

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
KAKAAKO BUSINESS MEETING

Wednesday, November 7, 2018

MINUTES

I. CALL TO ORDER/ROLL CALL

A regular business meeting of the Kakaako Members, Hawaii Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawaii, was called to order by, John Whalen Chair of the Authority at 12:34 PM, November 7, 2018 at Authority’s principal offices at 547 Queen Street in Honolulu, Hawaii, 96813.

Members Present: Phillip Hasha
Jason Okuhama
Wei Fang
Beau Bassett
David Rodriguez (DOT Ex-Officio)
Mark Anderson (B&F Ex-Officio)
Mary Pat Waterhouse
John Whalen, Chair

Members Excused: William Oh
Kathy Sokugawa (DPP non-voting)

HCDA Staff Present: Aedward Los Banos, Executive Director
Deepak Neupane, Kakaako Planning and Development Director
Garett Kamemoto, Compliance Assurance & Community Outreach Officer
Lindsey Doi, Asset Manager
Francine Murray, HCDA Program Specialist
Tommilyn Soares, HCDA Secretary to the Executive Director

Legal Counsel: Lori Sunakoda, Deputy Attorney General

II. APPROVAL OF MINUTES

Minutes of the October 3, 2018 Kakaako Authority meeting were approved as presented.

III. ACTION ITEMS

Shall the Authority Authorize the Executive Director to Execute a Month-to-Month Right of Entry with the State of Hawaii Department of Transportation for the use of the “Forrest Private Driveway” in Kakaako Makai?

Ms. Lindsey Doi referred to the current Right of Entry with the Department of Transportation (DOT) provided in the board packet and presented the staff report.

The DOT would like to extend its Right of Entry (set to expire November 30, 2018) for the use of the Forrest Private Driveway on a month-to-month basis until the HCDA develops Lot C. The Right of Entry allows DOT to use the Forrest Private Driveway to access a sliding gate that leads to DOT property. The sliding gate allows oversized cargo to safely enter and exit DOT's Pier One. The DOT would maintain the same use under the proposed ROE while also properly securing the area and keeping the area clear of any debris and trespassers.

Member Waterhouse noted that the HCDA's Financial Taskforce recommendation approved by the board recommends assessing fees to agencies, organizations and or companies for the use of properties that are owned by HCDA, to maximize value.

Ms. Doi noted that the cost for DOT securing, maintaining, and keeping the Forrest Private Driveway clear is an avoided cost for HCDA, which would otherwise be required to secure the area.

Member Waterhouse asked how assessing fees to DOT would happen?

Ms. Doi responded that there are Right of Entries that include fees and HCDA could utilize similar language for this ROE, however negotiations of fees would need to occur.

Member Okuhama was concerned that the fees assessed would be passed down to the consumer.

There were no further comments and no public testimony.

MOTION

Member Hasha motioned for the authority to authorize the Executive Director to execute a month-to-month right of entry with the State of Hawaii Department of Transportation for the use of the “Forrest Private Driveway” in Kakaako Makai.

Member Bassett seconded.

Member Fang pointed out that board approval is required for any requests with ROE terms over one year; however, the requested term is month-to-month and asked why the board is being asked to approve this ROE.

Ms. Doi responded that the existing ROE is for one year, and the proposed month-to-month request would exceed a one-year ROE, triggering board approval.

Member Waterhouse offered an amended motion for the authority to authorize the Executive Director to execute **and negotiate a fee** for a month-to-month right of entry with the State of Hawaii Department of Transportation for the use of "Forrest Private Driveway" in Kakaako Makai.

Member Fang seconded.

Member Waterhouse stated, the authority decided via the Financial Taskforce recommendations that to assist HCDA's financial crisis, assessing fees to these types of ROE's would be recommended; however, staff would negotiate fees accordingly.

Member Fang added that HCDA should start valuing its land assets to help leverage HCDA's financial state and noted these ROE fees could start the process in fulfilling HCDA's mission in implementing some of the projects that HCDA have been mandated with.

Member Hasha was concerned that the shuffling of fees between agencies will be passed on to the small businesses/consumers and asked DOT to provide input for the discussion.

DOT representative Dre Kalili stated that DOT's main concern is the expiration of the existing ROE and having a means to continue accessing the site to continue its cargo operations. Ms. Kalili suggested amending the motion to include a three-month ROE approval that would allow time for DOT and HCDA to discuss the fees the board is requesting.

Member Hasha agreed to amend the motion for a three-month period to allow staff to negotiate a fee and bring it back to the board for approval.

Member Anderson added he is concerned that HCDA's cost may increase to secure and maintain the area as DOT provides these services under its current ROE agreement. He is also concerned with being consistent in its fees with other landowners in the Kakaako District and recommends the board start thinking more about the impacts on the Kakaako Community if the board decides to attach fees/tolls for all roads owned by the HCDA in the Kakaako District.

Member Fang stated that she would like to continue adding value to HCDA's current assets by including discussions on negotiating fees for ROE's, whether it be a nominal or increased fee and offered to make an amendment to the current motion to include a 90-day approval so that staff can start discussions to negotiate fees for the ROE with DOT.

Member Bassett explained that the board would like to build a system with these types of approvals knowing that the ROEs are being proposed with the HCDA's strongest position in having preliminary discussions on whether fees shall be assessed and knowing that the staff or board members are not devaluing any of HCDA's current assets.

Ms. Doi asked the board members to confirm that the board's motion today is, to approve the current action item with a 90-day approval and come back to the board at the end of the 90-day period (January 2019) to approve a month-to-month ROE with any negotiated fees?

Board members agreed.

Member Fang proposed an **amendment to the amended motion** authorizing the Executive Director to Execute a **90-day Right of Entry** with State of Hawaii, Department of Transportation for the use of the Forrest Private Driveway, in Kakaako Makai.

Member Waterhouse seconded.

Ms. Doi conducted the roll call vote.

Motion passed with 5 yes votes, 3 no votes and 1 excused.

Ms. Dre Kalili requested clarification on whether the new ROE would begin December 1, 2018 until the end of February 2019.

Ms. Doi agreed and stated that the next ROE approval would be brought to the board in February 2019.

Shall the Authority Authorize the Executive Director to Enforce 2018 Act 009 and Issue a Notice of Violation and Intent to Cite Individuals in Violation?

The Authority anticipates convening and executive meeting pursuant to HRS § 92-5(a)(4), to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities for the subject agenda item.

Chair asked if there were any questions before the board moved into executive session.

Member Anderson asked if the board required to take action if Act 009 was signed into law?

Deputy Attorney General Lori Sunakoda stated that the way the law was written, board approval is necessary for HCDA's Executive Director to enforce 2018 Act 009 and noted that more information can be given in executive session.

Chair Whalen noted the written testimonies received in support of the action item.

There were no further comments, questions or public testimony.

Member Waterhouse moved to enter executive session. Member Bassett seconded. All board members unanimously approved.

Deputy Attorney General Lori Sunakoda, HCDA Garrett Kamemoto and Tommilyn Soares joined

the board in executive session.

Pursuant to Section 92-5 (a) (2), Hawaii Revised Statutes, the Authority convened in Executive Session at 1:15 pm

Board Members met in an executive meeting from 1:15 pm until 1:37 pm.

Chair Whalen reconvened the meeting at 1:37 pm

MOTION:

Member Anderson motioned for the authority to authorize the Executive Director to enforce 2018 Act 009 and issue a Notice of Violation and Intent to Cite Individuals in Violation.

Member Waterhouse seconded.

Mr. Garrett Kamemoto conducted the roll call vote.

Motion passed with 7 yes votes, 1 abstention and 1 excused.

IV. INFORMATION AND DISCUSSION

4. Leasing the Commercial Space at 545 Queen Street to Volunteer Legal Services Hawaii for a Five-Year Term.

Volunteer Legal Services Hawaii (VLSH) would like to extend its current lease at 545 Queen Street for an additional five years. Ms. Lindsey Doi presented the report provided in the board packet and noted that today’s discussion allows an opportunity for Authority members to provide comments that may be incorporated into a final lease. Ms. Doi stated the current lease expires on July 31, 2019 and VLSH proposed a rent increase which is listed on page two of the staff report. A final lease will be brought for the Authority’s approval prior to its July 31, 2019 expiration.

Member Waterhouse recommended increasing VLSH’s current parking rates, not at market rate but a fair amount within the Kakako District rates.

Ms. Angela Min, Executive Director for VLSH stated the proposal submitted to HCDA includes a parking rate increase and noted for the Authority that VLSH is a non-profit organization and receives funding through State grants and donations; however, has not recently received any state funding. Ms. Min expressed that she would appreciate if board members considered VLSH’s current nonprofit status and that its employees drive in from the west side and need parking, as well as volunteer staff attorneys and an accountant. Ms. Min noted that a bulk of their clients are area senior citizens.

Member Bassett asked why most of their clients are from the current area?

Ms. Min explained VLSH does community outreach and many of the senior citizens from

Honuakaha come in to get assistance.

There were no further comments or questions and no public testimony.

5. Management and Operation of Kewalo Basin Harbor Diamond Head Parking Lot.

Ms. Lindsey Doi provided the report included in the board packet. The Diamond Head Parking Lot at Kewalo Basin Harbor is considered a harbor amenity as it provides the only parking and restrooms for harbor tenant and patrons. HCDA staff is considering including this Parking Lot in the current lease of the Harbor that is held by Howard Hughes who would then maintain this lot.

Member Fang asked if there is a current parking vendor managing the lot now.

Ms. Doi responded that Diamond Parking manages this lot through a subcontract with Howard Hughes, who has a separate agreement with HCDA that is not included in their current Harbor lease.

Member Fang asked what the current revenues are.

Ms. Doi responded that the current gross revenues range from \$7,000 - \$14,000 and HCDA receives a percentage of that.

Member Bassett stated that the board has not been presented with exact numbers on how much revenue this parking lot generates, which would be helpful for the board. He also noted that the board's intent to develop Kewalo Basin Harbor's Lot 1, 2 & 3 was to generate income for HCDA and would like an analysis on maximizing revenue generation for this parcel.

Members Fang and Hasha agreed to include discussions regarding the Diamond Head Parking Lot for Kewalo Basin Harbor in the Parking Taskforce discussions.

Public Testimony

Mr. Ron Iwami, President of Friends of Kewalos noted community members parking concerns and the abuse by the Harbor employees, tenants and patrons of the Kewalo Basin Park's free parking. He also noted his support of Howard Hughes and appreciates their willingness to develop a working relationship with the community.

Member Waterhouse asked how much HCDA collects from the gross revenues to the Diamond Head Parking Lot.

Ms. Doi noted she does not have that information off-hand.

There were no further comments or questions by board members.

6. Kauhale Kakaako Parking Garage Management and Maintenance Request for Proposals.

Ms. Lindsey Doi provided the report included in the board packet. The Kauhale Kakaako Parking Garage Management and Maintenance contract will expire at the end of the year; therefore, staff is finalizing a Request for Proposals Solicitation and will await proposals to upgrade the parking garage.

Member Hasha suggested the vendor have an opportunity to dictate the length of the contract term to recoup their investment to modernize the current garage, which might take a vendor longer than three years. He also suggested that the Scope of Services should be more specific regarding modernization, as the vendors will most likely propose the least amount of work. Member Hasha also suggested that the RFP include allowing area businesses to rent stalls as a public benefit.

V. REPORT OF THE EXECUTIVE DIRECTOR

7. Monthly Activities Update of the Kakaako Office

Mr. Los Banos referred to the report provided in the board packet and noted that KUPU will provide its annual report at the next Authority meeting in December.

8. Information: Monthly Financial Report for September 2018.

Mr. Los Banos referred to the report provided in the board packet.

Member Waterhouse asked about the Financial Report for the Kalaeloa report and noted their actual salaries and fringes are reporting lower than budgeted.

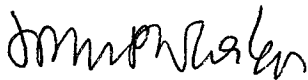
Mr. Los Banos responded that he will take a look at the report and get back to Member Waterhouse.

There were no comments and no public testimony.

VI. ADJOURNMENT

Chair Whalen adjourned the regular meeting at 2:37 pm.

Approved and Submitted by,



John Whalen, Chairperson

DEC 0 5 2018

Date Approved by HCDA Board