

**STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
KAKAAKO MEETING**

Wednesday, March 1, 2023

MINUTES

I. CALL TO ORDER/ROLL CALL

The Hawaii Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawaii, met virtually (utilizing the state-supported Zoom Meeting platform) for a Regular meeting on March 1, 2023.

Chairperson Chason Ishii called the March 1, 2023, HCDA Kakaako Authority Regular meeting to order at 9:00 a.m.

Acknowledgement that the Meeting is Being Convened Virtually

Executive Director Craig Nakamoto reiterated the wording contained in the Meeting Agenda regarding the guidelines and directives provided by Section 92-3.7, Hawaii Revised Statutes, to enable public boards and commissions to conduct business virtually with a meeting site open to the public.

About the foregoing, Mr. Nakamoto reiterated wording contained in the Meeting Agenda, noting that the HCDA welcomes public attendance via the Zoom link provided and also at the meeting site, located at The American Brewery Building, 547 Queen Street, 2nd Floor Board room, Honolulu, Hawaii 96813. He noted that the meeting would be live streamed on the HCDA’s YouTube Channel contained in the Meeting Agenda, and that the HCDA also welcomed public comment and public participation via submission of written and/or oral testimony. Mr. Nakamoto stated that individuals, if any, from the public who had requested to provide testimony were on standby and would be permitted to speak during the public testimony session of the specific agenda item.

Chair Ishii conducted the roll call. Those present were as follows:

Members Present:

Sterling Higa, Secretary
Melissa Miranda-Johnson, DOT (Ex Officio)
Sabrina Nasir, B&F (Ex Officio)
Craig Hirai, DPP (Ex Officio)
Mary Alice Evans, DBEDT (Ex Officio)
Kevin Sakoda
Chason Ishii, Chairperson

Members Excused:

Phillip Hasha
Peter Apo, Vice-Chairperson

Legal Counsel:

Kelly Suzuka, Deputy Attorney General

Staff Present: Craig Nakamoto, HCDA Executive Director
Garet Sasaki, HCDA Administrative Services Officer
Francine Murray, HCDA Community Outreach Officer
Tommilyn Soares, HCDA Executive Secretary
Charlyn Ontai, Program Specialist

A quorum was present.

II. APPROVAL OF MINUTES
Regular Meeting Minutes of February 1, 2023

Chair Ishii asked for comments or corrections. There were none. The meeting minutes were approved as presented.

III. INFORMATION AND DISCUSSION
Presentation and Discussion Regarding the Respective Maintenance and Repair Obligations of the Hawaii Community Development Authority, as Lessee, and Komohale LP, as Lessor, Regarding that Certain Kauhale Kakaako Parking Garage located at 860 Halekauwila Street, Honolulu, Hawaii 96813, and Further Identified by Oahu Tax Map Key Number 2-1-050: parcels 013, 014, 015, 053, 063, 064, and 065, pursuant to that certain unrecorded Lease Agreement dated November 24, 1993, as amended.

The Authority may convene in executive session pursuant to HRS §92-5(a)(4) to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities.

Ms. Lindsey Doi Leaverton, Asset Manager, presented the staff report and noted the following background information:

- In 1993 HCDA entered into a 99-year lease with the Hawaii Housing Finance and Development Corporation (HHFDC) to manage and operate the parking garage for the Kauhale Kakaako affordable housing complex; the lease expires in November 2092.
- In May 2019 HHFDC sold the Kauhale Kakaako affordable housing complex and parking garage to Komohale LP ("Komohale"); the sale included the assignment and assumption of the lease between HHFDC and HCDA.
- HCDA, currently, operates and manages the parking garage.
- Komohale, currently, manages and operates the residential high rise.

HCDA staff is bringing this item to the board's attention because the current lease with Komohale specifies certain maintenance obligations that HCDA has as well as Komohale, as lessor. There is some disagreement between HCDA and Komohale on

their respective maintenance responsibilities that pertain to the parking garage elevator and the surrounding wall (curtain wall). There are ongoing discussions with Komohale and HCDA and HCDA staff hopes to come to a resolution.

Member Higa asked if these types of disputes of responsibilities are common between public-private partnerships with HCDA?

Mr. Nakamoto said this arrangement is not a public-private partnership and would not consider this a common dispute, but rather, a matter of interpretation. Staff wanted to bring this item to the board's attention for informational purposes and hopes to move toward a resolution.

Member Higa noted for the record that it is important as HCDA moves toward, potentially, these types of revenue generating public partnerships, that HCDA is careful to clarify responsibilities of all parties to avoid potential disputes. He added that he would like to see this resolved as both parties have an interest in resolving this and that if HCDA progresses into the future HCDA is careful with these agreements.

Mr. Nakamoto noted that Member Higa's comments are well taken and that in any relationship, whether public-private partnership or a lessor-lessee relationship, the obligations have to be clear.

** Member Ishii noted that Member Evans has joined the meeting.

Member Sakoda pointed out that this garage is one of the better producing assets that HCDA has in its portfolio; however, he questions whether operating and managing parking garages aligns with HCDA's plans. He pointed out that HCDA should look at what the ideal portfolio mix should be and that the Asset Manager is aligned with what HCDA would like to accomplish.

Mr. Nakamoto appreciated Member Sakoda's comment and noted that the garage serves the residents of Kauhale Kakaako, and it also serves as district parking which is an important function in Kakaako. If another rail station is added near Ward and Queen Street, the Kauhale Kakaako garage would be well suited as a parking option for rail users.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide verbal testimony, and no written testimonies were received.

Member Evans motioned for the board to enter an Executive Session. Member Sakoda seconded.

There was no discussion on the motion. Chair Ishii called for a voice vote; all members unanimously affirmed. Chair Ishii requested the following people to participate in the Executive Session: HCDA Executive Director Craig Nakamoto, HCDA Deputy Attorney General Kelly Suzuka, and HCDA Staff Garet Sasaki, Lindsey Doi, Charlyn Ontai, and Tommilyn Soares.

Pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 9:14 a.m.

The Authority met in Executive Session until 9:37 a.m.

Chair Ishii reconvened the public meeting at 9:37 a.m.

Executive Director Nakamoto excused himself from the meeting during the executive session.

DECISION MAKING

Consider Authorizing the Executive Director to Amend the Development Agreement with Stanford Carr KM II LLC, a Wholly Owned Affiliate of Stanford Carr LLC, Dated April 11, 2018, for the Development of the Innovation Hale Project Located at Kakaako Makai Lot C, Honolulu, Hawaii, Tax Map Key No. (1) 2-1-015:052 (portion), to Extend the Developer Feasibility Period by An Additional Six Months to Allow Stanford Carr KM II LLC to Prepare a Detailed Development Schedule and Milestones as a Condition to the Board Reviewing a Further Extension of the Developer Feasibility Period Beyond the Six Month Period.

Ms. Lindsey Doi Leaverton, Asset Manager, presented the staff report. The Innovation Hale is slated for development on Lot C in Kakaako Makai; Stanford Carr developed the Entrepreneur’s Sandbox on a portion of Lot C which is currently being operated by the Hawaii Technology Development Corporation. The second phase to that project is the Innovation Hale. Since 2018, Stanford Carr has held the development agreement to complete the Innovation Hale on Lot C, since then Stanford Carr KM II LLC has asked for and received several extensions of the development agreement. The current extension expires on April 10, 2023, and Mr. Carr is asking for an additional extension. Ms. Leaverton added, given that it has been four years since the original development agreement has been signed, HCDA is in discussion with Mr. Carr regarding the additional extension being contingent on development commencing pursuant to a development schedule. Mr. Carr has agreed to a six-month extension to review development options for Lot C and present to HCDA a development schedule for the board’s review as a condition for extending or not extending the term of the development agreement. Ms. Leaverton noted for the board that the decision for the board today is to consider granting an extension of the development agreement for a six-month period, otherwise, the development agreement will expire on April 10, 2023.

There were no questions or comments from the board members.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide verbal testimony, and no written testimonies were received.

MOTION:

Chair Ishii asked for a motion for the Authority to Authorize the Executive Director to Amend the Development Agreement with Stanford Carr KM II LLC, a Wholly Owned Affiliate of Stanford Carr LLC, Dated April 11, 2018, for the Development of the Innovation Hale Project Located at Kakaako Makai Lot C, Honolulu, Hawaii, Tax Map Key No. (1) 2-1-015:052 (portion), to Extend the Developer Feasibility Period by An Additional Six Months to Allow Stanford Carr KM II LLC to Prepare a Detailed Development Schedule and Milestones as a Condition to the Board Reviewing a Further Extension of the Developer Feasibility Period Beyond the Six Month Period?

Member Evans motioned. Member Miranda-Johnson seconded.

Chair Ishii asked if there was any discussion on the motion.

There was no discussion from board members.

Ms. Lindsey Doi Leaverton conducted the roll call vote.

Motion passed with 6 ayes, 2 excused, and 1 abstained.

INFORMATION AND DISCUSSION

Findings and Recommendations by the Permitted Interaction Group Established Pursuant to Hawaii Revised Statutes §92-2.5(b)(1) at the HCDA Kakaako Board Meeting held on January 4, 2023, to Determine the Requirements and Qualifications for Designating a Non-Governmental Entity as a Buyback Agent for HCDA Reserved Housing Units that are Intended to be Sold during the Reserved Housing Unit's Regulated Term.

Ms. Lindsey Leaverton Doi, Asset Manager, presented the findings of the permitted interaction group regarding the limited number of reserved housing units remaining in the regulated term that would come up for buyback during its regulated term. There are currently 470 such units that will reduce once those regulated terms expire, for example by the end of 2024, 369 of those units will term out. HCDA will gain additional reserved housing units once the permitted developments are completed. The permitted interaction group proposed some guidelines for evaluating the qualified non-profit

housing trusts to govern the buybacks, it is like HCDA's current reserved housing buyback program. It includes the following minimum requirements:

1. Buyer qualifications (standard to all affordable housing developments)
2. Income/Asset restrictions
3. Unit Affordability guidelines
4. Regulated Term; and
5. Owner occupancy

The buyback price will remain the same as the current buyback price and HCDA hopes to issue the request for proposals in the coming months, preferably by April 2023.

Mr. Gareth Sasaki noted (for the Executive Director) that HCDA and HHFDC have enjoyed a collaborative relationship for many years. HCDA is grateful that HHFDC served as HCDA's buyback agent to preserve the affordability of reserved housing units that came up for sale during the regulated term. Although HHFDC staff no longer has the capacity to serve in this role due to the multiple new projects coming online that require their attention, HCDA is committed to pursuing partnerships with non-profit organizations to continue this important function. HCDA will also continue to further its affordable housing goals by utilizing the shared equity that is due to the HCDA for every reserved housing unit, regardless if buyback was waived or if the regulated term has expired.

Member Hirai asked if HCDA would continue with its shared equity units.

Ms. Leaverton explained that the shared equity component remains and will not change.

Member Ishii noted that the shared equity component allows HCDA to continue with its mission to keep reserved housing.

There were no questions or comments from the board members.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide verbal testimony, and no written testimonies were received.

IV. REPORT OF THE EXECUTIVE DIRECTOR

Monthly Report and Other Status Reports

Approved permit applications that did not require HRS §206E-5.6, public hearings.

Mr. Gareth Sasaki, Administrative Services Officer, referred to the written report of the Executive Director.

There were no comments or questions from the board members.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide verbal testimony, and no written testimonies were received.

V. ADJOURNMENT

Chair Ishii thanked those who joined the meeting on Zoom and then adjourned the meeting at 9:51 a.m.

Sterling Higa, Secretary

Date Board Approved