

Reviewed and Approved by Executive Director: Wayne A. Smith

August 3, 2022

## **FOR ACTION**

### **I. REQUEST**

Consider Authorizing the Executive Director to Amend the Existing Right of Entry Agreement (ROE 1-19) dated August 9, 2019 with Kupu for the Use of a Portion of the NOAA Lot at Kewalo Basin Harbor, Located at 1125 Ala Moana Boulevard, Honolulu, Hawaii, Tax Map Key No. (1) 2-1-058:135 (por.) for the Purposes of Parking and Utility Storage to Extend the Term for Two Additional Years Until September 30, 2024.

### **II. BACKGROUND**

On November 1, 2017, the Hawaii Community Development Authority (HCDA) executed a 15-year lease with Kupu to redevelop and construct an educational, cultural, and community center at HCDA's Net Shed at Kewalo Basin Harbor. The facility broke ground on April 5, 2018, and the Harry and Jeanette Weinberg Hookupu Center formally opened to the public on March 14, 2019. Kupu's lease was subsequently transferred to the City & County of Honolulu (City) upon HCDA's conveyance of the Kakaako Makai Park Properties in November 2019.

On August 9, 2019, the HCDA granted Kupu a one-year ROE (ROE 1-19) for a portion of the property commonly identified as the NOAA Lot at Kewalo Basin Harbor. Unlike Kewalo Basin Park and Net Shed, the NOAA Lot property was not transferred to the City, so ROE 1-19 remains under the jurisdiction of the HCDA.

ROE 1-19 was subsequently amended in August 2020 to extend the term for an additional two years. ROE 1-19 and its First Amendment are attached hereto as Exhibit 1.

ROE 1-19 allows Kupu to utilize a portion of NOAA Lot to park staff vehicles, store tools/ equipment/ supplies, and house utilities necessary for Kupu's business operations at the adjacent Hookupu Center. One of the items included under this ROE was the installation and maintenance of a 499-gallon propane gas tank.

The propane gas tank is necessary for Kupu to operate the commercial kitchen on its leased premises. Although the propane tank was previously planned to be situated within Kupu's leased premises, several issues lead to it eventually being installed on HCDA's NOAA Lot under the short-term ROE 1-19.

Kupu has since indicated that parking and utility storage are actually long term needs that Kupu must secure for the duration of the 15-year City lease, plus the two potential 10-year extension options. Given that Kupu's leased premises are unable to

fully accommodate their needs, Kupu is exploring alternate solutions with the Howard Hughes Corporation (HHC) and the adjacent NOAA Lot site.

The NOAA Lot and Charter building are currently slated for redevelopment by HHC after the HCDA issued a Request for Proposals (RFP) and made an award to HHC in December 2015. The HCDA executed a Development Agreement (DA) with HHC on March 14, 2017. Since then, HHC has been conducting its due diligence and performing an Environmental Assessment (EA).

Although HHC originally expected to complete the EA in the spring of 2020, the onset of the COVID-19 pandemic caused numerous delays and restructuring of priorities. Now, HHC is interested in potentially assigning its development rights for the NOAA Lot to Kupu, while retaining the right to develop the Charter building.

### **III. DISCUSSION**

Such an assignment of the DA would allow Kupu to redevelop the NOAA Lot into a facility that both meets their long term needs and conforms with HHC's original plans under the RFP. HHC's assignment of the DA to Kupu is still being explored by all parties and will be brought to the Board for future discussion and review when due diligence has been completed.

As an interim measure, Kupu requests a second amendment to ROE 1-19 to add an additional two-year extension to allow more time for Kupu, HHC, and the HCDA to reach a long-term agreement that best satisfies the needs of all parties. Kupu's request letter is attached hereto as Exhibit 2.

Given the pending development of the NOAA Lot, the HCDA cannot lease out or enter into any long-term encumbrances for that parcel with any other party. Kupu is aware that its ROE for the NOAA Lot will be terminated with at least 30 days written notice if HHC proceeds to develop the parcel.

Under the second amendment to ROE 1-19, Kupu would continue paying \$1,232.50 in monthly rent to HCDA for the duration of the ROE extension period. Other than the extension of time, all terms and conditions of ROE 1-19 shall remain unchanged.


### **IV. RECOMMENDATION**


It is recommended that the Board Authorize the Executive Director to Amend the Existing Right of Entry Agreement (ROE 1-19) dated August 9, 2019 with Kupu for the Use of a Portion of the NOAA Lot at Kewalo Basin Harbor, Located at 1125 Ala Moana Boulevard, Honolulu, Hawaii, Tax Map Key No. (1) 2-1-058:135 (por.) for the Purposes of Parking and Utility Storage to Extend the Term for Two Additional Years Until September 30, 2024 and undertake all tasks necessary to effectuate the purpose(s) of this For Action.

Attachments:

Exhibit 1 – First Amendment to ROE 1-19

Exhibit 2 – Kupu Request Letter Dated July 20, 2022

Prepared By: Lindsey Doi, Asset Manager  \_\_\_\_\_

Reviewed By: Craig Nakamoto, Executive Director  \_\_\_\_\_