

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

Wednesday, December 2, 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 09:04 AM November 4, 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
David Rodriguez (DOT)
Tracy Ban (B&F)
William Oh
Jason Okuhama
Mary Pat Waterhouse
Steven Scott
John Whalen

Members Absent: George Atta (DPP)

Others Present: Anthony Ching, Executive Director
Aedward Los Banos, Administrative Services Officer
Deepak Neupane, Planning Director
Laura Savo, Court Reporter
Tommilyn Soares, Secretary
Lindsey Doi, Compliance Assurance & Community Outreach
Shelby Hoota, Media Specialist
Mike Wong, Deputy Attorney General
Diane Taira, Deputy Attorney General

II. APPROVAL OF MINUTES

1. Kakaako Special Meeting of September 16, 2015

Chair Whalen asked for approval of the Minutes for the September 16, 2015 Special meeting. He noted one typo on the second page, second paragraph: “To keep it as a rental unit, there would be **not** limitations.” The T should be removed to read “no limitations.” Hearing no other comments, questions or corrections the minutes for the September 16, 2015 special meeting were approved unanimously.

2. Kakaako Regular Meeting of October 7, 2015

There were no comments or corrections to the meeting minutes of October 7, 2015. Minutes were approved as presented.

III. EXECUTIVE DIRECTOR REPORT

Executive Director Tony Ching presented the ED report contained in the board packet. He highlighted the summary financial report and brought attention to Exhibit B, specifically to the administrative expenditures section of the report for October 2015. Mr. Ching noted the variance listed there is due to two vacant full-time employees, anticipation of equipment purchases, as well as building maintenance contracts for general maintenance, therefore the actual variance report is less than what was budgeted. Mr. Ching also highlighted the \$17 million loan for Halekauwila Place, listed on the last page of the summary and noted all disbursements were completed therefore will be removed from that section of the report. In the future, for recording purposes the loan will be listed in a different section acknowledging repayment. He mentioned there are rules being drafted in reference to the homeless enforcement efforts and that those rules will be brought before the general board for discussion and approval as it will affect all districts.

With questions and discussion among board members, Mr. Ching confirmed HCDA was the second source of funding for the Halekauwila project loan to achieve the gap and help the project move forward. Also, funds for the loan came from the Improvement District and Reserved Housing Unit account and was structured so that over the life of the property and the project, HCDA would expect a return on the loan however; the HUD-backed loan issued by PNC Bank is the lender of first resort. There is a 35-year repayment schedule with a one percent accrual interest charge and that he would share the repayment schedule with the board members.

There were no other questions or discussion from the board members.

IV. KAKAAKO MATTERS**

3. Decision Making: Shall the Authority select a developer pursuant to the request for proposal to develop waterfront commercial space on fast lands surrounding Kewalo Basin Harbor and Authorize the Executive Director to Enter into a Development Agreement to Develop Three Development Parcels Surrounding Kewalo Basin Harbor on a Portion of Tax Map Key: 2-1-058: 131 for Development Lots 1, 2 and 3.

Chair Whalen noted, at the previous meeting held November 4, 2015, the board decided after some deliberation to postpone its decision to today's agenda and asked the representatives of both companies that submitted proposals to come forward and introduce themselves.

Todd Apo, stated he is representing Howard Hughes and Victoria Ward, Limited.

Mr. Shaun Mukai stated he is representing Kewalo Waterfront Partners.

Chair Whalen asked for public testimony.

PUBLIC COMMENT

Whitney Schneider-Furuya, member of the community and native Hawaiian being raised in Hawaii stated the importance of choosing a developer that wants to give back to the community and support locally-run business, family-run operations that is “looking out for the community and future generation of Hawaii, and not to a mainland company coming looking to fill space and sell condos to make money for their business.”

John Leong, CEO of KUPU stated they currently occupy the Net Shed parcel at the end of Kewalo Basin and shared from KUPU’s perspective what the developers should be taking into account as well as the board, are the community’s area needs. Mr. Leong stated KUPU is excited at the opportunity to be a part of the vision for a park that builds up the community that engages its people and connects them back to their place and supports a developer that would share and allow in partnership for that. KUPU has met with Kewalo Waterfront Partners and felt it wasn’t fair for him to state positively or negatively in their case. Mr. Leong also stated that KUPU always had a good working relationship with Howard Hughes and appreciates how they adjusted their design plans according to the community’s requests. Member Basset asked Mr. Leong how Howard Huges has helped KUPU in improving the quality of the park and also the experience of park users in the area. Mr. Leong stated Howard Hughes provided some security for the area which is appreciated.

Dillan Hanawahine, read an editorial piece published in the paper written by himself, Mr. Kale Furuya and Whitney Schneider-Furuya and stated his support for the Kewalo Waterfront Partners proposal.

Tiffany Amemiya, recalls Kewalo Harbor thriving during her parents time and that the area must be revitalized and believes the Kewalo Waterfront Partners proposal will help accomplish the revitalization while providing the state with revenue to maintain and restore the remaining Makai lands.

Mahealani Schneider stated support for Kewalo Waterfront Partners as she has attended most of the community meetings and was inspired by the young generation of entrepreneurs.

Brian Shimokawa, stated he is not in support of any one proposal. He questioned and stated his concern on whether the board would be deciding on Lot 3. Chair Whalen encouraged Mr. Shimokawa to testify in support of what he’d like to see happen with the parcels. Mr. Shimokawa responded “anything low impact, Howard Hughes or better.”

Ron Iwami, President of Friends of Kewalos, stated strong support for Howard Hughes development plans for Kewalo Basin. Member Bassett stated he read through Mr. Iwami's written testimony and asked Mr. Iwami to explain the "Honey Bee situation at Ala Wai." Mr. Iwami stated DLNR hired a private company called Honey Bee to improve the Ala Wai Boat Harbor and stated he wasn't sure what the exact improvements were, however, money was spent and after some negotiations through DLNR and Honey Bee then Honey Bee decided to renege and that the state is losing money. The point was, the state or HCDA, needs to choose a company that is willing to invest financially to improve Kewalos and stated, here is an opportunity for the State where Howard Hughes Corporation has the means to do it, and they have a stake and is willing to do that.

Chair Whalen wanted to clarify and note for Mr. Brian Shimokawa (previous speaker) that Lot 3 is still on the table and is listed on the agenda for decision-making and that the board will make a decision on Lot 3 as well as the other two lots as it was described in the original request for proposal.

Emilie Bierly, resident of Kakaako and avid beach user and surfer at Kewalo Basin, stated support for the Howard Hughes development proposal. She believes it's important to keep Kewalo, Kewalo and have already seen so much development in town and around the island.

Kendall Ellingwood, architect with Kewalo Waterfront Partners (Design Partners), commented he wanted to clarify testimonies heard regarding access and operations to the harbor and that their plan is to always minimize the interruptions and keep it, as is and will work with HCDA, the harbormasters, the tenants, Howard Hughes, to make Kewalo Basin work like it's supposed to work. He stated the project is important and is a good and right project that will benefit the community.

Dean Okimoto, owner of Nalo Farms, stated support for the full-time farmer's market not only for the Kakaako area community, but island wide and would like to see more people understanding agriculture, island wide and believes in Kewalo Waterfront Partners proposal. Member Bassett commented in Mr. Okimoto's testimony he mentioned while growing up, the harbor was attractive and asked Mr. Okimoto to describe what he thought made the harbor attractive at that time. Mr. Okimoto responded and stated the harbor was dredged more regularly so there were fish in the harbor and now it's just rubbish. There were food trucks and also McWayne supply that everyone could go to for supplies.

Gary Senaga, private citizen and frequent user of Kewalo Basin Park, part of Friends of Kewalos stated support of President Ron Iwami's testimony as he states the importance of keeping Kewalos accessible and usable for the community and stakeholders. He also stated his support for Howard Hughes proposal. Member Rodriguez commented on Mr. Senaga's explanation regarding how it used to look back then and stated it sounded like there was lots of vibrancy because there probably was more commercial activity or vibrant commercial activity, correct?

Mr. Senaga confirmed, yes.

Mela Kealoha Lindsey, stated she is with Friends of Creations of Hawaii Association, who work with the visitor industry as well as the local industry. They are a non-profit organization that includes 150-plus non individual artisan businesses that don't have retail stores. She stated she is open to both proposals submitted but encourages the HCDA board to be open to choosing a developer that will assist in showcasing Hawaii and its artisans and culture. Chair Whalen asked Ms. Lindsey if she thought the lands opposite of Kewalo Basin, particularly the Fisherman Wharf area, land owned by Office of Hawaiian Affairs would be a good location to feature her concept. Ms. Lindsey responded, yes she did think it would be a good location.

Maisa Thayer, works for Hawaii Resource Group in Kewalo Basin and has surfed at Kewalo most of his life. He stated the local youth are leading the waterfront project and believes the youth deserve a chance to make its stamp in the community. Member Bassett asked Mr. Thayer to explain his thoughts in reference to mentioning youth being in charge. Mr. Thayer stated the project on the waterfront will allow more of the youth to show how they have evolved in Hawaii, a lot like Hawaii crafts in regards to style and that the Hawaiian culture is more modern and that it's shown in Hawaii's craftsmen.

Toma Turner, part Hawaiian and a local small business owner that supports local farmers and a long-time Honolulu resident, stated his support for the Kewalo Waterfront Partner's proposal.

John Shockley, coordinator for Free Access Coalition, stated support for Howard Hughes proposal and hopes for future generation that the Kewalo Basin area remains having free access and to keep the area free for public use.

Mike Derego, grew up in Kakaako with his family being one of the original charter boat fishermen in the State. Stated he's been impressed by Howard Hughes as they have listened to their concerns and they have revised their plans so that it works for the community. He believes Kewalo should be an open area and not to have any construction projects on the Diamond Head side. He also noted the importance should be focused on what's best for the community as well as the stakeholders of the harbor. He is in support of the plans Howard Hughes submitted. Member Bassett asked Mr. Derego what year he thinks Kewalo Harbor was at its peak. Mr. Derego stated he believes that would be the 70's to 80's as it was simple and fun, there were no parking problems, traffic came through and most of the business were walk-bys. Member Rodriguez asked Mr. Derego in his testimony he stated DLNR does not manage the harbor? Mr. Derego confirmed, no they do not and they never did. DOT always managed the harbor as it was designed to be a commercial harbor.

Nicholas Kaleikini, professional musician and runs the Pow Wow School of Music,

a non-profit, stated support for Kewalo Waterfront Partners and believes their project will bring the community together.

Tek Yoon, resident of Kakaako and questioned the board's two choices with the possibility of no action. He however stated support for the Friends of Kewalos and their choice.

John Kobelansky, supports the choice of Friends of Kewalos.. He is a concerned citizen and noted whatever the board decides, to ensure the implementation of the projects go according to its plan.

Kale Furuya, CEO of Nalo Juice Company, stated his support for Kewalo Waterfront Partners.

Chair Whalen recessed the meeting at 11:15 AM.

Chair Whalen reconvened the meeting at 11:25 AM.

Chair Whalen noted he'd like to wrap up public testimony.

Tom Iwai, support of Friends of Kewalo wanted to clarify that the non-profit is for responsible development and not against any development and finds that Howard Hughes' revised proposal is the most responsible that would serve the stakeholders.

Marvin Yoshizumi, commented Kewalo Basin first and foremost is a harbor and supports Howard Hughes' plan as they will take care of the harbor.

There were no other public comments received.

Mr. Shaun Mukai responded to a few questions posed by Member Waterhouse and confirmed, Kewalo Waterfront Partners would provide, in addition to their proposal to Lot 1, landscaping to maintain the lei of green to Lots 2 & 3. The wedding operation will be held in the multi-purpose venue, which would be used for limited portions of time, and will be used for other events as well. The accessory-related photography portion of the wedding operation will use the open deck space and confirmed the "public park and open spaces" only refers to the open deck in that proposed structure. Mr. Mukai also stated if infrastructure costs exceeds the estimated \$1 million budget they will be responsible for the balance and would include a guarantee for that as part the performance bond included in the lease.

Member Okuhama stated as parking seems to be an issue he asked Mr. Mukai to state its parking plans as a refresher. Mr. Mukai stated Kewalo Waterfront Partners will provide 250 parking stalls at city rates and is willing to work with the surfers and recreational users to provide some portion of it as free parking. The 250 stalls addresses requirements of the Request for Proposals. The existing parking that is located at Lot 3 will remain as free parking.

Vice Chair Scott commented that hearing Mr. Derego's testimony and what some of the harbor stakeholders there have requested, asked why Kewalo Waterfront Partners did not respond and revise its proposal to accommodate the concerns and requests that were made. Instead Kewalo Waterfront Partners submitted the same proposal for the harbor. Mr. Ellingwood of Kewalo Waterfront Partners stated the promenade is a requirement of the RFP, the operations related to the boat functions is the purview of the harbor operator (Howard Hughes) and included it as a requirement of the solicitation. He also stated that there have been concerns raised by the boaters and is willing to modify the design to work with the operators but reiterated the Kewalo Waterfront Partners proposal submitted addressed the RFP. Vice Chair Scott stated he wasn't sure how to support a proposal that didn't seem like it's final and currently sees a conflict in making a decision.

A motion was made by Vice Chair Scott to enter into executive session, Member Waterhouse seconded. All members unanimously approved entering into executive session.

Pursuant to Section 92-5 (a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 11:45 am

Chair Whalen reconvened the meeting at 12:33 pm

Vice Chair Scott made a comment to the two proposals submitted as it applies to Lot 1 and stated he felt Howard Hughes didn't necessarily address the RFP and seems like they would continue operating Lot 1 as it is currently. He stated Kewalo Waterfront Partners' submission would greatly affect the Kewalo Basin Park on the waterfront and would interrupt access to the park and make it a lot more difficult and as Kewalo Basin Harbor is a working harbor, Vice Chair Scott believes the RFP failed to reflect that, therefore; he rejects both proposals. Chair Whalen added, in regards to the Kewalo Waterfront Partners proposal, it's not about the merit of the project itself, but it's about the appropriateness for this particular location and that he'd like to see a project like that built on the other side of Kewalo Basin on the Office of Hawaiian Affairs' lands. Member Waterhouse commented along the same lines as Vice Chair Scott and believes the RFP wasn't the current board's vision but that the board does have a responsibility for the whole area and wants to make sure this is something that we can see 30, 40, 50 years from now.

Vice Chair Scott made a motion to reject both proposals received for Lot No. 1 to develop the fast lands surrounding Kewalo Basin Harbor, portion of tax map key 2-1-58, parcel 131.

Member Waterhouse seconded. Mr. Los Banos conducted the roll call vote. Motion passed with seven votes, one opposed and one excused.

Vice Chair Scott made a motion for the selection of the Development Lot 2 for the fast lands surrounding Kewalo Basin Harbor, the motion is to accept the proposal submitted by Victoria Ward, Limited.

Member Waterhouse seconded. Mr. Los Banos conducted the roll call vote. Motion passed with six votes, two opposed and one excused.

Chair Whalen entertained a motion for the Authority to select a developer pursuant to the request for proposal to develop waterfront commercial space on fast lands surrounding Kewalo Basin Harbor and authorize the executive director to enter into a development agreement to develop Lot 3 at Kewalo Basin Harbor and a portion of tax map key 2-1-58, parcel 131?

Vice Chair Scott made a motion to accept Howard Hughes' proposal pending negotiations with HCDA regarding the approval for fire or addressing the fire issue, hydrants, et cetera, because there currently isn't sufficient infrastructure regarding fire suppression.

Motion failed for lack of a second.

Member Waterhouse made a motion to authorize the executive director to enter into a development agreement with Victoria Ward Limited, to develop Lot 3, portion of tax map key 2-1-58, parcel 131, subject to the development agreement containing a clause that the development remain for the term of the lease what's included in the best and final offer from Victoria Ward, Limited, and there is adequate fire suppression for the proposed use of the site.

Vice Chair Scott seconded. Mr. Los Banos conducted the roll call vote. Motion passed with five votes, three opposed and one excused.

4. Decision Making: Shall the Authority Authorize the Executive Director to Execute a Contract for Parking Operations and Management Services for Kauhale Kakaako Parking Garage for a Term Not To Exceed Three Years and to Expend Amount Not to Exceed \$900,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount?

Executive Director Tony Ching summarized the staff report provided in the board packet and noted an invitation for bid was issued on November 18, 2015 and the solicitation is due to close at 9:00 am today. The invitation for bid outlines the scope of service for this operating agreement and includes managing the parking lot operations for Kauhale Kakaako garage. The contractor would also provide security on a 24-hour 7 day a week basis. Mr. Ching noted there was an extension issued to allow an additional week for parties to provide bids. He also noted for the board that HCDA has an option to offer an additional 12 months to the existing contract but has chosen to issue an invitation for bid to procure services again and start a new contract.

Chair Whalen asked if an agreement would come back to the board for approval or if it was a selection. Mr. Ching confirmed the board's authorization would allow HCDA to complete the procurement and as long as HCDA did not encumber any more of the value of a contract greater than \$300,000, HCDA would be authorized to do so. Mr. Ching confirmed the HCDA is projecting the contractor may bid as much as \$300,000 for a contract such as this and confirmed HCDA does receive a net return.

PUBLIC TESTIMONY

Jacquelyn Guitguiten, resident at Kauhale-Kakaako supports the decision to not allow District Parking Service the one-year option to stay. Ms. Guitguiten noted since December 2013 she has made complaints regarding harassment, sexual harassment, stalking, intimidation, bullying, and vandalism to her vehicle to state and city officials and feels her evidence were thrown out and ignored. Ms. Guitguiten recommends one agency to handle the entire operations for Kauhale Kakaako and encourages HCDA to step aside and allow another state agency to oversee the Kauhale property.

Member Bassett asked Ms. Guitguiten if she called the police and if she filed for a TRO, she confirmed she did at one time and that her request for a TRO was denied. Vice Chair Scott asked how widespread the problems are. Ms. Guitguiten responded other people have talked about speeding there and referenced the dealership that is renting spaces on the property.

Chair Whalen reiterated and asked to confirm that there is a new solicitation for a new vendor. Vice Chair Scott asked if it would be a different vendor from the current vendor. Mr. Ching noted, HCDA cannot discriminate in terms of procurement, but certainly in evaluation, past experience can play a role in the decision.

Chair Whalen entertained a motion, shall the Authority authorize the executive director to execute a contract for parking operations and management services for Kauhale Kakaako parking garage for a term not to exceed three years and to expend amount not to exceed \$900,000.00 from the Hawaii Community Development Revolving Funds, Leasing and Management Subaccount?

Member Bassett made a motion, Member Oh seconded. Mr. Ching conducted the roll call vote. Motion passed with eight for the motion and one excused.

5. Decision Making: Shall the Authority Authorize the Executive Director to Enter Into a Two (2) Year Contract Plus One (1) Year Option to Extend With the Lowest Responsive Bidder for General Maintenance Services for the Hawaii Community Development Authority Office located at 547 Queen Street, Using Funds from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount?

Executive Director Tony Ching, summarized the report and noted as HCDA moved its

offices to the current American Brewery Building, it is expected that the repair and maintenance costs will be higher because HCDA is now responsible for the major repairs that were previously covered by Kamehameha Schools at the Cooke Street address. HCDA has issued an invitation for bid (included in the packet for reference) for general maintenance services for a 24-month period with one additional 12-month option to extend and have issued that IFB on the HIEPRO system. The scope of services include general maintenance and repair and would call for the contractor to identify any major repairs not covered in the contract with HCDA having the right to purchase materials on its own if the cost of materials are not agreed upon. The contract includes an allowance of \$30,000 per year, in effect, HCDA will be paying a retainer to have monthly inspections and maintenance services over the course of the contract and establish a repair allowance of \$30,000, and all repair would be subject to prior approval. Bids have not closed yet and recommend the authority authorize to enter a two –year contract plus one year option to extend with the lowest responsive bidder.

Mr. Ching noted DAGS is not interested in providing services and HCDA does not have sufficient staff to handle it in house. Mr. Ching confirmed for the board members that proposals have gone out for the request for bids, and that staff received the appropriate approvals and have been cleared through DHRD on the solicitation.

Chair Whalen entertained a motion, shall the authority authorize the executive director to enter into a two year contract plus one year option to extend with the lowest responsive bidder for general maintenance services for the Hawaii Community Development Authority Office located at 547 Queen Street, using funds from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount?

Member Waterhouse made a motion, Vice Chair Scott seconded. Mr. Ching conducted the roll call vote. Motion passed with eight votes for the motion and one excused.

6. Decision Making: Shall the Authority Authorize the Executive Director to Enter Into a Direct Lease with the Department of Land and Natural Resources for Property Management Purposes for the Subject Parcel Located in Kakaako, Honolulu, Oahu Tax Map Key: (1) 2-1-051:041?

Mr. Ching presented the report provided in the packet and noted the in January 2012, HCDA issued a request for proposal for developers for a public private partnership, mixed-use, transit-oriented development project at 690 Pohukaina and received two bidders submit proposals. In January 2013, the authority authorized to negotiate a development agreement with Forest City to develop the 690 Pohukaina mixed-use, transit-oriented development project. Since then the 2014 legislature passed Act 61 that limits building height in Kakaako to 418 feet, therefore; the plans for the project require extensive changes and redesigns and having been

trying to resolve what the project should look like in moving forward with state law. Mr. Ching did note that Department of Education is currently considering the feasibility including a public school facility alongside the mixed-income development at 690 Pohukaina. HCDA does expect the parcel may remain undeveloped for at least two years. DLNR currently manages the parcel and seeks HCDA's assistance with property management during the interim time period. HCDA entered into an understanding with DLNR that HCDA would manage the parcel on their behalf and receive 20 percent of the revenue with the remainder going to DLNR. Fisher Hawaii and Hawaiian Dredging construction have been leasing portions and currently have an agreement in place with DLNR for that matter. It's expected that DLNR will issue HCDA a short-term lease to manage the property until the final development project moves forward and notes this lease is short term.

Member Ban asked if the 20 percent of the net revenue would cover HCDA's cost. Mr. Ching noted it does and confirmed the majority of the income would have gone to DLNR as it's their parcel and noted that HCDA is administering their facility and property according to DLNR's protocols. Member Oh asked what percentage of the site is currently occupied by Fisher and Hawaiian Dredging. Mr. Ching confirmed it's a 95,000 square foot site divided 50/50 between the two companies.

There were no other comments received by the authority members.

There were no public testimony received.

Chair Whalen entertained a motion, shall the authority authorize the executive director to enter into a direct lease with the department of land and natural resource for property management purposes for the subject parcel located in Kakaako, Honolulu Oahu, Tax Map Key: (1) 2-1-051:041?

Member Oh made a motion, Member Okuhama seconded. Mr. Ching conducted the roll call vote. Motion passed with eight votes for the motion and one excused.

V. ADJOURNMENT

Chairperson Whalen adjourned the regular meeting at 1:12p.m.

Respectfully submitted,

John Whalen,
Chair

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

detail is desired.