regards to the damage that could possibly result from the tree root systems.

Member Grune inquired about who would review the quality of the work and approving the work performed.

Mr. Ching replied that the Asset Management staff manages landscaping or repair contracts.

Member Kamimura asked Ms. Dotson if her organization was licensed to do this type of work and if licenses are required to perform tree trimming.

Ms. Dotson replied that they are joint venturing with a private company that is providing the technical expertise. This job training would be opened to people in her organization who are interested. She went on to explain that her organization is not required to have a license but ensures that the people who are hired are able to provide this type of work.

Chairperson Lee asked Ms. Dotson if her organization was providing the labor to perform the services in partnership with a private contractor. He also inquired about the name of this private contractor and if this contractor would be compliant with the State and County contract and license board.

Ms. Dotson responded affirmatively that her organization was performing the work. The name of the private contractor is Aikahi Services and that they are required to be compliant with the State and City boards.

Chairperson Lee asked Ms. Dotson about the minimum wage segment in her report. He inquired about the length of this project as the minimum wage will be increasing next year.

Ms. Dotson replied that this project should be completed before year end.

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Enter into a Contract with Network Enterprises, Inc. and to Expend an Amount Not to Exceed \$100,000.00 from the Hawaii Community Development Revolving Funds Leasing and Management Subaccount for Tree Root Trimming and the Pavilion Paver Replacement in the Kakaako Waterfront Park and for Tree Trimming of the Banyan Trees within the Makai Portion of the Kakaako Community Development District.

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

A roll call vote was conducted.

Ayes: Members Salaveria, Morita, Funakoshi, Kamimura, Mitsunaga, Tamamoto and Lee.

Nays: None

Member Grune stepped out during this roll call (August 6, 2014, impending Hurricane Iselle).

The motion passes 7 to 0, 2 excused (1 Vacant Cultural Specialist, Member Grune stepped out to take a call regarding the Hurricane Iselle situation).

6. Decision Making: Shall the Authority Authorize the Executive Director to Expend an Amount Not to Exceed \$120,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount for the Purchase of a Twenty-One (21) Foot Guardian Boat (or Similar) and Donation to the City and County of Honolulu Emergency Services Department for Emergency Rescues In and Around the Kewalo Basin Harbor, Tax Map Key 1-2-1-58: 128 and Near Shore Waters of Oahu?

Mr. Ching talked about the Kakaako Makai Conceptual Master Plan Final Report which was adopted by the Authority on May 18, 2011. He explained that the overall objective of the plan is to connect Makai's past to the present and future as a community gathering place. Plan depicts a general framework of access and circulation, land uses with respective intensities and open space networks and areas designated for future improvements and represents the desires and recommendations of area stakeholders. He continued to explain that section plan includes the development of a lifeguard station by the City and County of Honolulu at the Diamond Head edge of the Kewalo Basin Harbor.

The City and County of Honolulu Emergency Services, Department Ocean Safety and Lifeguard Services Division is responsible for primary responses to all emergencies that arise on the beaches and in the near shore waters around the Island of Oahu. Mr. Ching expressed that locating the emergency responders in the harbor will improve emergency response times and capacities. He explained that there is no location within the neighboring Ala Moana Beach Park which would provide direct ocean access with docking facilities for rescue craft operation.

The HCDA staff feels that the co-location within the existing Harbormaster's facilities would be cost efficient and would speed emergency response and save lives. Mr. Ching stated that in 2013, there were more than 650 ocean rescues and over 350,000 preventive actions carried out including education and other preventive measures. The south shore ocean safety district extends from the mouth

of Pearl Harbor to the boat ramp in Hawaii Kai. He noted five major functions of ocean safety services:

- Manage emergency situations on vessels that become disabled and put their passengers at risk.
- Responding to persons in the harbor, on the shoreline and in near shore waters with medical emergency.
- Rapidly and safely transport basic life service, medical service providers to offshore medical emergencies.
- Assist Coast Guard and Honolulu Fire Department in search and rescue situations.
- Assist the Honolulu Police Department in evacuation and emergency medical services onsite during times of civil emergencies

Mr. Ching summarized that in addition to locating ocean safety staff (jet ski team) and emergency responders at the existing harbor master's facilities, a purchase and donation of a rescue boat be made. He explained that jet skis typically tow a sled on which they transport their clientele. A rescue boat would allow for a mobile platform from which they can stage, triage and then stabilize and bring in.

He continued to explain that in addition, a rescue boat could transport two advanced life support providers to the offshore medical emergency scene. The vessel can provide a platform for an effective CPR resuscitative effort in the water, while underway. He stated that this is something a jet ski craft cannot provide.

He introduced Mr. Rigg, Director of the Ocean Safety Department, who was in the audience and could address questions. Mr. Ching referenced the staff report that had a preliminary quote for the appropriately equipped rescue vessel to be about \$93,000 with additional shipping costs. He stated that the Managing Director and the City administration are supportive and would accept this vessel and would be responsible for the operation and maintenance of it over time.

Mr. Ching concluded with a recommendation that the Authority authorize him to expend an amount not to exceed \$120,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount for the purchase of a twenty-one (21) foot Guardian Boat (or similar) and donation to the City and County of Honolulu Emergency Services Department for emergency rescues in and around the Kewalo Basin Harbor, Tax Map Key 1-2-1-58: 128 and near shore waters of Oahu. He deferred to Mr. Rigg to further explain the need of this rescue vessel.

Mr. Rigg stated that Mr. Ching presented a very thorough report. He reinforced that his department is responsible for all emergencies on the beaches and in the near shore waters of Oahu. His department anticipates a large number of people in the Kakaako area when the development takes place. He added currently the HFD operates a rescue boat which is on a trailer at the station. When they are called out,

they have to drive the boat to the boat ramp, launch the boat and then access the emergency. Should the Authority authorize donation of the rescue boat, it would be in the water and ready to respond immediately. He further explained that response time is critical in any emergency. The rescue vessel could also be used as a precautionary safety measure when there is a lot of activity in the water.

Member Kamimura stated that this rescue boat would significantly improve the Ocean Safety Department's ability to provide the service they are responsible for.

Mr. Rigg concurred that the location is ideal.

Member Morita inquired about dangerous storm situations. He asked if the vessel would be properly stored and protected.

Mr. Rigg answered that it would be out of the water, on a trailer and kept in a secured environment.

Member Tamamoto asked Mr. Ching if the City would be providing CIP monies to build the lifeguard station.

Mr. Ching replied negatively. The station would be co-located with the existing harbor master facilities. There would be no CIP monies and they could move in almost immediately. He further explained that discussion with Howard Hughes indicated that they are supportive of the location and storage in the harbor.

Member Funakoshi asked why is the State purchasing a boat for the City and was this request generated by the City.

Mr. Ching explained that since taking over the operations of the harbor in March 2009, stakeholders in the area such as Friends of Kewalo Basin Park expressed concern about the increase traffic in and out of the harbor. He stated that they believed there will also be an increase opportunity for medical emergencies to occur. Mr. Ching further explained that he recognized the value of having an Ocean Safety station in the harbor as part of the conceptual Master Plan. The Plan's overall objective was public gathering place and people gathering in the water. He stated that it made so much sense to Howard Hughes from an overall community standpoint and a Master Plan standpoint.

Member Funakoshi expressed that providing the location in the harbor was good but he had reservations about purchasing the boat.

Chairman Lee asked that the public speaker introduce himself.

Mr. Howe stated the he was Jim Howe, the temporary Administrator for the Ocean Safety Division and also the Operations Chief for the Division. He is responsible

for this request. He explained that this boat could help a distressed vessel particularly near a breakwater where the Coast Guard is not able to assist. This has happened on numerous occasions, in particular between the Ala Wai and Kewalo Basin.

Mr. Ching explained that he had received assurance from the City that they would be maintaining and operating the vessel. He stated that this is a partnership to enable and enhance ocean safety.

Chairperson Lee entertained a motion to for the Authority to Authorize the Executive Director to Expend an Amount Not to Exceed \$120,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount for the Purchase of a Twenty-One (21) Foot Guardian Boat (or Similar) and Donation to the City and County of Honolulu Emergency Services Department for Emergency Rescues In and Around the Kewalo Basin Harbor, Tax Map Key 1-2-1-58: 128 and Near Shore Waters of Oahu.

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

Member Tamamoto wanted to share with the other Authority Members that he and Member Kamimura were appointed to the Kewalo Basin Harbor Lease Committee at the beginning of this year. One of the requests of the stakeholders was a properly equipped lifeguard station. He expressed to Mr. Ching at that time the importance of including the stakeholders' request. He further stated that Mr. Ching did a good job in negotiating with the City, Howard Hughes, the stakeholders and HCDA so that all parties were satisfied.

A roll call vote was conducted.

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

Nays: None

The motion passed 8 to 0, 1 excused (Vacant Cultural Specialist)

Chairperson Lee called a recess at 11:20 a.m.

Chairperson Lee reconvened the meeting at 11:27 a.m.

7. Appointment of HRS Section 92-2.5(b) Committee to Investigate Enhancement of HCDA's Reserved Housing Program in Kakaako and Recommend Necessary Statutory and/or Rule Amendments.

Chairperson Lee began by explaining for some time, there has been a shortage of housing opportunities in the City and County of Honolulu for all income levels. The Department of Business, Economic Development and Tourism estimates that

this backlog amounts to over 5,000 units per year. He continued to explain that while HCDA maintained the requirement that market developers must set aside 20 percent of their units or their floor area for qualified income renters, there still is a need for the Authority to assist with solutions. He therefore established an investigative committee to develop recommendations to enhance the HCDA's Reserved Housing program in Kakaako and recommend necessary statutory and/or rule amendments. He further explained that this committee included Chair Brian Tamamoto, Member Luis Salaveria and himself, Brian Lee. He stated that the recommendations will be considered by the Authority prior to the 2015 Legislative session.

Member Tamamoto stated that he is a strong advocate to keep reserved housing, affordable housing within the Kakaako area. He explained that 20 percent is set aside for new housing and for reserved housing but in reality some of these contracts for reserved housing will disappear. He gave an example of the Pacifica, after two years of ownership reserved housing, one could sell at market rate. He stated the true task is to resolve how to perpetuate reserved housing in Kakaako.

Member Funakoshi volunteered to be part of this investigative committee.

Chairperson Lee thanked Members for being a part of this committee as this is a very serious and complex issue.

Chairperson Lee asked if anyone in the audience would like to provide public testimony.

Ms. Shannon Wood introduced herself as a member of NGO. She stated that she has been working with State Senator Suzanne Chun Oakland for three and a half years on a wide range of housing activities. She strongly recommended that the committee ask Senator Chun Oakland to share the research that her staff has been doing.

Mr. Chris Lethem introduced himself. He is the chair of the National Parents Organization. He suggested that this subcommittee have their meetings open to the public.

Chairperson Lee thanked both speakers.

8. Information and Discussion: Potential Waiver of Vested Administrative Rule Section 15-22-184 Regarding Asset Limit Qualifications of Low-Income Applicants for the Rycroft Terrace Reserved Housing.

Chairperson Lee deferred this discussion to the newly formed investigative committee on reserved housing. He asked for public testimony and there were none.

9. Royal Capitol Plaza, Association of Apartment Owners v. Hawaii Community Development Authority, et al., Civil No. 14-1-0804-03, Status Update.

Chairperson Lee deferred this agenda item as well. He asked for public testimony on this agenda item and there were none.

V. ADJOURNMENT

Chairperson Brian Lee adjourned the regular meeting at 11:38 a.m.

Respectively submitted,

/s/

Miles Kamimura
Secretary

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