

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
GENERAL BUSINESS MEETING

Wednesday, December 4, 2019

MINUTES

I. CALL TO ORDER/ROLL CALL

A regular business meeting of the Kakaako Members, Hawaii Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawaii, was called to order by, John Whalen Chair of the Authority at 10:31 AM, December 4, 2019 at Authority’s principal offices at 547 Queen Street in Honolulu, Hawaii, 96813.

Members Present:

Kevin Sakoda
Jason Okuhama
David Rodriguez
Robert Yu
Mitchell Tynanes
Jo-Ann Leong
Amy Luersen
Chason Ishii
Wei Fang, Secretary
Phillip Hasha, Vice-Chair
John Whalen, Chair

Members Absent:

Maeda Timson
Shirley Swinney
Donna Camvel
Kathy Sokugawa (DPP non-voting)
Jobie Masagatani (DHHL non-voting)

HCDA Staff Present:

Aedward Los Banos, Executive Director
Garett Kamemoto, Interim Kakaako Planning and Development
Director
Lindsey Doi, Asset Manager
Francine Murray, Program Specialist
Tommilyn Soares, Secretary to the Executive Director

Legal Counsel:

Max Levins, Deputy Attorney General
Lori Sunakoda, Deputy Attorney General

II. APPROVAL OF MINUTES

Minutes for the July 10, 2019 meeting were approved as presented.

III. INFORMATION & DISCUSSION

Update: New Aloha Stadium Entertainment District (NASED)

Mr. Aedward Los Banos, Executive Director provided an informational update on the NASED and noted for the board this update will provide information to assist board members with the action item that is before the board.

Act 268 (2019) established the Stadium Development District, which includes all state property under the jurisdiction of the stadium authority. It authorizes HCDA to facilitate the development of all State property within the District.

The Stadium Authority is administratively attached to the Department of Accounting and General Services (DAGS) and assists with major repair and maintenance projects. DAGS and the Stadium Authority has worked diligently in the last 30 years to maintain the current Stadium, however, the maintenance costs have outpaced maintenance funding. Discussions were engaged with DAGS, the Stadium Authority and consultants with a conclusion that the Stadium needed approximately \$300 million in deferred maintenance and repair costs and if not addressed timely, those costs would increase at approximately seven percent per year.

Mr. Los Banos further explained that if the state were to fund maintenance repair at \$20 million per year, it is estimated that it would cost over \$420 million and would take over 20 years to complete the necessary improvements. According to market research, estimated cost for a new stadium with 30,000 – 40,000 seats with modern amenities is approximately \$350 million. After considering the projected maintenance costs, a decision was made to explore the prospect of a new stadium. DAGS and the Stadium Authority have made a great deal of progress toward planning and compiling a solicitation for a new stadium and the redevelopment of the surrounding area.

Through Act 49 (2017) the Legislature provided \$10 million for the new stadium planning for a master plan, Environmental Impact Statement (EIS), and related studies for construction of a new stadium facility and mixed-use development of the district and includes the procurement of phase one. The Office of Planning also allocated \$200,000.00 to DAGS for a supplemental development around Puuwai Momi (HPHA public housing units) as a project adjacent to the Stadium District. To date, pre-development efforts through studies concluded and recommended the current Halawa site is the most appropriate for a new 35,000 seat stadium with ancillary surrounding development. An EIS preparation notice was published and the 30-day period for public comment ended on October 8, 2019.

Working toward procurement, DAGS would like its consultant to assist with the procurement of a public private partnership to realize the first phase of development including the stadium. DAGS has retained special counsel to provide supplemental project oversight including due diligence, legal review and other services for the project. Act 268 directs the HCDA board to facilitate the development of all property belonging to the State within the district. Construction will be pursued via a public-private-partnership (P3) between the state and a private developer selected through a Request for Qualifications (RFQ)/Request for Proposals (RFP) process. DAGS is working with

contractors with the RFQ and expected to be issued in December 2019. Following the RFQ process the contractor will assist the NASED team (HCDA, DAGS & Stadium Authority) to evaluate the top three respondents. Pursuant to Act 268, HCDA shall serve as the redevelopment agency and will facilitate development. The Stadium Authority is responsible for site management and operational oversight. DAGS will assist with maintenance of the facility and other planning responsibilities. Lastly, Act 268 requires HCDA to submit an annual comprehensive status report on the progress of the development to the legislature twenty days prior to the convening of each regular session of the legislature.

Member Yu thanked Mr. Los Banos for the presentation and asked that more information be provided for comparison purposes. He noted the \$420 million of maintenance costs for the current stadium but would have liked to see what the costs would be to maintain a new stadium. He also added that in regard to the procurement and the P3 process, depending on what the final P3 structure will be, upfront funding may not be needed.

Member Hasha asked if the goal is for the developer to build out the district with it being transferred to HCDA?

Member Leong asked if HCDA, DAGS and the Stadium Authority will be involved in decision making?

Mr. Los Banos responded that for redevelopment purposes the NASED (HCDA, DAGS and the Stadium Authority) team will be involved in decision making.

Chair Whalen noted that with the new district being added to HCDA he expressed concerns with current staffing and requests the board discuss personnel matters in an executive session.

Member Luersen commented that she understands from Mr. Los Banos that the RFQ will be processed by DAGS and that HCDA will process the RFP. Will the RFP be framed around the Halawa TOD Plan?

Mr. Los Banos responded the Halawa TOD plan is pending approval by the City Council and requires two Council meetings for approval.

Member Fang asked what does HCDA anticipate accomplishing in 2020? What is the timeline for the draft EIS?

Mr. Los Banos responded that according to discussion with DAGS and the Stadium Authority, they anticipate issuing and awarding the RFP, completing the EIS in 2020. The draft EIS is anticipated to be ready by May – June, 2020.

Member Okuhama asked about the financial feasibility and if the responsibility is with HCDA.

Mr. Los Banos noted that the goal for the surrounding area is to generate the funding to maintain and operate the stadium. There is a responsibility by HCDA to develop a project to meet that requirement.

Member Yu questioned whether the RFQ is on schedule to go out in December. Given the time period for a response he is not confident the RFP would likely be issued in March. He asked if the RFP is being worked on and if HCDA would be ready to release the RFP in March, 2020 as anticipated?

Mr. Los Banos responded that the RFP will be discussed and finalized after the RFQ is issued.

Member Ishii asked for more information on the Halawa Masterplan.

Mr. Los Banos stated that he will forward the link on the Halawa Masterplan area to members for their information.

Public Testimony

Reverend Foster, Faith Action asked that HCDA acknowledge the need for affordable housing for residents when making decisions to develop the Stadium area. He added that HCDA may want to anticipate and be prepared for any protest from the Community.

Mr. Nathaniel Kinney, Hawaii Construction Alliance asked that if HCDA is the accepting agency for the RFP that it consider including a provision in the RFP/RFQ that would guaranty local workforce. He noted that in 2009, Governor Lingle funded a \$40 million renovation of the stadium that went to out of state workers, and he asked that there be a guaranty the workforce that redevelops the Stadium district be local.

There were no further public testimony, comments or questions.

Member Leong motioned for the board to enter into executive session to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunity and liabilities.

Member Okuhama seconded.

Chair Whalen conducted a voice vote. All members unanimously approved entering an executive session.

Chair Whalen asked that Deputy Attorney General Max Levins and Lori Sunakoda, HCDA staff Aedward Los Banos and Tommilyn Soares join the board in executive session.

Pursuant to Section 92-5(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 12:34 p.m.

Board members met in an executive meeting from 11:25 a.m.- 12:34 p.m.

Chair Whalen reconvened the meeting at 12:34 p.m.

There were no further comments or questions.

III. ACTION ITEMS

Authorize the Hawaii Community Development Authority Executive Director to Execute a Memorandum of Agreement (MOA) with the Stadium Authority, Department of Accounting and General Services and Appropriate State Agencies, Notwithstanding HRS Section 206E-3 and Pursuant to Act 268 (19) for Matters Affecting the Stadium Development District.

Mr. Los Banos presented the staff report included in the board packet.

Pursuant to Act 268 (19), the legislature specifically mandated that:

Notwithstanding section 206E-3, for matters affecting the stadium development district, the executive director of the authority, state comptroller and the stadium authority shall execute a memorandum of agreement with appropriate state agencies.

Based on the language of the statute a MOA is a required action of the HCDA as well as the other parties named. According to discussions with legislators, the intent of the mandated MOA would allow the HCDA, DAGS and the Stadium Authority to collaborate on the best means to work together to implement the development of a new stadium and ancillary uses in the surrounding area.

The Stadium Authority is the landowner and all state lands in the district will be transferred to the Stadium Authority, per Act 268. The MOA will clarify that the Stadium Authority will continue to manage and operate the properties and improvements. The HCDA will facilitate the development of the district and join the ongoing development efforts that have been previously initiated by DAGS and the Stadium Authority.

According to Act 268, in terms of governance of the project, decision-making rests with the HCDA with its redevelopment statutes. Under the terms of the MOA, Stadium Authority feedback would be collected and provided to the HCDA board with regard to decisions affecting the Stadium development district. The actual implementation of the MOA will require additional HCDA resources to administer. Staff anticipates that it may need as many as four additional positions to administer the Stadium project.

Member Fang expressed concerns with HCDA staffing and the additional projects and asked if staff is ready to finalize the MOA.

Mr. Los Banos responded that there have been discussions and HCDA agreed to pick up the project after the RFQ is completed. HCDA requests DAGS as the head of the procurement agency lead the solicitation as it is officially DAGS procurement. The RFP process will funnel through HCDA. There is anticipation for a significant response to the RFP. The MOA will create a mechanism for the Stadium Authority to work with HCDA. Mr. Los Banos added that he will work with the Stadium Authority Director to finalize the language to the MOA.

**Member Rodriguez left the meeting.

Member Luersen recommends that the MOA language clearly state and reflect HCDA's responsibilities. She added that in Mr. Los Banos' presentation there was a need for increased staffing to implement the project, and asked how does HCDA plan to move forward with that?

Mr. Los Banos acknowledged Member Luersen's comment to clarify the MOA language. He noted that the staff report identified the additional resources that HCDA will need to implement the stadium project. If additional districts are added, there is a concern to recruit additional staffing. There will be an action brought before the General board in January for additional resources.

There was no further comments or questions and no public testimony.

MOTION:

Member Yu made a motion to authorize the Hawaii Community Development Authority Executive Director to execute a Memorandum of Agreement with the Stadium Authority, Department of Accounting and General Services and Appropriate State Agencies, Notwithstanding HRS Section 206E-3 and Pursuant to Act 268 (19) for matters affecting the Stadium Development District with review the Attorney General's.

Member Tynanes seconded.

Mr. Los Banos conducted the roll call vote.

Motion passed with 10 votes and 4 excused.

REPORT OF EXECUTIVE DIRECTOR

Information: Monthly Financial Report for October 2019.

Mr. Los Banos deferred to the report included in the board packet. He noted for the board that at its meeting in January, the Audit report will be presented for review and information.

V. ADJOURNMENT

Chair Whalen adjourned the regular meeting at 12:48 pm.

Approved and Submitted by,

John Whalen, Chairperson

Date