

**STATE OF HAWAI‘I  
HAWAI‘I COMMUNITY DEVELOPMENT AUTHORITY  
KAKA‘AKO MEETING**

**Wednesday, November 6, 2024  
MINUTES**

**I. CALL TO ORDER/ROLL CALL**

The Hawai‘i Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawai‘i (“State”) met in-person at the HCDA’s physical meeting site, American Brewery Building, 547 Queen Street, 2<sup>nd</sup> Floor Board Room and provided an option to attend virtually (utilizing the State-supported Zoom Meeting platform) for a Regular meeting on November 6, 2024.

HCDA Chairperson Sterling Higa called the November 6, 2024, the HCDA Kaka‘ako Authority Regular meeting to order at 10:11 a.m.

Acknowledgment 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, Hawai‘i Revised Statutes, to enable public boards and commissions to conduct business virtually with a meeting site open to the public.

Regarding 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, 2<sup>nd</sup> Floor Board Room, Honolulu, Hawai‘i 96813. The HCDA welcomes public comment and public participation via submission of written 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, followed by any additional individuals wishing to testify on the same agenda item. Mr. Nakamoto also noted the time limits for public testimony.

Chair Higa conducted the roll call. Those present and excused were as follows:

**Members Present:** Sterling Higa, Chairperson  
Chason Ishii, Vice Chairperson  
Mark Anderson, B&F (Ex-Officio)  
Mary Alice Evans, DBEDT (Ex-Officio)  
Michael China  
Kevin Sakoda

**Members Absent:** Melissa Miranda-Johnson, DOT (Ex-Officio)  
Tim Streitz, City & County of HNL DPP (Ex-Officio)  
Cultural Specialist – VACANT

A quorum was present.

**Legal Counsel:** Kelly Suzuka, Deputy Attorney General

Kevin Tongg, Deputy Attorney General

**Staff Present:**

Craig Nakamoto, HCDA Executive Director  
Garet Sasaki, HCDA Chief Financial Officer  
Ryan Tam, HCDA Director of Planning and Development  
Francine Murray, HCDA Community Outreach Officer  
Armaine Tomacder, HCDA Board Secretary  
Lindsey Doi, Asset Manager

**II. APPROVAL OF MINUTES**  
**Regular Meeting Minutes of October 2, 2024**

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

**III. DECISION MAKING**

**Consider Authorizing the Executive Director to Enter into a Non-Binding Letter of Intent with Kupu, a Hawaii Nonprofit Corporation, for Kupu’s Lease and Development of the “NOAA Lot”, Located at Kewalo Basin Harbor, 1125 Ala Moana Boulevard, Honolulu, Hawaii, and Further Described by Tax Map Key No.: (1) 2-1-058:135, in Accordance with the Terms and Conditions Described in the Staff Report.**

Ms. Lindsey Doi presented the staff report included in the board packet, and introduced Mr. John Leong, CEO of Kupu. Mr. Leong summarized the proposed lease terms included in the board packet and presented Kupu’s development proposal for the NOAA Lot. The proposal included the leasing of the entirety of the NOAA Lot parcel and the development of various gathering spaces and classrooms for Kupu’s use, renovations to existing tenant facilities for the Kewalo Basin Harbormaster and City and County Ocean Safety Division, and a paid public parking lot that would be developed and managed by the HCDA under a license agreement. Kupu is anticipating a 3-year timeline for the project and explained that the requested Letter of Intent is critical in seeking and securing financing for the project. Ms. Doi explained that today’s action item is limited to the Letter of Intent for the lease, and the actual lease would be brought back to the board for approval once the lease is drafted. Ms. Doi also noted that Kupu would be required to obtain a development permit for the project, which would include public hearings before the board.

Member Evans asked if Kupu is allowed to increase the rent for the tenants, and if there are any sandwich profits. She also asked if HCDA is able to recoup any of those funds.

Ms. Doi answered that Kupu has committed to allowing the Harbormaster and Ocean Safety to remain in their respective spaces for free, but Kupu may charge a maintenance fee for the payment of utilities and other common area maintenance. Mr. Leong affirmed this understanding.

Member Anderson asked if there is a competitive process for the property lease, and suggested HCDA staff look at the operations of other harbors with nonprofit lessees as a model for balancing public interest with revenue streams and maintenance costs.

Ms. Doi answered that the HCDA's leasing activities are not subject to a competitive procurement process; therefore HCDA is able to entertain any proposal consistent with our mission.

Member Sakoda asked to clarify how the parking lots at Kewalo Basin differed, and who is responsible for maintaining each area. He noted the area has aesthetic advantages, but its potential is hindered by homelessness and much-needed maintenance repairs in the area.

Mr. Leong answered that the proposed public parking lot within the NOAA Lot premises would be constructed and maintained by HCDA, with the surrounding areas maintained by Kupu under their lease. Ms. Doi added that the Net Shed, where Kupu's Hookupu Center is located, as well as the adjacent Kewalo Basin Park parking lot, is owned and managed by the City and County of Honolulu ("City"). Mr. Leong commented that while Kupu may only be able to control the activities on their leased premises, the amount of homelessness and crime has steadily decreased since they occupied Net Shed in 2011.

Member Evans asked how the City acquired the Net Shed property, and if they charge for parking in their parking lot.

Ms. Doi answered that the Net Shed and the Kewalo Basin Harbor park property and parking lot were transferred to the City in 2019 with the Kakaako Makai Land Transfer, along with other area parks, such as Kaka'ako Waterfront Park. She clarified that the City park parking lots are free, though they are strictly reserved for park users only, not Kupu's visitors.

Chair Higa commented that the parking lot improvements will benefit the area, but added that HCDA should be in communication with the City on park improvements and maintenance to further encourage the area's recreational use.

Member Anderson suggested to reconsider the proposed lease term length of sixty years for \$1 per year, as it is a long commitment that will be difficult to reverse if desired in the future. Alternatively, should the sixty years be desired given Kupu's high value to the public, additional clauses should be considered to allow HCDA and Kupu to reassess periodically and adjust terms as necessary through time.

Mr. Leong expressed Kupu's preference for a longer-term lease, as it will provide stability while their organization seeks funding and plans for the more distant future.

Member Evans asked if the improvements will return to the State at the termination of the lease.

Mr. Nakamoto stated that the answer to her question will be determined later when the lease terms are finalized, though it is highly likely, as it is a standard lease term for developments to be transferred to the State or returned to its original state at the end of the term.

Member Evans asked about considerations regarding sea level rise.

Mr. Leong answered that Kupu underwent an SMA assessment and has implemented various recommended efforts, such as installing semipermeable hardscapes and having portable entryway barriers as a precaution.

Member Sakoda asked if a mutual termination clause will be included in the agreement.

Ms. Doi answered that the lease has not yet been drafted, but a mutual termination clause could be included if the board so desires. She noted at this time, Kupu is only seeking a Letter of Intent to evidence site control to allow them to pursue project funding. However, Ms. Doi and Mr. Nakamoto mentioned that termination without cause clauses are not generally included in leases that require the lessee to make a large financial contribution to develop the property.

Vice Chair Ishii suggested the lease term length be reduced to the minimum length required in Kupu's financing applications, and Ms. Doi further suggested that a 35-year term with options to extend may also be appropriate. Mr. Nakamoto suggested a general amendment to the motion language, allowing other conditions and terms to be discussed and agreed upon between the HCDA Executive Director and Kupu.

There were no further questions or comments from the Board.

#### **Public Testimony**

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

#### **MOTION:**

**Chair Higa asked for an *amended* motion to authorize the Executive Director to Enter into a Non-Binding Letter of Intent with Kupu, a Hawaii Nonprofit Corporation, for Kupu's Lease and Development of the "NOAA Lot", Located at Kewalo Basin Harbor, 1125 Ala Moana Boulevard, Honolulu, Hawaii, and Further Described by Tax Map Key No.: (1) 2-1-058:135, in Accordance with the Terms and Conditions Described in the Staff Report or other conditions agreed upon between the Executive Director and Kupu.**

An amended motion was made by Member Evans and seconded by Vice Chair Ishii.

Mr. Nakamoto conducted the roll call vote. Amended motion passed with 6 ayes, 0 nays, 2 excused, and 1 vacant.

#### **IV. FOR INFORMATION AND DISCUSSION**

**Update by HCDA Staff on the Progress of Improvements to Kolowalu Park Located in the Kaka'ako Community Development District at the Kolowalu Park Mauka, Located at 1141 Waimanu Street, Honolulu, Hawaii 96813 and Further Described by Tax Map Key No.: (1) 2-3-004-080.**

Mr. Craig Nakamoto, Executive Director, verbalized the update of the subject matter. He explained the current updates to the crosswalk at Waimanu and Queen Streets, the Kolowalu Dog Park, and the installation of fitness equipment, children's playground, benches, and picnic tables.

There were no further questions or comments from the Board.

### **Public Testimony**

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

### **Update by Mark Development, Inc., the property manager for the Honuakaha Senior Rental Housing Project (“Honuakaha”) on the operations of Honuakaha, located at 545 Queen Street, Honolulu, Hawaii, 96813, and Identified as Tax Map Key Number 1-2-1-031-021.**

Mr. Gareth Sasaki, Chief Financial Officer, introduced Mr. Craig Watase, CEO of Mark Development, Inc. to provide the presentation update. Mr. Watase reported accomplishments reached and challenges overcome, as well as ongoing improvement efforts since their management of the property began in 2023. He highlighted the Senior Housing unit rehabilitation projects, rising occupancy statistics, bed bug mediation efforts, a new tenant portal to improve communication and maintenance proactivity, automating rent collection, and various methods to improve Honuakaha’s financial standing.

Member Anderson asked if there are ways that the HCDA board can assist to expedite the rehabilitation of the senior units.

Mr. Watase answered that the issue is mainly due to cash flow, as it costs approximately \$20,000 to rehabilitate each unit. The issues are being addressed by incremental rent increases, seeking other financial aid opportunities, and strategizing the renovation schedule based on unit conditions and funds available.

Vice Chair Ishii suggested that HCDA look into procuring funds to complete this project, as it has been done in the past. He expressed the need to be prepared for the possibility of having a waitlist for senior housing units in the near future.

Mr. Nakamoto answered that it is possible to procure funds for this project, although it is preferred to follow alternative strategies, such renovating units in better conditions first in order to fill vacancies faster.

Member Sakoda agreed with both Vice Chair Ishii and Mr. Nakamoto, and added that this is a great marketing opportunity to show that innovative solutions are being done to solve the difficult challenges at Honuakaha.

Member Evans and Chair Higa agreed with Vice Chair Ishii, stating that providing funding upfront will allow the renovations to be completed, thus allowing these units to be occupied faster. Chair Higa added that local legislators may be interested in supporting this project.

There were no further questions or comments from the Board.

### **Public Testimony**

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

**V. REPORT OF THE EXECUTIVE DIRECTOR**

**Monthly Report and Other Status Reports**

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

Mr. Nakamoto referred to the Executive Director report provided in the board packet.

There were no questions or comments by the Board.

**Public Testimony**

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

**VI. ADJOURNMENT**

Chair Higa thanked those who joined today’s meeting on Zoom and adjourned the meeting at 11:34 a.m.

\_\_\_\_\_  
Miki‘ala Lidstone, Secretary

\_\_\_\_\_  
Date Approved by the Board