

Approved 06.07.2017

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

Wednesday, April 5, 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 9:49 AM April 5, 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. John Whalen
2. Steven Scott
3. Mary Pat Waterhouse
4. Beau Bassett
5. Wei Fang
6. Laurel Johnston
7. William Oh
8. Jason Okuhama
9. Kathy Sokugawa
10. David Rodriguez

Others Present:

Jesse Souki, Executive Director
Mike Wong, Deputy Attorney General
Deepak Neupane, Kakaako Planning Director
Lindsey Doi, Asset Manager
Aedward Los Banos, ASO
Garett Kamemoto, Communications and Community Outreach Officer
Francine Murray, Communications and Community Assistant
Ku’ulei Moses, Secretary
Laura Savo, Court Reporter

II. APPROVAL OF MINUTES

1. Kakaako Regular Meeting of January 4, 2017

Meeting minutes were approved as presented.

2. Kakaako Regular Meeting of March 1, 2017

Meeting minutes were deferred until next meeting.

III. ACTION ITEMS

3. Shall the Authority Authorize the Executive Director to Expend Up to \$160,000 from the Hawaii Community Development Revolving Funds, to Retain a Consultant to Assist the Hawaii Community Development Authority (HCDA) in Complying with the State Department of Health National Pollutant Discharge Elimination Systems General Permit Requirements for the Kakaako Community Development District and Kewalo Basin Harbor Small Municipal Separate Storm Sewer Systems?

Mr. Deepak Neupane presented the staff report provided in the board packet under tab 3. Mr. Neupane explained that this was a permit requirement that HCDA has been administering since 2008. Some of the remnant parcels have not been dedicated to the City and County and the storm drain inlets are located in those parcels are owned by HCDA. The requirement is that HCDA administer the program to meet the requirement of EPA.

Mr. Neupane added that a resolution has been submitted to the 2017 legislature to transfer the parcels to the City and County, but believed that the resolution was not going anywhere. HCDA has been in discussions with the City and County about transferring the land. Previous discussions have not been great but HCDA will continue to try.

Member Fang asked how long the contract term was for.
Mr. Neupane said this was 1 year contract.

Member Bassett asked if this is done yearly, he could not recall addressing these in the past.

Mr. Neupane confirmed and believed the Authority approved the contract with the option of three extensions. This time around staff is only asking for a 1 year contract. HCDA may be able to transfer this parcel to the City and County through the resolution, or an extension to this contract will be brought back to the board for approval.

Chair Whalen asked if one possibility was to amend the recommendation to allow extension of the contract if HCDA is unsuccessful in getting this transferred to the City and County.

Mr. Neupane confirmed that the Board could amend the recommendation or the motion to allow for additional years in the contract.

Member Sokugawa asked Mr. Neupane how he came up with \$160,000.

Mr. Neupane explained that HCDA had gone through the procurement process and selected and negotiated a scope and fee. It is also consistent with what the consultant fee was in the previous years.

Vice Chair Scott asked what they do.

Mr. Neupane explained that the consultant will be updating the monitoring plan as well as monitoring the construction projects.

Member Bassett asked if the \$160K would be funded by the leasing and management or the public facilities dedication subaccount and if there is potential for it to come out of the public facilities fund.

ED Souki explained that, HCDA has used the revolving fund.

Neupane said it was coming from the improvement district subaccount.

MOTION:

Member Bassett made a motion that the Authority authorize the executive director to expand up to \$160,000 from the HCDA revolving fund, specifically the improvement district fund, to retain a consultant to assist HCDA in complying with the State Department of Health, National Pollutant Discharge Elimination Systems general permit requirements for Kakaako Community Development District and Kewalo Basin Harbor small municipal separate storm sewer systems.

Vice Chair Scott seconded the motion.

Mr. Neupane noted that there was no written testimony for this.

There was no oral public testimony for this item.

Mr. Neupane conducted the roll call vote. Motion passed with 9 votes.

4. Shall the Authority Authorize the Executive Director to Amend the Planned Development Agreement for 404 Piikoi, Phase IV to Allow Additional Time for Hale Kewalo, LP to Close All Financing Required for Development of Hale Kewalo Project?

Deepak Neupane summarized the staff report for this item under tab 5 of the Board packet. He explained that this was basically a development agreement that was amended.

Vice Chair Scott asked what the timing was for getting the financing approved and starting the project.

Stanford Carr, with Stanford Carr Development, responded that they were resuming coordination calls for bond closing with HHFDC, the bond underwriters bond counsel, HUD, PNC Bank, and American Savings, the purchasers of the federal and state tax

credits. They obtained approval as of the end of March, and were looking at end of August, no later than September, closing.

Vice Chair Scott asked because he is right across the street from that location and has been wondering for a long time when something was going to happen.

Member Waterhouse asked why the request was not brought back to the Board before the March 30 deadline.

Mr. Neupane explained that HCDA received the request on March 13, 2017, therefore it was added to the April agenda.

Mr. Carr added that they did not have any definitive dates with HUD.

Member Oh wanted to confirm that the PNC Bank dropped out, or if they were still in the running, especially with devaluation of LIHTC.

Mr. Carr said no, they have a good relationship with PNC Bank. The delay was due to the FEMA map. They are on track now.

PUBLIC TESTIMONY

Jack Hamada a retired senior citizen asked Chair Whalen if the developer applied for a separate project from what was originally approved.

Chair Whalen told Mr. Hamada that there was a permit that was approved for the Hale Kewalo project.

Mr. Hamada testified that this was important, because it was supposed to be for senior citizens. He said this should not be approved.

Vice Chair Scott commented that this is not Mr. Carr's problem, this was the previous Board's problem. They should have never been allowed to occupy the Waionua project without building the reserved housing. Stanford Carr came in after the fact.

Mr. Neupane said he would speak to Mr. Hamada.

Member Johnston made a motion to approve this item. Member Oh seconded.

Mr. Neupane conducted roll call for the vote. Motion passed with 9 votes.

5. Shall the Authority Authorize the Executive Director to Negotiate and Enter an Agreement with the Hawaii Housing Finance and Development Corporation (HHFDC) to Serve as the HCDA's Designated Buyback Authority to Repurchase and Resell Rycroft Terrace Reserved Housing Units Sold During the Regulated Term, in Accordance with HHFDC's Affordable Housing Program?

ED Souki informed the Board that there are two units that have come up for buyback, and as, HHFDC has expertise in this area, we would like them to step in and do the buyback.

Lindsey Doi presented her report provided in the board packet.

ED Souki added that this is an opportunity for staff and HCDA to shadow what HHFDC does so HCDA can build expertise. Also, the HHFDC's terms would apply, but these units are under the old rules. So, their terms are not as long as the newer rules.

Chair Whalen commented that it seems like this is a good project to start with.

Member Johnston thanked HCDA for partnering on this because she thinks it is important that the two departments partner. She asked HHFDC what the length of the term was that these remain affordable. If it was forever, she was fine, but it did not sound like it.

Ms. Doi explained that for the 2005 area rules, which the Rycroft Terrace units fall under, have a 10 year regulated term under HCDA's reserved housing program. Some reserved housing units in HCDA's development inventory are two years, some are 5 years, and some like Rycroft are 10 years.

Member Bassett asked if the request was for the Authority to have this partnership for this one building.

ED Souki said it was for two units.

Ms. Doi confirmed that the action would be for the Rycroft Terrace housing units that would come up for purchase during the regulated term. Currently, there are only two. HCDA wanted to limit it to Rycroft Terrace just because it is a pilot.

Member Sokugawa observed that this proposed relationship was comparable to what the City has.

ED Souki added that he did not want to obligate HHFDC. HCDA was still working through the details and it looks positive. If this motion is approved, it is one step closer to getting HHFDC's board to buy in.

Member Oh asked ED Souki if this partnership is a contract, and if it would be long term. He also asked what was going to happen to the fund dedicated towards the buyback of reserved housing units if this continues in the future.

ED Souki explained that it would be in the form of a memorandum of understanding or similar document.

Member Fang asked if there was a plan to monitor this, would the board or staff be kept up to date, is this included in part of their report when other reserved housing units get bought back and how the board will deem this successful.

Ms. Doi responded that for right now those two units are on the table. If this agreement plays out and can successfully be applied to these two units, then HCDA can report back to the Board and discuss whether it be kept in place for Rycroft Terrace future units.

Member Fang wanted to clarify that this agreement does not apply to the whole building, just to these two units.

Ms. Doi said that this action was not an agreement. It is to negotiate an agreement. HHFDC has to do their due diligence and get the approval of their own board for an agreement. This is the first step, then come to terms to an agreement later.

ED Souki thought what member Fang was proposing was to come back if there was a broader agreement for the entire agreement.

Member Fang said she was just asking if that was the plan.
ED Souki and Ms. Doi confirmed, yes.

Vice Chair Scott asked what the authority would be giving up if the board agreed. Ms. Doi explained that there were benefits and losses to HCDA. A huge benefit would be that HCDA would not need to enter into a procurement for a broker or another entity to do what HHFDC would agree to do, which would come at a large cost. The loss would be that HCDA did not collect the shared equity from those units. When a unit is beyond its regulated term it is not open to be purchased back, HCDA would still collect the shared equity upon release of the unit to the market.

Chair Whalen commented that before this application is broadened the Board will be aware of things that might come up and adjustments that might need to be made in the relationship HCDA would want to establish with HHFDC over the long term.

ED Souki commented that it was sounded like the board would like to entertain a motion that would be specifically to allow HCDA to move forward to complete the transaction for the two units with HHFDC. He said that if for some reason HCDA cannot work that out, the default is to contract that out. The second thing would be to allow HCDA to work with HHFDC on a broader agreement, which would be brought back to the Board for its consideration.

Chair Whalen said that this is called a pilot project, because it pertains just to those two units in Rycroft Terrace.

Member Fang made a motion to authorize the executive director to negotiate and enter an agreement with the Hawaii Housing Finance and Development Corporation to serve as HCDA's designated buyback authority to repurchase and resell Rycroft's two units in question, Units A and B at Rycroft Terrace reserved housing units sold during the regulated term, in accordance with HHFDC's affordable housing program and to work with HHFDC on negotiating a broader agreement.

Member Bassett seconded the motion.

Member Waterhouse asked what happens to the sale of the units after the buyback period expires, would there be a shared equity?

Ms. Doi confirmed that there was a shared equity provision.

Chair Whalen thanked HHFDC for appearing and asked if there was any public testimony.

Marlen Lemeke testified that she was with Janice Takahashi, HHFDC's chief planner. She said they have been working with Jesse and Lindsey and were involved with the repurchase and the eventual resell of a unit, they do keep in touch with the owners after they have purchased. Ms. Lemeke explained that after 10 years buyback or transfer and use of restriction automatically terminates. Although it is automatically terminated, they have many families who are still more there. Also, annually they do send out reminder letters to their owners to inform them that their property is still restricted, and that if they are going to refinance or transfer their property, owners need to go to them for guidelines

Member Waterhouse asked if they could flip it for profit, although the new owners have to be owner/occupants.

Ms. Lemeke confirmed, but they would be required to pay the state shared appreciation program.

Member Bassett asked if that shared appreciation went to HCDA or another entity. Ms. Lemeke said it went to their entity and explained the process.

Member Bassett asked if HCDA staff was aware of this.

Ms. Doi conveyed that what they were talking about were two different issues. HHFDC has their own program, and HCDA has their own program that run separately. What they want to do is meld the two only for those units that are up for sale during the regulated term. That regulated term could be two years, or five years. Rycroft Terrace is a 10 year regulated term.

Ms. Lemeke confirmed.

Ms. Doi added that HCDA only needed assistance to buy back and resell, and that the nonregulated term units, are separate.

Chair Whalen asked for further testimony; there was none.
He asked Ms. Levertonto call the roll.
All were in favor.

The motion passed with nine votes, and four excused.

Chair Whalen called a recess.

10:44 AM RECESS
10:52 AM RECONVENE

6. Shall the Authority Authorize the Executive Director to Negotiate a Lease of Net Shed Building at Kewalo Basin and the surrounding 0.53 acres (approx.) of land, together with a right of entry for an additional 0.29 acres, identified by Tax Map Key Nos. (1) 2-1-058-135 (portion), 136 (portion) and 137 (portion) with KUPU.

Pursuant to Hawaii Revised Statutes Section 92-4 and 92-5(a), the Authority may elect to convene in executive session.

Chair Whalen briefly explained the procedures for this item.

Deepak Neupane presented the staff report under tab #6 of the board packet.
He gave background and staff analysis.

Mr. Neupane provided staff recommendation that the Authority consider the provision of HAR Section 15-23-40 and decide on uses proposed by KUPU as to their efficacy in furthering the purpose and intent of Makai Area Plan and Rules before considering the lease request to KUPU.

Vice Chair Scott asked to see the presentation by KUPU.

Cal Chipchase representing KUPU introduced John Leong, the CEO of KUPU.
Mr. Leong gave a PowerPoint presentation on KUPU's background, history, programing, net shed, plans, rules and the uses that have been proposed.

Chair Whalen asked Mr. Chipchase if the PowerPoint could be made available to the board and staff because some of the information in the presentation was new.
Mr. Chipchase was happy to provide the PowerPoint.

PUBLIC TESTIMONY:

Stacy Akana testified in support of KUPU. He said that the opportunity of being in a beautiful place gives the kids self-esteem and presence to be in Kewalo Basin.

Edward Mafnas a volunteer for KUPU read his written testimony in support.

Dean Hazama testified in support.

Kamuela Bannister with KUPU shared two stories about Kewalo with the board. Mr. Bannister was in support.

Gordon Lee, a community member and volunteer chef for KUPU shared his story with the board about how he got involved with KUPU. Mr. Lee was in support of this item.

Kamuela Cobb-Adams with Kamehameha Schools thanked the board. Mr. Cobb-Adams and Kamehameha Schools is in support of KUPU and felt this was a tremendous opportunity to develop community.

Debra New, president of Nalani'ikaleomana Foundation, board member of Honolulu Executive Association, board member of Na Leo Lani Chorus and taught field therapy. Ms. New testified that KUPU was the hub of partnerships and networking. She was in support.

Member Bassett asked Ms. New how she found out about the space that it was available to be used.

Ms. New said her foundation is part of Honolulu Executive Association too. The members surf, and were hungry coming out of surfing and they encouraged her to get involved and now other members are involved.

Thomas Pua'ala Sing a ministry leader for the IMUA One Blade Canoe Club Ministry stated support of the negotiation between the executive director and KUPU.

William Roy Carroll with KUPU testified in support.

Warren Lilo with the nonprofit Life 360 was in support and shared how he met KUPU.

Kalawai'a Goo a veteran but now at UH school of social work testified in support.

Todd Mayeshiro with Hawaiian Electric Company testified as an individual and as a father in support of KUPU. Mr. Mayeshiro shared how KUPU did wonderful things for his daughter, family and himself.

Maia Mayeshiro, Todd Mayeshiro's daughter told the board how KUPU changed her life by sharing her story. Ms. Mayeshiro was in support.

Ron Iwami President of Friends of Kewalo's testified in support.

Vice Chair Scott asked Mr. Iwami to envision that if it was just green space, would that enhance the park.

Mr. Iwami said that if it was a park, it would be beautiful, but he did not know what was going to happen there, because you still need a presence there.

Rick White, Kewalo Basin charter boat captain summarized his written testimony in support.

Margret Watson a student at UH Manoa shared how she was introduced to KUPU two years ago. Ms. Watson was in support.

Richard Wacker a concerned individual, president of American Savings Bank and speaking on behalf of the Hawaiian Electric expressed his strong support for KUPU.

Chair Whalen asked Mr. Wacker if the funders impose any requirements like it is exclusively for KUPU's use or a facility could also be used for other public use.

Mr. Wacker said no. The context of their raising money for KUPU for the renovation of net shed for the mission of the Green Jobs Training Center was a big part of supporting it. To the extent that it was not being done KUPU they would return the campaign commitments.

Chair Whalen said the board needed to be assured that it is not just going to be an exclusive use for a single nonprofit organization.

Mr. Wacker confirmed no. KUPU's mission is to make sure this center is part of supporting the whole community in the area.

Member Fang said that it seems like KUPU is doing a lot of great community work that everyone can benefit from, but asked how to interpret the park rules, the master plan for the park, and whether KUPU's current use of the net shed conforms with what the park plans are and what the park rules call for as well as hat their proposed future plans for the net shed. She asked Mr. Wacker if whether KUPU's use conforms to the park rules been a part of the discussion, since he is on a lot of boards.

Mr. Wacker explained that the funders believe that if the board approves this then they are satisfied. They will not separately try to asses that. They have relied on the representations of KUPU and HCDA.

Manning Taite, Director for NALU Studies, a fiscally sponsored nonprofit working with high-risk youth through general drug court, family work; testified in support.

Member Waterhouse asked if the location was important for the kids, and whether adding the \$6 million in improvements is going to have much of an impact, and why or why not?

Mr. Taite said that the net shed in and of itself, the bones of what it is, will never change. It will still have the character and the history that it had for many years, they just want to add improvements to allow it to be more functional.

Lea Hong the Hawaiian Islands state director for the Trust for Public Land offered comments. She previously submitted written testimony in support.

Todd Apo with Howard Hughes Corporation testified in support of KUPU.

There was no further testimony.

Chair Whalen explained that the board may enter into Executive Session, but there was also a public hearing scheduled for 1:00pm. The board meeting would be pushed back until about 3:00pm.

Chair Whalen asked for a motion for the board to convene in executive session pursuant to Hawaii Revised Statutes Section 92-5 to consult with the board's attorney on questions and issues pertaining to the board's power, duties, privileges, immunities and liabilities in this matter.

Member Fang moved the motion.

Vice Chair Scott seconded.

All members were in favor.

2:18PM EXECUTIVE SESSION

Pursuant to Section 92-5 (a) (4), Hawaii Revised Statutes, the Authority convened in Executive Session at 10:36 a.m.

4:01PM RECONVENE

Chair Whalen reconvened the meeting at 4:01p.m.

He asked for a motion.

MOTION:

Member Oh made the following motion: The Authority finds that the uses proposed by KUPU and listed in the HCDA staff report on page 3 is consistent with the purpose and intent of the Makai Area Plan and Rules.

Authorize the Executive Director to negotiate a lease with KUPU for the net shed building as described in the staff report with the following conditions: For the initial term of 15 years with two 10-year options to extend; no increase in the floor area of the existing net shed building; all other uses shall be consistent with the Makai Area Plan and Rules.

Vice Chair Scott seconded the motion.

Member Bassett wondered if the board should attach the condition also that this would be subject to the approval of the development permit.

Vice Chair Scott agreed.

Member Oh said that was in line with "all the other uses shall be consistent with the Makai Area rules," and that it is consistent with the development agreement.

Member Basset said KUPU has shown a lot of the proposed uses how they comply with park rules, and some educational and cultural components as well as being in compliance with the rules. The actual details of how that will work out as far as space available for public use, how much KUPU can accommodate, needs to be worked through negotiation with staff. He would like to see more details in writing so that there is a clear understanding between KUPU and the public as to what the actual space and frequency of use available for the public will be.

Mr. Neupane did not think the motion needed to be modified, he believed that the comment from Member Basset was direction to staff from the Board, and staff will implement the Board's direction in negotiating the lease with KUPU.

ED Souki clarified that the motion did not need to be amended and staff was taking what Board member Bassett said as part of the Board's intent.

Member Bassett confirmed.

Member Bassett also noted that KUPU came to the board asking for 35 years. He understood the need to have that park space activated, but there are many other ways to activate a park space. He was uncomfortable committing to a 35-year term and may have greater clarity for the best use of this space in the next 15-20 years.

Mr. Neupane called roll call vote.

The motion passed with eight yes votes and one excused.

Vice Chair Scott made a motion to recess, Member Bassett seconded. Everyone was in favor.

4:11 P.M. RECESS
4:57 P.M. RECONVENE

IV. EXECUTIVE DIRECTOR REPORT

- 8. Monthly and Status reports on the following:
 - a. Approved permit applications that did not require HRS § 206E-5.6 public hearings.
 - b. HCDA Parks Update.
 - c. Report on the Kakaako Reserved Housing Rules Public Hearing held March 28, 2017.

The board wanted to wait on Member Fang to return before giving the Task Force Update, so ED Souki began with his report.

ED Souki presented the ED report and pointed out that the transcript for the Kakaako Reserved housing rules were completed. Souki told the board that all the information was up on the HCDA website and binders have been prepared.

Member Waterhouse made a motion to go into executive session to ask the attorneys questions based on Hawaii Revised Statutes 92-4 and 92-5(a) about the hearing process. Member Okuhama seconded. All were in favor.

5:13PM EXECUTIVE SESSION

Pursuant to Section 92-5 (a) (4), Hawaii Revised Statutes, the Authority convened in Executive Session at 10:36 a.m.

5:48PM RECONVENE

- 7. Information: Kakaako Makai Active Use Master Plan Task Force Update.


Member Bassett said he would present the Park Plan Task Force Updated. The Task Force met on March 9 and March 17. The purpose of the meeting was to amend elements in the master plan. They have concerns about the hills and how to address the costs associated with potentially into those mounds, that they may need to come up digging into the mounds.

Staff is going through the plans based on the Task Force's direction. They hope to have changes done by May or June.

V. ADJOURNMENT

Chairperson Whalen adjourned the regular meeting at 5:57 p.m.

Respectfully submitted,


John Whalen,
Chair