

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

Wednesday, February 11, 2015

KAKAAKO

I. CALL TO ORDER/ROLL CALL

A special 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 1:12 p.m. on Wednesday, February 11, 2015, 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)
Jade Butay (DOT)
Miles Kamimura
Brian Lee
Scott Kami (BF)
Brian Tamamoto

Members Absent: Lois Mitsunaga
Douglas Murdock (DAGS)

Others Present: Anthony Ching, Executive Director
Lori Tanigawa, Deputy Attorney General
Lindsey Doi, Compliance Assurance & Community Outreach
Officer
Shelby Hoota, Program Specialist
Hedy Coleman, Court Reporter

II. APPROVAL OF MINUTES

1. Kakaako Regular Meeting of January 7, 2015

Chairperson Lee asked whether there were any comments or corrections to the minutes of the January 7, 2015 special meeting. There were no comments or corrections from Members, and the minutes were approved as presented.

III. REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Ching noted the report in the packet, which included a summary of the project activity in the district, financials, as well as a management report from Kewalo Basin Harbor.

PUBLIC TESTIMONY

1. Michelle Matson: Kewalo Basin Lessee (Howard Hughes) conducted an informational meeting with the community and presented a very comprehensive plan for the harbor that fits with the community's wishes. She would like that process to be spread through the area.

IV. KAKAAKO MATTERS

2. Information and Discussion re: Pursuant to HRS 206E-13, Consultation by Honolulu Authority for Rapid Transportation for City Center Stations within the Kakaako Community Development District.

Mr. Ching summarized the report located in tab 2 of the packet distributed to Members and described the rail transit project as it relates to Kakaako (downtown, civic center, Kakaako stations). He noted the following presentation by the Honolulu Authority for Rapid Transportation (HART) is for members' information as part of the consultation process.

Member Tamamoto asked if HCDA had received the items requested of HART at the November meeting. Mr. Ching replied in the affirmative and said the items had been distributed to members. Member Tamamoto and Member Funakoshi noted that they had not received the TMKs and parking spaces affected by rail construction. Member Tamamoto asked if HCDA received a bike storage capacity document from HART CEO Dan Grabauskas, to which Mr. Ching wasn't sure if HCDA had received it. HART representatives stated they would check on it and send it immediately. Chair Lee asked the executive director to follow up on these items and distribute them to members. Member Tamamoto asked if HART had submitted a document on the tree distribution, to which HART was unsure. Mr. Ching and Chair Lee stated they had not received that document. Member Tamamoto noted that it is unacceptable for HART not to submit the documents requested if they are to work with HCDA cooperatively.

Elizabeth Scanlon, director of planning and right of way for HART, and Morris Atta, deputy director of right of way for HART discussed explained the various station plans and went through a corresponding powerpoint presentation.

Member Tamamoto asked when questions would be allowed. Chair Lee stated the board would have the opportunity for questions after each HART speaker.

Member Tamamoto asked Mr. Atta whether HART's website listed all of the affected properties so that business owners could be aware. Mr. Atta says yes the website is updated, however some properties could be affected with minor alignment adjustments. Member Tamamoto noted it would be good to collaborate with HCDA to put the same information on the HCDA website also.

Darren Mar of HART discussed the potential traffic impacts with rail construction through Kakaako and stated no business or resident would be prevented access to their property.

Member Butay asked when construction would begin in this area and Mr. Mar stated it could start in early 2016. He stated this package hasn't been out to bid yet, so the timeline is still unclear.

Member Funakoshi asked about businesses along the route. Mr. Mar stated HART has workshops to assist businesses along the route to minimize construction losses. Member Funakoshi asked if there were compensation for business losses, to which Mr. Mar replied in the affirmative.

Member Tamamoto confirmed there was no monetary compensation for business interruption, to which Mr. Mar replied in the affirmative. Member Tamamoto stated even if the business wasn't blocked by construction, there would be no parking. Mr. Mar replied maps would show drivers where to go, but parking is a luxury. Member Tamamoto disagreed that parking is a luxury.

Member Tamamoto asked if there were plans for underground utilities along the route. Mr. Mar stated there are plans in certain areas for underground utilities, such as areas where the utility crosses mauka to makai. He says a map can be provided of those areas.

Mr. Ching asked about city coordination with HART, to which Ryan Tam of HART replied they are in close coordination with the city and attend regular meetings. Mr. Ching asked about drainage and runoff and stated the HCDA would follow the guidelines by the EPA and DOH as it regards to drains in Kakaako.

Member Tamamoto asked about Queen St. and if the project affects the land that is privately held by the Chun Brothers. Mr. Atta of HART replied that a small sliver of the project does affect that land. He stated they would seek to resolve title through eminent domain. Member Tamamoto stated that the title issue is a city issue, but the city hasn't resolved it. Mr. Atta mentioned the city might issue condemnation proceedings on all such questionable parcels, but private businesses initiated litigation against the Chun Brothers and thereby put a hold on the city's efforts.

Ken Caswell, chief architect for HART, presented information on train operation, station features and design, and park and rides. He showed architectural renderings of the

downtown, civic center, and Kakaako stations and mentioned they are still subject to change.

Chair Lee called a recess at 2:11 p.m.

Chair Lee reconvened the meeting at 2:18 p.m.

Member Tamamoto asked about HART being overbudget and if that would affect the Kakaako area stations. Ms. Scanlon said that is being assessed and they're trying to balance the cost with the station design and safety. She noted the stations would be constructed, but the design/ art is still being worked through.

Member Tamamoto asked about how many people fit on the platform, to which Mr. Caswell replied about 700 people could fit at a maximum, but they would employ crowd control methods for safety. Member Tamamoto asked if there was a separate exit/ entrance. Mr. Caswell said the railcar has an entrance/ exit on the right hand side, with the track on the left.

Member Funakoshi asked about HART's responsibility for improving pedestrian/ bicycle access to the stations. Mr. Caswell noted that HART is part of the city and is responsible for making sure the system runs. He stated HART doesn't have funds to build bike paths or sidewalks, but could implement CIP funding to do so if necessary.

Member Kami asked Mr. Ching if HCDA needs to give any approvals for the rail project, to which Mr. Ching noted that HART does not need to come to the HCDA for project approval unless HCDA is the landowner involved.

Member Tamamoto asked for legal advice on whether the HCDA needs to make a decision on the HART consultation, Lori Tanigawa replied comments could be made and forwarded to HART, however no decision will be made today.

Mr. Ching asked about bike lockers in the rail stations, to which Mr. Caswell replied the Kakaako stations could have bike storage facilities. He stated bike lockers are difficult because of the safety risk, but they could implement bike racks or a bike storage facility accessible by card/ key. Mr. Ching asked if HART was coordinating with DTS to enhance bus stops for rail passengers, to which Mr. Caswell replied studies have shown where they could relocate bus stops and make other improvements.

Mr. Ching asked about public restrooms, public phones, drinking fountains in the Kakakao stations and Mr. Caswell replied those would all be part of the station design.

Mr. Ching asked about vertical design and integration with other developments in vertical crossings. Mr. Caswell replied all stations are designed with TOD in mind, so some vertical crossings can be done.

Mr. Ching asked about vandalism, and Mr. Caswell stated that he hoped the artwork itself would discourage vandalism. He stated they would also have anti-graffiti coatings on them. Member Tamamoto noted that Dan Grabauskas said that closed circuit cameras would monitor that activity, to which Mr. Caswell replied in the affirmative.

Member Kami asked about security at the stations, to which Mr. Caswell stated HART will have a transit police department and they're also working with police/ fire/ EMS to provide services, as well as working with developers so that their private on-site security can assist as well.

Member Kami asked about the frequency of stops and the duration of trip lengths. Mr. Caswell noted that the train control system can regulate speed and stop duration depending on the conditions.

Lisa Yoshihara, transit arts program administrator, discussed how HART is using art and culture to differentiate each station and pay tribute to the area's history.

Member Tamamoto stated he is glad that moolelo are incorporated into station design. He stated the signage might be better placed on the concourse rather than at the ground level so that people waiting for trains can better understand the station design history.

Ms. Scanlon noted that any outstanding items will be sent to HCDA this week.

PUBLIC TESTIMONY

1. Raymond Low: Questioned whether there were enough entrance modules, since the drawing shows two machines and four gates
 - a. Mr. Caswell responded the drawing was for a typical station and a consultant calculated the number of fare gates needed, which is typically two, plus one ADA accessible gate. Larger stations like Aloha Stadium have up to a dozen fare gates.
2. Dexter Okada: Wants to emphasize the impact of rail to small businesses, especially the underground utilities and how they will close off street access.
 - a. Responding to a question from Member Tamamoto, Mr. Okada stated a reasonable time frame to be notified by HART of road closures is 2-3 months.
 - b. Ms. Scanlon of HART noted that HART contractors can give 2-3 month notice, or as far in advance as possible to assist businesses and residents. She also noted there is a HART hotline in effect 24/7 for any questions.
3. Craig Watase: Rail is necessary for smart growth (building up instead of out) and affordable housing.

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

Chair Lee recessed the meeting at 3:13 p.m.

Chair Lee reconved the meeting at 3:22 p.m.

3. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Professional Services Contract with AECOM Technical Services, Inc. to Assist HCDA in Complying with the State Department of Health and National Pollutant Discharge Elimination Systems Permit Requirements for the Kakaako Community Development District and Kewalo Basin Harbor Small Municipal Separate Storm Sewer Systems and Expend an Amount Not to Exceed \$350,000.00 from HCDA's Revolving Funds, Improvement District Subaccount for Such Contract?

Mr. Ching summarized the report located in tab 3 of the packet distributed to Members. He noted this amount is slightly higher than what was previously authorized, however we believe the EPA, DOH, and City may be required to perform to higher standards in the future, requiring higher costs.

Member Funakoshi asked whether the drainage systems being dedicated to the city, to which Mr. Ching replied the city has not accepted the conveyance of those systems despite HCDA's urgings. Therefore, it remains the HCDA's responsibility to be in compliance with those systems.

Member Tamamoto asked why we are allowing the city not to accept the drainage system. Mr. Ching replied it is frustrating but nothing has worked so far. Member Tamamoto asked about the two-year term, and Mr. Ching stated the procurement process allows for multiple year contracts and allows the agency to be consistent throughout the transition of this program.

PUBLIC TESTIMONY

1. Wayne Takamine: Asked about the storm drains in Kakaako Makai and where it goes, specifically those near Children's Discovery Center where the homeless use the bathroom into the drains.
 - a. Mr. Ching noted that is likely accurate, and that the storm drains can end up in Kewalo Basin, although he is unsure which drain leads exactly where.

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

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Enter into a Professional Services Contract with AECOM Technical Services, Inc. to Assist HCDA in Complying with the State Department of Health and National Pollutant Discharge Elimination Systems Permit Requirements for the Kakaako Community Development District and Kewalo Basin Harbor Small Municipal Separate Storm Sewer Systems and Expend an Amount Not to Exceed \$350,000.00 from HCDA's Revolving Funds, Improvement District Subaccount for Such Contract.

A motion was made by Member Funakoshi and seconded by Member Butay.

A roll call vote was conducted.

Ayes: Members Kamimura, Lee, Tamamoto, Kami, Butay, and Funakoshi.

Nays: None.

The motion passed 6 to 0 with 3 excused (1 vacant position).

4. Decision Making: Shall the Authority Consent to the Sale of Na Lei Hulu Kupuna's Leasehold Interest to Mark Development Inc. in Accordance with the Proposed Purchase and Sale Agreement and Authorize the Executive Director to Execute and Deliver any and all Related Sale Documents?

Mr. Ching summarized the report in tab 4 of the packet distributed to Members. He stated it is very difficult to maintain low-income housing after the regulated term expires, however Mark Development is a capable company who is willing to take it over and keep it affordable to those making 60% AMI or less.

Member Kamimura asked how the price of the sale was calculated, to which Mr. Ching replied Bank of Hawaii calculated the purchase price using the depreciated value.

Chair Lee clarified this is only a sale of the building, and not the land underneath it. Member Tamamoto asked who owns the land and Chair Lee asked about the remaining lease terms. Mr. Ching stated there are 9 years left on the lease and the land is owned by HHFDC (state) and the City & County.

Mr. Watase of Bank of Hawaii explained that the 9% LIHTC would commit the project to another 30-40 years of affordability. Member Tamamoto asked about the 1% interest for HCDA, to which Mr. Watase explained HCDA gets the 1% interest, while Bank of Hawaii is the 99% owner of the tax credits. Mr. Watase explained the purchase price was reached with HCDA's condition that the rents must be kept affordable (no more than 33% of their income) and no tenants would be forced out of their homes.

Member Kamimura commended Bank of Hawaii for providing more housing for a longer period of time, but questioned how they know the value. Mr. Watase said they are assuming the state and county will continue the lease rate and extend the term. He stated that unless rental prices are increased, the purchase price represents the highest possible number that can be achieved.

Member Tamamoto noted that housing prices go up when built near rail, however Mr. Watase said that is not true for deed-restricted housing.

Mr. Butay asked what would happen without the tax credits, to which Mr. Watase replied they would continue to manage the property as best they could and would try to build up the reserves to the end of the affordability term. Mr. Watase stated they've done tax credits before in the interest of preservation so it is his belief they will score very well based on the low incomes they are targeting.

Member Tamamoto wanted clarification on increasing rents, to which Mr. Watase replied that the current rent has not been raised in decades and remains \$675, compared to the maximum allowable rent of \$1006. Mr. Watase stated the current tenants cannot support more rent increases so it is not reasonable.

Member Kami asked about the extension of the lease, to which Mr. Watase noted that the lease extension needs to be negotiated with HHFDC and the City & County.

Member Kami asked the AG that as a general partner in this limited partnership, does the HCDA need to follow state procurement. Ms. Tanigawa said that this is a private entity so it is exempt from procurement.

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

Chairperson Lee entertained a motion for the Authority to Consent to the Sale of Na Lei Hulu Kupuna's Leasehold Interest to Mark Development Inc. in Accordance with the Proposed Purchase and Sale Agreement and Authorize the Executive Director to Execute and Deliver any and all Related Sale Documents.

A motion was made by Member Butay and seconded by Member Funakoshi.

Member Kamimura noted he is struggling with this decision because the intent is commendable, but he is clueless on the value of the property.

Chair Lee noted he would rely on Bank of Hawaii's numbers but would have liked more explanation. Mr. Watase stated he would provide more documentation to members.

A roll call vote was conducted.

Ayes: Members Butay, Lee, Tamamoto, Kami, and Funakoshi.

Nays: Kamimura.

The motion passed 5 to 1 with 3 excused (1 vacant position).

5. Decision Making: Shall the Authority Accept the Determination of Findings of No Significant Impact for the Final Environmental Assessment Prepared for the Ala Moana Pump Station Renovation?

Mr. Ching summarized the report in tab 5 of the packet distributed to Members.

Chair Lee said he is very happy that new life is coming to the historic Pump Station and American Brewery Building, which have been vacant and unused for decades.

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

Chairperson Lee entertained a motion for the Authority to Accept the Determination of Findings of No Significant Impact for the Final Environmental Assessment Prepared for the Ala Moana Pump Station Renovation.

A motion was made by Member Tamamoto and seconded by Member Funakoshi

A roll call vote was conducted.

Ayes: Members Kamimura, Butay, Lee, Tamamoto, Kami, and Funakoshi.

Nays: None.

The motion passed 6 to 0 with 3 excused (1 vacant position).

Chair Lee recessed the meeting at 4:08 p.m.

Chair Lee reconvened the meeting at 4:15 p.m.

Member Kamimura left the meeting.

6. Information and Discussion re: Kewalo Basin Harbor Vision and Objectives- Staff Presentation.

Mr. Ching summarized the report in tab 6 of the packet distributed to Members. He showed a powerpoint outlining Kewalo Basin's history and the conceptual master plan. He also showed a video that describes HCDA's vision for the harbor's future and explained how the harbor can be better activated. Mr. Ching noted that the existing exclusive negotiation agreement deadline is coming up and will soon be over. The environmental assessment is still in process and will be done in April. Mr. Ching noted that the Authority can enter a 60-day period where any entity may make their proposal for the harbor parcels, as we will no longer need to negotiate exclusively with one party. Mr. Ching noted that today there will be no decision, it is just informational for the board and public.

Member Tamamoto mentioned his concerns over the process and why negotiations are continued with developers when the ENA will expire. He also mentioned that projects of

this magnitude should go through the RFP process, or the RFQ process if time is tighter. Member Tamamoto says ENA's are suspect to the community and are not transparent.

PUBLIC TESTIMONY

1. Michelle Matson: Noted that the ENA will expire and other parties can enter negotiations. Suggests that the board proceed to stakeholder meetings for proposals for the fastlands that are consistent with Kakaako Makai master plan.
2. Mike Derego, Kewalo boater: Charterboat building project does nothing to help commercial harbor or commercial boaters. There isn't enough space for restaurant in that area, it will crowd front row businesses. Promenade is nice, but that takes away the only loading zone in harbor. Should build docks on Diamond Head side so they are ADA compliant. Need public bathrooms.

Member Butay asked if other developers are interested. Mr. Ching noted at least one other party is interested and the 60 day window would allow them to step forward. Member Kami clarified that the ENA will be allowed to expire so that others can be allowed to make proposals, to which Mr. Ching replied in the affirmative.

Member Tamamoto asked why we wouldn't do an RFP, especially if we are now inviting other interested parties. He says we should do an RFP based on what we believe the area should be, based on the Makai master plan. Mr. Ching stated that the HCDA laid out its vision for the area already and anyone is welcome to offer their concept and business plan. Member Tamamoto stated some want no commercial activities with a lei of green. Mr. Ching noted that the conceptual master plan map has a narrative that includes a promenade and some commercial development, all of which was agreed upon after four years of planning.

Member Funakoshi stated he has concerns over an ENA, but is glad other parties can enter negotiations once it expires. He noted there are tight spaces and constraints, but appreciates the video showing the HCDA's vision for the area.

PUBLIC TESTIMONY – continued-

3. Wayne Takamine, CPAC: CPAC worked with HCDA on master plan that detailed a marine related retail in the specified ENA parcels, as well as a lifeguard training station, not just an emergency response station. That does not mean commercial retail. The first ENA was for a wedding chapel, then it was combined to a larger entity without public input. Community doesn't want to work with an ENA, as it is not suitable.
 - a. Member Kami asked how often CPAC meets and reviews the changes. Mr. Takamine noted they met in December to talk about the new governor and many members are part of other organizations.

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

Chair Lee took the following agenda item out of order and allowed Kewalo Waterfront Partners to present first, as requested by Bellavita, Inc.

8. Information and Discussion re: Kewalo Waterfront Partners Exclusive Negotiation Agreement Status Update and Presentation by Kewalo Waterfront Partners.

Kevin Cockett of Kewalo Waterfront Partners made a public presentation to outline their plans for revitalizing Kewalo Basin Harbor and their vision for the fastlands parcel. Whitney Schneider of Aloha Consortium explained how their farm to table concept will be part of the proposed development. Mr. Cockett explained the site layout, which included event space/ live music venue, signature restaurant and bar, beach cafe, multi-use space, public open deck, and retail/ commercial space. Guy Kaulukukui explained the proposed renderings and how they evolved over time, noting KWP conducted 27 community outreach sessions with 32 key stakeholders. Mr. Cockett stated that the estimated timeline for completing the EA is April 2015, with a lease executed by May 2015.

Chair Lee recessed the meeting at 5:52 p.m.

Chair Lee reconvened the meeting at 6:02 p.m.

PUBLIC TESTIMONY

1. Mike Derego, Kewalo boater: Loading docks are necessary to a working harbor, so access for fuel/ ice trucks needs to be maintained with any potential development. Promenade and the proposed design is not functional, especially since emergency vehicles need access to back of the harbor.
2. Bob Crone, architect/ CPAC: Commercial/ entertainment uses should be on the OHA side, but they got shoved to the Diamond Head side. This is the wrong building for the wrong place. This proposal builds a wall between Ala Moana Beach Park and Kewalo, not connect the two. Lei of green would connect it.
3. Dean Okimoto, Nalo Farms owner: This project promotes local goods and companies, not mainland chains like Bubba Gumps. This fits in with local fishermen because it uses local seafood and can teach people how to cook it. He notes Roy Yamaguchi of Roy's also endorses this project. RFP doesn't allow you to control what companies are put inside the development, but this way allows for that.
4. Travis Tominaga, park user: Kewalo doesn't have the best environment, but this could revitalize the area and community, much like First Friday has done for Chinatown. Development in Kewalo could be a positive thing, as is more local.
5. Michelle Matson: The community based master plan accounts for a farmers market and local sustainable agriculture. Farmers market was placed in a much better location across the harbor, not in a cramped spot on the Diamond head side. Project is incompatible with this area. Need RFP to guide this process that will be consistent with community based plan.
6. Wayne Takamine: This project presents logistical problems for boaters during construction. No parking lot means no business, and construction would take over the existing parking lot for boaters and Kewalo Basin park users. EA doesn't address this issue.

7. Information and Discussion re: Bellavita, Inc. Exclusive Negotiations Agreement Status Update and Presentation by Bellavita, Inc.

John Wakai (lawyer) and Steven Wong (architect) representing Bellavita Inc. made a public presentation about a family friendly Italian seafood restaurant called Napule at the site of the Charter boat building. They explained the restaurant would utilize local produce and products. It would also cook fresh fish from Kewalo boaters so fishing customers could take their catch to the restaurant for dinner. Mr. Wong showed renderings of the building and how it is oriented toward the harbor.

PUBLIC TESTIMONY

1. Mike Derego, Kewalo boater: Drawings seem unfriendly to harbor and no boaters want this project or the KWF project. All of these different developers want to do these projects at the same time when the harbor is still a commercial harbor, which is bad for business. Boaters also gut fish right on the dock, which would be bad for the restaurant.
2. Bob Crone: Build the restaurant in the neighborhood, not in the harbor. There's no reason to build this here since all it does is create traffic and friction with the harbor users.
3. Wayne Takamine: This project was denied an ENA previously by HCDA because there wasn't enough parking in the area. The legislature did not approve CIP for this parking structure so there is no parking in the area and this project cannot go forward.

Member Tamamoto asked if KWF understands the ENA time period will lapse on Feb. 19, to which Mr. Cockett replied he believes so. Member Tamamoto noted that without any board meetings scheduled before that date, the ENA will lapse. Member Tamamoto noted there will then be no guarantee that a lease agreement will be made and they will not be reimbursed for any expenses incurred in prepping for this project, to which Mr. Cockett replied in the affirmative.

Member Butay asked why the an agreement wasn't reached within the ENA time allotted, to which Mr. Cockett noted they intended to complete it by February, however they did not account for the holiday slowdown.

No other members or the public had any questions or comment on this agenda item.

Mr. Ching thanked members for their service and for staying so long today.

V. ADJOURNMENT

The meeting was adjourned at 6:41 p.m.

Respectfully submitted,

Miles Kamimura
Secretary

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