

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

Wednesday, June 7, 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 10:20 AM June 7, 2017, at the 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. William Oh
7. Jason Okuhama
8. Jade Butay

Absent Members:

Laurel Johnston
Kathy Sokugawa, DPP (non-voting)

Others Present:

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

II. APPROVAL OF MINUTES

1. Kakaako Regular Meeting of April 5, 2017

ED Souki noted that on page 2, under item 3 in paragraph 2, “DPA” should read “EPA”.

With this one correction, the minutes of the April 5, 2017 meeting were approved.

2. Kakaako Regular Meeting of May 3, 2017

There were no comments or corrections to the minutes of the May 3, 2017 meeting. The minutes were approved as presented.

III. ACTION ITEMS

3. Shall the Authority Authorize the Executive Director to Transfer \$150,000 from the Hawaii Community Development Revolving Fund (Leasing and Management Subaccount) to the Heeia Community Development Revolving Fund for the Preparation of Plan and Rules for the Heeia Community Development District (“CDD”)?

Chair Whalen noted that after taking action on this item, the Board will recess and convene the Heeia meeting, then reconvene the Kakaako meeting.

Mr. Deepak Neupane summarized the staff report under tab 3 of the Board packet. HCDA is recommending hiring a consultant to assist staff with the process of developing the planning rules, which is estimated to cost approximately \$150,000. Through procurement staff selected a consultant. The scope is being negotiated. HCDA is recommending the transfer of \$150,000 from the Hawaii Community Development Revolving Fund (Leasing and Management Subaccount) to the Heeia Community Development Revolving Fund.

There were no comments and no public testimony.

MOTION:

Member Waterhouse made a motion for the Executive Director to Transfer \$150,000 from the Hawaii Community Development Revolving Fund (Leasing and Management Subaccount) to the Heeia Community Development Revolving Fund for the Preparation of Plan and Rules for the Heeia Community Development District (“CDD”). Member Okuhama seconded the motion. Mr. Neupane conducted the roll call vote. Motion passed with 8 ayes and 1 excused.

Chair Whalen called for a recess.

10:26AM RECESS
10:36AM RECONVENE

4. Shall the Authority Consent to a 12-Month Extension for the Sale of Na Lei Hulu Kupuna’s Leasehold Interest to Mark Development, Inc. in Accordance with the Purchase and Sale Agreement Dated March 30, 2015?

Ms. Lindsey Doi presented the staff report under tab 4 of the Board packet. Ms. Doi explained that this request was for an extension of an additional year to accommodate unforeseen delays encountered in the sale of Na Lei Hulu Kupuna. The staff report included detailed information of what happened over the last year. The sale had been scheduled to close at the end of May, and it still has not closed. Ms. Doi explained that the HCDA, along with Mark Development, Inc., are doing everything possible to expedite closing the sale. The hope is to close at the end of the summer, pending further discussion with the city.

Ms. Doi explained that this was a formal request to extend for 12 months; however, closing the sale is not expected to take the full 12 months. HCDA wants to allow extra time, since the projected closing date is unknown. Mark Development Inc. was present for questions.

PUBLIC TESTIMONY:

Mr. Jack Hamada testified asking the Board to deny this request.

There was no other testimony and no further comments.

MOTION:

Member Fang made a motion to consent to a 12-month extension for the sale of Na Lei Hulu Kupuna's leasehold interest to Mark Development, Inc. in accordance with the purchase and sale agreement dated March 30, 2015. Member Scott seconded the motion. Ms. Doi conducted the roll call vote. The motion passed with 8 ayes, and 1 excused.

5. Shall the Authority Authorize the Executive Director to Execute a Right of Entry with Bikeshare Hawaii for a Five (5) Year Term at Kolowalu Park?

Ms. Lindsey Doi asked the Board to refer to the maps under tab 5 of the Board packets so they know exactly where this bike station would be located in Kolowalu Park. Bikeshare Hawaii is proposing to install a bike rental station dock on the Makai/Ewa corner of Kolowalu Park.

Ms. Doi explained that bike rental stations have a small footprint and are easy to install. HCDA is exploring a 5 year right of entry in conjunction with other similar stations throughout downtown Honolulu.

Ms. Lori McCarney, CEO of Bikeshare Hawaii, a local 501(c)3 nonprofit, provided the Board background information about the company. Ms. McCarney explained that Bikeshare Hawaii would like to have a station at Kolowalu Park because traffic is an issue in this area and a bikeshare station would bring added mobility. She illustrated Bikeshare's successful outreach with tenants in the area.

Member Waterhouse asked what Bikeshare Hawaii's revenues and expenses were over the past year. Ms. McCarney disclosed that they have no revenues because they are not

yet in operation. She shared that Bikeshare has received donations and grants, including a \$2 million grant from the City and State. This grant assisted Bikeshare's startup.

Member Waterhouse asked when Bikeshare will start to rent its bikes and what their prices would be. Ms. McCarney stated that rental services will begin on June 28, 2017 and provided two of Bikeshare's pricing:

Monthly plan that includes unlimited access at 30 minute intervals for \$15.00; and

Free Spirit Pass which includes a maximum of 300 minutes for \$20.00

Ms. McCarney stated that Bikeshare Hawaii's goal is to provide affordable rental services and encourages short trips as an alternative to automobiles.

Member Scott asked if HCDA will charge Bikeshare for the use of this land. Ms. Doi explained that currently the right of entry does not have any rent associated with it. However, she explained the Right of Entry includes a termination clause that can be initiated by either party. After the initial 5-year period, HCDA can reassess. If it's determined that Bikeshare's revenues are high, then rent may be charged. Member Scott was concerned about waiting 5 years before reassessing rent because HCDA does not have taxing authority like the City or State. He noted HCDA's finances are finite, and the station would be located on park areas that HCDA maintains. Ms. Doi noted that the Right of Entry states, Bikeshare Hawaii will maintain and repair the station.

Member Fang asked how many stations are in the Kakaako district. Ms. McCarney said there would be 18.

Member Fang asked what the timeline was and if the other Kakaako stations would go through similar right of entry processes. Ms. Doi explained that HCDA staff decided to bring the Kolowalu station to the board at this time, because it was not impacted by the Park Master Plan. However, if Bikeshare is successful and decides to install additional stations, HCDA could pursue a greater Right of Entry that includes more stations. Member Fang asked how far into the future that would be foreseen. Ms. McCarney disclosed that Bikeshare Hawaii was expecting to receive Federal Transportation Alternative Program Funding in the fall, and may add 30 more stations.

ED Souki added that bikeshare programs meet the objectives and goals of the Mauka Area Plan, and the Transit Oriented Development Overlay Plan. He noted the proposed station at Kolowalu Park was to support the District plan rather than generate revenue.

Member Waterhouse commented that Bikeshare Hawaii does seem to have an opportunity to generate profit. Ms. Doi explained that the conditions of the Right of Entry include a termination clause for any reason. Either party could terminate with 60-day notice if the terms need to be reevaluated. However, if the Board would like to reevaluate sooner, then that 5-year term could be lessened to three years or something else. It would be up to the Board.

There were no further comments and no public testimony.

MOTION:

Member Bassett made a motion to Authorize the Executive Director to execute a right of entry with Bikeshare Hawaii for a five (5) year term at Kolowalu Park. Member Fang seconded the motion.

Member Waterhouse said she would like the term limited to three (3) years. Member Scott agreed, saying he would like the agreement reviewed at three years, but would allow the full five year term.

Member Bassett commented that if the Board will be able to cancel the agreement at any time, he would rather approve it for the 5-year term with the option to cancel at any time. Ms. Doi asked whether the Board wanted a 3-year right of entry or a 5-year right of entry.

ED Souki suggested a 3-year right of entry with two 1-year options to extend.

Member Bassett changed the motion to Authorize the Executive Director to execute a right of entry with Bikeshare Hawaii for a three (3) year term with two (2) one (1) year options to extend at Kolowalu Park. Member Fang seconded the motion. Ms. Doi conducted the roll call vote. The motion passed with 8 ayes, and 1 excused.

6. Shall the Authority Authorize the Executive Director to execute a ground lease with Hale Kewalo LP, for land parcel identified as Tax Map Key (TMK) (1) 2-3-007-026 (Parcel 26) for construction of the 128 unit affordable rental project (Hale Kewalo).

Mr. Deepak Neupane presented the staff report under tab 6 of the Board packet summarizing the term.

Chris Oaks, a representative from Stanford Carr (project developer) was present for questions.

Member Scott asked if Stanford Carr was looking to begin development in September 2017. Mr. Neupane confirmed yes. Mr. Oaks added that they anticipate closing its financing on September 18, 2017, and that demolition will commence thereafter. Mr. Oaks said that Stanford Carr is looking at completion during the first quarter of 2018.

Member Waterhouse asked if this was appropriate given the financing is not complete and the construction permits are not finalized. Mr. Neupane said there was no need for a development permit, the only required permit was the permit from the City and County.

ED Souki further explained that this was an over the counter permit so it should be forthcoming and as the land owner HCDA is comfortable with granting the lease. If the Board wants to add language with protection built in, that can be added. ED Souki suggested the Board not execute until receiving the building permit.

There was no public testimony.

MOTION:

Member Scott made a motion, to Authorize the Executive Director, to execute a ground lease with Hale Kewalo LP, for land parcel identified as Tax Map Key (TMK) (1) 2-3-007-026 (Parcel 26) for construction of the 128 unit affordable rental project (Hale Kewalo) after receiving the building permit. Member Bassett seconded the motion. Mr. Neupane conducted the roll call vote. The motion passed with 8 ayes, and 1 excused.

IV. EXECUTIVE DIRECTOR REPORT

7. 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. Community Garden Update.
 - d. Former Historic Honolulu Advertiser Building, 605 Kapiolani Boulevard— Issuance of Certificate of Occupancy to Hawaiian Dredging Construction Company.

ED Souki noted his concern about funding for park enforcement that will run out at the end of June.


Mr. Carson Schultz gave a brief presentation on the Advertiser Building. Mr. Schultz gave the history of the building and reviewed examples of the historic elements.

Mr. Neupane provided the community garden update. A public meeting on May 24, 2017 was held. A follow up meeting will be scheduled for a future date. There was a request from the community members that HCDA complete a phase II environmental site analysis. ED Souki summarized, there were about 15-20 people attended and they are passionate about the community garden. Together they looked at the management, the layout and the long-term funding.

V. ADJOURNMENT

Chairperson Whalen adjourned the regular meeting at 12:59 p.m.

Respectfully submitted,


John Whalen,
Chair