

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

Wednesday, September 6, 2017

**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 11:55 AM, September 6, 2017 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:**

1. Wei Fang
2. Mary Pat Waterhouse
3. Beau Bassett
4. Jason Okuhama
5. Steven Scott
6. William Oh
7. David Rodriguez
8. Laurel Johnston
9. John Whalen

**Members Absent:** Kathy Sokugawa (non-voting)

**Others Present:** Jesse Souki, Executive Director  
Lori Sunakoda, Deputy Attorney General  
Deepak Neupane, Kakaako Planning Director  
Aedward Los Banos, ASO  
Garett Kamemoto, Communications and Community Outreach Officer  
Francine Murray, HCDA Program Specialist  
Tommilyn Soares, Secretary

## II. APPROVAL OF MINUTES

Approval of the August 2, 2017 meeting minutes was deferred to the October 2017 meeting. Pursuant to Hawaii Revised Statutes § 92-9, a draft version will be posted on HCDA's website.

## III. ACTION ITEMS

**Shall the Authority Authorize a Transfer of \$200,000 from the Hawaii Community Development Revolving Fund, Improvement District Subaccount, to the Kalaeloa Community Development Revolving Fund, for the Removal of Materials Stockpiled at the Kalaeloa Heritage Park?**

Mr. Aedward Los Banos deferred to the staff report provided in the board packet.

Member Fang asked if there is an agreement to repay the transfer of funds.

Mr. Los Banos noted that any reimbursements will be returned to the Hawaii Community Development Revolving Fund, Improvement District Subaccount. Mr. Jesse Souki, Executive Director added the reason for the transfer is, as each district was created it did not include funds for these types of expenses.

There was no further discussion by board members or public comment.

### MOTION:

Member Johnston motioned for the authority to authorize a transfer of \$200,000 from the Hawaii Community Development revolving fund, improvement district subaccount, to the Kalaeloa Community Development revolving fund, for the removal of materials stockpiled at the Kalaeloa Heritage Park?

Member Okuhama seconded and Mr. Los Banos conducted the roll call vote. Motion passed with 9 ayes.

**Shall the Authority Authorize the Executive Director to Execute the Economic Development Administration's Certificate as to Project Site, Rights of Way, and Easements, Part Three, Owners Certification Regarding Eminent Domain, and the Covenant of Purpose, Use and Ownership, as Required Under the Economic Development Grant No. 070107127 for the Entrepreneur's Sandbox Project?**

Mr. Deepak Neupane referred to the staff report provided in the board packet and asked if there were any questions.

Member Waterhouse asked if anyone from the Hawaii Housing Finance Development Corporation (HHFDC) was present and stated her concern with the construction start date because it is a project that received a \$3 million-dollar federal grant from the U.S. Economic Development Administration.

Mr. Len Higashi, HHFDC stated he is in contact with the Hawaii representative for the US Economic Development Administration and confirmed the funds are available and remain committed to the project as well as the 2018 construction start date which has been approved as well. Mr. Higashi stated that HHFDC remains in contact with EDA's Hawaii representative and submits status reports.

Mr. Souki added that the grant is a reimbursable grant and as funds are spent, EDA will reimburse the expending agency.

Chair Whalen asked what the timeline on the construction is.

Mr. Higashi responded the construction start date is set for 2018 and with the project being high priority, the completion date is set for 2019.

There was no further discussion from board members.

Chair Whalen called for Public Testimony. There was none.

Member Okuhama motioned for the board to authorize the Executive Director to execute the Economic Development Administration's certificate as to project site, rights of way, and easements, part three, owners certification regarding eminent domain, and the covenant of purpose, use and ownership, as required under the Economic Development Grant No. 070107127 for the Entrepreneur's Sandbox Project?

Member Scott seconded. Mr. Neupane conducted the roll call vote. Motion passed with 9 ayes. See roll call sheet attached.

**Shall the Authority Appoint a Taskforce, Pursuant to HRS § 92-2.5 (b) to Consider and Recommend Proactive Strategies for Encouraging Low to Middle-Income Rental Housing Development in Kaka'ako so as to expand the range of housing opportunities in the Kaka'ako Community Development District?**

Chair Whalen asked that the board consider this task force as the board has been working on housing as a regulatory approach. Through this task force Chair Whalen would like to seek utilizing other tools. The specific focus of this task force would identify a strategy to encourage rental housing.

Mr. Deepak Neupane presented the staff report provided in the board packet.

Mr. Souki noted that a good nexus could involve participating with the housing task force with a discussion on how money can be invested that encourage opportunities for rental housing units.

Member Johnston commented that she will be supporting this item and that housing agencies have a unique mission and that HCDA will need to collaborate to assist in encouraging rental housing development.

Member Fang asked about timelines and what the taskforce deliverables would be. Mr. Souki responded and stated that members will need to be identified and then the goals of the task force can be identified.

Chair Whalen volunteered to be a member on the task force.

Mr. Souki outlined the 5 goals that were identified by staff, that is listed in the staff report.

Chair Whalen commented that the task force may have other ideas or additional goals and that members will be named after the motion is voted on.

Chair Whalen asked for public testimony.

**PUBLIC TESTIMONY:**

Mr. David Arakawa, Land Use Foundation commented that he supports appointing a task force and also suggests the Land Use Research Foundation of Hawaii (LURF), members of real estate, and housing advocates be added to the task force. He also suggests the members read through the City and County's financial feasibility report (April 2017) and also encouraged the board members to seek incentives on workforce housing. He also noted the City Council's bill 59 where the housing zoning chair has convened a task force.

Mr. Wayne Takamine, stated his support of the task force.

There was no further discussion by board members or public comment.

Member Fang motioned for the board to appoint a taskforce, pursuant to HRS § 92-2.5 (b) to consider and recommend proactive strategies for encouraging low to middle-income rental housing development in Kaka'ako so as to expand the range of housing opportunities in the Kaka'ako Community Development District

Member Johnston seconded. Chair Whalen conducted the roll call vote. Motion passed with 9 ayes.

Chair Whalen called for volunteers to the task force. Member Wei Fang and Jason Okuhama volunteered. Member Rodriguez commented that incoming Member Phillip Hasha may have some expertise to add to the task force.

**Shall the Authority Authorize the Executive Director to Execute a Final Form of the 35-Year Lease of the Net Shed Building at Kewalo Basin with KUPU?**

Mr. Souki noted that Lindsey Doi is on vacation and summarized the staff report provided in the board packet. He stated that Ms Doi made revisions to the lease per comments received by board members.

Member Johnston made a comment regarding the KUPU agenda item at the last meeting and noted she left early due to a previous meeting commitment; however, she explained her frustration during the KUPU agenda item and asked that members of the public treat the board members who volunteer their time with a little more courtesy.

Chair Whalen called for public testimony.

**PUBLIC TESTIMONY:**

**Wayne Takamine**, Kakaako Makai Community Planning Advisory Council, stated his thoughts on leasing public land to a private entity and asked if the lease includes the promenade. He also noted that looking long-term, the board should consider opportunity costs if a lease is extended to KUPU.

Chair Whalen mentioned Mr. Takamine's previous support and asked why the change in support.

Wayne Takamine responded that through research the net shed lies in the HCDA Makai park area plan and rules and in 2012 there was no presence in the area and KUPU brought something to the area.

Chair Whalen mentioned that he recalls a presentation on the promenade.

Mr. Souki responded there is an easement but the lease does not approach the promenade.

**PUBLIC TESTIMONY CONTINUED:**

**Mark Fox**, Nature Conservancy. Provided comments and stated their organization works directly with KUPU and that the programs KUPU produces are beneficial to the community. Mr. Fox stated his support for KUPU and the 35-year lease.

**Daniel Bishop**, retired civil servant of Hawaii Fire Department, stated his support for KUPU and mentioned KUPU is an excellent organization and that he is impressed with their civic commitment.

**Malia Kaaihue**, stated her support of the lease to KUPU and noted the unique place of the Net Shed encourages youth as a place of refuge.

**Dean Hazama**, stated his support for a lease with KUPU.

**Richard Wacker**, American Savings Bank, stated his support for KUPU.

**Cal Chipchase**, Legal Counsel for KUPU. Apologized for August 2, 2017 comments and for anyone who felt he was being disrespectful.

Member Oh, thanked Member Johnston for her comments and addressed comments made at the last meeting.

**John Leong**, President for KUPU stated he is present to answer any questions and noted the current lease include uses that are consistent with Board Approval at its April 2017 meeting with revisions that include members comments from its August 2017 meeting and requested the boards support.

Member Fang questioned the cost estimates. Mr. Souki explained the figures listed in the staff report are an estimate and not precise.

Chair Whalen reminded the board that the Public Hearing on the Reserved Housing Rule Amendments is behind schedule and that he would like to finish the last item on the Kakaako agenda.

Member Waterhouse made a motion to enter executive session pursuant to Hawaii Revised Statutes Section 92-5 (a) (4).

Member Fang seconded the motion. Chair Whalen conducted a voice vote. Motion failed. Members Johnston, Rodriguez, Oh, Scott and Chair Whalen voted No. Member Waterhouse, Fang, Bassett and Okuhama voted yes.

Chair Whalen recessed the regular meeting at 1:22 PM.

Chair Whalen reconvened the meeting at 1:45 PM.

Chair Whalen stated that he will be voting in favor of the motion and noted some background information on how KUPU currently occupies the net shed. He also stated that he thought about what would happen if KUPU was not located at the net shed and with its current activities in the area, the park would be questionable.

Member Scott commented that KUPU's strong advocates are the Friends of Kewalo who utilize the park a lot and that the board is left with making a decision to allow KUPU to remain at the Net shed as a partnership with HCDA. There is no question with the current park activity that he stated he is a strong advocate of granting KUPU the lease. He also noted for board members that the board has two options and that is granting the lease to KUPU or tearing the building down.

Member Fang disagreed with Member Scotts two options and mentioned she is not convinced granting the lease comes without a loss to HCDA. She referenced the unsolicited proposal that was discussed during the Kalaeloa board meeting and with board agreement it decided to go through a proper procurement process, which helps create precedence regarding the Authority's decisions.

Member Waterhouse stated her concerns on feeling pushed into a long-term lease with

KUPU and it is the responsibility of the board to ensure decisions made about Kakaako Makai is what is best for Kakaako and Oahu and would like to follow the board's beset practices.

Member Fang asked what would happen if the lease is not authorized by the board. Mr. Souki responded that the board has only authorized the Executive Director to grant

rights of entry for one year. The current agreement with KUPU was done before board policy.

Member Scott noted that the board decided not to allow commercial activity at the Net Shed and stated that it does not make sense that the board is not able to make a decision.

Member Basset stated his support for KUPU and the values it brings to Kakaako, he also mentioned he feels this is the best use of the net shed parcel.

Member Okuhama agreed with Member Waterhouse and Member Fang and commented feeling pushed into a lease decision and that the board is trying to proceed in the best way; however, he did agree with Chair Whalen's statement regarding what would happen to the park if KUPU did not occupy that space.

Member Fang noted that a no vote would mean more transparency for HCDA and not against KUPU.

Chair Whalen stated KUPU enhances the park and is a community resource.

There were no further comments or discussion.

Member Scott made a motion for the board to authorize the Executive Director to execute a final form of the 35-year lease of the Net Shed building at Kewalo Basin with KUPU.

Member Johnston seconded.

Executive Director Jesse Souki conducted the roll call vote. Motion passed with six ayes and 3 nays. Members Johnston, Rodriguez, Bassett, Oh, Scott and Chair Whalen voted yes. Members Fang, Waterhouse and Okuhama voted no. See roll call sheet attached.

#### **IV. EXECUTIVE DIRECTOR REPORT**

Monthly and Status report on the following:

- a. Approved permit applications that did not require HRS§ 206E-5.6 public hearings.
- b. HCDA Park Update.

ED Souki deferred to the report provided in the board packet and asked if there were any questions on the report.

**V. ADJOURNMENT**

Chairperson Whalen adjourned the regular meeting at 2:12 p.m.

Approved and Submitted by,

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John P. Whalen, Chairperson

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Date Approved by HCDA Board



**KAKAAKO AUTHORITY MEETING**  
**Wednesday, September 6, 2017**  
**10:00 a.m.**

**ROLL CALL**

2. Shall the Authority Authorize a Transfer of \$200,000 from the Hawaii Community Development Revolving Fund, Improvement District Subaccount, to the Kalaeloa Community Development Revolving Fund, for the Removal of Materials Stockpiled at the Kalaeloa Heritage Park?

Motioned by L. Johnston Second J. Okuhama

Member	Yes	No	Abstain
1. Johnston, Laurel (B&F)	1		
2. Rodriguez, David (DOT)	4		
3. Fang, Wei	5		
4. Bassett, Beau	6		
5. Waterhouse, Mary Pat	7		
6. Oh, William	8		
2 7. Okuhama, Jason	2		
8. Scott, Steven	3		
9. Whalen, John	9		

The decision passes with 9 votes for, 0 against, 0 abstained, and 0 excused.

Submitted by Michael P. ...

**KAKAAKO AUTHORITY MEETING**  
**Wednesday, September 6, 2017**  
**10:00 a.m.**

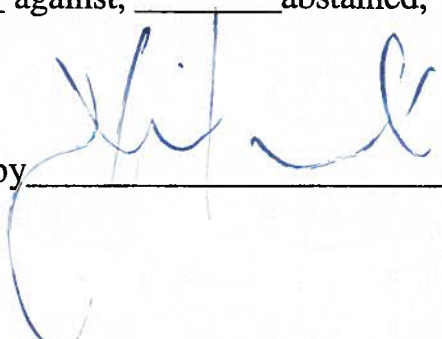
**ROLL CALL**

3. Shall the Authority Authorize the Executive Director to Execute the Economic Development Administration's Certificate as to Project Site, Rights of Way, and Easements, Part Three, Owners Certification Regarding Eminent Domain, and the Covenant of Purpose, Use and Ownership, as Required Under the Economic Development Grant No. 070107127 for the Entrepreneur's Sandbox Project?

Motioned by JO Second SS

Member	Yes	No	Abstain
1. Johnston, Laurel (B&F)	✓		
2. Rodriguez, David (DOT)	✓		
3. Fang, Wei	✓		
4. Bassett, Beau	✓		
5. Waterhouse, Mary Pat	✓		
6. Oh, William	✓		
7. Okuhama, Jason	✓		
8. Scott, Steven	✓		
9. Whalen, John	✓		

The decision passes with 9 votes for, \_\_\_\_\_ against, \_\_\_\_\_ abstained, and \_\_\_\_\_ excused.

Submitted by 

**KAKAAKO AUTHORITY MEETING**  
**Wednesday, September 6, 2017**  
**10:00 a.m.**

**ROLL CALL**

4. Shall the Authority Appoint a Taskforce, Pursuant to HRS § 92-2.5 (b) to Consider and Recommend Proactive Strategies for Encouraging Low to Middle-Income Rental Housing Development in Kaka'ako so as to expand the range of housing opportunities in the Kaka'ako Community Development District?

Motioned by WF Second JL

Member	Yes	No	Abstain
1. Johnston, Laurel (B&F)	✓		
2. Rodriguez, David (DOT)	✓		
3. Fang, Wei	✓		
4. Bassett, Beau	✓		
5. Waterhouse, Mary Pat	✓		
6. Oh, William	✓		
7. Okuhama, Jason	✓		
8. Scott, Steven	✓		
9. Whalen, John	✓		

The decision passes with 9 votes for, \_\_\_\_\_ against, \_\_\_\_\_ abstained, and \_\_\_\_\_ excused.

Submitted by [Signature]

SO/WF/JW.  
 CHAIR.

**KAKAAKO AUTHORITY MEETING**  
**Wednesday, September 6, 2017**  
**10:00 a.m.**

**ROLL CALL**

5. Shall the Authority Authorize the Executive Director to Execute a Final Form of the 35-Year Lease of the Net Shed Building at Kewalo Basin with KUPU?

Motioned by Steve Scott Second Laurel Johnston

Member	Yes	No	Abstain
1. Johnston, Laurel (B&F)	✓		
2. Rodriguez, David (DOT)	✓		
3. Fang, Wei		✓	
4. Bassett, Beau	✓		
5. Waterhouse, Mary Pat		✓	
6. Oh, William	✓		
7. Okuhama, Jason		✓	
8. Scott, Steven	✓		
9. Whalen, John	✓		

The decision passes with 6 votes for, 3 against, 0 abstained, and 0 excused.

Time: 2:11 pm

Submitted by 