

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

Wednesday, July 6, 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 09:40 AM July 6, 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
Scott Kami
Jason Okuhama
David Rodriguez
Steven Scott
John Whalen

Members Absent: George Atta
Wei Fang
Mary Pat Waterhouse
William Oh

Others Present: Aedward Los Banos, Interim Executive Director & ASO
Michael 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 Regular Meeting of May 4, 2016

Meeting minutes were approved as presented.

2. Kakaako Regular Meeting of June 1, 2016

Approval of minutes were deferred to the July 6, 2016 meeting.

III. REPORT OF THE EXECUTIVE DIRECTOR

In addition to the report provided during the General meeting, Interim Executive Director, Aedward Los Banos stated he received a request sent in by the community to create a mini dog park at Kawaihao Pocket Park (corner of Cooke Street and Kawaihao Street) residents are seeking funds from HCDA to install a three sided fence, as required by Department of Parks and Recreation, to convert the park. The park is currently owned by the City who has an agreement with the AOA of Imperial Plaza to maintain the park.

PUBLIC COMMENT

Mr. Marco Garcia, resident at Keola La'i provided support for the dog park.

Mr. Roy Bumgarner, General Manager, Imperial Plaza provided history for board members on the current park and stated the initial agreement with Imperial Plaza and HCDA was to provide open space. The developer purchased the lot and turned it over to the city with an agreement that Imperial Plaza would maintain the park and that the City would provide maintenance for the trees. The current park hours are from 6:00 a.m. – 10:00 p.m. Homeless individuals, have recently been occupying the park. There have been recent discussion to convert the park into a dog park and the City Department of Parks and Recreation received positive feedback, however, the most recent issue is how to complete the installation of the fence so that it can be converted into a dog park. Mr. Bumgarner also noted that residents of Imperial Plaza explored costs of the rod iron fence and a chain link fence.

Discussion with Mr. Deepak Neupane and Chair Whalen confirmed, the Mauka Area Rules do not allow a chain-link fence and if there are any HCDA funds available, it would likely be funded through the Public Facility Fund, the park however, will be required to be open to the public. Member Bassett and Member Swinney encouraged Imperial Plaza, as it is a public park and a great project, find additional support within the community and the surrounding development community to assist with funding verses HCDA solely providing the funds required to complete the fence.

Mr. Kawelu Medeiros, General Manager of Keola La'i mentioned he participated in discussions with Mr. Garcia and Mr. Bumgarner and stated they will be meeting to seek additional funding support for the fence and report back to HCDA at a later date.

Chair Whalen recessed the meeting at 10:03 a.m.

Char Whalen reconvened the meeting at 10:05 a.m.

IV. KAKAAKO MATTERS

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

Vice Chair Scott gave a brief highlight on the reserved housing committee recommendations. The committee met with a few stakeholders in Kakaako and some of the recommendations include expanding the source of reserved housing by requiring a project to include 20% of its units as reserved housing units if the project includes more than 10 units, the committee also recommends preserving the current reserved housing unit inventory and continuing the buyback provision for “for-sale” reserved housing units. Recommendations on workforce housing include providing for-sale as well as rentals and recommend the sales price be indexed to 120 percent of the AMI or less.

Recommendations were given to HCDA staff who will start the process in developing the rules for a draft amendment, then it will go through the public hearing process then to the Authority for discussion.

Mr. Neupane summarized for Chair Whalen how the committee’s recommendations expanded on the POT’s solution report that was adopted by the previous board. To preserve the current reserved housing unit inventory long term the committee is recommending the continuous buyback provision to allow the authority an opportunity to partner with nonprofit housing agencies so units will remain affordable in perpetuity. The committee also looked at harmonizing its rules similar to the city and county and the state housing agency regarding incentives for larger units. Workforce housing discussion in the POT’s report was minimal, therefore, the committee made some recommendations on the buyback provision so it can be preserved long term.

Mr. Neupane confirmed for the board that HCDA staff has been in communication with HHFDC so that the committee’s recommendations are consistent with HHFDC’s program.

Board members and staff discussed the committee’s recommendations regarding the regulated term for preserving workforce housing unit’s long term. Vice Chair Scott and Mr. Neupane stated for the board the current regulated term for workforce housing is a maximum of two years which the committee felt was more advantageous for owners to misuse the intent of a workforce housing unit, therefore, the committee recommended a more permanent regulated term which will be open for public and board discussion during the rule amendment process.

Member Rodriguez asked if the area rules addresses bed and breakfasts (B&B). Mr. Neupane confirmed for Member Rodriguez that Mauka Area Rules don’t allow for transient use

There were no further discussion from board members and no public comment.

Chair Whalen recessed the meeting at 10:29 a.m.

Chair Whalen reconvened the meeting at 10:34 a.m.

4. **Decision Making: Shall the Authority Authorize the Interim Executive Director to Grant the Kewalo Harbor Management Company, a Subsidiary of Howard Hughes Corporation the following:**
 - a. **Revocable Permit to Operate and Maintain the Diamond Head Parking Lot, Adjacent Comfort Station and Park Area, Former Charter Boat Building Parking Lot, and Adjacent Charter Boat Building Comfort Station and Kewalo Basin Harbor TMK (1)-2-1-058: 128 (por) for a Three (3) Year Term With Two (2) Twelve (12) Month Extension Options?**
 - b. **Right of Entry to Perform Supplemental Maintenance in Kewalo Basin Park TMK (1)-2-1-058: 128 (por) for a Three (3) Year Term With Two (2) Twelve (12) Month Extension Options?**
 - c. **Right of Entry to Utilize Office and Warehouse Space to Operate and Manage the Kewalo Basin Harbor for a Three (3) Year Term With Two (2) Twelve (12) Month Extension Options?**

Chair Whalen stated the applicant sent in a request to defer agenda item #4 to the August 2016 meeting to allow the applicant time to review the records and prepare a presentation and responses to questions on the operations and financial accounting related to the documents referenced in items # 4 a – c.

Chair Whalen, at the applicant's request, deferred the agenda item to the August 2016 meeting.

There were no questions or discussion from board members or public comment.

5. **Decision Making: Shall the Authority Authorize the Interim Executive Director to Execute an Agreement to: 1. Subordinate the Authority's Shared Equity Encumbrance and 2. Consent to the Owner's Request for Refinancing it's Mortgage for the Following Reserved Housing Units.**
 - a. **Pacifica Honolulu Condominium Unit No. 608 and**
 - b. **Keola La'i Condominium Unit No. 1608.**

Mr. Los Banos summarized the report provided in the board packet and noted for the board as discussed during the general meeting, these two items are the types of

decisions staff is looking to receive delegation from the board to streamline the administrative process.

The Pacifica unit owner would like to take advantage of a lower interest rate and refinance her 30-year mortgage into a 15-year year mortgage.

The Keola La'i unit is another debt restructuring request from the owner to refinance. The loan will be less than his original acquisition loan.

There were no comments or questions from board members or public comment.

Vice Chair Scott motioned for the board to authorize the interim executive director to execute an agreement to subordinate the Authority's shared equity encumbrance and consent of the owner's request for refinancing its mortgage for reserved housing unit at Pacifica Honolulu condominium No. 608.

Member Okuhama seconded the motion.

Interim Executive Director Aedward Los Banos conducted the roll call vote. All members unanimously approved. Motion passed with six votes.

Vice Chair Scott motioned for the board to authorize the interim executive director to execute an agreement to subordinate the Authority's shared equity encumbrance and consent to the owner's request for refinancing its mortgage for reserved housing unit located at Keola La'i condominium No. 1608?

Member Okuhama seconded the motion.

Chair Whalen asked for any further discussion before conducting the roll call vote. Member Okuhama asked, if the owner decided to sell the unit, would HCDA then receive a shared equity payment? Mr. Los Banos confirmed, the owner is outside of the regulated term and if the owner decided to sell the HCDA would receive a substantial equity payment because of the market then vs. now. Chair Whalen noted if the owner decided to sell the unit, HCDA would recapture a portion of the equity but lose the unit as a reserved housing unit which speaks to the previous discussion regarding the reserved housing committee's recommendation as it relates to the buyback provision.

There were no further comments or questions from the board members.

Mr. Los Banos conducted the roll call vote. All members unanimously approved with three excused.

6. **Decision Making: Shall the Authority Approve the Request for a Conditional Use Permit for the Expansion of 848 Queen Street Pursuant to Section 15-217-91 (f), Hawaii Administrative Rules, Expansion of Nonconformities, which Would Allow Applicant to Subsequently Seek an Improvement Permit for the Project?**

Mr. Deepak Neupane summarized the report provided in the packet. Staff received on June 20, 2016, an improvement permit application and a request for a conditional use permit for the expansion of the 848 Queen Street project. The applicant, Ken and Michelle Wood, is proposing to expand its existing single-story structure to a second-story structure increasing its square-foot area from 2,310 to 3,799 (increase by 1,489 square feet). It's considered an industrial use and allowed within the district. The provision in the Mauka Area rules state nonconformity may be expanded by more than 25 percent provided it's discretionary by the Authority. HCDA staff reviewed and analyzed the application and found the applicant met all requirements and recommend the Authority approve the conditional use permit for the expansion. The improvement permit is an administrative permit, therefore, if the Authority approves the conditional use permit the executive director will have approval of the improvement permit.

Mr. Reid Mizue, Omizu Architecture, architect for the applicant provided information that the applicants, Mr. Ken and Michelle Wood, have planned for the expansion and also confirmed that the proposals are an accessory to the existing business.

There were no further discussion or questions from the board members or public comment.

Member Okuhama motioned for the authority to approve the request for a conditional use permit for the expansion of 848 Queen Street pursuant to Section 15-217-91, subpart (f), Hawaii Administrative Rules, an expansion of nonconformities, which would allow the applicant to subsequently seek an improvement permit for the project.

Member Kami seconded the motion. Interim Executive Director Mr. Los Banos conducted the roll call vote. All members unanimously approved with six votes and three excused.

7. **Decision Making: Shall the Authority Accept the Determination of Findings of No Significant Impact for the Final Environmental Assessment Prepared by the Howard Hughes Corporation for Queen Street Improvements in Accordance With Chapter 343, Hawaii Revised Statutes?**

Mr. Neupane provided background information for the board and summarized the report provided in the packet. He noted the improvements would be designed to City standards and the portion of the street is part of the property that HCDA will

be dedicating to the City and that the frontage improvements to the project triggered these improvements that are consistent with the Mauka Area Plan roadways. Mr. Neupane confirmed for Vice Chair Scott that the roadways covered in these improvements are all owned by HCDA.

Member Bassett stated he noted in the EA improvements could be temporary due to the uncertainty of the rail route. Mr. Neupane confirmed the improvements would be permanent if the rail route does not come through Kakaako, however, improvements may be temporary and may require changes accordingly if the rail route is extended into Kakaako. Member Bassett also advocated for green development principles as addressed in one of the letters submitted by the Department of Health's Clean Water Branch.

PUBLIC TESTMIONY

Mr. Todd Apo of Howard Hughes noted for the board they are coordinating and working on how to best address the green development element so it works with the entire Ward Village neighborhood and will continue discussions to include HCDA staff as well as the City and County on the final details.

There were no further discussion or questions from board members or public comment.

Vice Chair Scott motioned for the Authority to accept the determination of a finding of no significant impact for the final environmental assessment prepared by the Howard Hughes Corporation for Queen Street improvements in accordance with Chapter 343, Hawaii Revised Statutes?

Member Okuhama seconded the motion. Interim Executive Director, Aedward Los Banos conducted the roll call vote. All members unanimously approved with six votes and three excused.

8. **Decision Making: Shall the Authority Authorize the Interim Executive Director to Proceed with the Dedication of Roadway Parcels Owned by the Hawaii Community Development Authority to the City and County of Honolulu in Accordance with §171-64.7 of Chapter 171 of the Hawaii Revised Statutes and to Expend an Amount Not to Exceed \$50,000.00 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount, to Procure Appraisal and Title Search Services?**

Mr. Los Banos provided a brief overview and stated that there are some street and roadway parcels that are owned by HCDA and the City, and in moving forward through the improvement development process HCDA would like to dedicate these parcels to the City. Per HRS Chapter 171, OHA has an opportunity to provide feedback 90 days prior to the start of the legislative session and HCDA would like to start the process in conveying these parcels.

Mr. Deepak Neupane provided background information for board members and noted HCDA would like to dedicate the parcels so there is no question regarding who owns the street in Kakaako between the City and County and State. The request for \$50,000 will be used for appraisals as most of the land values changed from the latest appraisals that were completed 4 years ago.

Vice Chair Scott asked how these parcels relate to the 2016 legislative bill regarding private roads owned by Desky. Mr. Neupane stated for Member Scott that the legislative bill instructs the Department of Land and Natural Resources to take responsibility over the privately owned parcels. He also noted the roads that are being dedicated by HCDA to the City and County are all owned by HCDA.

Discussion with board members and staff noted the City and County would be the best government entity to acquire the streets as the City has traffic codes and the state has no means of enforcing traffic rules.

Several board members and staff discussed the process of transferring a remnant parcel would be an administrative process through the city council vs. going through the legislature to transfer streets, and also confirmed the City and County will eventually acquire the ownership of the entire Kakaako Community as at some point in the future the Kakaako Community Development District will be completed.

There were no further board discussion or public comment.

Member Bassett made a motion for the Authority to authorize the interim executive director to proceed with the dedication of roadway parcels owned by the Hawaii Community Development Authority to the City and County of Honolulu in accordance with Section 171-64.7 of Chapter 171, Hawaii Revised Statutes, and to expend an amount not to exceed \$50,000 from the Hawaii Community Development Revolving Fund, Leasing and Management Subaccount to procure appraisal and title search services.

Member Okuhama seconded the motion. Interim Executive Director, Aedward Los Banos conducted the roll call vote. All members unanimously approved with six votes and three excused.

9. Decision Making: Shall the Authority Authorize the Interim Executive Director to Approve a Sublease between Children's Discovery Center and Cellco Partnership dba: Verizon Wireless, at the Children's Discovery Center, Tax Map Key (1)-2-1060:017, for the Purpose of a Site License?

Mr. Los Banos provided the report contained in the board packet. The Children's Discovery Center, as of July 2015, started using services by Cellco Partnerships dba Verizon Wireless and is requesting a sublease with Verizon Wireless to install a cell site at the top of the current location of the Children's Discovery Center.

The licensing fees per month are included in the License agreement as an exhibit in the board packet and has been circulated and reviewed by the respective parties. Staff recommends the board approve the site license with Verizon.

Discussion with board members and HCDA staff verified that discussion with HCDA, Children's Discovery Center and Verizon Wireless, that HCDA would split the monthly license fee received from Verizon Wireless. Member Bassett asked for the rationale with the decision to split the license fee.

Mr. Loretta Yajima, Chair, Board of Directors for the Children's Discovery Center stated for the board, Verizon Wireless approached the Center and asked if they were interested in utilizing their company to provide services. Ms. Yajima then negotiated terms that included fees to be received by HCDA as well as the Children's Discovery Center to maintain similar requirements from the previous contract with Mobi.

There were no further discussion or questions from board members or public comment.

Member Kami motioned for the Authority to authorize the interim executive director to approve a sublease between Children's Discovery Center and Cellco Partnership, doing business as Verizon Wireless, at the Children's Discovery Center, Tax Map Key (1)-2-1060:017, for the Purpose of a Site License.

Vice Chair Scott seconded the motion. Interim Executive Director, Aedward Los Banos conducted the roll call vote. All members unanimously approved with six votes and three excused.

10. Information and Discussion: Lot C Civic/Mixed-Use Commercial Development Request for Proposal (RFP) Evaluation Committee's Status Report and Information Including Entrepreneur's Sandbox and Innovation Hale.

Chair Whalen recessed the meeting at 11:46 a.m.

Chair Whalen reconvened the meeting at 11:52 a.m.

Mr. Stanford Carr, President of Stanford Carr Development introduced for board members those in attendance who are assisting in the Lot C project and will be present to assist and answer any questions board members may have. Mr. Kevin Kasai, Vice President of Development, Creighton Arita, CEO of Ike (fka: Data House) Al Hirata from Fisher Hawaii, and Mike Kujubu and Wylan Marquz from Alakea Design Group.

Mr. Stanford Carr made a presentation to the board on the Lot C project. Building A is the Sandbox project that Fisher Hawaii and Ike are providing a \$1.3 million matching grant along with \$3 million of a grant awarded to HCDA and HTDC as a co applicant via the Department of Commerce EDA and \$3 million that were appropriated by the 2016 state legislature. Building B is an Innovation Hale that will house the private industry to help create and integrate a community in Kakaako with transit, mixed use, residential, retail, neighborhood retail, services and entertainment.

Discussion with board members, HCDA staff and developer Stanford Carr included the time frame on both the Innovation Hale and Sandbox being built together as they are financed together, hence, the public-private partnership. The Innovation Hale will be privately funded while the Sandbox received federal support. Discussion also included the parking structure that is required per the RFP and that the design team is looking at whether a traditional or automated type of parking structure would be most beneficial, as well as child care facilities that will be needed in the community. Some suggestions included utilizing green technology and also accentuating natural features that are important in Kakaako. Discussion confirmed that the Authority has the discretion to approve and enter into negotiations for a development agreement, once that is approved and executed the deadline to utilize funds for the project has been set for December 2018.

PUBLIC TESTIMONY

Ms. Loretta Yajima, Chair of the board of directors of the Children’s Discovery Center stated support for the project.

Mr. Russel Cheng, cofounder for DevLeague, stated his support for the project and highlighted for the board his company’s success through HTDC’s Manoa Innovation Center.

There was no further discussion or questions from the board or public comment.

Member Okuhama motioned for the board to convene in executive session pursuant to Hawaii Revised Statutes Section 92-5 (a) (4). Member Kami seconded the motion. 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 12:41 p.m.

Chair Whalen reconvened the meeting at 1:45 p.m.

V. ADJOURNMENT

Chair Whalen adjourned the meeting at 1:45 p.m.