

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

MEETING NO. 388
Wednesday, August 7, 2013

KAKAAKO

I. CALL TO ORDER/ROLL CALL

A regular meeting of the Kakaako Members of the Hawaii Community Development Authority ("Authority"), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Brian Lee, Chairperson of the Authority, at 12:37 p.m. on Wednesday, August 7, 2013, 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: Mary Alice Evans (DBEDT)
Randy Grune (DOT)
Scott Kami (DBF)
Miles Kamimura
Brian Lee
Lois Mitsunaga

Members Absent: Dean Seki (DAGS)

Others Present: Anthony Ching, Executive Director
Lori Tanigawa, Deputy Attorney General
Chris Sadayasu, Asset Manager
Shelby Hoota, Program Specialist
Patricia Yoshino, Secretary
Holly Hackett, Court Reporter

MATERIALS DISTRIBUTED:

1. Report of the Executive Director;
2. Summary Minutes of Special Kakaako Authority Meeting of June 19, 2013;
3. Summary Minutes of Regular Kakaako Authority Meeting of July 3, 2013;
4. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Parking Agreement with the University of Hawaii to Rent a Minimum of 326 Parking Stalls to UH for a Term of 5 Years in the Lot C Parking Lot Located in Kakaako Makai on TMK (1) 2-1-15-52 (por.)
5. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Grant of Non-Exclusive Perpetual Easement and Construction Right-of-Entry

Over the Authority's Kakaako Makai Gateway Park in Favor of the State of Hawaii,
Department of Defense;

6. Decision Making: Shall the Authority Waive Its Option to Buy-Back the Pacifica Honolulu Condominium Reserved Housing Unit #602;
7. Decision Making: Shall the Authority Waive Its Option to Buy-Back the Pacifica Honolulu Condominium Reserved Housing Unit #1911.

II. APPROVAL OF MINUTES

1. Special Kakaako Meeting of June 19, 2013

Chairperson Lee asked whether there were any corrections to the minutes of the June 19, 2013 meeting. There were no comments or corrections from the Members, and the minutes were approved as presented.

2. Regular Kakaako Meeting of July 3, 2013

Chairperson Lee asked whether there were any corrections to the minutes of the July 3, 2013 meeting. There were no comments or corrections from the Members, and the minutes were approved as presented.

III. REPORT OF THE EXECUTIVE DIRECTOR

Executive Director Ching presented his report via a PowerPoint presentation (see Exhibit A). He noted that a spreadsheet summarizing timeline and status of project activity in the Kakaako Community Development District was included in the materials distributed to Members. He announced that the next regular meeting would be held at the University of Hawaii Cancer Center's Sullivan Conference Center.

Member Grune recommending adding an "as of date" to the project activity summary, since 2 projects that were marked as "pending approval" had just been approved today.

Member Evans asked which projects were scheduled for the public hearing date on August 21, 2013.

Mr. Ching replied that hearings would be on the Howard Hughes projects on Land Block 2, Project 1, KAK 13-026 and Land Block 3, Project 1, KAK 13-037. In addition, there would be special Kakaako and Kalaeloa business meetings on August 21, 2013.

Chairperson Lee noted that the Hawaii Community Development Authority's ("HCDA") website had some frequently asked questions and slides resulting from the community town hall briefings that were very informative.

There were no comments from the audience on the Executive Director's report.

IV. KAKAAKO MATTERS

3. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Parking Agreement with the University of Hawaii to Rent a Minimum of 326 Parking Stalls to UH for a Term of 5 Years in the Lot C Parking Lot Located in Kakaako Makai on TMK (1) 2-1-15-52 (por.)?

Mr. Ching summarized the staff report in the packet distributed to Members.

Member Kamimura asked what the market rate was for parking in the area.

Mr. Ching replied that that the rate at the Piano Lot for State employees was a minimum of \$50 per stall. He explained that the \$50 rate in the agreement was the current rate for the students and faculty and was requested by the University of Hawaii ("UH").

Member Kamimura state he did not agree with the rate and did not think it should be fixed for 5 years. He recommended that it should, at the very minimum, mirror what the UH charges. If they raise their rates, we should be able to raise ours.

Member Evans noted that the Department of Accounting and General Services ("DAGS") parking control charges about \$30 for open unreserved in other state parking lots available only to state employees. For the general public, there are metered stalls which were much higher and on an hourly basis. She asked if the proposed agreement contemplated terms that would allow the HCDA to withdraw space in Lot C for other uses during the 5-year period. She also asked if we would be locked in for the 326 stalls for 5 years and what proportion of Lot C was covered by the 326 stalls.

Mr. Ching replied that the surface parking lot covered about 3 quarters of the 5-acre lot. The remaining 2 uses were other than a parking lot. The HCDA has potential users lined up for either reserved parking or corporation yard uses. He explained that the UH was required to have a minimum amount of parking to be compliant with zoning requirements and development permit that was issued for the School of Medicine and Cancer Center.

Member Evans asked if there would be condition whereby HCDA could withdraw a portion of the lot for other uses during the 5-year term.

Mr. Ching explained that the parking agreement was a draft and could be amended to include terms for withdrawal. The consequence of such withdrawal would be that the UH would then technically be out of compliance with their zoning permits and would have to suffer the consequences of being in violation. The long term and appropriate use of the facility should be one that benefits the State, of which the UH is one entity. It should integrate other uses which provide benefit and return to the HCDA. The UH

discounted rate. We can help by providing the parking because they are in a bind, but it should be at a market rate.

Chairperson Lee asked what the timeline might be for the State to come up with a long-term parking plan for the UH.

Mr. Ching that he was expecting a proposal and appropriation within the next year to support a long-term solution to the issue, that would also point us in the direction of a master plan for the lot being developed with commercial as well as academic and technology development.

Chairperson Lee asked if there was a technical reason for the decision to be made now.

Mr. Ching explained that the UH currently operated the site as a parking lot for their exclusive use. The lease provided for automatic revocation of the lease in favor of the HCDA if the UH did not construct the Cancer Center on Lot C. By the end of August 2013, the UH had no authority to be parking at the Lot, so a parking agreement needs to be in place by then.

Chairperson Lee asked whether it was possible to offer \$50 now and then increase it to fair market value 3 month later. If the UH disagreed, would the HCDA be able to exercise its 90-day out.

Member Evans stated she supported Member Kamimura's concern that should the UH raise its parking rates overall based on the Manoa parking costs, not the Kauai Community College or some other area where parking is pretty nominal, that our proposed parking agreement be amended to say that: the price of a \$50 a stall could be increased to match any increase in campus parking for faculty and students at Manoa during the 5-year period.

Member Mitsunaga stated she would agree to change the motion to raise the parking rate to match, but would want the option to be able to match any price that we might want.

Member Grune stated that the land is adjacent to Pier 2. Due to some complications and delays relative to a project at Pier 32, there was going to be more demands and pressure put on the Pier 1 operating area and the operators would be looking for extra space. He asked if any preference or consideration could be given to the needs of the maritime community for additional parking or space in that area. He agreed with Member Kamimura and some of the comments made by Members Evans and Mitsunaga that we should have some kind of escalator or increase built into the 5 years.

There were no comments offered by member of the public on the agenda item.

Chairperson Lee entertained a motion to authorize the Executive Director to enter into

a parking agreement with the University of Hawaii to rent a minimum of 326 parking stalls to UH for a term of 5 years in the Lot C Parking Lot located in Kakaako Makai on TMK (1) 2-1-15-52 (por.) as reflected in the draft recommended by staff.

Member Kamimura stated that the rate should mirror the UH structure monthly parking fee so if that changes, the HCDA can change.

Member Kami wanted to add clarification that the change in the rates would be effective within a certain period of time after the UH adjusts its rate.

Member Kamimura suggested 30 days and Member Kami agreed.

A recess was taken at 1:15 p.m.

The meeting was reconvened at 1:20 p.m.

Chairperson Lee stated that the motion has been rephrased. He asked if there was a motion for the Authority to authorize the executive director to enter into a parking agreement with the University of Hawaii to rent a minimum of 326 parking stalls to the UH for a term of 5 years in the Lot C Parking Lot located in Kakaako Makai on TMK (1)2-1-15-52 (por.) as reflected in the draft recommended by staff, provided that a provision be included which requires that if the UH increases its parking rate at its UH Manoa campus, then within 30 calendar days of the implementation of such increased parking rate that the UH will pay the same increased rate per parking stall for all of the parking stalls it currently rents from the HCDA at the parking lot.

A motion was made by Member Kamimura and seconded by Member Evans.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kami, Kamimura, Lee and Mitsunaga.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Seki and 2 vacant positions).

4. Decision Making: Shall the Authority Authorize the Executive Director to Enter into a Grant of Non-Exclusive Perpetual Easement and Construction Right-of-Entry Over the Authority's Kakaako Makai Gateway Park in Favor of the State of Hawaii, Department of Defense?

Mr. Ching summarized the staff report in the packet distributed to Members. He noted that Mr. Brian Isa from DAGS, Mr. Albert Choi from State Civil Defense, and Harold Takemoto from the Hawaiian Electric Company were present in the audience to answer questions from the Authority.

Member Evans asked if solar panels are a theft sensitive item in terms of installing stand-alone civil defense sirens.

Mr. Choi stated he was the siren outdoor warning manager from State Civil Defense. He explained that the solar panels would be at the top of the pole about 50 feet in the air and would be difficult to steal.

Member Evans asked if the self-contained siren unit was the new standard as older civil defense sirens are being replaced throughout the state.

Mr. Chong replied in the affirmative.

Member Evans asked what percentage have been converted.

Mr. Choi explained that the City and County of Honolulu had been converted to a new technology as of December 31. As far as communication, it was satellite or civil control. For solar, they have been converting for 7-8 years. There were still some old mechanicals, but expected to convert to all solar power within the next 5 years.

Chairperson Lee asked how much a unit cost.

Mr. Choi replied that it was about \$85,000 for the entire investment in a particular site including pole and engineering of the housing.

There were no comments from the public on the agenda item.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to enter into a grant of non-exclusive perpetual easement and construction Right-of-Entry over the Authority's Kakaako Makai Gateway Park in favor of the State of Hawaii, Department of Defense.

A motion was made by Member Evans and seconded by Member Kami.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kami, Kamimura, Lee and Mitsunaga.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Seki and 2 vacant positions).

5. Decision Making: Shall the Authority Waive Its Option to Buy-Back the Pacifica Honolulu Condominium Reserved Housing Unit #602?

Mr. Ching summarized the staff report in the packet distributed to Members.

Mr. Ching noted that the Pacifica was a very unique circumstance. It was coming out or foreclosure when it was half built. A developer finished the project and was able to sell very aggressively. The difference between market value and reserved housing value was not very great. As value increased, the gap was widened. It was a unique circumstance that is not likely to be replicated too often.

There were no comments from the public on the agenda item.

Chairperson Lee entertained a motion for the Authority to waive its option to buy-back the Pacifica Honolulu Condominium Reserved Housing Unit #1911.

A motion was made by Member Evans and seconded by Member Kamimura.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kami, Kamimura, Lee and Mitsunaga.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Seki and 2 vacant positions).

V. ADJOURNMENT

A motion to adjourn was made by Member Grune and seconded by Member Mitsunaga. By a show of hands vote, the motion carried unanimously.

The meeting adjourned at 1:39 p.m.

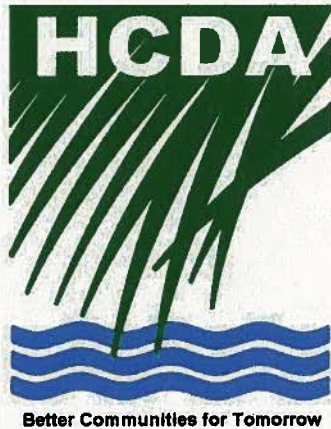
Respectfully submitted,

/s/

Miles Kamimura
Secretary

Attachment: Exhibit A - Report of the Executive Director

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



Report of the Executive Director

ED' s August 2013 Report

- Summary Agency Financial Report
- Kewalo Basin Update
- Next Meetings

HCDA Financial Summary

Current Month – June 2013

Fiscal Year to Date

Actual	Budget	Variance	Actual	Budget	Variance
(KA) 193,632	202,540	(8,908)	2,385,095	2,516,588	(131,493)
(KL) 32,675	26,996	5,679	303,360	298,760	4,600
Revenue	Expenditure	Net Change	Revenue	Expenditure	Net Change
(ID) 21,814	2,139,107	(2,117,293)	279,811	13,548,239	(13,268,428)
(LM) 108,091	144,779	(36,688)	1,173,573	1,031,498	142,075
(PFD) 1,708	83,295	(81,587)	15,009	623,529	(608,520)
(RH) -	-	-	155,070	1,010,816	(855,746)
(CL) 8,082	317	7,765	63,309	4,162	59,147
(SDep) 400	-	400	29,350	37,362	(8,012)
(KL) 120	5,081	(4,961)	187,567	12,200	175,487
(Heeia) 23	25,256	(25,233)	97	25,256	(25,159)

Summary of HCDA Revolving Funds

	Description	Amount
Cash on Hand		
	HCDA Revolving Fund & Kakaako District Operating Fund	19,357,242
Outstanding Obligations		
	Subtotal – Known Obligations as of 02/29/2012	14,265,451
Cash Balance		5,091,791
Additional Cash		
	Kewalo Basin Harbor Operations Fund (for KBH only)	2,649,296
	Kalaeloa Community Development District Revolving Fund	276,691
	Kalaeloa Community Development District Operating Fund	60,229
	Heeia Community Development District Revolving Fund	24,841
	Subtotal Additional Cash Balance	3,011,058

Kewalo Basin Update

	June	July
Overall Occupancy	99%	96%
Slip Revenue	\$85,000	\$90,000
Parking Revenue	\$1,500	\$1,500
Total Revenue	\$110,000	\$110,000
Operating Expenses	\$60,000	\$60,000
Net Income	\$50,000	\$50,000
Deposits (02-29-12)	\$84,888.16	

Next Meeting

- Regularly Scheduled Meeting
 - September 4, 2013
- Location
 - Sheridan Auditorium
 - University of Hawaii Cancer Center
- Special Public Hearing Dates
 - August 21, 2013