

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

Wednesday, June 1, 2016

**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 10:28 AM May 4, 2016 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  
Wei Fang  
Scott Kami  
Jason Okuhama  
David Rodriguez  
Mary Pat Waterhouse  
William Oh  
Steven Scott  
John Whalen

Members Absent: George Atta

Others Present: Aedward Los Banos, Interim Executive Director & ASO  
Mike Wong, Deputy Attorney General  
Lori Sunakoda, Deputy Attorney General  
Deepak Neupane, Planning Director  
Laura Savo, Court Reporter  
Tommilyn Soares, Secretary  
Shelby Hoota, Media Specialist

**II. APPROVAL OF MINUTES**

1. Kakaako Special Meeting of April 12, 2016

No comments or corrections were made. Minutes were approved as presented.

2. Kakaako Regular Meeting of May 4, 2016

Deferred to the July 6, 2016 board meeting.

### **III. REPORT OF THE EXECUTIVE DIRECTOR**

Interim Executive Director, Aedward Los Banos deferred to the report provided during the General Meeting.

### **IV. KAKAAKO MATTERS**

Chair Whalen requested Item #4, be moved up on the agenda to allow representatives of HART to make its presentation. All members unanimously approved.

#### **3. Information and Discussion: Update from the Reserved Housing Task Force Committee**

Member William Oh provided the update and stated, after meeting with a variety of stakeholders the current standards, cost of construction, and suitable public lands were some of the key challenges that were identified by the committee. The committee provided possible solutions to the challenges that were identified such as revising the criteria to qualify for a Reserved Housing Unit. As an example, a “first time home buyer” could be revised to include home owners that have purchased a studio at \$150K two or three years ago to allow a unit upgrade of about \$300K - \$400K of a reserved housing unit.

Discussion among board members confirmed the committee had not yet meet with the Hawaii Housing and Finance Development Committee and that the “POTS” report prepared in 2014 was used as a reference.

Member Rodriguez added that there is a community concern on workforce housing units being used for investment and that they’d like to see names of those individuals publicly listed. Staff clarified that sales transactions are public record via the City and County’s GIS website.

Discussion with board members and staff included recommendations to prevent investors from taking advantage of the workforce housing process. The Committee will continue to meet and consult with staff to make recommendations in revising the current reserved housing rules.

There were no further discussion from board members.

#### **PUBLIC TESTIMONY**

Galen Fox – commented and provided information on affordable housing.

There were no other public comments.

4. Decision Making: Shall the Authority Authorize the Interim Executive Director to Execute a Right-of-Entry with the Honolulu Authority for Rapid Transportation (“HART”) Providing HART With Access to Certain Roadway Parcels within the Kakaako Community Development District Owned by the Hawaii Community Development Authority for the Purpose of Pre-Construction and Construction Work?

HART representative, Brennon Morioka, provided a brief overview on the rail alignment and what areas within the Kakaako Community Development District that will be affected, he also explained HART’s business outreach and the communication they typically provide prior to and during construction activity. He also provided information on the pre-construction activities that are currently planned.

Chair Whalen commented that the board received a copy of a February 2015 letter from HART to the previous HCDA board, which clarifies why some members felt they were not fully informed of HART’s pre-construction and construction work planned. Chair Whalen thanked Mr. Morioka for the presentation and information. Chair Whalen mentioned the response to the February 2015 letter stated HCDA would be provided a list of affected businesses to the rail project when it became available and asked if there was a follow up. Ms. Tomatore of HART stated a response was provided and that a copy of that response can be emailed and provided.

A few board members expressed concerns with the uncertainty of the rail alignment extension and whether it would come through Central Kakaako as originally planned due to the recent rail budget shortage, however, they understand that the pre-construction work is necessary.

Mr. Morioka confirmed for board members that HART received possession, through eminent domain, on private streets that are currently being disputed. He also confirmed that community outreach will be the responsibility of both the contractor during construction and HART, the business outreach program aspect will be managed by HART.

#### PUBLIC COMMENT

Scott Saiki, State Representative, requested HCDA defer its decision until the private street issue is resolved.

Member Bassett asked if part of the parcels that HART is requesting a right of entry to is currently under the private street dispute. Representative Saiki stated he is not familiar with the specific TMK parcels. Mr. Los Banos stated staff requested Kakaako Land Company submit a list of parcels they are staking claim in and that HCDA will clarify and exercise ownership if necessary.

Member Bassett motioned for the board to convene in executive session pursuant to Hawaii Revised Statutes Section 92-5 (a) (4). Member Waterhouse seconded the motion. All members unanimously approved entering into executive session.

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Pursuant to Section 92-5 (a) (4), Hawaii Revised Statutes, the Authority convened in Executive Session at 11:25 a.m.  
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Chair Whalen reconvened the meeting at 11:46 a.m.

Member Bassett asked Representative Saiki if it's his understanding that some of the parcels HART is requesting a right of entry to HCDA's property is currently under the private streets dispute. Representative Saiki stated he did not see the TMK's however he was referring to and it is his understanding that one of the portions on Queen Street is where the easement is being sought.

After discussion with board members, staff and HART representatives, Member Kami made a motion for the Authority to authorize the interim executive director to grant a right of entry providing the Honolulu Authority For Rapid Transit Transportation with access to certain roadway parcels within the Kaka'ako Community Development District owned by the Hawaii Community Development Authority for the purposes of preconstruction work only, for a three month period, with the effective start date at the point of execution of the right of entry.

Member Rodriguez seconded the motion.

Interim Executive Director Aedward Los Banos conducted the roll call vote. Motion passed with eight votes and one no vote.

5. Decision Making: Shall the Authority Authorize the Interim Executive Director to Grant a Right of Entry to the University of Hawaii John A. Burns School of Medicine to Provide the University of Hawaii John A. Burns School of Medicine with a Long-Term Parking at 135 Ohe Street Located in Kakaako Makai, TMK (1)-2-1-060:030 (por) for a Three (3) Year Term With Two (2) Twelve (12) Month Extension Options?

To assist UH fulfill its requirement to provide 326 parking stalls for JABSOM, HCDA and UH currently retain a parking agreement. JABSOM has an additional need for flexible parking for its professors, visitors and non-compensated faculty and is requesting additional flexible parking facilities that can be managed and secured by JABSOM's security personnel. HCDA granted a right of entry (ROE) for the use of parking at 135 Ohe Street in February 2013 that expires June 30, 2016. Staff's recommendation is to grant a new ROE to allow JABSOM the continued use, to provide parking for its guests, with a fixed monthly fee of \$2,000.00 to HCDA.

A few board members agreed the parking fee for UH should be increased. Member Bassett suggested, to be consistent with HCDA's fees, the current ROE for the Ohe lot that's being considered should be renegotiated at the same time with the Lot C ROE that UH and HCDA has as well.

There were no further discussion or comments from the Public.

Vice Chair Scott motioned for the board to authorize the interim executive director to grant a right of entry to the University of Hawaii John A. Burns School of Medicine to provide the University of Hawaii John A. Burns School of Medicine with long-term parking at 135 Ohe Street located in Kakaako Makai, TMK 2-1-60, portion of parcel 30, specified term to be coterminous with the Lot C parking agreement with a monthly fixed rate of \$2,250 (\$50 per stall; commensurate with Lot C).

Member Bassett seconded the motion. Chair Whalen conducted a voice vote. All members unanimously approved. Motion passed.

6. Decision Making: Shall the Authority Consent to an Extension for the Sale of Na Lei Hulu Kupuna's Leasehold Interest to Mark Development Inc., in Accordance with the Proposed Purchase and Sale Agreement and Authorize the Interim Executive Director to Execute and Deliver any and all Related Sale Documents by the Closing Date of May 31, 2017?

Mr. Los Banos presented the report provided in the board packet. Na Lei Hulu is a 75-unit senior affordable rental project. The Hawaii Housing and Finance Development Corporation and the City and County of Honolulu own the land that Na Lei Hulu occupies. HCDA is a general partner with 1% interest and Bank of Hawaii is currently a limited partner with 99% interest. In 2014, Mark Development sent in a letter with a bid purchase and renegotiated the purchase price to \$2,869,000. HCDA's interest will end in 2023, simultaneous to the expiration on the lease. Mark Development is requesting a one year extension for the sale of Na Lei Hulu Kupunas leasehold interest in accordance with the proposed purchase and sale agreement, as HHFDC revised it's Low Income Housing Income Tax Credit application and award process. Mark Development withdrew it's application for a 4% tax credit and would like to resubmit its application to HHFDC to apply for a 9% tax credit instead. The application deadline for the 9% tax credit is June 15, 2016.

Mark Development's representative Carl Cunningham confirmed for the board, Mark Development plans to keep the senior rental affordable and the application submitted to HHFDC requests a 65 year lease. Board members discussed and recommend including Mark Development's rent structure and breakdown into the purchase sale agreement. Mr. Los Banos and Mr. Cunningham stated for the board the breakdown and rent structure will be included in the LIHTC application that will be submitted to HHFDC.

Member Kami motioned for the board to convene in executive session pursuant to Hawaii Revised Statutes Section 92-5 (a) (4). Vice Chair Scott seconded the motion. All members unanimously approved entering into executive session.

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Pursuant to Section 92-5 (a) (4), Hawaii Revised Statutes, the Authority convened in  
Executive Session at 1:36 PM  
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Chair Whalen reconvened the meeting at 2:29 p.m.

Chair Whalen recessed the meeting to start the public hearing scheduled at 1:00 pm.

Chair Whalen reconvened the meeting at 4:56 pm.

Chair Whalen asked for a motion. Mr. Cunningham confirmed for Vice Chair Scott the timeline regarding the application for the 9% tax credit is due, June 15, 2016. He also confirmed for Chair Whalen that HHFDC usually informs the applicant within 60 days of the award and that the percentage of tax credits awarded would provide the developer with additional equity for the project and allow the developer to request less private funding. Mr. Cunningham further explained the process of applying for tax credits for the board members.

After further discussion, Board member Scott Kami made a motion to approve staff's recommendation to approve the extension on the purchase of sale for the Na Lei Hulu project. Shall the authority consent to an extension for the leasehold interest to Mark Development, Inc. in accordance with the proposed purchase and sale agreement and authorize the interim executive director to execute and deliver any and all related documents by the closing date of May 31, 2017.

Member Okuhama seconded the motion. Interim Executive Director Aedward Los Banos conducted the roll call vote. Motion passed with six votes and one no vote.

7. Information and Discussion: Park Rule Amendments on Prohibitions; Licenses; Permits; Fees; Fines; Definitions; and the Handling of Property Left in the Hawaii Community Development Authority Parks after Parks Closure.

Mr. Los Banos presented a brief report for the board and provided an outline regarding the requirement in revising the Hawaii Administrative Rules in order to adopt new park rules.

Members were provided a confidential draft of the revised park rules. Mr. Los Banos stated the draft rules were provided to members for their review and comments and will work with the Attorney General's office to incorporate any recommendations or suggestions board members may have.

Vice Chair Scott asked if HCDA, similar to the City and County of Honolulu's rules, could include a rule against putting tents up in the parks. Attorney General Lori Sunakoda stated for member Scott that the Attorney General's office is looking at further revisions to the rules and will provide legal advice on Chair Scott's comment.

With discussion among board members, Mr. Los Banos will compile board members recommendations and work with the Attorney General's office to finalize a draft for board members to approve to begin the process of revising the existing park rules.

8. Decision Making: Shall the Authority Authorize the Interim Executive Director to Enter into a Right of Entry for Joint Enforcement of Park Rules in Conjunction with the City and County of Honolulu.

Deputy Attorney General Lori Sunakoda stated for the board, the city and county is currently reviewing the proposed draft right of entry.

Mr. Don Kitaoka, deputy corporation counsel for the city and county of Honolulu stated they are reviewing the draft right of entry and contemplating whether a Memorandum of Agreement or Memorandum of Understanding is the right vehicle.

There were no public comments.

Vice Chair Scott motioned for the authority to authorize the interim executive director to enter into a right of entry for joint enforcement of park rules in conjunction with the City and County of Honolulu.

Member Bassett seconded the motion. Chair Whalen took a voice vote. Motion passed with six for the motion and one no vote.

9. Information and Discussion: 690 Pohukaina Street Update.

The board convened in executive session to discuss agenda items 6 – 9.

There were no public comments.

V. Adjournment

Chair Whalen adjourned the meeting at 6:24 pm