

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
KAKAAKO BUSINESS MEETING

Wednesday, September 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 11:30 AM, September 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
Kathy Sokugawa (DPP non-voting)
Chason Ishii
John Whalen, Chair

Members Absent: Wei Fang
Phillip Hasha

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. INFORMATION & DISCUSSION

Status Update: Ward Villages Master Plan by Howard Hughes Corporation.

Mr. Race Randle of Howard Hughes provided an update of its overview presentation in response to questions from board members at its August 7, 2019 Authority meeting.

Mr. Randle explained the phasing on projects that have been completed, projects under construction and planned projects per the Ward Village Master Plan.

He explained there will be a total of 15 to 18 mixed-use high-rise tower projects and to date, about 32% of the master plan floor area has been completed. The addition of Aalii and Koula as well as Victoria Place will increase that floor area to approximately 53%, including commercial and residential floor area, leaving approximately 47%.

Per board member questions raised at the last meeting, Mr. Randle highlighted the locations and phasing of the industrial spaces that Howard Hughes intends to develop. At this time about 139,000 square feet of the total 736,000 square feet of industrial floor area is intended on being developed.

Pending sales and approvals of the Victoria Place development permit, Howard Hughes will start construction between Auahi Street and Ala Moana Boulevard. At that same time there will be an addition of a large sewer main on Auahi Street that will serve Victoria Place, Koula Project as well as Block B (the old Ward Warehouse parking garage site). The Aalii project is expected to be completed in 2021; Koula will be under construction along with some improvements of Victoria Ward Park and a lot of construction activities with residential and infrastructure projects. Howard Hughes hopes that the work on Auahi street will be completed commensurate with Koula which will open in 2022; Victoria Place will be under construction through 2024. Block H and Block B are two projects along Ward Avenue along with Block N West that are being planned and warns there will be major construction along Ward Avenue from 2021 through 2025 and feels it's a good time to realign Auahi street from its current location to Pohukaina.

Chair Whalen asked if it would be possible at that time to extend the Halekauwila street connection?

Mr. Randle explained they are looking at doing a temporary connection opening however a permanent connection may not be feasible based on the anticipated construction schedules.

After the Victoria Place project is completed in 2024, focus will shift to the Block G project where Howard Hughes is required to complete plaza space. Also, planned are two mixed use towers and the diamond head plaza and also development for the N West (Ross space) is also being planned.

Mr. Randle explained the buyer information that staff from Howard Hughes pulled shows 65% of the residential buyers purchasing units in the newly constructed towers show they are Hawaii residents with the remaining buyers from, the US Mainland, Japan and a small percentage from various other countries.

Mr. Todd Apo of Howard Hughes added that the phasing that Mr. Randle explained may be subject to change.

Mr. Randle also addressed questions regarding the planned rail that HART intends to complete and noted that as Mr. Apo explained, the phasing explained may be subject to change and that Howard Hughes anticipates adjusting accordingly as HART starts to move into the Kakaako Area. He added that Howard Hughes is in constant communication with HART and will adjust accordingly.

There were no further comments and no public testimony.

III. ACTION ITEMS

Shall the Authority Authorize the Executive Director to Provide Up to \$2,249,100.00 from the Public Facilities Dedication Funds for Restoration of the Hawaii Community Development Authority Kakaako Parks and Complete the Transfer of the Parks to the City and County of Honolulu?

Ms. Lindsey Doi provided highlights from the staff report. Mr. Los Banos supplemented the staff report providing further details from HCDA staff discussions with the City subsequent to the Authority's last board meeting in August. He clarified that the City's immediate need for funding would go towards improvements to activate the parks to deter vandalism and vagrancy. He further provided some example of very practical repairs to reinstall improvements that were abandoned by HCDA because of recurring vandalism such as lighting and water fountains that would attract activity such as athletic practices and picnics.

Mr. Los Banos also noted that the \$2.2 million request by the City would be leveraged with City maintenance staff and excludes labor costs to realize the improvements. While the HCDA has not evaluated its irrigation system, past estimates received by the HCDA for the other items were much higher and would corroborate that City posts are primarily comprised of materials and equipment costs. He also reminded the Authority that the HCDA regularly spends in excess of \$1 million to maintain the parks and while these costs have risen steadily as a result of vandalism and vagrancy the quality of the parks have been on the decline.

Mr. Los Banos went on to remind the Authority that in 2014 the HCDA sought to activate the parks by commissioning the Kakaako Makai Active Use Parks Plan. With HCDA's limited resources the plan contemplated activation through the development and privatization to realize programming such as a beer garden, event amphitheater, food truck area, and a sports complex. The \$44 million estimate to realize these improvements did not include repair and maintenance of existing facilities. This would be in contrast to the City that has a dedicated, well-staffed parks department that could properly oversee the improvements and programming to restore and activate the park while keeping the parks as public open space.

Chair Whalen stated that the staff report provides great background information on how HCDA arrived at this place with the park transfer. He added that the HCDA board intended

to start activating the park with its proposals listed in the Master Plan however did not receive the funding it needed. The transfer to the City has taken much longer than anticipated and, in that time, there has been more vandalism to the park, that requires the repairs that have been acknowledged and agreed to by both HCDA and the City to effectuate the transfer. He also added that the City's Parks and Recreation Department is better equipped than HCDA could be to activate and maintain the park for the community.

Public Testimony

Chair Whalen noted that the Kakaako Makai Community Planning Advisory Council, a group that provided planning input to the HCDA parks Master Plan, sent in written testimony. Chair Whalen added that the testimony highlights some of the planning elements and suggests the City refer to the information referenced in the written testimony.

Member Yu stated that the staff report was not clear and asked staff to clarify if the \$2.2 million is in addition to the \$800,000 that the board approved at its August 7, 2019 board meeting and if the total is now \$3 million? Or is the \$800,000 rescinded?

Chair Whalen and Ms. Doi replied that the \$2.2 million requested today will replace the \$800,000.00 and that the total to effectuate the transfer to the City is \$2.2 million.

Member Yu asked if there are any deal breakers after this \$2.2 million is approved today?

Mr. Los Banos replied that working through HCDA's Attorney General he is not aware of any deal breakers, however, Ms. Georgette Deemer and Ms. Michelle Nekota were in attendance from the City. He indicated that if something significant happens like a mass vandalism before the transfer happens, HCDA as the landowner would retain the liability. However, HCDA has met with the City and has complied with what has been required thus far for the transfer to happen.

Ms. Lori Sunakoda explained that the deeds and conveyance documents were ready to be finalized on July 31, however, due to the additional issues and concerns observed during a final inspection the transfer was not finalized.

Member Yu asked if the \$2.2 million is a result of the City's site visit to the park? He also asked if there is a clause in the agreement with the City that states HCDA will be responsible for any overage of costs to the park repairs that go beyond the \$2.2 million? Otherwise the \$2.2 may not be \$2.2 million.

Mr. Los Banos replied that HCDA understands the intention of funding the \$2.2 million would be included in a closing document for the transfer of the park, however, HCDA has not seen that document and cannot confirm whether there is language in that document to confirm. However, it is HCDA's intent to finalize the conveyance with the \$2.2 million.

Member Yu asked if someone could confirm that the \$2.2 million is the final cost that HCDA will be funding, or if there are other possible costs that HCDA may need to fund.

Mr. Los Banos stated that it is HCDA's understanding following the discussions with the City's Managing Director's office that the \$2.2 million is all inclusive.

Member Yu stated that he is okay as long as there is an agreement with the City with language that includes the agreement that HCDA will be funding \$2.2 to transfer the Park to the City.

Member Okuhama asked for a timeline, because an unknown timeline may cause an increase to the amount being funded by HCDA.

Ms. Sunakoda explained that the timeline may be impacted if there are any delays with additional issues that are disclosed to the City. Currently the Right of Entry (ROE) termination date expires October 24, 2019 (executed on August 26, 2019). The ROE allows the City to continue to assist HCDA in coordinating law enforcement resources to enforce park closure hours as well as address some jurisdictional issues involving some roadways that surround the park properties. Ms. Sunakoda also explained with the October 24, 2019 termination date of the ROE, it gives a sufficient amount of time to close out this transaction – assuming no additional issues are presented to or by the City.

Member Ishii asked who is drafting the closing documents.

Ms. Sunakoda replied that HCDA has enlisted Title Guaranty to assist in preparing the deeds and have also assisted in drafting the preliminary title reports, and property descriptions.

Member Ishii asked who will be reviewing the wording with the agreement between HCDA and the City on an "as is" basis?

Ms. Sunakoda replied that the attorneys assigned for HCDA would be herself and the City's Deputy Corporation Counsel Ms. Marilyn Ushijima.

Member Sokugawa supports funding the \$2.2 million for park improvements and asked if there are any opportunity costs.

Chair Whalen replied that the City will bring much more efficiency in managing the park as they have a dedicated department that is prepared to maintain and activate the park.

Member Sakoda asked if HCDA has enough money to fund the \$2.2 million to transfer the Park.

Mr. Los Banos replied that annually HCDA spends roughly \$1.2 million to maintain the park and that there is a sufficient amount of money to fund the \$2.2 million to transfer the Park to the City.

Member Sakoda asked if the \$2.2 million is approved today when is the transfer expected to happen?

Ms. Sunakoda replied that if there are no additional issues, the transfer should happen by the right of entry termination date, which is October 24, 2019.

There was no further comments or questions.

MOTION:

Member Yu made a motion for the board to authorize the Executive Director to increase the amount from the Public Facilities dedication funds to \$2,249,100.00 for the restoration of the Hawaii Community Development Authority Kakaako Parks and complete the transfer of the parks to the City and County of Honolulu.

Member Rodriguez seconded.

Ms. Lindsey Doi conducted the roll call vote.

Motion passed with six votes and two excused.

ED REPORT:

Mr. Los Banos highlighted that Howard Hughes is completing its work at Kewalo Basin Harbor.

He also welcomed Ms. Alicia Wailehua-Hansen as HCDA's Asset Management Specialist and noted that Asset Management is now fully staffed.

There were no comments or questions and no public testimony.

V. ADJOURNMENT

Chair Whalen adjourned the regular meeting at 12:49 pm.

Approved and Submitted by,



John Whalen, Chairperson

NOV 06 2019

Date Approved by HCDA Board