

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

Wednesday, July 22, 2015

KAKAAKO BUSINESS

I. CALL TO ORDER/ROLL CALL

A general business meeting of the Kakaako Members of the Hawaii Community Development Authority (“Authority” or “HCDA”), a body corporate and a public instrumentality of the State of Hawaii, was called to order by Chair Whalen at 11:36 am July 22, 2015, at Authority’s principal offices at 547 Queen Street in Honolulu, Hawaii, 96813, pursuant to Article IV, Section 1 of the Authority’s Bylaws.

Members Present: Beau Bassett
Jade Butay (DOT)
Scott Kami (B&F)
Tom McLaughlin
William Oh
Jason Okuhama
Mary Pat Waterhouse
Steven Scott
John Whalen

Members Absent: George Atta (DPP non-voting)

Others Present: Aedward Los Banos, Acting Executive Director
Lori Tanigawa, Deputy Attorney General
Deepak Neupane, Planning Director
Laura Savo, Court Reporter
Tommilyn Soares, Secretary
Lindsey Doi, Compliance Assurance & Community Outreach
Shelby Hoota, Media Specialist

II. APPROVAL OF MINUTES

Kakaako Special Meeting of June 24, 2015

Chair Whalen asked if there were questions or corrections to the minutes of June 24, 2015 and hearing none, the minutes were approved as presented.

III. KAKAAKO MATTERS*

Decision Making re: Subordination Agreements and Payment of Shared Equity for Reserved Housing Units

- a. Decision Making: Shall the Authority Authorize the Executive Director to Execute an Agreement Subordinating its Shared Equity Encumbrance on Keola La'i Unit No. 1607 and Consenting to the Owner's Request to Consolidate its Home Equity Line of Credit Into a New First Mortgage?
- b. Decision Making: Shall the Authority Authorize the Executive Director to Execute an Agreement Subordinating its Shared Equity Encumbrance on Pacifica Honolulu Unit No. 605 and Consenting to the Owner's Request to refinance its Current Home Equity Line of Credit into a New Home Equity Line of Credit?
- c. Decision Making: Shall the Authority Authorize the Executive Director to Accept Payment of Shared Equity Without Transfer of Title and Execute a Release of Unilateral Agreement for Pacifica Honolulu Unit No. 1205?

Acting Executive Director Aedward Los Banos provided a summary for all three, subordination agreements and payment of shared equity for reserved housing unit, action items provided in the board packet.

- Keola La'i Unit #1607 is requesting to refinance their first mortgage and also the home equity line of credit for \$372,000 below the original acquisition amount of \$375,000. Mr. Los Banos noted, in 2011, the owners refinanced their first mortgage and also received a home equity line of credit of \$50,000 bringing the total to \$405,000. HCDA was not aware of the refinance and home equity line of credit therefore did not subordinate it. HCDA recommends approval to refinance within the original acquisition price.
- Pacifica Unit #605 purchased for \$410,000 with a fair market value of \$415,000 creating a shared equity for the Authority of \$5,000. In October 2012 HCDA staff indicated to the owners they would need the authority to approve a subordination for a refinance or approval for home equity line of credit. The owners went ahead and executed a refinance and home equity line of credit without the HCDA subordination or approval. The current request is to lower the interest rate of their home equity line of credit and draw further on the home equity line of credit in the process. The owners are currently within the regulated term. HCDA staff recommends the authority not approve this request as the amount would extend HCDA's equity share.

- Pacifica Unit #1205 purchased for \$437,000 with a fair market value of \$445,000 with a shared equity for the Authority of \$8,000. The two year regulated term expired in December, 2013. The owner submitted a \$8,000 payment to satisfy the shared equity amount and is requesting release of the unilateral agreement lifting the shared equity encumbrance on his unit. The second request is an appeal to the executive director's interpretation of HCDA not able to accept payment without board approval for the release of the unilateral agreement and reserved housing requirements. HCDA staff recommends denying the acceptance of payment and his appeal request is required to go through a contested hearing case process.

Mr. Lance Morita provided public testimony and provided a summary of his petition and request for release from the unilateral declaration of restrictive covenants.

There were no additional comments on this item from board members or the public.

Member Butay made a motion to enter executive session. Member Bassett seconded the motion. All members unanimously approved entering into executive session.

Chair Whalen recessed the meeting at 12:07 p.m.

 Pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 12:07 pm

The regular meeting was reconvened at 12:54 p.m.

Chair Whalen resumed the meeting and noted decision making will be made on packet items 2-A, B and C relating to subordination of agreements and payment of shared equity for reserved housing units.

Chair Whalen entertained a motion for the Authority to authorize the executive director or his designee to execute an agreement subordinating its shared equity encumbrance on Keola La'i Unit No. 1607, and consenting to the owner's request to consolidate its home equity line of credit into the first mortgage.

Member Waterhouse moved and Member Butay seconded. Motion passed unanimously.

Chair Whalen mentioned HCDA staff recommendation was to not approve the next request and Vice Chair Steve Scott motioned for the authority to deny the next item for action; shall the authority authorize the executive director to

execute an agreement subordinating its shared equity encumbrance on Pacifica, Unit No. 605 and consenting to the owner's request to refinance its current home equity line of credit into a new home equity line of credit?

Vice Chair Scott motioned to deny the request. Member Okuhama seconded. Motion was denied with nine votes.

Chair Whalen deferred the decision to accept payment of shared equity without transfer of title and execute a release of unilateral agreement for the Pacific Honolulu Unit No. 1205.

Decision Making: Shall the Authority Authorize the Executive Director to Extend Right of Entry No. 9-14, Right of Entry No. 15-14 and Revocable Permit No. 14-02 Issued to Kewalo Harbor Management Company, LLC for an Additional One (1) Year Pertaining to Kewalo Basin Park, the Former NOAA Lot and the Kewalo Basin Harbor Parking Lots, Respectively, in Accordance with the Terms and Conditions Recommended by HCDA Staff?

Mr. Los Banos provided a summary of the information provided in the packet and noted the request is to approve a right of entry and not a lease. HCDA staff recommendation is to approve and extend the right of entry to August 31, 2016 with the same terms and conditions.

Vice Chair Scott asked whether HCDA is receiving payments for parking fees.

Mr. Los Banos responded, HCDA did receive payments for parking however it nets out because in the bigger Almar contract, Almar was managing the parking facilities on behalf of HCDA.

Member Butay asked in reference to the janitorial contract, how often they clean.

Mr. Los Banos replied three times a day.

No other board and public questions or comments were received.

Chair Whalen entertained a motion for the authority to authorize the executive director to extend Right of Entry No. 9-14, Right of Entry No 15-14 and revocable permit 14-02 issued to Kewalo Basin – Kewalo Harbor Management Company LLC, for an additional one year pertaining to Kewalo Basin Park, the former NOAA lot and Kewalo Basin Harbor Parking Ltos, respectively, in accordance with the terms and conditions.

Member McLaughlin moved. Member Butay seconded. Motioned passed unanimously.

V. ADJOURNMENT

Chairperson Whalen adjourned the regular meeting at 1:11 p.m.

Respectfully submitted,

/s/

John Whalen,
Chair

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