

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

Wednesday, July 8, 2015

KALAELOA BUSINESS

I. CALL TO ORDER/ROLL CALL

A regular meeting of the Kalaeloa 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 11:03 a.m. July 8, 2015, at the Authority’s principal offices at 547 Queen Street in Honolulu, Hawaii, pursuant to Article IV, Section 1 of the Authority’s Bylaws.

Members Present: Tom McLaughlin
John Whalen
Mary Pat Waterhouse
David Rodriguez
Michael Golojuch, Sr.
Shirley Swinney
D. Kalani Capelouto
George Atta

Members Absent: Beau Bassett
Scott Kami (B&F)

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

II. APPROVAL OF MINUTES

1. Kalaeloa Regular Meeting of June 9, 2015

Chair Whalen asked if there were questions or corrections to the minutes of June 9, 2015

Member Swinney corrected KLF where it’s noted and stated it should be KHLF, Kalaeloa Heritage and Legacy Foundation.

No further corrections were stated and the minutes were approved as presented.

III. REPORT OF THE EXECUTIVE DIRECTOR

Kalaeloa Planning Director Tesha Malama summarized the Kalaeloa report from the packet.

Chair Whalen commented, at the June 9th board meeting, the board expressed concerns with the MOU language pertaining to the design as Complete Streets for Roosevelt Avenue and asked that language be amended before being executed because the way it's written, it's not Complete Streets.

Ms. Malama stated as the action item comes up on the agenda the staff report will address Chair Whalen's concern.

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

IV. KALAELOA BUSINESS

2. Decision Making: Shall the Authority Authorize the Executive Director or His Designee to Negotiate and Execute a Memorandum of Understanding (MOU) with the State of Hawaii Department of Transportation and the City and County of Honolulu (CCH) for the Conveyance of a Portion of Franklin D. Roosevelt (FDR) Avenue Between the West Perimeter Road and Enterprise Avenue to HCDA?

Ms. Malama commented, the exact design is still yet to be determined and reported on the four key provisions in the MOU.

1. Department of Transportation will transfer its ownership of the portion of FDR from West Perimeter Road to Enterprise Avenue and the Mauka portion of West Perimeter Road;
2. 14 feet will be set aside on each side of the proposed 80-foot right-of-way for the future widening of FDR to 108 feet;
3. City and County of Honolulu's approval of HCDA's construction plans for the FDR improvements shall be construed as said improvements being in accordance with CCH standards for dedication; and
4. The MOU acknowledges the anticipated closure of the Mauka portion of West Perimeter Road and the transfer of this portion from the HCDA to the adjoining landowner in exchange for the construction and dedication of the new Kamokila Boulevard extension.

Chair Whalen commented he remains concerned about the language and doesn't see the necessity of having prescriptive design standards if the purpose is to develop a flexible design.

Ms. Malama stated the final version will ensure Chair Whalen's concerns are addressed and mentioned RM Towill and Hunt, consultants working on the MOU, are in the audience along with Director Atta who were involved in discussions to

accomplish the MOU.

Member Atta noted Chair Whalen's concerns and mentioned the City's corporation counsel has reviewed the MOU and confirmed the MOU is not final and that HCDA should receive the City's comments within a week.

Member Capelouto stated he participated in a community transportation meeting held regarding the MOU. The committee did not take a vote on the issue. The biggest concern was the handling of the Chinese Banyan trees. DOT started replacing the trees that were diseased and removed with White Tecomas. Possible alternatives suggested were repropagating the Banyan trees into portable pots to continue the legacy of the trees. Member Capelouto commented he wasn't aware of the City and County's policies on what kind of trees they consider "exceptional trees" and noted the Chinese Banyans were not on the list of exceptional trees.

Michelle Matson provided public comment and stated her concern about the idea of building a new road and bulldozing through the trees and questioned why the A'ali'i is not on the exceptional tree list. Ms. Matson urged the board not to build a road and discard the trees.

Arvid Youngquist provided public comment on the MOU and encouraged the board to give thought to the local community's concerns and not vote against or for it, but how well their concerns can be incorporated in the documentations.

Member Waterhouse questioned the first proposed motion and asked Mr. Los Banos if staff is clear on the issues the board has expressed.

Mr. Los Banos stated the general concerns revolve around the design guidelines and more flexible guidelines that would allow something similar to Complete Streets and asked the board to be more specific in regards to "flexible" guidelines.

Member Atta stated he can clarify in terms of type of flexibility. The language is set up so the design issues will be negotiated between the city, HCDA and state Department of Transportation and wouldn't include anything specific. The Banyan tree issues have been there from the start and noted; obstructions like the electric substation and the switch station have also been noted. There are issues about whether Roosevelt will continue to be an arterial collector as opposed to a major collector, which are policy decisions. This MOU allows the HCDA director to stay in negotiations with state Department of Transportation and the city, it's up to the Authority on adding specifics. Ms. Matson's concerns about the trees is something that you want to have a board consider because it's not in any written form. Member Atta also mentioned, and it was brought up at the June 9th meeting, HECO is willing to give up the Mauka strip to HCDA at no cost and that will give some flexibility on the final alignment.

Chair Whalen stated, the prescriptive design standards that are in the MOU right now are not something he could support.

Member Rodriguez wanted to make a clarification, as he recalled from the last meeting, the board brought the subject up because there was a time sensitivity with HECO offering the land and asked to be reminded of that. The current MOU as drafted has flexibility to move forward and address an opportunity that HECO was willing to provide the board to continue exploring this and stated he would like to move forward and make a motion to the original request.

Ms. Malama commented and clarified, at the last meeting, the board agreed moving forward on the James Campbell owned property which HECO utility easement sits within. The board authorized the executive director to pursue due diligence of that particular property and that Member Atta mentioned it to address the concern about flexibility; if we're able to secure that land, it gives more flexibility on the design that you could incorporate the trees and other flexibilities that the board may require. Today's discussion is specifically to the MOU to move forward on negotiations and executing an MOU that would allow the movement and discussion of the design of that roadway.

Member Capelouto stated he would like to include language in the MOU that considers the trees and address the possibility of repropagating them in a different location.

Chair Whalen asked the maker of the motion to include Member Capelouto's request.

Chair Whalen stated the motion for the Authority to authorize the executive director's designee to negotiate a Memorandum of Understanding with the State Department of Transportation and the city and county of Honolulu for the conveyance of a portion of FDR Avenue between West Perimeter Road and Enterprise Avenue to HCDA based on discussion with the board about concerns regarding flexible design standards and the preservation of mature healthy trees.

Member Golouch motioned, Member Waterhouse seconded. Motion passed unanimously.

3. Decision Making: Shall the Authority Authorize the Executive Director or His Designee to Negotiate and Execute a 40-Year Lease with a 20-Year Option to Extend with the Kalaeloa Heritage and Legacy Foundation for the 77-Acre Kalaeloa Heritage Park, Tax Map Key Nos. (1) 9-1-013: 067 and 069, Consistent With the Terms Identified in the Term Sheet?

Member Swinney disclosed for the record her volunteer services with the Kalaeloa Heritage and Legacy Foundation for the specific purpose of event planning for their fundraiser luau that occurred on Saturday, June 20th.

Ms. Malama provided a report and noted the information handed out in the board packet contained information on the work HCDA and the Kalaeloa Heritage and Legacy Foundation has done, as well as the environmental assessment, the cultural impact assessment and the conceptual park plan that lays out the guidance and activities that need to occur over the next 40 to 60 years. Ms. Malama brought the

board's attention to Exhibit E – summary of the terms and conditions that the Heritage and Legacy Foundation will have to adhere to.

Mr. Los Banos, stated the area will not be slated for anything else. It's restricted to that use, both identified in the Navy's environmental impact statement, the master plan and HCDA's administrative rules.

Member Swinney asked if there are more specifics, in reference to Exhibit E and the lease term sheet, on the HCDA conditions that state "a portion of rents generated from HCDA"

Ms. Malama stated, as determined by HCDA, a portion of rent generated from HCDA Kalaeloa Community Development District owned lands shall be dedicated to the stewardship, preservation, maintenance and development of the Kalaeloa Heritage Park. Per the master plan, one of the guiding principles is that HCDA is to preserve and provide stewardship in regards to the archaeological resources within the district. Of the 77 acres HCDA owns, a budget must somehow be set to help the maintenance and protection of those resources. The partnering with Kalaeloa Heritage and Legacy Foundation was the avenue HCDA took. Going forward, part of the Kalaeloa Revolving Fund, if there is any revenue generated in Kalaeloa, will be fed back into Kalaeloa projects. It's restricted to that district.

Member Swinney stated she understood that, but asked if there is a specific percentage of that portion or a range.

Ms. Malama stated discussions with Kalaeloa Heritage and Legacy Foundation members and HCDA's asset management was to allow flexibility to renegotiate, there was no minimum or specific amount of the budget set at the time and that there was a discussion of a two percent range, although setting a range may stifle that, and would tie HCDA's hands to be able to provide more at the time or less.

Member Capelouto asked how much annually is coming out of HCDA funds to fund the park?

Ms. Malama stated, other than providing a toilet that averages \$1,200 per year and the required Environmental assessment and conceptual park plan that cost about \$100,000 the HCDA hasn't allocated any money to fund the park.

Member Capelouto asked if HCDA will retain the ability to inspect the location from time to time.

Mr. Los Banos stated, HCDA's asset management would in general terms and conditions reserve that right.

Member Capelouto asked if the park is responsible for some sort of annual report back to HCDA to summarize attendance, maybe financials and issues where they need help with that we can address.

Mr. Los Banos stated, certainly HCDA is looking for something on an annual basis. Currently they are offering HCDA a percentage rent and the only way we can approve a percentage rent is if there is financial performance. HCDA has discussed going out to inspect the grounds to ensure they are following things, and also HCDA would want proper site control access to ensure controls are in place to avoid artifacts being taken off the site. Details and language will need to be discussed and finalized.

Member Waterhouse asked Mr. Los Banos about the right of entry, as an option instead of the long term lease.

Mr. Los Banos stated, the right of entry would provide continued site control and access to the site. KHLF is looking to do capital campaign and understand area businesses are interested in contributing to the park development, but how do you market and fundraise if you only have a right of entry for one year.

Member Waterhouse asked what the difference would be with a 10-year lease versus 10-year right of entry.

Mr. Los Banos stated generally right of entries are done on a short-term basis, leases are done on a long term basis and recommended not doing a 10-year right of entry.

Member McLaughlin asked what was the thinking behind structuring the lease as a 40-year with a 20-year option as opposed to more frequent break points?

Mr. Los Banos reverted back to fundraising for a 501(c)(3), it would allow KHLF to raise capital.

Member Rodriguez commented to the chair that this seems like a living park and seems more under the DLNR scenario compared to HCDA. It would be sort of like holding a lease to something that's not in HCDA's mission.

Ms. Malama stated DLNR rejected the property and through special legislation the Secretary of the Navy conveyed it to HCDA.

Valerie Kane, Linda Kane and Shad Kane provided public testimony in support of authorizing a lease, as an important tool in making the park a reality, to Kalaeloa Heritage and Legacy Foundation.

Mr. Arvid Youngquist testified in support.

Mr. Eric Matanane, Nanakuli Intermediate and High School counselor testified in support.

Chair Whalen read the motion to negotiate and execute a 40-year lease with a 20-year option to extend with the Kalaeloa Heritage and Legacy Foundation.

Member Swinney moved on the motion and Member Golojuch seconded. Member Waterhouse stated she had concerns to execute a 40-year lease with a 20-year option and suggested a 20-year lease with a 20-year extension.

Member Swinney asked Mr. Los Banos to elaborate on what the negotiations would include as far as safeguarding HCDA through the term of the lease.

Member Okuhama noted, as doing financing for businesses and nonprofits he utilizes several government loan programs and the length of the lease and also language in renegotiation is extremely important in financing leasehold properties because the lenders are looking to protecting their interest and security which is the property. A forty year lease is long however; too short of a lease could potentially be a problem too if the organization is looking for capital grants or loans that have them go to terms.

Chair Whalen asked Member Golojuch to withdraw the motion and to introduce a new motion.

Member Swinney asked Chair Whalen when the lease would be negotiated. As HCDA approached Kalaeloa Heritage and Legacy Foundation to do this work, in all fairness, the authority should be more specific and asked to place the action item on next month's agenda.

Member Golojuch withdrew the first motion.

Member Swinney made a motion to authorize the executive director or his designee to negotiate the terms of the lease with the Kalaeloa Heritage and Legacy Foundation for the Kalaeloa Heritage Park provided the proposal be brought back to the Authority for approval at next month's meeting.

Member Golojuch seconded. Motion passes unanimously.

V. ADJOURNMENT

Chairperson Whalen adjourned the regular meeting at 1:15 p.m.

Respectfully submitted,

Shirley Swinney
Secretary

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