

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

Wednesday, November 5, 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 9:05 a.m. on Wednesday, November 5, 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
Miles Kamimura
Brian Lee
Lois Mitsunaga
Kalbert Young (DBF) (arrived 9:13 a.m.)
Dean Seki (DAGS)
Brian Tamamoto

Others Present: Anthony Ching, Executive Director
Sandra Ching, Deputy Attorney General
Lindsey Doi, Compliance Assurance & Community Outreach
Officer
Shelby Hoota, Program Specialist
Ann Shimamura, Secretary
Jean McManus, Court Reporter

II. APPROVAL OF MINUTES

1. Kakaako Regular Meeting of October 1, 2014

Chairperson Lee asked whether there were any corrections to the minutes of the October 1, 2014 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 Members that included in their packets was his written report which included activity sheets, project and park activities and various project updates. He stated he would like to cover items not in his report

- The Artspace Project is a \$40 million project intending to produce approximately eighty live, work units for artists on a HCDA lot. This project has received major funding from the Hawaii Housing Finance and Development Corporation (HHFDC) in the form of low-income housing tax credit allocation as well as an allocation from the rental housing trust fund. Mr. Ching anticipated at the next November 25th Kakaako meeting, the Board will entertain a long term lease for this Project.
- Makai Park Master Plan – Mr. Ching next referenced the displays on the walls which have been shown to the public in a series of open houses. He explained in detail, the process of collecting input from the public and working with HCDA’s consultant to organize these ideas. He also explained in detail the types of activities that are envisioned for the Makai Park Master Plan and also upcoming park events.
- Ala Moana Kakaako Neighborhood Board – Mr. Ching attended their last meeting and reviewed the two resolutions presented at that meeting in detail. The 1st resolution opposing HCDA’s date changes for their public hearing failed due to lack of majority. The 2nd resolution regarding recommendations that HCDA continue their work on reserved housing passed with no opposition. Mr. Ching stated that to ensure the spirit of the this resolution and after hearing the contents of the Reserved Housing Committee’s recommendations, he proposed that at HCDA’s next meeting on November 25, 2014, the Board will resolved to present the recommendations to the next incoming board for continuity.
- Motion to change hearing for KAK 14-066 Victoria Ward, Ltd. and KAK 14061 MK VIDA, LLC from December 17, 2014 to November 25, 2014 – Mr. Ching stated the rationale for the applicants to request a new hearing date included that the development permit application be decided by the existing board members who are already familiar with the projects and participated in the initial public hearings and heard public input. He stated that there would be a high likelihood that quorum will not be achieved for the December hearing date due to the Administration change. There is an 160-day automatic approval date that specifies that agencies such as HCDA must establish the maximum time period for considering any development permit application and that there is the consequence of automatic approval if action is not taken prior to the automatic approval date.

PUBLIC TESTIMONY

1. Galen Cox - opposed
2. Sharon Moriwaki – opposed
3. Wayne Takamine – opposed
4. Michelle Matson – opposed
5. Isaac Smyth – opposed

IV. KAKAAKO MATTERS

2. Presentation of Findings and Recommendations of the Committee to Investigate Enhancement of HCDA's Reserved Housing Program in Kakaako and Recommend Necessary Statutory and/or Rule Amendments.

Chairperson Lee stated that there would be no action taken on this report and will schedule action at the November 25th meeting.

A recess was taken at 10:00 a.m.

The meeting was reconvened at 10:16 a.m.

Mr. Ching stated that reserved housing is something we must all be a part of the solution. Shelter is a basic need. He quoted Paul Brewbaker's statistic which points out that in 2013, there were only 400 new housing starts and yet the estimate is that each year we need 3,300. He summarized the Reserved Housing Committee's report in detail.

Member Tamamoto offered two comments to the general public. He stated if anyone needed more information to please contact him or Lindsey Doi of HCDA. He stated in addition, the committee is developing, through the HCDA staff, a video that will show other sites on the mainland that have done low income affordable housing.

Chairperson Lee thanked Reserved Housing Committee Chair Brian Tamamoto and Members Funakoshi and Salaveria for their extensive work summarizing a very complex and complicated problem. He stated that statewide, the need for housing is even greater as the population grows by 14,000 people each year. He went into detail statistically about this problem. He reiterated that it is a complicated problem that requires everyone from the community to legislators to investors and developers to really work together to resolve. He also talked about luxury units that provide some subsidy for below market units. Chairperson Lee also mentioned the Mayor's strategy of ohana units that might provide another solution for the community.

PUBLIC TESTIMONY

1. Tom McLaughlin
2. Sharon Moriwaki
3. Michelle Matson
4. Isaac Smyth
5. Wayne Takamine

Chairperson Lee asked Mr. McLaughlin if he would ask developer for more than the required 20% for reserved housing.

Mr. McLaughlin stated that he would challenge and ask for pro forma to see how much money the developer makes. He stated that this would another way that they could contribute to reserved housing. He expressed concerns of gentrification occurring pushing reserve housing into other areas.

Chairperson Lee asked Mr. McLaughlin about his opinion where an applicant may be allowed to pay a fee in exchange for their requirements.

Mr. McLaughlin stated that cash in lieu would be an easy out for developers.

Chairperson Lee expressed his concerns of the Board's continuity and that a new Board may not know the history of a project and may take a while to learn the process. He reassured Mr. McLaughlin many public hearings will be held as required by law, regularly reviewed by the Attorney General's office. He stated he valued his and the community's input.

Member Tamamoto explained in detail the rationale regarding reduced parking for the affordable units.

Ms. Moriwaki asked what would happen should the Board approved the Reserved Housing (RH) Committee report.

Member Tamamoto explained in detail some of the recommendations that the Board would share with the Legislature, City Council and Hawaii's congressional delegates should the Board adopt the RH committee's recommendations.

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

The meeting was reconvened at 11:27 a.m.

3. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Two-Year Janitorial Contract with an Option to Extend One-Year and Expend Up to \$200,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, for the HCDA's Offices in the American Brewery Building?

Mr. Ching explained that the current Janitorial contract for 461 Cooke Street Office will expire on December 15, 2014. To make a smooth transition to the new office space at the ABB, HCDA staff has issued a bid for a new contract for any transition period at the current office and for the new office space at the ABB. He explained in detail the terms of the contract.

Member Tamamoto asked if the contract included supplies and why were there showers.

Mr. Ching answered affirmatively and the reason for showers is to facilitate an active work environment where people might bike to work. Currently, on staff, there are people that bike to work.

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

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Enter into a Two-Year Janitorial Contract with an Option to Extend One-Year and Expend Up to \$200,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, for the HCDA's Offices in the American Brewery Building.

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

A roll call vote was conducted.

Ayes: Members Grune, Young, Mitsunaga, Kamimura, Funakoshi, Seki, Tamamoto and Lee.

Nays: None.

The motion passed 8 to 0 with 1 excused (1 vacant position).

4. Shall the Authority Approve Final Draft Financial Statements for the Fiscal Year Ended June 30, 2014?

Mr. Ching summarized the report in the packet distributed to Members. He explained that it is a requirement by HRS to submit to the Governor and State Legislature at least 20 days prior to the start of the regular session complete and detail report of HCDA's activities and the presentation of financial information to allow the State to understand its comprehensive financial statement. He stated that it is a requirement and a deadline.

Chairperson Lee asked if there were comments from Members or any public testimony.

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

Chairperson Lee entertained a motion for the Authority Approve Final Draft Financial Statements for the Fiscal Year Ended June 30, 2014.

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

A roll call vote was conducted.

Ayes: Members Young, Grune, Kamimura, Funakoshi, Seki, Mitsunaga, Tamamoto and Lee.

Nays: None.

The motion passed 8 to 0 with 1 excused (1 vacant position).

5. Shall the Authority Authorize the Executive Director to Enter into a Two-Year Contract With Option to Extend One-Year, and Expend an Amount Not to Exceed \$247,000.00

from the Hawaii Community Development Revolving Funds Leasing and Management Subaccount for Security and Vehicle Towing Services for HCDA Owned Lands within the Kakaako Community Development District?

Mr. Ching explained to Members that this item was approved at the October 1st meeting for \$240,000. Unfortunately in the course of procurement, the lowest response came in at \$246,711.45.

Member Tamamoto stated that he believed that this contract should be specifically more for security services.

Mr. Ching explained that coordinating towing and security particularly for the Kakaako parks would be a more efficient way to proceed.

Chairperson Lee asked if there were comments from Members or any public testimony.

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

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Enter into a Two-Year Contract With Option to Extend One-Year, and Expend an Amount Not to Exceed \$247,000.00 from the Hawaii Community Development Revolving Funds Leasing and Management Subaccount for Security and Vehicle Towing Services for HCDA Owned Lands within the Kakaako Community Development District.

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

A roll call vote was conducted.

Ayes: Members Grune, Seki, Tamamoto, Mitsunaga, Kamimura, Young, Funakoshi and Lee.

Nays: None.

The motion passed 8 to 0 with 1 excused (1 vacant position).

6. Executive Session: Potential Kewalo Basin Harbor Fast Lands Lease on TMK (1) 2-1-058:128 (por.) with Good Luck International Corporation and Hinamari Hawaii, Inc. as the Possible Lessees.

Chairperson Lee stated that in accordance with Section 92-5(a)(3) Hawaii Revised Statutes, the Board will be convening in executive session to discuss negotiations relating to the Kewalo Basin Harbor Fast Lands Lease. No action will be taken at this time.

PUBLIC TESTIMONY

1. Wayne Takamine
2. Michelle Matson

Chairperson Lee asked if there were further comments from Members or any public testimony.

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

Chairperson Lee entertained a motion that the Board convene into executive session to discuss agenda item 6.

A motion was made by Member Tamamoto and seconded by Member Grune. By a voice vote, the motion passed unanimously.

Chairperson Lee asked Deputy Attorney General Sandy Ching, Mr. Ching, Mr. Neupane, Mr. Sadayasu, Ms. Saito and Ms. Shimamura to join the executive session.

Chairperson Lee stated that will convene in to another conference room and executive session will last approximately 45 minutes and will not reconvene earlier than 12:30 p.m.

Pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 12:01 p.m.

Board convened to an executive session at 12:01 p.m.

Chairperson Lee reconvened the meeting at 12:50 p.m.

V. ADJOURNMENT

The meeting was adjourned at 12:51 p.m.

Respectfully submitted,

/s/
Miles Kamimura
Secretary

*Meals were served to Authority Members and required staff as an integral part of the meeting.

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